

<ct> INTELLECTUAL PROPERTY AND THE EU RULES ON PRIVATE
INTERNATIONAL LAW: MATCH OR MISMATCH?

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NOTES

<a>I. INTRODUCTION

18.01 This chapter is slightly peculiar in nature in the sense that it does not offer a commentary of a single instrument. There is after all, as yet, no single instrument that deals with the private international law aspects of intellectual property (IP) rights at EU level. What is to follow is therefore a ‘*tour d’horizon*’ of the topic and an answer to the question how the existing private international law instruments apply to IP. Rather than to repeat the exhaustive analysis that has been offered on other occasions,¹ we will focus on provisions and points that create difficulties and we will offer suggestions for a way forward.² In Section II we will look at issues of jurisdiction and in Section III we will turn to issues of choice of law.

<a>II. JURISDICTION

¹ See J.J. Fawcett and P.L.C. Torremans, *Intellectual Property and Private International Law*, 2nd ed., Oxford University Press, 2011.

² See European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary*, Oxford University Press, 2013.

1. The Starting Point

18.02 Jurisdiction in this area is governed by the Brussels I Regulation.³ The rules of that Regulation apply to intellectual property and that results e.g. in a standard rule that the defendant can always be sued in the courts of the country where he or she is domiciled.⁴ That rule does not create particular difficulties for IP cases and neither does the alternative rule for contractual issues which is found in Article 7(1).⁵ When it comes to infringement of IP rights the tort rule in Article 7(2)⁶ gives the claimant another alternative. The concept of the place where the harmful event occurred or may occur does cause some problems of interpretation though in an intellectual property context. Parallel territorial IP rights may result in damage occurring in several jurisdictions. The court in each of these jurisdictions will only have jurisdiction to hear the case in relation to the local damage (the court of the defendant's domicile under Art. 4 is still available to hear the whole case) as a result of the *Shevill* case.⁷ That later case also refers to the act leading to the damage and gives jurisdiction to the courts of the place where the defendant has its establishment. It may be better in an IP context to replace that by the place where the infringement takes place. But with these little issue sorted, Article 7.2 causes in effect few problems in an IP context. More issues arise when there are multiple defendants who the claimant wishes to sue in one court (Art. 8.1) and the issue of exclusive jurisdiction risks to distort the whole picture. We will now in turn look at these two more problematical issues.

2. Article 8.1 Brussels I (recast)

18.03 Multiple defendants can be sued in a single court, or as Article 8.1 puts it:

<quotation>A person domiciled in a Member State may also be sued:

(1) where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the

³ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2012] OJ L351/1.

⁴ Article 4.1 of the recast (old Art. 2).

⁵ Of the recast, old Art. 5.1.

⁶ Of the recast, old Art. 5.3.

⁷ Case C-68/93 *Shevill and Others v Presse Alliance SA* [1995] ECR I-415.

risk of irreconcilable judgments resulting from separate proceedings.</quotation>

18.04 The nature of the close connection required (for the use of Art. 8(1)) where there has been an infringement of a European patent was settled by the decision of the Court of Justice (CJEU) in *Roche Nederland BV v Primus*.⁸ But despite the fact that the Court keeps referring to that judgment, we will see later that some flexibility seems to have been created since. The plaintiffs in *Roche*, who were US proprietors of a European patent granted for ten States (Austria, Belgium, Germany, France, the Netherlands, the UK, Switzerland, Sweden, Liechtenstein, and Luxembourg) brought an action in the Netherlands for infringement against Roche Nederland BV, a company established in the Netherlands, and eight other companies in the Roche Group (established in Austria, Belgium, Germany, France, the UK, Switzerland,⁹ Sweden, and the US¹⁰). The alleged infringement consisted in placing medical equipment on the market in countries where the defendants were established. Each of the eight defendants was alleged to have infringed the patent in one or more States. The eight defendants challenged the jurisdiction of the Dutch courts.¹¹ The Hoge Raad (Supreme Court of the Netherlands) in essence referred two questions to the CJEU. The first question was essentially ‘whether Article 8(1) of the Brussels Convention must be interpreted as meaning that it is to apply to European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States [. . .]’¹²

18.05 The CJEU, when determining whether there was a risk of irreconcilable judgments, introduced and applied the twin requirements that possible divergences between the decisions of the courts in the States where the defendant was established must arise in the context of the same situation of law and fact. As regards the same

⁸ Case C-539/03 [2006] ECR I-6535.

⁹ The Lugano Convention would apply to this action and the CJEU was not directly concerned with this action. However, the decision of the Court on Art. 6(1) of the Brussels Convention has an indirect effect on the interpretation of Art 6(1) of the Lugano Convention, see AG Léger in *Roche*, above, at [44] of his opinion. Rulings on the interpretation of the Brussels Convention are an aid to interpretation of the Lugano Convention.

¹⁰ The action against the USA defendant was a matter for Dutch traditional rules of jurisdiction and the CJEU did not concern itself with this.

¹¹ The defendants also denied any infringement and questioned the validity of the European patent.

¹² Case C-539/03 *Roche Nederland BV v Primus (Roche)*, [18].

situation of law, the Court, after referring¹³ to various provisions in the European Patent Convention,¹⁴ adopted the traditional view that a European patent once granted becomes a bundle of national patents.¹⁵ The Court concluded that any divergences between the decisions given by the courts concerned would not arise in the context of the same legal situation.¹⁶ As regards the requirement of the same factual situation, this too was not met ‘since the defendants are different and the infringements they are accused of, committed in different Contracting States, are not the same’.¹⁷ The upshot was that any diverging decisions could not be treated as contradictory.¹⁸ The significance of the defendants being different was explained by Advocate General Léger who said that ‘as the defendants concerned by each of these decisions are different, the decisions may be enforced separately and simultaneously for each of them’.¹⁹

18.06 In reaching its decision the Court rejected the spider in the web doctrine. The Court was asked in a second question essentially whether the answer to the first question would be any different ‘where those [defendant] companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them’.²⁰ Reference to the defendants acting in an identical or similar manner brings out the point that the Court was concerned with the situation where the alleged infringing acts of the various defendants were the same or virtually the same.²¹ The Court held that, even in this situation, Article 8(1) would not apply.²² It accepted that the factual situation would be the same.²³ But the legal

¹³ Ibid, [29]–[30].

¹⁴ Referring to Art. 2(2) (‘the European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that state, unless otherwise provided in this Convention’), Art. 64(1) (‘a European patent shall [...] confer on its proprietor from the date of publication of the mention of its grant, in each Contracting State in respect of which it is granted, the same rights as would be conferred by a national patent granted in that State’) and Art. 64(3) (‘any infringement of a European patent shall be dealt with by national law’) of the Munich Convention.

¹⁵ See the opinion of AG Léger in Case C-539/03 *Roche*, [23].

¹⁶ Case C-539/03 *Roche*, [31].

¹⁷ Ibid, [27].

¹⁸ Ibid, [32].

¹⁹ The opinion of AG Léger in Case C-539/03 *Roche*, [109].

²⁰ The Court of Justice in Case C-539/03 *Roche* case, [18].

²¹ This is clear from the terms of the original reference from the Dutch court, see Case C-539/03 *Roche*, [17].

²² Case C-539/03 *Roche*, [34].

situation would remain different because with a European patent each defendant would be infringing a different patent.²⁴

18.07 This very strict interpretation almost entirely ruled out the application of Article 8(1) in a situation where parallel territorial IP rights are involved. There would simply never be the same situation of law and therefore one could rule out the risk of irreconcilable judgments. But despite the fact that the Court pays lip service to the *Roche* decision, a recent case casts serious doubt on that conclusion and suggests that a fair degree of flexibility (and uncertainty) has been introduced. In the *Painer* case²⁵ Mrs Painer was allowed to use Article 8(1) to sue both German and Austrian newspaper editors in the courts in Vienna who had published a picture in which she had copyright. The Court of Justice accepted that there was a same situation of law as a result of an EU Directive harmonising copyright in photographs. Allowing two courts to apply that law could lead to irreconcilable results. But a Directive is still implemented in national law and just like in *Roche* there were in the end territorially limited patents there are here territorially limited copyrights based on German and Austrian copyright law (as harmonised by the Directive). Accepting a risk of irreconcilable judgments in such a case clearly goes beyond the strict approach in *Roche*. In the presence of strongly harmonised provisions territoriality no longer seems to be the hurdle is appeared in *Roche*. But it is as yet unclear how far the Court of Justice is prepared to go on this point.²⁶

3. Article 24(4)

18.08 In private international law terms rules on exclusive jurisdiction have now become a rarity. But their impact can be huge, as they overrule any other jurisdiction

²³ Ibid. See also the opinion of AG Poiares Maduro in Case C-462/06 *Glaxosmithkline, Laboratoires Glaxosmithkline v Jean-Pierre Rouard* at [35]–[36], which involved an employee suing joint employers in the same group. The organisational or economic links between the two defendants were taken into account as evidence of the requisite close connection between the two claims.

²⁴ Case 539/03 *Roche*, [35].

²⁵ Case C-145/10 *Eva-Maria Painer v Standard Verlags GmbH et al.* [2011] ECDR 6.

²⁶ For a detailed analysis see Torremans, ‘La propriété intellectuelle met l'article 6 (1) du Règlement Bruxelles I à l'épreuve’, in *Mélanges André Lucas* (2014).

rule. It is therefore important to note that Article 24(4) Brussels I Regulation contains such an exclusive jurisdiction rule in relation to certain aspects of IP rights:

<quotation>The following courts of a Member State shall have exclusive jurisdiction, regardless of the domicile of the parties:

[...]

(4) in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, irrespective of whether the issue is raised by way of an action or as a defence, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of an instrument of the Union or an international convention deemed to have taken place.</quotation>

If one takes into account that the invalidity point is often raised by the defendant in infringement cases the potential impact of this provision immediately becomes clear.

18.09 Exclusive jurisdiction provisions have a long history in private international law instruments that cover IP rights.²⁷ The most convincing reason for their existence that is still valid is that they touch on proceedings the outcome of which may require an *intellectual property office* to correct its registers. That link with a national procedure, where one can see a parallelism with a national court using its own procedural law, militates in favour of the case that gives rise to it being handled on an exclusive basis by the courts of the country of registration. The decision whether or not to *grant* and *register* an exclusive right also touches upon the public policy of the country and deciding whether or not the right was correctly and justifiably granted then easily becomes a matter for the exclusive jurisdiction of the court of the country of registration.

²⁷ See e.g. Fawcett and Torremans, 12–19.

18.10 A first restriction that becomes apparent is due to the vital role played in this context by the registration. Without it the issues and arguments mentioned above do not arise. This is why the exclusive jurisdiction clause is restricted to registered rights. Without registration one cannot argue that the office incorrectly registered the right or that the procedure will result in an instruction being given to the office by the court.

18.11 This of course does not mean that validity issues may never arise in relation to unregistered rights such as copyright. They do not arise in the same context though. An argument that a copyright is not valid is often brought in a certain context where the real issue is that the right does not extend to the activity of the alleged infringer. And even if the argument is really that there is not copyright in the work altogether, e.g. because of a lack of originality, the outcome will have a mere *intra-partes* effect in most cases. Private litigation between two private parties cannot have more than *inter-partes* effect, unless the legislature has provided for it. A rare example where this may arise is in relation to unregistered Community designs. An invalidity action is possible here and will have effects that surpass the parties. In those rare cases foreign courts can take decisions with *erga omnes* effect concerning unregistered rights.

18.12 A second restriction is found in the link between these scenarios and the alleged error of the IP office in the registration process. Traditionally this has resulted in wording such as disputes ‘concerned with the validity and registration’ being used. First, there are a number of basic elements involved. There may have been a problem with the grant of the right itself. The problem may also not be the grant as such, but the registration as the technical result that flows from it. And finally the essence may be invalidity, i.e. for one reason or another the right was not validly granted and registered and should never have existed. The registration can also be abandoned or may be revoked, e.g. as a result of being declared invalid. It is worth spelling these elements out, as it shows clearly the limited number of scenarios that may give rise to

exclusive jurisdiction. Exclusive jurisdiction is valuable, but only in these clearly and narrowly circumscribed conditions.²⁸

18.13 One cannot escape the *GAT v LUK* decision in this area, even if it gives rise to a lot of unease. Clearly a change from the existing provisions of the Brussels Convention 1968²⁹ and the Brussels I Regulation³⁰ is intended here, as these provisions have given rise to an interpretation by the Court of Justice in *GAT v LUK*³¹ that was eagerly awaited, but that produced undesirable side effects.³² What exactly the change is will become clearer if we look at the decision in some more detail.

