

TRANSNATIONAL COMPETITION: FROM ENFORCEMENT OF FOREIGN UNFAIR COMPETITION JUDGMENTS TO GLOBAL TRADEMARKS

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ABSTRACT

This paper exposes, for the first time, the urgent risks emerging from applying the recently concluded Convention on the Recognition and Enforcement of Foreign Judgments to unfair competition judgments, that may lead to the creation of global trademarks. Already acceded to by the EU and signed by the U.S., the Convention entered into force on

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September 1, 2023, making the topic of this paper especially pressing.

Analyzing the interplay between unfair competition, intellectual property, torts, and private international law, using the prism of international instruments, the paper exposes the threats to national trade, competition, and intellectual property policies concealed within the Convention. While the Convention excludes the enforcement of foreign intellectual property judgments due to the principle of intellectual property territoriality, the Convention does apply to tort judgments. Classifying unfair competition judgments as tort judgments, thereby obligating Member States of the Convention to enforce them, will de facto bypass the exclusion of intellectual property from the scope of the Convention, and will undermine national policies and the principle of territoriality. As the territoriality principle in intellectual property is a manifestation of the sovereign power of countries to express and protect their national policies such as fundamental rights and national economic, social, and cultural considerations, such outcome is especially troublesome. Moreover, due to the overlap between unfair competition and intellectual property, combined with the ubiquity of the global online market, and considering extraterritorial, global injunctions recently granted by national courts, the enforcement of foreign unfair competition judgments may lead to the creation of global trademarks. The paper contends that the risks emerging from the possible enforcement of unfair competition judgments should support an interpretation excluding such judgments from the scope of the Convention and argues that Member States of the Convention should guarantee this interpretation in their national laws, in order to protect the fundamental rights and economic, social, and cultural considerations they incorporate into their intellectual property national policies.

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INTRODUCTION

It is a truth universally acknowledged, that a right holder in possession of a good product, must be in want of a global trademark.¹ This paper argues that recent international developments, in the form of a Convention applying aspects of private international law to unfair competition matters, may grant right holders their wish.²

In recent decades, commerce is becoming more globalized both due to the easy travel of goods and the ubiquity of the internet and online trade.³ Companies often operate in different countries and globally promote, market,

¹ JANE AUSTEN, *PRIDE AND PREJUDICE* 1 (1813); cf. Marketa Trimble, *The Territorial Discrepancy Between Intellectual Property Rights Infringement Claims and Remedies*, 23 LEWIS & CLARK L. REV. 501, 502, 511 (2019) (noting that intellectual property owners seek to maximize the territorial reach of remedies for infringements of their intellectual property rights).

² For the purposes of this discussion, the term “unfair competition” has the same meaning as it has according to international instruments on intellectual property. Therefore, it does not include, for example, antitrust matters. See e.g., Paris Convention for the Protection of Industrial Property, art. 10bis, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter *The Paris Convention*]; Agreement on Trade-Related Aspects of Intellectual Property Rights art. 2.1 (stating that Members shall comply, inter alia, with art. 10bis of The Paris Convention), 22(2), 39, Dec. 6, 2005, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter *TRIPS Agreement*].

³ Danny Friedmann, *The Uniqueness of the Trade Mark: A Critical Analysis of the Specificity and Territoriality Principles*, 38 EUR. INTELL. PROP. REV. 678, 678 (2016) (“Because of globalisation and the internet, proprietors have a need to extend the use of their trade mark to other countries.”).

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and advertise their goods and services over the internet.⁴ Thus, it is only natural that transnational disputes involving intellectual property and unfair competition law arise frequently.⁵ However, much of the trade, competition, and intellectual property policies and legislation applying to these disputes remain national and, at least with regard to intellectual property, based on the principle of territoriality.⁶ There is an inherent tension, therefore, between the international operation of the modern, global market, and national laws and policies, making the territorial intellectual property rights particularly vulnerable at the transnational level.

Countries have been struggling with the tension between the territoriality of intellectual property rights and the globalized modern world for a while. For example, in the case of *Trader Joe's v. Hallatt*, a Canadian defendant bought products of the famous American grocery store Trader Joe's in the United States, drove them over the border to Canada, and sold them in Canada.⁷ While Trader Joe's owned several U.S. registered and unregistered (common-law) trademarks,

⁴ See e.g., BARTON BEEBE ET AL., TRADEMARKS, UNFAIR COMPETITION, AND BUSINESS TORTS 373 (2d ed. 2016).

⁵ See e.g., Meenaxi Enterprise, Inc. v. Coca-Cola Co., 38 F.4th 1067 (Fed. Cir. 2022); Christine Haight Farley, *No Trademark, No Problem*, 23 B.U. J. SCI. & TECH. L. 304, 304 (2017); Trimble, *supra* note 1, at 521; Marshall Leaffer, *Cross-border enforcement of intellectual property rights in U.S. law*, in RESEARCH HANDBOOK ON CROSS-BORDER ENFORCEMENT OF INTELLECTUAL PROPERTY 41 (Paul Torremans ed., 2014).

⁶ See Farley, *supra* note 5, at 307 (noting that the principle of territoriality is “fundamental to trademark law”); Trimble, *supra* note 1, at 510; Jane C. Ginsburg, *The Cyberian Captivity of Copyright: Territoriality and Authors' Rights in a Networked World*, 15 SANTA CLARA COMPUTER & HIGH TECH. L. J. 347, 347 (1999); Jacklyn Hoffman, *Crossing Borders in the Digital Market: A Proposal to End Copyright Territoriality and Geo-Blocking in the European Union*, 49 GEO. WASH. INT'L L. REV. 143, 143 (2016).

⁷ *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 962–63 (9th Cir. 2016).

it did not own such marks in Canada, nor did it operate in Canada at the time.⁸ Nevertheless, a U.S. court ruled that the U.S. trademark act – the Lanham Act – applied to the acts done by the defendant.⁹ De facto, the Court broadened the scope of protection of the territorial U.S. trademark so as to apply beyond the borders of the U.S., to encompass acts done in a country where the trademark was not registered and therefore (*prima facie*) not protected.¹⁰ It should be noted that in a recent case, the U.S. Supreme Court declared that certain provisions of the Lanham Act shall not apply extraterritorially.¹¹ However, the decision may bear only little effect on future transnational intellectual property litigation, especially in the context of unfair competition and online trade, as will be discussed below. It follows that the private international law field of enforcement of foreign judgments can play a crucial role in preserving – or in undermining – the territoriality of intellectual property rights: if Canada was obligated to enforce any judgment resulting from the U.S. *Trader Joe's v. Hallatt* case, Canada may have been forced to prohibit acts that were arguably permitted according to Canadian intellectual property law, negating and undermining national Canadian intellectual property and competition laws and policies.

And indeed, two recent developments prompted this paper. The first, international, development, is an international Convention on the enforcement of foreign

⁸ *Id.* at 963.

⁹ *Id.* The United States Court of Appeals for the 9th Circuit found that a U.S. trademark may essentially prevent the sale of products carrying the trademark in Canada, even though the mark was not registered there. *Id.* at 975.

¹⁰ *Id.* at 975.

¹¹ *Abitron Austria GMBH v. Hetronic Int'l Inc.*, 600 U.S. 412, 428 (2023). The question whether the results of the *Trader Joe's* case could be reached today in light of the *Abitron* case is outside the scope of this paper.

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judgments that recently came into force.¹² The Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters was adopted by the Hague Conference on Private International Law (hereinafter *HCCH*) on 2 July, 2019 (hereinafter *the 2019 Convention*).¹³ The 2019 Convention sets an international framework for the enforcement of foreign judgments by its Member States, and was already acceded to by the European Union and signed by several countries including the United States.¹⁴ The Convention entered into force on September 1, 2023,

¹² For simplification, this paper refers to “enforcement of foreign judgments” as including both recognition and enforcement of foreign judgments. For general discussion on recognition and enforcement of foreign judgments, see Adrian Briggs, *THE CONFLICT OF LAWS* (2019), and Ralf Michaels, *Recognition and Enforcement of Foreign Judgments*, in *MAX PLANCK ENCYCLOPEDIA OF PUBLIC INTERNATIONAL LAW* (Rüdiger Wolfrum ed., 2009).

¹³ HCCH, *Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters*, <https://assets.hcch.net/docs/806e290e-bbd8-413d-b15e-8e3e1bfl496d.pdf> [hereinafter 2019 Convention] [<https://perma.cc/3DNE-3SPS>]. The HCCH is an inter-governmental organization established in 1893, comprising of approximately 90 Member States today. The HCCH develops legal instruments in the field of private international law. See HCCH, *About HCCH*, <https://www.hcch.net/en/about> [<https://perma.cc/9YTA-E7QP>] (last visited Nov. 7, 2023); HCCH, *HCCH Members*, <https://www.hcch.net/en/states/hcch-members> [<https://perma.cc/8R88-4PS5>] (last visited Nov. 7, 2023).

¹⁴ HCCH, *The EU and Ukraine join the 2019 Judgments Convention – Ukraine ratifies the 2007 Maintenance Obligations Protocol* (Aug. 29, 2022), <https://www.hcch.net/en/news-archive/details/?varevent=870> [hereinafter EU & Ukraine Join 2019 Convention] [<https://perma.cc/2KEF-X3K2>]; HCCH, *Status Table – 41: Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters*, HCCH <https://www.hcch.net/en/instruments/conventions/status-table/?cid=137> [hereinafter Status Table 41] [<https://perma.cc/9FUY-MTUH>] (last visited Nov. 7, 2023).

rendering the subject of this paper especially timely.¹⁵ While the Convention excludes the enforcement of foreign intellectual property judgments from its scope, mainly to avoid undermining the principle of territoriality, the Convention does apply to foreign tort judgments, so that Member States of the Convention are obligated to enforce them.¹⁶ This paper analyzes the interplay between unfair competition, intellectual property law, tort law, and private international law, using the prism of international instruments and developments, to expose the risks of this discrepancy in the context of intellectual property. For the purposes of this paper, the term “unfair competition” has the same meaning as it has according to international instruments on intellectual property, and so it does not include, for example, antitrust matters.¹⁷

This paper discusses, for the first time, the issue of applying the Convention to unfair competition matters. The paper argues that classifying unfair competition judgments as tort judgments, thereby obligating their enforcement under the 2019 Convention, will de facto bypass the exclusion of intellectual property from the scope of the Convention. Furthermore, considering the overlap between unfair competition and intellectual property law, and the use of unfair competition causes of action by national courts to broaden the scope of intellectual property rights, enforcement of foreign unfair competition judgment will undermine national intellectual property, competition, and trade policies.

The second, national, development, that is discussed as an example to the aggravation of this outcome, is the recent *Equustek v. Google* case, where the Supreme Court of Canada granted a global injunction ordering the delisting of

¹⁵ 2019 Convention, *supra* note 13, at arts. 28–29.

¹⁶ 2019 Convention, *supra* note 13, at art. 2.1(m); *see infra* note 48 and accompanying text.

¹⁷ *See supra* note 2 and accompanying text.

a website from the search results of a search engine, due to claims of intellectual property infringement and unfair competition acts done over the website.¹⁸ The Canadian judgment led to a series of litigation cases in the United States and Canada, revolving around the enforceability – or rather the unenforceability – of the Canadian judgment in the U.S.¹⁹ While the *Equustek* case is different from traditional intellectual property and unfair competition matters, it provides an interesting, if not disturbing, prism for looking at the future of these matters. This paper argues that the phenomenon of national courts issuing global injunctions, in combination with the possible obligation to enforce such foreign judgments, aggravates the risks to the territorial nature of intellectual property rights, which this paper conceptualizes as a manifestation of the sovereign power of countries to express and protect their national policies regarding certain fundamental rights and national economic, social, and cultural considerations. These risks are further exacerbated in the digital, online world, where the place of act or infringement is often decided differently by different countries.²⁰

Therefore, this paper argues that an obligation imposed on Member States of the 2019 Convention to enforce global injunctions stemming from unfair competition judgments, as tort judgments, will not only bypass the intellectual property exclusion set forth by the

¹⁸ *Google Inc. v. Equustek Solutions Inc.*, [2017] 1 S.C.R. 824, 825–28, 838 (Can.).

¹⁹ See *Google, LLC v. Equustek Solutions, Inc. (US Equustek I)*, No. 5:17-cv-04207-EJD, 2017 WL 500834, at *1 (N.D. Cal. Nov. 2, 2017); *Google, LLC. V. Equustek Solutions, Inc. (US Equustek II)*, No. 5:17-cv-04207-EJD, 2017 WL 11573727, at *1, *3 (N.D. Cal. Dec. 14, 2017); *Equustek Solutions, Inc v. Jack*, [2018] BCSC 610, paras. 90–105 (Can.). See Trimble, *supra* note 1, at 505 (referring to this case as a “ping-pong match between the courts of the two countries”).

²⁰ See *infra* notes 81–83 and accompanying text.

Convention and undermine national policies, but will also pave the way to the creation of global trademarks. The matter is especially pressing since countries will soon have to implement and interpret the 2019 Convention, which entered into force on September 1, 2023.²¹ Therefore, the matter should be addressed urgently. If countries will not make clear, when implementing or interpreting the Convention, that they hold foreign unfair competition judgments to be excluded from the scope of the Convention, they risk undermining their own national intellectual property, trade, and competition policies.

Part I of the paper demonstrates the importance and urgency in discussing the enforcement of foreign unfair competition judgments by focusing on the two developments that prompted this paper – the 2019 Convention and the *Equustek v. Google* case. Part II discusses the classification of unfair competition, concluding that unfair competition matters are better classified as tort matters than as intellectual property matters. The analysis further considers several different sources to determine the interpretation of the exclusion of intellectual property matters from the scope of the 2019 Convention and whether it was intended to apply to unfair competition matters, and demonstrates that it was intended to be interpreted in a broad manner. Part III analyzes the problems emerging from the enforcement of foreign unfair competition judgments. This part demonstrates that such enforcement will, inter alia, undermine the principle of territoriality imminent to intellectual property, and especially trademarks, leading to the creation of global trademarks. Part IV proposes solutions, specifically, that countries must make informed, clear, and promulgated decisions regarding their position on whether they will enforce foreign unfair competition

²¹ EU & Ukraine Join 2019 Convention, *supra* note 14; 2019 Convention, *supra* note 13, at art. 28(1).

judgments under the 2019 Convention. Member States of the Convention such as the European Union, and future Members such as the United States, should seriously consider the possible risks, and carefully craft their policies on the matter when implementing the Convention, in order to protect their national intellectual property, trade, and competition policies.

I. THE PRESSING ISSUE

This part demonstrates the importance of discussing the matter of enforcement of foreign unfair competition judgments. Two recent developments prompted this paper – one international and one national, both carrying a global effect. The first, international, development is the recently-adopted 2019 Convention on the enforcement of foreign judgments, that entered into force on September 1, 2023.²² As the European Union deposited its instrument of accession to the Convention, and Ukraine and Uruguay deposited their instrument of ratification of the Convention, all the EU Member States, Ukraine, and Uruguay have to implement the Convention.²³ In addition, several countries, including the United States, have signed the Convention and will need to decide whether to accede to it, and how to implement it.²⁴ The second, national, development, is the Canadian Supreme Court judgment in the *Equustek v. Google* case, granting a

²² EU & Ukraine Join 2019 Convention, *supra* note 14; 2019 Convention, *supra* note 13, at art. 28(1).

²³ EU & Ukraine Join 2019 Convention, *supra* note 14. Uruguay deposited its instrument of ratification of the 2019 Judgments Convention on September 1, 2023, and so the Convention will enter into force for Uruguay on October 1, 2024. *See* 2019 Convention, *supra* note 13, at art. 28(2); *Judgments Convention: Entry into force and ratification by Uruguay*, HCCH (Sep. 1, 2023) [hereinafter *Ratification by Uruguay*], <https://www.hcch.net/en/news-archive/details/?varevent=936> [<https://perma.cc/RZD4-KLBZ>].

²⁴ Status Table 41, *supra* note 14.

global injunction in an intellectual property and unfair competition-based case.²⁵ Although extraterritorial injunctions have been granted by national courts in the past, this is the first time a highest national court granted such an injunction.²⁶ Accordingly, this part analyzes the Convention, which is a game-changer with regard to the enforcement of foreign unfair competition judgments, to determine whether the Convention obligates Member States to enforce unfair competition judgments, in light of the exclusion of intellectual property matters from its scope. Considering that frequently, the same act can be classified both as an intellectual property right infringement, and as an unfair competition act, the question that arises in this context is whether the enforcement of foreign unfair competition judgments under the Convention de facto bypasses the exclusion of intellectual property judgments from the scope of the Convention.²⁷ This part further demonstrates how the *Equustek v. Google* case and its likes render this question even more prominent.

A. *The 2019 Convention – Past, Present and Future*

The 2019 Convention establishes a general international framework for enforcement of foreign judgments in civil and commercial matters, to be applied between the countries parties to the Convention, subject to its provisions.²⁸ The European Union deposited its

²⁵ *Google Inc. v. Equustek Solutions Inc.*, [2017] 1 S.C.R. 824, 825–28, 838 (Can.).

²⁶ See *infra* note 93 and accompanying text.

²⁷ See e.g., Martin Senfleben, *Status Report on the Protection Against Unfair Competition in WIPO Member States*, at 9–10, WIPO Doc. WIPO/STrad/INF/8 PROV. (Nov.1, 2022), <https://www.wipo.int/export/sites/www/sct/en/meetings/pdf/wipo-strad-inf-8-prov.pdf> [<https://perma.cc/MHQ4-3KfV>].

²⁸ See 2019 Convention, *supra* note 13.

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instrument of accession to the Convention, and Ukraine deposited its instrument of ratification of the Convention, triggering its entry into force on September 1, 2023, followed by ratification of the Convention by Uruguay.²⁹ In addition, 8 countries including the United States signed the Convention.³⁰ With the entry into force of the Convention, Member States of the Convention became bound by its provisions, and are obligated to enforce foreign judgments to which the Convention applies. Enforcement of foreign judgments means that upon a request to do so, a court in the enforcing country enforces a judgment that was granted by a court of a foreign country, as if it were its own judgment.³¹ The enforcing court does not review the foreign case or judgment on their merits, but rather gives the foreign judgment, as is, the same effect in the enforcing country, as if it were a judgment rendered by a court in the enforcing country itself.³² The goals of enforcement of foreign judgments, as part of private international law goals, are: to facilitate mechanisms that minimize litigation and allow the

²⁹ EU & Ukraine Join 2019 Convention, *supra* note 14; Ratification by Uruguay, *supra* note 23.

³⁰ Status Table 41, *supra* note 14.

³¹ See *e.g.*, Michaels, *supra* note 12, at paras. 1, 4; Samuel P. Baumgartner & Christopher A. Whytock, *Enforcement of Foreign Judgments, Systematic Calibration, and the Global Law Market*, 23 THEORETICAL INQ. L. 119, 119 (2022).

³² See *e.g.*, Pedro A. De Miguel Asensio, *Recognition and Enforcement of Judgments: Recent Developments*, in RESEARCH HANDBOOK ON CROSS-BORDER ENFORCEMENT OF INTELLECTUAL PROPERTY 469, 485, 495 (Paul Torremans, ed., 2014); 2019 Convention, *supra* note 13, at art. 4.2 (stating that “[t]here shall be no review of the merits of the judgment in the requested State. There may only be such consideration as is necessary for the application of this Convention”). That means that only in confined, certain cases, the enforcing court may perform a review on the merits of the case. See *infra* notes 251–252 and accompanying text. In addition, the 2019 Convention allows for a partial refusal of a foreign judgment in certain cases. See *e.g.*, 2019 Convention, *supra* note 13, at arts. 8.2, 9–10.

prevailing party of the proceedings to execute the judgment granted in their favor, in order to reduce costs and duplicative proceedings, to increase predictability, and to facilitate access to justice and judicial cooperation.³³ International instruments concerning the enforcement of foreign judgments on civil and commercial matters, including the 2019 Convention, also implement exceptions – grounds upon which courts may refuse to enforce foreign judgments. The most notable ground for refusal relevant for this analysis is based on the foreign judgment which enforcement is requested being manifestly incompatible with public policy in the enforcing country.³⁴ This ground will be discussed below.

During the three years of discussions at the HCCH, most drafts of the 2019 Convention proposed to apply the Convention, *inter alia*, to intellectual property judgments,

³³ See *e.g.*, Francisco Garcimartín & Geneviève Saumier, *Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, Explanatory Report – Text adopted by the Twenty-Second Session*, at 11–18, 48 (HCCH ed., 2020), <https://assets.hcch.net/docs/a1b0b0fc-95b1-4544-935b-b842534a120f.pdf> [<https://perma.cc/PYN2-ZZWM>]; Marketa Trimble, *Cross-Border Injunctions in U.S. Patent Cases and Their Enforcement Abroad*, 13 MARQ. INTELL. PROP. L. REV. 331, 345 (2009); Ronald A. Brand, *Federal Judicial Center International Litigation Guide: Recognition and Enforcement of Foreign Judgments*, 74 U. PITT. L. REV. 491, 494 (2013); David P. Stewart, *The Hague Conference Adopts a New Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters*, 113 AM. J. INT’L L. 772, 773 (2019); Ning Zhao, *Completing a Long-Awaited Puzzle in the Landscape of Cross-Border Recognition and Enforcement of Judgments: An Overview of the HCCH 2019 Judgments Convention*, 30 SWISS. REV. INT’L & EUR. L. 345, 351 (2020); Catherine Kessedjian, *Comment on the Hague Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters. Is the Hague Convention of 2 July 2019 a useful tool for companies who are conducting international activities?*, *Nederlands Internationaal Privaatrecht*, Vol. 1, 19, 27 (2020).

³⁴ See *infra* notes 251–258 and accompanying text.

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meaning that Member States of the Convention would have been obligated to enforce foreign intellectual property judgments under the Convention.³⁵ However, substantive disagreements erupted between the HCCH Member States on the matter, mostly revolving around the principle of the territoriality of intellectual property rights, by virtue of which some Member States expressed concerns regarding the enforcement of foreign intellectual property judgments.³⁶ Following that, and after intensive

³⁵ *Jurisdiction Project*, HCCH, <https://www.hcch.net/en/projects/legislative-projects/jurisdiction-project> [<https://perma.cc/79K9-UGMT>] (last visited Nov. 7, 2023); HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments Feb. 16–24, 2017, *2016 Preliminary Draft Convention*, art. 5.1(k)–(m), 6(a), 8.3, HCCH Work. Doc. 76E Rev.; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, *February 2017 Draft Convention as of 24 February 2017*, art. 2.1(l), 5.1(k)–(m), 6(a), 7.1(g), 8.3, 12, HCCH Work. Doc. 170E Rev. (dist. Feb. 24, 2017); HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, *November 2017 Draft Convention as of 17 November 2017*, art. 2.1(m), 5.3, 6(a), 7.1(g), 8.3, 11, HCCH Work. Doc. 263E Rev. (dist. Nov. 17, 2017).

