

## The law applicable to copyright infringement on the Internet

### Abstract

*This article looks at the law applicable to copyright infringement on the Internet. In order to do so we need to look first of all at the rules concerning the applicable law for copyright infringement in general. Here the starting point is the Berne Convention. Its provisions give an indication of the direction in which this debate is going, but we will see that they merely provide starting points. We then move on to the approach in Europe under the Rome II Regulation and here more details become clear. Essentially, the existing rule boils down to a *lex loci protectionis* approach, which is in conformity with the starting point that is found in the Berne Convention. It is however doubtful whether such a country by country approach can work well in an Internet context and suggestions are made to improve the legal framework by adding a rule for ubiquitous infringement and a *de minimis* rule. Finally, we also briefly look at the issues surrounding the cross-border portability of online content services and the impact that the current focus on these may have in terms of the choice of law.*

### 1. Introduction

The central theme of this contribution is the law applicable to copyright infringement on the Internet. We will look at it primarily from an EU perspective. The Internet involves almost by definition and at least potentially in every situation a cross-border element. The question that arises is therefore whether we are essentially focusing on copyright as it has developed over the years and more specifically on the issue of the law which is applicable to the infringement of copyright or whether we are focusing on the Internet and its cross-border effects. In the former scenario the Internet is just another new technological development to which copyright rules, including the relevant choice of law rules, are applied, whilst the latter scenario directs us towards new tailor-made choice of law rules that address the strong cross-border element in the new Internet reality in which copyright infringement occurs. We will see that the legislature and the courts have mostly chosen the former approach, but we will try to demonstrate that that also creates problems and that an element of the second tailor-made approach might be necessary.

Even if it was not an Internet case, the Court of Justice was given the opportunity to look at copyright in a cross-border scenario, broadcasting across borders in this case, in the *Lagardère* case<sup>1</sup> in 2005. The Court put Article 5 Berne Convention<sup>2</sup> at the core of its analysis and with it the territoriality principle that is generally derived from it. That led the Court to accept that each Member State grants and recognises copyright protection in its own territory by virtue of its national (copyright) legislation and that copyrights are acquired and enforced country by country in the 28 Member States. Article 5 Berne Convention is therefore clearly our starting point. Be that as it may, we will also see that the EU legislator has gone beyond this starting point and has adopted specific choice of law rules as part of the Rome II

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<sup>1</sup> ECJ 14 July 2005, Case C-192/04, ECLI:EU:C:2005:475, [2005] ECR I-7199 (*Lagardère Active Broadcast*).

<sup>2</sup> Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886, as amended on September 28, 1979, available at <https://www.wipo.int/treaties/en>, visited October 2016.

Regulation.<sup>3</sup> We will see that these have not been plucked out of thin air, however, and that they are firmly rooted in Article 5 Berne Convention.

## 2. The Berne Convention and choice of law: not quite what it seems

### 2.1 *The scope of the Convention: qualification*

The Berne Convention does not require any registration or other formalities for copyright to exist. Simple as that seems, the absence of a register makes the question of which works fall within the scope of the Convention and benefit from its protection much harder to answer. This point is in practice often ignored in the sense that one assumes that works come within the scope of the Convention, as so many countries have adhered to it. But it remains a fundamental question. Intellectual property lawyers are familiar with this point and describe it as qualification.<sup>4</sup> An author or a work has to meet the qualification requirements before any copyright can be granted. These requirements are really criteria of eligibility for protection. The Convention provides for a number of connecting factors which link the author and/or his work to a Member State. Protection can be claimed if one of these connecting factors is satisfied.

The nationality of the author is the first connecting factor, in the sense of an applicability criterion, that is mentioned in Article 3 of the Convention. Copyright protection is granted to all the works of an author who is a national of one of the Member States of the Berne Union. These works even include works which are published in a country that is not a Member State and unpublished works.<sup>5</sup> The nationality rules have been revised at the Stockholm Revision Conference.<sup>6</sup> Authors who have their habitual residence in a Member State are now assimilated to nationals if they do not possess the nationality of one of the Member States.<sup>7</sup> The connecting factor can now be redefined as nationality or habitual residence. The Convention does not deal with the issue of when nationality or habitual residence is determined.

The first publication of the work in a Member State forms the second connecting factor that is mentioned in Article 3. Simultaneous publication in a non-Member State and in a Member State within a 30-day period is assimilated to first publication in a Member State.<sup>8</sup> This connecting factor operates independently and no further requirements, for example related to nationality, have to be satisfied. The Convention defines what amounts to publication by describing published works as ‘works published with the consent of their authors, whatever may be the means of manufacture of the copies, provided that the availability of such copies has been such as to satisfy the reasonable requirements of the public, having regard to the nature of the work’.<sup>9</sup> It needs to be added, though, that the scope of this second connecting factor is restricted significantly by the fact that the Convention goes on to exclude from the definition of publication ‘[t]he performance of a dramatic, dramatico-musical, cinematographical or musical work, the public recitation of a literary work, the

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<sup>3</sup> Regulation (EC) No. 864/2007 of the European Parliament and of the Council on the law applicable to non-contractual obligations (Rome II), *OJ* 2007, L 199/40.

<sup>4</sup> For a detailed overview of the qualification rules in the Berne Convention see S. Ricketson and J. Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, Oxford: OUP 2005, chapter 6.

<sup>5</sup> Art. 3(1)(a) Berne Convention.

<sup>6</sup> Report on the Work of the Main Committee I, paras. 29 and 30, Stockholm Conference 1967.

<sup>7</sup> Art. 3(2) Berne Convention.

<sup>8</sup> Art. 3(1)(b) Berne Convention.