18.14 The Court of Justice refers back to its earlier decision in *Duijnste v Goderbauer*.³³ That case centred around the issue of the *ownership* of a patent and article 16 of the Convention, as it then was, was raised. The Court reiterates its starting position in *Duijnste* that the notion of proceedings ‘concerned with the registration or validity of patents’ must be regarded as an independent concept. That independent concept was held in *Duijnste* to include proceedings relating to the validity, existence or lapse of a patent or an alleged right of priority by reason of an earlier deposit. Any other matter falls outside the scope of the independent concept and thus of the exclusive jurisdiction that comes with it. In *Duijnste* this was the case

²⁸ See Judgment of 1 October 2010 of the Belgian Supreme Court (Hof van Cassatie-Cour de Cassation), *X v Universitair Medisch Centrum Utrecht and others*, [2011] 1 Tijdschrift@ipr.be (www.ipr.be), 73.

²⁹ Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters [1972] OJ L/299/32, Art. 16(4).

³⁰ Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2001] OJ L/12/1, Art. 22(4).

³¹ Case C-4/03 *Gesellschaft für Antriebstechnik mbH & Co KG (GAT) v Lamellen und Kupplungsbau Beteiligungs KG (LUK)* [2006] ECR I-6509.

³² See A. Kur, ‘A Farewell to Crossborder Injunctions? The ECJ Decisions *GAT v LuK* and *Roche Nederland v Primus and Goldenberg*’, (2006) *IIC*, **37**, 844–55; P.L.C. Torremans, ‘The widening reach of exclusive jurisdiction: Where can you litigate IP rights after GAT?’, in A. Nuyts, (ed.), *International Litigation in Intellectual Property and Information Technology*, Kluwer Law International, Alphen aan den Rijn, 2008, 61–77; P.L.C. Torremans, ‘Overcoming GAT: The way ahead for cross-border intellectual property litigation in Europe’, (2008) *Tijdschrift@IPR.be*, **7**(2), 65–79; P.L.C. Torremans, ‘The way forward for cross-border intellectual property litigation: Why GAT cannot be the answer’, in S. Leibel and A. Ohly (eds.), *Intellectual Property and Private International Law*, Mohr Siebeck, Tübingen, 2009, 191–210; P.L.C. Torremans, ‘Consolidation of intellectual property litigation in Europe’, in *Essays in honour of M.P. Stathopoulos*, Ant. N. Sakkoulas Publishers, Athens, 2010, 2985–3007.

³³ Case 288/82 *Duijnste v Goderbauer* [1983] ECR 3663.

for the ownership issue, but it would also be the case for an infringement issue as such. It is significant that the Court starts its reasoning by approving the *Duijnstee* decision. However, if this is the basis of the matter the Court should also have reminded itself that it held in *Duijnstee* that the then Article 16(4) was an *exception* on the general rules of jurisdiction and that as such it needed to be interpreted *restrictively*. This approach was clearly reflected in the way in which the independent concept was defined. Nevertheless, the confirmation of the exclusion of the ownership question from the scope of exclusive jurisdiction can only be welcomed and approved.

18.15 The Court then moves on to refer to the fact that in practice the issue of validity is often raised as a *plea in objection* in an infringement action. It can also be invoked in support of a declaratory action seeking to establish that there has been no infringement, as a means to establish that no enforceable right exists upon which the defendant can rely. And of course validity can be raised in its own right by means of a claim or a counterclaim. The Court comes to the conclusion that the rule of exclusive jurisdiction laid down in Article 22(4) of the Regulation concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection. As soon as the validity issue is raised, irrespective of the stage at which this takes place, any court other than the court of the country of registration will have to declare itself incompetent. This is clearly due to the unduly wide interpretation which the use of the wording ‘concerned with’ allows. Hence the need to use a more restrictive concept.

18.16 But the decision leaves quite a few questions unanswered. What would happen if a mere *infringement action* is brought in another court, i.e. invalidity has not (yet) been raised? The CJEU does not offer guidance, but it is submitted that there is nothing in the judgment that would allow that other court to *decline jurisdiction*. At least as long as the validity point is not raised, the court would be obliged under e.g. Article 2 or Article 5.3 of the Regulation to take jurisdiction. The opposite point of view was taken obiter by Lewison J in the UK Patents Court in *Knorr-Bremse*

Systems for Commercial Vehicles Ltd v Haldex Brake Products GmbH.³⁴ In his view the court should decline jurisdiction as soon as it is aware that the validity point ‘is to be raised’. Since validity is most likely to be raised in infringement cases and since from a UK point of view validity and infringement are intimately related to one another such an interpretation would expand the exclusive jurisdiction clause in Article 22(4) to virtually all infringement cases. That clearly goes against the whole structure and wording of the Regulation and that interpretation is therefore clearly not acceptable. Any jurisdiction rule on infringement would almost become superfluous. Lewison J’s approach would also lead to absurd and unacceptable consequences if thought through to its final conclusion. If we apply it to a breach of contract case between a licensor and a licensee where the case is brought in England on the basis of an exclusive jurisdiction clause, but where the IP right concerned is foreign, the option that the licensee who is allegedly in breach of the contract can (and is likely to) raise the validity of the IP right should lead the English judge to decline jurisdiction. That could mean that no other court has jurisdiction over the main issue and that there is no other forum. Clearly this is not acceptable and cannot be right.

18.17 But what exactly would happen once the validity issue has been raised in a case that started life as an infringement case? Is there a way forward *de lege lata* in such a scenario? Clearly the court is unable to reach a conclusion in such a case, but would that mean necessarily that the whole case needs to be dismissed? Could one continue with the case once the parties have obtained a validity judgment in the courts of the country of registration? This is apparently not what the CJEU has in mind if one accepts its less than straightforward logic. In this logic the whole case becomes part of the exclusive jurisdiction of the court of the country of registration once the validity issue has been raised, irrespective of whether the latter initiative has any value to it or any chance of success. It is however interesting to note that the Court does not express itself on the matter, despite the fact that its Advocate-General raised the issue. The point has therefore not been decided. It is therefore submitted that the court should not dismiss the case and decline jurisdiction. That is not what the correct application of each element of the Brussels Regulation mandates. Instead the court should stay the

³⁴ Judgment of 7 February 2008, [2008] EWHC 156 (Pat), [2008] I.L.Pr. 26.

infringement proceedings and give the party that raises the invalidity a short period of time during which that party should institute validity proceedings in the court or courts that have exclusive jurisdiction on that point. Once a decision on invalidity has been reached in the foreign court the infringement proceedings can be continued. A failure to bring validity proceedings should be seen as a recognition of the validity of the IP right concerned and the infringement court can then proceed with the case too. This was the approach taken by the Handelsgericht in Zurich³⁵ in the aftermath of the *GAT* case and the approach was confirmed by the Swiss Federal Court.³⁶

18.18 This Swiss-Brussels I approach is probably the best way forward *de lege lata*, as explained in *GAT*. The defendant can no longer wreck the case by raising invalidity without pursuing it in the foreign court with exclusive validity jurisdiction. On the other hand, right holders are faced with an increased chance that validity proceedings will follow and may therefore refrain from bringing infringement proceedings (in one court) unless they are convinced that their rights can stand up to scrutiny. But defendants will also refrain from raising validity if they have no chance of success. The approach has advantages and disadvantages for both parties and a fair balance is achieved. It is submitted that it is the only way to achieve such a balance in the aftermath of *GAT* without resorting to law reform. The criticism that the whole approach is cumbersome, costly and time consuming is not valid, as the claimant is not obliged to bring a single set of proceedings and can use other grounds of jurisdiction to sue on a country-by-country basis. On the contrary this approach fits in with the overall aim of the Regulation to offer the claimant a number of options from which it can pick the most convenient, speedy or economical one.

18.19 This brings us very clearly to the real problem that arises. There are scenarios where parties have a very real need to *consolidate cases*. A typical example is a European Patent application that gives rise to 15 parallel patents owned and exploited by a single company. If another company infringes the patent(s) in all countries through the very same activity, carried out on its own, it seems logical from an

³⁵ *Eurojobs Personaldienstleistungen SA v Eurojob AG*, judgment of 23 October 2006.

³⁶ *Eurojobs Personaldienstleistungen SA v Eurojob AG*, judgment of 4 April 2007, I. Zivilabteilung 4C.439/2006, see www.decisions.ch/entscheide/urteil_4C_439_2006.html.

economic perspective to assume that a single dispute arises. Bringing a single case, e.g. in the habitual residence/place of business of the defendant, to get a single resolution of the dispute between the parties seems logical and desirable. It is not acceptable to put this solution at the mercy of the defendant's goodwill not to raise the word validity. Putting in motion an unavoidable system that leads to *parallel litigation* in 15 countries once the word validity is on the table is undesirable. It can make the procedure so lengthy and costly that it effectively leads to a *denial of justice*.

18.20 Let us therefore briefly summarise the implications of the judgment, which illustrate that an alternative approach is badly needed. Patent cases provide a good example. As a result of the judgment in *GAT v LUK*, taken in its pure form, it will no longer be possible to consolidate patent litigation by bringing a single case against a defendant dealing with several, parallel patents, unless there is a rare guarantee that validity or registration will not be an issue. These cases will now have to be brought on a country (of registration) by country (of registration) basis. This will lead to more litigation, higher costs and above all, an increased risk of diverging judgments. That in turn is likely to undermine trust in the legal and patent system, as right holders will find it hard to understand how parallel rights, based on the same facts, examination and legal rules can be dealt with differently in different Member States. Let us now turn to infringement cases specifically, as they are most affected. The idea of raising a claim for infringement occurring in several countries before the courts in the defendant's country of domicile, will appear as too risky a strategy. This is mainly the case because the judgment in *GAT v LUK* does not seem to impose any obstacle against a defendant raising the invalidity defence at a rather late stage in the proceedings, to the likely effect that the court seized with the proceedings declares itself incompetent to hear the claim any further, thus rendering futile all efforts previously invested in the pursuit of the claim. The defendant does not have to justify the delay, nor present an arguable case on validity. Simply formally raising the point will be sufficient. But the undesirable consequences go even further, as the fact that the right holder will not be in a position to secure a judgment that includes other Member States and is enforceable there on the basis of the Regulation, may raise the reluctance of alleged infringers to enter into any post-litigation settlement concerning damages. The Zurich approach set out above can alleviate some of these problems,

but it remains a second-best solution to work as best as one can with the constraints of the *GAT* judgment.

18.21 One almost senses a desire in the CJEU's reasoning to close off any solution to *cross-border litigation* in as far as it is based on the Brussels I Regulation. One reason for this may have been that the Court felt that the existing system formed an abuse of the system set out in the Regulation. Defensive Italian or Belgian *torpedoes* may have been a major part of that perceived problem.³⁷ Cross-border cases and the willingness of primarily Dutch and German courts to take them had indeed been giving rise to a practice whereby equally broad actions for a declaration of non-infringement were brought by the alleged infringers in a jurisdiction where there were significant delays. The argument of *lis pendens* would then be brought to make the court in which the infringement action was brought decline jurisdiction. And as the delays, particularly in the Italian and Belgian courts, could amount to several years this practice would shield the alleged infringer from litigation for a considerable period, and hence the well-known terms Italian or Belgian torpedoes. They did indeed have the effect of a torpedo on the infringement litigation. If anything though, the Court should only have blamed itself, as its judgment in *Gasser*³⁸ did nothing to stop the practice. Instead it effectively encouraged these kinds of practices. There was however no need to use Article 22(4) of the Regulation to address these problems. The national courts had already dealt with them quite effectively on other jurisdiction grounds³⁹. In cases involving multiple defendants the common law instrument of the *anti-suit injunction* had also been used to stop defendants from being sued abroad.⁴⁰ But the Court had plugged that hole itself in its *Turner* decision in 2004.⁴¹ Since the courts that took cross-border jurisdiction had themselves adopted a careful approach there was really very little left in terms of potential abuses or distortions of the system for the CJEU to address in *GAT v LUK*.

³⁷ See Franzosi, 'Worldwide Patent Litigation and the Italian Torpedo', (1997) EIPR 82.

³⁸ Case C-116/02 *Erich Gasser GmbH v MISAT Srl* [2003] ECR I-14693.

³⁹ In Belgium see *Epic Medical Equipment Services and Hospitera v Delaware Nellcor Puritain Bennet*, judgment of the President of the Court of First Instance in Brussels of 22 September 2000, [2000] Ing. Cons. 292 and *Roche v The Wellcome Foundation Ltd*, judgment of the Court of Appeal in Brussels of 20 February 2001, [2001] IRDI 169; in Italy see *Macchine Automatiche v Windmoller & Holscher KG*, judgment of the Supreme Court of 19 December 2003.