³⁶ See e.g., HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Jun. 1–9, 2016, Rep. Mtg. No. 7 at 5–6 (Jun. 6, 2016); HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Jun. 1–9, 2016, Rep. Mtg. No. 10 at 5 (Jun. 7, 2016) [hereinafter Special Comm'n Mtg. 10]; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 2 at 7 (Feb. 16, 2017) [hereinafter Special Comm'n Mtg. 2]; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 4 at 5–6 (Feb. 17, 2017) [hereinafter Special Comm'n Mtg. 4]; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 5 at 4–7 (Feb. 20, 2017) [hereinafter Special Comm'n Mtg. 5]; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 6 at 2–3 (Feb. 20, 2017) [hereinafter Special Comm'n Mtg. 6]; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 2 at 6–7, 9–10 (Nov. 13, 2017); HCCH Special Comm'n on the

discussions,³⁷ the HCCH Diplomatic Session tasked with completing the work on the 2019 Convention decided to exclude intellectual property judgments from the scope of the Convention altogether.³⁸

The negotiations of the 2019 Convention were not the first time that intellectual property matters posed significant problems in HCCH negotiations. In the early 1990s, the HCCH Member States began negotiating a convention on enforcement of foreign judgments, as well as on jurisdiction.³⁹ In 2000-2001, after a decade of work, the negotiations collapsed – in large part due to disagreements between Member States on how to include intellectual property within the scope of the convention, if at all.⁴⁰ Despite the general failure of these efforts, the work done by

Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 3 at 1–3 (Nov. 14, 2017) [hereinafter Special Comm’n Mtg. 3].

³⁷ See e.g., David Goddard, *The Judgments Convention—The Current state of Play*, 29 DUKE J. OF COMPARATIVE & INT’L LAW 473 (2019); Trimble, *supra* note 1, at 506.

³⁸ HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 7 (Jun. 21, 2019) [hereinafter HCCH Comm’n I, Min. No. 7]; 2019 Convention, *supra* note 13, at art. 2.1(m).

³⁹ See e.g., Ronald A. Brand, *Intellectual Property, Electronic Commerce and the Preliminary Draft Hague Jurisdiction and Judgments Convention*, 62 U. OF PITT. L. REV. 581, 584–85 (2001).

⁴⁰ The possible application of the convention to intellectual property, as well as to electronic commerce, were the two main disputes. See *id.*, at 581, 603; Graeme B. Dinwoodie, *Boundaries of Intellectual Property Symposium: Crossing Boundaries: Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 WM. & MARY L. REV. 711, 719 (2009); Michael Douglas et al., *The HCCH Judgments Convention in Australian law*, 47(3) FED. L. REV. 420, 421 (2019); See also TREVOR HARTLEY & MASATO DOGAUCHI, CONVENTION OF 30 JUNE 2005 ON CHOICE OF COURT CONVENTION, EXPLANATORY REPORT 797 (HCCH ed., 2010) (noting that “[t]he application of the Convention to intellectual property was subject to intense negotiation.”).

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the HCCH in the 1990s through 2001 eventually led to the conclusion of the 2005 Choice of Court Agreements Convention (hereinafter “2005 Convention”) which refers partially, and very narrowly, to intellectual property, and specifically to copyright and related rights.⁴¹ The general scope of the 2005 Convention is narrow *ab initio*, as it only applies where the parties to the proceedings have an exclusive choice of court agreement between them.⁴² Moreover, with regard to intellectual property, the 2005 Convention applies only to very specific issues, namely to disputes regarding the validity or infringement of copyright and related rights, and with regard to infringement proceedings concerning any other intellectual property right – only insofar as they were brought (or could have been brought) for breach of contract between the parties.⁴³ Since the 2005 Convention only applies in such limited cases, questions regarding the enforcement of foreign unfair competition judgments, and whether they can circulate at all under the 2005 Convention, are much less acute than under the 2019 Convention.⁴⁴

⁴¹ HCCH, *Convention of 30 June 2005 on Choice of Court Agreements*, <https://assets.hcch.net/docs/510bc238-7318-47ed-9ed5-e0972510d98b.pdf>. [hereinafter 2005 Convention] [<https://perma.cc/KD2X-EDPK>] (last visited Nov. 7, 2023); Lydia Lundstedt, *The Newly Adopted Hague Judgments Convention: A Missed Opportunity for Intellectual Property*, 50(8) INT’L REV. OF INTELL. PROP. AND COMPETITION LAW 933, 933–34 (2019); Asensio, *supra* note 32, at 473.

⁴² See 2005 Convention, *supra* note 41, at art. 1(1) (“This Convention shall apply in international cases to exclusive choice of court agreements concluded in civil or commercial matters.”).

⁴³ *Id.* at arts. 2.2(n), (o); see also HARTLEY AND DOGAUCHI, *supra* note 40, at 797.

⁴⁴ It should further be noted that the matter of applying private international law instruments to judgments on intellectual property rights continues to be discussed both by intergovernmental forums and by academic initiatives offering soft law mechanisms on the matter. For work done in international forums (HCCH, WIPO and the United Nations Commission on International Trade Law (UNCITRAL)), see for

example, HCCH Comm'n II General Affairs and Policy, 22d Sess., Min. No. 1 (Oct. 21, 2019); HCCH Comm'n II General Affairs and Policy, 22d Sess., Min. No. 2 at para. 3 (Oct. 21, 2019); HCCH Comm'n II General Affairs and Policy 22d Sess. of Jun. 18 June–Jul. 2, 2019, *Working Proposal No 1 REV from the Chair of the Commission on General Affairs and Policy* (dist. Jul. 1, 2019) ; HCCH CDAP Conclusions & Decisions at para 14 (adopted Mar. 3-6, 2020); HCCH CGAP C&D, at para 10 (Mar. 2022); Zhao, *supra* note 33, at 365-67; U.N. Comm'n on Inte'l Trade Law Work. Group II (Dispute Settlement) 75th Sess., Draft Provisions for Technology-related Dispute Resolution at 2-3, U.N. Doc A/CN.9/WG.II/WP.224 (Jan. 31, 2022), <https://documents-dds-ny.un.org/doc/UNDOC/LTD/V22/004/24/pdf/V2200424.pdf?OpenElement> [<https://perma.cc/LS7L-6BJD>]; *see also*, HCCH & WIPO, *Identifying Actual and Practical Issues of Private International Law in Cross-Border Intellectual Property Dealings – Report* (Dec. 2022), <https://www.wipo.int/export/sites/www/about-ip/en/judiciaries/docs/hcch-questionnaire-report-annex.pdf> [<https://perma.cc/SGA4-S7SM>]; Annabelle Bennett, Sam Granata, *When Private International Law Meets Intellectual Property Law – A Guide for Judges* (WIPO & the HCCH eds., 2019), <https://www.wipo.int/publications/en/details.jsp?id=4465> [<https://perma.cc/XFS5-HDTB>] (last visited Nov. 7, 2023) (although this guide itself may be controversial). For academic initiatives seeking to regulate the intersection between private international law rules and intellectual property rights see for example, American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes*, (ALI Publishers ed., 2008); *Japanese Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property*, in *INTELLECTUAL PROPERTY IN THE GLOBAL ARENA - JURISDICTION, APPLICABLE LAW, AND THE RECOGNITION OF JUDGMENTS IN EUROPE, JAPAN AND THE US* 394 (Jurgen Basedow, Toshiyuki Kono and Axel Metzger eds., 2010); Joint Proposal by Members of the Private International Law Association of Korea and Japan, *The Quarterly Review of Corporation Law and Society*, 112 (2011); European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property (Text and Commentary)* (OUP ed., 2013). For a recent example published after a decade of work by numerous academics, see *International Law Association's Guidelines on Intellectual Property and Private International Law*, JIPITEC, 12(1) 1, (2021) [hereinafter *Kyoto Guidelines*]. *See also* Maxence Rivoire, *An Alternative to Choice of Law in (First) Ownership of Copyright Cases:*

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However, since the entry into force of the 2019 Convention on September 1, 2023, Member States of the Convention are bound by its rules and are required to implement it in their respective national laws.⁴⁵ Interpretive issues, such as the interpretation of the term “intellectual property” and whether it includes unfair competition matters for the purposes of the exclusion from the scope of the Convention, will soon arise. The European Union, Ukraine, and Uruguay will be the first to face the need to interpret the Convention, and implement it in their territories as they already acceded to or ratified the Convention.⁴⁶ Countries that signed the Convention but have yet to accede to it or ratify it – including the United States – will have to determine whether to subject themselves to the binding force of the Convention,⁴⁷ and so will countries that have yet to take any decision on their accession to the Convention. To that end, these countries will also need to interpret the Convention, and determine whether it complies with their national policies.

This paper argues that in order to implement the Convention in national laws, or, in other cases, in order to understand the implications of acceding to the Convention when taking such a decision, countries must understand if and how the Convention is meant to be applied to unfair competition judgments. Moreover, in implementing the Convention, countries face the extremely important opportunity of interpreting the Convention and deciding if they wish to apply it to foreign unfair competition judgments, within the boundaries of the Convention. The

The Substantive Law Method, 65 J. COPYRIGHT SOC’Y U.S.A. 203, 204 (2018).

⁴⁵ 2019 Convention, *supra* note 13, at art. 28.1; *see also* Garcimartín & Saumier, *supra* note 33, at 173–74.

⁴⁶ EU & Ukraine Join 2019 Convention, *supra* note 14; Ratification by Uruguay, *supra* note 23.

⁴⁷ *See* Status Table 41, *supra* note 14.

next part analyzes the scope of the Convention, to determine whether it was intended to encompass the enforcement of foreign unfair competition judgments or to exclude these matters from the scope of the Convention.

B. The Scope of the 2019 Convention

Article 2.1 of the 2019 Convention states: “This Convention shall not apply to the following matters – ... (m) Intellectual property.” The phrasing of this exclusion raises questions with regard to its applicability to unfair competition judgments, specifically insofar as unfair competition matters overlap intellectual property matters and claims. While the 2019 Convention does not apply to intellectual property judgments by virtue of Article 2.1(m), it does apply to tort judgments. Furthermore, the Explanatory Report makes clear that the exclusion of a matter from the scope of the Convention does not exclude tort claims that arise regarding the same matter.⁴⁸ Therefore,

⁴⁸ For example, art. 2.1(c) of the 2019 Convention reads: “This Convention shall not apply to ... (c) other family law matters, including matrimonial property regimes and other rights or obligations arising out of marriage or similar relationships.” The Explanatory Report states that “Conversely, claims between spouses arising under the general law of property, contracts or torts are not excluded from the scope of the Convention.” See Garcimartín & Saumier, *supra* note 33, at para. 47. In addition, although art. 2.1(h) of the 2019 Convention excludes from the scope of the Convention “liability for nuclear damage”, the explanatory report clarifies that “[t]his exclusion addresses nuclear accidents and therefore does not cover tortious medical claims regarding nuclear medicine.” *Id.* at para. 56. Further, while art. 2.1(i) of the 2019 Convention excludes from its scope “the validity, nullity, or dissolution of legal persons or associations of natural or legal persons, and the validity of decisions of their organs,” the explanatory report makes clear that “[n]aturally, any contract or tortious matter relating to the activities of a legal person or association remains within the scope of the Convention”. *Id.* at para. 57. The Convention also applies to consumer protection judgments, which are explicitly included within the scope of the Convention. See 2019 Convention, *supra* note 13, at art. 5.2

if unfair competition is interpreted, for the purposes of the convention, to be a part of the intellectual property regime, the Convention will not apply to unfair competition judgments, and Member States of the Convention will not be required, by virtue of the Convention, to enforce such judgments. But if unfair competition claims are classified as torts, then the Convention obligates Member States to enforce foreign unfair competition judgments, subject to specific exceptions that will be discussed below. This will change the current flexibilities granted to countries, who today – free of international obligations – may decide whether they wish to enforce foreign unfair competition judgments or not. In other words, the classification of a judgment as an intellectual property judgment or as a tort judgment will determine whether the Convention applies to it, and therefore whether any court in a Member State of the Convention should enforce it or not.⁴⁹ This makes the question of classification of unfair competition critical.

Following that, cases in which intellectual property and unfair competition overlap may create an anomaly in the context of the Convention: For example, X uses the trademark of Y on their website, without authorization from Y, in order to sell X's goods which are similar to Y's goods, in country A. X thus infringed Y's registered trademark, if Y owns a registered trademark in country A, but may

(applying specific rules to cases in which “recognition or enforcement is sought against a natural person acting primarily for personal, family or household purposes (a consumer) in matters relating to a consumer contract...”). Although consumer protection matters may overlap some intellectual property matters, especially trademark matters, a detailed discussion of the issue is outside the scope of this paper.

⁴⁹ See e.g., Special Comm'n Mtg. 2, *supra* note 36, at 6–7; HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 4 (Nov. 14, 2017) [hereinafter HCCH Special Comm'n Nov. 2017, Rep. Mtg. No. 4]; Special Comm'n Mtg. 6, *supra* note 36, at 1.

alternatively be liable according to the tort of passing off even if Y does not own a registered trademark in country A. As plaintiffs can choose the cause of action on which they litigate their cases, they may bypass the exclusion of intellectual property from the scope of the Convention by bringing, where applicable, proceedings on unfair competition grounds instead of on intellectual property right infringement grounds.

During the negotiation of the 2019 Convention, delegations discussed at length the desirable interpretation of the term “intellectual property” for purposes of the Convention.⁵⁰ The premise upon which these discussions were based was that according to private international law rules, since the term “intellectual property” is not defined by the Convention itself, it should be interpreted by the court requested to enforce the foreign judgment, according to its internal laws.⁵¹ As intellectual property judgments are excluded from the scope of the Convention, the interpretation of the term and classification of the judgment

⁵⁰ See e.g., HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 12, at 2–10 (Jun. 25, 2019) [hereinafter HCCH Comm’n I, Min. No. 12]; HCCH Comm’n I, Min. No. 7, *supra* note 38, at 14–16; HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 9 at 7–11 (Jun. 24, 2019) [hereinafter HCCH Comm’n I, Min. No. 9]. It was clear from the discussions that well established intellectual property rights that are included in multilateral instruments such as copyright, patents, designs and trademarks are included within the definition of “intellectual property”, although questions were raised regarding unregistered or use based trademarks and unregistered designs. See, e.g., Special Comm’n Mtg. 10, *supra* note 36, at 5; Special Comm’n Mtg. 4, *supra* note 36, at 5; See also *infra* note 56.

⁵¹ See e.g., HCCH Special Comm’n Nov. 2017, Rep. Mtg. No. 4, *supra* note 49, paras. 37–38; HCCH Comm’n I, Min. No. 7, *supra* note 38, at para. 112; HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 5 at 2–4 (Nov. 15, 2017) [hereinafter Special Comm’n Nov. Mtg. 5].

which enforcement is requested are extremely important. Judgments on universally recognized intellectual property rights such as copyright, patents, designs and trademarks will of course not circulate under the Convention, as they definitely come within the term “intellectual property”.⁵² In addition, the Special Commission made clear that *a fortiori*, judgments ruling on non-universally recognized intellectual property rights should not circulate under the Convention.⁵³ In this regard, the negotiations focused on non-universally recognized intellectual property rights such as traditional knowledge, genetic resources and traditional cultural expressions, the intellectual property nature of which is in the midst of a fierce international debate.⁵⁴ The Special

⁵² See *supra* note 50 and accompanying text.

⁵³ See e.g., HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 6, at 4 (Nov. 2017) [hereinafter Special Comm’n Nov. Mtg. 6]; Special Comm’n Mtg. 3, *supra* note 36, at 4; Special Comm’n Nov. Mtg. 5, *supra* note 51, at 2–4; HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 10 at para 3 (Jun. 24, 2019) (“the policy was to prevent a situation where intellectual property matters are excluded, but then non-intellectual property and near-intellectual property matters [i.e. – non-universally recognized intellectual property rights] “creep in through the back door”). A peculiar situation in which judgments concerning universally recognized intellectual property rights are not enforced under the Convention, while judgments concerning non-universally recognized intellectual property rights are enforced, may also lead to forum shopping: parties will prefer to bring proceedings for the enforcement of judgments on non-universally recognized intellectual property rights in countries that do not recognize the subject matter as an intellectual property right. Such countries will be obligated to apply the general, lenient jurisdictional filters to the judgment, and thus enforcement of it will be granted, as opposed to its enforcement by a country that recognizes the same subject matter as intellectual property and will therefore view it as excluded from the scope of the Convention.

⁵⁴ See *generally* HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 4 (Nov. 14, 2017); Special Comm’n Nov. Mtg. 6, *supra* note 53, at paras.

Commission negotiating the Convention made clear that the exclusion of intellectual property from the scope of the Convention applies to these subject matters as well, and accordingly, the Explanatory Report states:

The concept of intellectual property [in the Convention] is used in a broad sense, covering matters that are internationally recognised as intellectual property, and other matters that are not internationally recognised as intellectual property but benefit from equivalent protection under certain national laws, such as is currently the case with traditional knowledge or cultural expressions and genetic resources.⁵⁵

Subsequently, judgments ruling on any of these subject matters will not circulate under the Convention.

The question whether the exclusion of intellectual property from the scope of the Convention encompasses judgments on unfair competition, was not decided in the negotiations, and was not even discussed as such.⁵⁶ For

4–5 (Nov. 15, 2017); HCCH Comm’n I, Min. No. 7, *supra* note 38, at paras. 14–16; HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 12, at 3, 7–8 (Jun. 25, 2019). But see the recent announcement by WIPO regarding the convening of a Diplomatic Conference to discuss, *inter alia*, a Draft International Legal Instrument Relating to Intellectual Property, Genetic Resources and Traditional Knowledge Associated with Genetic Resources: *WIPO Member States Approve Diplomatic Conferences for Two Proposed Accords*, WIPO PR/2022/893 (Jul. 21, 2022), https://www.wipo.int/pressroom/en/articles/2022/article_0009.html. [<https://perma.cc/BXE2-PXY8>].

⁵⁵ Garcimartín & Saumier, *supra* note 33, at para. 64 n.67. In explaining the phrase “internationally recognised as intellectual property”, the explanatory report, for example, refers to the Paris Convention and to the TRIPS Agreement, stating that “[a]s regards the rights and matters covered by those instruments, see in particular the references in Arts 1 and 2 of TRIPS. Of course, this list is not exhaustive.”).

⁵⁶ HCCH Special Comm’n Nov. 2017, Rep. Mtg. No. 4, *supra* note 49, at 3 (raising the question “whether unfair competition matters often connected to intellectual property issues were intended to be excluded

example, a judgment on the use of a source-identifying symbol in a way that is likely to cause confusion as to its source or sponsorship, may be viewed through the lens of either trademark infringement or unfair competition.⁵⁷ If the exclusion in Article 2.1(m) does not apply to unfair competition judgments, then the cause of action in the proceedings brought to court gains a crucial significance regarding the possibility to later enforce the judgment in a foreign country: if proceedings will be brought to court for (or the decision of the court will be based upon) an infringement of a trademark, then the judgment will be classified as an intellectual property matter and excluded from the scope of the Convention. However, if for the same action, proceedings are brought to court for the cause of action of unfair competition, the judgment can be classified as a tort judgment, as will be discussed below. Tort judgments circulate and must be enforced under the 2019 Convention, subject to specific grounds for refusal listed in

from the scope of the draft Convention”, but the matter not further discussed). Matters such as passing off were briefly discussed by the HCCH, but not in relation to the exclusion of intellectual property from the scope of the Convention, and in any way, were not decided upon. *See* HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of Jun. 1–9, 2016, Rep. Mtg. No. 8, at 2–3 (June 6, 2016) (a delegate of a Member State noted that unregistered trademark matters may be classified as unfair competition); Special Comm’n Mtg. 10, *supra* note 36, at 5 (mentioning passing off protection of trade secrets by contract in common law countries, use based trademarks, trade names, and unregistered designs); Special Comm’n Mtg. 5, *supra* note 36, at 3–4 (mentioning passing off, trade secrets, trade names and unregistered designs); *see also* a brief discussion on the exclusion of antitrust matters relating to intellectual property, Special Comm’n Nov. Mtg. 6, *supra* note 53, at 4.

⁵⁷ Robert G. Bone, *Rights and Remedies in Trademark Law: The Curious Distinction between Trademark Infringement and Unfair Competition*, 98 TEX. L. REV. 1187, 1190 (2020).

the Convention.⁵⁸ It follows that the classification of the judgment affects the substantive application of the Convention.

As mentioned, while the Special Commission discussed some aspects of the definition of the term “intellectual property”, it did not discuss the distinction between intellectual property matters and tort claims or unfair competition claims, even when the two overlap. Furthermore, no agreement was reached, for example, on whether trade secrets and confidential information – that are usually considered to be protected under the protection against unfair competition, come within the definition of “intellectual property” in this framework, as some delegation maintained that trade secrets are not “intellectual property.”⁵⁹

The next part examines the relations, similarities, and differences significant to this analysis between unfair competition law and trademark law, as trademark law is arguably the intellectual property right most akin to unfair competition.

⁵⁸ The Convention lists a few grounds according to which a court may refuse to enforce a foreign judgment, the most prominent of which is the public policy ground. *See, e.g.*, 2019 Convention, *supra* note 13, at art. 7, 8.2, 9–10; *infra* notes 251–252 and accompanying text.

⁵⁹ *See infra* notes 148–149 and accompanying text; HCCH Recognition and Enforcement of Foreign Judgments of 18 June–2 July 2019, 22d Sess., *Judgments Convention: Revised Draft Explanatory Report*, at 55–56, HCCH Prel. Doc. No. 1 (Dec. 2018) (“views are divided on the question of whether trade secrets (i.e., undisclosed business information) are ‘IP [intellectual property] rights’”); HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No 4, at 2–4 (Nov. 14, 2017); *see also* Senftleben, *supra* note 27, at 9 (noting that the legal instruments used by different countries to provide protection for undisclosed information (trade secrets) “range from express or implied terms of contracts and the equitable action for breach of confidence to the adoption of statutory trade secret protection regimes”).

C. Trademarks, Unfair Competition, and Global Injunctions

This part examines the intersection and overlap of trademark law and unfair competition, to expose the full extent of the risks concealed within the 2019 Convention regarding the enforcement of foreign unfair competition judgments, especially in an era when national courts issue global injunctions based on alleged intellectual property infringements and unfair competition acts made online.

1. Trademarks

Trademark law is unique in the realm of intellectual property law as in its origin, trademark law did not evolve from the desire to incentivize certain creation, but as means to protect consumers from sellers attempting to sell their goods under someone else's logo or symbol.⁶⁰ In that sense, trademark law is different from patents and copyright law and shares common features with the protection against unfair competition that will be discussed below.⁶¹ Mark McKenna, presenting a different approach regarding the origins of U.S. trademark protection, also highlights the connection of trademark law and unfair competition law, arguing that the American trademark law was intended to protect producers, and that "[t]rademark law, indeed all of unfair competition law, was designed to promote commercial morality and protect producers from illegitimate attempts to divert their trade."⁶² Moreover, Henry Smith noted that trademark law is a direct outgrowth from unfair

⁶⁰ BEEBE ET AL., *supra* note 4, at 16; Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1844 (2007).

⁶¹ BEEBE ET AL., *supra* note 4, at 16.

