

Intellectual property and international private law

Introduction

- 23.1 Intellectual property (IP) law is territorial, but the expansion of commerce means that various goods and services (the whole or some element of which may be protected by IP) can be traded in numerous different countries throughout the world. With this increase in international exchange where there are many opportunities for infringement it becomes increasingly difficult to apply the principle of territoriality which forms the basis of intellectual property law. If a music file protected by copyright and owned by a recording company in the United States is communicated to the public on the internet, who can be sued and where can they be sued? What law would apply to determine the matter? Would a judgment given in one country be recognised in another? When a trade mark is used on a website, that is the same as or similar to a trade mark registered by a separate entity in another country, would the second trade mark be infringed by its mere accessibility? Can one country issue an order that would affect a registered right, such as a patent, in another (a cross-border injunction)?
- 23.2 Of these issues, those concerning copyright and trade marks have become particularly pressing. For copyright, the dissemination of perfect copies of creative works across

the net, out of the control of the right holders, has stretched the capabilities of the territorially based law. Similarly, the conflicting rights that may arise when trade mark owners of identical or similar registered marks in different territories use their respective marks within websites have given rise to some difficulties, as have the use of keywords in search engines. Patents, too, have had their share of transnational problems. The cases have mainly concerned joining defendants in infringement cases and cross-border injunctions; where one court issues an injunction that can affect a patent in another. Note that certain areas of intellectual property – trade mark and design law in particular – are already substantively harmonised at EU level but also that there has been EU harmonisation of private international law rules more generally.¹

Scope and overview of chapter

23.3 This chapter outlines the development and application of the rules of international private law as they affect cross-border infringements of intellectual property rights in England and Scotland and Europe. The focus will be on copyright, trade marks, and cross-border patent litigation. It is not the intention to discuss the rules in depth, but to explain those which are applicable to infringement and to highlight a number of Court of Justice of the European Union and UK cases that have applied the rules in intellectual property cases.

¹ See A Kur and U Maunsbach, ‘Choice of law and intellectual property rights’ (2019) 6(1) *Oslo Law Review*, 50.

23.4 **Learning objectives**

By the end of this chapter you should be able to describe and explain:

- jurisdiction and choice of law rules that apply where IP disputes arise (1) where the defendant is domiciled in the EU, (2) where the defendant is outside of the EU, and (3) where the wrong occurs in the EU;
- how UK courts have approached intellectual property rights infringement abroad;
- how the rules on international private law apply to cross-border intellectual property infringements and the difficulties in applying those rules in an era of globalisation and digital dissemination.

23.5 The rest of the chapter looks like this:

- International private law (23.6–23.19)
- Developments in the EU (23.20–23.62)
- International developments (23.63–23.71)

International private law

23.6 The object of international private law (IPL) is to ensure, as far as possible, that disputes involving a foreign element are adjudicated by the court best placed to do justice to both parties, and that the appropriate law is applied to the dispute.

The rules of IPL thus determine:

- which court should hear a dispute (jurisdiction);
- which law governs the dispute (choice of law);
- what should be done to recognise and enforce a judgment.

It is important to note that although one court may have jurisdiction to hear a dispute, this does not mean that the law of that forum must necessarily be applied to the matter in hand.

Question

Which, if any, cases you have read in *Contemporary Intellectual Property* concern cross-border intellectual property infringement?

The legal frameworks

23.7 Where the defendant is domiciled in the EU and the matter concerns a civil or commercial matter, the rules on jurisdiction and recognition and enforcement of judgments are to be found in the 2012 Regulation (“Brussels”/“Brussels Recast”) which came into force on 10 January 2015,² which replaced the 2001 Brussels

² Regulation (EU) No 1215/2012, OJEU L 351/1. The 2012 Regulation was the result of a review of the Brussels Regulation: European Commission released a Green Paper on the Review of Council Regulation (EC) No 44/2001 and Commission’s Report on the application of Council Regulation (EC) No 44/2001. Generally the reports found that the working of the Regulation was highly satisfactory and facilitated cross-border litigation. The 2012 Regulation includes suggestions that were made for reform including the operation of the Regulation in a broader international context.

Regulation,³ which in turn replaced the Brussels Convention.⁴ The rules for choice of law concerning contractual liability are in the Rome I Regulation⁵ which came into force on 17 December 2009 and applies to contracts entered into after that date. This replaced the 1980 Rome Convention on the law applicable to contractual obligations (a Hague Conference measure) which was implemented into UK law by the Contracts (Applicable Law) Act 1990.⁶ These rules will remain relevant to contracts entered into before 17 December 2009. The rules on non-contractual liability are in the Rome II Regulation⁷ which came into effect on 11 January 2009. These rules governing choice of law for non-contractual liability in the UK replaced those in the Private International Law (Miscellaneous Provisions) Act 1995 which remains relevant to infringements occurring before 11 January 2009. The Rome II Regulation now applies to all torts/delicts arising in the EU regardless of whether any of the parties is

³ The Brussels Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters Council Regulation (EC) No 44/2001 of 22 December 2000.

⁴ The Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters 72/454, 1972 OJ L299, p 32.