⁴⁰ See in the UK *Forth Dodge Animal Health Ltd v Akzo Nobel NV* [1998] FSR 222.

⁴¹ Case C-159/02 *Gregory Paul Turner v Ismail Grovit* [2004] ECR I-3565.

18.22 In a sense the bankruptcy of the *GAT* approach is spelled out involuntarily by Court of Appeal in London in its judgment in *Research in Motion UK Ltd v Visto Corporation*.⁴² The court acknowledges there is nothing it can do against the undesirable situation in which *opposition proceedings* are coupled with *revocation* and negative declaration proceedings in the UK in relation to the UK (European) patent and *negative declaration* proceedings in relation to European patents in other countries in another Member State. This is the inevitable result of the push towards country-by-country proceedings in the UK courts which the ECJ supported in *GAT*. Multiple proceedings at a high cost that can lead to divergent solutions are exactly what business does not need.

18.23 The analysis above has shown that it is hard to justify convincingly the decision in *GAT v LUK*.⁴³ In addition, the problems, which were tentatively addressed by the practice of cross-border litigation, have not gone away. These still need to be addressed. In the light of the fact that the CJEU clearly feels that they cannot be addressed in the current legal framework, suggestions for change are warranted. It is submitted that the application of jurisdiction rules should be geared towards the following objectives:

<blist>

- The owners of IP rights existing in different Member States should be given access to efficient enforcement, by allowing for *consolidation*, before one competent court, of claims for infringements committed, in all or several of the states for which the rights have been granted,
- *provided* that the competence of the forum can be established under the *general rules* of the Regulation, thereby honouring the basic principles on which the Regulation relies, and

⁴² *Research in Motion UK Ltd v Visto Corporation*, [2008] FSR 20, (2008) 15(11) LSG 23.

⁴³ Fawcett and Torremans, paras 7.27–146, 346–78.

- *without prejudice* to the sovereign rights of other Member States to decide on registration and validity of registered intellectual property rights *with effect against third parties (erga omnes)*.

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18.24 Let us now turn in a bit more detail to the precise way in which these objectives can be achieved and how this has been turned into a detailed proposal in the CLIP Principles.⁴⁴ This remains of course a way forward *de lege feranda*.

18.25 The way forward is one that reserves the *erga omnes* decision on validity to the court of the country of registration, but that gives other courts, *particularly in infringement cases, the power to deal with the matter inter-partes*, including the point of validity if it is raised incidentally. The CJEU rejected this approach in *GAT v LUK*, as in the current version of the Regulation such an *inter-partes* approach could not be guaranteed and depended on national law. These objections will disappear however if the *inter-partes* only effect of such a decision is inscribed in the alternative rule. It is therefore submitted that this is the way forward that properly takes into account all the relevant interests.

18.26 One should however be aware of the fact that an *inter-partes* situation can arise in peculiar circumstances. The starting point can be an application for a negative declaration based on the idea that a certain act does not infringe rights that may exist in a vast number of countries. The substantive reason for which the claimant argues that there is no infringement could however be that in its view these rights are invalid (e.g. for lack of novelty). Jurisdiction can then be based e.g. on the general rule and an *inter-partes* decision remains possible without triggering the exclusive jurisdiction of the courts of each of the countries concerned. Whilst this conclusion may seem at first slightly unfair, the interest in allowing for consolidation and the tempering effect of the *interpartes* only nature of the decision make this outcome acceptable. Even in

⁴⁴ European Max Planck Group on Conflict of Laws in Intellectual Property, 138.

those exceptional circumstances the application of the *inter-partes* rule can be supported.

18.27 One could also argue that this approach follows a broader recent trend that can also be seen in Article 10 of the Hague Convention on *Choice of Court Agreements*.⁴⁵ Despite the fact that the issue of validity of an IP right other than copyright or a related right is excluded from the scope of the convention the convention recognises that the issue may arise as a preliminary matter. And leaving all grand ideas and dogmas of substantive patent law in some countries aside validity does essentially arise as a preliminary matter in patent infringement cases. The validity of the right needs to be dealt with before a decision on infringement can be reached. The Hague convention then stipulates

<quotation>However, in the case of a ruling on the validity of an intellectual property right other than copyright or a related right, recognition or enforcement of a judgment may be refused or postponed under the preceding paragraph only where—

(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State under the law of which the intellectual property right arose; or

(b) proceedings concerning the validity of the intellectual property right are pending in that State.</quotation>

18.28 The clear implication of this approach is that only a decision in the country of registration will have effect *erga omnes* and that courts in other countries are not deprived of all forms of jurisdiction in this area. *Inter-partes* decisions clearly are acceptable from that point of view.

⁴⁵ Article 10 Convention on Choice of Court Agreements, concluded 30 June 2005, http://www.hcch.net/index_en.php?act=conventions.pdf&cid=98.

18.29 In conclusion, there is still scope for exclusive jurisdiction, but it is only justified where *grant, registration or validity* are the essence of the claim and form the *object of the dispute*.⁴⁶ Outside that limited area exclusive jurisdiction cannot be justified as it has been shown to carry with it some highly undesirable consequences. Infringement cases in which validity is raised, to take the standard example, will therefore not be caught by the exclusive jurisdiction rule. Raising validity in objection or as a defence will not give rise to the unavoidable operation of the exclusive jurisdiction rule. The impact of the fact that a foreign court will then rule on validity is dealt with by taking away the *ergo omnes* effect of the ruling. The IP office will not have to amend its registers and the effect of the ruling remains an *inter-partes* one. That is not a negative point though as the parties to the litigation will see all issues between themselves resolved and that was the very aim of the proceedings.

<a>III. CHOICE OF LAW

18.30 Two European instruments deal with choice of law and may be relevant in relation to copyright. The Rome I Regulation deals with contract choice of law and may be relevant for copyright contracts and The Rome II Regulation deals with tort choice of law and may therefore be relevant in a copyright infringement context. We will deal with them in turn.

1. The Rome I Regulation

<c>A. *The Law Chosen by the Parties*

⁴⁶ See Torremans et al., ‘Special Feature: CLIP: Exclusive Jurisdiction and Cross-Border IP (Patent) Infringement: Suggestions for amendment of the Brussels I Regulation’, (2007) *EIPR*, **29**(5), 194–203; Torremans, et al. , ‘Intellectual Property and the Reform of Private International Law – Sparks from a Difficult Relationship’, (2007) *IPrax Praxis des Internationalen Privat- und Verfahrensrecht*, (4) 284–90; and Torremans et al, ‘Les relations conflictuelles de la propriété intellectuelle et la réforme du droit international privé en Europe’, (2007) *Propriétés Intellectuelles*, (24), 291–9. See also the Judgment of 1st October 2010 of the Belgian Supreme Court (Hof van Cassatie-Cour de Cassation), *X v Universitair Medisch Centrum Utrecht and others*, [2011] 1 *Tijdschrift@ipr.be* (www.ipr.be), 73.

18.31 The Rome I Regulation⁴⁷ contains in Article 3 the same starting point as its predecessor the Rome Convention 1980,⁴⁸ i.e. the freedom of the parties to choose the law applicable to the contract, a principle that is recognised internationally. This rule applies equally to licences and assignments of IP rights and to all other contracts in relation to IP and copyright.⁴⁹ So, in the situation where the parties make an express or implied choice of law this choice prevails and no other choice of law problem remains unsolved.⁵⁰ The parties are free to choose any law. The applicable law does not need to have a particular connection with the contract. The parties are also free to make alternative choices of law.

18.32 According to Article 3 of the Rome I Regulation, the parties can, first of all, choose the applicable law by making an express choice of law. Such an express choice of law is clearly present if the contract stipulates, for example that it is ‘subject to’ or ‘governed by’ a particular law or that it is ‘to be construed in accordance with’ a particular law. Whether a specific clause amounts to an express choice of law is a matter of interpretation.⁵¹

18.33 In the absence of an express choice, Article 3 allows the choice of the parties to be demonstrated by the terms of the contract or the circumstances of the case. Such a choice has to be demonstrated clearly. The intention of the parties is a vital element in this respect. The court will, in the light of all the facts, have to decide whether the parties have made a real choice of law without expressly stating so in the contract. However, the court cannot infer a choice, if the parties had no clear intention of making a choice.

⁴⁷ Regulation (EC) 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), [2008] OJ L 177/6.

⁴⁸ EEC Convention on the Law Applicable to Contractual Obligations [1980] OJ L 266/1.

⁴⁹ See E. Ulmer, *Intellectual Property Rights and the Conflict of Laws*, Kluwer Law International, 1978, 86.

⁵⁰ Ibid, 86–7, see also the decision of the German Bundesgerichtshof of 21 October 1964 [1965] GRUR Int 504. The court will apply the law chosen to the whole contract (unless the parties determine otherwise) and in the way in which it would be applied by the home courts. See the Amfit-Lizenz decision of 29th August 2000 of the Swiss Bundesgericht [2001] GRUR Int 477.

⁵¹ For two examples in a somewhat different legal environment see Judgment of 1 February 1989, Court of Appeal Paris, *Anne Bragance v Olivier Orban and Michel de Grèce* (1989) 142 RIDA 301 and Judgment of 22 March 1993, Tribunal de Grande Instance de Paris, *Claude Bolling*, (1993) 157 RIDA 286.

18.34 In most cases, the choice of law of the parties will cover the whole contract. However, Article 3(1) of the Rome I Regulation retains the principle of the Rome Convention 1980 that also allows the parties to select the applicable law for a part of the contract. This may lead to two situations. The parties may have chosen another law that will govern the remainder of the contract, or they may have made no choice of law at all for the remainder of the contract.⁵² The rules to determine the applicable law in the absence of a choice by the parties will apply to the remainder of the contract in the latter situation. And finally, the parties are also free to agree at any time to change the law applicable to the contract, as long as the formal validity of the contract and the rights of third parties are not adversely affected by such a change.⁵³

18.35 Article 3 does not raise any particular problems for contracts in relation to intellectual property rights. Accordingly, our analysis will focus on licence contracts which do not contain a choice of law.

<c>B. The Applicable Law in the Absence of Choice

<d> i. The starting point

18.36 An attempt to address at least some of these issues that arose in relation to Article 4 Rome Convention 1980 has been made in Article 4 of the Rome I Regulation and this system will apply to contracts concluded as of 17 December 2009. The presumption-based approach has been replaced by a list of rules that determines the applicable law for certain types of contract. Article 4(1) refers to the law of the habitual residence of the seller for sale of goods contracts, to the law of the habitual residence of the franchisee for franchise contracts, to the law of the habitual residence of the distributor for distribution contracts, etc. Article 4(2) then deals with all types of contract that are not found in the list and the characteristic performance rule that was established in the Convention is retained for these (without the presumption

⁵² R. Plender and M. Wilderspin, *The European Private International Law of Obligations*, London: Sweet & Maxwell, 3rd ed., 2009, 154–5.

⁵³ Art. 3(2).

aspect though).⁵⁴ The characteristic performance rule is also applied to those cases where elements of the contract are covered by more than one of the rules of Article 4(1). Article 4(3) and 4(4) then refer to what was Article 4(5) in the Convention. There may first be an apparent closer connection with another country. The law of that other country will apply if this manifestly closer connection is clear from all the circumstances of the case. And if Article 4(1) and 4(2) do not allow the identification of the applicable law the law of the country with which the contract is most closely connected offer the ultimate fall-back position. The Regulation therefore works with fixed rules and the characteristic performance for all other contracts, with the closest connection as an escape route. In the absence of formal presumptions the latter should be used sparingly, but in practice its criteria are the same as in the Convention system. Therefore there may not be an enormous change. The insertion of the word ‘sparingly’ in Article 4(3) is of course an attempt to go in the other direction and to use the escape clause sparingly,⁵⁵ but the complex nature of IP contracts is likely to undo any such improvement over the old Article 4(5).⁵⁶ This is not to say though that the old approach of the English courts should be continued. But a reduction in comparison with the old Dutch approach which was also later approved by the Court of Appeal is unlikely to materialise.

18.37 The latter is no doubt also helped by the fact that IP contracts do not easily fall within either Article 4(1) or Article 4(2). The original proposal for a Rome I Regulation contained a specific rule for IP contracts in Article 4(1) and this would have led to the application of the law of the licensor or assignor. With the colleagues from CLIP we argued that this rule was unsound. There was no clear definition of what was an IP contract. Plenty of franchise and distribution contracts contain strong IP components and there would have been a conflict between the various rules in Article 4(1) as a result of the overlap. The rules would then also have clashed, as in an IP context the franchisee e.g. would have been the licensee rather than the licensor. Under the mechanism in Article 4(2) the rules would then have cancelled each other out, but this would have defeated the whole idea of having a special rule for IP contracts. It is also by no means clear that the choice for the law of the country of the

⁵⁴ Plender and Wilderspin, 188 et seq.