<sup>9</sup> Art. 3(1)(3) Berne Convention.

communication by wire or the broadcasting of a literary or artistic work, the exhibition of a work of art and the construction of a work of architecture'.<sup>10</sup>

These connecting factors establish a link between the work and a Member State of the Berne Union. A connecting factor will indeed select a particular Member State each time it is applicable. That Member State is the country of origin of the work. There are, of course, cases in which more than one connecting factor is applicable and as it is desirable to determine a single country of origin for each work, the Convention contains rules as to which connecting factor will take priority.<sup>11</sup> It is necessary to determine, first of all, whether a work has been first published in a Member State. If that is the case, the country of first publication will be the country of origin of that work, regardless of the fact that the author of the work may be a national of another Member State or that he may be habitually resident in another Member State. In cases of simultaneous publication, priority is given to the Member State whose legislation grants the shortest term of protection. It is obvious that the country of origin will be the Member-State country in those cases in which the other country of simultaneous publication is a non-Member State. Only if the work has not been published or if it has been published in a non-Member State, without there being any simultaneous publication in a Member State, does the Convention turn to nationality and habitual residence. The preference for the work-orientated publication connection is fully justifiable and has been neatly summarised by Schack in the following terms:

'[...] the author's right in his published work becomes a distinct subject of legal relations, separated from the person in whom it has been vested; the work-orientated connection (with a particular country) corresponds to this fact. The personal statute of the author<sup>[12]</sup> is largely unknown to the public, to which it is the use of the work that comes into prominence.'<sup>13</sup>

It is indeed much easier for those using the copyright work to determine where it was first published. This enhances legal certainty and it facilitates the exploitation of the work.

These provisions therefore primarily determine the scope of the Convention. When confronted with a work, the first issue that is to be determined is whether it falls within the scope of the Berne Convention and will, as such, attract copyright protection. This is what is being done at this qualification stage. Once the work falls within the scope of the Berne Convention, the Convention will guarantee it a minimum level of protection. But the Convention does not contain a model law, let alone a complete set of copyright rules that is mandatorily slotted into the national law of each Contracting State. The choice of law question therefore remains. These provisions could thus lead one to conclude that 'The factors linking the author to a *country* of the Union are in no respect connecting principles as regards the applicability of the *law* of that country'.<sup>[14]</sup>

**Comment [A1]:** emphasis added or in original?

**Comment [A2]:** My emphasis

## 2.2 Could qualification lead to choice of law?

<sup>10</sup> Art. 3(1)(3) Berne Convention.

<sup>11</sup> Art. 5(4) Berne Convention.

<sup>12</sup> Which depends on factors such as nationality or habitual residence.

<sup>13</sup> Translated from German by G. Boytha, 'Some Private International Law Aspects of the Protection of Authors' Rights', *Copyright* (24) 1988, p. 399, at p. 408; the original German quote '[...] dass ein solches Urheberrecht ein von der Person seines Trägers losgelöster selbst-ständiger Gegenstand des Rechtsverkehrs ist. Die Person des Urhebers tritt demgegenüber zurück. Dieser Tatsache entspricht eine werkbezogene Anknüpfung. Das Personalstatut des Urhebers ist der Öffentlichkeit weitgehend unbekannt; für sie steht die Nutzung des Werkes im Vordergrund' has been taken from H. Schack, *Zur Anknüpfung des Urheberrechts im internationalen Privatrecht*, Berlin: Duncker & Humblot 1979, p. 50.

<sup>14</sup> Boytha 1988, p. 407 (*supra* note 13).

But could one argue that whilst these provisions determine, primarily, the scope of the Berne Convention, they could also serve to address the choice of law question? That argument would then develop as follows. The qualification round left us with the country of origin of the work. The work is, first of all, granted protection in that country. This protection is granted under the provisions of the domestic law of the country of origin. These provisions apply in the same way to an author who is not a national of that country, but whose work has that country as its country of origin, as they do to national authors.<sup>15</sup> It is then perhaps tempting to derive from this rule the proposition that the work will enjoy the same copyright protection in all other Member States because the full level of protection has now been determined,<sup>16</sup> but this interpretation is irreconcilable with the presence and the wording of Article 5(1), according to which:

‘Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.’

Article 5(1) takes us, indeed, one step further once we have determined that the work qualifies and once the level of protection in the country of origin has been determined. On the back of these first two steps, the Convention goes on to grant the work protection in all other Member States. The level of protection in all those States is not to be determined by the law of the country of origin. That law is not even referred to in Article 5(1) and one could say that the country of origin is even excluded in Article 5(1). Instead, the text of that article refers to the fact that the work will in each of these countries benefit from the same level of protection that is granted to national authors<sup>17</sup> under their respective laws, i.e. the work will enjoy the same (exclusive) rights. Also the fact that there was a need to add another specific rule in Article 5(1) demonstrates that another law or other laws will be applicable outside the country of origin. Otherwise Article 5(1) could merely have referred to Article 3 and the law of the country of origin determined by that article.

Having thus ruled out the simple approach that qualification leads to choice of law, one also needs to keep in mind that the drafters of the Convention back in 1886 did perhaps not have the intention to establish a choice of law rule as we now understand it in private international law and that we are merely trying to derive one indirectly from the provision of the Convention. Be that as it may, it is clearly important to be clear about the different approaches to choice of law over the years, as it may have a significant impact when looking at an approach drafted back in 1886.

### 2.3 *Choice of law anno 1886*

Having ruled out the qualification rules as the way forward in terms of choice of law, one needs to examine Article 5(1), which adds a further step without referring to the law of the country of origin, in detail. Article 5(1) contains in essence the national treatment rule. Foreign authors are to be treated as if they were national authors in any Member State other than the country of origin and will thus enjoy the same rights. At first glance this is not a choice of law rule as we know it today. There is no clearly stated connecting factor that leads to the application of a specific applicable law. But one should take into account that this rule

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<sup>15</sup> Art. 5(3) Berne Convention.

