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Intellectual Property and Private International Law

Comparative Perspectives

Edited by

Toshiyuki Kono



OXFORD AND PORTLAND, OREGON

2012

INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW

Intellectual property and private international law was one of the subjects discussed at the 18th International Congress of Comparative Law held in Washington (July 2010). This volume contains the General Report and 20 National Reports covering Canada, the United States, Japan, Korea, India and a number of European countries (Austria, France, Germany, the United Kingdom, Spain etc). The General Report was prepared on the basis of the National Reports.

The national reporters not only describe the existing legal framework, but also provide answers for up to 12 hypothetical cases concerning international jurisdiction, choice-of-law, and recognition and enforcement of foreign judgments in multi-state IP disputes. Based on their answers, the main differences between legal systems as well as the shortcomings of the cross-border enforcement of IP rights are outlined in the General Report.

The Reports in this volume analyse relevant court decisions as well as recent legislative proposals (such as the ALI, CLIP, Transparency, Waseda and Korean Principles). This book is therefore a significant contribution to the existing debate in the field and will be a valuable source of reference in shaping future developments in the cross-border enforcement of IP rights in a global context.

Volume 10 in the series Studies in Private International Law

Croatia

IVANA KUNDA*

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1. This report discusses jurisdiction and applicable law in matters of intellectual property for the country of Croatia. The general topic was discussed at the 18th International Congress of the International Academy of Comparative Law held in July 2010 in Washington DC. In accordance with detailed instructions by the General Reporter on the topic, Professor Toshiyuki Kono, the report is divided into two sections. The first section providing a general overview of the legal system and its rules in the fields of intellectual property law and private international law, and the second section discussing the hypothetical cases as if they were to be resolved before the Croatian court or other competent body.

Section I: General Overview

2. This section contains a general overview of the basic features of Croatian law concerning the cross-border enforcement of intellectual property rights. The first subsection describes legal sources and institutional competences in the field of intellectual property law, the second subsection analyses the rules on international jurisdiction, the third is devoted to the rules determining the applicable law, and, finally, the fourth subsection deals with the recognition and enforcement of foreign judicial decisions and preliminary/interim measures.

3. Prior to addressing each of these issues, it seems appropriate to provide relevant information on the Croatian legal system, in particular on the hierarchy of legal sources. Croatia is a civil law country in which the Constitution is the fundamental legal source.¹ Article 5(1) of the Constitution lays down that Croatian statutes shall conform to the Constitution, and other rules and regulations shall conform to the Constitution and the statutes. This equally applies to the statutes and rules, which regulate the field of intellectual property law and private international law.

4. International treaties constitute an important source of Croatian law. All international treaties in force in Croatia have priority over the national legal sources, such as statutes and by-laws.² The international treaties signed by the Republic of Croatia subsequent to 8 October 1991, the date when Croatia declared its independence, if ratified and published according to the prescribed rules, make part of its internal legal order. Furthermore, the international treaties to which the former Yugoslavia was a party remained applicable in the Republic of Croatia on the condition that their provisions are not contrary to the Constitution and legal order of the Republic of Croatia.³

¹ The Constitution of the Republic of Croatia, Official Gazette of the Republic of Croatia (hereinafter: OG RC) 41/2001 (consolidated version) and 55/2001 (corrections). This consolidated version of the Constitution of the Republic of Croatia is a compilation of texts including: the text of the Constitution of the Republic of Croatia, OG RC 56/1990; the text of the Constitutional Act on Revisions and Amendments to the Constitution of the Republic of Croatia, OG RC 135/1997 (consolidated version, OG RC 8/1998); the text of the Amendments to the Constitution of the Republic of Croatia, OG RC 113/2000 (consolidated version, OG RC 124/2000); and the text of the Amendments to the Constitution of the Republic of Croatia, OG RC 28/2001.

² Art 140 of the Constitution states: 'International agreements concluded and ratified in accordance with the Constitution and made public, and which are in force, shall be part of the internal legal order of the Republic of Croatia and shall be by its legal force above statutes. Their provisions may be changed or repealed only under conditions and in the way specified therein or in accordance with the general rules of international law.'

³ Art 29 of the Conclusion and Implementation of International Treaties Act, OG RC 28/1996 expressly provides that succession with respect to the international treaties of the predecessor state of the Republic of Croatia is governed by the respective norms of international law unless these treaties are contrary to the Constitution of the

1.1 Intellectual Property Law

5. This subsection is intended to provide a brief presentation of the intellectual property law in the Republic of Croatia. At the outset, the international and domestic legal sources are listed and described, followed by the catalogue of the intellectual property rights that can be granted or are recognised *ex lege*. Finally, the system of specialised and general courts and other bodies competent to hear intellectual property matters is presented.

1.1.1. International and Domestic Legal Sources

6. The Croatian legal system recognises the foremost legal power to the Constitution, and the basic constitutional principles underlying intellectual property matters are defined in the relevant part of Article 68 of the Constitution:

Freedom of scientific, cultural and artistic creativity shall be guaranteed.

The State shall stimulate and assist the development of science, culture and the arts.

The State shall protect scientific, cultural and artistic goods as national spiritual values.

Protection of moral and material rights deriving from scientific, cultural, artistic, intellectual and other creative activities shall be guaranteed.

7. Immediately below the Constitution, in the hierarchy of Croatian legal sources, are international treaties. The following multilateral treaties regulating the field of intellectual property are in force:

Convention establishing the World Intellectual Property Organisation of 1967, supplemented in 1979⁴

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)⁵

Paris Convention for the Protection of Industrial Property of 1883⁶

Berne Convention for the Protection of Literary and Artistic Works of 1886 (Paris Act, 1971)⁷

Madrid Agreement Concerning the International Registration of Marks of 1891⁸

Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of 1989⁹

Republic of Croatia and its legal order. (Prior to 1996, the Conclusion and Implementation of International Treaties Act of 1991, OG RC 53/1991, was in force. According to Art 33 of the former 1991 CIITA, the international treaties concluded by or accessed by the former SFRY apply in the Republic of Croatia on the basis of the international law on the succession of states, if not contrary to the Constitution and legal order of the Republic.). Along the same lines there is also the Constitutional Decision on Sovereignty and Independence of the Republic of Croatia of 1991, OG RC 31/1991.

⁴ Official Gazette of the Republic of Croatia, International Treaties (hereinafter: OG RC IT) 12/1993 i 3/1999.

⁵ The TRIPS Agreement forms Annex 1C of the Marrakesh Agreement Establishing the World Trade Organisation, signed in Marrakesh, Morocco on 15 April 1994. The text in the Croatian language is not published in the OG RC IT but is available in: 'Sporazum o trgovinskim aspektima prava intelektualnog vlasništva (Sporazum TRIPS)' ['Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)'] in O Spevec, T Tomić and Z Horvatić (eds), *Rezultati Urugvajске runde multilateralnih pregovora o trgovini [The Results of the Uruguay Round of the Multilateral Trade Negotiations]* (Zagreb, Ministarstvo gospodarstva, Zakonski tekstovi, 2003).

⁶ The text published in OG RC IT 12/1993 and 3/1999.

⁷ The text published in OG RC IT 12/1993 and 3/1999.

⁸ OG RC IT 12/1993 and 3/1999. The text published in OG RC IT 12/2008.

⁹ Entered into force in Croatia on 23 January 2004, OG RC IT 13/2003, 18/2003 and 12/2008.

Amendment of the Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and Protocol relating to that Agreement of 2008¹⁰
 Administrative Instructions for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating Thereto of 2008¹¹
 Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks of 1973, amended in 1985¹²
 Trade mark Law Treaty of 1994¹³
 Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957¹⁴
 Nairobi Treaty on the Protection of the Olympic Symbol of 1981¹⁵
 Universal Copyright Convention of 1952, revised on Paris in 1971¹⁶
 Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations of 1961¹⁷
 Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of their Phonograms of 1971¹⁸
 Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite of 1974¹⁹
 WIPO Copyright Treaty of 1996²⁰
 WIPO Performances and Phonograms Treaty of 1996²¹
 Hague Agreement Concerning the International Registration of Industrial Designs of 1925, revised in the Hague in 1960 and supplemented in Stockholm in 1967, with amendments of 1979, as well as the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs of 1999²²
 Locarno Agreement Establishing an International Classification for Industrial Designs of 1968²³
 Patent Cooperation Treaty (PCT) of 1970, amended in 1979, modified in 1984 and 2001,²⁴ with 26 Amendments to Regulations under the PCT of 2009²⁵
 Patent Law Treaty of 2000,²⁶
 Strasbourg Agreement Concerning the International Patent Classification of 1971²⁷
 Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure of 1977²⁸

¹⁰ OG RC IT 12/2008 and 09/2009.

¹¹ OG RC IT 12/2008.

¹² Entered into force in Croatia on 9 May 2006, OG RC IT 9/2004.

¹³ Entered into force in Croatia on 4 July 2006, OG RC IT 9/2004.

¹⁴ OG RC IT 12/1993 and 3/1999.

¹⁵ Entered into force on 20 November 2004, OG RC IT 7/2004 and 11/2004.

¹⁶ OG RC IT 12/1993 and 3/1999.

¹⁷ Entered into force in Croatia on 20 April 2000, OG RC IT 12/1999.

¹⁸ Entered into force in Croatia on 20 April 2000, OG RC IT 12/1999.

¹⁹ OG RC IT 4/1994.

²⁰ Entered into force in Croatia on 6 March 2002, OG RC IT 6/2000.

²¹ Entered into force on 20 May 2002, OG RC IT 6/2000.

²² The Hague Act in force in Croatia on 12 February 2004, and the Geneva Act on 12 April 2004. OG RC IT 14/2003 and 1/2004.

²³ OG RC IT 12/1993 and 3/1999.

²⁴ Entered into force in Croatia on 1 July 1998. OG RC IT 3/1998 and 10/1998.

²⁵ With effect from 1 July 2010. OG RC IT 12/2008.

²⁶ Entered into force in Croatia on 28 April 2005, OG RC IT 10/2004.

²⁷ Entered into force in Croatia on 25 November 2000, OG RC IT 11/1999 and 4/2000.

²⁸ Entered into force in Croatia on 25 February 2000, OG RC IT 11/1999 and 4/2000.

International Convention for the Protection of New Varieties of Plants (the UPOV Convention) of 1961²⁹

Convention on the Grant of European Patents of 1973, (European Patent Convention, EPC) of 1973, amended by the Act revising Article 63 EPC of 1991 and by decisions of the Administrative Council of the European Patent Organisation of 1978, 1994, 1995, 1996, 1998.³⁰

8. In addition to this list, there are a certain number of bilateral treaties which directly or indirectly concern the field of intellectual property law,³¹ the most specific being the Memorandum of understanding between the Government of the Republic of Croatia and the Government of the United States of America on protection of intellectual property rights of 1998.³² This Memorandum lays down a number of obligations for the parties related to both countries' substantive or procedural laws as well as the rule on national treatment. However, it does not contain rules on international jurisdiction, applicable law or recognition or enforcement of foreign judicial or administrative decisions.

9. The issues related to intellectual property rights are regulated in the Croatian domestic law by means of several statutes, including the following:

Copyright and Related Rights Act,³³

Patent Act³⁴

Trade Mark Act³⁵

Industrial Design Act³⁶

Semiconductor Product Topographies Act³⁷

Protected Designation of Origin and Protected Geographical Indication of Products and Services Act³⁸

Protected Designation of Origin, Protected Geographical Indication and Traditional Speciality Guaranteed of Agricultural Products and Foodstuff Act (hereinafter: the Geographical Indications Act)³⁹

Agricultural Plant Variety Protection Act⁴⁰

Vines Act.⁴¹

²⁹ Entered into force in Croatia on 1 September 2001, OG RC IT 1/2001 and 10/2001.

³⁰ OG RC IT 8/2007. The revised text entered into force on 13 December 2007. The Republic of Croatia became a member of the European Patent Organisation on 1 January 2008. Previous to that, the Agreement between the Government of the Republic of Croatia and the European Patent Organisation on co-operation in the field of patents (Co-operation and Extension Agreement) of 2003, OG RC IT 14/2003 and 2/2004, was in force as of 1 April 2004.

³¹ The Republic of Croatia concluded a number of bilateral agreements on encouraging and protecting the foreign investments as well as those on scientific and technological co-operation which recognise national treatment or most favoured nation treatment. Some are listed in I Gliha, *Autorsko pravo [Copyright]* (Zagreb, Informator, 2000) 4, fn 15. The not-so-recent scholarship mentions the trade agreement with Czechoslovakia of 14 November 1928 (Art 26) and the trade agreement with France of 30 January 1929 (Arts 14 and 15) which contain specific provisions on intellectual property rights. See B Eisner, *Međunarodno privatno pravo, Knjiga II [Private International Law, Book II]* (Zagreb, Pravni fakultet u Zagrebu, 1956) 223.

³² OG RC IT 2/2004.

³³ OG RC 167/2003 and 79/2007.

³⁴ OG RC 173/2003, 87/2005, 76/2007 and 30/2009.

³⁵ OG RC 173/2003, 76/2007 and 30/2009.

³⁶ OG RC 173/2003, 76/2007 and 30/2009.

³⁷ OG RC 173/2003, 76/2007 and 30/2009.

³⁸ OG RC 173/2003, 186/2003 and 76/2007.

³⁹ OG RC 84/2008, 75/2009, 107/2009 and 20/2010.

⁴⁰ OG RC 131/1997, 62/2000 and 67/2008.

⁴¹ OG RC 69/2003.

10. Certain special issues are dealt with under the Representation in the Field of Industrial Property Rights Act⁴² and Administrative Fees in the Field of Intellectual Property Rights Act,⁴³ as well as a number of by-laws rendered on the basis of the above statutes.

11. Unfair competition is regulated under specific provisions of the Trade Act,⁴⁴ and trade secrets are protected under the provisions of the Information Confidentiality Protection Act.⁴⁵ All cited statutes are fully harmonised with European Union law, but they regulate only the specific issues related to intellectual property rights, while a number of general questions are to be resolved under other statutes such as the Obligations Act,⁴⁶ the Labour Act,⁴⁷ the Civil Procedure Act,⁴⁸ and the Courts Act.⁴⁹ Criminal offences and misdemeanours are sanctioned in the Criminal Code⁵⁰ and the Misdemeanours Act.⁵¹

1.1.2 Types of Intellectual Property Rights

12. There is a traditionally rooted delineation between copyright and related rights, on the one hand, and industrial property rights, on the other. This distinction is also found in the Croatian literature on intellectual property rights. This classical view, reflected also in the first intellectual property international treaties such as the Paris Convention and the Berne Convention, historically results from early conceptual delineations between copyright and industrial property rights, ie copyright was understood as a part of the civil law, while the industrial property rights were thought to belong to the field of commercial law. However, as is evident in recent publications and in university curricula, this strict traditional delineation has in the past few decades been conceptually shifting towards the commercial law side.⁵²

13. The classification of intellectual property rights remains based on classical criteria. These are the subject-matter of protection and the manner in which they arise. Based on the first criterion, the following intellectual property rights exist in Croatia: copyright (ie authors' rights), rights related to copyright (namely, performers' rights, phonogram pro-

ducers' rights, film producers' rights, publishers' rights, broadcasting organisations' rights, and database rights), patent, supplementary protection certificate, consensual patent, trade mark, collective mark, certification mark, protected designation of origin, protected geographical indication of products, traditional speciality guaranteed, and plant variety right. The Croatian literature has generally held both the protection against unfair competition and know-how to be industrial property rights, irrespective of the fact that they are not protected by an exclusive right such as patents, trade marks and similar rights.⁵³ There is also trade name protection. Based on the manner in which they arise, intellectual property rights in Croatia may be either those which arise *ex lege* (unregistered rights), or those which are granted under a state administrative act (registered rights). The rights which typically arise *ex lege*, ie by the very fact that certain statutory conditions are fulfilled, are copyright and related rights, while those arising only when granted by the act of a state body are patent, supplementary protection certificates, consensual patent, trade mark, collective mark, certification mark, protected designation of origin, protected geographical indication of products, traditional speciality guaranteed, and plant variety right.

14. There is no scope here for more detailed analysis of the various aspects of intellectual property rights in Croatia. Further information may be found in the English language overview of the matter in comparative law collections.⁵⁴

1.1.3 Bodies Competent to Decide Intellectual Property Matters

15. The competence for deciding intellectual property cases in the Republic of Croatia is divided between the administrative bodies and the courts. Among the administrative bodies, the State Intellectual Property Organisation of the Republic of Croatia (hereinafter: the SIPO) is the most active in this field, being competent to grant the following Croatian registered intellectual property rights: patents, supplementary protection certificates, consensual patents, trade marks, collective marks, and certification marks. The Ministry of Agriculture is authorised to grant geographical indications: protected designation of origin, protected geographical indication of products, and traditional speciality guarantee.⁵⁵ The Ministry of Agriculture and the Institute for Seed and Seedlings are jointly authorised to grant plant variety rights.⁵⁶

16. The respective administrative bodies, the SIPO and the Ministry of Agriculture, in addition to registration (grant) of intellectual property rights, are also competent for deciding on the invalidity, abandonment, revocation etc of these rights. Thus, the Patent Act provides that the SIPO shall conduct the administrative proceedings for granting the patent and consensual patent as well as the supplementary protection certificate.⁵⁷ It is further laid down that the claim for invalidity of a patent shall be brought before the SIPO,⁵⁸ the request for abolishing the decree on granting the patent,⁵⁹ as well as that the legal effects of

⁴² OG RC 54/2005.

⁴³ OG RC 64/2000, 160/2004, 62/2008 and 30/2009.

⁴⁴ OG RC 87/2008, 96/2008 and 116/2008.

⁴⁵ OG RC 108/1996 and 79/2007.

⁴⁶ OG RC 35/2005 and 41/2008.

⁴⁷ OG RC 149/2009.

⁴⁸ OG SFERY 47/1977, 36/1977, 36/1980, 69/1982, 58/1984, 74/1987, 57/1989, 20/1990, 27/1990 and 35/1991, OG RC 53/1991, 91/1992, 58/1993, 112/1999, 88/2001, 117/2003, 88/2005, 2/2007, 84/2008, 96/2008 and 123/2008.

⁴⁹ OG RC 150/2005, 16/2007, 113/2008 and 153/2009.

⁵⁰ OG RC 110/1997, 27/1998, 50/2000, 129/2000, 51/2001, 111/2003, 190/2003, 105/2004, 84/2005, 71/2006, 110/2007 and 152/2008.