⁵ Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations.

⁶ Note that upon withdrawal of the UK from the European Union the Contracts (Applicable Law) Act 1995 will be amended to reflect the status of the relevant conventions as retained EU law. See reg. 3, Law Applicable to Contractual Obligations and Non-Contractual Obligations (Amendment etc.) (EU Exit) Regulations 2019/834.

⁷ 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.

connected with a member state⁸ except where specifically excluded. For these purposes the exclusions include non-contractual obligations arising out of violations of privacy and rights relating to personality, including defamation.⁹ The second set of rules concerns those cases where the wrong occurs abroad outside of the EU. In England, the English rules on justiciability and conflicts of law apply.

Historical development of the rules in the UK

23.8 Unlike some other areas of the law (e.g. family law or succession), there has been a reluctance by courts in one jurisdiction to hear a case concerning an infringement of intellectual property which took place in another jurisdiction. This stems in part from the development of the international treaties on intellectual property law, in particular the Paris¹⁰ and Berne Conventions.¹¹ There are two main principles underlying these conventions. The first is of national treatment where, as a general rule, a signatory state is obliged to offer protection to nationals of other signatory states in accordance to the protection afforded to its own nationals.¹² The second requirement is for signatory states to provide, in domestic law, certain substantive minimum levels of intellectual property protection. For example, signatories to the Berne Convention are required to afford owners of copyright a minimum term of protection of 50 years *post*

⁸ Art 3.

⁹ Art 2(g).

¹⁰ Paris Convention for the Protection of Industrial Property 1883.

¹¹ Berne Convention for the Protection of Literary and Artistic Works 1886.

¹² Paris Convention, Art 2; Berne Convention, Art 5.

*mortem auctoris*¹³—although many offer considerably more.¹⁴ The international conventions do not, however, directly address or affect the question of IPL.

- 23.9 This has meant that, for example, when a copyright infringement dispute arose in one state party to the Berne Convention (State X) that concerned an author who hailed from another signatory state (State Y), on hearing the case the court in State X would apply and interpret national law. Intellectual property rights thus remained territorial. Where a case did arise before a court which concerned a foreign intellectual property right, the courts were reluctant to intervene.

Public policy

- 23.10 In the UK, these concerns were reflected in rules which made it particularly difficult for an English or Scottish court to hear a case concerning an infringement of a foreign intellectual property right. The first was, arguably, the public policy rule concerning jurisdiction. It was enunciated in *British South Africa Co v Companhia de Moçambique*¹⁵ (the *Moçambique* rule). This rule classified torts (delicts) occurring in foreign lands as local in the sense that they had a particular connection with the territory on which they occurred. This in turn meant that it was appropriate for any action in relation to this tort to be heard in the local forum, that is, the place where the wrong occurred. So where an infringement of a patent occurred in one of the states in

¹³ Berne Convention, Art 7.

¹⁴ On copyright term see paras 3.113-3.126 of *Contemporary Intellectual Property* (5th edition).

¹⁵ [1893] AC 602.

Australia, that was the appropriate forum in which the dispute should be heard.¹⁶

Choice of law

23.11 The second rule concerned a choice of law rule. The main choice of law approach in intellectual property *infringement* actions is determined by the territorial nature of intellectual property rights. Neither the Paris Convention nor the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides any detailed guidance in matters of trade mark or patent law. As noted, these Conventions are premised on principles of national treatment and territoriality of laws. This notion of territoriality has been seen as the basis for the application of the law of the place where protection is claimed.¹⁷ This has caused few problems for registered rights. Whether an infringement has occurred will be judged in accordance with the law of the place where the right is registered. That law will also govern the extent of the infringement. More discussion has arisen with copyright and other unregistered rights such as passing off.

23.12 In relation to copyright, the Berne Convention contains a measure that is, arguably, a choice of law provision. Article 5(2) provides that:

the extent of protection, as well as the means of redress afforded to the author to

¹⁶ *British South Africa Co v Companhia de Moçambique*. Note also *Satyam Computer Services Ltd v Upaid Systems Ltd* [2008] EWHC 31 (Ch), para 95 where the court, in discussing the *Moçambique* rule, did not think that it supported a wider proposition that the English courts should not make inquiry into the validity of a foreign patent or similar foreign intellectual property rights.

¹⁷ J Fawcett and P Torremans, *Intellectual Property and Private International Law* (2012), 12.17–12.28.

protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.

23.13 What is meant by the phrase ‘*the country where protection is claimed*’? It could be interpreted as meaning the law of the forum, as that is where the claimant seeks protection. The preferable interpretation is that this means the country ‘for which’ protection is claimed against infringing acts occurring there¹⁸ and, indeed, it is the interpretation that is consistent with the accepted notion that there is no such thing as international copyright law, but rather a collection of local laws.¹⁹ For infringement cases, therefore, the law to be applied is the law of the place of the infringement.