⁵⁵ See Fawcett, ‘A United Kingdom Perspective on the Rome I Regulation’, in N. Boschiero (ed.), *La Nuova Disciplina Comunitaria della Legge Applicabile ai Contratti (Roma I)*, (2009), 209.

⁵⁶ Plender and Wilderspin, 194 et seq.

licensor or assignor could have been justified in all cases in a characteristic performance / closest connection context. Intellectual property contracts can after all be very different in nature. Or as it was put in the CLIP Comments:

<quotation>The wide variety of contracts relating to intellectual property rights also calls for a differentiated solution instead of one strict, clear-cut rule. Even though the application of the law of the assignor or transferor of the intellectual property right might be appropriate in simple contracts which resemble an outright sale – such as an assignment or license for consideration in the form of a lump sum payment –, this does not hold true as a general rule. More complex intellectual property transactions often include an explicit or implicit duty of the licensee to exploit the intellectual property right, sometimes supplemented by clauses indicating quantities of production or modalities of use, while the licensor does not accept any commitment beyond the toleration of use of his rights. This casts doubt on the proposition that it is the licensor who effects the performance characteristic of the contract (as it is the licensee who accepts the commercial risks linked to the exploitation). It may also be the case that the intellectual property rights licensed or assigned are mainly exercised in the country of the licensee's or transferee's habitual residence or principal place of business. Another example of an intellectual property contract where the performances of both parties are essential and characteristic is a contract to publish and distribute a book.⁵⁷</quotation>

18.38 It is therefore satisfying to see that the specific rule for IP contracts has been dropped altogether. One should however add that the fact that IP contracts do not form a homogeneous group such as e.g. sale of goods contracts and are instead very diverse in nature does also mean that the determination of the characteristic performance will not be a straightforward affair either. The exercise will have to be conducted on a case-by-case basis and it is to be expected that for highly complex IP contracts recourse will frequently be had to the closest connection escape route. This

⁵⁷ CLIP, Comments on the European Commission's Proposal for a Regulation on the Law Applicable to Contractual Obligations ('Rome I') of 15 December 2005 and the European Parliament Committee on Legal Affairs' Draft Report on the Proposal of 22 August 2006, 4 January 2007, see <http://www.clip.eu>. See also European Max Planck Group on Conflict of Laws in Intellectual Property.

is in essence due to the complex nature of many IP contracts, rather than to any deficiency in Article 4.

<d> ii. Article 4(5) Rome Convention 1980 and Article 4(4) Rome I Regulation

18.39 The impossibility of identifying a single characteristic performance in each contract brings us within the scope of Article 4(5) of the Rome Convention 1980 and Article 4(4) Rome I Regulation respectively. It is submitted that, for example, cases such as the one where there are contributions by many authors, should be approached as falling under Article 4(5) Rome Convention 1980 or Article 4(4) Rome I Regulation respectively. The characteristic performance rule needs to lead to the application of a single law, but in this example it would lead to as many laws as there are authors. What remains is that the contract is closely connected with the law of the country in which the publisher is established. One either accepts that the contract is more closely connected with that law than with each of the authors' laws separately, in which case Article 4(5) Rome Convention 1980 or Article 4(3) Rome I Regulation applies, or one accepts that the closest connection is the one with the country which was covered by the publication contract. It is submitted that the latter view is preferable, because the fact that there is more than one author does, as such, not change the importance of the publisher. Obviously, this solution can only be applied if there exists a single country in respect of which publication rights have been granted.

18.40 In more general terms, the strong link with another country which Article 4(5) of the Convention or Article 4(3) of the Rome I Regulation requires is often present. That link exists with the protecting country whose law provides for the essential copyright protection. This leads to the applicability of the law of the protecting country. This approach has as its main advantage the fact that the whole contract, including the transfer of proprietary rights, is governed by the same law. It makes sense to submit, for example, both the contractual obligation to assign the publication rights in a book and the actual assignment to the same law.

18.41 Our approach, as outlined above, applies only to those contracts in which rights are granted for a single country; it would be impossible to apply at the same time the

different laws of all the protecting countries in those situations in which rights are granted in relation to more than one country. When worldwide rights and rights in relation to many countries are granted, Article 4(5) Rome Convention and Articles 4(3) and 4(4) Rome I Regulation respectively still refer back to the country with which the contract has its closest connection. That country cannot be determined easily. The essential element, in most cases that involve complex copyright contracts, seems to be the exploitation of the copyright work. It is, therefore, submitted that in these cases the closest connection exists between the contract and the country in which the exploiter, i.e. the publisher, broadcaster, etc, of the work is established.⁵⁸

<d>iii. Limitations on the applicable law

<e>(a) Mandatory rules

18.42 It should also be mentioned that the applicability of the law of the contract is restricted by mandatory provisions of substantive law that cannot be escaped or derogated from. Most of these mandatory provisions are found in tax and currency exchange laws and especially in competition law, in cases where industrial property licences are concerned. More generally, they also include all public order provisions. The concept of public order provisions remains hard to define in an abstract way, but the Court of Justice has provided guidance when it ruled that the term public-order legislation

<quotation>must be understood as applying to national provisions compliance with which has been deemed to be so crucial for the protection of the political, social or economic order in the Member State concerned as to require compliance therewith by all persons present on the national territory of that Member State and all legal relationships within that State.⁵⁹</quotation>

18.43 Mandatory rules are therefore rules that require compliance with their terms and that impose themselves in all relevant circumstances. We will now look at the relevant

⁵⁸ See Plaisant (1962) 35 RIDA 63, 95.

⁵⁹ Joined Cases C-369/96 *Jean-Claude Arblade & Fils SARL* and C-376/96 *Bernard Leloup, Serge Leloup, Sofrage SARL* [1999] ECR I-8453, para. 30.

provisions of the Rome Convention 1980 and of the Rome I Regulation that bring these mandatory rules into the equation in more detail.

<e>(b) The relevant provisions of the Rome Convention 1980 and of the Rome I Regulation

18.44 The starting point of the Convention and the Regulation is the principle of contractual freedom. The parties are free to choose the applicable law or in the absence of such a choice by the parties the applicable law is determined in an objective way.

18.45 There are certain limitations on these principles, though. In certain cases, overriding or mandatory rules replace, or complement, the applicable law. English law was not familiar with the concept of mandatory rules, as such, before they were introduced by the Convention, although similar results were reached in a number of cases.⁶⁰ Moreover, English law was familiar with the concept of an overriding English statute, which is effectively the same thing as an (overriding) mandatory rule of the forum. Given that we are concerned here with European law our analysis will be comparative in nature, rather than focusing exclusively on English private international law.

18.46 Suffice it to clarify that the Convention uses the term mandatory rules for two different concepts. There are in Article 3(3) first of all those substantive law rules the parties cannot contract out of, and then in Article 7 there are those rules that impose their application in a private international law context even where the applicable law is a foreign law. This confusing error in the use of terminology was particular to the English language version and did not reflect the idea that two different concepts are at play. The Regulation overcomes this terminological error and Article 3 now simply refers to provisions that cannot be derogated from by agreement, which was the intention all along. Article 9 then refers to overriding mandatory rules, which emphasises their overriding nature in a choice of law context and the fact that they

⁶⁰ See e.g. *Ralli Bros v Cia Naviera Sota y Aznar* [1920] 2 KB 287.

reflect aspects of what the Court of Justice referred to as public order legislation. As will be seen later, in the process other smaller refinements have also been made.

<e>(c) Article 3(3) Convention and 3(3) and (4) Regulation

18.47 Article 3(3) Rome Convention 1980 deals with the narrow case in which all relevant factors point to one country, but in which a foreign law (or forum) has been chosen. In this case, the mandatory rules of that one country will apply and these are defined as the rules one cannot contract out of in a 100 per cent domestic situation, or in other words ‘rules which cannot be derogated from by contract’. This is a reference to the *ius cogens* (‘imperative law’) and a purely substantive issue is involved. This issue is being dealt with under the criteria of the substantive law, not those of private international law.⁶¹

18.48 The Convention also used the word mandatory at a later stage for a somewhat different concept, which can cause confusion. While retaking the same idea Article 3(3) Rome I Regulation therefore avoids the term and speaks simply of provisions which cannot be derogated from by contract.

18.49 The choice of the parties for a foreign law will be respected but these rules will be added to the applicable law, or to put it in the words of the Regulation:

<quotation>Where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.</quotation>

In other words, the term ‘mandatory’ is no longer used for the purposes of Article 3(3).

⁶¹ de Boer, 54 (1990) *RabelsZ* 24, 56.

18.50 The innovative bit of the new Article 3 is found in paragraph 4 which puts in place a mirror provision for those provisions of Community law that cannot be derogated from by contract. This is especially relevant as apart from the Treaty provisions themselves the area of IP has seen the introduction of a vast number of Directive and Regulation based provisions of Community law in recent years, even if not all of them have that ‘mandatory’ character.

<e>(d) Article 5 Rome Convention and Article 6 Rome I Regulation

18.51 These provisions deal with consumer contracts. In relation to these consumer contracts the type of ‘mandatory’ rules are the rules that cannot be derogated from by agreement. This is what these provisions have in mind. Article 5 Rome Convention deals with consumer contracts that arise in three well-defined sets of circumstances. In these cases, the mandatory rules of the country of habitual residence of the consumer cannot be contracted out of, and the law of the country of the habitual residence of the consumer shall apply in the absence of a choice of law by the parties. Article 6 Rome I Regulation specifies that the consumer is a natural person who concludes a contract for a purpose outside his trade or profession with a person acting in the exercise of his trade or profession and that it will only apply if the professional:

<quotation>

<nlist>(a) pursues his commercial or professional activities in the country where the consumer has his habitual residence, or

(b) by any means, directs such activities to that country or to several countries including that country,

and the contract falls within the scope of such activities.⁶² </quotation>

</nlist>

In those limited circumstances the provisions of the law of the consumer’s habitual residence that cannot be derogated from by contract will be added to the law chosen by the parties and in the absence of a choice by the parties the law of the consumer’s habitual residence will apply. Apart from contracts for the supply of services that are

⁶² Art. 6(1).

supplied in a country other than the one in which the consumer has his habitual residence⁶³ contracts with an IP element to them will not escape the application of Article 6 if they meet the requirements set out in the article.

18.52 These Articles may be relevant to certain IP contracts, for example in the case of a software licence if the licensee plans to use the software for private purposes which fall outside his business. Consumers increasingly download software for private use from websites. These transactions too may be covered if the website solicits the conclusion of distance contracts. Mandatory consumer protection provisions such as Article 5 Rome Convention and Article 6 Rome I Regulation can also indirectly take on significance in relation to industrial property licence contracts. Beier gives the example that ‘they can make it impossible to implement a contract clause obligating a German licensee or subsidiary of a foreign trade mark owner to incorporate a choice of foreign law in its contracts with customers’, even if the original licence contract obliged it to do so.⁶⁴

<e>(e) Article 7 Rome Convention and Article 9 Rome I Regulation

18.53 Up to now, we have been concerned with mandatory rules as rules one cannot contract out of in a purely domestic situation and a purely domestic contract. Article 7 Rome Convention and its counterpart Article 9 Rome I Regulation are radically different because they deal with mandatory rules of the forum or of third States which are mandatory in an international sense. These rules also want to be applied in an international context. We are concerned here with substantive law rules which are intended to apply regardless of the law applicable to the contract. In English law these are known as overriding statutes. Article 9 Rome I Regulation has now re-baptised these rules ‘overriding mandatory provisions’. This term spells out more precisely their character and nature. It is on these rules that our analysis will focus.

<e>(f) Mandatory rules or overriding mandatory provisions of the forum

⁶³ Art. 6(4)(a) Rome I Regulation.

⁶⁴ F.K. Beier, ‘Conflict of law problems of trademark license agreements’, (1982) IIC 162, 169.

18.54 The obvious mandatory rules for the Convention and overriding mandatory provisions for the Regulation are those of the forum. A court applying a foreign applicable law inevitably has to decide how to handle its own overriding mandatory rules. The Regulation is on this point a logical development from the Convention approach.