⁵¹ OG RC 107/2007. For more on criminal misdemeanours and offences, see eg I Josipović and R Matanovac, 'Zaštita prava intelektualnog vlasništva u hrvatskom kaznenom i prekršajnom pravu i prilagodba europskom pravu' ['Protection of Intellectual Property in Croatian Criminal and Misdemeanour Law and Harmonisation with European Law'] in R Matanovac (ed), *Hrvatsko pravo intelektualnog vlasništva u svjetlu pristupa Europskoj uniji* [Croatian Intellectual Property Law in the Light of Accession to the European Union] (Zagreb, Narodne novine/Državni zavod za intelektualno vlasništvo Republike Hrvatske, 2006) 169–220.

⁵² A relatively strict delineation is still reflected in the curriculum of some law faculties in Croatia, the Faculty of Law in Rijeka being an exception as at the fifth year of law studies it offers the elective course 'Intellectual Property Right' covering all intellectual property rights listed in this subsection, including copyright, regardless of the fact that it is organised within the Chair of Commercial and Company Law. For joint treatment in the literature, see eg in R Matanovac (ed), *Hrvatsko pravo intelektualnog vlasništva u svjetlu pristupa Europskoj uniji* [Croatian Intellectual Property Law in the Light of Accession to the European Union] (Zagreb, Narodne novine/Državni zavod za intelektualno vlasništvo Republike Hrvatske, 2006); R Matanovac (ed), *Prilagodba hrvatskog prava intelektualnog vlasništva europskom pravu* [Harmonisation of Croatian Intellectual Property Law with European Law] (Zagreb, Državni zavod za intelektualno vlasništvo/Narodne novine, 2007).

⁵³ See A Verona, *Pravo industrijskog vlasništva* [Industrial Property Law] (Zagreb, Informator, 1978) 2–3.

⁵⁴ See H Sikirić, I Gliha and M Vukmir, *Intellectual Property – Croatia, International Encyclopaedia of Laws*, supp 36 (Kluwer Law International, The Hague, 2006).

⁵⁵ Arts 8(1) and 9 of the Geographical Indications Act.

⁵⁶ Art 17(1) of the Agricultural Plant Variety Protection Act.

⁵⁷ Art 15(1) of the Patent Act. Similarly, in relation to granting trade marks, see Art 4 of the Trade Mark Act, and in relation to granting an industrial design, see Art 14 in conjunction with Art 23(1) of the Industrial Design Act.

⁵⁸ Arts 80(1) and 108m of the Patent Act. Similarly, in relation to cancellation of a trade mark, see Art 46 of the Trade Mark Act, in relation to invalidity of a trade mark, see Arts 49–51 of the Trade Mark Act, and in relation to invalidity of an industrial design, see Art 44(1) of the Industrial Design Act.

⁵⁹ Art 86(1) of the Patent Act.

the qualified statement of abandoning the patent are conditional upon delivery of that statement to the SIPO.⁶⁰ All first-instance decisions rendered by the SIPO may be appealed.⁶¹ The Board of Appeals is the body competent to decide all above-mentioned matters in the second instance. There is also a judicial review available against all unappealable administrative decisions; it may be initiated before the Administrative Court of the Republic of Croatia.

17. All the above-mentioned matters are reserved exclusively for the Croatian administrative bodies and may under no circumstances be decided by any other body, including the Croatian courts, not even when they are faced, for example, with the issue of invalidity of a registered right as an incidental question needed to be resolved prior to deciding on the main disputed issue. The exception to this general rule relates to the invalidity of a registered industrial design, so the defendant may attempt to prove invalidity of the disputed registered industrial design in the court proceedings.⁶²

18. The court competence related to registered intellectual property rights is thus generally limited to the following matters: deciding on the contracts involving any sort of transaction concerning the intellectual property rights, determining the person entitled to claim protection (prior to claiming the protection, and upon the registration), ordering the entry of the inventor's name in a patent application or a patent, determining the infringement and ordering the wrongdoer to terminate the acts of infringement, ordering the seizure and/or destruction of the infringing objects, ordering compensation of damages on the basis of the damage reparation provisions, ordering payment of the usual compensation, ordering restitution or compensation on the basis of the provisions on the *condictio sine causa*, ordering the publication of the judgment, and ordering delivery of information.⁶³ The courts are also competent to decide all issues (contractual, non-contractual, entitlement, existence, etc) related to non-registered rights such as copyright and related rights, unfair competition and trade secrets. Here, the referred courts are those courts specialised in commercial matters: the Commercial Courts in the first instance,⁶⁴ and the High Commercial Court in the second instance.⁶⁵ There is also the possibility of review by the Supreme Court of the Republic of Croatia.⁶⁶ These courts are, moreover, competent in proceedings on securing evidence and rendering preliminary/interim measures in commercial cases,⁶⁷ such as those concerning the delivery of information and securing of evidence, tem-

porary termination of infringement,⁶⁸ as well as all preliminary measures generally applicable pursuant to the Enforcement Act, in all types of cases, including those concerning intellectual property rights. Specifically, the Patent Act provides for the competence of the Commercial Court in Zagreb in matters on granting the compulsory licence,⁶⁹ whereas for granting the compulsory licence for use of the protected plant variety, the competence is vested on the ministry competent for agriculture matters.⁷⁰

19. The enforcement proceedings which are concerned with intellectual property rights are carried out before the courts normally competent for enforcement. However, there is one legal particularity in such cases: an *ex officio* duty of the enforcement court to notify the SIPO of the enforcement over a patent, trade mark, industrial design, etc for the purpose of making the entry in the respective register kept by the SIPO.⁷¹ An analogous duty is provided for the insolvency court where a patent is included in the insolvency debtor's assets,⁷² while in relation to trade marks and industrial designs, no such duty is prescribed but it is stated that the entry on insolvency is registered in the respective register kept by the SIPO upon the request of the competent body.⁷³

20. At this point, it seems necessary to offer information on the volume of infringement cases before the Croatian courts and share of specific types of intellectual property right. This information may provide an insight into the actual situation concerning the intellectual property enforcement and explain the reasons for the lack of cross-border cases cited in this report. The available information relating to infringement gives an idea of the overall picture. According to the official statistical report for 2009, there was a total number of 945 lawsuits for intellectual property infringement submitted before the Croatian commercial courts, out of which 759 relate to enforcement of the copyright regime of collective management, 113 to individual enforcement of copyright, 41 to enforcement of trade marks, 12 to enforcement of patents, 11 to enforcement of industrial design, and 9 to enforcement of geographical indications. There were 235 appeal cases received in 2009 by the High Commercial Court, in addition to 411 appeal cases pending before the High Commercial Court in that year.⁷⁴

1.2 International Jurisdiction

21. This subsection devoted to international jurisdiction is intended to provide an overview of the following issues: the international and domestic legal sources governing jurisdiction issues, general grounds for exercising and declining international jurisdiction, and the choice of court agreements.

⁶⁰ Art 76(1) of the Patent Act. Similarly, in relation to the statement on abandoning the trade mark see Art 45(3) of the Trade Mark Act, and in relation to the statement on abandoning the industrial design, see Art 43(1) (2) of the Industrial Design Act.

⁶¹ Art 88(1) of the Patent Act, Art 47a(1) of the Trade Mark Act, Art 52a(1) of the Industrial Design Act. In the case of plant variety rights, the first-instance administrative decision on grant or refusal of the protection is appealable and the second-instance decision is rendered by the Appeals Committee (Art 26 of the Agricultural Plant Variety Protection Act). On the contrary, the first-instance decision of the Ministry of Agriculture in the proceedings for grant of geographical indications are not appealable, but may be challenged before the Administrative Court of the Republic of Croatia (Art 48(1) of the Geographical Indications Act).

⁶² Art 56b of the Industrial Design Act.

⁶³ The listed claims are envisaged in Arts 95a–95g and 95i of the Patent Act. Similarly, in relation to trade marks, see Arts 76–79a of the Trade Mark Act, in relation to the industrial design, see, Arts 54–56a, 56c and 57 of the Industrial Design Act, and in relation to plant varieties see Arts 41–46 of the Agricultural Plant Variety Protection Act.

⁶⁴ There is a concentrated territorial jurisdiction of only four Commercial Courts in Croatia, in Osijek, Rijeka, Split and Zagreb, pursuant to Art 4 of the Courts' Territories and Act (OG RC 85/2008).

⁶⁵ Art 34b(1)(8) and (9) of the Civil Procedure Act and Art 22(1) of the Courts Act.

⁶⁶ Art 24(1) of the Courts Act.

⁶⁷ Art 20(1)(7) and (8) of the Courts Act.

⁶⁸ These measures are envisaged in Arts 95i–95l of the Patent Act. Similarly, in relation to trade marks, see Arts 79a–79d of the Trade Mark Act, and in relation to industrial design, see Arts 56c–56f of the Industrial Design Act.

⁶⁹ Art 67a(1) of the Patent Act.

⁷⁰ Arts 38(2) and 40 of the Agricultural Plant Variety Protection Act.

⁷¹ See eg Art 62a(3) of the Patent Act, Art 40 of the Trade Mark Act and Art 40 of the Industrial Design Act.

⁷² Art 62b of the Patent Act.

⁷³ Art 41 of the Trade Mark Act and Art 41 of the Industrial Design Act.

⁷⁴ SIPO 'Statistical report on the infringements of intellectual property rights in Croatia: Annual report 2009' (Zagreb, March 2010), available online at: www.dziv.hr/en/webcontent/file_library/inf_sources/pdf/izvjesce_povrede_IV_2009_ENG.pdf, 99.

1.2.1 International and Domestic Legal Sources

22. Croatia is a party to no multilateral international convention which contain rules on international jurisdiction relevant to this report.⁷⁵ The only multilateral conventions related to the topic of this report are those which regulate arbitration issues.⁷⁶ Because the focus of this report is not on arbitration, further comments related to arbitration rules will be made only incidentally. There are a few bilateral conventions containing provisions on international jurisdiction. A case in point is the 1960 Convention on Legal Assistance in Civil and Criminal Matters with Poland,⁷⁷ Article 43 of which provides for jurisdiction in contract cases, except for those related to immovables, which is based on the criterion of the defendant's residence. For jurisdiction in tort cases, there are several alternative criteria: the place where the tortious act was committed, the place of the defendant's residence, and the place where the defendant's property is located.

23. The basic domestic legal source for three following subsections on conflict of laws (1.3.2, 1.3.3 and 1.3.4) is the Resolution of Conflict of Law with the Laws of Other Countries in Certain Relations Act (referred to hereinafter as the PIL Act).⁷⁸ This Act dates back to the early 1980s and was only marginally modified when incorporated into Croatian law in 1991.⁷⁹ This is the codification of both the conflicts and procedural rules relevant to matters having international elements. It applies whenever international treaties in force in Croatia or special domestic laws do not contain a specific rule. There is a number of *lege specialis* which contain rules regulating only limited number of legal relations, some of which are relevant to the topic of this report such as the Legalisation of Documents in International Relations Act,⁸⁰ the Civil Procedure Act,⁸¹ the Enforcement Act,⁸² the Insolvency Act⁸³ and the Arbitration Act.⁸⁴

⁷⁵ Croatia is a party to multilateral conventions regulating international jurisdiction in tort cases involving eg vessel collisions, nuclear damage, oil pollution and transport.

⁷⁶ The most important of these conventions are: the New York Convention on Recognition and Enforcement of Arbitration Decisions of 1958, SFRY IT 11/1981 and OG RC IT 4/1994; the European Convention on International Commercial Arbitration of 1961, OG SFRY IT 12/1963 and OG RC IT 4/1994; the Washington Convention on Settling the Investment Disputes between the States and Nationals of Other States of 1965, OG RC IT 2/1998; as well as the Protocol on Arbitration Clauses of 1923, OG FPRY IT 4/1959 and OG RC IT 4/1994 and the Convention on Execution of Foreign Arbitral Awards of 1927, OG FPRY IT 4/1959 and OG RC IT 4/1994.

⁷⁷ Official Gazette of the Socialist Federal Republic of Yugoslavia (hereinafter: OG SFRY) – Addendum 5/1963. It entered into force on 5 June 1963.

⁷⁸ OG SFRY 43/1982 and 72/1982, OG RC 53/1991.

⁷⁹ Although there has been an initiative to draft a new legislation, it has been losing momentum, probably due to the anticipated Croatian membership in the European Union, after which the EU legal instruments on private international law will become applicable on these basis. The discussion, nevertheless, yielded the proposal on the conflicts rules and partial response, as well as some sporadic opinions. See, K Sajko, H Šikirić, V Bouček, D Babic and N Tepeš, *Izvori hrvatskog i europskog međunarodnog privatnog prava [Sources of Croatian and European Private International Law]*, (Zagreb, Informator, 2001) 259–340; P Sarčević and V Tomljenović, 'Primjedbe na teze za zakon o međunarodnom privatnom pravu, autora prof dr Kresimira Sajka, prof dr Hrvoja Sikirića i doc dr Vilima Boučeka', 'Remarks to the Thesis for the Private International Law Act Proposed by Prof Dr Kresimir Sajko, Prof Dr Hrvoje Sikirić and Assist Prof Dr. Vilim Bouček' (2001) 22 *Zbornik Pravnog fakulteta Sveučilišta u Rijeci [Collected Papers of the Law Faculty of the University of Rijeka]*; 65–75.

⁸⁰ OG SFRY 6/1973 and OG RC 53/1991.

⁸¹ OG SFRY 47/1977, 36/1977, 36/1980, 69/1982, 58/1984, 74/1987, 57/1989, 20/1990, 27/1990 and 35/1991, OG RC 53/1991, 91/1992, 58/1993, 112/1999, 88/2001 and 117/2003.

⁸² OG RC 57/1996, 29/1999, 173/2003, 151/2004 and 88/2005.

⁸³ OG RC 44/1996, 161/1998, 29/1999, 129/2000, 123/2003, 197/2003, 187/2004 and 82/2006.

⁸⁴ OG RC 88/2001.

1.2.2 Grounds for Exercising and Declining International Jurisdiction

24. This heading provides an insight into the grounds for establishing and declining international jurisdiction. The basic features of the system are explained at the outset, followed by the general grounds of international jurisdiction and special grounds for torts, contracts and other matters. Finally, the choice-of-court agreements and arbitration agreements are briefly described.

1.2.2.1 The System of International Jurisdiction

25. The provision of Article 27 of the Civil Procedure Act provides that the Croatian courts are competent to hear international cases where it is provided by a statute or an international convention, meaning that Croatian legal system does not allow judicial discretion similar to the common law doctrines of *forum non conveniens* or *forum conveniens*. Consequently, a Croatian court may establish its jurisdiction in an international case only where there is a provision conferring such jurisdiction upon the Croatian courts and the circumstances of the case fall within it. It may decline its jurisdiction only where such provision does not exist, or where the application of the provision to the circumstances of the case does not result in the international jurisdiction of the Croatian courts.⁸⁵ The court's task of establishing or declining jurisdiction is not contingent on the parties' submissions, since the court has to *ex officio* verify its international jurisdiction to adjudicate *in casu*.⁸⁶ It is also important to note that Croatian law adopts the doctrine of *perpetuatio iurisdictionis*, meaning that for the purpose of examining its international jurisdiction the Croatian court looks at the circumstances that existed at the moment the proceedings (corresponding to the German notion of *Gerichtsanhängigkeit*) or litigation (*lis pendens*, corresponding to the German notion of *Streitanhängigkeit*) commenced, depending on the interpretation adopted.⁸⁷ Therefore, subsequent change of the relevant circumstances of the case on which the jurisdiction may be based does not affect the international jurisdiction of the Croatian courts.⁸⁸

⁸⁵ See M Dika, in M Dika, G Knežević and S Stojanović (eds), *Komentar Zakona o međunarodnom privatnom i procesnom pravu [Commentary on the Statute on Private International and Procedural Law]* (Belgrade, Nomos, 1991) 176.

⁸⁶ See Art 15 of the Civil Procedure Act.

⁸⁷ It is highly debatable in the Croatian legal doctrine whether the provision of Art 81 of the PIL Act, which actually defines this moment to be the commencement of litigation (ie the moment when the defendant is delivered the lawsuit), is to be understood literally, or should be taken as an editors' mistake and construed in line with the *perpetuatio fori* rule for domestic cases which takes into consideration the moment when the proceedings are commenced (ie the moment when the lawsuit was submitted to the court) which precedes the moment when the defendant received it. The former position is favoured by Dika, in Dika, Knežević and Stojanović, above n 85, 261, as well as adopted in the relatively recent decision of the Supreme Court of the Republic of Croatia. The latter interpretation is upheld by P Bosnić, *Hrvatsko međunarodno privatno i procesno pravo, Knjiga II [Croatian Private International and Procedural Law, Book II]* (Split, Pravni fakultet u Splitu, 2003) 17; Đ Vuković and E Kunštek, *međunarodno građansko procesno pravo [International Civil Procedural Law]* (Zagreb, Zgombić & Partneri, 2005) 85. Vuković and Kunštek disagree with this legislative solution. The latter interpretation has also been present in certain lower court decisions such as the decision of the Commercial Court in Rijeka P-633/00 of 30 December 2002, confirmed by the decision of the High Commercial Court Pž-1487/03 of 13 May 2003.

⁸⁸ This does not apply in cases when its jurisdiction depends on the defendant's (tacit) consent. See below 1.2.2.2.

1.2.2.2 General Grounds

26. The rules of the PIL Act that are pertinent to establishing the international jurisdiction of the Croatian courts and other bodies in intellectual property cases are primarily those on general jurisdiction. The Croatian courts shall have international jurisdiction if the defendant is domiciled in Croatia. The Croatian courts shall also have jurisdiction if the defendant is domiciled neither in Croatia nor in another country, but has residence in Croatia. If the litigants are Croatian nationals and the defendant has residence in Croatia, the Croatian courts shall also have international jurisdiction to hear any type of case. The jurisdictional rule on joinder of parties provides that if two or more defendants are sued on the same legal and factual grounds, and between whom this legal and factual connection existed even before the lawsuit was initiated (Croatian *materijalni suparničari*, corresponding to the German notion of *materielle Streitgenossenschaft*), the Croatian courts shall have supplemental jurisdiction to adjudicate the case against all defendants, provided one of those defendants has domicile or seat in Croatia.⁸⁹ There is a further rule on the general head of jurisdiction concerning the proceedings against a Croatian national who lives abroad where he or she has been sent on duty or to work by a state body, a company or another legal person. In such a case the Croatian courts shall have jurisdiction, provided that the Croatian national in question was domiciled in Croatia.⁹⁰

27. Although not reported to have been used in practice since the late 1960s,⁹¹ it is necessary to mention here the provision of the PIL Act on the so-called retorsion head of jurisdiction: where the law of a foreign state provides a criterion for establishing the jurisdiction of its courts in the proceedings against a Croatian national, the same criterion, although not provided in Croatian law, may be used for establishing the jurisdiction of the Croatian courts in the proceedings against the national of that foreign state.⁹²

1.2.2.3 Special Grounds in Torts and Contracts

28. Further heads of jurisdiction concern special legal relations such as contracts and torts, and although none of them specifically refers to intellectual property, they may be applied in these cases as well.