⁶² McKenna, *supra* note 60, at 1848.

competition.⁶³ However, somewhat differently to unfair competition, and like other intellectual property rights, trademark law is territorial.⁶⁴ The territoriality of intellectual property rights is one of the main principles around which intellectual property laws are designed.⁶⁵ Intellectual property rights, including trademark rights, arise from the laws of a given country and confer a territorial protection – in said country – upon the subject matter to which they apply.⁶⁶ They incorporate national balances and policies, such as competition and economic considerations, fundamental rights, and liberties, as will be further discussed below. It follows that each country has the sovereign power,

⁶³ Henry E. Smith, *Intellectual Property as Property: Delineating Entitlements in Information*, 116 YALE L.J. 1742, 1754–55 (2007).

⁶⁴ See TIM W. DORNIS, TRADEMARK AND UNFAIR COMPETITION CONFLICTS – HISTORICAL-COMPARATIVE, DOCTRINAL, AND ECONOMIC PERSPECTIVES 151–86, 193–200 (Cambridge Univ. Press ed., 2017).

⁶⁵ Grupo Gigante SA De CV v. Dallo & Co., 391 F.3d 1088, 1093 (9th Cir. 2004) (describing the principle of territoriality as “basic to trademark law”); Farley, *supra* note 5, at 307 (noting that the principle of territoriality is “fundamental to trademark law.”).

⁶⁶ See e.g., *The Paris Convention*, *supra* note 2, at art. 6(3) (“a mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin”); *The Paris Convention*, *supra* note 2, at art. 9(1) (“All goods unlawfully bearing a trademark ... shall be seized on importation into those countries of the Union where such mark ... is entitled to legal protection.”); Trimble, *supra* note 1, at 510; Ginsburg, *supra* note 6, at 347–50, 355; Hoffman, *supra* note 6, at 149 (“[t]he structure of modern intellectual property law is based on the principle of territoriality” (internal citation omitted)); James E. Darnton, *The Coming of Age of the Global Trademark: The Effect of Trips on the Well-Known Marks Exception to the Principle of Territoriality*, 20 MICH. ST. L. INT’L L. REV. 11, 12, 15–16 (2011); but see DORNIS, *supra* note 64, at 151–86, 193–200; Graeme B. Dinwoodie, *Territorial Overlaps in Trademark Law: The Evolving European Model*, 92 NOTRE DAME L. REV. 1669, 1673–86 (2017).

subject to its international obligations, to design the national trademark laws in its territory as it sees fit.⁶⁷

The extent to which national trademark laws are indeed territorial is debated in legal literature. Trademark law is amongst the fields enjoying a relatively high level of harmonization within the intellectual property realm. International instruments such as the Paris Convention,⁶⁸ the TRIPS Agreement,⁶⁹ the Trademark Law Treaty,⁷⁰ and the Madrid Protocol,⁷¹ that were adopted by many countries, harmonize trademark law to some extent. Tim Dornis notes that trademark law has some aspects that erode its territoriality.⁷² In addition, Christine Haight Farley and James Darnton conceptualize the protection of well-known trademarks as an exception to the principle of territoriality in the context of trademark protection.⁷³ Nevertheless,

⁶⁷ DORNIS, *supra* note 64, at 259; CHRISTIAN RIFFEL, PROTECTION AGAINST UNFAIR COMPETITION IN THE WTO TRIPS AGREEMENT THE SCOPE AND PROSPECTS OF ARTICLE 10BIS OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY 4–7 (Brill ed., 2016); Kyoto Guidelines, *supra* note 44, at 6, 57; Rivoire, *supra* note 44, at 211–12; Abitron Austria GMBH et al. v. Hetronic International, Inc., 600 U.S. 412, 426–27 (2023) (“In nearly all countries, including the United States, trademark law is territorial... Thus, each country is empowered to grant trademark rights and police infringement within its borders... This principle has long been enshrined in international law.”).

⁶⁸ See e.g., *The Paris Convention*, *supra* note 2, at art. 6–7bis.

⁶⁹ See e.g., *TRIPS Agreement*, *supra* note 2, at Part II, § 2.

⁷⁰ Trademark Law Treaty, S. TREATY DOC. NO. 105-35, Oct. 27, 1994, 2037 U.N.T.S. 35.

⁷¹ Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Nice on June 15, 1957 and at Stockholm on July 14, 1967, and as amended on September 28, 1979, 828 U.N.T.S. 389; Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, *opened for signature* June 27, 1989, S. TREATY DOC. NO. 106-41.

⁷² See DORNIS, *supra* note 64, at 151–86.

⁷³ Farley, *supra* note 5, at 308; Darnton, *supra* note 66, at 12.

trademark laws differ from country to country, and substantial features of trademarks are territory-based. The most prominent territorial feature of trademarks is perhaps the requirement for a trademark to be registered or known, and in some countries also used, in the territory in which its owner seeks protection.⁷⁴ If the trademark is not used in the country where protection is sought, the mark may be considered to be abandoned by its owner.⁷⁵ Such abandonment serves as a good defense for defendants against any claim of infringement of the mark, and may even lead to the revocation of the mark.⁷⁶

It is important to note here that the territoriality principle is not a technical feature of intellectual property law, including trademark law, but rather a substantive one. The territoriality principle allows countries to realize their sovereign power and national policies by striking important balances pertaining, *inter alia*, to fundamental rights such as freedom of expression and freedom of information, and to public interests such as the development of their

⁷⁴ *The Paris Convention*, *supra* note 2, at art. 6-6*bis*; BEEBE ET AL., *supra* note 4, at 373–74, 376–77. Although the authors note that courts around the world have been willing to recognize goodwill in world-famous marks even if they are not actually used in that country. *Id.* They elaborate that in the U.S., courts are split on the question of whether a mark which is famous abroad can enjoy protection in the U.S. despite lack of use in the U.S. *Id.* On the matter of a well-known mark protection with no requirement of use, also see Darnton, *supra* note 66. *See also infra* note 84 and accompanying text.

⁷⁵ *See TRIPS Agreement*, *supra* note 2, at art. 15.3 (“Members may make registrability [of a trademark] depend on use”).

⁷⁶ *Id.* For example, the U.S. Lanham Act provides that the nonuse of a mark for two consecutive years shall constitute, *prima facie*, abandonment of the mark, when there is also intent not to resume use. *See* 15 U.S.C. § 1127. Once *prima facie* abandonment has been proven, the trademark owner has to carry the burden of proof that they had an intention to resume the use of the trademark. *See id.*; BEEBE ET AL., *supra* note 4, at 321–23; *Major League Baseball Properties, Inc. v. Sed Non Olet Denarius, Ltd.*, 817 F. Supp. 1103 (S.D.N.Y. 1993).

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economies.⁷⁷ Countries are free to define the scope of protection of intellectual property in their territory, and, as a result, the public domain that remains free for use to anyone operating in their territories, as they see fit in order to best benefit their citizens and to accommodate their national economic, social, and cultural policies.⁷⁸ Therefore, for the purposes of this paper, the territoriality principle is a substantive feature of intellectual property, as it is a manifestation of the sovereign power of countries to express and protect their national policies regarding fundamental rights and national economic, social, and cultural considerations.⁷⁹ An obligation to enforce foreign intellectual property judgments means that countries de facto import into their territories foreign intellectual property laws that incorporate foreign balances concerning fundamental rights and economic, social, and cultural considerations, at the expense of their own.⁸⁰

⁷⁷ See *supra* note 67.

⁷⁸ As Jane Ginsburg notes in the context of copyright protection, “[n]ational copyright laws are a component of local cultural and information policies. As such, they express each sovereign nation’s twin aspirations for its citizens: exposure to works of authorship, and participation in their country’s cultural patrimony.” See Jane C. Ginsburg, *International Copyright: From a Bundle of National Copyright Laws to a Supranational Code*, 47 J. COPYRIGHT SOC’Y U.S.A. 265, 267 (2000). Regarding the public domain, see for example A. Samuel Oddi, *The Tragicomedy of the Public Domain in Intellectual Property Law*, 25 Hastings Comm. & Ent. L.J. 1 (2002).

⁷⁹ For further discussion see Naama Daniel, *Lost in Transit - How Enforcement of Foreign Judgements Undermines the Right to Research*, 38 AM. U. INT’L L. REV. 87 (2023). See also Trimble, *supra* note 1, at 541; Asensio, *supra* note 32, at 490 (noting that “intellectual property disputes may affect significant public interests in sensitive areas in which basic values differ across different jurisdictions.”).

⁸⁰ See sources cited *supra* note 79. This has the potential of benefiting mainly strong or developed countries with strong economies, who are interested in enforcing their intellectual property laws on smaller or developing economies. A general comparison can be drawn here to the

The digital era and the rise of online trade pose further challenges to the territorial nature of trademarks.⁸¹ In an era of online sales and global shipment, goods carrying trademarks are sold and advertised in many countries. Regarding online sales, the place of operation or claimed infringement is not always clear.⁸² For example, A operates a website from country X, selling goods carrying a trademark that is not registered in country X, but is registered in country Y. A's website can be reached from

realm of Free Trade Agreements (FTAs). In the context of intellectual property, FTAs were criticized as amplifying the influence of developed countries on developing countries, creating a "TRIPS plus" standard obligating developing countries to implement intellectual property protections that go above and beyond the minimum standards set forth by TRIPS, eliminating the TRIPS flexibilities for these countries, and obligating them to protect intellectual property or intellectual property-like subject matters that they are not required to protect by international instruments. This extra protection often stands in contradiction to developing countries' interests to protect the welfare of their own public. See Marketa Trimble, *Unjustly Vilified Trips-Plus?: Intellectual Property Law in Free Trade Agreements*, 71 AM. U. L. REV. 1449, 1472–75 (2022). A detailed discussion on this matter is outside the scope of this paper. It should be noted, however, that while the United States was specifically criticized for using FTAs to broaden the protection of intellectual property rights, the United States actually opposed the inclusion of intellectual property matters within the scope of the 2019 Convention. See *id.*; HCCCH Comm'n I, Min. No. 7, *supra* note 38, at 6–7.

⁸¹ Dinwoodie, *supra* note 66, at 1674 (noting that "global trade, and even more so an online marketplace, has called into question the practical relevance of the principle that trademark law is territorial"); Leaffer, *supra* note 5, at 3; *cf.* Senfleben, *supra* note 27, at 10 (noting the complex interaction between intellectual property protection and general unfair competition law, *inter alia*, against the backdrop of technological developments, in particular in the digital environment).

⁸² See e.g., Eleonora Rosati, *The Localization of IP Infringements in the Online Environment: From Web 2.0 to Web 3.0 and the Metaverse*, WIPO (Sep. 2023), <https://www.wipo.int/export/sites/www/enforcement/en/pdf/case-study-the-localiaztion-of-ip-infringement.pdf> [<https://perma.cc/U8TZ-ELPU>].

country Y. Can B, the trademark owner in country Y, prevail in a lawsuit against A, if A ships the goods to country Y? Can B prevail if A does not ship the goods to country Y directly, but the goods are nevertheless being shipped to country Y by a third party operating a shipping service? These questions are even more acute if the goods carrying the trademark are digital or virtual, for example a software or an online video game. Trademark owners will therefore aspire to extend the scope of their trademark protection, especially if they operate in various countries or online.⁸³ Against this backdrop, the next part will examine whether unfair competition claims entail the same burden of territoriality as do trademark claims. If they do not, then the use of unfair competition claims offers the trademark holder an easy means to de facto broaden the scope of trademark protection beyond borders in the context of foreign judgments enforcement.

2. Trademarks and Unfair Competition

An alternative to the registration of a trademark in every country (or, where applicable, regionally) in order to gain protection all over the world is to rely on unfair competition claims. While the principle of territoriality is well established with regard to trademarks as an intellectual property right, it is less so with regard to the protection against unfair competition. For example, in *Belmora v. Bayer*, the Fourth Circuit of the United States found that an owner of a trademark registered in Mexico, and not registered in the U.S., is nevertheless entitled to bring their unfair competition claim (as opposed to trademark infringement claims) against the defendant for using the trademark in the U.S.⁸⁴ The Fourth Circuit discussed the

⁸³ See e.g., Dinwoodie, *supra* note 66; Friedmann, *supra* note 3.

⁸⁴ *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 706, 713–14 (4th Cir. 2016), *cert. denied*, 142 S.Ct. 483 (2021).

territorial nature of trademark law, as opposed to unfair competition law, stating that:

Significantly, the plain language of § 43(a) [referring to the unfair competition causes of action for false association and false advertising] does not require that a plaintiff possess or have used a trademark in U.S. commerce as an element of the cause of action. Section 43(a) stands in sharp contrast to Lanham Act § 32 [referring to infringement of registered trademarks].⁸⁵

Against this backdrop, it is important to highlight the overlap between trademark infringement and unfair competition, as a single act may constitute both a trademark infringement and an unfair competition act.⁸⁶ For example, X uses the trademark of Y on their website, without authorization from Y, in order to sell X's goods which are similar to Y's goods. X thus infringes Y's registered trademark, but is alternatively liable according to the tort of passing off. The trademark owner – the plaintiff (Y) – can choose the cause of action and use unfair competition claims instead of trademark claims, thus circumventing the need to rely on a right restricted by the principle of territoriality. In addition, if Y's trademark is not registered in some of X's countries of operation, Y may simply invoke the passing off cause of action, or another unfair competition cause of action, thereby evading the need to prove territorial

⁸⁵ *Id.* at 706. The *Belmora* decision was criticized as ignoring the principle of territoriality. See Farley, *supra* note 5. The question whether and how the *Abitron* case affects the outcomes of cases such as the *Belmora* case (if at all) is outside the scope of this paper. Also see, regarding the mixture of protections of trademarks and unfair competition pertaining to art. 43(a) of the Lanham Act (15 U.S.C. § 1125) *infra* notes 231–235 and accompanying text.

⁸⁶ ANSGAR OHLY, “Buy Me Because I’m Cool”: The “Marketing Approach” and the Overlap between Design, Trade Mark and Unfair Competition Law, in *THE EU DESIGN APPROACH: A GLOBAL APPRAISAL* 108, 109–12 (Annette Kur, Marianne Levin, Jens Schovsbo, eds., 2018).

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connection of the trademark to the country of operation, as was the case in *Belmora v. Bayer*.⁸⁷

The fact that the same act may give rise both to trademark infringement and unfair competition claims means that the plaintiff can choose their cause of action in a manner that will benefit them and minimize the burden they must bear. Christine Haight Farley noted, on a related matter, that due to the Lanham Act requirements and structure:

the possibility exists for claimants without a U.S. mark to disguise a likelihood of confusion claim [i.e., a trademark claim] as a misrepresentation of source claim [i.e., an unfair competition claim] ... in order to benefit from the less burdensome standing requirements.⁸⁸

The same applies to burdensome territoriality requirements. Once the unfair competition route can be chosen by the plaintiff over the trademark route, and considering the reduced requirement for territorial features in unfair competition claims, combined with the global and online world, serious concerns arise regarding the application of private international law aspects, and specifically enforcement of foreign judgments, to unfair competition. The concerns regarding enforcement of foreign unfair competition judgments become even more severe considering a recent judgment of a nation's highest court, that granted a global injunction deriving, *inter alia*, from unfair competition claims. The next part discusses this judgment.

⁸⁷ *Belmora*, 819 F.3d at 701–02.

⁸⁸ Farley, *supra* note 5, at 311; *cf.* Garcimartin & Saumier, *supra* note 33, Part II, para. 18 (noting that “[the Convention] will enable claimants to make informed choices about where to bring proceedings, taking into account the ability to enforce the resulting judgment in other States.”).

3. Global Injunctions

In the case of *Equustek v. Google*, courts in Canada found that a company named Datalink had breached several Canadian judgments by continuing to unlawfully use the intellectual property and trade secrets of Equustek in selling products on the Datalink website. As a result, the Canadian courts enjoined Google – a third party – from displaying any part of the Datalink website on any of its search results, worldwide.⁸⁹ The case started in the Supreme Court of British Columbia which gave the initial ruling,⁹⁰ proceeded on appeal by Google to the British Columbia Court of Appeals that upheld the ruling,⁹¹ and went on to the Supreme Court of Canada which also upheld the ruling.⁹² It is the first time that a nation’s highest court upheld an injunction requiring a company (Google) to remove – worldwide – links to a website which infringes intellectual property rights and the protection against unfair competition (trade secrets), from its search results.⁹³ Subsequent to that ruling, Google sought a preemptive injunction to prevent the enforcement of the Canadian judgment in the United States. The Northern District of California in San Jose granted a preliminary

⁸⁹ See *Google Inc. v. Equustek Solutions Inc.*, [2017] 1 S.C.R. 824, 826–28 (Can.); Matthew Marinett, *The Race to the Bottom: Comity and Cooperation in Global Internet Takedown Orders*, 53 U.B.C. L. REV. 463, 467–72 (2020).

⁹⁰ *Equustek Solutions, Inc. v. Jack*, [2014] BCSC 1063 (Can.).

⁹¹ *Equustek v. Google Inc.*, [2015] BCCA 265.

⁹² *Google, Inc. v. Equustek Solutions, Inc.*, 2017 SCC 34 (Can.).

⁹³ Marinett, *supra* note 89, at 468; Robert Diab, *Search Engines and Global Takedown Orders: Google v Equustek and the Future of Free Speech Online*, 56 OSGOODE HALL L.J. 231, 234 (2019). It should be noted that recently, the Italian Supreme Court also recognized the possibility of the Italian Data Protection Authority to issue global delisting orders, in the context of the right to be forgotten. See Eleonora Rosati, *Italian Supreme Court Admits Possibility of Global Delisting/Removal Orders . . . at Least Under Italian Law*, IPKAT (Nov. 26, 2022), <https://ipkitten.blogspot.com/2022/11/italian-supreme-court-global-delisting.html> [<https://perma.cc/V2JF-XCXL>].

injunction accordingly, holding that the Canadian judgment shall not be enforced in the U.S., as its enforcement would undermine policy goals of American legislation and would threaten free speech on the global internet.⁹⁴ Following the preliminary injunction, the same court granted a permanent injunction.⁹⁵ Subsequently, Google went back to Canada, this time applying to the Supreme Court of British Columbia to have the global injunction set aside or varied. The application was dismissed.⁹⁶

While the *Equustek* case is different from traditional intellectual property and unfair competition matters and judgments discussed in this paper, it provides an interesting, if not disturbing, prism for looking at the future of these matters. In the context of this paper, the *Equustek v. Google* case is of much significance, as defendants granted global injunctions by courts of a single country can then seek to enforce it anywhere in the world. Although national courts of first and second instances have issued, on occasion, injunctions with an extraterritorial effect in cases of intellectual property rights infringement,⁹⁷ these injunctions

⁹⁴ It should be noted that the injunction was issued taking into account 47 U.S.C. § 230, that “immunizes providers of interactive computer services against liability arising from content created by third parties.” See *US Equustek I*, No. 5:17-cv-04207-EJD, 2017 WL 500834 (N.D. Cal. Nov. 2, 2017).

⁹⁵ *US Equustek II*, No. 5:17-cv-04207-EJD, 2017 WL 11573727 (N.D. Cal. Dec. 14, 2017).

⁹⁶ See *Equustek Solutions, Inc. v. Jack*, [2018] BCSC 610 (Can.). The numerous proceedings on this case were referred to as a “ping-pong match between the courts of two countries.” See Trimble, *supra* note 1, at 505. For a detailed summary of the case – both in Canadian and U.S. courts – see Marinett, *supra* note 89, at 469–73.

⁹⁷ The term “extraterritorial” here refers to any injunction reaching outside the borders of the country of the court issuing the injunction. For discussion on the differences between extraterritorial injunctions and cross border injunctions, see Trimble, *supra* note 1.

were usually confined and limited in scope.⁹⁸ For example, courts in the United States have issued, in different cases, injunctions extending to Mexico,⁹⁹ Canada,¹⁰⁰ or Germany.¹⁰¹ On other occasions, Courts of Appeals in the U.S. vacated such injunctions¹⁰² or reaffirmed the territorial

⁹⁸ Although Marketa Trimble notes that: “Remedies on the internet have global effects even if they are granted to enforce rights under a single country’s law. Unless the issuing court imposes some territorial restrictions on an injunction that is applicable to internet activities, the injunction extends globally.” *See id.* at 532. This determination is debatable, as the author recognizes, due to the continuing improvements of geo-blocking and geolocation technologies.

⁹⁹ *Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952) (affirming a judgment by the United States District Court awarding, *inter alia*, injunction against acts of trademark infringement and unfair competition consummated in Mexico by a citizen and resident of the United States).

¹⁰⁰ *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, No. 5:14-cv-01926, 2017 WL 3271706 (C.D. Cal. Aug. 1, 2017). However, the district court’s decision on this matter cited as a basis for the issuance of the injunction, *inter alia*, the finding by the jury of dilution of the plaintiff’s trade dress. *Id.* This finding was contested on appeal, and the United States Court of Appeals for the Ninth Circuit reversed it. *See Blumenthal Distributing, Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020).

¹⁰¹ *Spindelfabrik Suessen-Schurr v. Schubert & Salzer Maschinenfabrik Aktiengesellschaft*, 903 F.2d 1568, 1577–78 (Fed. Cir. 1990). The injunction was granted after recurring infringements of a U.S. patent by the defendant, who manufactured the underlying machines for an American customer in order to send them to the customer, and shipped them to the U.S. *Id.* at 1574–75. The Court of Appeals affirmed the ruling, finding that “[t]he defendants’ repeated and ‘flagrant’ violations of the district court’s earlier injunction fully justified” the issuance of such injunction, and that “[t]hese provisions are a reasonable and permissible endeavor to prevent infringement in the United States and not a prohibited extra-territorial application of American patent law.” *Id.* at 1577–78.

¹⁰² For example, in *Tieleman Food v. Stork Gamco*, the U.S. Court of Appeals for the Federal Circuit vacated an injunction with an overly-broad territorial scope that had no nexus to the United States. 62 F.3d 1430 (Fed. Cir. 1995). In *Johns Hopkins v. CellPro*, the same court found that the district court abused its discretion in ordering the repatriation and destruction of products exported to Canada because the acts predated

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scope of the U.S. intellectual property system.¹⁰³ In a notable saga in the U.S., the District Court for the Middle District of Florida issued, and the Eleventh Circuit affirmed, a global (“international”) injunction in favor of the band The Commodores, prohibiting Thomas McClary, one of its original members who left the band, from using the name of

the grant of the patent for the products, thereby vacating the injunction. 152 F.3d 1342, 1365–68 (Fed. Cir. 1998). It should be noted, however, that the court stated that an injunction issued due to the infringement of a patent “can reach extra-territorial activities . . . It is necessary however that the injunction prevent infringement of a United States patent.” *Id.* at 1366–67. In *Spine Solutions v. Medtronic*, the same court ordered the district court to vacate the extraterritorial portions of an injunction issued by the district court, finding that the district court abused its discretion in imposing extraterritorial restraints on the defendant, as its overseas sales cannot infringe any U.S. patents. 620 F.3d 1305, 1320 (Fed. Cir. 2010).