<sup>16</sup> See, e.g. G. Koumantos, ‘Sur le droit international privé du droit d’auteur’, *Il Diritto di Autore* 1979, p. 616 and idem, ‘Private International Law and the Berne Convention’, *Copyright* (24) 1988, p. 415; Schack 1979 (*supra* note 13).

<sup>17</sup> This reference to nationality needs to be seen in the light of the heavy emphasis the original version of the Convention placed on nationality as a connecting factor (e.g. habitual residence was only added in 1967).

goes back to 1886 and as such predates the ‘modern’ private international law approach that is based on the work of von Savigny.<sup>18</sup>

The old approach was essentially based on the determination of the scope of application of the various national laws. That is essentially what Article 5(1) does. It embraces what intellectual property lawyers tend to call the concept of territoriality. In each Member State national and foreign authors are to be given the same treatment, based on the treatment given to nationals. That determines the territorial scope for each national law, even if the conclusion that national law applies is not spelled out, and avoids conflicts in scope between the various national laws. They will only apply in their own territory.

Things are a little more complex, though. Old-style conflicts rules deal with two aspects. The obvious point is the non-discrimination point, which is clearly spelled out in the provision. The rule deals with the conditions that apply to foreigners. The question of what treatment they will be entitled to is answered by awarding them national treatment without any form of discrimination in comparison to nationals. But the old-style rules also had a second aspect to deal with. In this approach there was the risk that when determining the (territorial) scope of application of the national laws a vacuum could be created, i.e. situations in which no law would apply or where more than one law conflict. A national law could insist on only dealing with, i.e. protecting, national authors while foreign authors whose own law of the country of origin was territorially limited would then fall into a vacuum where no law applied to them. Article 5(1) is an example of a rule that also resolves that. There can be no vacuum as there will on each occasion be a single law that applies by extending the national law on a country by country basis to foreign authors. This is the conflicts rule that is coupled with the non-discrimination rule.<sup>19</sup> Looking at it from an old approach, Article 5(1) was clearly a private international law rule and one can assume that its impact was clear to all involved. Looking at it from a ‘modern’ point of view the picture is somewhat more blurred. There is no complete answer as the rule was never designed to act as a ‘modern’ choice of law rule, but there are clear hints to a territorial approach.

There are also those who look at Article 5(1) solely from a modern approach, or maybe one should say from the perspective of what the words used in it tell a modern reader. That means that one sticks solely to the non-discrimination rule and that one holds that Article 5(1) has no choice of law content or function whatsoever.<sup>20</sup> From our point of view, though, such a position is not in line with the historical circumstances in which Article 5(1) was drafted and is therefore not to be supported.<sup>21</sup>

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<sup>18</sup> F.C. von Savigny, *A Treatise on the Conflict of Laws*, Edinburgh: Clark 1869, English translation by W. Guthrie. One could say that in 1886 national treatment was ‘proven technology’ in intellectual property treaties.

<sup>19</sup> This combination of the non-discrimination and the conflicts part of the rule is rightly emphasised and explained by S.J. Schaafsma, *Intellectuele eigendom in het conflictenrecht*, Deventer: Kluwer 2009, p. 162. See also S.J. Schaafsma, ‘The Hidden Conflict-of-Law-Rule in the Berne and Paris Principle of National Treatment’, in: A. Kamperman Sanders (ed.), *The Principle of National Treatment in International Economic Law*, Cheltenham: Edward Elgar 2014, p. 300-304.

<sup>20</sup> See e.g. M. van Eechoud, *Choice of Law in Copyright and Related Rights. Alternatives to the Lex Protectionis*, Information Law Series 12, The Hague: Kluwer Law International 2003; N. Boschiero, ‘Infringement of Intellectual Property Rights: A Commentary on Article 8 of the Rome II Regulation’, *Yearbook of Private International Law Volume (9) 2007*, p. 87. The Court of Justice also expressed itself in this sense in a case that was concerned with the compatibility of Art. 2(7) of the Berne Convention and the non-discrimination clause in the EC Treaty, ECJ 30 June 2005, Case C-28/04, ECLI:EU:C:2005:418, [2005] ECR I-5781 (*Tod's v. Heyraud*), para. 32. That statement is far too bold and unsupported to apply across the board outside the specific limits of the case. It is important to note, though, that the European Court of Justice in the end applied the *lex protectionis* approach in *Tod's* case, just as it did in the same year in the *Lagardère* case mentioned in the introduction (*supra* note 1).

<sup>21</sup> A similar conclusion is reached by Ricketson and Ginsburg 2005, p. 1298 (*supra* note 4).

## 2.4 Choice of law anno 2016

Taking the hint towards a territorial system further, how could the Berne Convention assist in conceiving a modern copyright choice of law rule in our current approach to private international law in 2016? Article 5(2) points towards the law of the protecting country (*lex loci protectionis, the law of the country for which protection is sought*) when it provides that '[...] apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed by the laws of the country where protection is claimed'.<sup>22</sup>

From a historical point of view it is clear why Article 5(2) continues with the concept that there will be no formalities and that the (national) rights granted will be independent from one another. From a determination of the scope of national laws point of view, the former, i.e. no formalities, is required to run a territorial system smoothly without creating vacuums and the latter, i.e. the independence of rights fits in with the territorial separation of the national laws. In the absence of an overlap there is no obvious reason why one right would be made dependent on another. Having set out these complementary elements to the system it then follows that the law of the country for which protection is sought applies. The next sentence in Article 5(2) confirms and repeats the solution that has been adopted in Article 5(1). If, from a 'modern' point of view, Article 5(1) is seen to contain nothing apart from the non-discrimination rule, then that word 'consequently' in Article 5(2) makes no sense.<sup>23</sup> The national treatment/non-discrimination rule still has a function in a modern choice of law environment, but there is no longer a place for the gap-filling role of the old approach. Instead, one is now looking for a connecting factor to link a situation to an applicable law. The choice for the 'seeking of protection (in a country)' as a connecting factor is merely one of the options and one of the potential choices of a connecting factor and it does not inevitably flow from Article 5(1) and the two conclusions the Convention draws from it in the first part of Article 5(2). In other words, the word 'consequently' does not represent the reality of a modern choice of law system.

