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Licensing

in 30 jurisdictions worldwide

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Law Business Research

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Overview

1 Are there any restrictions on the establishment of a business entity by a foreign licensor or a joint venture involving a foreign licensor and are there any restrictions against a foreign licensor entering into a licence agreement without establishing a subsidiary or branch office? Whether or not any such restrictions exist, is there any filing or regulatory review process required before a foreign licensor can establish a business entity or joint venture in your jurisdiction?

Austrian law neither provides for restrictions on the establishment of a business entity by a foreign licensor or a joint venture involving a foreign licensor nor does it require that a foreign licensor establishes a subsidiary or branch office. Furthermore, no filing or regulatory review process is required before a foreign licensor can establish a business entity or joint venture in Austria.

Kinds of licences

2 Identify the different forms of licence arrangements that exist in your jurisdiction.

Austrian law does not contain a legal definition regarding the licence agreement as such, however, provisions regarding licences and interpretation principles concerning such agreements are contained in the laws on the respective intellectual property rights (eg, in the Patent Act, Trademark Act, Copyright Act, Utility Models Act, Design Act).

The only legal definition of a kind of licence agreement is contained in sections 1172, 1173 Austrian Civil Code (ABGB) describing the publishing agreement. Section 1172 ABGB reads:

> *By the publishing agreement, the author of a work of literature, musical art or visual art or its successor undertake to leave the work to a third party for copying and distribution on the third party's cost, and the latter undertakes to copy the work and distribute the copies.*

The Copyright Act (UrhG) contains several general provisions on copyright contracts (sections 24 to 33 UrhG) as well as more specific provisions regarding cinematographic works (sections 38 et seq UrhG) and computer programs (sections 40a et seq UrhG).

The Trademark Act (MSchG) simply mentions in its section 14 that the trademark may be the object of an exclusive or non-exclusive licence regarding the complete Austrian territory or only parts thereof.

Likewise, the Patent Act simply states that the patent holder shall be entitled to grant to third parties the (exclusive or non-exclusive) right to use the patent within the whole territory for which it is granted or only within parts thereof.

Basically, as a consequence of the principle of contractual freedom, any right that entitles its owner to exclude others from using the object of that right may be subject to licence agreements. Typical agreements in Austria are patent and know-how licences, copyright and software licences, trademark and design licences as well as celebrity and character licences.

Law affecting international licensing

3 Does legislation directly govern the creation, or regulate the terms, of an international licensing relationship? Describe any such requirements.

There is no legislation in place differentiating between a national and an international licensing relationship.

In principle, no laws directly govern the creation or terms of a licensing relationship due to the contractual freedom principle. However, the rules imposed by European and Austrian antitrust law need to be considered as well as the normal (civil) legislation and case law applying to all kinds of contracts.

4 Are there any pre-contractual disclosure requirements imposed on a licensor in favour of its licensees, or any requirements to register a grant of international licensing rights with authorities in your jurisdiction? If so, do these requirements still apply if your jurisdiction forms part of a multi-jurisdictional territory in respect of which rights are being granted?

No such disclosure requirements exist. Moreover, Austrian law does not require that a grant of international licensing rights shall be registered by or notified to an authority.

However, patent and utility models licences need to be registered with the Austrian Federal Patent Office in order to be effective with regard to third parties (see sections 43 paragraph 2 Patent Act (PatG), section 32 Utility Models Act (GMG)). Trademark licences may be registered but such registration has only declarative effect. No registration at all is possible for copyright licences.

5 Are there any statutorily or court-imposed implicit obligations in your jurisdiction that may affect an international licensing relationship, such as good faith or fair dealing obligations or the obligation to act reasonably in the exercise of rights?

The 'normal' rules that govern all civil law contracts apply, ie, the contract may not violate the law or the principle of good faith (section 879 ABGB). Moreover, in case the contract in question has been concluded based on standard terms and conditions of one party, Austrian law provides that specific clauses that are severely disadvantageous for the other party will be regarded as null and void (section 879 paragraph 4 ABGB). The same is valid for unusual and disadvantageous provisions (section 864a ABGB).

