

PRESENTATION:

**ADJUTICATING FOREIGN
INTELLECTUAL PROPERTY CLAIMS
IN UNITED STATES COURTS**

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I am very pleased to be here, I appreciate the invitation. What I am going to talk about, as a litigator here in U.S. courts, is whether I think there should be certain standards where U.S. courts apply or adjudicate claims under foreign intellectual property laws. Since this is my job, it's perhaps not surprising that I think there are circumstances where they should.

I think the easiest circumstance is where both of the parties are residents of the United States. For example, if I happen to have a Japanese patent, and I believe my neighbor is infringing it in Japan, I see no reason why a United States court should not adjudicate that dispute between my neighbor and me. In fact, both my neighbor and I may prefer that a U.S. court adjudicate the dispute.

Given that preference, it appears to me that existing laws in the United States and the Draft Convention are inadequate. We've heard that the courts are very reluctant to adjudicate claims based on foreign intellectual property. As Judge McKeown pointed out, where courts sometimes address foreign activities under U.S. trademark law, they simply apply the Lanham Act to foreign activities—which makes little sense to me. The legality of activities in foreign countries should be based on the law of those countries.

Let's think about what the guidelines should be. There are two issues that arise when we're talking about whether a U.S. court should enforce these laws. One is judicial economy. As Judge Rader has pointed out, it certainly makes sense for purposes of judicial economy that we have disputes relating to a patent, trademark or copyright adjudicated in a single dispute, even if there are some distinctions between different countries.

The second issue should be fairness. Is it fair to adjudicate a claim based on foreign intellectual property in a United States court? Now, this "fairness" is certainly a very nebulous standard, at least nebulous to most people. Though my daughter seems to know immediately what is "unfair."

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Fairness should be determined by four factors. One is the residence of the parties. Whether it's fair for the United States court to adjudicate a claim depends at least in part upon whether the parties are residents of the United States. A second is the relationship of the claim to United States activities; that's something akin to the supplemental jurisdiction issue. Supplemental jurisdiction under U.S. law can be exercised when the claim arises from the same set of facts.

A third issue—and this appears to be the one that bothers courts the most—is the competence of U.S. courts to handle such claims, or perhaps the complexity that would be added to a case by the adjudication of the claims. A fourth issue is the concern about reciprocity. If we exercise jurisdiction, what will the ramifications be with respect to foreign courts exercising jurisdiction over U.S. patents? But I'm not even going to address that, since my focus is adjudicating claims here in the U.S.

I also do not think that the competence of U.S. courts should be a significant factor in considering whether United States courts should exercise jurisdiction over foreign intellectual property claims. I know Peter mentioned that; he asked: "Do we think there should be specialized courts in the United States for adjudicating patent claims at least?" And I for one think there should be. But I think it is going to be difficult to get that passed. The Trial Lawyers Association would be against it. Nevertheless, I think there should be, because if you're talking about the competence of U.S. courts to adjudicate foreign intellectual property claims, you must be assuming that they are competent to exercise jurisdiction or adjudicate U.S. patent claims.

And, with Judge Cohn being an exception, many judges don't handle a lot of patent claims, as he pointed out. There are certainly differences in foreign patent law, but they're not so significant that a U.S. judge or a jury couldn't become familiar with it. Juries have never heard of these laws anyway. If a jury is looking at a claim, they are only going to learn about U.S. patent law when they are instructed at the end of the case. I really see no reason why it would be fair to instruct them about a foreign patent law, because they are never going to understand the doctrine of equivalents anyway.

Now, I want to briefly talk about the way U.S. law treats it now. There are really two restrictions on exercising jurisdiction over a case. It's broken into the restriction of personal jurisdiction, and then subject matter jurisdiction.

Personal jurisdiction requires that the defendants have some contacts with the forum that satisfy some fairness standard to allow the court to exercise jurisdiction. Usually, if the defendant lives here, there is no issue about exercising jurisdiction. But of course, interestingly enough, the Draft Hague Convention would still say you couldn't exercise jurisdiction for an adjudication of a foreign patent claim in that situation. Otherwise, if the defendant doesn't live here, really, you can only exercise jurisdiction where the claim relates to some activities in the United States.

Now, that's only going to arise with respect to foreign claims, and claims that are foreign intellectual property. There are also some activities in the U.S. that theoretically infringe United States patent. Then you have a similar technology or activity going on in a foreign country that is alleged to infringe a foreign patent, in which case you would be able to do supplemental jurisdiction there.

Now we fall back to subject matter jurisdiction. We have this supplemental jurisdiction issue, which requires that you have personal jurisdiction over some claim. There has to be a U.S. patent claim, a U.S. copyright claim, a U.S.-based trademark claim, or something for which you get original jurisdiction, at least for federal court; then they can exercise supplemental jurisdiction over a closely-related claim. Unfortunately, they can get out of it very easily too, under the doctrine of *forum non-conveniens* and abstention that we heard a little bit about.

As Judge Cohn mentioned, diversity jurisdiction, which is essentially equivalent to state court jurisdiction, is the real problem, because diversity jurisdiction applies anytime you have a U.S. resident and a foreign resident, and then the court has subject matter jurisdiction. Now, if the foreign resident has also done something in the United States which creates personal jurisdiction, that's where the real issue comes up. That is where there are not enough guidelines under United States law.

Now, again, I feel as if the current draft of the treaty should be changed to at least provide circumstances where, if the defendant is a U.S. resident, the foreign intellectual property claims can be adjudicated in the United States. That's what surprising to me. Ron mentioned a case about personal jurisdiction, but as I read that provision, it was about subject matter. It seems to talk about whether or not a U.S. court can adjudicate a claim regardless of the exercise of personal jurisdiction.

The only other thing I'm going to mention is that there are circumstances, even when the defendant is not a U.S. resident, that I think could justify the exercise of jurisdiction in the United States over a foreign patent claim. It has happened before. The courts just aren't very consistent about it. I know of at least one case in which the courts have at least indicated that they would adjudicate foreign patent claims in the United States. Now that makes sense to me, and it makes a lot more sense than the trademark cases, where they somehow find a way to apply U.S. law to foreign activity.

I think those are my only comments. Thank you very much.