This law of the country where or for which protection is claimed is the law of the country in which the work is being used,<sup>24</sup> and in which the exploitation of the work takes place.<sup>25</sup> This follows from the logic of the Convention. What is being determined in Article 5 is the substantive level of protection for those works that have previously qualified for protection under the Convention. The substantive right and the conditions under which the work can be used have to be determined first. The Convention was not concerned primarily with enforcement, it set out to establish an international comprehensive legal system of lawful uses of works. Obviously, once the content and the extent of the right in a particular country have been defined, the infringing acts follow logically, as do the sanctions that go with them. All this constitutes a unity.<sup>26</sup>

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<sup>22</sup> The full text of the provision reads: Art. 5(2): 'The enjoyment and the exercise of these rights shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work. Consequently, apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.'

<sup>23</sup> See also Ricketson and Ginsburg 2005, p. 309 (*supra* note 4).

<sup>24</sup> See E. Ulmer, *Intellectual Property Rights and the Conflict of Laws*, Deventer: Kluwer 1978, p. 11.

<sup>25</sup> See also J.C. Ginsburg, 'L'exploitation internationale de l'oeuvre audiovisuelle: France/États Unis', *La Semaine Juridique* 1994, p. 49 (Doctrine 3734).

<sup>26</sup> See the expertise ('Stellungnahme des Max-Planck-Institut für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht zur Ergänzung des Internationalen Privatrechts ausservertragliche Schuldverhältnisse und Sachen') of the Max Planck Institute for Foreign and International Patent, Copyright and Competition Law, *GRUR Int.* 1985, p. 105, at p. 106.

So, whilst there is no clear modern choice of law rule contained in Article 5, there is a strong indication that national treatment implies the application of the law of the country for which protection is sought in a number of situations. Member States remain free to determine their own modern choice of law rule for copyright, but in that rule there will have to be room for the *lex loci protectionis* in order to comply with Article 5 Berne Convention and its territorial approach. In other words there is limited flexibility that can for example be used to address specific problems created by the rise of the Internet. It is now time to turn to the rules that have been put in place by the EU legislature and to see how they have respected the provisions of the Berne Convention and whether they have used some of the flexibility left by them.

### 3. Rome II

Moving to the actual provisions of EU private international law, one arrives immediately at the Rome II Regulation, as it is generally accepted that the infringement of intellectual property, copyright in our case, equals committing a tort and gives rise to a non-contractual obligation. At first glance, i.e. if one merely considers the general rule, one could be misled into thinking that the Regulation departs from the strong hint set out in the Berne Convention, as the Regulation operates a general rule that is based on the application of the law of the country where the damage occurs. 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.<sup>27</sup>

There is also, however, a specific rule for the infringement of intellectual property in Article 8(1)<sup>28</sup> that 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.’<sup>29</sup>

Here one immediately spots a clear reference to the hint provided by Article 5 Berne Convention and a very clear reference in this respect can also be found in Recital 26 of the Rome II Regulation.<sup>30</sup>

#### 3.1 *The relationship with the general rule*

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 specific rule leaves no space for the general rule when it comes to the infringement of intellectual property 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

<sup>27</sup> Art. 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*, Leiden: Martinus Nijhoff Publishers 2009, p. 85-112.

<sup>28</sup> For a general comment see B. Buchner, ‘Rom II und das Internationale Immaterialgüter- und Wettbewerbsrecht’, *GRUR Int.* 2005, p. 1004.

<sup>29</sup> Compare § 301, *American Law Institute Principles Intellectual Property (Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes)*, St. Paul: American Law Institute Publishers 2008, p. 122.

<sup>30</sup> Recital 26 reads: ‘the universally acknowledged principle of the *lex loci protectionis* should be preserved’. As such it confirms that the legislator recognised the conflict of law rule in the Berne Convention.

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.<sup>31</sup> 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. There is also no option for the parties to choose the applicable law.<sup>32</sup> In terms of the scope of the applicable law Article 8 has no specific regime to offer and this is governed by the general rule in Article 15 Rome II Regulation.<sup>33</sup>

### 3.2 'Intellectual Property rights'

Next the question arises what then falls within the scope of Article 8. How does one define the concept of intellectual property rights for this purpose? Recital (26) of the Regulation provides the starting point and offers the following non-exhaustive definition of the concept of intellectual property 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. But for our current purposes we do not need to discuss the issue in more detail as copyright is clearly covered.

### 3.3 Infringement and the connecting factor

Having determined that copyright is clearly covered by Article 8 (and therefore having excluded Article 4), 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 *lex loci delicti* (the law of the place of the tort), even if it is here defined 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 intellectual property infringement cases. The old Dutch Private International Law Act on Torts is a good example.<sup>34</sup> Its Article 3(1) specifically referred to the law of the place of the tort as the applicable law in tort cases and there was no specific rule or reference to intellectual property.<sup>35</sup> This led certain courts to apply the law of the place of the tort to intellectual property cases,<sup>36</sup> even if the Dutch Supreme Court consistently applied the *lex loci*

<sup>31</sup> See Boschiero 2007, p. 107 (*supra* note 20).

<sup>32</sup> Art. 8(3) Rome II Regulation specifically excludes the option to choose the applicable law offered in a general way in Art. 14.

<sup>33</sup> A. Dickinson, *The Rome II Regulation: The Law Applicable to Non-Contractual Obligations*, Oxford Private International Law Series, Oxford: OUP 2008, p. 466-467, para. 8.47.