6 Does the law in your jurisdiction distinguish between licences and franchises? If so, under what circumstances, if any, could franchise law or principles apply to a licence relationship?

Austrian case law and not legislation describes the content of and the differences between licences and franchise.

A licence agreement typically consists of the right to use certain intellectual property rights.

A franchise is described as an agreement containing licences of intellectual property rights for the use and distribution of goods or services on the one hand as well as the provision of commercial and technical assistance from the franchisor on the other hand. Further, the franchise agreement will contain some vertical restraints that should secure the common identity and reputation of the whole franchise system. If a 'licence agreement' contains more characteristics of franchise agreements, the franchise principles could apply.

Intellectual property issues

7 Is your jurisdiction party to the Paris Convention for the Protection of Industrial Property? The Patent Cooperation Treaty (PCT)? The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

Austria is a party to all the above-mentioned international treaties.

8 Can the licensee be contractually prohibited from contesting the validity of a foreign licensor's intellectual property rights or registrations in your jurisdiction?

In principle, such agreement is possible, however, such prohibition might be qualified as void under antitrust law, especially where patents are concerned.

9 What is the effect of the invalidity or expiry of registration of an intellectual property right on a related licence agreement in your jurisdiction? If the licence remains in effect, can royalties continue to be levied?

The effect of the expiry or a legally binding declaration of invalidity of the licensed intellectual property right is the termination of the agreement without further notice if the expired or invalid intellectual property right was the only object of the agreement; if other intellectual property rights remaining in force are part of the agreement, it will be regarded as only partly terminated and the licence fees will need to be adapted (reduced) accordingly.

10 Is an original registration or evidence of use in the jurisdiction of origin, or any other requirements unique to foreigners, necessary prior to the registration of intellectual property in your jurisdiction?

None of the above mentioned requirements exist in Austria.

However, if the applicant of a patent, trademark or utility model has no residence or corporate seat in Austria, he has to appoint a representative or, if the applicant has at least a residence or corporate seat in the EEA or in Switzerland, a person to whom can be addressed all further communication.

11 Can an unregistered trademark be licensed in your jurisdiction?

Yes.

12 Are there particular requirements in your jurisdiction: for the validity of an intellectual property licence; to render an intellectual property licence opposable to a third party; or to take a security interest in intellectual property?

In case a patent or utility model licence is registered with the Austrian Patent Office, the licence is opposable to third parties. The registration application needs to include the licence agreement and the signatures of the parties need to be notarised.

Taking a security interest in patents, utility models, trademarks or designs requires registration with the patent office in order to be effective. In order to achieve registration, the applicant must file the agreement evidencing the existence of the security interest; the signatures of the parties further need to be notarised.

13 Can a foreign owner or licensor of intellectual property institute proceedings against a third party for infringement in your jurisdiction without joining the licensee from your jurisdiction as a party to the proceedings? Can an intellectual property licensee in your jurisdiction institute proceedings against an infringer of the licensed intellectual property without the consent of the owner or licensor? Can the licensee be contractually prohibited from doing so?

In principle, a foreign owner or licensor of intellectual property may institute proceedings against a third party for an infringement in Austria without joining the Austrian licensee as a party to the proceedings.

The licensee can institute proceedings in case he has been granted an exclusive licence. In case of a non-exclusive licence, the right to institute proceedings needs to be explicitly included in the licence agreement. The licensor can also contractually prohibit the licensee to institute proceedings.

14 Can a trademark or service mark licensee in your jurisdiction sub-license use of the mark to a third party? If so, does the right to sub-license exist statutorily or must it be granted contractually? If it exists statutorily, can the licensee validly waive its right to sub-license?