18.55 Article 7(2) Rome Convention Article 7(2) states that: ‘Nothing in this Convention shall restrict the application of the rules of the law of the forum in a situation where they are mandatory irrespective of the law otherwise applicable to the contract.’ These rules to which Article 7 refers have been described as *regles d’application immédiate*.⁶⁵ This means that they override the conflicts process. They are priority rules in the sense that if a certain situation arises, this leads to the application of the mandatory rule before recourse can be had to any normal conflicts rule.⁶⁶

18.56 These rules have also been called *lois de police*.⁶⁷ Indeed, in the French version of the Convention, this is the term used in the heading to Article 7. This name refers to their imperative character. They want to be applied in a certain situation irrespective of the conflict of law rules. For example, competition law rules often want to be applied when effects of the allegedly anti-competitive conduct are felt within the jurisdiction. Competition law rules are, indeed, the traditional example of mandatory rules. Often this specific category is described as rules which are close to public law, but this description is of little practical use in England as the category of public law is not readily known or used in England in the way that it is on the Continent.

18.57 It may be added that the mandatory rules in Article 7(2) refer to overriding the choice of law. They even seem to override the mandatory rules determined by Articles 5 and 6. Another important point is that it has to be ‘a situation’ where rules are mandatory. Rules are only mandatory in certain situations.

⁶⁵ See e.g. Lagarde [1991] *Revue Critique de Droit International Privé* 287.

⁶⁶ P. Francescakis, *La théorie du renvoi et les conflits de systèmes en droit international privé* (1958), 11 et seq.

⁶⁷ R. Vander Elst, *Les lois de police et de sûreté* (1956).

18.58 Article 9(2) Rome I Regulation This article retains exactly the same idea. Nothing shall restrict the court of the forum in applying its own overriding mandatory provisions. The comments made in respect of Article 7 Rome Convention apply in this context too. Article 9(1) adds a definition of an overriding mandatory provision to which we shall return shortly.

<e>(g) Mandatory rules or overriding mandatory provisions of third States

18.59 Article 7(1) Rome Convention even gives the court a discretionary power to take into account mandatory rules of a foreign country with which the situation has a close connection. Some Contracting States used their right to make a reservation which means Article 7(1) will not be implemented by these countries and as the UK is among these Contracting States we will not discuss Article 7(1) in further detail.

18.60 Article 9(3) Rome I Regulation. The use of a Regulation instead of a Convention rules out the idea of allowing Member States to express reservations. All of them are therefore obliged to apply Article 9(3) to make it possible for the court to apply the overriding mandatory provisions of the law of third countries.⁶⁸ The main difference with Article 7(1) Rome Convention is that the third countries whose overriding mandatory provisions may be applied are first limited to those countries where the obligations arising out of the contract have to be or have been performed. Second, it only applies the overriding mandatory provisions which render the performance of the contract unlawful. This makes the provision more predictable and certain and therefore much more acceptable. For IP contracts one thinks e.g. of the country for which the licence is granted (the licensor and the licensee perform their obligations there). The main difference with the situation in respect of the overriding mandatory provisions of the law of the forum is that here the court has a discretion whether or not to apply the overriding mandatory provisions of the law of the country of the place of performance of the contract. As was already the case in relation to Article 7(1) Rome Convention in exercising that discretion whether or not to apply the court shall have regard to the nature and purpose of the overriding mandatory provisions and to the consequences of their application or non-application. These

⁶⁸ See in general A. Chong, 'The Public Policy And Mandatory Rules Of Third Countries In International Contracts', (2006) *Journal of Private International Law*, 2(1) 27–40.

criteria do not provide absolute certainty and predictability, but they steer the necessary discretion as the laws of more than one country may be involved and contradictions between the provisions and their impact cannot therefore be ruled out. Certain of the provisions may also not address the situation that arises in the case that directly.

18.61 Article 9(3) may be relevant in an I context. Various national copyright laws have provisions on minimum guaranteed equitable remuneration for authors irrespective of the contract. The applicable law and the law of the forum may not contain these provisions, but under Article 9(3) these equitable remuneration provisions in the laws of a number of countries where the contract obligations are to be performed (e.g. distribution of the movie on DVD) may have to be considered by the court in the forum (overriding mandatory or not?/use of the discretion). It is also at least arguable that the disrespect for the equitable remuneration provisions would make the performance of the contract unlawful.

<e> (h) Public policy/ordre public

18.62 This negative principle is found in Article 16 of the Rome Convention 1980 and in Article 21 of the Rome I Regulation respectively and could be described as the negative other side of the overriding mandatory provision coin. Its application does not change the applicable law or the choice of law rules. It is a general emergency clause which allows the forum not to apply in a particular case the applicable law because that application would create wholly unacceptable consequences from the point of view of the forum's principles of public policy. The applicable law itself, *in abstracto* (i.e. in an abstract and theoretical sense), is not criticised. While there is no rule of the forum here which overrides the applicable law, the effect can be much the same. If the court finds the foreign rule unacceptable and turns its application down it will fall back on the law of the forum to solve the issue in front of it. The use of the term 'manifestly incompatible' stresses the exceptional nature of the public policy device. It should be used sparingly, i.e. only in exceptional and extreme cases. The Convention and the Regulation's approach shows strong similarities with the public policy exception that existed under the traditional English rules to deal with

obnoxious rules of contract of foreign countries. A reference to these rules is found, as an obiter, in the Apple case.⁶⁹

18.63 In IP cases, public policy or *ordre public* could, for example, be invoked in a case where the applicable law would lead to the expropriation of the IP right when a licence contract for a trademark is not renewed by the holder of the right upon expiry of its term.

2. The Rome II Regulation

<c>A. Scope

18.64 The Rome II Regulation has a broad scope. It introduces a new set of choice of law rules for non-contractual obligations that apply to all cases, irrespective of the applicable law. Article 3 makes that clear when it talks about the universal application of the Regulation, emphasising that any law specified by the Regulation will be applied irrespective of whether it is the law of a Member State or not.

18.65 More specifically the Rome II Regulation:

<quotation>shall apply, in situations involving a conflict of laws, to non-contractual obligations in civil and commercial matters. It shall not apply, in particular, to revenue, customs or administrative matters or to the liability of the State for acts and omissions in the exercise of State authority (*acta iure imperii*).⁷⁰</quotation>

18.66 Article 15 then produces a helpful list of the issues covered by the Regulation;⁷¹

<quotation>Scope of the law applicable

⁶⁹ *Apple Corps Ltd and Another v Apple Computer Inc and Others* [1992] FSR 431, 433.

⁷⁰ Article 1(1) Rome II Regulation.

⁷¹ See Plender and Wilderspin, 435 et seq.

The law applicable to non-contractual obligations under this Regulation shall govern in particular:

- (a) the basis and extent of liability, including the determination of persons who may be held liable for acts performed by them;
- (b) the grounds for exemption from liability, any limitation of liability and any division of liability;
- (c) the existence, the nature and the assessment of damage or the remedy claimed;
- (d) within the limits of powers conferred on the court by its procedural law, the measures which a court may take to prevent or terminate injury or damage or to ensure the provision of compensation;
- (e) the question whether a right to claim damages or a remedy may be transferred, including by inheritance;
- (f) persons entitled to compensation for damage sustained personally;
- (g) liability for the acts of another person;
- (h) the manner in which an obligation may be extinguished and rules of prescription and limitation, including rules relating to the commencement, interruption and suspension of a period of prescription or limitation.

18.67 Helpful as this may be, it does not solve the characterisation issue.⁷² Certain obligations may arise out of contract, or in a tort case a contractual defence may be raised. This means one has to characterise the issue as one in tort or as one in contract and delimit the scope of the Rome I and Rome II Regulations vis-à-vis one another.⁷³ But also inside the group of obligations that have been characterised as tortious further characterisation issues arise. Chapter II of the Rome II Regulation contains a general rule and certain specific rules, but one has to take account of Chapter III that separates out issues of unjust enrichment, *negotiorum gestio* or *culpa in contrahendo*

⁷² See Fawcett, J.J., J. Carruthers and P North, *Cheshire, North and Fawcett: Private International Law*, 14th ed., Oxford University Press, Oxford., 2008, 790–5.

⁷³ 'Contractual obligations' and 'Non-contractual obligations' are for the purposes of EU law autonomous concepts that will eventually be defined by the Court of Justice. See Plender and Wilderspin, 47 et seq.

and applies different choice of law rules to these issues. The issues in Chapter III do not affect IP directly, so they can remain outside the scope of our analysis, but it is clear that characterisation is an important question, if only to separate tortious and contractual obligations from one another.

18.68 So how does one define an obligation as tortious?⁷⁴ The process should be guided by the subject matter and wording of the Regulation itself. The articles referred to above especially give clear indications. Recital 7 of the Regulation suggest that some form of consistency with Article 5(3) of the Brussels I Regulation would obviously be desirable, even if the Rome II Regulation deals with quasi delict in a separate Chapter III. Suffice it to say here that the tortious category is therefore a wide residual category.⁷⁵ In relation to our specific topic there is no doubt that the infringement of an IP right has to be characterised as tortious for the purposes of the Rome II Regulation. The only non-tortious issue that can arise is a contractual defence, i.e. where the defendant argues that the alleged infringing acts are covered by a licence agreement between the parties and are therefore authorised acts rather than infringing acts. That defence based on a licence would therefore be characterised as contractual.

18.69 Once the issue has been characterised as tortious the provisions of the Rome II Regulation apply to it to determine the applicable law and in our IP context Chapter II will take centre stage with the general rule in Article 4 and the specific IP rule in Article 8.⁷⁶

18.70 Any court in the Member States that is confronted with a tort choice of law issue will have to apply the Regulation. The Danish courts are the only exception, as

⁷⁴ See also A. Scott, 'The Scope of "Non-Contractual Obligations"', in J. Ahern and W. Binchy, *The Rome II Regulation on the Law Applicable to Non-Contractual Obligations: A New International Litigation Regime*, Martinus Nijhoff Publishers, Leiden, 2009, 57–83.

⁷⁵ See Cheshire, North and Fawcett, 790–2.

⁷⁶ See S. Bariatti, 'The Law Applicable to the Infringement of IP Rights under the Rome II Regulation', in S. Bariatti (ed.) *Litigating Intellectual Property Rights Disputes Cross Border: EU Regulations, ALI Principles, CLIP Project*, CEDAM, Milan, 2010, 63–88.

the Regulation does not apply to Denmark.⁷⁷ But it can lead to the application of Danish law and it can be applied to facts that occur in Denmark if a court in another Member State has jurisdiction. The restriction to civil and commercial matters in Article 1(1) has no further impact in relation to IP infringement cases, as these arise necessarily in civil or commercial circumstances.

<c>B. Article 8(1)

18.71 The Regulation combines a general rule, which is based on the application of the law of the country where the damage occurs, with specific rules for a number of areas, such as the infringement of IP rights. The general rule has escape clauses for when both parties have their habitual residence in the same country, where the law of that country will apply, and for when there exists a manifestly closer connection with another country, where the law of that closer connection will apply.⁷⁸

18.72 The specific rule for the infringement of IP in Article 8(1)⁷⁹ reads as follows: ‘The law applicable to a non-contractual obligation arising from the infringement of an intellectual property right shall be the law of the country for which protection is claimed’.⁸⁰

<d>(i) The relationship with the general rule

18.73 A first important aspect that needs to be determined is the relationship between Article 8 and the general rule contained in Article 4. The use of the word ‘shall’ in Article 8 and the absence of a cross-reference to Article 4 make it clear that the

⁷⁷ Art. 1(4) of the Regulation. But Denmark now has the opportunity to opt in after the entry into force of the Lisbon Treaty.

⁷⁸ Article 4 of the Regulation. See also R. Fentiman, ‘The Significance of Close Connection’, in J. Ahern and W. Binchy, *The Rome II Regulation on the Law Applicable to Non-Contractual Obligations: A New International Litigation Regime*, Martinus Nijhoff Publishers, Leiden, 2009, 85–112.

⁷⁹ For a general comment see B. Buchner, ‘Rom II und das Internationale Immaterialgüter- und Wettbewerbsrecht’, (2005) GRUR Int 1004.

⁸⁰ Compare § 301, *American Law Institute Principles Intellectual Property (Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes)*, American Law Institute Publishers, 122.

specific rule leaves no space for the general rule when it comes to the infringement of IP rights. Article 8 will be the rule that deals with these cases and the law of the country for which protection is claimed shall be applied with the exclusion of any role for Article 4. That means that the law of the country for which protection is sought applies, even when both parties have their habitual residence in one country that is not the country of the law of the country for which protection is sought. And even in those cases where a manifestly closer connection could be established with another country the law of the country for which protection is sought will have to be applied.⁸¹ There is no room for the escape clauses provided for in Article 4(2) and 4(3) and Article 8 does not offer any escape clauses of its own either.