29. In addition to the general heads of jurisdiction, all of which may be used in tort (including the infringement of intellectual property) cases, special head jurisdiction for torts provides that the Croatian court shall have jurisdiction if the damage has occurred on the territory of the Republic of Croatia.⁹³ The Croatian scholarship is divided in interpreting this provision. Some tend to believe that the phrase 'damage occurring in the Republic of Croatia' has to be construed in a limited sense to encompass only those situations in which the place of the damage, ie the consequences of tortious act (*locus damni*) is in Croatia.⁹⁴ Other scholars hold that irrespective of this phrase the broader interpretation would be in line with the doctrine of ubiquity according to which the damage occurs both, in the place where the tortfeasor acts (*locus actus*) and in the place where the consequence

of such wrongful action is felt (*locus damni*).⁹⁵ However, this would exclude the possibility of bringing a lawsuit in Croatia if only an indirect damage occurs there, as has been confirmed several times over the past 15 years by the Supreme Court of the Republic of Croatia.⁹⁶ The judicial interpretation of this provision, ie of the scope of the *locus delicti commissi*, in the event of an infringement of an intellectual property right has not been reported. Likewise, the Croatian scholarship, because discussing this issue primarily within the European Union context, did not take either position.⁹⁷ Thus, the issue whether an act taking place in the territory of one country may qualify as an act of infringement of the right protected in another country for the purpose of establishing jurisdiction, remains unanswered in the Croatian law. What has been clearly stated in the legal scholarship already in the 1950s is that the principle of territoriality does not prevent the courts of one country A to enforce an infringed intellectual property right (copyright, patent or another right) protected in another country B if the acts of infringement have been committed in that other country B.⁹⁸

30. Additionally, the international jurisdiction in tort may be based on the tacit prorogation where a defendant enters a plea in merits without challenging the jurisdiction.⁹⁹ Yet, based on the wording of Article 53(1) of the PIL Act, it appears that Croatian law does not allow parties to explicitly agree on international jurisdiction in tort cases. This may be explained by the reasons of protection of the injured party, which is generally the weaker party in this relationship. Although it is held that an injured party's agreement on choice of court before damage occurred should not be allowed, such consent subsequent to the occurrence of damage is not considered harmful to the injured party's interests, and thus tacit prorogation would be possible. In any case, the situations in which the injured party will be in the defendant's position are relatively rare, lessening the practical importance of this provision in tort cases. All criteria for international jurisdiction available in tort cases are available also to the plaintiffs in the proceedings against insurers on the grounds of direct action for third-party liability, provided that direct action is allowed under the

⁸⁹ K Sajko, 'Perspektiva razvoja međunarodnog privatnog prava: O Briselskoj i Luganskoj konvenciji o nadležnosti i izvršenju odluka u građanskim i trgovačkim predmetima i kako Hrvatsko pravo uskladiti s tim konvencijama' ['Development Prospect of Private International Law: On the Brussels and Lugano Conventions on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters and How to Harmonise Croatian law with these Conventions'] in N Gavella et al (eds), *Hrvatsko građanskopravno uređenje i kontinentalnoeuropski pravni krug* [Croatian Civil Regulation and Eurocontinental Legal Circle], 2nd edn (Zagreb, Pravni fakultet, 1994) 239; V Tomljenović, 'Posebna međunarodna nadležnost u sporovima izvanugovorne odgovornosti za štetu – neka otvorena pitanja tumačenja i kvalifikacije' ['Special International Jurisdiction in Non-Contractual Disputes – Some Open Questions of Interpretation and Qualification'] (1998) 19 *Zbornik Pravnog fakulteta Sveučilišta u Rijeci* [Collected Papers of the Law Faculty of the University of Rijeka] 867, 907–8.

⁹⁰ In the Supreme Court of the Republic of Croatia decision Rev 2390/94 of 3 September 1997, published in (1998) 4 *Sudska praksa* [Court Practice] 91, it was clearly stated that the term 'occurrence of damage' means the bodily injury, death or damage to a thing. This was transformed into legal opinion accepted at the meeting of the Supreme Court Civil Law Section (III/07) Su-IVg-46/2007-3 held on 26 February 2007. See also the Supreme Court of the Republic of Croatia decisions Rev-758/1995-2 of 6 May 1998, accessible at: sudskapraksa.vsrh.hr/supra/, and Rev-51/03-2 of 27 February 2007, accessible at: sudskapraksa.vsrh.hr/supra/.

⁹¹ I Kunda, 'Međunarodna nadležnost u postupcima povodom povrede prava intelektualnog vlasništva u europskoj uniji: priprema za izravnu primjenu *acquisa*' ['International Jurisdiction in the Proceedings for Infringement of Intellectual Property Rights in the European Union: Preparation for Direct Application of the *Acquis*'] in R Matanovac (ed), *Prilagodba hrvatskog prava intelektualnog vlasništva europskom pravu* [Harmonisation of the Croatian Intellectual Property Law with the European Law] (Zagreb, Državni zavod za intelektualno vlasništvo/Narodne novine, 2007) 297–300.

⁹² Eisner, above n 31, 208.

⁹³ Art 50 of the PIL Act.

⁸⁹ Art 46(1)–(4) of the PIL Act. It has to be pointed out that where a provision of the PIL Act designates jurisdiction to Croatian courts or other bodies based on Croatian nationality, in the case of stateless persons such jurisdiction shall exist provided that person is domiciled in Croatia (Art 51 of the PIL Act).

⁹⁰ Art 52 of the PIL Act.

⁹¹ See the references by Dika in Dika, Knežević and Stojanović, above n 85, 178.

⁹² Art 48 of the PIL Act.

⁹³ Art 53(1) of the PIL Act.

⁹⁴ Dika in Dika, Knežević and Stojanović, above n 85, 197.

applicable law, as well as for recourse against regress debtors on the grounds of liability for damages.¹⁰⁰

31. In contracts, the international jurisdiction of Croatian courts may be based on the above-mentioned general headings as well as several special headings of jurisdiction. In the proceedings concerned with a claim involving an economic interest¹⁰¹ (Croatian *imovinsko-pravni zahtjev*, corresponding to the German notion of *vermögensrechtlicher Anspruch*), the Croatian courts shall have jurisdiction if the defendant's property or the object claimed in the lawsuit is located in Croatia.¹⁰² Likewise, the Croatian courts shall have international jurisdiction in respect to obligations which were created during the defendant's stay in Croatia.¹⁰³ In the proceedings against a natural or legal person having its seat abroad, concerning the obligations created in the territory of Croatia or to be performed in the territory of Croatia, the Croatian courts shall have international jurisdiction provided that this person's representative or agent is located in Croatia or a company which has been entrusted to carry out the business on its behalf is located in Croatia.¹⁰⁴ It has been confirmed that the mentioned criteria needs to be fulfilled cumulatively, meaning that the fact that the defendant's agent is in Croatia is insufficient if the obligation either has to be created or has to be fulfilled in Croatia.¹⁰⁵ Additionally, the parties may explicitly agree to confer the jurisdiction in contract to the Croatian court, provided that at least one of them is a Croatian national or a legal person having seat in Croatia.¹⁰⁶ The jurisdiction in contract may also be based on the tacit prorogation where a defendant enters a plea on the merits without challenging the jurisdiction.¹⁰⁷ As in the case of infringement, the Croatian scholarship has declared a long time ago that it is not contrary to the principle of territoriality to decide on a contract related to a foreign intellectual property right (publishing contract, patent licence agreement etc) because enforcing a contract at dispute against the holder of the right does not amount to denial of the right itself.¹⁰⁸

32. It has been submitted in Croatian scholarship that the *forum solutionis* rule determining the domestic territorial jurisdiction¹⁰⁹ can be used as the special heading of international jurisdiction for both torts and contracts.¹¹⁰ This seem to be an incorrect approach,

¹⁰⁰ Art 53(2) of the PIL Act.

¹⁰¹ This does not include the rights *in rem* in an immovable or tenancy rights. Pursuant to Art 56 of the PIL Act, the actions concerning such rights are subject to the exclusive jurisdiction of Croatian courts if the immovable is located in the territory of Croatia.

¹⁰² Art 54(1) of the PIL Act.

¹⁰³ Art 54(2) of the PIL Act.

¹⁰⁴ Art 55 of the PIL Act. For more details on the interpretation of the provision see D Babić, 'Međunarodna nadležnost za ugovorne sporove u europskom, hrvatskom i američkom pravu' [International Jurisdiction for Contractual Disputes in European, Croatian and American Law] (Doctoral Thesis, University of Zagreb, Faculty of Law, 2005) 241–50.

¹⁰⁵ The Supreme Court of the Republic of Croatia, Rev-79/91 of 21 January 1992, cited in: Sajko et al, above n 79, 160–61.

¹⁰⁶ Art 49(2) of the PIL Act.

¹⁰⁷ Art 50 of the PIL Act.

¹⁰⁸ B Eisner, above n 31, 208.

¹⁰⁹ Art 58(3) of the Civil Procedure Act.

¹¹⁰ Babić, above n 104, 220 et seq; D Babić, 'Međunarodna nadležnost prema mjestu ispunjenja ugovorne obveze u europskom i hrvatskom pravu' [International Jurisdiction Based on the place of Performance of Contractual Obligation in European and Croatian Law] in V Tomljenović, E Culinović Here and V Butorac (eds), *Hrvatska na putu prema europskom pravosuđnom području: Rješavanje trgovačkih i potrošačkih sporova* [Croatia on the Way to the European Judicial Area: Resolving Commercial and Consumer Disputes] (Rijeka, Pravni fakultet Sveučilišta u Rijeci, 2009) 112 et seq. See also the decisions of the High Commercial Court: Pz-2826/93 of 1 February 1994, Pz-2698/96 of 14 January 1997, Pz-2622/99 of 6 July 1999 (in contracts) and Pz-2468/96 of 25 November 1997 and Pz-3092/97 of 9 December 1997 (in torts).

since the provisions on domestic territorial jurisdiction may be 'converted' into the provisions on international jurisdiction only under the condition that there is no special provision on international jurisdiction for these types of legal relations in Croatian law.¹¹¹ Given that there are such special provisions, which are cited above, there is no room for expanding the international jurisdiction of Croatian courts in these matters.¹¹²

1.2.2.4 Special Grounds in Certain Other Matters

33. An additional question that needs to be addressed within this subsection is international jurisdiction to decide on the issues such as grant (registration), validity, abandonment, revocation, etc of an intellectual property right, international jurisdiction to decide who is the initial holder (initial entitlement) of an intellectual property right and international jurisdiction to decide on granting the compulsory licence. Neither of these issues is explicitly mentioned in any of the provisions on international jurisdiction in the international conventions to which Croatia is a party, or in the Croatian statutes.

34. As for the international jurisdiction to decide on granting the compulsory licence, one may doubt whether the provision in the Patent Act which provides for the competence of the Commercial Court in Zagreb¹¹³ may by analogy be used for establishing international jurisdiction on the basis of already cited Article 27 of the Civil Procedure Act.¹¹⁴ The affirmative answer to this question might be supported by the fact that the relevant provision of the Patent Act determines the subject-matter-specific domestic territorial jurisdiction, ie its concentration in Zagreb, and that consequently may be transformed into the rule on international jurisdiction because there is no special provision on international jurisdiction for this type of legal relation in Croatian law.

35. However, such a gap-filling technique would not be helpful for the remaining issues, since there are no rules on domestic territorial jurisdiction applicable to them, either because they are not mentioned in any of the subject-matter-specific rules on domestic territorial jurisdiction (initial entitlement dispute), or because there is a single administrative body in Croatia which has competence (grant or registration, validity, abandonment or revocation). Therefore, all these matters may be decided by the Croatian court where such jurisdiction can be based on the general headings of jurisdiction or on retorsion headings of jurisdiction as described above. An interesting issue arises as to the possibility to establish the jurisdiction of Croatian courts on the basis of a parties' agreement, discussed in more detailed below.¹¹⁵

36. In the context of international jurisdiction, it is important to further note that in the situation of simultaneous *lis pendens* before a Croatian court and a foreign court, the Croatian court shall suspend the proceedings at the request of either of the parties,

¹¹¹ Art 27 of the Civil Procedure Act.

¹¹² I Grbin, 'Nadležnost sudova u građanskim stvarima s međunarodnim elementom' [Jurisdiction of the Courts in Civil Matters with and International Element] (1996) 35 *Pravo u gospodarstvu* [Law in Economy] 227, 234; V Tomljenović, 'Pravila o mjesnoj nadležnosti u funkciji pravila o međunarodnoj nadležnosti: kada i kako?' [The Rules on Territorial Jurisdiction as Rules on International Jurisdiction: When and How?] (1998) 2 *Vladavina prava* [The Rule of Law] 93, 104.

¹¹³ Art 67a(1) of the Patent Act.

¹¹⁴ According to the second sentence in this provision, the Croatian courts shall be competent to decide an international case irrespective of the fact that neither international treaties nor domestic statutes provide for any grounds of international jurisdiction for a specific type of legal matter (a subject-matter-specific international jurisdiction), based on subsidiary application by analogy of the rules on domestic territorial jurisdiction to international cases.

¹¹⁵ See below 1.2.3.

provided that: a) both disputes are between the same parties and in the same legal matter, b) the proceedings before the foreign court commenced earlier, c) the legal matter does not fall under the Croatian rules on exclusive international competence, and d) there is reciprocity.¹¹⁶

1.2.3 Choice-of-Court Agreements

37. In addition to what was previously briefly presented regarding the choice of court as the ground of jurisdiction, the attention here is on choice-of-court agreements. The PIL Act contains no provisions on the validity of such agreements, save for the conditions which differ depending on whether the jurisdiction of Croatian court is prorogated or derogated. In the former case, the jurisdiction may be conferred on the Croatian courts only if one of the parties is a natural person of Croatian nationality, or a legal person having its registered seat in the Republic of Croatia. If the parties wish to confer jurisdiction to a foreign court and at the same time derogate from the otherwise existing jurisdiction of the Croatian court, their agreement is recognised by Croatian courts, provided that: a) at least one of the parties is a foreign national or legal person having seat in a foreign country (not necessarily the one whose courts are chosen), b) the matter is not related to personal status or family including marital relations, and c) the matter does not fall within the exclusive jurisdiction of the Croatian courts.¹¹⁷ As stated above, based on the wording of the provision of Article 53(1) of the PIL Act, it appears that Croatian law does not allow parties to explicitly agree on international jurisdiction in tort cases.¹¹⁸

38. The above-mentioned provisions do not directly resolve the issue of whether it is possible to derogate from the Croatian jurisdiction in favour of a foreign jurisdiction in matters such as grant or registration, validity, abandonment or revocation of an intellectual property right, or granting the compulsory licence. Because intellectual property rights are not among the matters explicitly excluded from the prorogability and derogability in the PIL Act, there is no explicit rule that would invalidate such an agreement if general conditions are met.¹¹⁹ Nevertheless, one could argue that the PIL Act cannot be understood as all-encompassing, and that it does not remain unaffected by other provisions, including the implicit ones. Perhaps the concept of a 'settleable claim', a claim in respect to which it is permissible to settle (Croatian *pravo kojime se može slobodno raspolagati*, German *Rechte, über die die Parteien frei verfügen können*, French *le droit sur lequel il est permis de transiger*), might be applied to clarify the discussed issue. This concept is explicitly used in the Arbitration Act as a delineating criterion between arbitrable and non-arbitrable legal matters.¹²⁰ By applying this criterion, the court could establish its jurisdiction based on the choice-of-court agreement in neither of the listed matters, because the parties' settlement is not allowed in these matters.¹²¹

¹¹⁶ Art 80 of the PIL Act.

¹¹⁷ Art 49 of the PIL Act.

¹¹⁸ See above 1.2.2.2.

¹¹⁹ Art 49(3) of the PIL Act.

¹²⁰ Art 3(1) of the Arbitration Act.

¹²¹ Sajko has submitted that because the state administrative body is exclusively competent for these matters and because these matters are regulated by mandatory provisions (*ius cogens*), they cannot be held arbitrable. K Sajko, 'Arbitrabilnost u domaćim i inozemnom pravu' [Arbitrability in Domestic and Foreign Law] in S Triva et al (eds), *Arbitraža i poduzetništvo* [Arbitration and Entrepreneurship] (Zagreb, Progres, 1991) 26.

39. Despite the absence of a specific provision in Croatian private international law, the legal scholarship holds that formal validity of choice-of-court agreements in cross-border cases should be governed by the same provisions as the formal validity of agreements prorogating and derogating the domestic territorial jurisdiction, where the written form is a prerequisite.¹²² Further as a precondition it must relate to a single dispute or multiple disputes if they derive from the same legal relationship.¹²³ It has been submitted that an invoice containing the prorogation clause is not sufficient to constitute an agreement since it is a unilateral statement by one party.¹²⁴ Likewise, the general conditions (rules) of a game of chance determining, inter alia, the territorial jurisdiction, do not amount to an agreement on choice of court because the written consent of the other party is missing.¹²⁵

1.3 Conflict of Laws

40. The conflict-of-law subsection discusses the topic of international and domestic legal sources of conflict-of-law rules, general principles of conflict of laws in torts, general principles of conflict-of-law in contracts including the transfer of rights, and general principles of conflict-of-law in matters other than contract and torts.

1.3.1 International and Domestic Legal Sources

41. As previously explained, the international conventions have priority over the national statutes in the Croatian legal system. Therefore, it is important to resolve the difficult issue of whether the international conventions, especially those dealing with intellectual property matters that Croatia is a party to contain conflict-of-law rules.¹²⁶ This primarily includes the Berne Convention and the Paris Convention, which are referred to in the TRIPS Agreement. There are several principles underlying these conventions, among which is the principle of national treatment. Mirroring the international divide in the field, Croatian scholarship is also divided between two poles in interpreting the provisions on national treatment.