There are no statutory rules available for this question. From case law it seems not absolutely clear whether (even) in case of an exclusive licence, the licensee shall be entitled to sublicense the use of the mark. It is therefore strongly advisable to include an express stipulation on the question of sub-licences in the licence agreement.

15 Is your jurisdiction a 'first to file' or 'first to invent' jurisdiction? Can a foreign licensor license the use of an invention subject to a patent application but in respect of which the patent has not been issued in your jurisdiction?

Only the inventor or his legal successor has the right to the patent and the first applicant cannot claim the patent if he is not the inventor (sections 4 paragraph 1 and 5 PatG) , ie, Austria therefore is a 'first to invent' jurisdiction.

An invention subject to a patent application in respect of which no patent has been granted yet can be the object of a licence irrespective of the fact whether the licensor is based in Austria or not.

16 Can the following be protected by patents in your jurisdiction: software; business processes or methods; living organisms?

Software is in principle protected by copyright law (as a work of literature) and not as a patent (section 1 paragraph 3 no 5 PatG), however, the software can be protected by patent law as an implementation of a specific invention.

Business processes or methods likewise may not be protected by patent law, however, again a protection is possible in the context of implementation of the respective business process or method.

The Austrian Patent Act states that patent protection is not available for plants or animals (section 2 paragraph 2 PatG) but does not exclude living organisms as such from patent protection.

17 Is there specific legislation in your jurisdiction that governs trade secrets or know-how? If so, is there a legal definition of trade secrets or know-how? In either case, how are trade secrets and know-how treated by the courts?

Trade secrets of a commercial or technical nature are protected by section 11 of the Federal Act against Unfair Competition (UWG).

No legal definitions of trade secrets or know-how exist under Austrian law. Jurisdiction has qualified data regarding the price calculation and all price conditions granted to clients, the origin of raw materials and all customer-related data as trade secret of a commercial nature; along with information regarding the manufacturing or storing process.

The person who uses trade secrets which he has received due to an act violating the law or good faith may be sentenced to imprisonment of up to three months or get a fine of up to 180 daily rates. Moreover, section 13 UWG provides for a (civil) right to claim injunction and damages, which is in practice much more important than the criminal law protection offered by section 11 UWG.

18 Does the law allow a licensor to restrict disclosure or use of trade secrets and know-how by the licensee or third parties in your jurisdiction, both during and after the term of the licence agreement? Is there any distinction to be made with respect to improvements to which the licensee may have contributed?

It is in principle possible that the licensor and licensee agree on a restriction of disclosure or use of trade secrets and know-how both during and after the term of the licence agreement, however, regarding restriction agreements applying to the time after the term of the licence, antitrust law may impose restrictions.

If improvements are concerned to which the licensee has contributed it is possible that such clause might be regarded as void.

19 What constitutes copyright in your jurisdiction and how can it be protected?

The Austrian Copyright Act protects works of literature, works of musical art and of fine art as well as cinematographic works (section 1 paragraph 1 UrhG). A work is defined as 'an original intellectual creation' (section 1 paragraph 1 UrhG). The author has the exclusive right to use his work in the way defined by the law (reproduction right, distribution right, rental and lending right, droit de suite, broadcasting right, right of public performance and of communication to the public of a performance, making available right). The protection starts with the moment of creation, ie, no registration with any authority is required.

20 Is it advisable in your jurisdiction to require the contractual assignment of copyright by the licensee to the licensor for any artwork, software improvements and other works that the licensee may have contributed to?

Yes, because the copyright for the mentioned works would otherwise vest with the licensee.

Technically, such assignment would rather be an exclusive licence, because the total assignment of copyrights is not possible, as it vests in principle with the respective natural person who has created the respective work (section 23 UrhG).

Software licensing

21 Does the law in your jurisdiction recognise the validity of 'perpetual' software licences? If not, or if it is not advisable for other reasons, are there other means of addressing concerns relating to 'perpetual' licences?