¹⁰³ See e.g., *Abitron Austria GMBH et al. v. Hetric International, Inc.*, 600 U.S. 412, 415 (2023) (the U.S. Supreme Court stating that certain provisions of the Lanham Act shall not apply extraterritorially); *infra* notes 220–229 and accompanying text; *Deepsouth Packing Co., Inc. v. Laitram Corp.*, 406 U.S. 518, 531 (1972) (noting that “[o]ur patent system makes no claim to extraterritorial effect . . . To the degree that the inventor needs protection in markets other than those of this country, the wording of [the legislation] reveals a congressional intent to have him seek it abroad through patents secured in countries where his goods are being used.”); *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 642 (2d Cir. 1956) (noting that “we do not think that Congress intended that the infringement remedies provided in [the Lanham Act] should be applied to acts committed by a foreign national in his home country under a presumably valid trade-mark registration in that country.”). With regard to unfair competition, compare *Branch v. Federal Trade Commission*, 141 F.2d 31, 35 (7th Cir. 1944) (stating, regarding unfair methods of competition, that “Congress has the power to prevent unfair trade practices in foreign commerce by citizens of the United States, although some of the acts are done outside the territorial limits of the United States.”). The court attributes fewer territorial features to the protection against unfair competition, as mentioned above.

the band in his performances around the world.¹⁰⁴ The injunction was granted on grounds of trademark infringement and unfair competition according to the U.S. Lanham Act.¹⁰⁵ On the fourth time this case was brought to the Eleventh Circuit on appeal by McClary, and in light of a U.S. Supreme Court decision restricting the extraterritorial application of the Lanham Act that was granted in the meantime, the Eleventh Circuit vacated and remanded the case to the district court, to allow it to consider the extraterritorial application of the injunction in light of said decision.¹⁰⁶ It should further be noted that in trade secrets cases, extraterritorial and even global injunctions are more common, aimed at maintaining the secrecy of the information, that renders the information a protected trade

¹⁰⁴ After leaving the band, McClary continued performing under the band's name in different variations such as "the 2014 Commodores" and "The Commodores Featuring Thomas McClary". The District Court for the Middle District of Florida issued a preliminary global injunction prohibiting McClary (the defendant) from using the name of the band (the Eleventh Circuit affirmed), then issued a permanent global injunction (the Eleventh Circuit again affirmed), and later denied the motion of McClary to modify the permanent injunction to exclude from the injunctions a few countries (Mexico, New Zealand, and Switzerland; the Eleventh Circuit affirmed), and then denied a motion of the defendant to have the injunction modified so as not to include the European Union, in light of the defendant obtaining a registered trademark in his name for "the Commodores" there. *See e.g.*, *Commodores Entm't Corp. v. McClary*, 648 Fed. Appx. 771, at 773, 777–778 (11th Cir. 2016); *Commodores Entm't Corp. v. McClary*, 879 F.3d 1114, 1121–1122, 1139–1140, 1142 (11th Cir. 2018), *cert. denied*, 139 S. Ct. 225 (2018); *Commodores Entm't Corp. v. McClary*, 822 Fed. Appx. 904, 907, 910–911 (11th Cir. 2020); *Commodores Ent. Corp. v. McClary*, No. 22-10188, WL 5664170 (11th Cir. 2023).

¹⁰⁵ *See e.g.*, *Commodores Entm't Corp. v. McClary*, 822 Fed. Appx. 904, 906–07 (11th Cir. 2020).

¹⁰⁶ *Commodores Ent. Corp. v. McClary*, No. 22-10188, WL 5664170 (Sep. 1, 2023). The decision by the U.S. Supreme Court is *Abitron v. Hetronic*, 600 US 424 (2023).

secret.¹⁰⁷ But even trade secrets have territorial features. For example, the legal requirements that should be met in order for information to be protected as a trade secret, or the standard to maintain their secrecy, vary between countries, rendering an information protected as a trade secret in one country not necessarily protected as such in another.¹⁰⁸

As mentioned, the *Equustek v. Google* case was the first time that a nation's highest court upheld an injunction requiring a third-party company to remove from its search results, worldwide, links to a website that allegedly infringed intellectual property rights and misappropriated trade secrets.¹⁰⁹ The fact that courts in the United States issued an injunction preventing the enforcement of the Canadian judgment due to concerns of it interfering with U.S.

¹⁰⁷ See e.g., RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 44 cmt. d (AM. L. INST. 1995) (“Geographic limitations on the scope of injunctive relief in trade secret cases are ordinarily inappropriate.”); see also Trimble, *supra* note 1, at 529–30; E.I. DuPont de Nemours and Co. v. Kolon Indus., Inc., 894 F. Supp. 2d 691, 713–19 (E.D. Va. 2012); Lamb-Weston, Inc. v. McCain Foods, Ltd., 941 F.2d 970, 974 (9th Cir. 1991) (ruling that “[a]n injunction in a trade secret case seeks to protect the secrecy of misappropriated information and to eliminate any unfair head start the defendant may have gained . . . A worldwide injunction here is consistent with those goals.”); Nordson Corp. v. Plasschaert, 674 F.2d 1371, 1377 (11th Cir. 1982) (noting that “[i]n the abstract, most confidential information is worthy of protection without geographic limitation because once divulged the information or the fruits of the information quickly can pass to competitors anywhere in the world . . . As a practical matter, however, geographical limits often can be set,” thereby affirming the trial court’s judgment including an injunction to encompass Western Europe, Canada and the United States).

¹⁰⁸ See Trimble, *supra* note 1, at 541.

¹⁰⁹ See *supra* note 93 and accompanying text; Google Inc. v. Equustek Solutions Inc., [2017] 1 S.C.R. 824, 825–28, 838 (Can.); but see Trimble, *supra* note 1, at 551 (noting that “although the extraterritorial reach of the Canadian court’s injunction in *Equustek v. Google* might have been surprising to some commentators, the territorial scope of the injunction was not unusual, particularly given the type of intellectual property at issue in the case [i.e., trade secrets].”).

legislation and policies, speaks to the problems in enforcement of such foreign judgments.¹¹⁰

This part analyzed the 2019 Convention and the *Equustek v. Google* case, both of which prompted the discussion in this paper. The next part analyzes the question, whether unfair competition is a part of intellectual property law or of tort law. The answer to this question is of extreme significance, as it will indicate whether foreign unfair competition judgments are excluded from the scope of the 2019 Convention, or, alternatively, must be enforced under the 2019 Convention.

II. THE CLASSIFICATION OF UNFAIR COMPETITION

To establish whether or not the exclusion of intellectual property from the scope of the 2019 Convention can indeed be bypassed by using unfair competition claims, a closer look at unfair competition, its features, and its classification is necessary. Specifically, this part analyzes the question whether unfair competition should be classified as part of the intellectual property regime, or as a tort.

Barton Beebe *et al.* note that unfair competition is a general heading for a body of law including trademark law and business torts.¹¹¹ Unfair competition encompasses a variety of types of commercial or business conducts considered “contrary to good conscience,”¹¹² including trademark and trade dress infringement, false advertising, misappropriation, dilution, trade secret misappropriation,

¹¹⁰ See *US Equustek I*, No. 5:17-cv-04207-EJD, 2017 WL 500834 (N.D. Cal. Nov. 2, 2017); *US Equustek II*, No. 5:17-cv-04207-EJD, 2017 WL 11573727 (N.D. Cal. Dec. 14, 2017). See also *supra* notes 94–95 and accompanying text.

¹¹¹ BEEBE ET AL., *supra* note 4, at 3.

¹¹² *Mars v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1372–73 (Fed. Cir. 1994) (citing *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 240 (1918)); BEEBE ET AL., *supra* note 4, at 3.

and passing off.¹¹³ As the Minnesota Court of Appeals noted: “[u]nfair competition is not a tort with specific elements; it describes a general category of torts which courts recognize for the protection of commercial interests.”¹¹⁴ Unfair competition is an elusive concept, implemented in different manners by different countries. For example, Ansgar Ohly notes that “[i]n an age of largely harmonized intellectual property law, there are almost as many approaches to unfair competition in the EU as there are Member States.”¹¹⁵ And Christine Haight Farley notes that while “[t]he United States and Canada take somewhat of a similar approach to the law of unfair competition [. . .] yet [they] reach different results.”¹¹⁶

There are at least two reasons for this diversity in approaches towards unfair competition. First, international instruments do not define the term in a clear manner, thus allowing countries to design their internal unfair competition

¹¹³ Patricia V. Norton, *Effect of Article 10bis of the Paris Convention on American Unfair Competition Law*, 68 *FORDHAM L. REV.* 225, 231 (1999); *Mars*, 24 F.3d at 1372–73; *Keds Corp. v. Renee Int’l Trading Corp.*, 888 F.2d 215 (1st Cir. 1989) (holding that trademark infringement is a tort); *Ameritech, Inc. v. American Techs. Corp.*, 811 F.2d 960 (6th Cir. 1987) (referring to dilution of a trademark).

¹¹⁴ *Rehabilitation Specialists, Inc. v. Koering*, 404 N.W.2d 301, 305 (Minn. Ct. App. 1987) (citing W. PROSSER & W. KEETON, *THE LAW OF TORTS* § 130 1015 (5th ed. 1984)); Norton, *supra* note 113, at 229–30.

¹¹⁵ OHLY, *supra* note 86, at 131. Note that this is in spite of the fact that WIPO has issued Model Provisions on the Protection of Unfair Competition. These Model Provisions themselves proposed to go above and beyond the text of Article 10bis of the Paris Convention, adding a protection against the misappropriation of trade secrets, as well as a protection against the acts of dilution and freeriding of marks. See Senfileben, *supra* note 27, at 20–21.

¹¹⁶ Christine Haight Farley, *Status Report on the Protection Against Unfair Competition in WIPO Member States – Canada and United States of America*, at 40, WIPO Doc. WIPO/STrad/INF/8 PROV. (Nov. 1, 2022), <https://www.wipo.int/export/sites/www/sct/en/meetings/pdf/wipo-strad-inf-8-prov.pdf> [<https://perma.cc/MHQ4-3KFV>].

laws as they see fit. Second, different countries base their unfair competition laws on different policies. Not strictly limited by international instruments, countries are left to design their national unfair competition laws in a manner that best promotes their national policies, resulting in very different unfair competition legislation between countries. The next sections discuss both these aspects and the classification of unfair competition in light of different sources, to demonstrate why enforcement of foreign unfair competition judgments is problematic. For the purposes of this discussion, the term “unfair competition” has the meaning that it has been accorded by the international instruments discussed below – i.e., it does not include, for example, trademarks, which are regulated separately in these international instruments, and it does not have a singular, universal, definition.¹¹⁷

¹¹⁷ Note that in some countries, the protection granted to unregistered trademarks is classified as unfair competition. See *supra* note 50 and accompanying text; Special Comm’n June Mtg. 8, *supra* note 56, at 2–3 (a delegate of a Member State noting that unregistered trademark matters may be classified as unfair competition); BEEBE ET AL., *supra* note 4, at 421; Christine Haight Farley, *The Lost Unfair Competition Law*, 110 TRADEMARK REP. 739, 792–93 (2020) (describing the broadening by the U.S. Congress of Section 43(a) of the Lanham Act – an unfair competition clause – so as to create rights in unregistered marks. Farley further notes that a U.S. court “blurred any distinctions between ... trademark infringement and unfair competition”. *Id.* at 793–94. A detailed discussion regarding the type of protection granted to unregistered trademarks is outside the scope of this paper. However, the fact that unregistered trademarks may be protected in some countries as a “classic” intellectual property right (trademark right) and in other countries under unfair competition rules, strengthens the conclusion of this paper that the two should not be treated differently under the 2019 Convention. See *infra* notes 231–235 and accompanying text.

**A. *International Intellectual Property
Instruments***

Unfair competition is aimed at protecting consumers, traders, and the general public.¹¹⁸ Regarding consumers, the goal of unfair competition is to shield them from deceptive trade practices, protecting their freedom of decision-making.¹¹⁹ Regarding traders, unfair competition law protects their goodwill, other intangible trade values, and their freedom to operate in the market.¹²⁰ These goals are very similar to the goals of trademark law.¹²¹

The proximity of unfair competition and trademark law is also shown by the fact that unfair competition rules found their way into core intellectual property instruments. Much of the current national unfair competition laws of different countries have their roots in, or at least have to comply with, Article 10*bis* of the Paris Convention which is titled “Unfair Competition”. The Article obligates Member States of the Paris Convention to provide, in their territories, effective protection against unfair competition, which is defined broadly as “any act of competition contrary to honest practices in industrial or commercial matters.”¹²² Article 10*bis* specifically prohibits any act that creates confusion with the establishment, goods, or industrial or commercial activities of a competitor; false allegations to discredit the establishment, goods, or industrial or commercial activities, of a competitor in the course of trade; and misleading the public, in the course of trade, as to the nature, manufacturing process, characteristics, suitability for their purpose, or the

¹¹⁸ Senftleben, *supra* note 27, at 7.

¹¹⁹ OHLY, *supra* note 86, at 132.

¹²⁰ *Id.*

¹²¹ BEEBE ET AL., *supra* note 4, at 15–16. This may not be so surprising, as scholars note that trademark law is a direct outgrowth from unfair competition. See Smith, *supra* note 63.

¹²² *The Paris Convention*, *supra* note 2, at art. 10*bis*.

quantity, of goods.¹²³ The Article does not specify how to implement these prohibitions.¹²⁴ The Article gained even more importance with the adoption of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement),¹²⁵ that requires Member States of the World Trade Organization (WTO) to comply, inter alia, with article 10*bis* of the Paris Convention.¹²⁶ In addition, the TRIPS Agreement requires the WTO Member States to protect undisclosed information (trade secrets) as part of the protection against unfair competition.¹²⁷ However, neither the Paris Convention nor the TRIPS Agreement provide a precise definition of the term “unfair competition” and the specific acts that should be considered to be unfair

¹²³ The Article reads:

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition. (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. (3) The following in particular shall be prohibited: (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor; (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor; (iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods. *Id.*

¹²⁴ *Id.*

¹²⁵ *See supra* note 2.

¹²⁶ The TRIPS Agreement alone encompasses more than 160 states, all members of the World Trade Organization. *See Members and Observers*, WORLD TRADE ORG., https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm [https://perma.cc/32MD-72P2] (last visited Jan. 11, 2023). TRIPS Agreement, art. 2.1 reads: “In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).” *TRIPS Agreement, supra* note 2, at art. 2.1, 22.2(b), 39.1; *see also* RIFFEL, *supra* note 67, at 17; Senftleben, *supra* note 27, at 10.

¹²⁷ *TRIPS Agreement, supra* note 2, at art. 39.

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competition.¹²⁸ In addition, while Article 10*bis* sets a minimum standard of protection from which Member States may not derogate, it allows Member States to set in their national laws greater protection against unfair competition.¹²⁹

It follows that the international instruments leave much leeway for each Member State to decide most of the details regarding what the protection against unfair competition encompasses in its territory.¹³⁰ Member States are therefore free to implement unfair competition provisions in their national legislation in the manner they see fit and expresses their national policies, as long as they meet the minimum standard set in Article 10*bis*.¹³¹ For the purpose of this paper, it is important to note that this freedom is twofold: First, countries are free to determine the

¹²⁸ See *The Paris Convention*, *supra* note 2, at art. 10*bis*; *TRIPS Agreement*, *supra* note 2, at art. 2.1 (stating that Members shall comply, inter alia, with art. 10*bis* of The Paris Convention), 22(2), 39; BEEBE ET AL., *supra* note 4, at 625, 840 (quoting, inter alia, Jane Ginsburg, *Four Reasons and a Paradox: The Manifest Superiority of Copyright over Sui Generis Protection of Computer Software*, 94 Colum. L. Rev. 2559 (1994)).

¹²⁹ Norton, *supra* note 113, at 240; Ginsburg, *supra* note 78, at 278.

¹³⁰ RIFFEL, *supra* note 67, at 275; Panel Report, *Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, WTO doc. WT/DS435/AB/R; WT/DS441/AB/R, at 783 (adopted Jun. 28, 2018) [hereinafter Panel Report].

¹³¹ DORNIS, *supra* note 64, at 41, 275; see also Senftleben, *supra* note 27, at 19 (noting that “the catalogue of prohibited acts in Article 10*bis*(3) [of the Paris Convention] – providing three examples – can hardly be expected to cover all cases that may become relevant when seeking to ensure effective protection against unfair competition . . . [and] it is [also] important to recall that the international framework for protection requires not only the prohibition of the three specific types of acts identified in Article 10*bis*(3), but also effective protection against other acts falling within the scope of the general unfair competition concept laid down in Article 10*bis*(2)”).

substantive scope of protection against unfair competition in their respective territories, within the boundaries of the international instruments, which are, as mentioned, lenient.¹³² Therefore, the scope of unfair competition differs significantly from one country to another.¹³³ Second, countries are free to determine the preferred heading, or legal field, under which they regulate and provide protection against unfair competition.¹³⁴ It follows that not only do countries enjoy the freedom to determine the content of unfair competition rules in their territories, but they are also sovereign to decide how they classify unfair competition matters within their legal regime (i.e., as torts, criminal matters, sui-generis protection, etc.).¹³⁵

And indeed, different countries implement different unfair competition policies, which materialize in significant differences between their national unfair competition laws. For example, the Anglo-American approach to unfair competition differs from the approach of civil law countries to unfair competition.¹³⁶ One of these differences is the tendency of Anglo-American regimes (at times also referred to as “passing off” regimes) to encourage relatively unrestrained comparative advertising except where it is misleading.¹³⁷ Specifically, comparative advertising is a highly valued type of commercial speech in the United States, which only requires it to be truthful, or at least not

¹³² *TRIPS Agreement*, *supra* note 2, at art. 1.1; Panel Report, *supra* note 130, at 783.

¹³³ Norton, *supra* note 113, at 240; BEEBE ET AL., *supra* note 4, at 625.

¹³⁴ See *infra* notes 169–182 and accompanying text.

¹³⁵ *TRIPS Agreement*, *supra* note 2, at art. 1.1.

¹³⁶ Mary LaFrance, *Passing off and Unfair Competition: Conflict and Convergence in Competition Law*, 2011 MICH. ST. L. REV. 1413, 1413–14 (2011); Senftleben, *supra* note 27, at 7–9.

¹³⁷ LaFrance, *supra* note 136, at 1423–25. “Comparative advertising” refers to the use of a competitor’s trademark in truthful comparative advertising. See *id.* at 1414.

demonstrably false.¹³⁸ This stems, inter alia, from the strong protection granted to the freedom of expression in the U.S.¹³⁹ As opposed to the U.S. approach, civil law regimes such as Germany, Italy, and France have historically “taken a highly restrictive approach to comparative advertising, sometimes prohibiting it altogether.”¹⁴⁰

Accordingly, the scope of protection against unfair competition can differ significantly between countries.¹⁴¹ These differences lead to a question regarding the conceptualization and classification of unfair competition within the legal regime—should it be classified as an intellectual property right, as a tort, or in a different manner? The answer is important to understand the plausibility of applying the 2019 Convention to foreign unfair competition judgments. The next part analyzes this question.

B. Classification

The preceding part showed that intellectual property instruments such as the Paris Convention and the TRIPS Agreement (by way of reference to the Paris Convention) incorporate protection against unfair competition. Is unfair competition thus an intellectual property right *per se*? The

¹³⁸ *Id.* at 1423–24; Farley, *supra* note 116, at 41.

¹³⁹ Farley, *supra* note 116, at 41.

¹⁴⁰ LaFrance, *supra* note 136, at 1425–26. LaFrance notes that the recent trend in the EU, however, has been toward liberalization. *Id.* This trend culminated in the 1997 Comparative Advertising Directive, which instructs the EU Member States to permit comparative advertising under specified conditions. See Council Directive 97/55, art. 1, 1997 O.J. (L 290) 18, 20 (EC) (amending Council Directive 84/450). The 1997 Directive was replaced in 2006 with Council Directive 2006 O.J. (L 376) 21 (EC). The comparative advertising restrictions were retained in the 2006 version.

¹⁴¹ See Senftleben, *supra* note 27, at 9. A detailed comparison of the content or acts covered by the protection against unfair competition by each and every country is outside the scope of this paper.

answer to this question will affect the obligations imposed upon Member States of the 2019 Convention to enforce foreign unfair competition judgments. This part discusses the nature and classification of unfair competition protection on three levels: the theoretical level, the international instruments level, and the implementation-by-country level.

1. The Theoretical Level

Martin Senftleben notes that “[p]rotection against unfair competition has been recognised as an element of industrial property protection for more than a century.”¹⁴² But that does not entail, necessarily, that the protection itself is a property-like protection. Henry Smith notes that “unfair competition, like tort law generally, focuses its analysis on activities rather than on the “things” of property law.”¹⁴³

Smith further notes that much of intellectual property originates in unfair competition, and that trademark law is a direct outgrowth from unfair competition.¹⁴⁴ However, Smith notes that to get from unfair competition to property rights requires us to define “a thing” as the subject matter of the exclusive rights against the world.¹⁴⁵ It follows that Smith considers unfair competition to be a form of tort law, as opposed to intellectual property law.¹⁴⁶ The same conclusion can be reached by analyzing the theoretical classification of trade secrets (undisclosed information) protection as set forth by the TRIPS Agreement, especially

¹⁴² Senftleben, *supra* note 27, at 11.

¹⁴³ Smith, *supra* note 63, at 1754.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.* at 1755. For example, Smith refers to inventions and expressions. *Id.* Although Smith refers to the fixation of an expression in a tangible medium as giving rise to copyright, a “thing” can also be taken to mean the intangible subject matter such as an invention or expression.

¹⁴⁶ *See id.* at 1755–57. Although Smith highlights the relationship of torts, such as unfair competition, to property law. Smith also notes that there is “a range of approaches from the more tort-like to the more property-like.” *Id.*

as opposed to the protection granted by the TRIPS Agreement to intellectual property rights. With regard to intellectual property, the TRIPS Agreement makes clear that they are indeed property rights, by stating that their “owner” is entitled to exclusive rights.¹⁴⁷ As opposed to that, regarding undisclosed information, the TRIPS Agreement sets forth an obligation to protect such information as part of Member States’ obligations to ensure effective protection against unfair competition – i.e., a protection against certain acts, that is different from a property right.¹⁴⁸ Member States often fulfill their obligation to protect undisclosed information by granting protection to trade secrets in their national laws. Trade secret law usually grants protection which is similar to other unfair competition protections – i.e., protection that is based on the prohibition of activities, as opposed to protection granted to a specific subject matter which is a characteristic of traditional intellectual property protection. Barton Beebe *et al.* held that since trade secret law protects against the misappropriation of certain confidential information, it is more akin to traditional tort and contract law than it is to patent and copyright law (although the authors later describe modern trade secret law as “a form of *private* intellectual property right”).¹⁴⁹ This

¹⁴⁷ For example, regarding registered trademarks, the TRIPS Agreement states that “[t]he *owner* of a registered trademark *shall have the exclusive right to prevent all third parties* not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.” See *TRIPS Agreement*, *supra* note 2, at art. 16.1 (emphasis added).

¹⁴⁸ *TRIPS Agreement*, *supra* note 2, at art. 39.1.

¹⁴⁹ BEEBE ET AL., *supra* note 4, at 18. The authors further note that the legal protection of trade secrets is generally based on one of two theories – the utilitarian theory or tort theory. The utilitarian theory, seeking to incentivize investment in creating information, presumes that granting protection against the “theft” of such information, which is to be viewed as a form of property, will achieve that goal. The authors note that some

paper argues that similarly, other unfair competition protections are also conceptually closer to torts than to intellectual property rights. Indeed, the different features and rationales of unfair competition justify a different model of protection—it is not private property that unfair competition seeks to protect, but rather the fairness of trade in the market and consumers. A tort-like protection fits better with these goals than intellectual property protection.