42. One group of scholars, the conflictualists, claims that the international conventions (the Berne Convention in its Art 5 and the Paris Convention in its Art 2) resolve, inter alia, the issue of which law applies.¹²⁷ The other group of scholars holds the opposite, stating that the cited provisions are not intended to lay down the conflict rules, but the rules on the status of foreigners (Croatian *pravni položaj stranaca*, German *Fremdenrecht*, French

¹²² Art 70(3) and (4) of the Civil Procedure Act. See S Triva and M Dika, *Građansko parnično procesno pravo* [Civil Litigation Procedural Law], 7th edn (Zagreb, Narodne novine, 2004) 287.

¹²³ Art 70(3) of the Civil Procedure Act.

¹²⁴ The Supreme Court of the Republic of Croatia Gr-90/96, *Izbor odluka Vrhovnog suda Republike Hrvatske* [Selection of the Decisions of the Supreme Court of the Republic of Croatia], vol 2 (Zagreb, Narodne novine, 1996) No 107.

¹²⁵ The Municipal Court in Zadar GZ-647/88, *Pregled sudske prakse* [Case Law Reports], 39 (Zagreb, Narodne novine, 1988) 100-1.

¹²⁶ See above 1.1.1.

¹²⁷ In the Croatian scholarship see I Henneberg, 'Bernska konvencija za zaštitu književnih i umjetničkih djela od 1886. i njezini kasniji akti do 1971' ['The Berne Convention for the Protection of Literary and Artistic Works of 1886 and its succeeding acts until 1971'] (1983) 16 *Prinosi za poredbeno proučavanje prava i međunarodno pravo* [Contributions to Comparative Study of Law and International Law] 1, 50; K Sajko, *Međunarodno privatno pravo* [Private International Law], 4th edn (Zagreb, Narodne novine, 2005) 279.

condition des étrangers) in order to remove discrimination among nationals of the respective Union.¹²⁶

43. It appears that the conflictualist position may have been adopted in Croatian case law. This conclusion can be drawn on the basis of two cases, neither of which was finally decided. The first case is *Freistaat Bayern v Croatiaknjiga doo*,¹²⁹ initiated before the Commercial Court in Zagreb in 2007, by the State of Bavaria alleging to be the holder of copyright over Adolf Hitler's *Mein Kampf* and requesting that the defendant be ordered to cease printing, publishing and offering for sale this book in the German language as well as its translation into the Croatian language, and taking other similar actions infringing the plaintiff's rights. They also requested that all copies of the book be destroyed and that the court decision be published in Croatia and in Germany at the defendant's costs. The defendant challenged the plaintiff's right of action (corresponding to the German notion of *Aktivlegitimation*), claiming that the copyright had expired in 1995 under former Croatian law which provided for 50 years' protection following the author's death. In respect of the issue of applicable law, the plaintiff claimed that German law was to apply to the matter of existence and duration of the copyright, while Croatian law was to be applied to the issue of its enforcement, whereas the defendant argued that Croatian law exclusively was to be applied to the issue of existence, duration and enforcement of copyright. In resolving this matter the court of first instance addressed the issue of applicable law, concluding that the defendant was correct in stating that Croatian law is applicable in these proceedings. The reasoning invoked the Berne Convention, ie its provision of Article 6bis(3) which, as the Commercial Court in Zagreb explained, provides that 'the means of redress for safeguarding the granted rights [be] governed by the legislation of the country in which protection is claimed'.¹³⁰ The Court further stated that according to Article 7(8) of the Berne Convention, 'the term of protection is governed by the legislation of the country in which protection is claimed'.¹³¹ The Court's quite interesting final conclusion on the matter of applicable law was that 'the application of a national law in copyright cases with an international element is a generally accepted principle of all international treaties and conventions',¹³² the Court probably intending to refer to the application of domestic (forum) law rather than simply any national law. In any event, this decision has to be viewed against the background of its political implications which might weaken its role of the leading case as well as the scientific conclusions drawn on it.

44. Irrespective of whether one agrees with the conflictualist interpretation, the Court's reasoning would have been more credible had it invoked Article 5(2) instead of Article 6bis(3), as the latter deals with moral rights which were not at dispute in the case at hand.

¹²⁶ I Kunda, 'Pravo mjerodavno za povrede prava intelektualnog vlasništva' ['Law Applicable to Infringements of Intellectual Property Rights'] (Doctoral Thesis, University of Zagreb, Faculty of Law, 2008) 231–45. It would also appear that A Verona shares this opinion, as he puts an emphasis on the legal position of foreigners. See Verona, above n 53, 25. Although somewhat unclear, it seems that the same position is adopted in I Gliha and R Matanovac Vučković, 'Pravni položaj stranaca kao nositelja autorskog i srodnih mu prava' ['The Legal Position of Foreigners as Holders of Author's Right and Neighbouring Rights'] (2009) 10 *Zbornik Hrvatskog društva za autorsko pravo* [Review of Croatian Copyright Association] 69–86.

¹²⁹ The Commercial Court in Zagreb, P-2946/2007 (unpublished). The decision discussed here is the first-instance decision of 18 February 2008, and the appeal is pending before the High Commercial Court. For a detailed comment on this decision see I Kunda, 'Two Recent Croatian Decisions on Copyright Infringement: Conflict of Laws and More' in P Volken and A Bonomi (eds), *Yearbook of Private International Law*, vol 10 (2008) (Berlin, Sellier, 2009) 617–28.

¹³⁰ *ibid* 3.

¹³¹ *ibid* 3.

¹³² *ibid* 3.

In addition, the reference of the Commercial Court in Zagreb to the *lex fori* on the basis of literary interpretation of the wording 'in which the protection is claimed', to the knowledge of the author of this chapter, neither has precedents in Croatian case law, nor derives from Croatian scholarly opinions. When interpreting Article 5(2) of the Berne Convention, Croatian conflictualists construe it as a rule calling for application of the law of the country for which the protection is claimed (*lex loci protectionis*).¹³³

45. Regardless of contrary scholarly opinions, the High Commercial Court was also inclined towards this grammatical reading of the Berne Convention in another case, *Sten Eric Odman v Adris Grupa dd*, originally brought before the Commercial Court in Rijeka in 2002.¹³⁴ This case concerned an alleged copyright infringement by a Croatia-based company through the unauthorised use and alteration of the 'Walter Wolf' logo on cigarette packages. The plaintiff, a natural person of Swiss nationality and domicile, claimed that he held the copyright on a stylised letter 'W' combined with a drawing of a wolf in different colour variations since he had designed the logo in the late 1970s. According to the statement of claim, the design was commissioned by the Swiss company Alesia Parfumes SA, which subsequently acquired the rights to use the logo on different cosmetic products and further license it to others. The plaintiff also alleged that in 2000 he became aware that the defendant was producing and offering for sale cigarettes under the name of 'Walter Wolf' with the accompanying copyrighted logo without permission from him or Alesia Parfumes SA. Furthermore, the plaintiff claimed to have noticed that the defendant had altered the logo by removing the wolf drawing in certain promotional materials. Hence, the plaintiff alleged that both his moral and economic rights had been infringed, and demanded compensation of damages. The defendant replied that there was no infringement, because it claimed to have had obtained, in 1989, a licence to use the logo and the name through a contract with Mr Walter Wolf and the Dutch company Womar BV, the author and holder of the copyright over the disputed logo, respectively. Additionally, the defendant invoked the presumption of authorship, pointing to the signature of Mr Walter Wolf in the logo. The plaintiff responded that it was not the actual signature, but a stylised signature forming an integral part of the design. As a result, the Court had to determine authorship prior to issuing any ruling on the main infringement claim. The Commercial Court in Rijeka failed to examine conflict-of-law questions arising in this case, save for the issue of authorship (as explained below). Deciding on the appeal the High Commercial Court invoked the PIL Act and the Berne Convention and concluded that the applicable law was Croatian. The High Commercial Court accepted the appeal and remitted the case for the new proceedings before the Commercial Court in Rijeka.¹³⁵ The decision has not yet been made in those proceedings at the time of this report.

46. In the opinion of the author of this Report, the international conventions regulating the issues of intellectual property in force in Croatia do not contain conflict-of-law rules.

¹³³ Sajko, above n 127, 279. Perhaps the Court's rulings might be attributable to a somewhat unclear explanation in I Henneberg, *Autorsko pravo* [Copyright] (Zagreb, Informator, 2001) 49, where it is stated that in certain cases the Berne Convention contains conflict-of-law rules where the *lex protectionis* is combined with the *lex originis*, while on the same page (when using Croatian edition) it is stated that 'the scope and legal remedies for protection are defined by the law of the country in which the protection is claimed, unless the Convention prescribed otherwise.'

¹³⁴ The decisions discussed in this comment are the first-instance decision by the Commercial Court in Rijeka, P-749/2002 of 12 October 2007, and the second-instance decision by the High Commercial Court, Pz-277/08-3 of 9 December 2009 (both unpublished).

¹³⁵ The High Commercial Court, Pz-277/08-3 of 9 December 2009, 3. For more details see below 1.3.2.

Neither do the domestic laws on intellectual property as explained elsewhere.¹³⁶ Therefore, one has to look for the conflict-of-law provisions in the other sources, primarily in the statute which is the *sedes materiae* of the Croatian private international law – the PIL Act. Additionally, in cases where parties conclude an arbitration agreement the Arbitration Act should prevail, and in situations where one party is a consumer the Consumer Protection Act¹³⁷ creates some limitations.

1.3.2 General Principles of Conflict of Laws in Tort

47. At the outset, it is important to state that there are no special conflict-of-law provisions in Croatian law that would designate the law applicable to infringements of intellectual property rights. Hence, the general conflict-of-law provision for non-contractual obligations should be decisive. It provides that the law applicable to non-contractual liability for damages, unless otherwise provided by law, is the law of the place where the act was committed (*lex loci actus*) or the law of the place where the consequence has occurred (*lex loci damni*), dependent on which of them is more favourable to the injured party.¹³⁸ The same law is also applicable to the non-contractual liability occurring in relation to the quasi-contracts (*condictio sine causa* and *negotiorum gestio*).¹³⁹ There is a special conflict-of-law provision on the illegality of the alleged tortious act, which states that this illegality is governed by either the law of place where the act was committed or the law of the place where the consequence has occurred, and if the act was committed or the consequence has occurred in more than one place – it is sufficient that the act is illegal under the law of any of those places.¹⁴⁰

48. These provisions are inspired by the theory of ubiquity and *favor laesionis* principle, but the provision on the law applicable to non-contractual obligation does not clearly resolve the question whether the choice between the *lex loci actus* and *lex loci damni* is to be left to the injured party, or should be made by the court. Although the court practice would suggest the former solution,¹⁴¹ the legal scholarship seems to be united in adopting the latter calling for the *ex officio* activity of the court in establishing the most favourable law from the perspective of the injured party.¹⁴²

¹³⁶ See Kunda, above n 128. For instance, the Copyright and Related Rights Act in c.VII, entitled 'The Act's Field of Application', provides that just as Croatian citizens authors and holders of related rights have their seat in Croatia, foreign natural or legal persons enjoy protection under this Act to the extent required under the obligations Croatia assumed on the basis of international treaties or on the basis of factual reciprocity. In all other situations, foreigners shall not enjoy Croatian protection wider than that her state of citizenship or seat, so long as the authors and holders of related rights who are Croatian citizens or have their seat in Croatia in that foreign country enjoy lesser protection than under the Copyright and Related Rights Act. See Art 194(1), (2) and (4) as well as Arts 196–201 of the Copyright and Related Rights Act. In respect to the old laws see also Eisner, above n 31, 216.

¹³⁷ OG RC 79/2007, 125/2007, 79/2009 and 89/2009.

¹³⁸ Art 28(1) of the PIL Act.

¹³⁹ Art 28(2) of the PIL Act.

¹⁴⁰ Art 28(3) of the PIL Act.

¹⁴¹ The Supreme Court of the Republic of Croatia Rev 3197/1995-2, 22 November 1995, accessible at: sudspraksas.vsrh.hr/supra/.

¹⁴² V Bouček, 'Prijedlog Uredbe Rim II iz 2003. i opće odredbe deliktneog statuta u hrvatskom zakonu o međunarodnom privatnom pravu' ['Proposal on the Rome II Regulation of 2003 and general provision on the law applicable to delicts in Croatian private International Law Act'] in R Knez, S Kraljić and D Stojanović (eds), *Zbornik prispevkov 'Evropski sodni prostor' [Collection of Papers 'European Judicial Area']* (Maribor, Pravna fakulteta Univerze v Mariboru, 2005) 210; Sajko, above n 127, 169; H Sikirić, 'Primjena kolizivskih pravila i stranog prava u sudskom postupku' ['Application of the Conflict-of-Law Rules and Foreign Law in the Court Proceedings'] (2006) 56 *Zbornik Pravnog fakulteta u Zagrebu [Collected Papers of the Faculty of Law in Zagreb]* 617, 679; V Tomljenović, *Pomorsko međunarodno privatno pravo [Maritime Private International Law]* (Rijeka, Pravni fakultet Sveučilišta u Rijeci, 1998) 193–94.

49. Although the provision on *lex loci delicti commissi* was drafted to include in its scope all types of non-contractual obligations which are not specifically regulated,¹⁴³ it was understood from the very beginning that it is inappropriate for certain special types of delicts.¹⁴⁴ This is specifically so in cases concerned with infringement of intellectual property rights, where as a consequence of the principle of territoriality of these rights, the acts committed in the territories outside the borders of the country for which the protection is claimed, are not considered infringing acts. It is therefore suggested that the provision of Article 28 of the PIL Act should be applied in the adjusted manner to the infringements of intellectual property rights taking account of the fact that such rights are territorial, meaning that they provide their holder with the protection against third parties only for the acts taking place within the country of protection. Such approach eventually reduces the *locus delicti commissi* only to the single connecting factor which corresponds with the *locus protectionis* and eliminates the plurality of potentially applicable laws to a single law, that of the country of protection. Thus, the *locus protectionis* connecting factor is to be understood as the embodiment of the *locus delicti commissi* connecting factor. Such is deemed necessary for special situations involving the infringements of intellectual property rights, in order not to disregard the principle of territoriality.¹⁴⁵ This principle has repeatedly been affirmed as fundamental in the field of intellectual property law by Croatian scholars.¹⁴⁶ Thus, as early as the 1950s the most respected Croatian private international lawyer, Eisner, stated that it was consistent with territoriality to hold the claim for infringement of a foreign intellectual property right committed in Croatia unfounded, and vice versa, to hold the claim for infringement of a Croatian intellectual property right committed abroad groundless.¹⁴⁷

50. Croatian case law does not seem to be particularly appreciative of the problems related to application of Article 28 of the PIL Act to the infringement of intellectual property rights. In the recent case *Sten Eric Odman v Adris Grupa dd*, the first to discuss this issue directly, the High Commercial Court pointed out that the PIL Act contains the provisions of Article 28 for the non-contractual obligations and that these provisions are 'also in accordance with Article 5 of the Berne Convention which provides for the means of redress for to protection of copyright, and the law of the country in which the protection is claimed is to be applied.'¹⁴⁸ Even if this statement seems to be overly simplified, revealing also the Court's lack of full awareness of the differentiation between the 'country in which' and 'country for which' the protection is claimed, it is an important step forward in the path to

¹⁴³ Tomljenović, above n 142, 192–93.

¹⁴⁴ Ž Matić, 'Međunarodno privatno pravo obveza iz vanugovorne odgovornosti za štetu' ['Private International Law concerning Non-contractual Liability for Damages'] (1967) 5 *Zbornik za pomorsko pravo JAZU [The YASA Collected Papers for Maritime Law]* 271, 285 and 295. See also V Tomljenović, 'Međunarodno privatnopravna problematika izvanugovorne odgovornosti' ['Private International Law Issues concerning the Non-Contractual Liability'] (1989) 10 *Zbornik Pravnog fakulteta Sveučilišta u Rijeci [Collected Papers of the Law Faculty of the University of Rijeka]* 329, 333. The inappropriateness of the *locus delicti commissi* connecting factor for intellectual property rights infringement has also been taken as the possible basis for claiming that there is a regular or at least *unechter lacuna legis* in the PIL Act which would necessitate the application of the rule for filling the gaps leading to the conclusion that the *lex loci protectionis* is the law applicable to infringement claims as the one in line with the principles of Croatian legal system, the Croatian private international law, and comparative private international law. See Kunda, above n 128, 487–98.

¹⁴⁵ Kunda, above n 128, 504–8. The *locus protectionis* connecting factor has been pointed out in relation to infringements without going into details by some other scholars, including Sajko, above n 127, 151.

¹⁴⁶ Eisner, above n 31, 207–8 and 216–17; Verona, above n 53, 21.

¹⁴⁷ Eisner, above n 31, 208.

¹⁴⁸ The Court concluded that Croatian law is applicable. See above n 134, 3.

full appreciation of the matter and possibly even the interpretation of the provision of Article 28 of the PIL Act in an adjusted manner to accommodate the territoriality of the intellectual property rights, as advocated above.

51. The court decisions in the field of infringement mainly overlook the conflict-of-law issues. A case in point is *Labello/Lip Balm*, which concerned a claim of the German company BDF Beiersdorf AG against several Croatian companies based on trade mark infringement and unfair competition. The claim was rejected and the case went all the way to the Supreme Court of the Republic of Croatia, which found that the first-instance and second-instance decisions were not correct, and remitted the case back for the new trial, and referred directly to Croatian law without discussing the issue of the applicable law.¹⁴⁹ Likewise, in *United Colors of Benetton*, the Italian company Benetton SpA sued a trader in Osijek, Croatia for trade mark infringement based on unauthorised use of the sign in the defendant's store, and the Supreme Court of the Republic of Croatia quashed the first-instance and second-instance decisions without any mention of the international element or conflict-of-law provisions.¹⁵⁰ In the third case, *Reebok and Starcrest*, a company established in the United Kingdom filed a lawsuit against seven Croatian companies or other entities for trade mark infringement and acts of unfair competition. In the first instance, the Commercial Court in Zagreb rendered a decision in favour of the plaintiff, which was later confirmed by the High Commercial Court and the Supreme Court of the Republic of Croatia.¹⁵¹ Here also the courts failed to observe the international element. In the *Mercatone* case, the Italian company Salzam Srl sued the Croatian company Eki-Mercatone Invictus doo before the Commercial Court in Rijeka for trade mark infringement. The first-instance decision, later confirmed by the High Commercial Court, was rendered in favour of the plaintiff save for the claim of erasing the defendant's trade name from the Register of Companies, because such claims do not exist under Croatian law.¹⁵² Again there was no mention of the cross-border element, but, as in other three formerly cited cases, this did not create any problems in the outcome of the cases because the claims were all limited to the Croatian intellectual property rights, mainly those registered before the SIPO, and the alleged infringing activities were taking place within Croatia. Therefore, the conflict-of-law analysis would have applied Croatian law.