Perpetual software licences are valid under Austrian law. Since duration of the copyright underlying each software licence at least lasts for 70 years upon decease of the respective copyright holder, perpetual licenses constitute a strong legal position of the licensee. Actual duration, even of perpetual software licences, is influenced by the contractual termination modalities.

22 Are there any legal requirements to be complied with prior to granting software licences? In particular, are there import or export restrictions on software?

In general Austrian law does not impose legal restrictions whatsoever on software licensing. Import or export restrictions only apply in very particular situations (eg, embargoes).

23 Who owns improvements and modifications to the licensed software? May a software licensee obtain bug fixes, upgrades and new releases from the licensor in the absence of a contractual provision to that effect?

If not agreed otherwise between the contracting parties, modifications of, or improvements to, software are owned by the respective originator.

The right to obtain bug fixes, upgrades and new releases from the licensor is in each case dependent on the contractual nature of the licence reflecting the contracting parties underlying intention. For example, if the underlying licence is restricted to a particular software edition or version, updates or periodical renewals would not automatically be included.

24 May a software licensor include a process or routine to disable automatically or cause unauthorised access to disable, erase or otherwise adversely affect the licensed software?

As long as such security measures do not prevent the licensee from the contractual use of the software, the licensor may implement respective routines and processes. In this context, the licensor should in each case take precautionary measures to comply with contractual obligations towards the licensee and procure that the licensee's data or other software or hardware are being affected by eventual disabling processes.

25 Have courts in your jurisdiction recognised that software is not inherently error-free in determining the liability of licensors in connection with the performance of the licensed software?

Though general contractual limitations of licensors' liabilities based on the fact that software – in general – is not inherently error-free has not been explicitly recognised in our jurisdiction yet, Austrian law does not require that licensed software must be free from any errors. Functional requirements on the software are thus being based on the actual functions and features being determined in the licence agreement. If the parties have not agreed upon certain functions and features expressly, the software needs to be appropriate to be used as required by the agreement or by the usual use of software of such kind.

26 Have courts in your jurisdiction restricted in any manner the enforceability or applicability of the terms and conditions of public licences for open source software (ie, GNU and other public licence agreements)? Have there been any legal developments of note in your jurisdiction concerning the use of open source software?

General public licenses (GPL) are fully acknowledged in Austria and form an integral part of our legal and contractual environment. Mandatory regulations under Austrian law, in particular with regard to consumer protection, remain unaffected by public licence conditions.

Royalties and other payments, currency conversion and taxes

27 Is there any legislation that governs the nature, amount or manner or frequency of payments of royalties or other fees or costs (including interest on late payments) in an international licensing relationship, or require regulatory approval of the royalty rate or other fees or costs (including interest on late payments) payable by a licensee in your jurisdiction?

The nature, amount, manner or frequency of contractual payments or royalties, fees or costs of whatever nature are subject to the parties' consent. If neither the licence agreement itself nor an interpretation thereof indicate payment conditions or any other kind of consideration in return for the licence (the agreement might certainly point out that the underlying rights transfer is royalty free), Austrian law contains a regulation in doubt, according to which appropriate licence fees are to be paid in case of (contractual) uncertainties.

To the contrary, national patent regulations (see sections 8 et seq of the Austrian Patent Act) impose the employers' obligation to pay an appropriate remuneration to the employee while individual contractual commitments might exceed legal regulations in favour of the employee.

28 Are there any restrictions on transfer and remittance of currency in your jurisdiction? Are there are any associated regulatory reporting requirements?

No particular legal or regulatory requirements are known in our jurisdiction.

29 In what circumstances may a foreign licensor be taxed on its income in your jurisdiction?

In our jurisdiction, natural persons residing in Austria or other legal entities (juridical persons) having their registered office in Austria are considered as unlimited income tax payers. Foreign licensors with no usual residence or – in case of an entity – branch office in Austria are called limited taxpayers, whose tax obligations are basically limited to income generated in Austria. Double taxation is avoided by treaties with approximately 90 states. National licensees may be obliged to withhold tax on royalties or fees for the use of IPR to be made to a foreign licensor.