<d>(ii) *‘Intellectual property rights’*

18.74 Next the question arises, what then falls within the scope of Article 8? How does one define the concept of IP rights for this purpose? Recital 26 of the Regulation provides the starting point and offers the following non-exhaustive definition of the concept of IP rights: ‘For the purposes of this Regulation, the term ‘intellectual property rights’ should be interpreted as meaning, for instance, copyright, related rights, the sui generis right for the protection of databases and industrial property rights’. This is not only an open-ended definition, but also a very broad one. The key thing all these IP rights seem to have in common is that they grant an exclusive right. A ‘right’ has to be awarded and the nature of the right given to the right holder is ‘exclusive’. It is, however, not relevant whether one deals with registered or un-registered rights. The fact that both copyright and IP rights are mentioned in the list makes that clear. Industrial property rights are traditionally taken to include patents, trademarks and industrial design.⁸² Apart from the *sui generis* right for the protection of databases to which Recital 26 refers explicitly one could also add the *droit de suite* or artist’s resale right or the plant breeders’ right as examples of IP rights, based on

⁸¹ See N. Boschiero, ‘Infringement of Intellectual Property Rights: A commentary on Article 8 of the Rome II Regulation’, in A. Bonomi and P. Volken (eds.), *Yearbook of Private International Law Volume IX – 2007*, Sellier European Law Publishers and Staempfli Publishers Ltd, 2008, 107.

⁸² Cf. Article 1(1) of the Paris Convention 1883. See A. Dickinson, *The Rome II Regulation: The Law Applicable to Non-Contractual Obligations*, Oxford Private International Law Series, Oxford University Press, 2008, 452, para. 8.11.

the exclusive right they grant. The exclusive right positively enhances the position of the creator or inventor of the intangible property. Geographical indications and denominations of origin are in this respect a difficult group. On the one hand there is an exclusive right, but on the other hand it is given to a group of right holders and anyone who produces locally according to the rules can automatically benefit from them. On balance though that element is also present in certain types of trademarks and it is submitted that that they are still covered by Article 8.⁸³

18.75 There are on the other hand items which are sometimes mentioned in the intellectual property context that may not be covered by Article 8. Unfair competition is the easy example, as Article 6 of the Regulation introduces a special rule for these matters. From a private international law point of view the English tort of passing-off has as its main objective to prevent certain forms of unfair competition whereby in the original concept a competitor passes its goods off as those of someone else. Whilst this may still be controversial in domestic tort law⁸⁴, for the purposes of the choice of law rule in the Regulation passing off should be considered as a non-contractual obligation arising out of an act of unfair competition and Article 6 rather than Article 8 should be relevant in this context.⁸⁵ In more general terms it should be noted that Article 6 requires an intellectual property ‘right’. That in itself excludes passing-off, as the tort does not award a right, let alone an exclusive right. Instead what is on offer is an action and/or a remedy. An action for breach of confidence to protect trade secrets and other confidential information is another example of a case where the remedy replaces the right. It is submitted that all those cases, i.e. a remedy rather than an exclusive right is available, fall outside the scope of Article 8.

<c>(iii) *‘Infringement and the connecting factor*

⁸³ Contra: See Plender and Wilderspin, 655 *et seq.*

⁸⁴ Cp. *Arsenal Football Club plc v Reed (No 2)* [2003] 3 All ER 865, [2003] RPC 696 (CA) and *L’Oréal SA, Lancôme Parfums et Beauté & Cie and Laboratoire Garnier & Cie v Bellure NV, Malaika Investments (t/a Honeypot Cosmetic & Perfumery Sales) and Starion International Ltd* [2008] ETMR 1; [2008] RPC 9 (CA).

⁸⁵ Dickinson, 452, para. 8.12 and Cp. Council documents 9009/04 ADD 15 of 26 May 2004, 6 and 5460/06 of 18 January 2006, 2 for the views of the UK delegation in the Council’s Rome II Committee.

18.76 Once the concept of IP has been identified one can look at the infringement and the connecting factor for the applicable law. In an instrument such as the Rome II Regulation one expects to find the typical candidate for non-contractual obligations and tort cases, i.e. the law of the place of the tort (the law of the place of the tort), even if it is defined here as the law of the country where the damage arises. Instead Article 8 turns to the law of the country for which protection is sought. There were national laws in Europe that applied the law of the place of the tort to IP infringement cases. The Dutch Private International Law Act on Torts is a good example.⁸⁶ Its Article 3(1) specifically refers to the law of the place of the tort as the applicable law in tort cases and there is no specific rule or reference to IP.⁸⁷ The Dutch Supreme Court did, however, in a copyright case apply the tort choice of law rule⁸⁸ and the Act only confirmed the earlier case law of the Supreme Court.⁸⁹ Questions have moreover been asked about the appropriateness of the law of the place of the tort rule for IP cases⁹⁰ and it has been suggested that the parallelism between infringement and scope in IP cases presents a strong argument to apply the law of the country for which protection is sought principle to infringement too.⁹¹ The law of the place of the tort rule was therefore not without its critics. The Austrian private international law seems to be even clearer on this point. Article 34(1) of the Austrian Private International Law Act 1978⁹² refers clearly to the law of the State where the act of exploitation or infringement occurred. The official commentary clearly points to a law of the place of the tort approach, but the Austrian Supreme Court,⁹³ as well as various authors⁹⁴ have

⁸⁶ M. Pertegas, 'Intellectual Property and Choice of Law Rules', in A. Malatesta (ed.), *The Unification of Choice of Law Rules on Tort and Non-Contractual Obligations in Europe*, CEDAM (2006), 221, 234–5.

⁸⁷ Statute on the Law Applicable to Torts of 11 April 2001, [2003] *Neth. Int. Law Rev.*, 222–4.

⁸⁸ *Bigott v Doucal*, judgment of 27 January 1995, [1995] NIPR 388, see also Court of Appeal Arnhem, judgment of 26 June 1993, [1995] BIE 44, [1995] NIPR 555.

⁸⁹ Cf. *COVA v Banque Générale du Luxembourg* [1994] NJ 2901 (No 622).

⁹⁰ J.A. Pontier, *Onrechtmatige daad*, in *Praktijkreeks IPR* (No 16), Kluwer, 2001, 95–6. Cf. L. Strikwerda, *Inleiding tot het Nederlandse Internationaal Privaatrecht*, 7th ed., Kluwer, 2002, 182–8.

⁹¹ M. Van Eechoud, *Choice of law in Copyright and Related Rights*, Kluwer Law International, 2003, 213.

⁹² Austrian Private International Law Act of 15 June 1978, see M. Schwimann, *Internationales Privatrecht, einschliesslich Europarecht*, MANZ'sche Verlag, 3rd ed., 2001.

⁹³ In relation to trade marks: *Attco*, judgment of 28 July 1983, [1984] GRUR Int 453 and *Sacher Hotel*, judgment of 14 January 1986, [1986] GRUR Int 735; in relation to copyright: *Hotel-Video*, judgment of 17 June 1986, [1986] GRUR Int 728, *Sachverständigenprüfung*, judgment of 18 September 1990, [1991] GRUR Int 650 and *Adolf Loos-Werke II*, judgment of 28 September 1993, [1994] GRUR Int, 638.

⁹⁴ See e.g. Schwimann.

effectively turned this into a law of the country for which protection is sought rule.⁹⁵ It is also interesting to note that the Austrian Supreme Court explicitly mentioned that this approach will result in the distributive application of the law of the country for which protection is sought on a country by country basis (its own law as law of the country for which protection is sought in each country)⁹⁶ for each in a case of multi-state infringement:

<quotation.According to Article 34(1) of the Austrian PIL, the creation, scope and termination of intellectual property rights is determined by the law of the State where the act of exploitation or the act of infringement occurred. Accordingly, the legislator has chosen the law of the protecting State as a connecting factor [...]. The protecting State is not the State where the proceedings are pending. If the plaintiff claims that the defendant has infringed all or some of the rights that the former holds in several States, the alleged infringement shall be assessed in each State on the basis of the law of the State where the infringement took place [...].⁹⁷ </quotation>

This quote neatly summarises the operation of the law of the country for which protection is sought rule that was found in a number of national laws.⁹⁸ A clear modern example of such an approach is found in Article 93(1) of the Belgian Code of Private International Law which stipulates that ‘intellectual property rights are governed by the law of the State for the territory of which the protection of the intellectual property is sought’.⁹⁹ The standard for this rule is found in Article 110(1)

⁹⁵ The difference is not without its importance as the law of the place of the tort can take into account both the act leading to the damage and the damage, which may lead to two potentially applicable laws, whereas the law of the country for which protection is sought refers uniquely to the IP right that is infringed and that is invoked by the right holder. Acts and damage occurring elsewhere are then excluded from the analysis.

⁹⁶ See also the judgment of the French Cour de Cassation of 5 March 2002, *Sisro v Ampersand Software BV*, Cass., 1^{ère} civ, [2002] JCP II 10082, annotated by H. Muir-Watt, (2003) GRUR Int 75, annotated by N. Bouche, for an example of the distributive application of the various *leges loci protectionis* (laws of the countries for which protection is sought).

⁹⁷ *Adolf Loos-Werke II*, judgment of 28 September 1993 of the Austrian Supreme Court, [1994] GRUR Int, 638. See M. Pertegas, 233–4.

⁹⁸ One also finds examples in French case law, but the fine line between law of the place of the tort and law of the country for which protection is sought becomes clear when the latter approach is applied whilst the terminology of the former is used. See Court of Appeal Paris (Cour d’Appel de Paris), judgment of 2 April 2003, *Antonio Martinelli and Roberto Meazza v Editions Gallimard and Société APA*, (2003) 198 RIDA 413.

⁹⁹ See P.L.C. Torremans and C. Clijmans, ‘Belgien: Law of July 16, 2004, Holding the Code of Private International Law’, (2006) *Rabels Zeitschrift für ausländisches und internationales Privatrecht*, 358–97.

of the Swiss Private International Law Act 1987¹⁰⁰ and has been copied in the Italian Private International Law Act 1995¹⁰¹ and the German partial codification of tort and property choice of law rules.¹⁰² Copyright works such as paintings that remain in a first country can therefore be infringed by the publication in a second country of photographs taken of them without permission. Protection will be sought in the second country under the local copyright act that grants protection, automatically and without formalities to works that qualify for protection under the Berne Convention. The law of the second country will be applied as the *lex loci protectionis* or the law of the country for which protection is sought.

18.77 Despite the fact that there is no universal preference for the law of the country for which protection is sought, even if the Commission took that position,¹⁰³ there is a clear tendency towards various slightly different law of the country for which protection is sought approaches. It was therefore desirable to adopt a uniform approach in the Rome II Regulation and to adopt a law of the country for which protection is sought approach. The law of the country for which protection is sought is easy to ascertain, which is an important advantage, whilst the determination of the *locus delicti* may be more complex and less easy to ascertain as national laws have slightly different ideas of what an act of infringement entails in relation to the determination of the applicable law.¹⁰⁴ And the law of the country for which protection is sought also governs validity, which eliminates the need to distinguish between infringement and validity issues for choice of law purposes. The law of the country for which protection is sought also has the advantage that it also applies to the scope of the right, its existence and its duration. That parallelism is even more valuable as there is a strong link between the scope of the right and its infringement in

¹⁰⁰ See P. Karrer and K. Arnold, *Switzerland's Private International Law Statute*, Kluwer, 1989.

¹⁰¹ See for an example in practice where German works that remained in Germany where protected under Italian law as the law of the country for which protection is sought against reproduction in Italy when protection was sought in Italy the judgment of 4 February 1997 of the Court of Appeal in Milan (Corte di Appello di Milano), *Stiftung Seebüll Ada und Emil Nolde* [1998] GRUR Int 503.

¹⁰² See M. Pertegas, 229–30. For Germany see also M. Fehndrich and A. Ibbeken, 'Gerichtszuständigkeit und anwendbares Recht im Falle grenzüberschreitender Verletzungen (Verletzungshandlungen) der Rechte des geistigen Eigentums', (2003) GRUR Int 616, 619.

¹⁰³ A. Dickinson, 457, para. 8.22. Cp. AKur, 951. For the original Commission proposal dated 22 July 2003, see KOM(2003) 427, available at eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0427:FIN:EN:PDF, (last visited 22 November 2009).

¹⁰⁴ P. Jiménez Blanco, *El derecho aplicable a la proteccion internacional de las patentes*, Comares, 1998, 78–9.

substantive IP law.¹⁰⁵ Finally, one should not forget either that the law of the country for which protection is sought approach results each time in the application of the law of the State that created the IP as a tool of its economic policy. Or as Jürgen Basedow put it: ‘By their nature, intellectual property rights are legal artifacts, created by a given state as monopolies limited in time and designed to determine the competitive conditions in the relevant markets of that country.’¹⁰⁶

18.78 The law of the country for which protection is sought approach also guarantees harmony and consistency in relation to the economic policy of that country. The specific wording adopted by Article 8(1) Rome II Regulation to determine the law of the country for which protection is sought is the ‘country for which protection is claimed’. The use of ‘for which’ in this connecting factor is indeed more precise than terms such as ‘where’ that could be taken to refer to the forum.¹⁰⁷ In practice one claims protection under the law of the country for which the availability of protection is denied.¹⁰⁸ This can obviously be done through infringing acts,¹⁰⁹ where the acts

¹⁰⁵ See Pertegas, 238.