1.3.3 General Principles of Conflict of Laws in Contract

52. Eisner wrote in the 1950s that it was not contrary to the principle of territoriality to enforce a contract related to copyright recognised or patent granted by a foreign country, because that would not have affected the existence and validity of the right itself. Eisner further stated that the same reasons justify the conclusion that contracts may be governed by the law of a country different from where right originated and where the contract related.¹⁵³

¹⁴⁹ The Supreme Court of the Republic of Croatia Rev-163/1999-2 of 24 February 2000, accessible at: suds-kapraksa.vsrh.hr/supra/.

¹⁵⁰ The Supreme Court of the Republic of Croatia Revt-50/02-2 of 17 October 2002, accessible at: suds-kapraksa.vsrh.hr/supra/.

¹⁵¹ The Supreme Court of the Republic of Croatia Revt-52/04-2 of 15 September 2004, accessible at: suds-kapraksa.vsrh.hr/supra/.

¹⁵² The High Commercial Court Pz-5393/02-3 of 23 November 2004, accessible at: suds-kapraksa.vsrh.hr/supra/.

¹⁵³ Eisner, above n 31, 208.

53. It is commonly accepted among scholars that the international conventions do not contain conflict-of-law provisions for contractual obligations related to intellectual property rights; hence the PIL Act is of crucial importance.¹⁵⁴ The most important provisions are those of Articles 19 and 20 of the PIL Act. According to the former, the law applicable to contract is that chosen by the parties. This provision is very simple and non-limiting, and has been interpreted in the sense that no connexion is necessary with the chosen law in order for the choice to be valid.¹⁵⁵ Likewise, the *depeçage* has been seen as incorporated in the party autonomy as well as the possibility of subsequent choice of change of the already chosen applicable law.¹⁵⁶

54. In the absence of the parties' choice, the law is determined on the basis of objective connecting factors, but the outcome may be modified by virtue of the escape clause. Two provisions in Article 20 of the PIL Act refer directly to intellectual property rights. Article 20(14) of the PIL Act provides that the applicable law for the contract on copyright is the law of the place where the author's domicile or seat was at the time of the receipt of the offer. The other provision is Article 20(18) which states that in the case of a 'contract on technology transfer (licences and other), the law of the place where the domicile or the seat of the receiver of the technology was at the time the contract was concluded' will be determinative. Another provision contained in Article 20(20) of the PIL Act is important for the discussion; it provides that contracts not listed in this Article are governed by the law of the place where domicile or seat of the offeror was at the time the offer was made. This provision might be relevant for contracts such as distribution contracts or franchising contracts both of which can implicate some sort of intellectual property rights.

55. It is important to first attempt to define the *ratione materiae* scope of the provisions in question. As to Article 20(14) of the PIL Act, the notion of 'the contract on copyright' is to be understood as any contract whose object is 'assignment' or 'licence' of copyright irrespective of the actual name such contract might have in the national laws. For instance, under Croatian law, copyright cannot be assigned, because of its monistic legal nature, but this provision would still apply to a contract on assignment of copyright in order to determine the applicable law. The only transaction possible in relation to the copyright under the Croatian copyright law is 'establishing the right of use of the work to the benefit of another person' (German *Nutzungsrecht einräumen*). This is often erroneously referred to as license in Croatian legal literature, but its legal nature is different from licences, and hence it does not fall under the substantive or conflict-of-law provisions on licences.¹⁵⁷ An additional question that needs to be addressed here is whether the notion of 'the contract on copyright', or more precisely 'the contract on author's right', includes also the related rights. The answer to this question should be affirmative since these rights traditionally share common characteristics and it seems more reasonable to treat them similarly for the purpose of the conflict of laws, than to look for an applicable law under the provision of Article 20(20) of the PIL Act which is a general default rule.

¹⁵⁴ See K Sajko, 'Koje se pravo primjenjuje na izdavačke ugovore s međunarodnim obilježjem?' ['Which Right Applies to Publishing Contracts with an International Element?'] in P Atanacković and M Jovičić, *Autorsko pravo i izdavači [Copyright and Publishers]* (Belgrade, Poslovna zajednica izdavača i knjižara Jugoslavije, 1984) 227; I Kunda and R Matanovac Vučković, 'Raspodjeljenje autorskim pravom na računalnom programu – materijalno-pravni i kolizijskopravni aspekti' ['Transactions concerning the Copyright in Computer Programs: Substantive and Conflict of Laws Aspects'] (2010) 31 *supp Zbornik Pravnog fakulteta Sveučilišta u Rijeci [Collected Papers of the Law Faculty of the University of Rijeka]* 112.

¹⁵⁵ See also Sajko, above n 127, 144.

¹⁵⁶ *ibid.*, 137 and 145.

¹⁵⁷ Kunda and Matanovac Vučković, above n 154, 95.

56. The other provision contained in Article 20(18) of the PIL Act applies to 'the contract on technology transfer (licences and other)'. The term 'technology transfer', though used on a regular basis, seems somewhat imprecise from the legal perspective. Nevertheless, it is commonly understood that this notion includes assignment and licences of industrial property rights. This should also include know-how and trade secrets, in particular technology know-how and trade secrets. Whenever either Article 20(14) or Article 20(18) of the PIL Act are not applicable, the general default rule in Article 20(20) comes into play. The general default provision should apply to contracts such as distributing and franchising contracts. Therefore, resorting to *depeçage* by applying either Article 20(14) or Article 20(18) to intellectual property aspects of that contract, and other conflict-of-law provisions to other aspects thereof, should be avoided. The parties may of course decide differently, but in the absence of their choice this approach is justifiable in view of the fact that, in principle, intellectual property right aspects of the entire transaction are not the main objectives of the contracts.

57. More detailed analysis of the above provisions leads to the conclusion that they do not follow the same connecting principle. Article 20(14) of the PIL Act uses the author's domicile/seat, while Article 20(18) of the PIL Act uses the technology receiver's domicile/seat. It has been submitted in Croatian scholarship that the former connecting factor embodies the widely accepted doctrine of characteristic performance, while the latter departs from this doctrine.¹⁵⁸ This departure has been explained by the intention to favour the domestic parties, given that formerly Yugoslav and now Croatian parties¹⁵⁹ to the technology transfer agreements were and still are usually receivers rather than transferors. Thus the provision would lead to application of the forum law. Determining the applicable law pursuant to the provision of Article 20(20) of the PIL Act departs from the doctrine of characteristic performance, although this doctrine is the principal inspiration for the provisions of Article 20 of the PIL Act in general. The connecting factor used in the provision of Article 20(20) of the PIL Act refers to the law of the offeror's domicile or seat. Such connecting factor is hardly justifiable because the applicable law might be other than the law which the contract is most closely connected to, and may be a result of the purely incidental set of circumstances. In practical terms, it is not always easy to determine which party was the offeror.¹⁶⁰ In fact, this exercise involves a circular process, since the court has to determine which party placed the offer, before determining the applicable law governing the contract, including its formation. These problems are reflected in the case law where the courts have resorted to the characteristic performance test instead of applying the offer test.¹⁶¹

58. Where 'the special circumstances of the case point towards another law' different from the law determined pursuant to former provisions, that other law will be applicable. This provision has been interpreted also as the closest connection, but it is submitted here

¹⁵⁸ M Župan, *Pravo najbliže veze u hrvatskom i europskom međunarodnom privatnom ugovornom pravu* [The Law of the Closest Connection in Croatian and European Private International Law of Contracts] (Rijeka, Pravni fakultet Sveučilišta u Rijeci, 2006) 186.

¹⁵⁹ The PIL Act dates back to the time before the dissolution of the former Yugoslavia and it entered into force in 1982. It became Croatian law in 1991 when Croatia declared its independence.

¹⁶⁰ D Babić, 'Određivanje mjerodavnog prava za ugovore u praksi Stalnog izabranog sudišta pri HGK' ['Determining the Applicable Law for the Contracts in the Practice of the Permanent Court of Arbitration attached to the CCH'] (2000) 12 *Hrvatska pravna revija* [Croatian Law Review] 159; Župan, above n 158, 186.

¹⁶¹ The Commercial Court in Rijeka P-1176/2000 of 6 May 2003, cited in Župan, above n 158, 193. See also the Permanent Court of Arbitration attached to the Croatian Chamber of Commerce IS-P-12/93 of 13 April 1993 and IS-P-5/93 of 24 May 1994, cited in Sajko et al, above n 79, 146.

that its wording and the surrounding provisions are sufficient basis for arguing that this is the escape clause.¹⁶² The author of this chapter is unaware of any decision that would use this escape clause as basis for applying law different from that designated by the provision of Article 20(1)–(20) of the PIL Act. There are few decisions which merely state such special circumstances do not exist, but no reasons are given and are thus of little help in construing the scope of this exception.

59. In determining the applicable law, one has to be mindful of the delineation between two sorts of issues related to a copyright contract: purely contractual issues which are governed by the *lex contractus*, and those which concern the intellectual property right. The latter are excluded from the application of the *lex contractus* due to territoriality principle embodied in the connection to *locus protectionis*.¹⁶³ It is submitted in the scholarly opinions that also the following issues are outside the reach of the *lex contractus* and are always governed by the *lex loci protectionis*: the issue of whether the publisher may contract out the obligation to publish a work and what are the consequences if it fails to publish it,¹⁶⁴ payment of the reasonable compensation, and validity of the subsequent licence following the prior exclusive licence.¹⁶⁵ Other typical questions related to the intellectual property right itself and thus excluded from the realm of the *lex contractus* are: initial entitlement to the right and question whether the precondition for protection are met, the duration of the right, the content of the exclusive rights and limitations to these exclusive rights, transferability of the right as a whole or certain aspects thereof as well as effects of the transfer or licence towards the third parties. These issues may be viewed from the perspective of determining the scope of the law applicable to contracts or from the perspective of the operation of internationally mandatory rules, which seems to be two sides of the same coin in the field of intellectual property rights. The deviation may arise to the extent that the forum law will not allow foreign internationally mandatory rules to take effect although they are part of the *lex loci protectionis*.

60. Special attention has to be paid to the consumer-protective rules in determining the applicable law for consumer contracts involving the intellectual property rights. In such instances Article 4 of the Consumer Protection Act lays down that the choice of applicable law may not deprive the Consumer having habitual residence in Croatia of the protection it enjoys pursuant to the mandatory rules contained in the Consumer Protection Act.¹⁶⁶ These rules are given mandatory force to strike down the choice of non-Croatian law to the extent that the mandatory provisions (*ius cogens*) of the Consumer Protection Act would be substituted by the provisions of the foreign law less favourable to the consumer habitually resident in Croatia. Therefore, these rules disallow conflict-of-law autonomy of the parties (German *kollisionrechtliche Verweisung*) but permit substantive autonomy of the parties (German *materiellrechtliche Verweisung*). The conflict-of-law autonomy of the parties allows the parties to choose the foreign law in its entirety including the mandatory provisions, replacing the law applicable in the absence of choice together with its mandatory provisions. Conversely, substantive autonomy of the parties permits the parties only to

¹⁶² For detailed analysis see Kunda and Matanovac Vučković, above n 154, 121–22.

¹⁶³ In relation to the publishing contracts see Sajko, above n 154 231–32.

¹⁶⁴ Art 66 of the Copyright and Related Rights Act.

¹⁶⁵ Sajko, above n 163, 236–37.

¹⁶⁶ The Consumer Protection Act is basically the result of the implementation in the Croatian law of the provisions of EU law which afford protection to consumers in private legal relations. The consumer is defined as any natural person who concludes a legal transaction at the market for purposes other than his or her occupation or professional activity or business operation (Art 3(1) of the Consumer Protection Act).

substitute the dispositive (supplemental) provisions of the law applicable in the absence of choice, by the provisions of the chosen law, while the mandatory provisions of the law applicable in the absence of choice continue to apply. Thus, the substantive autonomy of the parties is equivalent to incorporation of certain provisions into the contract without the consequence of choosing another law as applicable.

61. Croatian scholarship has pointed out the importance of the choice-of-law clause in the standard form contract or contract of adherence drafted by multinational companies which do not necessarily involve consumers, and may still produce unjust result for the adhering party.¹⁶⁷ Even in such cases where the consumer-protective provisions do not play a role, there are some provisions which are aimed at assuring certain balance between the parties, such as the author-protective ones. Thus, in Croatian law it is prohibited for an author to transfer *inter vivos* to another person his or her moral rights, just as he or she may not waive his or her copyright.¹⁶⁸ This rule has been qualified as an internationally (or overriding) mandatory rule (French *loi de police, règles d'application immédiate*, German *Eingriffsnormen*) because the moral rights of an author are aimed at protecting crucial elements of the Croatia's social organisation. The moral rights of an author embody the unique personal connection between the author and his or her work, while on a general scale, the recognition of rights of an author serve as important means for realising the objectives of the country's cultural and innovation policy.¹⁶⁹ Further examples of internationally mandatory rules, specific to the software copyright, are some provisions on exceptions to the exclusive rights, such as making a back-up copy, observing, studying or testing the functioning of the computer program as well as decompiling under certain statutory conditions.¹⁷⁰ The purpose is to assure the balance of the conflicting interests of the author and the public, which has repercussions over the economic structure of the country.¹⁷¹

62. Regarding the issue of formal validity of the contract, the PIL Act provides that the legal transaction or legal act will be valid if it is valid under the law of the place where it was undertaken or under the law governing the substance of the legal transaction or legal act.¹⁷² This may be applied to the contracts related to intellectual property rights to the extent that the *lex loci protectionis* does not contain provisions of an internationally mandatory nature, or when they do that they are applied primarily.¹⁷³

1.3.4 General Principles of Conflict of Laws in Certain Other Matters

63. The early Croatian scholarship stated that the law of the country which granted an intellectual property right governs it as its *lex rei sitae* (the equivalent to the *lex loci protectionis* in the contemporary language), thus the Croatian law is *lex rei sitae* for the copyright over the work first published in Croatia. It was further stated that this *lex rei sitae* governed

¹⁶⁷ M Baretic and S Nikšić, 'Standard Contract of Multinational Companies vs. National Copyright Contract Law - Particular Examples' in I Gliha et al (eds), *Cultural Diversity: Its Effects on Authors and Performers in the Context of Globalisation* (Zagreb, Pravni fakultet Sveučilišta u Zagrebu/Hrvatsko društvo za autorsko pravo - ALAI, 2009) 435.

¹⁶⁸ Arts 14-17, 42 and 50 of the Copyright and Related Rights Act.

¹⁶⁹ Kunda and Matanovac Vučković, above n 154, 126.

¹⁷⁰ Arts 110(2), 110(3) Art 111 of the Copyright and Related Rights Act.

¹⁷¹ Kunda and Matanovac Vučković, above n 154, 127.

¹⁷² Art 7 of the PIL Act.

¹⁷³ Thus, the Copyright and Related Rights Act provides that the contract on the basis of which the right to use the copyright is acquired has to be concluded in writing, with the exception of small publishing contracts (Arts 51 and 59).

the scope of the right (ie the individual rights which the holder has against other persons), the transferability of the right with control over the form of the right, and the possibility to encumber that right by creating certain rights *in rem* (*ususfructus* or *lien*) etc.¹⁷⁴ Likewise, the statutory preconditions for protection, the duration of the right, the limitations to the exclusive rights and their dispositive or mandatory nature, transferability of the right as a whole or certain aspects thereof as well as effects on the transfer or licensing to the third parties are all under the realms of the *lex loci protectionis*.

64. The issue of what law applies to the initial entitlement to the right is not sufficiently debated in the Croatian scholarly writings and the case law is, also, inconclusive. In the previously cited case *Sten Eric Odman v Adris Grupa dd*, the Commercial Court in Rijeka attempted to resolve the issue of authorship by referring both to the Croatian Copyright Act of 1978 and the Swiss Federal Copyright Act of 1922, both of which were in force at the time the work in question was created.¹⁷⁵ Interestingly, the Court's reasoning did not provide an explanation as to why both Acts were consulted. The Court stated that these two Acts contain identical rules on the presumption of authorship¹⁷⁶ so that there was no need to decide which was more relevant. The Court embraced this as a way out, almost as if it was acting in imitation of Currie's approach of true and false conflict. The Court's conflict-of-law analysis did not actually reveal its actual motives. Most probably, the Swiss law was taken into consideration as the *lex originis*, while the Croatian law was considered either as the *lex fori* or the *lex protectionis*. It is almost certain that the Court did not consider both laws as cumulatively applicable, and the fact that the Court actually looked into the Swiss law at all may be seen as an indication of its preference for the *lex originis*, ie for the country of origin principle (*German Ursprungslandprinzip*). The Rijeka Court eventually decided correctly on the applicable substantive rule, but it remains unclear what would have been the result if the substantive rules had Swiss and Croatian laws differed.

65. Another interesting issue has arisen in *Freistaat Bayern v Croatiaknjiga doo* cited above, concerning the right of action (*German Aktivlegitimation*) and the related issue of transferability of copyright. In ascertaining whether the State of Bavaria could assume the role of plaintiff in this dispute, the Court simply applied the Croatian Copyright Act. Bavaria presented itself as the copyright-holder, and under Croatian law copyright-holders are entitled to an action for unauthorised copyright use. In order to decide on the defendant's objection, the Court had to answer the question whether the State of Bavaria became a holder of copyright over *Mein Kampf*, ie whether it lawfully acquired a copyright on the basis of confiscation. This issue should be characterised as falling under the broader notion of transferability of copyright. The judgment's substantive reasoning follows the conflict-of-law reasoning, but it mentions only the means of legal redress and the copyright term. Therefore, absent the Court's express statement on what law applies to transferability of copyright, the application of Croatian law to the right of action and the legality of transfer might be understood as a consequence of either the *lex fori* rule or the *lex causae* rule. A likely construction would be that the Court considered these matters so closely related to the means of redress that they fell under the same conflict-of-law rule, which in the opinion of the author of this Report is not a valid conclusion.

¹⁷⁴ Eisner, above n 31, 209.

¹⁷⁵ See above n 134, 23.

¹⁷⁶ The author shall be the person whose name and surname or pseudonym appears on the work, unless proven otherwise.