The treaty for the prevention of double taxation with Austria as a signatory state not only prevents double taxation but also includes certain tax exemption or reductions (if applicable) on certain receipts such as interest, royalties, dividends, capital gains and others that are connected with a transaction carried out between parties associated with the Double Taxation Prevention Treaty.

30 Can a judgment be rendered by courts in a foreign currency in your jurisdiction? If not, would a contractual indemnity for any shortfall to a foreign licensor due to currency exchange fluctuations be enforceable?

According to Austrian high court jurisdiction, any lawsuit that demands contractual indemnification in a foreign currency is considered as an indefinite claim of relief and therefore subject to rejection. Though Austrian courts won't render awards in a foreign currency, contracting parties may agree on the internal (inter partes) indemnifications for any shortfall to a foreign licensor due to currency exchange fluctuations. Specified claims resulting from such contractual consent would be enforceable before national courts.

Competition law issues

31 Are practices that potentially restrict trade prohibited or otherwise regulated in your jurisdiction?

Yes. Practices potentially restricting trade are in principle prohibited by European and Austrian antitrust law. However, such trade restrictions might be justified in specific circumstances whereby the respective product and geographical market as well as the respective market share of the concerned parties needs to be taken into consideration.

In this context, please note that the Austrian Cartel Act (KartG) contains a legal assumption of dominance (section 4 paragraph 2 KartG) if the undertaking has, on the national market or another geographically relevant market:

- a market share of at least 30 per cent; or
- a market share of more than 5 per cent and only has two competitors or less; or
- a market share of more than 5 per cent and belongs to the four biggest undertakings on that market that have a common market share of at least 80 per cent.

Basically, all above mentioned practices are prohibited by sections 1 or 5 KartG. Any agreement or part of an agreement violating the prohibition of anti-competitive agreements or of the abuse of a dominant position is regarded as null and void (section 1 paragraph 3 KartG, section 5 KartG in connection with section 879 ABGB).

32 Are there any legal restrictions in respect of the following provisions in licence agreements: duration, exclusivity, internet sales prohibitions, grant-back provisions and non-competition restrictions?

Obviously, competition law provides for restrictions regarding the mentioned provisions in licence agreements. However, each of the above mentioned provisions including duration, exclusivity, non-competition restrictions as well as grant-back provisions are rather common in licence agreements, whereby individual circumstances indicating unfair competition or eventual trade irregularities may lead to the invalidity of such contractual regulations.

Indemnification, disclaimers of liability, damages and limitation of damages

33 Are indemnification provisions commonly used in your jurisdiction and, if so, are they generally enforceable? Is insurance coverage for the protection of a foreign licensor available in support of an indemnification provision?

As long as contractual indemnification provisions remain within the range of our legal framework, mandatory tort law in particular, they are valid and enforceable. Only if the underlying (licence) agreement imposes unreasonable replacement duties exceeding legal standards considerably or obligations whose satisfaction is outside the indemnifying party's control, would the provision be void and mandatory law (which in general favours the confronted with the contract, thus the indemnifying party) would apply.

Coverage insurance to protect foreign licensors from potential indemnification duties is available and, depending on the actual value of the underlying agreement and liabilities eventually resulting therefrom, reasonable.

34 Can the parties contractually agree to waive or limit certain types of damages? Are disclaimers of liability generally enforceable? What are the exceptions, if any?

In contrast to the above-mentioned (see question 32), amicable restriction of contractual liabilities would be effective as long as minimum requirements imposed by mandatory law are met. Depending inter alia on the legal nature of the parties involved (natural person or legal entity) our jurisdiction provides for a standardised framework on contractually imposed covenants and indemnifications which might also be infiltrated where appropriate. Limitation or even waiver of liabilities is in each case viable with B2B relations while like contractual modifications to the detriment of a private person (consumer) won't be effective or enforceable. In this case mandatory law would replace the ineffective provision.