23.14 For unregistered rights there has been a tendency to apply domestic UK law to two situations:

- where a wrong which takes effect or is likely to take effect abroad is threatened or

¹⁸ J Ginsburg, ‘Private international law aspects of the protection of works and objects of related rights transmitted through digital networks’, available on the WIPO website as Paper GCPIC/2 (30 November 1998), 35, www.wipo.int/meetings/en/details.jsp?meeting_id=3648.

¹⁹ Case C-28/04 *Tod's SpA and Tod's France SARL v Heyraud SA*. A question arose over shoes protected in Italy as designs. Could protection under the law of copyright be claimed in France? The ECJ said that: ‘Article 12 EC, which lays down the general principle of non-discrimination on grounds of nationality, must be interpreted as meaning that the right of an author to claim in a Member State the copyright protection afforded by the law of that State may not be subject to a distinguishing criterion based on the country of origin of the work.’ Thus, the rights enforceable by claimants in one country cannot be withheld from claimants from another.

committed in the UK;²⁰

- where a wrong is threatened or committed abroad and the effect of the wrong or threatened wrong is felt in the UK.²¹

23.15 Pursuing a tort or delict in the English or Scottish courts where that tort occurred in a territory abroad has been an almost impossible task thanks to the double actionability rule.²² This stipulated that the tort which occurred abroad should be classified as a tort in both the country where it occurred *and* in England or Scotland under English or Scots law. In effect, this meant that the laws of two different territories had to be applied to determine whether the infringement in question was unlawful. An exception to this rule was introduced in 1995 in *Red Sea Insurance v Bouygues*²³ which provided that where an issue between the parties had its most significant relationship with an occurrence in another country, then the law of that country should be applied to it. These rules nonetheless meant that the English and Scottish courts

²⁰ *John Walker & Sons Ltd v Henry Ost & Co* [1970] 2 All ER 106. *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA 5.

²¹ *Mecklermedia Corp v DC Congress GmbH* [1998] Ch 40, [1997] FSR 627. *Plentyoffish Media Inc v Plenty More LLP* [2011] EWHC 2568 (Ch). Merely having a business reputation in the UK was not sufficient to support a finding of goodwill in a trading name; actual customers were required. Applying this principle, the Court rejected the mere fact that a website was accessible from the UK as sufficient evidence to support a finding of a goodwill in trading name. The claimant must prove that UK customers were specifically targeted. See judgments in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074; [2013] FSR 29; [2015] UKSC 31.

²² *Phillips v Eyre* (1870) LR 6 QB 1; *Boys v Chaplin* [1971] AC 356.

²³ [1995] AC 190.

refused to entertain actions concerning foreign intellectual property rights.

23.16 Two useful examples from the UK are discussed below.

■ ***Def Lepp Music v Stuart-Brown* [1986] RPC 273**

In this case, the claimants brought an action against a number of defendants for what they argued was an infringement of their copyright in the form of a tape recording that had been pirated, copied, and thereafter sold on under the control of entities located in Luxembourg and the Netherlands. Leave to serve the defendants outside the jurisdiction had been obtained. The defendants then applied to have the order set aside arguing that acts carried out by them outside the UK could not constitute infringements of UK copyright in the tape recording. Browne-Wilkinson V-C agreed saying:

‘It is therefore clear that copyright under the English Act is strictly defined in terms of territory. The intangible right which is copyright is merely a right to do certain acts exclusively in the United Kingdom: only acts done in the United Kingdom constitute infringement, either direct or indirect of such right. [...] In my judgment, therefore, a successful action cannot be brought in England for alleged infringement of United Kingdom copyright by acts done outside the United Kingdom.’²⁴

■ ***Tyburn Productions Ltd v Conan Doyle* [1991] Ch 75, [1990] RPC 185**

The claimant was an English company which wished to distribute a television film

²⁴ *Def Lepp Music v Stuart-Brown* [1986] RPC 273 275; 276-7.

featuring ‘Sherlock Holmes’ in the United States. Tyburn Productions were concerned that the defendant, who was the only surviving relative of Conan Doyle, author of the Sherlock Holmes books, would repeat previous assertions that she had the copyright in these characters. Tyburn thus applied to the English court for a declaration that the defendant had no rights under copyright, unfair competition, or trade marks of the United States to entitle her to prevent the distribution. Tyburn also sought an injunction preventing her from so doing. Having reviewed a number of previous authorities including *British South Africa Co v Companhia de Moçambique*,²⁵ *Boys v Chaplin*,²⁶ and *Def Lepp Music v Stuart-Brown*²⁷ Vinelott J concluded:

In my judgment therefore the question whether Lady Bromet is entitled to copyright under the law of the United States of America or of any of the states of the United States of America is not justiciable in the English courts.²⁸

Had an injunction been granted in the above case it would have had cross-border effect. In other words, it would (if recognised) have taken effect in another territory. In *Tyburn*, there was no evidence that if the validity of the rights claimed were justiciable in the English courts, the decision of the English courts would be treated as binding on any of the US states.

The recognition by the English court that had it accepted jurisdiction, it would not be domestic law which applied to the question under consideration: ‘which raises

²⁵ [1893] AC 602.

²⁶ [1969] 2 All ER 1085, [1971] AC 356, [1969] 3 WLR 322 (HL).