¹⁰⁶ J. Basedow, ‘Introduction’, in J. Basedow, J. Drexler, A. Kur and A. Metzger (eds), *Intellectual Property in the Conflict of Laws*, Mohr Siebeck, 2005, 2.

¹⁰⁷ See J. Basedow and A. Metzger, ‘Law of the country for which protection is sought’, in A. Trunk, R. Knieper and A.G. Svetlanov, (eds.), *Festschrift für Mark Moiseevic Boguslavskij*, Berliner Wissenschafts-Verlag, 2004, 153 *et seq.*

¹⁰⁸ E.g. Peruvian law applied as law of the country for which protection is sought when infringement was alleged in Peru, despite the argument that the alleged infringer had his habitual residence in Spain and published the allegedly infringing work there. It was sufficient that the work was made available in Peru through mass media, such as the internet, and in doing so the moral rights of integrity and paternity of the (real) author had been infringed. Decision of the Peruvian Copyright Commission INDECOPI of 3rd November 2009, see http://www.indecopi.gob.pe/0/modulos/NOT/NOT_DetallarNoticia.aspx?PFL=0&NOT=124 (last visited 16 November 2009). And the German Bundesgerichtshof applied German copyright law as law of the country for which protection is sought when lamps that were protected in Germany were offered for sale there, despite the fact that they were manufactured in Italy where no protection existed. The act of offering them for sale denied the availability of protection in Germany. *Wagenfeld-Leuchte* decision of the Bundesgerichtshof of 15 February 2007 (1 ZR 114/04) [2007] GRUR 871.

¹⁰⁹ These acts must then be an infringement of the IP right under the law of the country for which protection is sought. For a negative example see Court of Appeal Tokyo, decision of 27 January 2000, [2001] GRUR Int 83 (annotated by A. Petersen) where the manufacturing in Japan of a product that enjoyed patent protection in the US and that was to be offered for sale in the US did not constitute an infringement in Japan under the Japanese law of the country for which protection is sought in the absence of a Japanese Patent. Similarly the US Supreme Court held that manufacturing and selling a product that is patented in the US abroad does not amount to infringement in the US, with an exception in the sense that § 271 (f) of the US Patent Act specifically declares the supply from the US to a third country of components that are then put together to the patented product an infringing act. See *Microsoft Corp v AT&T Corp* 550 US 437 (2007), [2007] GRUR Int 768. And another US decision applies US law on the basis that the indirect transmission of a broadcast passed through the US before it was communicated to the public and this amounted to an infringement of US copyright law. See *National Football League v PrimeTime 24 Joint Venture*, Court of Appeals for the Second Circuit [2000] GRUR Int 1082. One claims protection under a national law by alleging one has an intellectual

seem to ignore the existence of IP protection, but also by means of a negative declaration, where the (potential) infringer requests the court to rule that the IP protection does not extend to its activity.¹¹⁰

18.79 A practical example illustrates what this means. When the author of a book argues in the French courts that the publication of a book which he deems to be an unauthorised copy of his book and the release of the movie based on the book in France, the book and the movie having been created and first published/released in the US, infringe his copyright the law of the country for which protection is sought is French law. The argument is indeed that the publication and release in France deny his rights under French law, irrespective of the place of creation or first publication. This does of course not stop the same author from arguing too that the first publication/release in the US, rather than the subsequent publication/release in France, also constituted an infringement. In the latter case he argues that protection is denied in the US, under US copyright law, which will be the law of the country for which protection is sought in the later case. This also shows clearly that what is not being proposed here is to rely on the originating fact, rather than on the damage. These concepts may have a place in a law of the place of the tort approach, but not in a law of the country for which protection is sought approach.¹¹¹ Registered rights such as trademarks give rise to exactly the same analysis, but of course they require registration and no protection can therefore be sought in a country where the right holder did not register the right, here the trademark.

property right there that is infringed. The court will then apply that national law to determine whether or not the right has effectively been infringed.

¹¹⁰ Dickinson, 458–9, para. 8.26.

¹¹¹ The decision of the French Supreme Court (Cour de Cassation, first civil chamber) of 30 January 2007, *Jean Lamore v Universal City Studios and others* (2007) 212 RIDA 261, which applied US law, as the law of the originating fact, to these facts must be wrong. It is based on an erroneous interpretation of Art. 5.2 Berne Convention 1886. It is hoped that in this context Art. 28(1) Rome II Regulation that preserves the effect of existing international conventions will in future not be used let this erroneous interpretation of the Berne Convention prevail on Art. 8, Rome II Regulation (which was not in force at the time).

18.80 While this probably only sounds strange in an IP context and is quite normal in other areas, it is worth pointing out that the law of the country for which protection is sought approach will lead courts to apply foreign IP laws.¹¹²

18.81 Up to this stage the emphasis has been on the connecting factor, mainly because the concept of infringement seems at first glance rather straightforward. Its exact content will be addressed underneath on the basis of the list of issues to which the law applicable under Article 8(1) applies, but before we do that the distinction between direct liability and contributory liability needs to be made as in that context the application of the law of the country for which protection is sought has its own significance. Contributory liability, sometimes also called secondary liability in substantive IP law, arises when one does not infringe directly, e.g. one does not apply the trademark to the goods, but facilitates the direct infringement of someone else by. Traditionally there has been a strong link with direct infringement, e.g. one provides the machinery to copy the CDs or to apply the trademark to the goods, but in a modern environment intermediaries such as internet service providers,¹¹³ internet auction sites¹¹⁴ or search engines,¹¹⁵ while not directly liable, could maybe be held to incur a contributory liability in relation to the direct infringement committed by their users. The first form of contributory liability is strongly linked to the concept of ‘facilitating direct infringement’, but that link is much weaker for the second one, where facilitating turns more into ‘making it technically possible for third parties to infringe’. The latter is much less directly related to the direct infringement of third parties. For choice of law purposes the first form of contributory liability could be said to be linked so strongly to direct infringement that it is expeditious to apply the same choice of law rule, i.e. the law of the country for which protection is sought, whilst the latter is more closely linked to general tort matter and the tort choice of law

¹¹² The fact that courts can handle the complexity of foreign IP laws has been demonstrated early on by the Landesgericht Düsseldorf in several of its decisions *Sonnenblende II*, 22 September 1998, [1998] Entsch. LG Duss. 75; *Reinigungsmittel für Kunststoffverarbeitungsmaschinen*, 16 January 1996, [1996] Entsch. LG Duss. 1; *Kettenbandförderer III*, 1 February 1994, 4 O 193/87.

¹¹³ E.g. that provide the huge download capacity that is really only needed to download films and do not monitor traffic on peer-to-peer networks.

¹¹⁴ E.g. that do not check whether the trade-marked goods sold through them by third parties are genuine or counterfeit.

¹¹⁵ E.g. that sell registered trademarks to third parties as ad-words.

rule could be applied.¹¹⁶ This approach could also be said to map a distinction in substantive law. The US Supreme Court has accepted that contributory liability rules cannot only be found in IP statutes, but also in general tort principles,¹¹⁷ while in Europe the Advocate General accepted the application of general liability rules even though the trade mark rules did not include a direct liability rule.¹¹⁸ The Rome II Regulation does not, however, follow this dual track approach. Article 8(1) instead covers all forms of non-contractual obligations that arise from the infringement of an IP right. This must include all forms of contributory liability, as that liability is necessarily a non-contractual obligation and as it only arises if there is a (direct) infringement of an IP right.

18.82 The law of the country for which protection is sought will therefore apply to all forms of contributory liability, be it the traditional form where someone supplies the physical means to copy the work or the more distant form where an internet service provider is sued for the activities of its subscribers. On the positive side this approach continues the parallelism between infringement in all its forms and the right as such, which includes things like scope and extent that are closely linked with contributory liability. On the negative side it will result in the distributive application of the law of the country for which protection is sought on a country-by-country basis also in those cases that are only loosely related to direct infringement. The latter cases, such as where Google sells trademarks as ad-words to competitors or where eBay auctions allegedly illegal goods offered for sale by a trader on the platform, tend to be linked to the internet, which means that potentially a very large number of laws will apply. We will come back later to these issues of multi-state or ubiquitous infringement. Suffice it to add here that the way forward may also include a substantive law approach that

¹¹⁶ Compare G. Dinwoodie, R. Dreyfuss and A. Kur, 'The law applicable to secondary liability in intellectual property cases', (2010) *New York University Journal of International Law and Politics* **42**, 201.

¹¹⁷ *Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd* 545 US 913 (2005), one could therefore propose to apply the intellectual property infringement choice of law rule when the liability rule originates in the intellectual property statute and the tort choice of law rule when the contributory liability rule originates in tort.

¹¹⁸ Conclusion of Advocate-General Póiaras Maduro in joined cases C-236/08, C-237/08 and C-238/08 *Google France and Google Inc v Louis Vuitton Malletier; Google France v Viaticum and Luteciel; Google France v CNRRH, Pierre-Alexis Thonet, Bruno Raboin and Tiger (a franchisee of Unicus)*, delivered on 22nd September 2009, available at curia.europa.eu, para. 48.

defines much more precisely when issues of contributory liability will arise.¹¹⁹ That brings us to the (other) issues to which the applicable law, i.e. the law of the country for which protection is sought, applies in the context of Article 8.

<d>(iv) The issues to which the applicable law applies

18.83 Once the law of the country for which protection is sought has been defined, attention turns to the issues to which it will be applied. Article 8(1) gives a first indication by referring to ‘a non-contractual obligation arising from the infringement of an intellectual property right’. Article 15 then clarifies the matter further by adding that:

<quotation>The law applicable to non-contractual obligations under this Regulation shall govern in particular:

- (a) the basis and extent of liability, including the determination of persons who may be held liable for acts performed by them;
- (b) the grounds for exemption from liability, any limitation of liability and any division of liability;
- (c) the existence, the nature and the assessment of damage or the remedy claimed;
- (d) within the limits of powers conferred on the court by its procedural law, the measures which a court may take to prevent or terminate injury or damage or to ensure the provision of compensation;
- (e) the question whether a right to claim damages or a remedy may be transferred, including by inheritance;
- (f) persons entitled to compensation for damage sustained personally;
- (g) liability for the acts of another person;

¹¹⁹ See Dinwoodie, Dreyfuss and Kur.

(h) the manner in which an obligation may be extinguished and rules of prescription and limitation, including rules relating to the commencement, interruption and suspension of a period of prescription or limitation.</quotation>

What will amount to an infringement of an IP right, which exemptions and limitations are available, who is seen as a (primary or secondary) infringer, when will damage exist for which compensation is due and what kind of damage is acceptable, which remedies are available and what is their scope, who is entitled to compensation, are all issues to be determined by the law of the country for which protection is sought, as is the issue of the termination of the non-contractual obligation. It is also worth noting that the concept of ‘a non-contractual obligation arising from the infringement of an intellectual property right’ is broad enough to include such obligations arising out of unjust enrichment, *negotiorum gestio* and *culpa in contrahendo*. The general reference to any kind of infringement, without distinguishing according to the character or the remedial consequences of the infringement, makes this clear and Article 13 repeats it explicitly. This includes also any form of restitution for wrongdoing and gain based responses to tort.¹²⁰ Article 8 takes priority over Chapter III.