66. The right of action is different from the capacity to sue (*locus standi*), which by its very procedural nature is governed by the forum's law. Generally, the right of action is substantive in nature since it derives from the substantive rules defining rights. When an intellectual property right is granted through a legislative act, there is a person with whom this right is vested. This person is usually given a legal remedy to protect its right before the courts. For these reasons, the right of action issue should be decided under the same applicable law rule as the disputed right itself (the *lex causae*, ie in intellectual property cases, the *lex protectionis*).

67. The issue of intellectual property right transferability is particularly important from the conflict-of-law perspective and, due to the implications and significance for the country of protection, transferability, and the legal forms for transfer in particular, are often said to be governed by the *lex protectionis*.¹⁷⁷ Although it did not explicitly resolve these matters, the Commercial Court in Zagreb unintentionally succeeded in properly designating the Croatian law as applicable to the issue of whether the confiscation is a permissible mode of copyright transfer, because under the facts of *Freistaat Bayern v Croatiaknjiga doo*, Croatian law was both the *lex fori* and the *lex protectionis*.¹⁷⁸

68. Regarding the term of protection, the Commercial Court in Zagreb employed a technique analogous to that used to resolve the infringement issue. Satisfied that the conflict-of-law solutions were provided by the Berne Convention, the Court invoked Article 7(8) and concluded that Croatian law was applicable as the *lex fori*. As a result, the Court rejected the defendant's contention that this issue should be governed by German law. This again seems to be correct only in its outcome because of the facts at hand. Together with the existence and scope of the copyright, the term of protection is actually a core copyright issue, and as such is governed by the *lex loci protectionis*. In addition to applying Croatian law, the Court verified through Article 7(8) of the Berne Convention that the term of protection under Croatian law, which it found to be 70 years *post mortem auctoris*, was not longer than the term under German law.¹⁷⁹

1.4 Recognition and Enforcement

69. Chapter 4 of the Croatian PIL Act regulates the issues of recognition and enforcement of foreign judgments and some aspect of the proceedings in which these issues are decided. Recognition of a foreign judgment is generally understood as making it equal in respect of its legal effects to the domestic judgment.¹⁸⁰ Article 86 of the Croatian PIL Act provides that a foreign judicial decision shall produce legal effects in the Republic of Croatia if recognised by a Croatian court. It is further provided that a judicial settlement, as well as a decision of a body different than the court which in the country of origin is equivalent to a judicial decision or judicial settlement, shall be considered a judicial decision for the pur-

¹⁷⁷ In the 1950s, Eisner stated that, due to the territoriality principle, transferability is governed by the law of each country of protection. This means that if the invention is protected in countries A and B and both patents are assigned to another person, if such assignment is not permitted in country B, this assignment shall have legal effect only in country A. Eisner, above n 31, 217.

¹⁷⁸ For further comments on the judgment see Kunda, above n 129, 624 et seq.

¹⁷⁹ The problematic aspect of the court decision in applying the Croatian Copyright and Related Rights Act retroactively is explained in Kunda, above n 129, 627–28.

¹⁸⁰ I Grbin, 'Priznanje i izvršenje stranih sudskih odluka' ['Recognition and Enforcement of Foreign Judicial Decisions'] (1992) 46 *Zakonitost [Legality]* 620.

poses of recognition. The notion of a 'foreign judicial decision' is not statutorily defined, and Croatian scholarship agrees that a foreign judicial decision is a judicial decision rendered not in the name of the country of recognition, but in the name of a foreign authority regardless of the place where the rendering body is seated.¹⁸¹ Although not explicitly discussed in the scholarship, the same criteria would apply for determining whether a decision ordering a preliminarily/interim measure is foreign or not, because the decisions ordering such measures fall under the scope of Article 86 of the Croatian PIL Act.

70. According to the Articles 20–23 of the Croatian Enforcement Act, the enforcement is carried out on the basis of the *titulus executionis* which, in addition to a domestic decision, may also be a foreign decision provided that it fulfils the requirements for recognition and enforcement prescribed by a statute or an international agreement.¹⁸² The Enforcement Act provides that the enforcement on the basis of the decision of the foreign court may be ordered and carried out in the Republic of Croatia only if such decision fulfils the requirements for recognition and enforcement under the international treaty or statute.¹⁸³ This is the reference to the PIL Act, unless there is a bilateral or multilateral international treaty.¹⁸⁴ If the object of preliminary/interim measure or enforcement is the property of a foreign state, the enforcement is conditional upon consent being given by the Croatian Ministry of Justice. Naturally, such consent is not required if the respective foreign state has agreed to the measure or enforcement.

71. Due to the public law character of the provisions, the law applicable to the proceedings for preliminary/interim measures or enforcement proceedings is Croatian law as the *lex fori*.¹⁸⁵ The crucial issue for establishing whether the Croatian court is competent to proceed is the location of the object of measure or enforcement because Croatian enforcement law generally adopts the territoriality principle. This means that, in principle, the object of a preliminary/interim measure or enforcement has to be located in Croatia in order for the Croatian court to be competent in the matter. The provision of Article 101(1) of the Croatian PIL Act states that the internal territorial competence for recognition and enforcement of foreign judicial decisions belongs to the court where the recognition or enforcement should be carried out. Obviously, the jurisdiction is not prescribed specifically for international cases, and is derived from the rules on internal territorial jurisdiction pursuant to Article 27 of the Civil Procedure Act.¹⁸⁶ This directs the court to look at the rules on internal territorial competence in the Enforcement Act. It also leaves unresolved the issue of internal territorial competence for recognition.¹⁸⁷

72. It is important to note that, in addition to the possibility that the recognition proceedings are carried out at a separate hearing, which are non-contentious by their nature,

¹⁸¹ *ibid*, 621–22; M Dika, 'O pojmu priznanja stranih sudskih odluka po jugoslavenskom internom pravu' ['On the Notion of Recognition of Foreign Decisions under Yugoslav Domestic Law'] (1987) 26 *Privreda i pravo [Economy and Law]* 600, 603–4; V Tomljenović, 'Kako kvalificirati pojame strane sudske odluke?' ['How to Qualify the Notion of the Foreign Judicial Decision?'] (1986) 7 *Zbornik Pravnog fakulteta Sveučilišta u Rijeci [Collected Papers of the Law Faculty of the University of Rijeka]* 171, 179.

¹⁸² It has been stated that foreign authenticated documents, if enforceable in the country of origin, should be treated as equal to such documents which are given the *titulus executionis* under Croatian law, such as notary public deeds or solemnised private deeds, and thus are a basis of enforcement (Notary Public Act, OG RC 78/1993, 29/1994, 162/1998, 16/2007 and 75/2009). Vuković and Kunštek, above n 87, 545.

¹⁸³ Art 17 of the Enforcement Act.

¹⁸⁴ See the list in Vuković and Kunštek, above n 87.

¹⁸⁵ *ibid*, 535 and 550.

¹⁸⁶ *ibid*, 536 and 550–51.

¹⁸⁷ Dika, in Dika, Knežević and Stojanović, above n 85, 338–39.

there is an option for each court to decide on certain legal matters, to give effect to those proceedings only on the issue of recognition of the preliminary questions of the foreign judicial decision.¹⁸⁸ The first-instance decision on recognition and/or enforcement is appealable within 15 days from the day the decision was served on the appealing party.¹⁸⁹

73. The general requirements for recognition and enforcement of foreign judicial decisions, including the decisions on interim/preliminary measures, are those prescribed in the Croatian PIL Act. The Croatian court shall refuse recognition of a foreign judicial decision (or an equivalent to it) if:

- (a) exclusive jurisdiction in the matter is reserved for the Croatian courts;¹⁹⁰
- (b) the matter is a *res iudicata*;¹⁹¹
- (c) the decision is contrary to Croatian *ordre public*;¹⁹²
- (d) there is no reciprocity;¹⁹³
- (e) on the basis of the objection of the party against whom the decision was rendered, it is established that that party was not given the opportunity to participate in the proceedings due to the procedural irregularity.¹⁹⁴

Further, a precondition for recognising a foreign judicial decision is that the certificate issued by the competent foreign court or other body certifying the decision is unappealable (final and binding) according to the law of the country of origin.¹⁹⁵ In case of enforcement of a foreign judicial decision, all the above cited provisions on recognition (Arts 87–92) apply accordingly, while the applicant also has to submit the certificate that the decision is enforceable under the law of the country of origin.¹⁹⁶

74. The above listed requirements apply equally to cases involving intellectual property rights. Understanding that *ex parte* proceedings are very important in the field of intellectual property law, it is important to verify whether these rules would prevent the recognition and enforcement of judgments and provisional measures handed down in such proceedings. Two provisions might be of particular importance, the provision on *ordre public* and the due process provision embodying the principle of *audiatur et altera pars*. Normally, the decisions rendered in *ex parte* proceedings should not be considered contrary to Croatian *ordre public* or due process clause since such proceedings are envisaged in the Croatian intellectual property statutes as well.¹⁹⁷

¹⁸⁸ Art 101(5) of the PIL Act.

¹⁸⁹ Art 101(3) of the PIL Act.

¹⁹⁰ Art 89 of the PIL Act.

¹⁹¹ Art 90 of the PIL Act. In the situation where there is an unappealable decision rendered or recognised in Croatia in the same matter the court shall refuse the recognition. While in cases where there is an earlier *lis pendens* before a Croatian court, the recognition court shall suspend the proceedings until the unappealable decision is rendered by the litigation court.

¹⁹² Art 91 of the PIL Act.

¹⁹³ Art 92 of the PIL Act. Reciprocity is presumed to exist until proved otherwise, and in case of doubt the Ministry of Justice may be requested to provide a clarification.

¹⁹⁴ Art 88 of the PIL Act. This ground exists, in particular, if the party against whom the decision was rendered was not able to participate in the proceedings since he or she was not personally delivered the summons, statement of claim or decree on the commencement of the proceedings, unless he or she has pleaded on the merits in the first instance. Whether there was actually a procedural irregularity is decided under the law of the country where these proceedings took place, ie the country of the origin of the decision in question.

¹⁹⁵ Art 87 of the PIL Act.

¹⁹⁶ Art 96 of the PIL Act.

¹⁹⁷ See eg, Arts 95(4) and 95(3) of the Patent Act.

75. Problematic in recognition and enforcement under Croatian law is the fact that there are no explicit provisions which confer on courts or administrative bodies exclusive international jurisdiction in cases concerned with grant, registration, validity, abandonment or revocation of the registered intellectual property right. This is further complicated by Article 47 of the Croatian PIL Act, which states that the Croatian courts shall have exclusive jurisdiction only where such jurisdiction is explicitly prescribed by the Croatian PIL Act or another statute. Therefore, it might be concluded that exclusive jurisdiction of Croatian courts could not be used as a ground for refusal of recognition of foreign decisions which invalidate a Croatian patent registered before the SIPO, because such exclusive jurisdiction is not explicitly prescribed. An alternative option for a Croatian court asked to recognise such decisions would be to invoke *ordre public*. The following reasons may be relevant to this discussion. Above all, the principle of territoriality of intellectual property rights requires that issues such as grant, registration, validity, abandonment or revocation of the registered intellectual property rights are not decided by foreign courts or bodies. In Croatia, moreover, such issues are almost without exception decided before administrative bodies, even the Croatian courts are excluded.¹⁹⁸ Verona's comments, furthermore, highlight that each country views the patent protection as its exclusive right, just as in the period of privileges, because the exclusive right of an inventor may not exist without the patent, and the patent is an act of public law that may not extend beyond the borders of the issuing state. As a result, no foreign body may judge the validity of the patent.¹⁹⁹ Based on these reasons, it might be possible to claim that it would be contrary to the Croatian *ordre public* to recognise or enforce a foreign decision on the issues such as grant, registration, validity, abandonment or revocation of the registered intellectual property right. As a final resort, one might claim that the decisions on grant, registration, validity, abandonment or revocation of the registered intellectual property right are not private law matters under Croatian law, but fall under the public law sphere where the PIL Act does not apply and where the principle of sovereignty excludes the possibility of the laws of one state having legal effects on the territory of another state.

76. The courts competent to carry out the recognition and enforcement proceedings in commercial matters, including the intellectual property matters, are the Commercial Courts in the first instance, and the High Commercial Court in the second instance.²⁰⁰

Section II: Hypothetical Case Studies

Case 1: General/Special Grounds of Jurisdiction

A is an international pop-music idol who has just released a new single. At a point in time when sales of the new single have increased B, the publisher of a monthly music journal, inserts a headline article claiming that the new single of A is a mere adaptation of a song released in the 1950s. A files a defamation suit.

¹⁹⁸ See above 1.1.3. This circumstance has been pointed out as one of the justifications of the exclusive jurisdiction by the Court of Justice of the European Union in Case C-4/03 *Gesellschaft für Antriebstechnik GmbH & Co KG v Lamellen und Kupplungsbau Beteiligungs KG* of 13 July 2006, accessible at: curia.europa.eu/jcms/jcms/_6, paras 22–23.

¹⁹⁹ Verona, above n 53, 55.

²⁰⁰ Art 20(1)(6) of the Courts Act.

Case 1(1)

Would a court of your country have international jurisdiction if the defendant B had its residence in your country? Would the decision regarding international jurisdiction of the court of your country differ if the defendant was a corporation having its main place of business in a third country X, but a branch was located your country?

Courts in Croatia cannot establish their jurisdiction on the basis of the defendant's residence, but merely on the basis of the defendant's domicile. The residence may be relevant only subsidiarily, in a situation in which the defendant has no domicile in Croatia or in any other country in the world.

If the defendant was a corporation having its main place of business in a third country, and the branch in Croatia, the situation would not be altered just because of the presence of the branch in Croatia, since the general jurisdiction for corporations (and all legal persons) is based on their seat.

In both above cases, the lack of contact may be cured if a defendant enters a plea without challenging the jurisdiction (*prorogatio tacita*).

Case 1(2)

Would a court of your country have international jurisdiction if the copies of the journal were distributed in your country in the language which is officially spoken? Would the decision differ if the journal was printed in your country for distribution in neighbouring country X (in a language which is not spoken in your country)?

If the copies of the journal were distributed in Croatia in Croatian, the court would have jurisdiction on special grounds for tort since the damage would then have occurred in the Republic of Croatia, which is the relevant criterion for establishing jurisdiction.

A decision of the Supreme Court of the Republic of Croatia seems to be pertinent to this case:²⁰¹

The damage caused to the plaintiff by publishing to her damaging information simultaneously in the Republic of Croatia and the Republic of Slovenia represents the total damage, and for enforcing that damage before the court, in accordance with provision of Article 28 paragraph 1 of the Resolution of Conflict of Law with the Laws of Other Countries in Certain Relations Act ('Official Gazette', No 53/91) the applicable substantive law is the law of the place where the act was committed or the law of the place where the consequence has occurred, depending on which of the two laws is more favourable to her.

Hence, the plaintiff could at her choice claim compensation of damage either according to the substantive laws of the Republic of Slovenia, or the laws of the Republic of Croatia. The jurisdiction of the court of the Republic of Croatia to proceedings in matters with an international element is based on the provision of Article 53 paragraph 1 of the same Act.

If the journal was printed in Croatia for distribution in neighbouring country X, the legal situation is unclear due to the absence of case law. Moreover there are conflicting scholarly opinions on this issue. It might happen that nothing would change since the relevant provision containing the phrase 'damage occurring in the Republic of Croatia' has been interpreted in line with the ubiquity theory according to which the damage occurs both, in the place where the wrongdoer acts (*locus actus*) and in the place where the consequence of

such wrongful action is felt (*locus damni*), but only as to direct damages. The contrary scholarly opinions would limit the scope of this phrase only to the place of the damage, ie the consequences of tortious act (*locus damni*). Therefore, it is hard to predict which direction the courts and ultimately the Supreme Court of the Republic of Croatia would follow.

The effect that questions of a foreign language used in the journal and not spoken in Croatia might have over the jurisdiction issue is, to the knowledge of the author of this Report, never been discussed in the context of Croatia. In the opinion of the author of this Report, the language should not have any effect over determining the jurisdiction on the basis of the provisions as they are now, since language is not among the prescribed criteria in any of the provisions on jurisdiction, and Croatian courts may not decline jurisdiction if the prescribed criteria are met.

Case 1(3)

Under the law of your country, would residence of the defendant be necessary for a court to have international jurisdiction over A's claim for the overall damage sustained in all countries where the journal was published?

This has not been at issue in any of the available court rulings. Perhaps the same interpretation might be adopted as in respect to language. However, taking account of the sometimes creative approach of the Supreme Court of the Republic of Croatia it would not be surprising that it would follow the interpretations adopted in the comparative law (such as in the rulings of the Court of Justice of the European Union).

Case 2: Subject-Matter Jurisdiction

A court of country X is dealing with a dispute between A and B concerning an infringement of a foreign patent issued in country Y. During the course of infringement proceedings, B makes a counter-claim that the patent is invalid. Assuming that a court of your country is the court of country X:

Case 2(1)

Would it have international jurisdiction and would it decide the question of the infringement of foreign intellectual property rights?

In the situation where a dispute between A and B concerning an infringement of a foreign patent issued in country Y is brought before a Croatian court, the court would have international jurisdiction provided that any of the grounds is met:

- defendant's domicile/seat in Croatia;
- defendant's residence in Croatia if the defendant is domiciled neither in Croatia nor in another country;
- the parties to a dispute are Croatian nationals and the defendant has residence in Croatia;
- one defendant's domicile/seat in Croatia is sufficient for jurisdiction against other defendants provided that they are sued on the same legal and factual grounds;
- defendant is Croatian national domiciled in Croatia, and lives abroad where he or she has been sent on duty or to work by a state body, a company or another legal person;

²⁰¹ The Supreme Court of the Republic of Croatia Rev 3197/1995-2, 22 November 1995, accessible at: sudspraksa.vsrh.hr/supra/.

criterion of jurisdiction provided in the law of a foreign state applicable in the proceedings against a Croatian national, which although not provided in Croatian law, may be used for establishing the jurisdiction of the Croatian courts in the proceedings against the national of that foreign state;

if damage occurred in the Republic of Croatia; or

if a defendant enters a plea without challenging the jurisdiction.

Case 2(2)

Would the court have international jurisdiction to decide upon the issues of validity (and registration) of foreign intellectual property rights? If so what would be the legal effects (*inter partes* or *erga omnes*) of such a decision? Would the decision differ with regard to registered and non-registered intellectual property rights?