²⁷ [1986] RPC 273.

²⁸ *Tyburn Productions Ltd v Conan Doyle* [1990] RPC 185, 195.

complex issues which may require a survey by the English courts with the assistance of experts of the laws of each of the states of the United States of America'.²⁹

23.17 The choice of law rule in the UK law changed with the introduction of the Private International Law (Miscellaneous Provisions) Act 1995 which governed questions of choice of law in tort and delict. The Act removed the double actionability rule³⁰ (except for defamation cases³¹) and provided that the applicable law is the law of the country in which the events constituting the tort or delict in question occur.³² Where elements of those events occurred in different countries, the applicable law under the general rule was the law of the country in which the most significant element or elements of those events occurred.³³ For infringement actions the focus was on deciding which events constitute the tort, and applying the law of that country in the proceedings.³⁴

²⁹ *Tyburn Productions Ltd v Conan Doyle* [1990] RPC 185, 196.

³⁰ Private International Law (Miscellaneous Provisions) Act 1995, s 10. Specifically, the rule was replaced for damage occurring after 1 May 1996.

³¹ Private International Law (Miscellaneous Provisions) Act 1995, s 13.

³² Private International Law (Miscellaneous Provisions) Act 1995, s 11(1).

³³ Private International Law (Miscellaneous Provisions) Act 1995, s 11(1).

³⁴ It was possible to displace the general rule under the Private International Law (Miscellaneous Provisions) Act 1995, s 12. It has, however, been argued that this section should not apply to infringements of intellectual property. If it did it 'would mean that there would be two IP rights competing in one country which appears contrary to the principle of national treatment upon which the IP Conventions and legislation are based' (WR Cornish in AV Dicey and JHC Morris, *Private*

Developments

23.18 In 2011 the Supreme Court held in *Lucasfilm v Ainsworth*³⁵ (the case concerning stormtrooper helmets in the *Star Wars* films) that the law had changed to the extent that there was now no bar to hearing a case for infringement of a foreign intellectual property in the English courts where there is no question in relation to validity of title. This was in a case concerning infringement of intellectual property rights outside of the EU, namely in the United States.

■ ***Lucasfilm v Ainsworth* [2011] UKSC 39, [2012] 1 AC 208, [2011] 3 WLR 487**

The second part of the judgment³⁶ in this case related to ownership of IP rights in the helmets worn by the Imperial Stormtroopers in the *Star Wars* films. A, who made the helmets for L, subsequently sold some in the United States. He was sued in California where L won a judgment for US\$20 million. L then sued A in the UK for infringement of copyright in the helmets. While the Supreme Court found that no copyright existed in the helmets because they were not sculptures within the meaning of the Copyright, Designs and Patents Act 1988 (CDPA 1988), the question arose over the justiciability of a claim in England for infringement of copyright in a foreign country (the United States). Overturning the Court of Appeal, the Supreme Court found that an infringement claim was justiciable as long as the court had *in personam* jurisdiction.

International Law, 4th Supplement (2004), 231; Supplementary Memorandum in HL Paper 36 (1995), 62 Annex by WR Cornish at 64).

³⁵ [2011] UKSC 39, [2012] 1 AC 208.

³⁶ The first part concerned copyright subject matter: see para 9.85 in the textbook.

In coming to this conclusion the court found that the *Moçambique* rule had been largely eroded, *Tyburn Productions* wrongly decided, and that there is no public policy rule that would militate against justiciability of copyright disputes in these circumstances.

The *Moçambique* rule will still be relevant where proceedings for infringement of rights in foreign lands are ‘principally concerned with a question of the title, or the right to possession, of that property’³⁷ and can thus apply to patents where questions of validity are involved—but not to copyright.³⁸

The Supreme Court noted the EU framework: that the trend is towards enforcement of foreign intellectual property rights, remarking that Article 22(4) of the Brussels Regulation only assigns exclusive jurisdiction in cases concerned with registration or validity of rights.³⁹

On matters of choice of law, the Supreme Court noted that the rule in *Phillips v Eyre* was first eroded by case law in *Boys v Chaplin*⁴⁰ and in *Red Sea Insurance Co Ltd v Bouygues SA*⁴¹ to the effect that the first limb of the rule in *Phillips v Eyre* could be displaced so that an issue might be governed by the law of the country which with respect to that issue had the most significant relationship with the occurrence and with

³⁷ *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487, para 105.

³⁸ *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487, pra 106.

³⁹ *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487, para 88.

⁴⁰ [1971] AC 356.

⁴¹ [1995] 1 AC 190.

the parties (applied in *Pearce v Ove Arup Partnership Ltd*⁴²);⁴³ and then abolished by statute in the Private International Law (Miscellaneous Provisions) Act 1995.