<sup>34</sup> M. Pertegás, '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*, Padova: CEDAM 2006, p. 221, at p. 234-235. It should of course be noted that we refer here to the old act and that the Netherlands has a new Act on PIL since 1 January 2012 (Book 10 of the Civil Code), in which this special tort rule has been abandoned. Art. 10:159 Dutch Civil Code now refers to the Rome II Regulation (also for torts excluded from the scope).

<sup>35</sup> Statute on the Law Applicable to Torts of 11 April 2001, *NILR* 2003, p. 222-224. It is of course also arguable that the legislature did not think about intellectual property in this context, as the Paris and Berne Convention could be seen as covering that specific angle.

<sup>36</sup> Court of Appeal of Arnhem 26 June 1993, *BIE* 1995/44, *NIPR* 1995, 409.



*protectionis*.<sup>37</sup> Questions have however been asked about the appropriateness of the law of the place of the tort rule for intellectual property cases<sup>38</sup> and it has been suggested that the parallelism between infringement and scope in intellectual property cases presents a strong argument to apply the law of the country for which protection is sought principle to infringement too.<sup>39</sup> 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 1978<sup>40</sup> 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,<sup>41</sup> as well as various authors<sup>42</sup> have effectively turned this into a law of the country for which protection is sought rule.<sup>43</sup> It is also interesting to note that the Austrian Supreme Court explicitly mentioned that his 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 the law of the country for which protection is sought in each country<sup>44</sup>) for each in a case of multi-State infringement:

‘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 [...].’<sup>45</sup>

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.<sup>46</sup> A clear modern example of such an

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<sup>37</sup> The Supreme Court has accepted since 1936 that Art. 5(1) Berne Convention effectively contains a *lex protectionis* rule and has recently again confirmed that position: *Hoge Raad* (HR) 13 February 1936, *NJ* 1936/443 (*Tuschinski/Gema*; ‘*Das Blaue Licht II*’); HR 27 January 1995, ECLI:NL:HR:1995:ZC1628, *NJ* 1995/669, *NIPR* 1995, 366 (*Bigott-Batco/Doucal*), para. 3.3 in conjunction with para. 22 of the conclusion of AG Strikwerda; HR 13 December 2013, ECLI:NL:HR:2013:1881, *NJ* 2015/307, *IER* 2016/66 (*Montis II*), para. 6.3.2. See also the annotation by S.J. Schaafsma in *IER* 2016/66, paras. 2 and 3.

<sup>38</sup> J.A. Pontier, *Onrechtmatige daad*, Praktijkreeks IPR (No. 16), Deventer: Kluwer 2001, p. 95-96 (now in a 3rd ed. with Maklu Publishers 2015). Cf. L. Strikwerda, *Inleiding tot het Nederlandse Internationaal Privaatrecht*, 7th edn., Deventer: Kluwer 2002, p. 182-188.

<sup>39</sup> Van Eechoud 2003, p. 213 (*supra* note 20).

<sup>40</sup> Austrian Private International Law Act of 15 June 1978, see M. Schwimann, *Internationales Privatrecht, einschliesslich Europarecht*, 3rd edn., Vienna: MANZ’sche Verlag 2001.

<sup>41</sup> In relation to trademarks: Austrian Supreme Court 28 July 1983, *Attco*, [1984] *GRUR Int.* 453 and Austrian Supreme Court 14 January 1986, *Sacher Hotel*, [1986] *GRUR Int.* 735; in relation to copyright: Austrian Supreme Court 17 June 1986, *Hotel-Video*, [1986] *GRUR Int.* 728; Austrian Supreme Court 18 September 1990, *Sachverständigenprüfung*, [1991] *GRUR Int.* 650 and Austrian Supreme Court 28 September 1993, *Adolf Loos-Werke II*, [1994] *GRUR Int.* 638.

<sup>42</sup> See e.g. Schwimann 2001 (*supra* note 40).

<sup>43</sup> 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 intellectual property right that is infringed and that is invoked by the rightholder. Acts and damage occurring elsewhere are then excluded from the analysis.

<sup>44</sup> See also the judgment of the French *Cour de Cassation* (Supreme Court) (first civil chamber) of 5 March 2002, *Sisro v. Ampersand Software BV*, [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).

<sup>45</sup> Austrian Supreme Court 28 September 1993, *Adolf Loos-Werke II*, [1994] *GRUR Int.* 638. See Pertegás 2006, p. 233-234 (*supra* note 34).

<sup>46</sup> One also finds examples in French case law, but the fine line between the law of the place of the tort and the law of the country for which protection is sought becomes clear when the latter approach is applied whilst the

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’.<sup>47</sup> The standard for this rule is found in Article 110(1) of the Swiss Private International Law Act 1987<sup>48</sup> and has been copied in the Italian Private International Law Act 1995<sup>49</sup> and the German partial codification of tort and property choice of law rules.<sup>50</sup> 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.

It is therefore clear that there is a difference between the law of the country for which protection is sought and the law of the place where the tort was committed, as Berne is not, primarily, concerned with infringement, but rather with any form of exploitation or use of the copyright work. In this context it is nevertheless striking to see that the French *Cour de Cassation* has in recent years on a couple of occasions gone down the law of the place where the tort was committed path on more than one occasion,<sup>51</sup> setting itself apart from other European jurisdictions. On these occasions the *Cour de Cassation* does not see<sup>52</sup> a choice of law rule in Article 5 Berne Convention and in the absence of a specific rule intellectual property infringement is seen as a kind of tort. That then brings in the law of the place where the tort was committed approach. In other words, one has to deny the ‘old’ private international law approach set out above and rely on the exact wording of the Convention. Put in a modern context without any consideration of its roots one can then arrive at this conclusion. There is a mere non-discrimination rule left. But even if one is prepared to go down this road it is weird to see the court focus on the act giving rise to the damage rather than the place where the damage occurs. Not only does this conflict with the Rome II Regulation’s approach,<sup>53</sup> it opens up the risk of deliberate delocalisation of servers etc. to copyright havens.<sup>54</sup> One of the main arguments why this approach needs to be rejected is also that it only applies to infringement. That is not what one is dealing with. There is much more

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terminology of the former is used. See *Cour d’Appel de Paris* (Court of Appeal of Paris) 2 April 2003, *Antonio Martinelli and Roberto Meazza v. Editions Gallimard and Sté APA*, (2003) 198 RIDA 413.