Whether the Croatian court would have international jurisdiction to decide upon the issues of validity (and registration) of foreign intellectual property rights (such as the B's patent) because a counter-claim was raised in the course of infringement proceedings, is neither regulated in the statutes nor has it been decided before the Croatian courts, to the knowledge of the author of this chapter. In fact, the courts in Croatia do not have the subject-matter jurisdiction to decide such issues regarding the Croatian registered intellectual property rights, but the question if they do have such jurisdiction in regard to the foreign registered intellectual property rights is not possible to answer under the current state of affairs. There is a provision in Article 189 of the Croatian Civil Procedure Act which states that the court entertaining the claim is competent to decide on the counter-claim by which a defendant is requesting that certain right is established and the decision on the claim depends partially or fully on the existence or non-existence of that right. This provision has also been interpreted as the provision on international jurisdiction pursuant to Article 27 of the Civil Procedure Act.²⁰² Consequently, there would not seem to be any explicit basis for the Croatian court to decline its jurisdiction and it should probably proceed with the case, unless it resorts to creative reasoning.

The situation seems less problematic for non-registered intellectual property rights since their validity is under the competence of the courts in Croatia and no act of a foreign state authority would have to be judged. Therefore, the Croatian court would probably not be prevented from establishing its jurisdiction only due to the fact that it has to decide on the counter-claim for validity of the foreign non-registered intellectual property right.

If the Croatian court does decide upon the issues of validity (and registration) of a foreign intellectual property right due to the counter-claim in the course of infringement proceedings, this decision would have an *erga omnes* effect because it will have equal effects as the decision on the claim itself. Conversely, if the issue of validity is to be decided on the basis of simple objection raised in the proceedings, that decision would only be producing legal effects *inter partes*.

Case 2(3)

What would be the decision of a court if the question of the validity of a foreign intellectual property right arose as a preliminary question and remained unchallenged by the parties?

²⁰² The County Court in Rijeka Gž-2157/88 of 25 January 1989, *Pregled sudske prakse* [Case Law Reports], 41 (Zagreb, Narodne novine, 1988), No 84.

In opposition to the scenario involving the counter-claim, if the issue of validity is to be decided on the basis of the simple objection raised in the proceedings, thus creating a preliminary question, that decision would only be producing legal effects *inter partes*. If such objection would be unchallenged by the parties, then the decision of the court might be affirmative but that would eventually depend on the provisions regulating the *onus probandi*. One of the fundamental principles on burden of proof in Croatian law is that the truthfulness of the allegation made by a party should be proven by the same party, and not by the party denying it (*probatio incubit ei qui affirmat non ei qui negat*), especially if those allegations are favourable to the party making the allegation.²⁰³ This rule is subject to certain exceptions, so it is impossible to provide an answer on an abstract level.

Case 3: Consolidation of Proceedings

A is a holder of identical patents in countries X, W, Y and Z. B, C and D are competitors of A and are located in countries X, Y and Z respectively. A finds that B, C and D infringe its patents in countries X, Y and Z. A institutes patent infringement proceedings against alleged infringers before the courts of countries X, Y and Z. A's main place of business is in country W; due to high litigation costs A seeks the consolidation of claims forum of country W.

Case 3(1)

Assuming that the court of country W is a court of your country, would it have jurisdiction to join claims against defendants B, C and D? Would the decision of a court differ if A was a licensor and the claims were raised against licensees B, C and D on the ground of the infringement of a contract?

The question whether the Croatian courts would have jurisdiction to join claims against defendants B, C and D would depend on the interpretation of the provision of Article 46(4) of the PIL Act. This provision states that if there are two or more defendants who are sued on the same legal and factual grounds and between whom this legal and factual connection existed even before the lawsuit was initiated (Croatian *materijalni suparni ari*, German *materielle Streitgenossenschaft*), the Croatian court shall have supplemental jurisdiction to adjudicate the case against all defendants provided one of those defendants has domicile or seat in Croatia. Under the circumstances of this hypothetical case, there seems to be no grounds for international jurisdiction on the basis of joinder because neither of the defendants is domiciled or seated in Croatia.

In passing, the question whether parallel, identical patents in different countries constitute the same legal ground has not been addressed by either the Croatian case law or legal scholarship.

Case 3(2)

Assuming that B, C, and D are members of a group of a corporation and takes identical steps in infringement of A's patents, A seeks to consolidate the proceedings before a court of country X where the coordinator of infringing activities has its main place of business. Assuming that the court of country of X is a court of your country would (and if so under what conditions) it consolidate the proceedings if it was to decide upon the request of A? Would the decision change if B, C, and D raised counterclaims that A's patents are invalid?

²⁰³ Triva and Dika, above n 122, 499–500.

The issue whether Croatian court would and under what conditions consolidate the proceedings if it was to decide upon the request of A, does not actually depend on the corporate structure of the defendants, but on the same circumstances as explained under Case 3(1). In order for the Croatian court to be competent under Article 46(4) of the PIL Act, the defendants have to be sued on the same legal and factual grounds and this legal and factual connection must have existed between them even before the lawsuit was initiated (Croatian *materijalni suparni ari*, German *materielle Streitgenossenschaft*). The condition missing under Case 3(1), the domicile or seat of at least one of the defendants in Croatia, would be fulfilled since B is located in Croatia (provided that 'location' in the hypothetical is equal to the registered seat). Regarding the same factual situation, the court might find this requirement is fulfilled due to the fact that all defendants took identical steps in infringing A's patent. However, the other cumulative condition that there is also the same legal ground might prove decisive since there are several patents, which are independent rights and their infringement is sanctioned by each country's law, hence the court might conclude that defendants are not sued on the same legal grounds. Or, the court might conclude that since the patents are identical and the laws concerning the patent infringement are too, there are the same legal grounds. It may hardly be expected that the court might conclude that same legal grounds exist if the patent laws of the respective countries differ in regulating (defining) the infringement.

The question as to whether the Croatian court decision on jurisdiction might change if B, C and D raised counterclaims that A's patents are invalid, would depend on the circumstances not clearly stated here, but it is assumed that the defendants did not previously object to the jurisdiction of the Croatian court. Thus, if the defendants, without objecting to the jurisdiction of the Croatian court, raised counterclaims (which would mean that they have practically entered a plea) the jurisdiction against them would be based on the provision of *prorogatio tacita*, as against all defendants not having domicile/seat in Croatia, and on the basis of the general heading of jurisdiction (defendant's domicile/seat) as against B. The question would still remain as to whether the Croatian court might be competent to decide the validity of foreign patents, which has been addressed above.

Case 4: Choice of Court

A, who holds a bundle of patents in different countries, entered into a non-exclusive licence agreement with B pursuant to which B received a licence to make, use or offer for sale and otherwise dispose of licensed products. B paid the initial licence fee but later refused to pay other fees arguing, *inter alia*, that its products do not fall under the scope of the licensed patents.

A filed a suit against B seeking patent infringement damages and refers to the choice of forum clause which the parties agreed upon in the licence agreement. B objects to the enforcement of such a choice of forum clause, arguing that the issue is related to foreign patents and thus the asserted choice of court clause is not enforceable. Assuming that A and B are not nationals of your country and do not have any place of business in your country:

Case 4(1)

Would such a choice of court clause of the licence agreement be enforceable? Would the decision differ if parties made (new) choice of court agreement at the time when the dispute arose?

A choice-of-court clause in a non-exclusive licence agreement between A, the holder of a bundle of patents in different countries, and B, the licensee, pursuant to which B received a licence to make, use or offer for sale and otherwise dispose of the licensed products, would be enforceable provided that this clause is otherwise valid. The additional elements for validity of the choice-of-law clause which confers jurisdiction to the Croatian court is that at least one of the parties is a natural person with Croatian nationality, or a legal person having its registered seat in the Republic of Croatia. The situation would remain the same if parties make a (new) choice-of-court agreement at the time the dispute arises.

Case 4(2)

Would the court enforce an exclusive choice of court clause if the defendant raised a counter-claim that patents are invalid?

Assuming that the defendant raised a counter-claim that patents are invalid, the Croatian court would decide on enforcing an exclusive choice-of-court clause independently from such a counter-claim, on the basis of the criteria described under Case 4(1). In passing, if the defendant raises the counter-claim without objecting to the jurisdiction of the Croatian court, that might be interpreted as a plea entered by the defendant, thus creating grounds for the court to establish its jurisdiction even if the choice-of-court clause is not valid.

Case 4(3)

Would the court assert jurisdiction if the choice of court agreement was made in patent infringement proceedings?

If the choice of court agreement is in patent infringement proceedings, the Croatian court cannot establish its jurisdiction because of wordings described under Article 53(1) of the PIL Act, which appears not to allow the parties to explicitly agree on international jurisdiction in tort cases, including patent cases.

Case 4(4)

Would the parties' arbitration agreement be enforceable under the law of your country? Could the arbitration tribunal decide upon the validity of intellectual property rights? If so, what would be the legal effects of such a decision?

The parties' arbitration agreement would be enforceable under Croatian law both in respect to contract and infringement of an intellectual property right, and such decision would have a *res iudicata* effect in Croatian legal system. In opposition, the arbitration tribunal cannot decide upon the validity of intellectual property rights because it is explicitly stated that arbitrable claims are only the 'settling claims', ie claims in respect to which it is permissible to settle (French *le droit sur lequel il est permis de transiger*, German *Rechte, über die die Parteien frei verfügen können*, Croatian *pravo kojime se može slobodno raspolagati*).²⁰⁴

Case 5: Parallel Proceedings

A owns two product patents in countries X and Y. B, who is located in country Z, produces the identical product to that for which A has patents and exports that infringing product to countries

²⁰⁴ See the text accompanying nn 120 and 121 above.

X and Y. Having found out about the infringing activities A files an infringement suit before the court of country Z. However, before A brings a suit in country Z, B launches actions in countries X and Y seeking declarations that B is not liable for the infringements of patents owned by A. Assuming that the court of country Z is a court of your country:

Case 5(1)

What procedural steps would a court of a country Z take having regard pending proceedings in countries X and Y? Would the decision of a court of country Z be different if the dispute was related to intellectual property rights that are not subject to registration?

Assuming that the court of country Z is Croatia, the procedural steps that a Croatian court would take regarding pending proceedings in countries X and Y are as follows. The Court could take an action regarding the simultaneous *lis pendens* before a Croatian court and a foreign court only upon the request of a party to the proceedings. If such request has been made pursuant to Article 80 of the PIL Act, the Croatian court shall suspend the proceedings²⁰⁵ provided that three conditions are cumulatively met: a) both disputes are between the same parties and in the same legal matter, b) the proceedings before the foreign court commenced earlier, c) the legal matter falls under the Croatian rules on exclusive international competence, and d) there is reciprocity. The issue of which proceedings commenced first is to be judged by the laws of the respective countries where the proceedings are taking place (each country's *lex fori*).²⁰⁶ Furthermore, the reciprocity requirement is considered met only if there is factual reciprocity, regardless of whether Croatia and the other country have concluded an international agreement or whether the other country has enacted a law on suspension of proceedings in case of an international *lis pendens*. What matters is that the other country, where the parallel proceeding have commenced later, would also recognise, under certain conditions, the priority of the Croatian proceedings if commenced earlier.²⁰⁷ As previously stated, the exclusive international competence is not prescribed for the cases of infringement of intellectual property rights, irrespective of whether the claims are condemnatory or declaratory. Finally, it has been submitted that parties do not need to be in the same procedural roles for the subjective identity requirement to be met,²⁰⁸ and that objective identity exists when the *res iudicata* effect of the decision in the proceedings would extend to the dispute which is the subject-matter of the parallel proceedings.²⁰⁹ At issue here is whether there is an objective identity between the condemnatory infringement claim and the declaratory *non-infringement* claim. Although Croatian legal scholarship and case law have not specifically addressed the issues in the context of intellectual property rights, it may be concluded that in evaluating these matters the Croatian court would

²⁰⁵ The suspension lasts until the completion of the foreign proceedings. If the foreign decision is recognised in Croatia the claim made in the Croatian proceedings will be dismissed, whereas if the foreign decision refused recognition in Croatia, the Croatian proceedings will be continued.

²⁰⁶ Đ Vuković, 'Litispencencija kod građanskopravnih stvari s međunarodnim elementom' ('*Lis Pendens* Concerning the Civil Law Matters with an International Element') (1986) 10 *Godišnjak Pravnog fakulteta u Banjaluci* [*Annals of the Faculty of Law in Banjaluka*] 107.

²⁰⁷ There are certain disputes in the scholarly writings about the extent to which the foreign rules on *lis pendens* should be equivalent to the Croatian rules in order for the reciprocity requirement to be met. See Dika in Dika, Knežević and Stojanović, above n 85, 257–58.

²⁰⁸ It was also established in the case law that the parties are not identical in the case where the plaintiff in the first proceedings was the *Clinical Centre of the University of Sarajevo*, and the party in the other proceedings was the Republic of Bosnia and Herzegovina. The Supreme Court of the Republic of Croatia Revt-110/05–2 of 13 July 2006, accessible at: sudskapraksa.vsrh.hr/supra/.

²⁰⁹ Triva and Dika, above n 122, 419.

need to establish that the two litigations have the same type of claim and the same factual ground for the claim (*equivalency theory*).²¹⁰ It has been opined that if the plaintiff requests the court to prevent the defendant from doing something, including making payment, or refraining from some act, there is no obstacle to a parallel proceeding in which the defendant could request the court to declare that there is no legal relationship constituting legal grounds for the plaintiff's condemnatory claim in the first proceedings. In such a case if the defendant's declaratory claim were to be accepted, the plaintiff's condemnatory claim should be refused. If, however, the plaintiff's condemnatory claim is accepted, such condemnatory judgment would not at the same time encompass the declaration that there is a legal relation which is grounds for a condemnatory claim, but only that there is an obligation to do something (such as pay a sum of money) or to refrain from doing something.²¹¹ Applying this to the facts presented in the hypothetical case, a possible conclusion might be that because the two claims differ in type (one is condemnatory claim ordering termination of infringement and compensation of damages, and the other is declaratory claim establishing there is no infringement), there is no objective identity and thus no obstacle for the parallel proceedings to continue. To be exact, the *res iudicata* effect of the decision in the infringement proceedings before the Croatian court would not extend to a dispute on non-infringement which is the subject-matter of the parallel proceedings because the declaration on infringement is not included in the dispositive part of the judgment (*conclusio*) rendered by the Croatian court, but only in the reasons, which are never covered by the *res iudicata* effect.

All the above-stated facts apply equally to the dispute that would be related to intellectual property rights that are not subject to registration.

Case 5(2)

What procedural steps would the court in country Z take if B brought a suit before a court of a third country W challenging the validity of patents in countries X and Y?

If B brought a suit before a court of a third country W challenging the validity of patents in countries X and Y, the procedural steps that the court in Croatia (again assuming that the court of country Z is Croatia) would take are difficult to predict.

Case 6: Principle of Territoriality (Choice of Law)

A owns a patent over an engine in country X. B produces separate parts of the patented engine and exports them separately to its customers in countries Y and Z. Customers of B can easily assemble the parts of the patented engine in a very short time.

²¹⁰ *ibid.*, 646. The Supreme Court of the Republic of Croatia has ruled that there is no objective identity in a case in which the first proceedings were for the declaration on illegality of the cancellation of an employment contract (on the grounds that there was no workplace in the employer's enterprise which is included in the employment contract and that the employee's workplace was not appropriate to her physical and professional capabilities) and that the employment had not been terminated. While the second proceedings were for the cancellation of the employment contract due to its breach by the employee, ie the condemnatory claim (for returning to work and offering a new employment contract appropriate to the employee's physical and professional capabilities). The Supreme Court of the Republic of Croatia, Revr-742/07-2 of 28 November 2007, accessible at: sudskapraksa.vsrh.hr/supra/.

²¹¹ Triva and Dika, above n 122, 649–50.

Having found out about B's activities, A files a suit in country X requesting an injunction and recovery of damages for patent infringement. B argues that the export of separate parts of an invention does not amount to patent infringement and that the patent statute of country X does not extend to activities abroad.

Case 6(1)

Assuming that the court of country X is a court of your country, could it apply the patent statute for allegedly infringing acts occurring in country Z?

Assuming that country X is Croatia, the question is whether a Croatian court would apply the Croatian Patent Act to allegedly infringing acts occurring only in country Z. To the awareness of the author of this chapter, the Croatian courts have not yet been in a position of deciding such matters, because the infringing acts committed abroad have never been in dispute. There have been certain decisions where the Croatian courts have stated, invoking the Berne Convention, that the law applicable to infringement is that of 'the country in which protection is claimed', suggesting that the *lex fori* rules applies.²¹² Nevertheless, when interpreting these ruling one should be aware that the courts have simply written down the exact wording of the Berne Convention and in these situations only acts in Croatia were at issue. It should also be noted that the scholarly opinions are unanimous in supporting the territoriality principle and consequently the rule on *lex loci protectionis*.²¹³ Therefore the conclusion would be that the Croatian Patent Act should not extend to activities abroad, however, the courts will have the final say.

Case 6(2)

Assuming, first, that the claim for the infringement of patent granted in country X is brought before the court of country Z and, secondly, that the court of country Z is a court of your country, could the court apply the patent statute of country X for allegedly infringing acts that occur in country Z?

Under a different scenario where the claim for the infringement of patent granted in country X is brought before the Croatian court (a court of country Z), the question arises as to whether the Croatian court could apply the patent statute of country X for allegedly infringing acts that occur in Croatia. Because the Croatian courts have not had an opportunity to decide on such issues, the same concerns apply as under Case 6(1).

Case 7: Infringement of Intellectual Property Rights

Three IT students, A, B and C, have created a website which facilitates speedy exchange of digital files (music, videos, software, etc) among users from all over the world. After several months when the website became very popular, A, B and C introduced an additional paid service: the speedy exchange of big capacity digital files. Although A, B and C know that some files that are stored in the server of their website are illegal, they do not take any actions to somehow prevent infringements of intellectual property rights.

Major international entertainment industry companies file an infringement suit against A, B and C requesting to close the website and pay damages. Assuming that the court of your country has international jurisdiction in such a case:

²¹² See above nn 130 and 148.

²¹³ See above nn 133, 145 and 146.

Case 7(1)

What law would be applied to determine the liability of A, B and C for direct infringement acts? Would parties be allowed to agree on the applicable law (infringement and remedies)?