23.19 The Supreme Court has thus confirmed that foreign IP rights may be litigated in the English courts except where matters of registration and validity are concerned—those questions will remain with the courts in the territory where the rights are granted. This, as will be seen from the previous discussion, is a change to the common law rules. Note also that in a recent case, *Conversant Wireless Licensing SARL v Huawei Technologies Co Ltd*⁵⁰, which concerned an allegation of patent infringement against companies in China, the High Court rejected arguments that it did not have jurisdiction to consider, in this case, the infringement of foreign patents and, in the alternative, that China was the appropriate forum to determine the outcome of the dispute.⁵¹

Exercise

Read *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487. Explain why you think the Supreme Court came to the conclusion that it did. Do you think that it is the right conclusion? Compare the judgment of the Court of Appeal.⁵²

⁴² [2000] Ch 403.

⁴³ See *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487, paras 95-110 on justiciability of foreign intellectual property claims.

⁵⁰ [2018] EWHC 808 (Pat).

⁵¹ *Ibid.*, paras 9 and 117.

⁵² [2009] EWCA Civ 1328, [2010] FSR 10

Key point on historical development of the rules

- English and Scottish courts were reluctant to hear disputes concerning infringement of an IP right in a foreign country in the absence of a specific direction to do so. After *Lucasfilm* English courts will now hear cases concerning the infringement of a foreign IP right where the matter does not concern matters of registration or validity.

Developments in the EU

23.20 As indicated previously, the law in the EU has now changed with the enactment of the Brussels Regulation concerning *jurisdiction* and enforcement of judgments and the Rome I and II Regulations concerning *choice of law* in contractual obligations and non-contractual liability respectively.

International private law and Brexit

While this chapter considers the current legal position, continued operation of international private law rules following the UK's withdrawal from the EU is an area of significant uncertainty as to the future recognition of judgments. In the absence of agreement on reciprocity, the Lugano Convention (which extends to certain non-EU member states and broadly reflects the 2001 Brussels Regulation) may become significant. That Convention does not, however, reflect the changes introduced in the 2012 Brussels Regulation. The common law rules in England and Scotland on justiciability, which are reflected by the 2012 Brussels Regulation, may also gain

increased prominence.⁵³

Jurisdiction

The 2002 Brussels Regulation and 2012 Regulation

23.21 Matters governing jurisdiction and recognition of judgments in the EU fall under the Brussels Regulation which came into force on 1 March 2002 (the 2002 Brussels Regulation)⁵⁴ which in turn was recast in December 2012 in a new Regulation that came into force on 10 January 2015 (the 2012 Regulation).⁵⁵ The 2012 Regulation replaced the Brussels Convention.⁵⁶ However, as the majority of the cases that have been decided to date were concerned with facts that occurred and the law that was in force prior to the 2012 Regulation, the judgments generally refer to the older measures, as well as to the Lugano Convention which is a parallel Convention to the Brussels Convention but extend to the European Free Trade Association (EFTA) states.⁵⁷ The wording of the 2002 Brussels Regulation is almost identical to that of the

⁵³ Note also that para 1 in sch. 4 of the Civil Jurisdiction and Judgments Act 1982 states that ‘persons domiciled in a part of the United Kingdom shall be sued in the courts of that part.’

⁵⁴ The Brussels Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters Council Regulation (EC) No 44/2001 of 22 December 2000.

⁵⁵ Regulation (EU) No 1215/2012, OJEU L 351/1.

⁵⁶ The Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters 72/454, 1972 OJ L299, p 32.

⁵⁷ The Lugano Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters Convention 88/592, 1988 OJ L319, p 9.

Brussels and Lugano Conventions, save for a few minor variations. As regards the 2012 Regulation, the substance of the provisions relevant to this chapter remain unchanged. However the Articles have been renumbered. In the following discussion, the wording of the 2002 Brussels Regulation and 2012 Regulation will be referred to in the headings. Where there are important differences in the wording these will be highlighted.⁵⁸ References to case law will all contain the original Article.

23.22 The original reason for harmonisation in this area was to ensure that judgments would be recognised and enforced throughout the EU. In order to facilitate this goal, the rules on jurisdiction were also aligned.

Web link

For information on and a link to the text of the 2012 Regulation see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:351:0001:0032:en:PDF>

Read in particular Articles 4, 7, 8, and 24 (formerly Articles 2, 5, 6, and 22).

⁵⁸ On the applicability of cases decided under the Convention to interpretation of the Regulation, see Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV, Honeywell Belgium NV and Honeywell Europe NV* ECLI:EU:C:2012:445, para 42: ‘insofar as Regulation No 44/2001 now replaces, in the relations between member states, the Brussels Convention, the interpretation provided by the Court in respect of the provisions of that Convention is also valid for those of that Regulation whenever the provisions of those Community instruments may be regarded as equivalent.’

Scope of the 2012 Regulation

23.23 If the defendant is domiciled in the EU, and the dispute concerns a civil or commercial matter,⁵⁹ then the 2012 Regulation will apply to determine jurisdiction. Simplifying the position somewhat, the Regulation does not apply to defendants domiciled outwith the EU, where the domestic rules of the forum continue to apply.⁶⁰ The location of the claimant is irrelevant. Therefore the 2012 Regulation will apply if the claimant is outside the EU but the defendant within. No national rules providing for additional bases of jurisdiction can be applied against the defendant.