Finally, the most recent academic initiative to propose comprehensive guidelines on the intersection between intellectual property and private international law also perceives unfair competition as separate and distinct from intellectual property.¹⁵⁰ The Kyoto Guidelines, published after a decade of work by some thirty-five academics,¹⁵¹ refer in Article 1(1) to the scope of the guidelines, stating that they “apply to civil and commercial matters involving intellectual property rights that are connected to more than one State.”¹⁵² Article 1(2) of the guidelines refers to unfair competition and undisclosed information, and makes clear that they are not covered by the term “intellectual property rights,” stating that the guidelines “may be applied *mutatis mutandis* to claims based on unfair competition . . . and on the protection of undisclosed

scholars see it as real property while others see it as intellectual property. The tort theory seeks to deter wrongful acts, punish and prevent illicit behavior, and uphold reasonable standards of commercial behavior. *Id.* at 726–728; *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001–04 (1984); Mark Lemley, *The Surprising Virtues of Treating Trade Secrets as IP rights*, 61 *STAN. L. REV.* 311 (2008).

¹⁵⁰ Alexander Peukert & Benedetta Ubertazzi, *International Law Association’s Guidelines on Intellectual Property and Private International Law (“Kyoto Guidelines”): General Provisions*, 12 *J. INTELL. PROP., INFO. TECH., & ELEC. COM. L.* 1, 6 (2021).

¹⁵¹ Toshiyuki Kono, Axel Metzger & Pedro de Miguel Asensio, *Editorial*, 12 *J. INTELL. PROP., INFO. TECH., & ELEC. COM. L.* 1, 1 (2021).

¹⁵² Peukert & Ubertazzi, *supra* note 150, at 4.

information.”¹⁵³ The explanatory notes further acknowledge that claims based on unfair competition or on the protection of undisclosed information “differ doctrinally from claims based on intellectual property rights so that a separate qualification is called for,” and that at a maximum, the Guidelines may be applied *mutatis mutandis* to such causes of action.¹⁵⁴ The theoretical analysis thus generally supports the classification of unfair competition as separated from “intellectual property,” as it is more suitable to be classified as a tort.

2. The International Instruments Level

Christian Riffel notes that according to international instruments, unfair competition law is a category on its own, distinct but “on a par with intellectual property rights.”¹⁵⁵ For example, the Convention establishing the World Intellectual Property Organization (WIPO) equates the protection against unfair competition with intellectual property in Article 2(viii).¹⁵⁶ Following that, Article 10*bis* of

¹⁵³ *Id.*

¹⁵⁴ *Id.* at 5. The explanatory notes go on to state that “[o]n the other hand, the two claims referred to in Guideline 1(2) [claims based on unfair competition and undisclosed information] share the purpose of intellectual property rights in that they aim at protecting a particular asset to the exclusive benefit of one party. In light of these similarities in structure and purpose, Guideline 1(2) provides the option to apply the Guidelines “*mutatis mutandis*.”” *Id.*

¹⁵⁵ RIFFEL, *supra* note 67, at 33–34.

¹⁵⁶ Convention Establishing the World Intellectual Property Organization, July 14, 1967, (amended on Sep. 28, 1979) 828 U.N.T.S. 3 [hereinafter WIPO Convention]; *see also* RIFFEL, *supra* note 67, at 34. WIPO Convention, art. 2(viii), reads: “(viii) “intellectual property” shall include the rights relating to . . . trademarks, service marks, and commercial names and designations, protection against unfair competition” Riffel also refers to Article xx(d) of the GATT 1994, which discusses “General Exceptions” and enumerates the most important intellectual property rights together with “the prevention of deceptive practices.” *See* General Agreement on Tariffs and Trade 1994,

the Paris Convention is applicable without linkage to an intellectual property right, and does not solely constitute a supplementary protection of intellectual property rights.¹⁵⁷ The same conclusion arises from a report recently published under the auspices of WIPO discussing the implementation of Article 10*bis* of the Paris Convention by Member States of the Paris Convention.¹⁵⁸ Finally, the TRIPS Agreement, while it focuses on intellectual property law, also includes protection against unfair competition as an independent subject matter.¹⁵⁹ The TRIPS Agreement further requires all WTO Member States to protect undisclosed information (trade secrets) “[i]n the course of ensuring effective protection against unfair competition.”¹⁶⁰ Art. 39.2 of the TRIPS Agreement clarifies that said information shall be protected from “being disclosed to, acquired by, or used by others . . . in a manner contrary to honest commercial practices.”¹⁶¹ Footnote 10 clarifies that “[the phrase] ‘a manner contrary to honest commercial practices’ shall mean

Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 187, 33 I.L.M. 1153 (1994).

¹⁵⁷ RIFFEL, *supra* note 67, at 36; *cf.* Senftleben, *supra* note 27, at 11 (arguing that the reference to Article 10*bis* of the Paris Convention in Article 2(1) of TRIPS “encompasses the repression of unfair competition as an object of the protection of industrial property in a general sense – without inherently limiting the international obligation to acts relating to intellectual property rights or other subject matter dealt with in the TRIPS Agreement”).

¹⁵⁸ Senftleben, *supra* note 27, at 9–10 (discussing the relationship and interplay between the legal regimes of protection against unfair competition and intellectual property laws, thus suggesting that the two are divorced from each other).

¹⁵⁹ *See* RIFFEL, *supra* note 67, at 36–37 (noting that the matter of protection against unfair competition was not an official part of the TRIPS Agreement negotiations, and that some Member States were allegedly unaware of the legal consequences in incorporating Article 10*bis* of the Paris Convention into the TRIPS Agreement).

¹⁶⁰ *TRIPS Agreement*, *supra* note 2, at art. 39.1.

¹⁶¹ *TRIPS Agreement*, *supra* note 2, at art. 39.2.

at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.”¹⁶² Footnote 10 therefore refers to terms rooted in the realms of tort law (“grossly negligent”) and contract law, rather than in the realm of intellectual property law.¹⁶³

As for the protection against unfair competition, Riffel notes that two conclusions arise from paragraph three of Article 10*bis* of the Paris Convention. The first conclusion is that protection based on unfair competition is directed against particular acts.¹⁶⁴ The second conclusion is that the unfair competition protection is granted against acts that are directed at clearly defined subject matters, however, these subject matters are not required to be protected by intellectual property.¹⁶⁵ Moreover, Article 2.1 of the TRIPS Agreement makes clear that Article 10*bis* of the Paris Convention “is applicable in addition to the provisions protecting intellectual property subject matters” and may sometimes fill “lacunae in the intellectual property systems.”¹⁶⁶ Riffel adds that although unfair competition law may have a “pacemaker” function for intellectual property rights, it is conceptually different from intellectual property law, arguing that “intellectual property law protects intangible assets,” while unfair competition protects against dishonest commercial acts or behaviors in order to maintain

¹⁶² TRIPS Agreement, *supra* note 2, at art. 39.2 n.10.

¹⁶³ *Id.*

¹⁶⁴ RIFFEL, *supra* note 67, at 19.

¹⁶⁵ RIFFEL, *supra* note 67, at 19; *see also* Int’l News Serv. v. Associated Press, 248 U.S. 215, 235 (1918) (explaining that “the question of unfair competition in business . . . does not depend upon any general right of property . . .”).

¹⁶⁶ RIFFEL, *supra* note 67, at 21–23.

honest competition.¹⁶⁷ In addition, although the TRIPS Agreement obligates Member States to grant protection against unfair competition, it does not list the protection against unfair competition as an intellectual property right in Article 1.2, which defines the term “intellectual property” for the purposes of the Agreement.¹⁶⁸

The analysis of the international instruments therefore also supports the conclusion that unfair competition is more akin to a tort than it is to an intellectual property right.

3. The Implementation-by-Country Level

Different countries have used different mechanisms to develop unfair competition doctrines and have implemented unfair competition rules in their national laws

¹⁶⁷ *Id.* at 24–25.

¹⁶⁸ *TRIPS Agreement*, *supra* note 2, at art. 1.2, 2.1; RIFFEL, *supra* note 67, at 28–34. Two WTO decisions examined the question whether, and to what extent, the TRIPS Agreement applies, by virtue of art. 2.1, to subject matters or acts not covered by art. 1.2. Both decisions found that the TRIPS Agreement applies to these subject matters (including to unfair competition), but indicated that indeed, unfair competition is not an “intellectual property right”. See Appellate Body Report, *United States - Section 211 Omnibus Appropriations Act of 1998*, paras. 334–341, WTO Doc. WT/DS176/AB/R (adopted Feb. 1, 2002) (discussing the matter in the context of art. 8 of the Paris Convention relating to trade names, finding that “WTO Members do have an obligation under the TRIPS Agreement to provide protection to trade names”); Panel Report, *supra* note 130, at 769–771 (finding that WTO Members’ obligation to provide protection to trade names applies “notwithstanding the fact that these are not a specific category of [intellectual property] expressly identified or addressed in ... the TRIPS Agreement”; and clarifying that unfair competition relates to acts, rather than constitutes an intellectual property right, noting that “the text of Article 10*bis* of the Paris Convention (1967) itself makes no distinction between acts of unfair competition that would relate to trademarks, [geographical indications] or other specific categories of [intellectual property] and other acts of unfair competition”).

in various different manners.¹⁶⁹ From the methodological perspective, some countries have adopted a monistic approach – implementing specific legislation that protects competitors, consumers and the general public.¹⁷⁰ Other countries, for example, France and Italy, implemented a dualistic approach distinguishing between consumer protection law and unfair competition law, which is a subcategory of tort law and as such protects traders.¹⁷¹

International instruments allow countries to choose the legal framework under which they regulate their unfair competition rules within their legal systems.¹⁷² As there is no international obligation to enact a specific unfair competition law, countries can satisfy their international obligations by applying tort law to unfair competition matters or, alternatively, by applying administrative rules, criminal law, or a specialized law to these matters.¹⁷³ Indeed, different countries locate their unfair competition rules under different headings, and base them on different foundations. In some countries unfair competition rules share their economic foundations with general consumer law. For example, the Unfair Commercial Practices Directive of 2005 (UCPD) of the European Union protects, *inter alia*, “consumers against misleading and aggressive practices which have a negative impact on the consumer’s economic behaviour.”¹⁷⁴ In other countries, some of the

¹⁶⁹ LaFrance, *supra* note 136, at 1421–22; Senftleben, *supra* note 27, at 7.

¹⁷⁰ OHLY, *supra* note 86, at 131.

¹⁷¹ *Id.* at n. 95.

¹⁷² Panel Report, *supra* note 130, at 783.

¹⁷³ RIFFEL, *supra* note 67, at 41, 275; *see also Trips Agreement, supra* note 2, at art. 1.1; Preamble to the *TRIPS Agreement, supra* note 2, at (c) (stating that the provisions of the TRIPS Agreement were drafted, *inter alia*, “taking into account differences in national legal systems.”).

¹⁷⁴ OHLY, *supra* note 86, at 132; *but cf.* RIFFEL, *supra* note 67, at 106 (noting that “one way to implement Article 10*bis* of the Paris Convention (1967) correctly is to juxtapose a general clause to specialized tort claims

unfair competition rules found their way into intellectual property legislation.¹⁷⁵ For example, the U.S. Trademark Act (the Lanham Act) protects trademarks and service marks, but also deals with false advertising and false association, which are unfair competition matters.¹⁷⁶ So does the federal Trademark Act of Canada, which deals with “Unfair Competition and Prohibited Signs.”¹⁷⁷ Interestingly, a successful Canadian federal passing off claim must relate to a trademark (registered or common law) for constitutional justifications.¹⁷⁸ Furthermore, Christine Haight Farley notes that the Canadian Trademark Act is the successor to the 1932 Unfair Competition Act, which was actually the previous Canadian Trademark Act, an observation that further demonstrates the connection between these two fields.¹⁷⁹ Other countries base their unfair competition laws on tort law, whether by relying on general tort law or by legislation that shares common features with general tort law.¹⁸⁰ For example, the French “unfair competition law derives from a general tort liability statute.”¹⁸¹ Others include protection against unfair competition under their commercial code, or under fair competition legislation.¹⁸² It follows that on the implementation-by-country level, some countries see unfair

containing a subjective element. The European Union, for instance, adopted this approach in Article 5 of the UCPD”). *See also* Council Directive 2005/29/EC, 2005 O.J. (L 149) 22.

¹⁷⁵ Senftleben, *supra* note 27, at 7.

¹⁷⁶ 15 U.S.C. § 1125; *see also* Farley, *supra* note 116, at 43 (noting that in addition to the Lanham Act, other U.S. laws also cover unfair competition acts, for example the Federal Trade Commission Act, the Food Drug and Cosmetics Act, and other state and common law unfair competition protections).

¹⁷⁷ Trademarks Act, R.S.C. 1985, c T-13, § 7.

¹⁷⁸ Farley, *supra* note 116, at 45.

¹⁷⁹ *Id.* at 44.

¹⁸⁰ Senftleben, *supra* note 27, at 7.

¹⁸¹ LaFrance, *supra* note 136, at 1422 (referring to Article 1382 of the French Civil Code).

¹⁸² Senftleben, *supra* note 27, at 7.

competition as closer to the legal fields of torts or consumer protection, and others to the legal field of intellectual property.

The analysis above shows that unfair competition is an elusive concept with no unified international definition, implemented differently by different countries, both in terms of its substantive content and its location and proximity to other fields of law such as trademarks, consumer protection, and tort law.¹⁸³ It further exposes that unfair competition is better defined as a tort, rather than as an intellectual property right. This conceptualization of unfair competition proves problematic for the purposes of enforcement of foreign unfair competition judgments in light of the 2019 Convention, especially considering the overlap between unfair competition and intellectual property. Before delving into the depths of these problems, the next part takes a closer look at the exclusion of intellectual property from the scope of the 2019 Convention and analyzes it in order to determine whether it was intended to apply to unfair competition matters.

C. The Intention of the 2019 Convention

To reveal the intention of the 2019 Convention and the Diplomatic Session on the possible enforcement of foreign unfair competition judgments under the Convention, this part analyzes three sources: the discussions of the Diplomatic Session; similar matters referred to by the Explanatory Report of the 2019 Convention, specifically

¹⁸³ See e.g., Gaetano Dimita, Yin Harn Lee, and Michaela Macdonald, *Copyright infringement in the Video Game Industry*, 27, WIPO Doc. WIPO/ACE/15/4 (Aug. 30, 2022), https://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_15/wipo_ace_15_4.pdf [<https://perma.cc/L3CP-CCMB>] (arguing that “the requirements for a successful unfair competition claim are different, sometimes substantially so, in every jurisdiction”).

intellectual property-related contracts; and the 2005 Convention, which is a sister Convention containing an intellectual property exclusion partially similar to the 2019 Convention.

1. Discussions in the Diplomatic Session

The Diplomatic Session that concluded the 2019 Convention discussed the exclusion of intellectual property from the scope of the Convention at length, including the optimal wording that will best reflect the scope of the exclusion in the text of the Convention. While all the delegations agreed that the exclusion should apply both to universally and non-universally recognized intellectual property rights, they differed on the proposed method to reflect this notion in the text of the Convention. One of the proposals in this regard was to draft the text so as to exclude “intellectual property and analogous matters,” or “intellectual property and analogous rights.”¹⁸⁴ The phrase “analogous matters” was intended to refer to all non-universally recognized intellectual property rights such as traditional knowledge and genetic resources.¹⁸⁵ Some delegations maintained that this term further clarified that intellectual property should be interpreted as broadly as possible in the context of the Convention, and that it would also future-proof the Convention as it would encompass intellectual property rights and intellectual property-like subject matters that may emerge in the future.¹⁸⁶ Opposing delegations argued against the inclusion of the phrase “analogous matters” for two main reasons: first, they

¹⁸⁴ HCCH Special Comm’n on the Recognition and Enf’t of Foreign Judgments of Nov. 13–17, 2017, Rep. Mtg. No. 7, 1–2 (Nov. 16, 2017). The proposal to exclude “intellectual property and analogous rights” (as opposed to “intellectual property and analogous *matters*”) was only briefly discussed. *See id.* at 1–2; Special Comm’n Nov. Mtg. 5, *supra* note 51, at 2–4; Special Comm’n Nov. Mtg. 6, *supra* note 53, at 4–5.

¹⁸⁵ HCCH Comm’n I, Min. No. 7, *supra* note 38, at paras. 96–97.

¹⁸⁶ *Id.* at para 42.

considered the term to be ambiguous; second, they sought consistency by using the same terms used in the 2005 Convention that simply excluded “intellectual property” (except for specific matters) from its scope.¹⁸⁷ They maintained that using different wording in the 2019 Convention would cause incoherent interpretations of the two conventions, which was not the intention of the Diplomatic Session.¹⁸⁸ They further maintained that the term “intellectual property” in the 2005 Convention should be interpreted broadly, to include both universally and non-universally recognized rights, and therefore the same term should also be adopted by the 2019 Convention.¹⁸⁹ Ultimately, the Diplomatic Session decided not to include

¹⁸⁷ HCCH, Convention on Choice of Court Agreement, art. 2(2)(n)-(o) (June 30, 2005); Garcimartín & Saumier, *supra* note 33, at para. 64; HCCH Comm’n I, Min. No. 7, *supra* note 38, at paras 95–120; HCCH Comm’n I Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, 22d Sess., Min. No. 9 at paras 37–64 (Jun. 24, 2019); HCCH Comm’n I, Min. No. 12, *supra* note 54, at paras 5-55.

¹⁸⁸ See e.g., Garcimartín & Saumier, *supra* note 33, at para. 64; HCCH Comm’n I, Min. No. 7, *supra* note 38, at paras 95–120; HCCH Comm’n I, Min. No. 12, *supra* note 54, at paras 5-55.

¹⁸⁹ *Id.*; but see HCCH Comm’n I, Min. No. 12, *supra* note 54, at paras. 23–25, 34 (debating the merits and presenting counter-claims for including the words “and analogous matters”). In addition, the 2005 Convention is more detailed with regard to the intellectual property exclusion. The 2005 Convention excludes the validity and infringement of intellectual property rights, except with regard to copyright and related rights (matters of validity and infringement of copyright and related rights are covered by the scope of the 2005 Convention if all other terms are met, such as the existence of an exclusive choice of court agreement between the parties). See 2005 Convention, *supra* note 41, at art. 2.2(n), (o). The question whether the two terms “intellectual property” and “intellectual property rights” somehow differ was not thoroughly discussed by the Diplomatic Session. See also Garcimartín & Saumier, *supra* note 33, at 156 (reciting and commentating on the 2019 Convention Article 20, which states “[i]n the interpretation of this Convention, regard shall be had to its international character and to the need to promote uniformity in its application”).

the words “and analogous matters” in the text of the 2019 Convention intellectual property exclusion, mainly to maintain consistency with the 2005 Convention and due to the ambiguity of the term.¹⁹⁰ At the same time, the Diplomatic Session decided to include a clarification in the Explanatory Report, stating that the exclusion of intellectual property from the scope of the Convention encompasses both universally and non-universally recognized intellectual property rights.¹⁹¹ It thus seems that the intention of the Diplomatic Session was to apply the intellectual property exclusion very broadly. Therefore, it is reasonable to infer that the intention was for the exclusion to also encompass unfair competition judgments.¹⁹²

A recent article by Christine Haight Farley sheds further light on the interpretation of the terms “analogous matters” or “analogous rights” that were discussed by the diplomatic session.¹⁹³ Reviewing the history of the unfair competition tort in the United States, Farley noted that William Henry Browne, the first U.S. treatise author on the subject of trademarks and unfair competition, first declared that the tort of unfair competition was generally adopted by the U.S. courts in a second edition of his treatise.¹⁹⁴ Interestingly, the chapter in Browne’s treatise discussing the subject of unfair competition was titled “Rights Analogous to Those of Trade-Marks.”¹⁹⁵ The similarity in terms, even

¹⁹⁰ Garcimartín & Saumier, *supra* note 33, at paras. 64.

¹⁹¹ See *supra* sources cited in note 187.

¹⁹² This conclusion is further strengthened by the reference in the Explanatory report to art. 2 of the TRIPS Agreement. See Garcimartín & Saumier, *supra* note 33, at 63 n.67 (“As regards the rights and matters covered by [the Paris Convention, the TRIPS Agreement, etc.], see in particular the references in Arts 1 and 2 of TRIPS. Of course, this list is not exhaustive.”)

¹⁹³ Farley, *supra* note 116; see *supra* notes 184–189 and accompanying text.

¹⁹⁴ Farley, *supra* note 116, at 750.

¹⁹⁵ *Id.*

though many years apart and presumably unintentional, strengthens the conclusion that unfair competition matters were also meant to be excluded from the scope of the 2019 Convention.

A note should be made here about the consensus reached by the 2019 Convention Diplomatic Session on the interpretation of the term “intellectual property” in the 2005 Convention. The delegations of the Diplomatic Session all agreed that the term “intellectual property” in the 2005 Convention should also be interpreted so as to include both universally and non-universally recognized intellectual property matters.¹⁹⁶ This conclusion also stems from the 2019 Convention’s Explanatory Report.¹⁹⁷ As this notion was not included in the Explanatory Report of the 2005 Convention, it is an important formal clarification of the scope of the 2005 Convention.¹⁹⁸ This also means that the conclusion of this paper regarding the application of the 2019 Convention, or lack thereof, to foreign unfair competition judgments, applies, *mutatis mutandis*, to the 2005 Convention.

2. Similar Matters

The 2019 Convention’s Explanatory Report states that “[t]he concept of intellectual property is used in a broad sense,” but it does not explicitly refer to tort-based,

¹⁹⁶ HCCH Comm’n I, Min. No. 12, *supra* note 54, at para. 35.

¹⁹⁷ Garcimartín & Saumier, *supra* note 33, at para. 64 (stating that the term “intellectual property” is used in a broad sense, and that the words “analogous matters” were omitted from the text “as this expression is not found in the HCCH 2005 Choice of Court Convention”).

¹⁹⁸ See HARTLEY & DOGAUCHI, *supra* note 40, at 797 (referring, in the context of the intellectual property articles in the 2005 Convention, only to copyright and related rights and to “other intellectual property rights (such as patents, trade marks and designs)” but not referring to any other intellectual property or intellectual property-like subject matter); 2005 Convention, *supra* note 41, at art. 2.2(n), (o).

intellectual property-like judgments.¹⁹⁹ This oversight or lacunae is further notable considering the fact that the negotiations of the 2019 Convention included lengthy discussions on the application of the Convention to judgments on contracts referring to intellectual property. A detailed description of the extent to which the Convention applies to contract-based intellectual property judgments was also included in the Explanatory Report of the Convention.²⁰⁰ In this regard, the Explanatory Report states that “[t]he relevant criterion to define the scope of the exclusion [regarding judgments on contracts relating to intellectual property] is thus whether the judgment . . . was mainly based on general contract law or on intellectual property law.”²⁰¹

A judgment mainly based on general contract law will be enforced under the Convention, whereas a judgment mainly based on intellectual property law will not. The fact that the Explanatory Report refers to contracts but not to torts (and unfair competition as part of torts) could be taken to weaken the argument that unfair competition judgments should be excluded from the scope of the Convention. However, this oversight seems to be due to the fact that the matter was not directly discussed by the Diplomatic Session.²⁰² It is clear from the analysis that the Diplomatic Session intended to apply the exclusion of intellectual property in a very broad manner, and it can therefore be presumed that the intention was to also exclude unfair competition judgments from the scope of the Convention, at least to the extent that they overlap intellectual property matters.