18.84 That brings us to more procedural issues or in the wording of the Regulation ‘within the limits of powers conferred on the court by its procedural law, the measures which a court may take to prevent or terminate injury or damage or to ensure the provision of compensation’. It is important to distinguish here between purely procedural issues to which the *lex fori* applies and infringement issues to which the law of the country for which protection is sought applies. Issues relating to enforcement are in IP considered as substantive in nature and fall therefore on the infringement side. One thinks here of the scope and the remedies. That also includes the content and limitations of the *ius prohibendi* (the right to prohibit) and the availability of injunctions and damages to restrain the infringement. It is therefore for each of the *leges loci protectionis* to decide whether damages (monetary

¹²⁰ Dickinson, 456, para. 8.20.

compensation) and injunctions are available in a certain case. Procedural issues are left to the national law and in practice most countries such as the UK then apply the law of the forum. This covers issues such as the rules of evidence, but also, it is submitted, in general the procedures that are available to the claimant to request the remedies that are available under the law of the country for which protection is sought.¹²¹ This may especially in the area of interim injunctive relief give rise to a certain form of forum shopping, because while it will always be the law of the country for which protection is sought that determines whether a certain remedy is available it will be up to the *lex fori* to determine whether shortened or accelerated procedures to obtain these remedies will be available and here certain fora may offer more attractive outcomes.¹²²

18.85 The reference to infringement does on the other hand also limit the scope of Article 8(1) Rome II Regulation.¹²³ Issues such as the validity of IP rights, registration issues in relation to registered IP rights, the scope of the IP right, its transferability and its duration, as well as issues of (initial) ownership, are not part of the infringement of the IP right and fall therefore outside the scope of Article 8(1). Many of these issues may play a role in cases that turn upon the infringement of the right, the question whether the claimant really owns the right and the exact width of the right are striking examples in this respect, but they are not part of the infringement issue as such.¹²⁴ It is equally important to keep in mind that issues that are related to the transfer of IP rights and any licensing issues are contractual in nature and that as such they also fall outside the scope of the Rome II Regulation. Again though there may be a level of interaction. The existence of a (licence) contract may be a defence in an infringement action. And the question may arise whether an action for breach of a licence contract can also be brought as an infringement action. Different laws may apply depending on the outcome of these matters. But in many cases both contractual and non-contractual/infringement issues will arise in a single case, leading to the application respectively of the *lex contractus* (the law applicable to the contract) and

¹²¹ See, in an insurance context, *Gerard and Daniela Maher v Groupama Grand Est*, judgment of the Court of Appeal of 12 November 2009, [2009] EWCA Civ 1191.

¹²² Pertegas, 239–40.

¹²³ See Plender and Wilderspin, 459–60.

¹²⁴ Pertegas, 239 and Boschiero, 102–3.

the law of the country for which protection is sought.¹²⁵ Penalty clauses in licence contracts are an example of a perceived overlap between contract and tort. Such clauses look tortuous in nature, but they are contractual. The Rome II rules do not apply if the claimant sues to enforce the penalty clause.¹²⁶ Instead the *lex contractus* (the law applicable to the contract) will apply.¹²⁷

<c> C. Article 8(3)

18.86 The final paragraph of Article 8 specifies that the freedom to choose the applicable law which Article 14 Rome II Regulation offers will not apply to non-contractual obligations arising from the infringement of IP rights.¹²⁸ The main reason to deny this innovation of the Rome II Regulation in this context is no doubt the link with national authorities granting rights, national registers and national economic policies. National law has an interest in the IP right and allowing the parties to choose another law would harm that interest and could potentially affect the right as such.

<c>D. Overriding mandatory provisions and public policy

18.87 The Rome II Regulation also contains standard provisions that allow the overriding mandatory provisions¹²⁹ and the public policy of the forum¹³⁰ to be safeguarded. The law applicable under Article 8 will not be able to restrict the

¹²⁵ For two copyright cases where French courts applied a foreign *lex contractus* to the contract (mainly dealing with the transfer of economic rights) and French law as the law of the country for which protection is sought for alleged violation of moral rights in France see *Didier Barbelivien and Gilbert Montagnon v St AGAPES and others*, judgment of 3 September 1997 of the Third chamber of the Tribunal de Grande Instance de Paris, (1998) 175 RIDA 343 and *Antonio Martinelli and Roberto Meazza v Editions Gallimard and St APA*, judgment of 2 April 2003 of the Fourth Chamber of the Cour d'Appel de Paris (Court of Appeal Paris), (2003) 198 RIDA 413.

¹²⁶ Tort choice of law may apply to a wider claim that is made and that goes beyond the contract.

¹²⁷ E.g. as determined by the Rome I Regulation. For an example see *Landesgericht München I 21st Civ Chamber*, judgment of 21 February 2007, [2008] ZUM-RD 310.

¹²⁸ See Bariatti, 71–2.

¹²⁹ Art. 16 Rome II Regulation.

¹³⁰ Art. 26 Rome II Regulation.

application of the overriding mandatory provisions of the law of the forum in a situation where they are mandatory irrespective of the law otherwise applicable to the non-contractual obligation. And the application of the law determined on the basis of Article 8 may be refused if that application is manifestly incompatible with the public policy of the forum.¹³¹

18.88 In terms of examples of overriding mandatory rules of the forum one might think of the availability of injunctive relief in intellectual property infringement cases. Both the TRIPS Agreement¹³² and the EU Enforcement Directive¹³³ hint at the fact that this is a basic minimum standard and the absence of injunctive relief as a remedy in the applicable law might trigger the application of Article 16 Rome II Regulation by an English court hearing the case. The English rules on injunctive relief will then be applied as the overriding mandatory rules of the forum. One might also consider the infringing character of the act to authorise infringement abroad, to be of an overriding mandatory nature for English law. If the applicable law does not have a provision covering such an act it is likely that the English courts, which created the tort of enabling passing-off (enabling something similar to passing-off being committed in Ecuador by knowingly selling Scotch whisky in the UK that would be used in Ecuador to mix it with cane sugar alcohol and then sell it as Scotch whisky)¹³⁴, is likely to apply English law as overriding mandatory provision and find liability for the act of authorisation. After all creating a separate tort at common law went further and indicates that the mandatory nature of provisions to sanction such behaviour.

<c> E. Multi-state and ubiquitous infringement

¹³¹ Similar provisions are found in the Rome I Regulation.

¹³² Art. 44 TRIPS.

¹³³ EC Parliament and Council Directive 2004/48/EC on the Enforcement of Intellectual Property Rights (2004) OJ L 195/16.

¹³⁴ *John Walker & Sons Ltd v Henry Ost & Co Ltd* [1970] 2 All ER 106; [1970] 1 WLR 917.

18.89 While Article 8 positively excludes the freedom of the parties to choose the applicable law, the same provision remains silent on multi-state and ubiquitous infringement cases. These cases are, however, not rare and they do create specific problems. Multi-state cases are typically cases where a similar factual infringement scenario unfolds in a large number of countries, while ubiquitous infringement cases are cases where the infringement happens in virtually every country. The latter cases involve almost necessarily ubiquitous media, such as the internet, and often deal with copyright and other unregistered rights as these exist more easily in virtually every country.¹³⁵ For all these cases Article 8 Rome II Regulation provides for the distributive application of the law of the country for which protection is sought on a country-by-country basis, without any special treatment. The large number of laws that must be applied can give rise to practical problems, such as burden of proof and increased duration and costs.¹³⁶

18.90 A solution for the problems raised by multi-state and ubiquitous infringement cases almost necessarily involves the application of a single law to these cases and the obvious connecting factor is then the closest connection, leading to the application of the law of the State that has the closest connection with the infringement. This remains an approach *de lege ferenda* (i.e. for the law to come), but something can already be achieved *de lege lata* (i.e. with the law as it stands).

18.91 A peculiar multi-state infringement scenario unfolds when the infringement is much larger in scope in one country and much smaller in another country. A typical example arose in the *Sender Fellsberg* case, which led to the European Court of Justice's decision known under the name *Lagardère*.¹³⁷ A German broadcasting

¹³⁵ As they are created automatically, without registration, and almost globally due to the very large membership of the Berne Convention 1886 (including the effect of the TRIPS Agreement 1994).

¹³⁶ On the other hand, the weight of this argument should not be exaggerated either, as in many cases the infringing act will fall squarely within the scope of protection of the IP right concerned, which simplifies the application of the different laws. There will clearly be infringement under every single law of the country for which protection is sought. See Pertegas, 242–3.

¹³⁷ Case C-192/04 *Lagardère v SPRE* [2005] ECR I-7199, [2005] 3 CMLR 48, see also the decision of the German Bundesgerichtshof in this case of 7 November 2002, [2003] GRUR 328. The French decision applied French law as law of the country for which protection is sought on the basis of the Satellite Directive and saw no ground to take into account what happened in Germany, *Soc. Europe 1*

antenna just over the French border was used by a French radio station to broadcast to France. While not an infringement case, the effects in Germany are very limited (some people could receive the signal), when compared to those in France. The Court of Justice ruled that German law applies in Germany and French law applies in France. In an infringement scenario (assuming e.g. that the broadcast involves musical works without proper copyright clearance) this would correspond to the distributive application of the laws of the protecting countries as provided for in Article 8(1) Rome II Regulation. This may seem unduly complex when considering the extremely low impact in Germany and it is very hard to justify the very heavy burden which Article 8(1) imposes in such a case. One would like to avoid the application of several laws, especially if many of them apply to minimal acts of infringement that lead to very little in terms of damage. Trademark infringement cases through a website that is essentially directed to one State is a good example. The fact that one could access the site in 20 other countries where the mark had been registered, but where the website did extremely little or no business should arguably not lead to the distributive application of 20 laws of the countries for which protection is sought. The solution can be found in the introduction of *de minimis* rules. These could e.g. stipulate that in the *Lagardère* style case the infringement in Germany would be *de minimis* and not taken into consideration. In practice one defines the minimum threshold for there to be an infringement,¹³⁸ as this was done in the WIPO Joint Recommendation Concerning Provisions on the Protection of Marks, and other Industrial Property Rights, on the Internet.¹³⁹ When adopted at international level *such de minimis* rules mean that each law of the country for which protection is sought will be interpreted in the same way and that *de facto* infringement is ruled out in several countries. In practice this alleviates the effects of the distributive application of the laws of the protecting countries on a country-by-country basis.

Communication v SPRE, judgment of the 4th Chamber, section A of the Court of Appeal in Paris of 3 October 2001, [2002] RCDIP 315.

¹³⁸ This refers to commercial effect in the jurisdiction and can be done on a quantitative basis (e.g. number of sales) or on a qualitative basis (e.g. sale of the original sculpture, compared to postcards and small reproductions).

¹³⁹ Available at: www.wipo.int/about-ip/en/development_iplaw/pdf/pub845.pdf (last visited 20 November 2009).

18.92 Such a *de minimis* approach is compatible with Article 8(1) Rome II Regulation. The applicable law is still the law of the country for which protection is sought and the distributive application on a country-by-country basis is still in operation, but each law of the country for which protection is sought has at substantive law level the same *de minimis* rule.¹⁴⁰ This harmonised interpretation of the *leges loci protectionis* alleviates in practice the distributive application. Such a *de minimis* rule can be part of substantive IP law, but it can also be introduced by means of a (substantive law) provision in a private international law instrument.¹⁴¹ This provides a limited solution for certain multi-state cases.

<a>IV. CONCLUSION

18.93 On the positive side, it has been shown that the EU rules on private international law can be applied to intellectual property and can form the starting point for an approach that effectively addresses the cross-border aspects of intellectual property rights. On the negative side, it has been shown that the current set of rules remains incomplete and inadequate on certain points and that more detailed rules are needed for the approach to become entirely satisfactory. A complete example of such a satisfactory and comprehensive approach can be found in the CLIP Principles.¹⁴² Maybe the time has come for the European legislature to build upon this private initiative.

<a>NOTES

1. Related Instruments

Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters [1972] OJ L/299/32.

¹⁴⁰ A. Metzger, 'Zum anwendbaren Recht bei grenzüberschreitendem Rundfunk', (2006) IPRax 242.

¹⁴¹ See e.g. Article 3:602 Principles for Conflict of Laws in Intellectual Property, European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary*, OUP, 2013.

¹⁴² European Max Planck Group on Conflict of Laws in Intellectual Property.

Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters OJ L/12/1, 16.1.2001.

Directive 2004/48/EC of the EC Parliament and Council on the enforcement of intellectual property rights, OJ L 195/16, 30.4.2004.

EEC Convention on the Law Applicable to Contractual Obligations [1980] OJ L 266/1.

Hague Convention on Choice of Court Agreements (concluded 30 June 2005).

Regulation (EC) 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), OJ L 177/6, 4.7.2008.

Regulation (EC) No 864/2007 of the European Parliament and of the Council Of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), OJ L 100/40, 31.7.2007.

Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L351/1, 20.12.2012.

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Duijnstee v Goderbauer (Case 288/82) [1983] ECR 3663.

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Eva-Maria Painer v Standard Verlags GmbH et al. (Case C-145/10) [2011] ECDR 6.

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Gregory Paul Turner v Ismail Grovit (Case C-159/02) [2004] ECR I-3565.

Jean-Claude Arblade & Fils SARL and C-376/96 Bernard Leloup, Serge Leloup, Sofrage SARL (Joined Cases C-369/96) [1999] ECR I-8453.

Lagardère v SPRE (Case C-192/04) [2005] ECR I-7199, [2005] 3 CMLR 48.

Roche Nederland BV v Primus (C-539/03) [2006] ECR I-6535.

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