Article 4 (formerly Article 2)

23.24 The basic rule in the Regulation is that the defendant should be sued in the state in which they are domiciled:

Subject to this Regulation, persons domiciled in a Member State shall, whatever

⁵⁹ Civil or commercial matters include the enforcement of a judgment requiring the payment of a fine resulting from the infringement of an intellectual property right—in this case the infringement of a patent. Case C-406/09 *Realchemie Nederland BV v Bayer CropScience AG* [2011] E.C.R. I-9773.

⁶⁰ Regulation, Art 4. For a case examining whether jurisdiction could be claimed in the English courts in relation to a matter concerning ownership of copyright in Australia, see *R Griggs Group Ltd and others v Evans and others* [2005] Ch 153, [2004] EWHC 1088 (Ch).

their nationality, be sued in the courts of that Member State.⁶¹

Article 7(1) (formerly Article 5(1))

23.25 Article 7(1)(a) of the Regulation provides that in matters relating to contracts, a person domiciled in a member states may be sued ‘in the courts of the place of performance of the obligation in question’.

23.26 There has been some case law on the meaning of the place of the performance of the obligation in relation to intellectual property. *Falco v Weller-Lindhorst*⁶² concerned the issue of ‘whether a contract under which the owner of an intellectual property right grants its contractual partner the right to use that right in return for remuneration is a contract for the provision of services’.⁶³ The European Court of Justice (ECJ) ruled that this type of contract is not a contract for services under the Regulation, and that reference must be made to the ECJ case law relating to Article 5(1) of the Brussels Convention in order to determine which court has jurisdiction. The Court explained that the concept of service implies the carrying out of a particular activity in return for remuneration. However, in the case of a licence to exploit intellectual property rights in particular member states, ‘the owner of an intellectual property right does not perform any service in granting a right to use that property and undertakes

⁶¹ Case C-281/02 *Owusu v Jackson* EU:C:2005:120, [2005] 2 WLR 942 established that where Art 2 confers personal jurisdiction in a court of a member state by reason of the defendant’s domicile in that state, the court cannot refuse to hear the case because there is a more appropriate forum abroad.

⁶² Case C-533/07 [2009] ECDR 14.

⁶³ *Ibid.*, para 28.

merely to permit the licensee to exploit that right freely'.⁶⁴ The issue has come up in Scotland in the context of a franchise agreement in the following case.

■ ***JS Swan v Kall Kwik* [2009] CSOH 99, 2009 WL 1949468**

This case concerned a company based in Scotland which sued an English franchising company for breach of a franchise agreement before a court in Scotland. Citing the principles laid down by the ECJ in relation to the Brussels Regulation, the Scottish court ruled that it had no jurisdiction to hear the case because the franchise agreement did not explicitly state that the obligations should be performed exclusively in Scotland, and certain obligations that could be performed in Scotland were merely implied in their agreement. The court also said that following the ECJ's interpretations of the Regulation, Article 5 grounds for jurisdiction should be interpreted restrictively so as not to derogate from the general rule that the defender must be sued in its domicile.

Article 7(2) (formerly Article 5(3))

23.27 Under the title 'Special Jurisdiction', Article 7(2) of the 2012 Regulation provides that a defendant domiciled in a contracting state may be sued in another contracting state:

⁶⁴ *Falco*, para 31. B Ubertazzi, 'Licence agreements relating to IP rights and the EC Regulation on Jurisdiction' (2009) 40(8) IIC 912–939.

in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur.

23.28 A number of issues have arisen in relation to this Article. In *Kalfelis v Schröder*⁶⁵ the ECJ said that the expression ‘matters relating to tort, delict or quasi-delict’ has an autonomous meaning; covering all actions which seek to hold a defendant liable and which are not related to a ‘contract’ within the meaning of Article 5(1) of the Regulation. As the measure is an exception to the general rule in Article 2 of the Regulation, a court only has jurisdiction over an action *insofar as* it is based on tort.⁶⁶

23.29 As can be seen from the wording, Article 7(2), at the time Article 5(3), directs the claimant to the courts, or the place where the harmful event occurred or may occur. In *Shevill and others v Presse Alliance*⁶⁷ the ECJ held that action could be brought in the courts which gave rise to the harmful event, or in the court where the harm is felt. If the defendant was sued in the place giving rise to the damage (here the place of the publisher of the defamatory material) that forum is competent to award damages for the full harm.⁶⁸ If the defendant is sued in the courts of the place where the harm is

⁶⁵ [1988] ECR 5565.

⁶⁶ Referred to by the court in *Mackie T/A 197 Aerial Photography v Askew* 2009 SLT (Sh Ct) 146, para 31.

⁶⁷ [1995] 2 WLR 499.

⁶⁸ In *Verein für Konsumenteninformation v Henkel* [2003] ILPr 1 ECJ (6th Chamber) the ECJ said that: ‘The courts for the place where the harmful event occurred are usually the most appropriate for deciding the case, in particular on the grounds of proximity and ease of taking evidence. These considerations are equally relevant whether the dispute concerns compensation for damage which has

felt (the place where the defamatory publication was received and where the claimant was injured) these courts are limited to only awarding damages for injury sustained within their own borders.⁶⁹

23.30 *Shevill* concerned hard copy publication of defamatory material. Since then the Court of Justice has been asked to rule on questions of jurisdiction concerning the publication of defamatory material, the infringement of trade marks, infringement of the database right and infringement of copyright, each involving the internet. In recognising the challenges posed by potential multi-jurisdictional damage, the Court of Justice has modified the *Shevill* rule.