¹⁹⁹ Garcimartín & Saumier, *supra* note 33, at para. 64.

²⁰⁰ *Id.* at para. 65; *see also* Special Comm’n Nov. Mtg. 7, *supra* note 184, at 1–2.

²⁰¹ Garcimartín & Saumier, *supra* note 33, at para 65.

²⁰² *See supra* note 56 and accompanying text.

3. The 2005 Convention

Theoretically, the 2005 Convention could have been useful in interpreting the 2019 Convention for the purposes of this analysis, as it also largely excludes intellectual property matters from its scope.²⁰³ However, there are no empirical studies documenting cases of overlap between intellectual property and unfair competition discussed under the 2005 Convention (if any), and how the Convention was applied in those cases. The general scope of the 2005 Convention is narrow *ab initio*, as it only applies when there is an exclusive choice of court agreement between the parties to the proceedings, and only to very specific intellectual property rights and cases.²⁰⁴ Where there is already an agreement between the parties, disputes regarding the conceptualization of the claim are arguably less likely to arise, as the agreement presumably applies in the same manner to intellectual property claims and to tort claims between the parties. Lastly, the Explanatory Report of the 2019 Convention makes clear that the interpretation of the 2005 intellectual property exclusion should be similar to the interpretation of the exclusion in the 2019 Convention.²⁰⁵ In other words, it seems that the 2019 Convention's Explanatory Report sheds more light on the interpretation of the intellectual property provisions and exclusion in the 2005 Convention than the other way around. Therefore, the 2005 Convention does not add any significant insight to the analysis in this regard.

²⁰³ 2005 Convention, *supra* note 41, at art. 2.2.(n), (o).

²⁰⁴ *See* 2005 Convention, *supra* note 41, at art. 1.(1) (“This Convention shall apply in international cases to exclusive choice of court agreements concluded in civil or commercial matters.”)

²⁰⁵ *See supra* notes 196–198 and accompanying text. Although note that the 2005 Convention exclusion does not apply in full to copyright and related rights, nor does it apply to proceedings that were brought or could have been brought for a breach of contract. *See* 2005 Convention, *supra* note 41, at art. 2.2.(n), (o).

This part analyzed the features of the protection against unfair competition and concluded that it is better classified as a tort than as an intellectual property right. Looking into the intention expressed by the 2019 Convention and supplementary materials, this part concluded that while the subject of foreign unfair competition judgment enforcement was not directly discussed by the Diplomatic Session, it seems plausible that the intention was to exclude such judgments from the scope of the Convention. The next part analyzes the potential problems arising from the possible enforcement of foreign unfair competition judgments to support this conclusion.

III. UNFAIR COMPETITION AND PRIVATE INTERNATIONAL LAW

The intersection between unfair competition and private international law, and specifically enforcement of foreign unfair competition judgments, may prove problematic. By importing foreign unfair competition judgments through their enforcement, the enforcing country risks replacing the balances within its own national intellectual property laws, with those of another country. Such enforcement not only threatens the territoriality of intellectual property rights, which is a manifestation of national balances concerning fundamental rights and economic policies, but it also undermines national trade and competition policies, and increases market uncertainty. This part analyzes these risks and reviews possible counter arguments.

A. Problems in Enforcing Foreign Unfair Competition Judgments

The *Equustek v. Google* case is a part of a corpus of cases indicating that national courts are more willing to adjudicate cases involving international aspects of

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intellectual property and unfair competition, and may try to apply their own laws or aspects of them globally.²⁰⁶ This is especially the case in the digital era, specifically regarding claims pertaining to acts done over the internet.²⁰⁷ It further indicates that countries implementing lenient competition and intellectual property policies and regimes, aiming at incentivizing free competition, and countries granting broad protection to freedom of expression, should be concerned by the prospect of enforcement of foreign unfair competition judgments. For example, the injunction granted by the U.S. court in favor of Google in the *Google v. Equustek* saga, preventing the enforcement of the Canadian global injunction in the U.S., was based on considerations

²⁰⁶ See e.g., *Lucasfilm Ltd. v. Ainsworth*, [2011] UKSC 39 (appeal taken from Eng.); *Performing Right Soc’y Ltd. v. Qatar Airways Group QCS*, [2020] EWHC 1872 (Ch.); *Marinett*, *supra* note 89, at 465, 475 (indicating that this phenomenon only becomes more relevant, and illustrating the concern that more restrictive countries will follow such precedents, issuing increasing takedown orders, thereby undermining free flow of information); *Diab*, *supra* note 93, at 255 (suggesting that the *Equustek v. Google* case is a part of a larger trend in which courts acknowledge that the global nature of the internet requires nothing short of a global order in some cases); See cases cited in *supra* notes 104–106 and accompanying text. In *Google v. Equustek*, Abella J. expressed a preference to apply Canadian law to a cross-border case, even at the possible expense of foreign jurisdictions. See *Google Inc. v. Equustek Solutions Inc.*, [2017] S.C.R. 824, paras. 44–49 (Can.).

²⁰⁷ See e.g., judgments by French courts regarding claims of copyright infringement by Google (Google Books and Google Images), finding at times that U.S. copyright law applies to the cases and sometimes that French copyright law applies. Jean-François Bretonnière & Thomas Defaux, *Online copyright infringement: when Google Images finally meets French law*, INTELLECTUAL ASSET MANAGEMENT (Mar. 9, 2011), <https://www.iam-media.com/article/online-copyright-infringement-when-google-images-finally-meets-french-law> [<https://perma.cc/DZ56-S2D5>]; cf. *Dinwoodie*, *supra* note 66, at 1674 (noting that “global trade, and even more so an online marketplace, has called into question the practical relevance of the principle that trademark law is territorial”); see also *Trimble*, *supra* note 1, at 522.

stemming from freedom of expression.²⁰⁸ If the 2019 Convention had applied to the case, the court would have had to comply with one of the grounds for refusal set by the Convention in order to refuse to enforce the judgment.²⁰⁹

This part discusses the threats posed to intellectual property, trade, and competition policies by enforcement of foreign unfair competition judgments. As this paper focuses on the intersection of intellectual property, unfair competition, and private international law, this will be the main focus of this part. In addition, two other problems will be briefly discussed, namely the threats to national competition policies as a result of discrepancies between unfair competition laws and intellectual property laws implemented by different countries,²¹⁰ and increased market uncertainty.

1. Global Trademarks

To understand the risks that enforcement of foreign unfair competition judgments poses to national intellectual property, trade, and competition policies, this part analyzes three important aspects. First, the differences between enforcing foreign injunctions and enforcing foreign monetary judgments; second, the ambiguity of where intellectual property rights end and unfair competition begins, and vice versa; and third, the challenges regarding refusal to enforce foreign unfair competition judgments under the 2019 Convention.

a. Injunctions v. Monetary Judgments

Since intellectual property rights are territorial, and as they incorporate national balances and policies, countries

²⁰⁸ See *US Equustek I*, No. 5:17-cv-04207-EJD, 2017 WL 500834 (N.D. Cal. Nov. 2, 2017); *US Equustek II*, No. 5:17-cv-04207-EJD, 2017 WL 11573727 (N.D. Cal. Dec. 14, 2017).

²⁰⁹ See, inter alia, 2019 Convention, *supra* note 13, at art. 7; *infra* notes 251–258 and accompanying text.

²¹⁰ See *infra* notes 270–271 and accompanying text.

are cautious about the enforcement of foreign intellectual property judgments. Recent international debates and negotiations show that countries are aware of the problems of such enforcement. One of the main reasons to exclude intellectual property from the scope of the 2019 Convention was the concern expressed by countries that enforcement of foreign intellectual property judgments will undermine the territoriality principle of national intellectual property rights and regimes.²¹¹ This concern is especially severe when the subject of enforcement is an injunction, that can de facto prohibit citizens in the enforcing country from making a use or acting in a manner that their national laws permit. For example, in *Trader Joe's v. Hallatt*, American grocery store Trader Joe's sued Canadian resident Hallatt for infringement of trademark rights and unfair competition acts due to Hallatt's operation of a store selling Trader Joe's products in Canada.²¹² While Trader Joe's had several U.S. registered and unregistered (common-law) trademarks, it did not own such marks in Canada, nor did it operate in Canada at the time.²¹³ Nevertheless, the United States Court of Appeals for the Ninth Circuit found that the U.S. Trademark Act, the Lanham Act, applies to the acts performed by Hallatt, and remanded the case back to the District Court for further proceedings.²¹⁴ The significance of this ruling is that the Ninth Circuit de facto opined that the subsistence of a U.S. trademark may essentially prevent, under some circumstances, the sale of products carrying the trademark in Canada, even though the mark is not registered in Canada. Following the Ninth Circuit's ruling the case was settled outside of court, as the defendant decided to shut down their

²¹¹ See *supra* notes 36–38 and accompanying text.

²¹² *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 962–63 (9th Cir. 2016).

²¹³ *Id.*

²¹⁴ *Id.* at 966.

business in Canada due to the costs of legal proceedings.²¹⁵ But if an injunction had been issued and presuming that the 2019 Convention had applied, then Canada may have been requested to enforce the judgment that prohibited acts that are arguably completely lawful in Canadian territory.²¹⁶ It is interesting to note that in common-law countries, the enforcement of injunctions was (and mostly still is) generally unacceptable, as opposed to the enforcement of foreign monetary judgments.²¹⁷ The Canadian Supreme Court referred to this issue in the *Pro Swing* case, when considering whether to enforce an injunction granted by a U.S. court and, quoting Vaughan Black, stated that:

A [foreign court] might issue an injunction which spells out in great detail what, when and how a defendant must do (or refrain from doing) something. If [a Canadian court] recognizes such an injunction

²¹⁵ The defendant, Hallatt, decided to shut down said business in Canada due to the costs of legal proceedings and fighting the court battle, rather than because of the judgment itself. See Christopher Mele, *Pirate Joe's, Maverick Distributor of Trader Joe's Products, Shuts Down*, N.Y. TIMES (Jun. 8, 2017), <https://www.nytimes.com/2017/06/08/business/pirate-joes-trader-joes-vancouver.html> [<https://perma.cc/M9D4-FXLU>]; Benjamin Miljure, *Vancouver's Pirate Joe's shuts down, ending legal battle with Trader Joe's*, CTV NEWS (Jun. 8, 2017), <https://www.ctvnews.ca/canada/vancouver-s-pirate-joe-s-shuts-down-ending-legal-battle-with-trader-joe-s-1.3448949> [<https://perma.cc/MJK8-7LWU>].

²¹⁶ It should be noted, though, that the court stated that one of the factors that the court must consider when deciding whether to apply the Lanham Act to foreign activities is the extent to which the court will be able to enforce its order. Here, the court concluded that with regard to an injunction, “there is no doubt that the district court could stop Hallatt’s operation with a domestic injunction because Hallatt sources his goods entirely from the United States.” *Trader Joe’s Co.*, 835 F.3d at 974. The effect of the Abitron case on the plausibility of future Trader Joe’s-like decisions is outside the scope of this paper. See *infra* notes 220–22 and accompanying text.

²¹⁷ Refusing the enforcement of injunctions has long been the rule in common law countries. See Daniel, *supra* note 79, at 155–156.

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then the courts in [the foreign country] have been permitted to reach deeply into the enforcement regime of [Canada]. It is the original [foreign order] [...] that will control what the defendant must and must not do in [Canada]. ... [W]hen [a Canadian court] agrees to enforce an injunction issued by a court in [a foreign country], then [the foreign country] is dictating and controlling the enforcement process in [Canada], something that does not occur when [the Canadian court] enforces a foreign money judgment.²¹⁸

While the Court found that “the time is ripe” to reconsider and revise the traditional common law rule that allows only for the enforcement of foreign money judgments, as opposed to injunctions, the Court also found that such a change must be made carefully and implement judicial discretion enabling Canadian courts to “ensure that the [foreign injunctions] do not disturb the structure and integrity of the Canadian legal system.”²¹⁹

The risks of cross-border intellectual property litigation disrupting national laws and systems were also recently discussed in the U.S. Supreme Court. In *Abitron Austria GMBH et al. v. Hetronic International, Inc.*, a case pertaining to the applicability of national U.S. intellectual property laws abroad, and specifically to acts done in the EU, the U.S. supreme court refused to apply certain provisions of the U.S. Trademark Act (the Lanham Act)

²¹⁸ *Pro Swing Inc. v. Elta Golf Inc.*, [2006] 2 R.C.S. 612, 625 (quoting Vaughan Black, *Enforcement of Foreign Non-Money Judgments: Pro Swing v. Elta*, 42 CAN. BUS. L.J. 81, 89 (2005)). In this case, the Supreme Court of Canada discussed the enforcement of a U.S. contempt of court judgment granting injunctions and orders based on the violation of a settlement agreement that was signed between the parties and endorsed by the Ohio Court. The underlying matter was based on U.S. trademark infringement claims. *Id.* at 619–621.

²¹⁹ *Id.* at 625–26.

extraterritorially.²²⁰ The court ruled that the Lanham Act provisions prohibiting trademark infringement and unfair competition “are not extraterritorial and [...] they extend only to claims where the claimed infringing use in commerce is domestic”.²²¹ However, it is unclear how this standard will be interpreted,²²² especially with regard to acts done over the internet.²²³ It is worth noting that the European Commission,

²²⁰ *Abitron Austria GMBH v. Hetronic International, Inc.*, 600 U.S. 412, 415 (2023). The Lanham Act provisions discussed in the judgment were 15 U. S. C. § 1114(1)(a) and § 1125(a)(1). *Id.*

²²¹ *Id.*

²²² Margaret Chon & Christine Haight Farley, *Trademark Extraterritoriality: Abitron v. Hetronic Doesn't Go the Distance*, TECHNOLOGY & MARKETING LAW BLOG (July 17, 2023) (Guest Blog Post), <https://blog.ericgoldman.org/archives/2023/07/trademark-extraterritoriality-abitron-v-hetronic-doesnt-go-the-distance-guest-blog-post.htm> [<https://perma.cc/7HFC-3E74>] (noting that the rule set in the *Abitron* case “will need to take further shape in every case of extraterritoriality. We know only that bald cases of consumer confusion in the US resulting from wholly overseas use will not survive. Every other fact pattern will require guesswork.”); Linda J. Silberman & Rochelle C. Dreyfuss, *What is a “Domestic Application” of the Lanham Act? The Supreme Court Creates More Questions than It Answers*, TLB TRANSNATIONAL LITIGATION BLOG (July 5, 2023) (Guest Blog Post), <https://tlblog.org/what-is-a-domestic-application-of-the-lanham-act/> [<https://perma.cc/QE2Z-NC9P>] (stating that the “brightness” of the rule set by the *Abitron* case “will dim as other fact patterns are considered.”)

²²³ For example, Justice Jackson suggested that in certain cases, even if a product was sold outside of the U.S., but found its way into the U.S., U.S. law would apply. *See Abitron*, U.S. 600 at 430–32 (J. Jackson, concurring). Regarding the online environment, Justice Jackson noted that the U.S. Trademark Act may apply “even absent the domestic physical presence of the items.” *Id.* at 432 n. 2. This notion has the potential of being interpreted very broadly, de facto leading to the application of the Lanham Act to acts done over the internet even when they have limited connection to the United States. *See also id.* at 444 n.7 (Sotomayor J., concurring) (stating that in today’s global and online marketplace, where “trademarks are not protected uniformly around the world, limiting the Lanham Act to purely domestic activities leaves U. S. trademark owners without adequate protection”); Chon & Farley, *supra* note 222 (noting that “[i]nternet commerce, mentioned in

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on behalf of the European Union as Amicus Curiae, filed a brief to the U.S. Supreme Court in this matter, highlighting the problems in the extraterritorial application of foreign U.S. laws to EU domestic activities, stating that “[e]xtraterritorial application of United States law to trademark use that occurs within the European Union threatens to interfere with the legal authority of the European Union and its member countries, in contravention of international law and principles of comity.”²²⁴ This is a testament to the conflicts and problems that emerge from the interference of one intellectual property national (or regional) system with another, and to the importance of the principle of territoriality in intellectual property as a manifestation of national sovereignty. It further emphasizes the problems in forcing the intellectual property laws of one country on another, especially via enforcement of extraterritorial injunctions, that may require the enforcing country to prohibit its own citizens from making a use that is permitted by the enforcing country, according to its national intellectual property laws which incorporate balances concerning fundamental rights and other public policy considerations.

The digital era renders these problems even more complex. For example, determining the “place of infringement” of an intellectual property right (the “localization” of infringement) when the act is done over the internet, is a complex matter that is addressed differently by

footnotes by both Justices Jackson and Sotomayor, may be the 800-pound gorilla in the room”); Silberman & Dreyfuss, *supra* note 222 (emphasizing that the *Abitron* decision does not provide guidelines to decide cases in which the sale of trademarked goods is done online).

²²⁴ Brief for European Commission on Behalf of the European Union as Amicus Curiae, at 4, *Abitron Austria GMBH et al. v. Hetronic International, Inc.*, 600 U.S. 412 (2023) (No. 21-1043). Also see Justice Alito’s reference to the EU brief in *Abitron Austria GMBH v. Hetronic Int’l Inc.*, 600 U.S. at 428.

different countries, and has the potential of creating jurisdiction and choice of law clashes, that would later translate into problems in enforcement of foreign judgments.²²⁵ Matters of jurisdiction and choice of law, as such, are outside the scope of this paper. For example, this paper does not discuss the question whether U.S. courts should apply U.S. laws in cases such as the Trader Joe's case. Rather, this paper takes note that such judgments are being granted today, and identifies the risks in enforcing such foreign judgments. This paper further advocates for extreme caution in obligating countries to prohibit acts that are lawful according to their own laws, by virtue of an obligation to enforce foreign intellectual property and unfair competition-based injunctions. Such enforcement may contradict the national intellectual property policies of the enforcing country that express and protect its national policies regarding fundamental rights and national economic, social, and cultural consideration.²²⁶

²²⁵ See Rosati, *supra* note 82.

²²⁶ See *supra* notes 79–80 and accompanying text. It could be argued that judgments granted in intellectual property infringement and unfair competition cases have no effect in rem as they apply only between the parties to the proceedings and will be enforced only between the parties. See *e.g.*, Garcimartín & Saumier, *supra* note 33, at 53. However, enforcing such foreign judgments may result in broad social and economic implications in many cases. Using the Trader Joe's factual basis as an example, assume that Canada would have been obligated to enforce a U.S. judgment that prohibits the sales of Trader Joe's products in Canada, as such sales constitute an infringement according to U.S. intellectual property or unfair competition laws. Enforcement of the U.S. judgment by Canada – even though *de jure* the enforcement is only between the parties to the proceedings – would *de facto* mean that Trader Joe's products would be unavailable to Canadian consumers (even if the Trader Joe's trademark is not protected in Canada and no Canadian laws were claimed to have been broken by such sales). Therefore, the actual effect of such enforcement goes well beyond the parties to the proceedings, interfering with internal Canadian market and competition considerations and balances as incorporated in Canadian intellectual

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As judgments ruling on the multinational aspects of intellectual property matters are bound to become more common and as extraterritorial and even global injunctions are being granted by national courts, careful consideration should be given to maintaining national intellectual property balances and principles, and the sovereignty of countries to incorporate such balances concerning fundamental rights and other social and economic considerations into their intellectual property systems. A further note should be made in this regard. This part focuses on foreign injunctions as disruptive to the sovereignty of countries and their intellectual property policies. The enforcement of foreign monetary judgments has long been perceived as less intrusive of the enforcing country's laws and sovereignty than enforcement of foreign injunctions actually prohibiting uses or acts.²²⁷ However, enforcement of foreign monetary judgment may create a chilling effect deterring users in the enforcing country from making a use that is permitted according to the laws of the enforcing country.²²⁸ In the *Abitron* case, the United States as amicus curiae argued that "[t]he court of appeals upheld a \$90 million monetary award without analyzing whether 97% of petitioners' sales were likely to cause U.S. consumer confusion. That decision risks globalizing U.S. trademark law, allowing U.S. trademark protection to serve as a springboard for regulating foreign conduct that has no likelihood of affecting consumer perceptions in the United States."²²⁹ It follows that the enforcement of foreign monetary intellectual property judgments, while not as problematic as enforcement of

property laws. *See*, for the factual basis, *Trader Joe's Co. v. Hallatt*, 835 F.3d 960, 962–63 (9th Cir. 2016).

²²⁷ *See e.g.*, *supra* note 218 and accompanying text.

²²⁸ *See Daniel, supra* note 79, at 126–127.

²²⁹ Brief for the United States as amicus curiae, at 19, *Abitron Austria GMBH et al. v. Hetronic International, Inc.*, 600 U.S. 412 (2023) (No. 21-1043).

foreign injunctions, may also prove problematic, interfering with national balances set forth by the intellectual property laws of the enforcing country. The next part analyzes the intellectual property – unfair competition ambiguity, to demonstrate the problems in enforcing foreign unfair competition judgments.

b. The Intellectual Property – Unfair Competition Ambiguity

It is clear that the Diplomatic Session decided to exclude judgments emerging from a factual and legal basis such as the Trader Joe’s case from the scope of the 2019 Convention to prevent imposing obligations to enforce extraterritorial injunctions on Member States. Such judgments are even more likely to be granted for the cause of action of unfair competition, rather than trademark law, as unfair competition *a priori* has fewer territorial features than intellectual property rights.²³⁰ For example, in the *Abitron v. Hetronic* case, that sought to narrow down, or even eliminate (with debatable success), the extraterritorial application of certain provisions of the Lanham Act, the U.S. Supreme Court focused on the use of “protected trademarks” (either registered or not) by the defendant.²³¹ Although one of the Lanham Act’s provisions discussed by the Court in that case was an unfair competition provision – 15 U.S.C. § 1125(a)(1) (art. 43(a)(1) of the Lanham Act, which also grants certain protection to unregistered trademarks) – the court focused solely on protected trademarks as its subject matter of protection, stressing that “trademark law is territorial”.²³² Even the conclusion of the Court specifically

²³⁰ See *supra* note 84–85 and accompanying text.

²³¹ *Abitron Austria GMBH v. Hetronic Int’l Inc.*, 600 U.S. 412, 420, 423. (2023).