Assuming that the Croatian court has international jurisdiction in such a case, the question arises as to the law that would be applied to determine the liability of A, B and C for direct infringement acts. The relevant conflict-of-law provision is Article 28(1) of the PIL Act which provides that the law applicable to non-contractual liability is either the law of the place where the act was committed (*lex loci actus*) or the law of the place where the consequence has occurred (*lex loci damni*), depending on which of them is more favourable to the injured party. Although it was stated in the legal scholarship that this provision needs to be adjusted by interpretation in order to comply with the territoriality principle, it has been interpreted by the High Commercial Court to be in line with the Berne Convention in *Sten Eric Odman v Adris Grupa dd*.²¹⁴ In that case, the Court concluded that Croatian law is applicable without any reasoning explaining where the acts were committed or where the consequences occurred, but perhaps this was due to the acts of alleged infringement being limited to Croatian territory only.

It is possible to state with more certainty that the parties would not be allowed to agree on the applicable law (infringement and remedies) since such agreement is not allowed under the PIL Act for non-contractual damages. Nevertheless, to the extent that this matter is arbitral, it would be possible for the parties to agree on the applicable law.

Case 7(2)

Would the choice of law differ if the claim for damages was brought against the internet service provider (ISP) as a secondary infringer? Would parties be allowed to agree on the applicable law (infringement and remedies)?

In a case where the claim for damages was brought against an internet service provider (ISP) as a secondary infringer, the situation would not be any clearer than under Case 7(1). Likewise, the conclusion under Case 7(1) applies also to the possibility of choosing the applicable law in this case.

Case 7(3)

Could the court decide on the ubiquitous infringement (where the infringement occurs in multiple places/countries) of intellectual property rights? If so, what would be the applicable law? Would the parties' choice of law be allowed? How would the court of your country define ubiquitous infringement of intellectual property rights?

The ability of the Croatian court to decide on the ubiquitous infringement (where the infringement occurs in multiple places/countries) of intellectual property rights does not seem to be excluded by the provisions on international jurisdiction. Therefore, provided that any of the criteria for jurisdiction are met, the court could proceed. The law that the court would apply would be determined in the same vein as under Case 7(1). There is no legal definition 'ubiquitous infringement' in Croatian case law or statutes, and defining it seems to be of no relevance because the legal situation remains unchanged.

²¹⁴ See the accompanying text, above n 148.

Case 8: Applicable Law to Initial Ownership

A is a foreign visiting researcher in B's laboratory. Soon after being employed, A made several significant inventions using the equipment of B's laboratory. B's is now making huge profits by granting licences to a number of companies to use the inventions of A.

A files a suit for compensation, arguing that he is the initial owner of the inventions and B should not have granted licences without A's consent. Assuming that A files a claim before a court of your country:

Case 8(1)

What law would the court of your country apply to determine who is the initial owner of the invention? Would the parties' choice of law clause concerning the right to obtain patents be enforceable in your country?

There are no conflict-of-law provisions that would designate the law applicable in determining the initial holder of the invention, and this issue has not been addressed by the Croatian courts. In *Sten Eric Odman v Adris Grupa dd*, the Commercial Court in Rijeka attempted to resolve the issue of authorship by referring both to Croatian copyright law and Swiss copyright law, as *lex fori* (or *lex loci protectionis*) and *lex originis* respectively.²¹⁵ Nevertheless, the initial entitlement to the patent (invention) could not be viewed in the same fashion as the initial entitlement to the copyright even if Croatia were to accept the country of origin principle. Therefore, a solution might be in applying the provision on *lacuna legis* contained in Article 2 of the PIL Act, which states that in such a case the provisions and principles of that Act, principles of the Croatian legal system and principles of private international law, should be applied *mutatis mutandis*. Consequently, the court might resort to the principle of territoriality and determine that this is one of the issues under the scope of the *lex loci protectionis*.

Case 8(2)

Would the decision differ if A made an invention in joint collaboration with other researchers?

If A made an invention in joint collaboration with other researchers, the issue might also arise as to his initial entitlement to patent (invention). Croatian law does not contain special conflict-of-law provisions for these types of cases. Hence, reference should be made to the explanation on *lacuna legis* under Case 8(1).

Case 8(3)

Would the applicable law differ in case of initial authorship or initial title to trade mark?

The applicable law in case of initial authorship was at issue in *Sten Eric Odman v Adris Grupa dd*. In resolving this issue, the Commercial Court in Rijeka referred both to Croatian copyright law and Swiss copyright law, as *lex fori* (or *lex loci protectionis*) and *lex originis* respectively.²¹⁶ The Court's reasoning did not provide an explanation as to why both Acts were consulted. The Court stated that these two Acts contained identical rules on the pre-

sumption of authorship, so that there was no need to decide which one was relevant. It remains unclear what would have been the result if the substantive rules of Swiss and Croatian laws had differed.

As for the initial title to trade mark, reference should be made to explanations on *lacuna legis* under Case 8(1).

Case 8(4)

What law would the court of your country apply if A raised a claim arguing that B did not pay reasonable compensation for patents obtained by B in a number of foreign countries?

If A raised a claim arguing that B did not pay reasonable compensation for patents obtained by B in a number of foreign countries, the law applicable would depend on the classification of this issue. Croatian law does not contain special conflict-of-law provisions for these types of cases, hence the reference is made to explanation on *lacuna legis* under Case 8(1).

Case 9: Applicable Law to the Transfer of Rights Agreements

A is a rising popular music band. After one of its concerts in country X, a representative of foreign recording company B and A orally agreed to release A's albums in the future. After the release of the debut album, B has made some arrangements of the debut single for the distribution of the album in country Y.

A files a suit before a court in country X arguing that the moral right of integrity of a work has not been transferred and thus has been infringed. Assuming that a court of your country is a court of country X:

Case 9(1)

Would the court enforce the parties' choice of law clause regarding the transfer of economic and moral rights of authors?

Assuming that country X is Croatia, several questions arise. With relatively high levels of certainty, the court would enforce the parties' choice of law clause regarding the transfer of economic rights of authors, but would not enforce transfer of moral rights of authors. Namely, Article 19 of the PIL Act allows the parties to a contract to choose the applicable law. However, in Croatian law the author is prohibited to transfer *inter vivos* to another person his or her moral rights.²¹⁷ This rule has been qualified as an internationally mandatory rule (French *loi de police*, German *Eingriffsnormen*) because the moral rights of an author are aimed at protecting crucial elements of Croatia's social organisation.²¹⁸ It has to be pointed out, though, that this is merely a prediction since this issue has not been dealt with by the Croatian courts.

Case 9(2)

How will the court deal with the issue of transferability?

The issue of transferability of copyright was to a certain extent part of the reasoning of the Commercial Court in Zagreb in *Freistaat Bayern v Croatiaknjiga doo*. In deciding on the

²¹⁵ See above n 175.

²¹⁶ *ibid.*

²¹⁷ See above n 168.

²¹⁸ See text accompanying above n 169.

defendant's objection that the State of Bavaria cannot take the role of the plaintiff, the Court had to answer the question whether the State of Bavaria became a holder of copyright over *Mein Kampf*, ie whether it had lawfully acquired a copyright on the basis of confiscation. Although the Court developed certain conflict-of-law reasoning, it did not mention transferability, only the means of legal redress and the copyright term. Therefore, absent the Court's express statement on what law applies to transferability of copyright, the application of Croatian law to the right of action and the legality of transfer might be understood as a consequence of either the *lex fori* rule or the *lex causae* rule. A likely construction would be that the Court considered these matters so closely related to the means of redress that they fell under the same conflict-of-law rule, which in the opinion of the author of this Report is not a valid conclusion. The consistent approach would be that the issue of transferability should also be removed from the scope of the *lex contractus* because it is one of the core issues and thus should be treated under *lex loci protectionis*.

Case 9(3)

What would be the applicable law in a case where there is no choice of law made by the parties?

In the absence of the parties' choice, Article 20 of the PIL Act applies. Two provisions in Article 20 of the Act refer directly to intellectual property rights, out of which one is relevant to copyright. Article 20(14) provides that the applicable law for the contract on copyright is the law of the place where the author's domicile or seat was at the time of the receipt of the offer. If 'special circumstances of the case point towards another law' to the law determined pursuant to the former provision, that other law will be applicable. This provision functions as an escape clause enabling correction of the objective connecting factor. In the absence of parties' choice of applicable law, one should be mindful of the delineation between the scope of the *lex contractus* and that of the *lex loci protectionis*.

Case 10: Recognition and Enforcement of Foreign Judgments

A court of a foreign country X decides a case between the parties A and B ruling that A is the owner of a patent registered in your country. A refers to a court of your country asking to recognise and enforce the foreign judgment.

Case 10(1)

Could the foreign judgment concerning the ownership be recognised in your country? How would the recognising court assess the international jurisdiction of the rendering court?

To the awareness of the author of this chapter, the courts in Croatia have not had the opportunity to decide on such a case, so the following opinion is merely that of the author. There are no explicit provisions in Croatian law which would confer on Croatian courts or administrative bodies an exclusive jurisdiction. In such cases, the provision of Article 47 of the Croatian PIL Act states that the Croatian courts shall have exclusive jurisdiction only where such jurisdiction is explicitly prescribed by the Croatian PIL Act or another statute. Therefore, the exclusive jurisdiction of Croatian courts could not be used as a ground for refusal of recognition of a foreign decision invalidating the Croatian patent registered before the SIPO, because such exclusive jurisdiction is not explicitly prescribed. An alterna-

tive option for the Croatian court would be to recognise such decisions as invoking the *ordre public* ground. If a foreign court, however, decides on who is the holder of a Croatian patent, there is no threat to the principle of territoriality.²¹⁹ All the more, the issue of who the holder of a patent is does not fall under the subject-matter jurisdiction of the SIPO but of the courts in Croatia.

Case 10(2)

Would the parties be required to re-litigate the dispute in order to have the ownership decision registered in registry of a recognising country?

If a decision by the court of a foreign country X is recognised by the Croatian court, it would produce the same legal effects as if the Croatian court had rendered it and it could be the basis for registration of the new owner in the patent registry. However, if recognition is refused, the parties would be required to re-litigate the dispute in order to have the decision on ownership registered in the registry of a recognising country (Croatia).

Case 10(3)

Assuming that the judgment is recognised, what procedural steps have to be taken to enforce the judgment in your country? Would the enforcement judgment be necessary, or would it suffice to present the original judgment to the enforcing authority?

Assuming that the judgment is recognised, the procedural steps which have to be taken to enforce the judgment in Croatia are regulated by the provisions of Articles 96 and 101 of the PIL Act. It is provided that the enforcement of a foreign decision is subject to the same rules as recognition, and that in addition the applicant for enforcement has to submit also the certificate of enforceability of the decision under the law of the country in which the decision was rendered. There is legal scholarship to suggest that if enforcement on the basis of a foreign decision is carried out in separate enforcement proceedings, in which the decree on enforcement has to be rendered (as in domestic cases), the enforcement court must additionally verify whether the foreign decision has become enforceable. This decree is not concerned with declaring the enforceability, but only with constitutive approval of the requested enforcement. If prior to enforcement a decision was rendered on recognition in separate proceedings, this decision is binding for the enforcement court. If such recognition proceedings did not take place, the recognition may be decided by the enforcement court as a preliminary question prior to deciding on the enforcement.²²⁰ The other part of the legal scholarship holds that a decree on enforcement of a foreign decision also has to contain the affirmation of enforceability.²²¹ The available case law seems to suggest that the courts have adhered to the former simpler standard.²²²

²¹⁹ Contrary opinion is presented in respect to the registration, validity, abandonment or revocation of the registered intellectual property right. See above 1.4.

²²⁰ Triva and Dika, above n 122, 111.

²²¹ Contra I Grbin, 'Pravni lijekovi dužnika protiv rješenja o izvršenju donesenog na temelju strane sudske odluke' ['Debtor's Legal Remedies against the Decree on Enforcement Rendered on the Basis of Foreign Judicial Decision'] (1985) 39 *Naša zakonitost* [Our Legality] 281.

²²² See the County Court in Zagreb Gž-716/99 of 8 February 2000, cited in K Sajko et al, above n 79, 181.

Case 11: Provisional Measures and Injunctions

A owns a world-wide famous accessories trade mark. After finding out that B is selling fake goods which infringe A's trade mark on an internet auction, A files an infringement suit also asking the court to issue an injunction to stop infringing activities and seize infringing goods. Assuming that both A and B are resident in your country and the main infringing activities take place there:

Case 11(1)

Would a court of your country have jurisdiction to issue provisional measures/injunction (regarding infringing acts and counterfeited goods located in different countries) which would also have extraterritorial effects? Would the situation change if the court of your country did not have jurisdiction over the main dispute (eg, if B was resident in country Y and infringing acts were made in country Y)?

Assuming that both A and B are resident in Croatia and the main infringing activities take place there the question arises as to whether a Croatian court would have jurisdiction to issue provisional measures or injunctions (regarding infringing acts and counterfeited goods located in different countries) which would also have extraterritorial effects. The Enforcement Act envisages an international element in determining the jurisdiction of the enforcement courts,²²³ but does not contain any provision which would indicate that Croatian courts may or may not render the enforcement decree producing extraterritorial effects.

If the Croatian court does not have jurisdiction over the main dispute, eg, if B was resident in country Y and infringing acts were made in country Y, this would not affect the jurisdiction of the Croatian court to issue provisional measures or injunctions which would also have extraterritorial effects.

Case 11(2)

Could a court issue an injunction/protective measures if the trade mark for which the protection is sought was registered abroad?

If the trade mark for which the protection is sought was registered abroad, the competence of the Croatian court to issue an injunction or protective measure would depend on whether the criteria for the jurisdiction are met. The registration of the right abroad is not among the explicitly provided criteria. Nevertheless, the Croatian courts have not had the opportunity to rule on this point.

Case 11(3)

Would a court in your country require the person seeking issuance of provisional measures to grant a guarantee?

A Croatian court would not normally require the person seeking issuance of provisional measures to grant a guarantee. A person seeking the issuing of preliminary measures related to pecuniary claims has to prove: a) the likelihood that the claim exists, and b) the risk that in the absence of such measures the other party will prevent or make it significantly more

difficult to collect on a claim by transferring, hiding or otherwise disposing of her property.²²⁴ However, the court may dispense with these conditions provided the person seeking the provisional measures provides a guarantee to indemnify any damage that might be suffered by the other party.²²⁵

There is also no general provision on guarantees for the person seeking issuance of preliminary measures. However, there is a possibility that the other party may request that a guarantee be provided by the person seeking the preliminary measure and the court will order that in the amount of potential damage to the other party. Such court order is available only where the preliminary measure is requested on either of the bases: a judgment rendered due to recognition of the claim by the defendant, which has been appealed, or a court settlement or an administrative settlement establishing that the debt has not yet matured, which has been challenged by an appropriate legal remedy.²²⁶

Case 11(4)

Would a court of your country be pre-empted from issuing an injunction if the parties had submitted the dispute to arbitration proceedings?

Croatian courts would not be pre-empted from issuing a preliminary or provisional injunction if the parties had submitted the dispute to arbitration proceedings; both the courts and the arbitration tribunals may issue a preliminary or provisional measure in the matter covered by the arbitration agreement.²²⁷ However, the Croatian courts would be pre-empted from issuing an injunction on the merits (which is of permanent, and not of preliminary or provisional nature), ie a judgment to cease infringing acts, if the parties had submitted the dispute to arbitration proceedings because the valid arbitration agreement derogates the courts' competence.

Case 11(5)

If the claimant asked to issue an injunction to cease infringing acts, would a court in your country conceive of an injunction to cease as a procedural or substantive measure?

If the claimant asked to issue a preliminary or provisional injunction to cease infringing acts, a Croatian court would probably conceive this type of injunction as a procedural measure. It has been submitted that the procedural litigation law does not only regulate the form of the acts (including measures) that are taken, but also the basic substantive preconditions concerning the enforcement of the rights, which have to be met.²²⁸ The Enforcement Act, which also regulates preliminary and provisional measures, is based on the assumption that enforcement is ordered and carried out in Croatia on the basis of the Enforcement Act, meaning that the Croatian court will not apply foreign laws in establishing the requirements for issuing a preliminary or provisional measure to be carried out in Croatia.

On the other hand, the formal aspects of an injunction on the merits (which is of a permanent, rather than preliminary or provisional nature), ie a judgment to cease infringing acts would be conceived as procedural (a form of the statement of the claim, or course of

²²⁴ Art 296(1) of the Enforcement Act.

²²⁵ Art 301(1) of the Enforcement Act.

²²⁶ Art 285(2) of the Enforcement Act.

²²⁷ Arts 16 and 44 of the Arbitration Act.

²²⁸ Triva and Dika, above n 122, 7.

²²³ See eg Art 147 of the Enforcement Act.

the proceedings etc), while the aspects related to the merits would be regarded as substantive (grounds for claim, types of claims, or amount of damages, etc).

Case 12: Securities in Intellectual Property

In order to get a loan from Bank B, A decides to use intellectual property rights and royalties from those intellectual property rights as collateral. A fails to repay the loan. Assuming that A is a national of country X and B is a bank in country Y:

Case 12(1)

Could intellectual property rights be used as collateral pursuant to the law of your country?

In order to get a loan from Bank B, A decides to use intellectual property rights and royalties from those intellectual property rights as collateral. A fails to repay the loan. Assuming that A is a national of country X and B is a bank in country Y, the intellectual property rights and royalties from those intellectual property rights could be used as collateral pursuant to the Croatian law. Unlike for instance the Patent Act and the Trade Mark Act,²²⁹ the Copyright and Related Rights Act does not provide for the possibility to establish a security right over a copyright. The Copyright and Related Rights Act only provides that the enforcement is permissible, not on the copyright itself, but on the economic benefits acquired through its use (royalties).²³⁰ By analogy one could conclude that the copyright may not be used a collateral, only the royalties deriving from it. On the other hand, the interpretation might be that the legislator intended not to allow that either the copyright or the royalties deriving from it may serve as security for payment of debt.

Case 12(2)

What law would be applied to such issues as the creation, effectiveness against third parties, priority and the enforcement of these security rights?

To the knowledge of the author of this chapter, the issue of what law governs the creation, effectiveness against third parties, priority and the enforcement of these security rights has not been decided by the Croatian courts. The scholarly opinion has stated in respect to most of these issues that they should be governed by the *lex loci protectionis*.²³¹

Case 12(3)

Would a court of your country apply the same law to registered and non-registered intellectual property rights?

The author of this chapter would expect that the same law would be applied to registered and non-registered intellectual property rights in the context of secured transactions, but there is no case law to confirm this opinion.

²²⁹ See eg Art 62a(1) of the Patent Act and Art 40(1) of the Trade Mark Act.

²³⁰ Art 43 of the Copyright and Related Rights Act.

²³¹ See above 1.3.4.

France

MARIE-ELODIE ANCEL*

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