Termination

35 Does the law impose conditions on, or otherwise limit, the right to terminate or not to renew an international licensing relationship; or require the payment of an indemnity or other form of compensation upon termination or non-renewal? More specifically, have courts in your jurisdiction extended to licensing relationships the application of commercial agency laws that contain such rights or remedies or provide such indemnities?

Depending on the legal nature of a licence agreement as an agreement either limited or unlimited in time, the parties may individually determine termination thereof. However, in the case of temporary contracts, (early) termination is generally restricted to a termination for cause including breach of the contract or other events of improper performance. Most of the licence agreements contain standardised termination provisions and procedures, which among other issues, reflect the causes for valid termination or notice period as well as formal procedures to be considered at termination.

According to the fundamental (contractual) principle of private autonomy implemented in our legal system, renewal of the agreement is in general at the parties' disposal. However, there are certain legal implications that factually restrict this principle and cause the parties to adhere to a contractual relation even against their will (intention). For example, if either the licensor or the licensee becomes bankrupt or insolvent and a bankruptcy or insolvency proceeding has already been initiated (before initiation of such proceedings, extraordinary contractual termination rights might still apply), mutual termination rights are restricted or transfer to the liquidator, or both, as the representative of the bankrupt's estate. If the liquidator considers the continuation of the licence agreement economically rational, termination thereof by the counterparty (creditor) would not be effective. Also, antitrust law might restrict termination rights or impose renewal obligations if opposite actions (contractual termination or non-renewal) are discriminatory.

As regards software and patent licences, it is a common practice on the licensees' side to claim extraordinary termination rights if the licensor files for bankruptcy, insolvency, or a bankruptcy or insolvency proceeding is dismissed due to impecuniousness (see below for legal impacts in case the licensee becomes insolvent). Depending on the legal nature of the contractual licence each of the above events (frequently called 'trigger events') is commonly combined with the release of certain assets or values underlying the licensed object (be it the source code in case of a software or certain deposit material (descriptions) in case of a patent) by the licensor in order to secure priority rights of the licensee and protect his interests in the licence against third party (creditor) claims.

Indemnifications or compensation whatsoever upon termination or non-renewal becomes relevant only if the contracting party adversely affected by such discontinuation of the agreement is able to evidence either: a (financial) damage that is culpably caused by ending the agreement; or an unjustified advantage or gain of the party abstaining from the underlying business relation. In both cases, the party abstaining from the business relation would have to pay an indemnity or compensation to equal the eventually caused drawbacks.

36 What is the impact of the termination or expiration of a licence agreement on any sub-licence granted by the licensee, in the absence of any contractual provision addressing this issue?

As a general principle under Austrian law, sub-licences always follow the legal destiny of the principal licence. If the latter ends or terminates otherwise, eventual sub-licences will also cease to exist. However, this principle does not apply to sub-licences that have been granted on the basis of an exclusive licence. Due to the legal succession protection inherent in such exclusive licences, sub-licences would survive termination of the principal licence; this has a particular impact if the licensor becomes insolvent or bankrupt.

Also the legal nature of the proprietary right underlying the principal licence might have an impact on any sub-licence granted. Under copyright law, there is a tendency in the Austrian jurisdiction (German courts have already rendered respective decisions) that the sub-licence granted by the licensee for a copyright remains in full force, even if the licence agreement between licensor and licensee is terminated or expires. However, trademark or patent licences are still considered terminated if the legal basis for the licence does not remain legally effective.

Bankruptcy

37 What is the impact of the bankruptcy of the licensee on the legal relationship with its licensor; and any sub-licence that licensee may have granted? Can the licensor structure its international licence agreement to terminate it prior to the bankruptcy and remove the licensee's rights?