<sup>47</sup> See P. Torremans and C. Clijmans, ‘Belgien: Law of July 16, 2004, Holding the Code of Private International Law’, *RabelsZ* 2006, p. 358-397.

<sup>48</sup> See P. Karrer and K. Arnold, *Switzerland’s Private International Law Statute*, Deventer: Kluwer 1989.

<sup>49</sup> See for an example in practice where German works that remained in Germany were protected under Italian law as the law of the country for which protection is sought against reproduction in Italy, the judgment of the *Corte di Appello di Milano* (Court of Appeal in Milan) of 4 February 1997, *Stiftung Seebüll Ada und Emil Nolde*, [1998] *GRUR Int.* 503.

<sup>50</sup> See Pertegás 2006, p. 229-230 (*supra* note 34). For Germany see also M. Fähndrich and A. Ibbeken, ‘Gerichtszuständigkeit und anwendbares Recht im Falle grenzüberschreitender Verletzungen (Verletzungshandlungen) der Rechte des geistigen Eigentums’, *GRUR Int.* 2003, p. 616, at 619.

<sup>51</sup> *Cour de Cassation* (first civil chamber) 5 March 2002, *Sisro v. Ampersand Software BV*, [2003] *RCDIP* 440, [2003] *GRUR Int.* 75 and *Cour de Cassation* (first civil chamber) 30 January 2007, *Jean Lamore v. Universal City Studios Inc and others*, (2007) 212 RIDA 260. See also *Tribunal de Grande Instance de Paris* (District Court of Paris) (3rd chamber section B) 20 May 2008, *SAIF v. Google*, [2008] *Juris-Data* 2008-362899.

<sup>52</sup> Even if it did accept this previously, see Schaafsma 2009, p. 165, fn. 47 and p. 77, fn. 127 (*supra* note 20).

And the most recent case (dealing with entitlement and first ownership) again saw a return to the *lex loci protectionis* approach. *Cour de Cassation* (first civil chamber) 10 April 2013, *Fabrice X. v. ABC News Intercontinental*, ECLI:FR:CCASS:2013:C100347, *IER* 2014/60, with annotations by S.J. Schaafsma.

<sup>53</sup> M-E. Ancel, ‘Loi applicable à la contrefaçon de droit d’auteur: inquiétant retour à l’origine’, *Communication Commerce Electronique* 2008, *étude* 8.

<sup>54</sup> Y. Gaubiac, ‘La Convention de Berne, encore méconnue’, *Communication Commerce Electronique* 2008, *étude* 22 (November, p. 12).

to it than infringement and plenty of choice of law questions arise in a non-litigious context.<sup>55</sup> Distinguishing between the existence of right and infringement is artificial in relation to copyright and the law of the place where the tort was committed approach is not suitable to cover all aspects.<sup>56</sup>

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 when setting out its original proposal for the Rome II Regulation,<sup>57</sup> 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.<sup>58</sup> In other words the risk is that legal elements become involved rather than in a more fact-based *lex protectionis* approach. And the law of the country for which protection is sought also governs validity and subsistence, which eliminates the need to distinguish between infringement and validity/subsistence issues for choice of law purposes. The law of the country for which protection is sought indeed 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 substantive intellectual property law.<sup>59</sup> 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 intellectual property 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.’<sup>60</sup>

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.<sup>61</sup> In practice one claims protection under the law of the country for which

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<sup>55</sup> See J-S. Bergé, *La protection internationale et communautaire du droit d’auteur – Essai d’une analyse conflictuelle*, Paris: LGDJ 1996, p. 218, No. 311.

<sup>56</sup> F. Terré, annotation to the judgment of the *Cour de Cassation* (first civil chamber) of 22 December 1959, [1960] *RCDIP* 368.

<sup>57</sup> Dickinson 2008, p. 457, para. 8.22 (*supra* note 33). See also A. Kur, ‘Applicable Law: An Alternative Proposal for International Regulation – The Max-Planck Project on International Jurisdiction and Choice of Law’, 30 *Brooklyn Journal International Law* 2005, p. 951. For the original Commission proposal dated 22 July 2003, see COM(2003) 427, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0427:FIN:EN:PDF> (last visited 4 October 2016).

<sup>58</sup> P. Jiménez Blanco, *El derecho aplicable a la proteccion internacional de las patentes*, Granada: Comares 1998, p. 78-79.

<sup>59</sup> See Pertegás 2006, p. 238 (*supra* note 34). The distinction between *lex protectionis* and *lex loci delicti* therefore also involves a qualification issue, see Schaafsma 2009, p. 268-269 (*supra* note 19).

<sup>60</sup> J. Basedow, ‘Introduction’, in: J. Basedow, J. Drexler, A. Kur and A. Metzger (eds.), *Intellectual Property in the Conflict of Laws*, Tübingen: Mohr Siebeck 2005, p. 2.