²³² *Id.* at 426. The territorial nature of trademarks is further emphasized in the Opinion of the Court as a key factor to conclude that if Congress intended foreign application of the U.S. law on the matter, it would have addressed the possible conflict of U.S. and foreign laws. *Id.* at 427.

refers to trademarks, omitting any reference to unfair competition.²³³ This is interesting, especially considering judgments such as the *Belmora* case, in which the court explicitly stated, regarding the same § 1125(a) provision, that “[i]t is important to emphasize that this is an unfair competition case, not a trademark infringement case.”²³⁴ The ambiguity, or even mixture of terms – with the same provision referred to as an unfair competition provision distinct from trademarks by one court, while another court focuses only on the trademark protection granted by the provision, ignoring any other possible protections against unfair competition granted by it, strengthens the argument that unfair competition judgments should be treated the same as intellectual property judgments for the purposes of the 2019 Convention. Further, the fact that the court in the *Abitron* case focused on trademarks and their territorial nature, raises questions regarding the applicability of the *Abitron* decision to unfair competition cases, especially if they do not concern unregistered trademarks, further highlighting the territorial nature of intellectual property rights as opposed to the not-necessarily territorial nature of unfair competition.²³⁵ If unfair competition matters can be classified as tort matters, as opposed to intellectual property matters, then the 2019 Convention prima facie obligates Member States to enforce foreign unfair competition

²³³ *Id.* at 428 (“In sum, we hold that §1114(1)(a) and §1125(a)(1) are not extraterritorial and that the infringing “use in commerce” of a trademark provides the dividing line between foreign and domestic applications of these provisions. Under the Act, the term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, where the mark serves to identify and distinguish [the mark owner’s] goods . . . and to indicate the source of the goods. §1127.”)

²³⁴ *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 706, 708 (4th Cir. 2016), *cert. denied*, 142 S.Ct. 483 (2021).

²³⁵ *Chon & Farley*, *supra* note 222 (generally discussing the ambiguity of the *Abitron* decision).

judgments, even if they have the same exact effect as trademark judgments, thereby undermining the intention of the Diplomatic Session to exclude intellectual property judgments from the scope of the Convention.

The problem is even more severe due to the use of unfair competition claims to broaden the scope of intellectual property rights and the overlap between the two fields of law. Courts in various countries have used unfair competition laws to de facto broaden the scope of intellectual property rights, or even to create new intellectual property rights. For example, in Germany, the Supreme Court held that “unfair competition law is independent of design law and that it can [grant protection] when the term of design protection has expired.”²³⁶ The German Court also used the general tort of unfair competition in order to de facto create an unregistered design right for fashion designs at a time when only registered designs were protected by German legislation.²³⁷ Similarly, the Israeli Supreme Court used the cause of action of unjust enrichment to de facto create unregistered design right in Israel at a time when Israeli legislation granted protection only to registered designs.²³⁸ In Switzerland an unfair competition prohibition

²³⁶ OHLY, *supra* note 86, at 134. Ohly further notes that this is acceptable as long as there is real evidence of confusion. *Id.*

²³⁷ *Id.* at 137; LaFrance, *supra* note 136, at 1422. Unregistered design protection later became obligatory for EU Member States by virtue of EU Directive and Regulations. *See e.g.*, Articles 1(a) and 11 of the Council Regulation (EC) No 6/2002 on Community designs, O.J. (L 003) 2002 P. 0001-0024. Ohly notes that due to these Regulations, the German Supreme Court found in 2016 that there was no reason for granting additional protection to unregistered designs under unfair competition law, and thus gave up this doctrine. *See* OHLY, *supra* note 86, at 138.

²³⁸ ReqCivA 5768/94 A.Sh.I.R Imp., Mfr. and Distrib. et al. v. F. Gadgets and Consumption Goods Ltd. et al., 9(4) PD 289 (1998) (trans. Google translate). The new Israeli Designs Act, 5777-2017 now grants protection to unregistered designs by virtue of legislation. Still, the Israeli Supreme Court refused to reverse or vacate the A.Sh.I.R

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of “Slavish” imitation was recognized even when intellectual property rights were not infringed.²³⁹ United States courts recognized rights similar to integrity rights, which are moral rights to prevent mutilation or misrepresentation of an author’s works, under the tort of unfair competition.²⁴⁰ In addition, the Supreme Court of the United States ruled that a news agency had a common law right to prevent a competing news agency from misappropriating facts gathered by it until the commercial value of the news had been exhausted, later referred to as the “hot news” doctrine.²⁴¹ In France, the Paris Court of First Instance ruled in a case of videogame cloning²⁴² that while the game was not original enough to enjoy copyright protection, the marketing of the clone constituted unfair competition.²⁴³ In the context of video games, further

precedent. See CivA 1248/15 Fisher Price Inc. v. Devron, Imp. And Exp., Ltd. (Aug. 31, 2017) (trans. Google translate).

²³⁹ Ohly cites, for example, art. 5(c) of the Swiss Act against Unfair Competition, although it has been applied restrictively by the Swiss courts. OHLY, *supra* note 86, at 137.

²⁴⁰ BEEBE ET AL., *supra* note 4, at 579–580; Prouty v. Nat’l Broad. Co., 26 F. Supp. 265, 266 (D. Mass. 1939).

²⁴¹ Int’l News Serv. v. Associated Press, 248 U.S. 215, 245 (1918); BEEBE ET AL., *supra* note 4, at 19; Shyamkrishna Balganes, *Hot News: The Enduring Myth of Property in News*, 111 COLUM. L. REV. 419, 421–423 (2011). Later, several states in the U.S. absorbed this doctrine into their unfair competition laws. *Id.* at 422. Balganes further notes that “property in news seems to be a de facto reality today under the hot news doctrine”. *Id.* at 425.

²⁴² Cloning of a video game is the replication of the rules and systems that govern and guide the interactions of the player with the game (also called the video game “mechanics”) without the direct copying of any art, music, or other copyrighted element of the game. See Dimita, Lee & Macdonald, *supra* note 183, at 22, 26–28.

²⁴³ This is because the clone was intentionally designed as a clone, and consumers could confuse the two games. See *id.* at 22, 26, 28. The authors state that in jurisdictions that do not recognize game cloning as an actionable infringement of intellectual property rights, unfair

examples are “Let’s Play” videos,²⁴⁴ livestreaming,²⁴⁵ and e-sports.²⁴⁶ A recently-published study suggests that some types of these acts would be permitted in certain countries, while they would constitute an infringement in others.²⁴⁷ For example, in the United States, these acts may be permitted under the fair use doctrine in intellectual property, whereas in a recent case in China, a plaintiff was successful in stopping unauthorized livestreaming and broadcasts of e-sports tournaments based on unfair competition claims.²⁴⁸ These examples are not exhaustive, and courts are expected to keep broadening intellectual property rights by using unfair competition grounds.²⁴⁹

Regarding all of these examples, if the matter would have been discussed as an intellectual property case, the judgment would not have been eligible for enforcement under the 2019 Convention, and countries would have been free to refuse such enforcement. However, because these matters were discussed as unfair competition cases, and due to the classification of unfair competition as a tort, the

competition law and the law of passing off may well offer the broadest protection for video game companies.

²⁴⁴ “Let’s Play” videos document the playing of a video game, usually whilst the player adds commentary. *See id.* at 47–50.

²⁴⁵ In livestreaming, the player broadcasts themselves playing a video game to a live audience online, usually whilst adding commentary. *Id.* at 49.

²⁴⁶ E-sports are professional or semi-professional competitive gaming tournaments, typically streamed live to an audience online. *Id.*

²⁴⁷ *See* Dimita, Lee & Macdonald, *supra* note 183.

²⁴⁸ *Id.* at 47–50.

²⁴⁹ *Cf.* Senfleben, *supra* note 27, at 9 (noting, in the context of trade secret misappropriation (that is considered part of the protection against unfair competition), that “in response to the data-driven economy and the increasing importance and commercial value of machine-generated data, it is conceivable . . . to introduce protection against data misappropriation, covering the wrongful acquisition, disclosure and use of accumulated raw data that would not meet the requirements of trade secret or copyright protection.”).

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judgments should in principle have been enforced under the Convention.²⁵⁰ Granted, the Convention lists several grounds for refusal to enforce foreign judgments. However, in practice, refusal to enforce a foreign judgment according to these grounds may prove problematic and unsatisfactory. The next part discusses this matter.

*c. Refusal to Enforce Foreign Unfair
Competition Judgments*

Relying on the grounds for refusal listed in the 2019 Convention in order to refuse the enforcement of foreign unfair competition judgments – whether ad hoc or systematically – is problematic due to three main reasons.

First, the main ground for refusal that applies to the merits of the foreign judgment itself (as opposed to procedural grounds) requires that the enforcement of the judgment be “manifestly incompatible with the public policy” of the enforcing country.²⁵¹ The public policy ground for non-recognition is “an exceptional device to be applied only in very limited situations, where the extension of the relevant judgment effects to the requested country openly undermines the fundamental principles and basic values of its legal order.”²⁵² In many countries, including the U.S. and the EU Member States, the public policy ground for refusal, which is already implemented in national laws concerning enforcement of foreign judgments, is interpreted

²⁵⁰ Cf. Ginsburg, *supra* note 78, at 281 (noting that different countries may classify the same dispute in different manners. For example, one country may characterize a dispute as a contractual matter, while another may characterize it as a substantive copyright law matter).

²⁵¹ 2019 Convention, *supra* note 13, at art. 7.1(c); *see also* 2005 Convention, *supra* note 41, at art. 9(e).

²⁵² Asensio, *supra* note 32, at 490; *see also* Marketa Trimble Landova, *Public Policy Exception and Enforcement of Judgments in Cases of Copyright Infringement*, 40 IIC 642 (2009) (discussing the public policy exception and its implementation by different countries).

very narrowly.²⁵³ Thus, it is uncertain whether the public policy ground constitutes a sufficient solution that

²⁵³ See e.g., Special Comm’n Feb. Mtg. 5, *supra* note 36, at para. 52–53. Regarding the EU, see Lydia Lundstedt, *Putting Right Holders in the Centre: Bolagsupplysningen and Ilsjan (C-194/16): What Does It Mean for International Jurisdiction over Transborder Intellectual Property Infringement Disputes?*, 49 IIC 1022, 1039 (2018), <https://doi.org/10.1007/s40319-018-0769-0> [<https://perma.cc/VU4T-ALZL>]. Regarding the U.S. see, for example, *Sarl Louis Feraud International v. Viewfinder, Inc.*, 489 F.3d 474, 479 (2d Cir. 2007) (stating that “[t]he public policy inquiry rarely results in refusal to enforce a judgment unless it is inherently vicious, wicked or immoral, and shocking to the prevailing moral sense . . . [t]he standard is high, and infrequently met.”). However, the court also stated that a foreign copyright judgment based on a law antithetical to the First Amendment as encompassed by the fair use doctrine will be repugnant to public policy. *Id.* at 480. The judgment also referred to *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L’Antisemitisme*, 169 F. Supp. 2d 1181, 1189–90, 1194 (N.D. Cal. 2001) (holding unenforceable a French judgment rendered under a law prohibiting Nazi propaganda because such law would violate the First Amendment); *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L’Antisemitisme*, 433 F.3d 1199 (9th Cir. 2006). However, with regard to intellectual property and freedom of expression, a recent ruling by the Ninth Circuit indicates a possible tendency to limit the scope of refusals to enforce foreign judgments. In *De Fontbrune v. Wofsy* the Northern District of California in San Jose refused to enforce a French judgment regarding an *astreinte* resulting from a copyright infringement, holding that the use that the French court deemed as infringing, actually constituted fair use in the U.S., and that “it is well accepted that the fair use doctrine implicates the First Amendment.” 409 F. Supp. 3d 823, 841 (N.D. Cal. Sep. 12, 2019). This decision was reversed by the Ninth Circuit, mainly because the Ninth Circuit found that the act itself would not have constituted fair use according to U.S. law. See *De Fontbrune v. Wofsy*, 39 F.4th 1214, 1222–28 (9th Cir. 2022). In reversing the decision, the Ninth Circuit noted that the Californian courts had set a high bar for refusal to enforce foreign judgments based on repugnancy to public policy. *Id.* at 1222–23. The Ninth Circuit further stated: “We leave for another day the question of whether a defendant’s lack of opportunity to assert a clearly *meritorious* fair use defense would render a foreign judgment repugnant to the public policy of the United States or of California.” *Id.* at 1227. See generally Marie-Elodie Ancel et al., *International Law Association’s Guidelines on Intellectual Property and*

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overcomes the problems arising from the application of the Convention to foreign unfair competition judgments. For example, in *Renault v. Maxicar*, the Court of Justice of the European Union (“CJEU”) discussed the exception of public policy in the context of European recognition and enforcement instruments.²⁵⁴ The question before the CJEU was whether a French judgment is to be considered contrary to public policy for recognizing intellectual property rights over spare parts for cars, that prevented third parties trading in another EU Member State (Italy, the enforcing State) from manufacturing and selling such parts in Italy, even though spare parts are not protected according to Italian law.²⁵⁵ The question was raised by the Italian court due to its doubts that the French protection of spare parts (and therefore the French judgment) is compatible with principles of the free

Private International Law (“Kyoto Guidelines”); Applicable Law, 12 J. INTELL. PROP. INFO. TECH. & ELEC. COM. L. 44, 68–69 (2021); Pedro de Miguel Asensio & Marketa Trimble, *International Law Association’s Guidelines on Intellectual Property and Private International Law (“Kyoto Guidelines”): Recognition and Enforcement*, 12 J. INTELL. PROP. INFO. TECH. & ELEC. COM. L. 74, 79–81 (2021); Karen E. Minehan, *The Public Policy Exception to the Enforcement of Foreign Judgments: Necessary or Nemesis*, 18 LOY. L.A. INT’L & COMP. L.J. 795 (1996). Further discussion of this matter is outside the scope of this paper.

²⁵⁴ C-38/98, *Renault v. Maxicar* [2000] E.C.R. I-2973. The Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, O.J. 1978 (L 304), p. 36 (1968), as amended [1998] O.J. C27/1, later replaced by Council Regulation (EC) No 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2001] O.J. (L12/1), that was itself repealed by Council Regulation (EC) 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), O.J. 2012 (L 351/1), p. 1 (often referred to as “Brussels I’ Regulation”).

²⁵⁵ *Renault*, E.C.R. I-2973 at para. 15.

movement of goods and freedom of competition.²⁵⁶ The CJEU ruled that a court is prohibited from refusing to enforce a judgment solely on the ground of discrepancies between its own legal rules and the legal rules applied by the court of the State of origin (that granted the judgment).²⁵⁷ Therefore, a judgment recognizing the existence of intellectual property rights in spare parts which enables the right holder to prevent third parties trading in another EU State from manufacturing and selling such parts in that State, cannot be considered to be contrary to public policy by that State.²⁵⁸ It follows from this example that the public policy exception does not suffice in allowing courts to refuse the enforcement of foreign unfair competition judgments that de facto broaden intellectual property rights, and that contradict their own country's national intellectual property laws and policies.

²⁵⁶ *Id.* at para. 31.

²⁵⁷ *Id.* at para. 29. The same notion is stated in the Explanatory Report of the 2019 Convention. See Garcimartín & Saumier, *supra* note 33, at para. 119 (discussing the rule of no review on the merits in Article 4.2 of the 2019 Convention and specifying that “the court addressed cannot refuse recognition or enforcement on the ground that there is a discrepancy between the law applied by the court of origin and the law which would have been applied by the court addressed.”).

²⁵⁸ *Renault*, E.C.R. I-2973 at para. 34. It should be noted that the French judgment in this case, which enforcement was requested in Italy and prompted the matter, was a monetary judgment for the sum of 100,000 Francs., i.e., no injunction was rendered in this case. See *id.* at paras. 2, 11. However, the question that the Italian court referred to the CJEU was broader, namely, whether a judgment rendered by a court of an EU Member State is to be considered contrary to public policy according to EU laws “if it recognises industrial or intellectual property rights over [spare parts], and affords protection to the holder of such purported exclusive rights by preventing third parties trading in another Member State from manufacturing, selling, transporting, importing or exporting in that Member State such [spare parts], or, in any event, by sanctioning such conduct?” This broader question is the one the CJEU answered. There is no indication in the CJEU's opinion that this answer should only apply to monetary judgments. *Id.* at paras. 15–16.

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Second, including unfair competition judgments within the scope of the Convention *de facto* reverses the default set by the Convention.²⁵⁹ With regard to foreign intellectual property judgments, the default is not to enforce them, whereas with regard to foreign unfair competition judgments as tort judgments, viewing them as included within the scope of the Convention would entail the opposite default, i.e., an obligation to enforce them even if the practical effect is the same as enforcing foreign intellectual property judgments, or even broadening the scope of intellectual property rights.

Third, in cases in which the same act may be classified both as unfair competition and as an infringement of an intellectual property right, the aforementioned peculiarity both creates ambiguity and uncertainty, and may have broader effects on the intellectual property regime and the market. First, if foreign unfair competition judgments are included within the scope of the 2019 Convention and are therefore enforceable under the Convention, the final enforceability of the judgment is dependent upon the classification of the judgment by the enforcing country – as an unfair competition judgment or as an intellectual property one.²⁶⁰ This creates uncertainty for both parties, who cannot foresee whether the judgment may be enforced in other countries. Second, building on this ambiguity, plaintiffs (right holders) are prone to prefer the course of action that will allow broader enforcement of judgments, namely the unfair competition route, thereby exacerbating the problem.²⁶¹ The bias of the intellectual property system

²⁵⁹ 2019 Convention, *supra* note 13, at art. 2.1(m) (excluding intellectual property from the scope of the Convention).

²⁶⁰ *See supra* note 51 and accompanying text; 2019 Convention, *supra* note 13, at art. 2.1(m).

²⁶¹ *Cf.* Farley, *supra* note 5, at 311 (noting that due to the Lanham Act requirements and structure, claimants who do not own a U.S. trademark

combined with the private international law system towards rightholders and against users making permitted uses according to intellectual property laws, which I called “the ICE bias”, is outside the scope of this paper.²⁶² However, suffice to note that the party controlling the proceedings – initiating the proceedings, deciding which claims to bring in which court, and seeking enforcement of judgments granted in their favor – is usually the rightholder.²⁶³ Following that, a discrepancy that allows for the enforcement of foreign unfair competition judgements under the 2019 Convention, while excluding intellectual property judgments, may once again benefit rightholders, who choose the cause of action in the proceeding, and disadvantage users. This situation raises problems regarding the principle of territoriality in intellectual property, particularly because it is a manifestation of the sovereign power of countries to express and protect, *inter alia*, fundamental rights and economic policies.²⁶⁴ This is particularly disturbing considering that the freedom of the public to make use of subject matters unprotected by intellectual property is an important balance that countries incorporate into their intellectual property laws.²⁶⁵

Specifically, the discrepancies in enforcement of foreign judgments between unfair competition and intellectual property raises a problem regarding the territoriality of trademarks, as trademark claims overlap unfair competition claims to a broad extent. Due to this overlap, the enforcement of unfair competition judgments may threaten the territoriality of trademarks and trademark

have the option to disguise trademark claims as unfair competition claims in order to benefit from less burdensome standing requirements).

²⁶² See Daniel, *supra* note 79, at 118–122.

²⁶³ *Id.*

²⁶⁴ See *supra* notes 77–80 and accompanying text.

²⁶⁵ See *supra* notes 77–80 and accompanying text.

law, and in its extremity even lead to the creation of global trademarks.

Consider, for example, the Trader Joe's case, but assume that the goods were sold by Hallatt over the internet and shipped all over the world. The U.S. court might have found trademark infringement, as well as unfair competition torts such as false advertisement or false endorsement, and grant an injunction to de facto globally stop Hallatt's sales.²⁶⁶ Trader Joe's would then be able to request any other country in the world to enforce the judgment, even if their trademark is not registered in these countries. While international Conventions and countries are generally more reluctant to enforce foreign intellectual property judgments, mainly due to concerns related to the principle of territoriality in intellectual property, the same cannot be said with regard to tort judgments.²⁶⁷ Furthermore, given the 2019 Convention, requests to enforce unfair competition judgments as tort judgments will become cheaper and simpler. It follows that while the enforcement of trademark-based injunctions and judgments will likely be refused, the answer could be different regarding injunctions and judgments stemming from an unfair competition tort such as false advertisement. In an extreme scenario, Trader Joe's may request enforcement of the single global injunction granted in their favor based on the false advertisement or false endorsement claim in a critical mass of countries, ultimately leading to a de facto global protection of their trademark, that is only registered in the U.S., culminating in the creation of a global trademark.²⁶⁸

²⁶⁶ An example of such a global injunction is *Equustek v. Google* [2015] BCCA 265 (Can.). Also see *Belmora v. Bayer* for an example of a court finding that an unfair competition claim may arise based on a foreign trademark, even if the trademark is not registered locally. 819 F.3d 697.

²⁶⁷ See *supra*, note 36, 48–49 and accompanying text.

²⁶⁸ It should further be noted that a national court may grant one unified remedy for an act that constitutes both trademark infringement and unfair

The Supreme Court of Canada, in discussing the enforcement of a foreign (U.S.) judgment based on U.S. trademark claims, rightfully stated that “[e]xtraterritoriality ... cannot serve as a substitute for a lack of worldwide trademark protection.”²⁶⁹ But when the same act constitutes both a trademark infringement and an unfair competition tort, or when unfair competition claims are used to broaden the scope of intellectual property rights, there arises a concern that using enforcement of the foreign unfair competition judgment will undermine the territoriality of intellectual property rights and will create, de facto, global intellectual property rights.

2. Threatening National Competition Policies

Another problem that stems from the enforcement of foreign unfair competition judgments relates to national competition policies. Dinwoodie notes that “[c]oncern about gaps between local law and international commerce is not new.”²⁷⁰ However, based on the analysis above, in a world where companies operate globally or online, and considering the differences in unfair competition rules between countries, enforcement of foreign unfair competition judgments may prove highly problematic. For example, the foreign judgment requested to be enforced may originate in a country that implements a relatively restrictive competition

competition. In such cases, if unfair competition judgments are included within the scope of the 2019 Convention, the Convention both obligates and excludes the enforcement of the judgment: the Convention obligates the enforcement of the part granted on unfair competition grounds while excluding the enforcement of the part granted on trademark infringement grounds. This creates an anomaly, particularly when one remedy is granted for both causes of action. *Cf.* 2019 Convention, *supra* note 13, at art. 9 (concerning severability). A detailed discussion of this matter is outside the scope of this paper.

²⁶⁹ *Pro Swing Inc. v. Elta Golf Inc.*, [2006] 2 R.C.S. 612, 641.

²⁷⁰ Dinwoodie, *supra* note 66, at 1674.