Whether the licensor terminates the licence (agreement) in the case of a bankruptcy event initially depends on the actual stage of the underlying insolvency proceeding. Once the institution of an insolvency proceeding has been applied for by the licensee, termination rights are no longer available to the licensor. At this stage the burden lies with the liquidator, as administrator of the bankruptcy assets (including the contractual licence) to evaluate the economic impact and rationality of the licence at hand. Based on this evaluation, the administrator might either stick to the licence agreement (eg, if the licence granted is considered profitable) or vote for a termination of the contract (eg, if royalty obligations do not seem rational in terms of profitability). In this case, the licensor – as contractual creditor of the bankruptcy assets, entitled to a certain quota of the realised value – might incur a considerable loss in profits. Against this background it might be reasonable to include preventive contractual provisions. While clauses directly aiming to an early termination upon initiation of an insolvency proceeding would bypass mandatory insolvency law and therefore be void, the licensor might as well secure termination of the agreement ahead of this stage. Inclusion of extraordinary termination rights (eg, if the licensee is late with royalty payments) would be an efficient option.

Governing law and dispute resolution

38 Are there any restrictions on an international licensing arrangement being governed by the laws of another jurisdiction chosen by the parties?

Depending on the parties legal and personal relation to Austria (eg, domicile or registered seat or branch office in Austria), mandatory national laws geared towards a protection of either public or private (consumer) interests would still affect judicial awards even if the parties have chosen foreign laws to govern the agreement.

Update and trends

New developments in licensing law and regulation over the past year have not occurred in our jurisdiction recently. No significant proposals for new legislation or regulation are currently pending. According to the draft new Block Exemption Regulation on Vertical Agreements and the Guidelines on Vertical Restraints being processed by the European Commission, regulation of the licensees' activities on the internet (eg, internet sales) and the related aspects of antitrust laws are being revised and partially restricted. However, it also acknowledges that licensors are free to determine certain quality requirements with regard to its distributors' or licensees' websites in order to maintain the image and prestige of the trademark.

39 Can the parties contractually agree to arbitration of their disputes instead of resorting to the courts of your jurisdiction? If so, must the arbitration proceedings be conducted in your jurisdiction or can they be held in another?

The parties are free to determine whether disputes under the agreement shall be subjected to the general courts or whether arbitration shall apply. In general, either contractual determination of a competent court (other than the court responsible according to law) or inclusion of an arbitration clause needs to be in written form to become effective. However, as regards registration of patents, trademarks, utility models or other IP rights, choice of forum clauses are not effective. While various chambers of commerce in different countries provide for standard rules regarding arbitration proceedings, selection of which is highly recommended, the parties are free to determine which procedural regulations shall apply to their controversy. Thus, arbitration proceedings can be held in another jurisdiction as well.

40 Would a court judgment or arbitral award from another jurisdiction be enforceable in your jurisdiction? Is your jurisdiction party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards?

Awards of institutional arbitral tribunals are enforceable almost worldwide due to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards with Austria as a member state. Foreign court judgments are safely executable within the European Union – see Council Regulation No. 44/2001 – while judicial decisions outside the EU might not be recognised at all.

In general recognition and execution of foreign judgments is inter alia subject to the following preconditions under the Austrian enforcement code:

- the deciding court should have been legitimately responsible under Austrian law and the underlying award should be final and duly delivered to the parties;
- the award must be enforceable by means legitimate and recognised in Austria and may not conflict whatsoever with mandatory Austrian law or the order public as applicable in our jurisdiction.

41 Is injunctive relief available in your jurisdiction? May it be waived contractually? May the parties waive their entitlement to claim specific categories of damages in an arbitration clause?

Austrian law does not impose any restrictions whatsoever on the implementation of injunctive relief. Also the right to seek injunctive relief or claim for certain categories of damages is handled quite flexibly and may therefore be subject to contractual stipulations.

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