<sup>61</sup> See J. Basedow and A. Metzger, ‘Lex loci protectionis europea’, in: A. Trunk, R. Knieper and A.G. Svetlanov (eds.), *Festschrift für Mark Moisevic Boguslavskij*, Berlin: Berliner Wissenschafts-Verlag 2004, p. 153 et seq.

the availability of protection is denied.<sup>62</sup> This can obviously be done through infringing acts,<sup>63</sup> where the acts seem to ignore the existence of intellectual property protection, but also by means of a negative declaration, where the (potential) infringer requests the court to rule that the intellectual property protection does not extend to its activity.<sup>64</sup>

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 allegedly infringing book and the movie having been created and first published/released in the USA, 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 infringe his rights under French law (they effectively deprive him of the benefit of his exclusive right), irrespective of the place of creation or first publication. This does not of course stop the same author from also arguing that the first publication/release in the USA, rather than the subsequent publication/release in France, also constituted an infringement. In the latter case he argues that protection for his right is not granted to him and is enforceable in the USA, under US copyright law, which will be the law of the country for which protection is sought in the latter 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.<sup>65</sup> In intellectual property the act includes *ex officio* the damage, which often does not need to be demonstrated separately, so it is unwise to open the door for wider concepts of damage arising in different

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<sup>62</sup> E.g. Peruvian law applied as the 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 3 November 2009, see [http://www.indecopi.gob.pe/0/modulos/NOT/NOT\\_DetallarNoticia.aspx?PFL=0&NOT=124](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. *Bundesgerichtshof* 15 February 2007 (1 ZR 114/04), *Wagenfeld-Leuchte*, [2007] *GRUR Int.* 871.

<sup>63</sup> These acts must then be an infringement of the intellectual property right under the law of the country for which protection is sought. For a negative example see Court of Appeal Tokyo 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 an infringement in the US, with an exception in the sense that § 271 (f) of the US Patent Act specifically declares that the supply from the US to a third country of components that are then put together to form the patented product is an infringing act. See *Microsoft Corp. v. AT&T Corp.*, 550 US 437 (2007), [2007] *GRUR Int.* 768. And another US decision applied US law on the basis that the indirect transmission of a broadcast passed through the US before it was communicated to the public amounted to an infringement of US copyright law. See Court of Appeals for the Second Circuit, *National Football League v. PrimeTime 24 Joint Venture*, [2000] *GRUR Int.* 1082. One claims protection under a national law by alleging that one has an intellectual 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.

<sup>64</sup> Dickinson 2008, p. 458-459, para. 8.26 (*supra* note 33).

<sup>65</sup> The decision of the *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 to allow this erroneous interpretation of the Berne Convention to prevail over Art. 8 Rome II Regulation (which was not yet in force at the time).

places on the basis of a broader general tort approach in which act and damage are linked much more loosely.

Whilst this probably only sounds strange in an intellectual property 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 intellectual property laws.<sup>66</sup>

### 3.4 A critical evaluation

The Rome II Regulation's approach towards choice of law for copyright infringement is therefore uniquely based on Article 8 and its law of the country for which protection is sought rule. It has as a main advantage that it is fully in line with the territorial approach to which the Berne Convention contains strong hints and that has over the years been adopted as the majority approach in intellectual property cases. Sticking to tradition has its advantages and the approach works well if the case is related to a single country. It allows in an efficient manner for the determination of the applicable law and that law will be the same for all works in the country, which is useful as copyright scenarios often involve multiple works. The approach is also aligned to the economic policy of the country concerned.

Matters change radically when multiple countries involved as a single case will then see the application of a patchwork of national copyright laws on a country by country basis. This may remain feasible when a couple of jurisdictions are involved, but that is no longer the case when many countries are involved,<sup>67</sup> let alone in Internet cases where there is ubiquitous infringement of copyright. Infringement then happens at least potentially everywhere and the application of a large number of copyright laws in a single case on a country by country basis becomes unrealistic. Copyright then becomes in practice unenforceable outside a couple of selected jurisdictions for rightholders who cannot afford to bring a raft of cases in various courts all over the world, as one will never be able to effectively claim compensation for all the damage that arises at a global level.<sup>68</sup> That is the case for large numbers of authors and copyright being a private right and one that is effectively negative in nature in the sense that the rightholder is enabled to stop the unauthorised reproduction and communication to the public of the copyright work; there is no alternative way to put the right into effect. One needs access to effective enforcement and that involves courts applying the applicable law.<sup>69</sup>

### 3.5 Ubiquitous infringement

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<sup>66</sup> The fact that courts can handle the complexity of foreign intellectual property laws has been demonstrated early on by the *Landesgericht Düsseldorf* in several of its decisions: LG Düsseldorf 22 September 1998, *Sonnenblende II*, [1998] *Entsch. LG Düss.* 75; LG Düsseldorf 16 January 1996, *Reinigungsmittel für Kunststoffverarbeitungsmaschinen*, [1996] *Entsch. LG Düss.* 1; LG Düsseldorf 1 February 1994 (4 O 193/87), *Kettenbandförderer III*.

<sup>67</sup> See G. Dinwoodie, 'A New Copyright Order: Why National Courts Should Create Global Norms', *University of Pennsylvania Law Review* (149) 2000, p. 469; B. Ubertazzi, 'Intellectual Property Rights and Exclusive (Subject-Matter) Jurisdiction', *GRUR Int.* 2011, p. 199, at p. 203; and P. De Miguel Asensio, 'Cross-Border Adjudication of Intellectual Property Rights and Competition between Jurisdictions', *Annali italiani di diritto d'autore, della cultura e dello spettacolo (AIDA)* (16) 2007, p. 105, at p. 110.

<sup>68</sup> At best one can hope that an injunction in a key jurisdiction where it can also be enforced stops the unauthorized exploitation on the Internet, but that still does not offer compensation for the damage that has been incurred. And the website may resurface in another jurisdiction where it is out of reach of the effective enforcement of the injunction.

<sup>69</sup> J.J. Fawcett and P. Torremans, *Intellectual Property and Private International Law*, 2nd edn, Oxford: OUP 2011, paras. 15.46-15.48.