■ **Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X and Martinez v MGN Ltd* [2012] EMLR 12**

This case concerned alleged infringement of personality rights (defamation) by means of content placed on the internet. The Court dealt with questions of jurisdiction under Article 5(3) of the 2002 Regulation (new Article 7(2)), namely how the term ‘the place where the harmful event occurred or may occur’ is to be interpreted. The Court

already occurred or relates to an action seeking to prevent the occurrence of damage’ (para 46). The Brussels Regulation, Art 5(3) refers to ‘the place where the harmful event occurred or may occur’. Thus, the question should not arise under the 2002 Brussels Regulation or the 2012 Regulation.

⁶⁹ The courts have allowed a plaintiff to sue for injury to feelings within a jurisdiction in a case of aggravated damages where the aggravating conduct occurred outside of the jurisdiction: *Clarke v Bain* [2008] EWHC 2636 (QB).

noted its ruling in *Shevill* but held that, given the ubiquity of information available on the internet, the rule should be amended in such cases to allow a claim to be brought for all of the damage in the EU either in the place where the publisher is established or in the place where the claimant has the centre of her interests. She may also bring a case before the courts of each member state for the damage in that territory.

23.31 On the new limb of the rule, allowing the claimant to sue for all of the damage where she has the centre of her interests, the Court noted that these may be the courts where the person has their habitual residence, but need not be. Other factors could be relevant, such as the pursuit of a professional activity.⁷⁰

■ **Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH***

[2012] ETMR 31

Products 4U registered ‘Wintersteiger’ as a keyword with google.de. Wintersteiger in Austria claimed infringement of their registered trade mark, Wintersteiger, in Austria. On the question of jurisdiction under Article 5(3) of the 2002 Brussels Regulation (new Article 7(2)), the Court of Justice ruled that the place where the damage occurred is the state in which the trade mark is registered, and the place which gives rise to the damage is the member state of the place of establishment of the advertiser.

On this latter point, and in justifying the ruling that jurisdiction should be in the state where the advertiser is established, the Court reasoned that it should be the activities of the advertiser of the process that would end up with the display of the advertisement that should be regarded as the event which gave rise to the

⁷⁰ Para 49.

infringement, and not the display of the advertisement itself.⁷¹ The Court noted also that it had already decided in the context of keyword advertising that it is the advertiser who chooses a keyword who uses it in the course of trade—and not the provider of the service.⁷²

23.32 Further questions concerning infringement of an IP right in different member states have been referred to the Court of Justice.

In Case C-173/11 *Football Dataco v Sportradar GmbH*⁷³ the Court of Justice was asked where the infringing act for the purposes of the act of re-utilisation in the Database Directive⁷⁴ took place. In the instant case did it take place in Austria, where Sportradar had its servers (the place of emission); or in England, where the users received the sporting data (the place of reception)? The question was important because Sportradar was trying to avoid the jurisdiction of the English courts with regard to the content of the database and alleged infringement of the re-utilisation right under the Database Directive. The Advocate General Cruz Villalon suggested that acts of infringement take place at both the place of emission and of reception of the data. The CJEU held that for national courts to have jurisdiction in the country

⁷¹ Para 34.

⁷² See also Cases C-236/08 to 238/08 *Google France and Google* [2010] ETMR 30, paras 52 and 58 for questions relating to where a trade mark is used for the purposes of infringement. Use in the course of trade is a key question in deciding whether there has been infringement of a trade mark.

⁷³ [2013] 1 CMLR 29.

⁷⁴ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

where the data was received, the members of the public who received the infringing material must have been targeted.⁷⁵

23.33 The ruling raised the question as to whether the ‘target’ test should be applied to intellectual property rights (IPRs) in general, or whether it would be limited to databases. Two years later in its *Pinckey* decision,⁷⁶ subsequently confirmed by *Hi Hotel*⁷⁷ and *Hejduk*,⁷⁸ the CJEU adopted a different approach to determine the competent jurisdictions in the context of copyright infringement. The Court considered that accessibility of infringing content in a member state was sufficient to trigger the jurisdiction of the courts from that member state. In other words, a broader rule than that in *Football Dataco*. However, the CJEU made it clear that the national courts of the member state in question would only have jurisdiction to award damages within the limit of the harm suffered in that particular country, in line with its ruling in *Shevill*.

23.34 Other cases that have raised questions in relation to where acts infringing IP rights have taken place echo those asked in *Football Dataco*; and questions concerning when websites selling hard copy goods are targeted at specific jurisdictions, are discussed later.⁷⁹ These are relevant for both matters of jurisdiction and of the law to

⁷⁵ C-173/11 *Football Dataco Ltd v Sportradar GmbH* [2013] 1 CMLR 29, para 47.