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policy, whose court assumed jurisdiction of the case and applied its own laws to it or granted extraterritorial injunctions to prevent the disputed act.²⁷¹ If unfair competition judgments are not excluded from the scope of the 2019 Convention, the prevailing plaintiff can then seek to enforce the judgment, including the injunction, in a jurisdiction of a Member State of the Convention that implements a broader, more lenient, competition policy. In such cases, enforcing the foreign judgment entails a prohibition on a competitive behavior which is lawful, or even encouraged, in the enforcing country. For example, the United States, as an enforcing country, may be required to enforce a judgment ruling that a certain act over the internet constitutes unfair competition, whilst in the U.S., under its laws, the act would have been considered to be lawful comparative advertising. As Marketa Trimble describes in a similar context:

One of the reasons that IP [(intellectual property)] laws are not uniform around the world is that they are shaped by countries' differing public policies . . . [that] affect the content of IP laws, and affect them differently by country; a combination of national public policies and international obligations form the mold from which individual country's IP laws are cast . . . exporting IP rights and features from one country

²⁷¹ Cf. Asensio, *supra* note 32, at 480 (noting that “[b]ecause of the territorial nature of intellectual property rights, offering a product protected by intellectual property for sale or making it available for download on the internet might be legal in some countries of reception but not in others. Under these circumstances, a court’s injunction must only encompass the illicit part of the behaviour, and the infringer must be allowed to continue his legal Internet activities or be able to adapt his Internet presence without the right holder having the possibility to prevent him from doing so on the basis of the original judgment.”).

to another . . . affect[s] the mold-containing other rights and freedoms—that shapes IP rights.²⁷²

Enforcing the judgment may thus undermine the national U.S. trade and competition policies, as well as public policies, as implemented in the U.S. legislation.²⁷³ While courts are allowed to refuse the enforcement of such judgments (for example, if it is repugnant to public policy), this is the exception to the rule of enforcement, and the extent to which judgments are refused must comply with the Convention. Even in the Trader Joe’s case, where the two countries involved – the U.S. and Canada – implement a relatively similar approach to unfair competition practices,²⁷⁴ the enforcement of a U.S. judgment granting an injunction in Trader Joe’s favor by the Canadian court would have interfered with commercial behavior that is arguably legitimate in Canada. National competition policies are therefore at risk, as such legal proceedings can be abused in order to de facto narrow down legitimate competitive behaviors.²⁷⁵

²⁷² Trimble, *supra* note 1, at 541; Asensio, *supra* note 32, at 490 (noting that “intellectual property disputes may affect significant public interests in sensitive areas in which basic values differ across different jurisdictions.”).

²⁷³ *Cf.* Trimble, *supra* note 1, at 540 (noting that the use of extraterritorial cross-border remedies in intellectual property results in “the exportation of IP rights from the country of the underlying law to a target country . . . without any consideration of the laws of the target country, a shortcoming that is most apparent when the particular IP rights do not even exist in the target country . . . or exceptions and limitations to the IP rights exist in the target country that would make the acts non-infringing or otherwise permissible in the target country,” but also noting that in some cases, such as copyright, well-known trademarks and trade secrets cases this may be less problematic due to relative global harmonization).

²⁷⁴ *See* Farley, *supra* note 116 and accompanying text.

²⁷⁵ *Cf.* Marinett, *supra* note 89, at 487–88 (referring to the possibility of extraterritorial application of domestic law to demand worldwide

3. Increased Market Uncertainty

A related problem stems from the elusive definition of unfair competition law, which Ansgar Ohly refers to as an “obvious disadvantage.”²⁷⁶ Unfair competition has not even been harmonized in the EU, let alone all over the world, and Ohly maintains that even if such harmonization is to take place, unfair competition will still not be as well defined as intellectual property rights.²⁷⁷ Ohly highlights the uncertainty that unfair competition creates for all players in the market, which has a negative impact on licensing.²⁷⁸ This uncertainty is intensified if foreign unfair competition judgments are enforced. In such a case, players in the market, especially the global and online market, are faced not only with the uncertainties of unfair competition laws in the territories in which they operate, but they are also exposed to having foreign unfair competition judgments from any other jurisdiction enforced against them, which increases their risks.²⁷⁹ The *Trader Joe’s* case can serve as an example. An argument can be made here that uncertainty already exists in the market today – for example, it is hard to anticipate which judgments will be enforced by which countries’ courts.²⁸⁰ This issue is outside the scope of this

removal of access to content on the internet, resulting in the domination of the most restrictive regimes due to the influence of national courts on other foreign national courts).

²⁷⁶ OHLY, *supra* note 86, at 138.

²⁷⁷ *Id.*

²⁷⁸ *Id.* at 138–139.

²⁷⁹ *Cf.* Leaffer, *supra* note 5, at 7 (noting, regarding the extraterritorial application of U.S. intellectual property law, that: “[t]he international business community requires certainty as to which law will govern its practices: if a foreign country also regulates the disputed conduct, enforcement of the U.S. law will subject transnational businesses to conflicting or cumulative liability.”).

²⁸⁰ *See e.g.,* Yuliya Zeynalova, *The Law on Recognition and Enforcement of Foreign Judgments: Is It Broken and How Do We Fix It*, 31 BERKELEY J. INT’L L. 150, 151 (2013) (noting that “[i]n the United States, for

paper. However, it is clear that ambiguity regarding the enforceability of unfair competition judgments under the 2019 Convention still creates uncertainty, even if it can be argued not to exacerbate an already-existing uncertainty, but rather just replace it.

Enforcement of foreign unfair competition judgments poses risks to the territorial nature of intellectual property rights, to national trade and competition policies, and to the players operating in the market. It is possible to argue that this is true for any field of law, and that a tension will always exist between the enforcement of foreign judgments and the national policies implemented by the enforcing country. Particularly, it may be argued that national tort laws, like intellectual property ones, incorporate public policy considerations and national balances. While the many differences between intellectual property law and other fields of law are outside the scope of this paper, three considerations are worth noting in this regard.

First, an important element of intellectual property, which distinguishes it from many other fields of law, is the principle of territoriality, which in this paper was referred to as a manifestation of the sovereign power of countries to express and protect fundamental rights and their national policies. In the digital era, the principle of territoriality is being challenged. Cross-border enforcement of intellectual property judgments – directly or masked as unfair competition judgments – aggravates these challenges and poses risks to this fundamental intellectual property principle. Second, while it might be true that national tort laws also incorporate national balances and values, it is interesting to note that the 2019 Convention excludes from its scope specifically the tort or tort-like fields that have the

instance, while the principle of Comity of Nations, the common law, and individual states' laws do allow American courts to recognize and enforce foreign judgments, foreign courts may not necessarily reciprocate.”)

most in common with intellectual property. Intellectual property shares some common features with the legal fields of privacy and defamation, which were also very much affected by the digital, online era. Particularly, all of these fields of law are based, in their core, on balances between various fundamental rights such as freedom of speech, information, and press; property rights, etc.²⁸¹ A detailed discussion of these similarities is outside the scope of this paper.²⁸² Notwithstanding, it is important to note that privacy and defamation judgments were excluded from the scope of the 2019 Convention, and their exclusion was less controversial and, at least with regard to defamation, agreed upon in much earlier stages of the negotiations.²⁸³ The common perception was that national defamation and privacy laws incorporate national balances regarding

²⁸¹ Daniel, *supra* note 79, at 149–154.

²⁸² For further discussion see *id.*

²⁸³ The first drafts of the Convention discussed by the Special Commission in June 2016 already included an exclusion from scope of defamation matters. See e.g., HCCH 2016 Preliminary Draft Convention art. 2.1(k); HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments (1-9 June 2016) Work. Doc.No 41 E (Dist. June 6, 2016) at art. 2.1(k); The exclusion of privacy matters from the scope of the Convention was discussed more extensively. However, once an exclusion of privacy matters from the scope of the Convention was proposed, privacy matters were exclusively discussed in the context of an exclusion, unlike intellectual property matters, that continued to be discussed also as possibly included within the scope of the Convention, and more extensively. For example, when the May 2018 Special Commission concluded, the Chair offered to convene an informal working group on intellectual property, but not on privacy. See HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of May. 24–29, 2018, Rep. Mtg. No. 7 at para. 91 (May. 28, 2018). See also HCCH Special Comm’n on the Recognition and Enforcement of Foreign Judgments of May. 24–29, 2018, Rep. Mtg. No. 1 at paras. 13–20 (May. 24, 2018).

constitutional and fundamental rights.²⁸⁴ These considerations led to a common understanding and agreement that cross-border enforcement of defamation and privacy judgments is generally problematic and undesirable.²⁸⁵ This paper argues that intellectual property, and unfair competition, should be granted the same courtesy.²⁸⁶ Third, the cases cited in this paper show a growing tendency of national courts to rule on intellectual property and unfair competition cases embodying transnational features.²⁸⁷ This creates a practical, pressing issue with regard to the fields of intellectual property and unfair competition in this context.

These notes are meant to clarify the specific characteristics of intellectual property and unfair competition that justify special treatment and considerations regarding the enforcement of foreign judgments on these matters. However, the next part examines possible counter-arguments pertaining to the differences between intellectual property and unfair competition, and whether they justify the conclusion that while enforcement of foreign intellectual property judgments is problematic, enforcement of foreign unfair competition judgments does not pose any problems or risks.

²⁸⁴ See e.g., HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 2 at paras. 52–67 (Feb. 16, 2017); HCCH Special Comm'n on the Recognition and Enforcement of Foreign Judgments of Feb. 16–24, 2017, Rep. Mtg. No. 9 at paras. 7–25 (Feb. 22, 2017) (shortly discussing, and adding, an exclusion from the scope of the Draft Convention for “privacy” matters).

²⁸⁵ Douglas et al., *supra* note 40, at 427, 435; see also Garcimartín & Saumier, *supra* note 33, at 62–63; 2019 Convention, *supra* note 13, at art. 2.1(k)–(l).

²⁸⁶ Douglas et al., *supra* note 40, at 427, 435; 2019 Convention, *supra* note 13, at art. 2.1(l)–(m); see also Garcimartín & Saumier, *supra* note 33, at 62–63.

²⁸⁷ See *supra* notes 97–101, 104–109 and accompanying text.

B. Counter Arguments

Unfair competition law and intellectual property law, though connected, are conceptually different. For example, while intellectual property protects intangible assets, unfair competition protects against dishonest commercial behaviors;²⁸⁸ while intellectual property goals in general are to incentivize creation, the goals of unfair competition are to maintain honest competition;²⁸⁹ intellectual property is based on the principle of territoriality while the territorial features of unfair competition are weaker;²⁹⁰ intellectual property grants a property-like protection while unfair competition is better classified as a part of tort law, preventing certain behaviors.²⁹¹ Private international law instruments, including the 2019 Convention, treat the enforcement of foreign intellectual property judgments differently than they do the enforcement of foreign tort judgments. In general, while reluctant to obligate their Member States to enforce foreign intellectual property judgments, they do obligate them to enforce tort judgments.²⁹² Considering the different features of intellectual property and unfair competition, it could be argued that no actual problems arise from enforcement of unfair competition judgments as they do not interfere with

²⁸⁸ RIFFEL, *supra* note 67, at 24–26.

²⁸⁹ *See supra* note 167 and accompanying text.

²⁹⁰ *See supra* notes 84–85 and accompanying text.

²⁹¹ *See supra* note 167 and accompanying text.

²⁹² This is evident by the 2019 Convention and its explanatory report. *See supra* note 48 and accompanying text; *see also* HARTLEY & DOGAUCHI, *supra* note 40, at 807 (noting that “[i]nfringement proceedings (regarding intellectual property rights other than copyright and related rights) are excluded” from the scope of the 2005 Convention. However, if the proceedings are brought for breach of a contract relating to such rights, or could have been brought for breach of that contract, including if the proceedings were brought in tort, such proceedings are not excluded from the scope of the Convention.).

territory-based property rights; they do not have an in-rem effect, and they are akin to any other tort judgment included within the scope of the Convention.

The analysis above shows that this is not the case, for several reasons. First, unfair competition claims often overlap intellectual property claims, so that the same act constitutes both unfair competition tort and intellectual property rights infringement.²⁹³ Moreover, national courts use the tort of unfair competition to broaden the scope of intellectual property rights on various occasions.²⁹⁴ Therefore, enforcing unfair competition judgments is, in some cases, equivalent to the enforcement of intellectual property judgments – it is, *de facto*, an enforcement of intellectual property judgments masked as tort judgments.

Second, private international law instruments do not always treat the enforcement of foreign tort or tort-like judgments more favorably than they do the enforcement of foreign intellectual property judgments. Most notably, the 2019 Convention explicitly excludes from its scope the enforcement of foreign defamation and privacy judgments.²⁹⁵ Such judgments share many common features with intellectual property judgments (including masked as unfair competition judgments). This insinuates that private international law instruments look unfavorably on the enforcement of foreign judgments concerning torts that incorporate national policies and balances concerning fundamental rights. This paper argues that unfair competition matters should be treated in the same manner.

Third, enforcement of foreign unfair competition judgments may affect national competition policies and *de facto* cause an importation of policies implemented by one country, into another country. It may also *de facto* import

²⁹³ See *supra* notes 86–87 and accompanying text; source cited in *supra*, note 27.

²⁹⁴ See *supra* notes 236–249 and accompanying text.

²⁹⁵ 2019 Convention, *supra* note 13, at art. 2.1(k)–(l).

foreign trademark enforcement actions, culminating in the creation of global trademarks.

Forth, the online, global era of sales and shipping, multinational websites, and digital goods, combined with the broadening of intellectual property rights by using unfair competition claims, and with judgments such as the *Equustek v. Google* case in which national courts granted global injunctions, exacerbate the risks highlighted in this paper, as the enforcement of unfair competition judgments at times has the same exact effect as enforcement of intellectual property judgments. For example, a court can find, as was the case in France, that an act of cloning and marketing of a video game, while it does not constitute a copyright infringement, constitutes an unfair competition act.²⁹⁶ The court may further grant, as was the case in Canada on a related matter, a global injunction to stop the infringement.²⁹⁷ The court may order the publisher of the clone to stop marketing it, or search engines to delist links to the publisher's website. If the 2019 Convention obligated its Member States to enforce unfair competition judgments as tort judgments, these judgments would have to be enforced, while judgments concerning the infringement of intellectual property rights, even when they overlap the exact same acts, would not have been enforced under the Convention. Moreover, Member States would have to enforce such judgments even if their national laws permitted the act.

Therefore, the fact that the protection against unfair competition may have different technical characteristics than intellectual property rights does not suggest that the

²⁹⁶ See *supra*, notes 242–243 and accompanying text; *Voodoo v. Rollic Games and Hero Games* (Tribunal Judiciaire De Paris, 4 September 2020).

²⁹⁷ *Google Inc. v. Equustek Solutions Inc.*, [2017] 1 S.C.R. 824 (Can.).

enforcement of foreign unfair competition judgments is any less problematic.

A further possible counter argument is that applying the 2019 Convention to foreign unfair competition judgments is not problematic, as countries will find methods to block such foreign judgments from being enforced in their territories, as was the case in the U.S. *Google v. Equustek* case or the Canadian *Pro Swing* case.²⁹⁸ However, in light of the 2019 Convention, at least three conditions should be met in order for countries to be able to refuse such enforcement. First, countries must be aware of the risks to their national trade and intellectual property policies stemming from the enforcement of foreign unfair competition judgments. This paper flags these risks that are elusive due to being masked as tort issues.

Second, countries must be free from international obligations to enforce such judgments. For example, international instruments should allow for such refusal. This paper argues that the correct interpretation of the scope of the 2019 Convention is that it excludes unfair competition judgments from its scope. Another interpretation may be that the Convention does apply to such judgments. According to Article 18 of the 2019 Convention, a Member State may declare that it will not apply the Convention to a specific matter where it has a strong interest in not applying the Convention to this matter.²⁹⁹ Therefore, if Member

²⁹⁸ See *US Equustek I*, No. 5:17-cv-04207-EJD, 2017 WL 500834 (N.D. Cal. Nov. 2, 2017); *US Equustek II*, No. 5:17-cv-04207-EJD, 2017 WL 11573727 (N.D. Cal. Dec. 14, 2017); *Pro Swing Inc. v. Elta Golf Inc.*, [2006] 2 R.C.S. 612, 625. For example, it could be argued that countries can use the public policy exception in the 2019 Convention to refuse enforcement of such judgments. See 2019 Convention, *supra* note 13, at art. 7.1(c); see also *supra* notes 251–258 and accompanying text.

²⁹⁹ 2019 Convention, *supra* note 13, at art. 18(1). Note that according to the Article, the “State making such a declaration shall ensure that the declaration is no broader than necessary and that the specific matter excluded is clearly and precisely defined.” The declaration can be made

States are unsure whether the correct interpretation of the Convention is that the Convention does not apply to unfair competition judgments, they may declare that they will not enforce such judgments according to Article 18. It follows that if countries interpret the Convention so as to apply to unfair competition judgments, they can still refrain from enforcing such judgments by using the declaration mechanism, or on a case-by-case basis, but only subject to the terms of the Convention.

Third, if the refusal is made on a case-by-case basis, countries must have grounds to refuse such enforcement. Granted, the 2019 Convention allows national courts to refuse the enforcement of foreign judgments, *inter alia*, if the enforcement is “manifestly incompatible with the public policy” in the enforcing State.³⁰⁰ However, this ground for refusal is interpreted very narrowly around the world.³⁰¹ In addition, refusal on a case-by-case basis is disadvantageous as it *de facto* reverses the default of non-enforcement of foreign intellectual property judgments,³⁰² and does not overcome market uncertainties.³⁰³

Another counter argument is that precisely because of the digital, global age, enforcement of intellectual property and unfair competition judgements should be

at any time – it may be made “upon signature, ratification, acceptance, approval or accession or at any time thereafter, and may be modified or withdrawn at any time.” *See Id.* at art. 30(1). If the declaration is made at the time of signature, ratification, or accession to the Convention by the declaring State, it will take effect simultaneously. The application of declarations made after that date is deferred. *See Id.* at art. 30(4)); *see also* Garcimartín & Saumier, *supra* note 33, at 150–151.

³⁰⁰ 2019 Convention, *supra* note 13, at art. 7.1(c).

³⁰¹ Such is the case, for example, in the United States and in the European Union. *See supra* notes 252–258 and accompanying text.

³⁰² *See supra*, notes 259–260 and accompanying text.

³⁰³ *See supra*, notes 278–280 and accompanying text.

encouraged.³⁰⁴ This debate is outside of the scope of this paper, which focuses on the 2019 Convention. However, the negotiations of the 2019 Convention have shown that any solution obligating countries to enforce foreign intellectual property judgments should be a wholesome one, pertaining to all aspects of the intersection between intellectual property and private international law, and paying special attention to national intellectual property policies and balances.³⁰⁵

This part analyzed the problems arising from enforcement of foreign unfair competition judgments, as well as possible counterclaims, and demonstrated that the counterclaims do not overcome the problems and threats identified in this paper. The next part proposes solutions to the problems flagged and analyzed by this paper.

IV. PROPOSED SOLUTIONS

The analysis above demonstrates that enforcement of unfair competition judgments may undermine national intellectual property, competition, and trade policies and can create global intellectual property rights, including global trademarks. To avoid these outcomes, countries should address the issue on two levels. First, on the Convention level – when implementing the 2019 Convention. Second, on the national policy level.

On the Convention level, countries who are Member States of the 2019 Convention should make clear whether they see unfair competition judgments as excluded from the scope of the 2019 Convention, and therefore their courts are not obligated to enforce such foreign judgments under the Convention. The analysis above supports the conclusion

³⁰⁴ This is evident by the numerous initiatives to regulate the intersection between intellectual property and private international law. *See supra* sources cited in note 44.

³⁰⁵ *See Daniel, supra* note 79, at 143–147, 154–156.

that the exclusion of intellectual property judgments from the scope of the Convention should also encompass unfair competition judgments, and that these judgments should also be excluded from the scope of the Convention. This is especially the case with regard to unfair competition tort-based claims that overlap intellectual property claims, and even more so with regard to injunctions that may prohibit an act that is permitted by national laws in the country where the enforcement is requested.³⁰⁶ Moreover, as demonstrated above, some courts use unfair competition causes of action to broaden the scope of intellectual property rights. Enforcing such judgments while refusing to enforce intellectual property judgments is incoherent. Therefore, countries should make clear that they view unfair competition judgments as excluded from the scope of the Convention, so as to avoid that incoherency, as well as the undermining of their own national policies.³⁰⁷ Countries should address the issue explicitly, whether by legislation or by promulgated policy. In the absence of such policy statements, the interpretation and decision regarding the matter will be left to national courts. Courts may, of course, decide to refuse the enforcement of foreign unfair competition judgments on a case-by-case basis. However, even if national courts will do so, it will not overcome the market uncertainty and chilling effect that are created by the possibility of such enforcement, which is exacerbated by the possible costs of enforcement proceedings. The most comprehensive solution to the problems addressed by this paper is thus to create clear and promulgated national policies on the matter.

³⁰⁶ See Asensio, *supra* note 32, at 480.

³⁰⁷ Such interpretation is the prerogative of each country Member of the 2019 Convention, as an enforcing country. See *supra* note 51 and accompanying text.

On the national level, countries have the opportunity to refer explicitly to the enforcement of foreign unfair competition judgments in their national laws – whether they accede to the 2019 Convention or not. According to the 2019 Convention, countries can choose to allow their courts to enforce foreign unfair competition judgments if they so wish, even if they are excluded from the scope of the Convention. The Convention does not prohibit countries from doing so, just as it does not prohibit countries from allowing their courts to enforce foreign intellectual property judgments under their national laws.³⁰⁸ But in any case, countries must be aware of this choice and make an active, informed decision on the matter after considering all possible ramifications, rather than by omission. The methodology countries should apply in determining which foreign unfair competition judgments to enforce, if any, and to what extent, should be derived from their own policies. Countries implementing broad trade and competition policies, applying less restrictions on competitive behaviors, or implementing broad permitted uses in their intellectual property laws to protect fundamental rights and other national policies, should consider carefully whether they are willing to enforce foreign unfair competition judgments, especially ones granting injunctions that require them to stop acts that are permitted according to their national laws.³⁰⁹ Countries would also do well to maintain coherency with their policy regarding the enforcement of foreign intellectual

³⁰⁸ 2019 Convention, *supra* note 13, at art. 15.

³⁰⁹ Refusing the enforcement of injunctions has long been the rule in common law countries. See Daniel, *supra* note 79, at 155–156; but see *Pro Swing Inc. v. Elta Golf Inc.*, [2006] 2 R.C.S. 612, 644 (the Supreme Court of Canada finding, when requested to enforce a U.S. judgment granting an injunction based on U.S. trademark claims, that “(t)he time is ripe to change the common law rule against the enforcement of foreign non-monetary judgments, but, owing to problems with the orders the appellant seeks to have enforced, the Court cannot accede to its request”).

property judgments, due to the overlap between the two fields.

V. CONCLUSION

This paper exposes the risks posed to national intellectual property, competition, and trade policies by the possible enforcement of unfair competition judgments. The paper further reveals that this is an especially timely and pressing topic, in light of the 2019 Convention that entered into force on September 1, 2023, and will soon have to be implemented and interpreted by the European Union Member States, Ukraine, and Uruguay, and by any other country that will accede or ratify the Convention in the future. While the international community expressed concerns regarding the enforcement of foreign intellectual property judgments, no such concerns were explicitly discussed regarding the enforcement of unfair competition judgments, although it may lead to the same exact unwanted results. Nevertheless, this paper argues that the 2019 Convention should be interpreted as excluding the enforcement of foreign unfair competition judgments from its scope. The paper further urges countries to carefully consider the implications of the possible enforcement of foreign unfair competition judgments in their respective territories and to make an informed decision on whether to allow such enforcement. Following that, the paper recommends that countries take a stand and make a clear and promulgated policy when implementing the Convention, clarifying that they view unfair competition judgments as excluded from the scope of the Convention. On the national level, the paper further proposes that countries may, at their discretion, make a publicly known policy regarding the enforcement of foreign unfair competition judgments, or lack thereof, independently of the 2019 Convention, in order

to further protect their competition, trade, and intellectual property policies.