What is therefore needed for these ubiquitous cases is a departure from the territorial approach in Article 8 and the application of a single law across borders.<sup>70</sup> That single law will be the one with whom the case has its closest connection and in the interest of predictability and legal certainty a number of factors should be set out to help the identification of the closest connection law. Defendants should also not be denied the benefit of exceptions and limitations that they may have under any (territorial) national law, but it can then be left up to them to bear the burden of proof in this respect. They should have this evidence readily available if they made a careful business plan before they used the copyright work. The Principles on Conflict of Laws in Intellectual Property (CLIP Principles) set out such an approach in Article 3:603:

‘(1) In disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court may apply the law of the State having the closest connection with the infringement if the infringement arguably takes place in every State in which the signals can be received. This rule also applies to existence, duration, limitations and scope to the extent that these questions arise as incidental questions in infringement proceedings.

(2) In determining which State has the closest connection with the infringement, the court shall take all the relevant factors into account, in particular the following:

(a) the infringer’s habitual residence;

(b) the infringer’s principal place of business;

(c) the place where substantial activities in furtherance of the infringement in its entirety have been carried out;

(d) the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety.

(3) Notwithstanding the law applicable pursuant to paragraphs 1 and 2, any party may prove that the rules applying in a State or States covered by the dispute differ from the law applicable to the dispute in aspects which are essential for the decision. The court shall apply the different national laws unless this leads to inconsistent results, in which case the differences shall be taken into account in fashioning the remedy.’<sup>71</sup>

### 3.6 *A de minimis rule*

The unregistered nature of copyright also gives rise to problems at the other end of the spectrum. The mere accessibility, everywhere, of a website could each time give rise to liability under the local territorial copyright law as the *lex protectionis*. That could be solved by the addition of a *de minimis* rule along the lines of Article 3:602 of the CLIP Principles, even if admittedly such a rule touches upon substantive copyright law:

‘(1) A court applying the law or the laws determined by Article 3:601 shall only find for infringement if

(a) the defendant has acted to initiate or further the infringement in the State or the States for which protection is sought, or

(b) the activity by which the right is claimed to be infringed has substantial effect within, or is directed to the State or the States for which protection is sought.

(2) The court may exceptionally derogate from that general rule when reasonable under the circumstances of the case.’<sup>72</sup>

## 4. Cross-border portability of online content services

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<sup>70</sup> Ibid.

<sup>71</sup> European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary*, Oxford: OUP 2013, p. 314 et seq.

<sup>72</sup> Ibid., p. 308 et seq.

Having passed the Rome II Regulation under the banner of compliance with the Berne Convention and the ‘traditional’ intellectual property approach in the Member States, the territorial approach seemed to be well settled under EU law. We demonstrated above that it has serious shortcomings in the Internet environment, but the ubiquitous infringement and *de minimis* issues seemed to remain very low on the political agenda. Territoriality did however move to the top of the political agenda when consumers started to object to the fact that the online content services they relied on ever more were territorially restricted by the terms of the licences that were imposed by the providers of these services.<sup>73</sup>

These licences typically allow merely for use in the jurisdiction. One is blocked from using the services one pays for abroad, even though taking your device, be it a laptop, a tablet or a phone abroad for both business or leisure has become increasingly common. But one needs to be clear. This has nothing to do with the applicable law. For sure, if I have a licence under French law, the use of the service in Germany is likely to be an infringement, as German law will be applicable and as I have no licence under German law. But in most cases the providers have the rights in each EU Member State and they merely restrict the use of the material to one Member State by contractual means. The culprit is not so much the territorial choice of law rule, but their business model that sells the service country by country at different prices. The licensing of Premier League football matches is a prime example.

This practice is of course hard to justify from the point of view of the single market and it is against this background that one needs to see the Commission’s proposal for a Regulation on ensuring the cross-border portability of online content services. Licences will be able to continue operating on a country by country basis, but by introducing a presumption that temporary use in another Member State will be use in the Member State of origin and by obliging the provider to enable such temporary use one circumvents the undesirable consequences of a strict territorial approach.

In terms of the applicable law nothing changes, as access and use or by means of Article 4 is deemed to happen in the Member State of residence of the subscriber and hence a single territorially limited copyright law will apply, but this example and the somewhat clumsy way of dealing with the issue very clearly demonstrate the limitations of the territorial approach.

## 5. Conclusion

The aim of this contribution was two-fold. On the one hand, I wanted to demonstrate clearly that Article 8 Rome II Regulation and the fact that it departs without allowing exceptions from the standard rule in the Regulation were not plucked from thin air. They are clearly rooted very deeply in the Berne Convention when it comes to copyright. But that link is less straightforward as is often assumed and the Berne Convention was written against the background of a very different choice of law framework. Modern conclusions on the basis of old rules and frameworks do not necessarily provide for excellence and workable conclusions. On the other hand, I wanted to demonstrate clearly that new solutions are needed in an Internet environment, especially when ubiquitous infringement is concerned. The hype around cross-border access to online services highlights these problems with a territorial intellectual property and choice of law framework very clearly, but the proposed single market-based solution is clumsy in the sense that it does not solve the real problem. A presumption locating the access in a single jurisdiction pre-empts the problem, but how does the applicable law explain to the rightholders in the other jurisdictions that they have the exclusive right, but that

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<sup>73</sup> Proposal for a Regulation of the European Parliament and of the Council on ensuring the cross-border portability of online content services in the internal market, COM(2015) 627 final, 9 December 2015, see [http://europa.eu/rapid/press-release\\_IP-15-6261\\_en.htm](http://europa.eu/rapid/press-release_IP-15-6261_en.htm).

they cannot enforce it? This artificial construct may work if the rightholder is the same in all jurisdictions, but in any other scenario it aggravates the problem that an ancient choice of law approach risks making copyright unenforceable. That cannot be the aim, though. There is therefore a need for reform when it comes to choice of law for copyright infringement on the Internet. But such reform requires the political will to succeed and there is hardly any trace of that political will ... for now, that is (hopefully).