⁷⁶ C-170/12 *Pinckney v KDG Mediatech AG* [2013] ECDR 15.

⁷⁷ *Hi Hotel HCF SARL v Spoering* (C-387/12) [2014] 1 WLR 1912; [2015] CEC 74; [2014] ECDR 24; [2014] ILPr 26.

⁷⁸ C-441/13 *Pez Hejduk v EnergieAgentur NRW GmbH* [2015] ECDR 10.

⁷⁹ See para 23.59ff.

be applied to a dispute.

Question

Why do you think the position of the CJEU on jurisdiction differs as between databases, copyright, personality rights, and trade marks? Should the Court adopt a harmonised solution?

23.35 While the trend in the Court of Justice seems to be to vary the bases of jurisdiction in IP cases, depending on the IP right being litigated, there are, however, it would seem limitations where jurisdiction is based on a tort with economic consequences and whether a claimant would be enabled to sue in a home forum for consequential damage.

23.36 Some guidance on what might amount to consequential damage was given in Case C-364/93 *Marinari v Lloyds Bank plc*⁸⁰ where an Italian domiciled claimant was arrested and had promissory notes sequestered at the instance of the Manchester Branch of Lloyds Bank. The claimant sued in Italy for the exchange value of the notes and the damage to his reputation which he alleged he had suffered in Italy. The question for the ECJ was: ‘In applying the jurisdiction rule laid down in Article 5(3) of the Brussels Convention . . . is the expression “place where the harmful event occurred” to be taken to mean only the place in which physical harm was caused to persons or

⁸⁰ [1996] QB 217. See also C-21/76 *Handelskwekerij GJ Bier BV v Mines de Potasse D’Alsace SA* [1978] 708; C-200/88, *Henderson v Jaouen* [2002] 1 WLR 2971; *Brownlie v Four Seasons Holdings Incorporated* [2015] EWCA Civ 665.

things, or also the place in which the damage to the plaintiff's assets occurred?'⁸¹ The ECJ held that the Article should not be construed so extensively 'as to encompass any place where the adverse consequences of an event that has already caused actual damage elsewhere can be felt'. Further it could not be construed 'as including the place where, as in the present case, the victim claims to have suffered financial damage consequential on initial damage arising and suffered by him in another contracting state'. Thus the actual answer to the question was that Article 5(3) (new Article 7(2)) should be interpreted 'as *not* referring to the place where the victim claims to have suffered financial loss consequential on initial damage arising and suffered by him in another contracting state' (emphasis added).⁸² Thus, a claimant is limited in the number of jurisdictions in which she can seek to bring an action based on the occurrence of the harmful event. For intellectual property cases this may mean that a claimant could not claim jurisdiction on the grounds of, say, loss of profits flowing from an infringement of copyright or the database right in a different territory.⁸³

⁸¹ EU:C:1995:289, [1996] 2 WLR 159, para 8.

⁸² In an action arising furth of the countries party to the Brussels Regulation the High Court has ruled that it was wrong to strike out libel actions filed by a resident of England against publishers based in the United States as an abuse of process on the ground that the extent of publication within England was very small: *Mardas v New York Times* [2008] EWHC 3135 (QB), [2009] EMLR 8.

⁸³ See also Case C-220/88 *Dumez France v Hessische Landesbank* [1990] ECR I-49; *Mazur Media Ltd and another v Mazur Media GmbH* [2004] EWHC 1566 (Ch), [2005] 1 Lloyd's Rep 41, [2005] 1 BCLC 305, [2004] BPIR 1253. A claimant could not rely on Art 5(3) where the alleged loss flowed from an assignation of copyright but not the title to master recordings which could have been

Article 8(1) (formerly Article 6(1))

23.37 In Article 8(1) (formerly Article 6(1)), also under the title ‘Special Jurisdiction’, the Regulation provides that:

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 that the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.

This Article thus permits joint defendants to be sued in one go at the place where one of them is domiciled.⁸⁴ However, for this Article to be relevant, there has to be a sufficient connection between the defendants because to do otherwise might mean that irreconcilable judgments were handed down. As emphasised by the ECJ in

exploited in England among other countries. The damage in England was found to be indirect: ‘I consider that for the purposes of Art 5(3) damage flowing from inability to exploit the copyright as a result of not having physical possession of the masters would be, for the purposes of Art 5(3) the kind of financial loss which the decision in *Marinari v Lloyds Bank plc* (*Zubadi Trading Co intervening*) [1995] ECR I-2719 rules out’ (para 52). See also *Crucial Music Corp* (formerly *Onemusic Corp*) v *Klondyke Management AG* (formerly *Point Classics AG*) [2008] Bus LR 327.

⁸⁴ Case C-98/06 *Freeport* [2007] ECR I-8319. The special rule in Art 6(1), because it derogates from the principle stated in Art 2 of Regulation No 44/2001 that jurisdiction be based on the defendant’s domicile, must be strictly interpreted and cannot be given an interpretation going beyond the cases expressly envisaged by that Regulation (para 35).

Kalfelis v Schröder,⁸⁵ there must ‘exist between the various actions brought by the same plaintiff against different defendants a connection of such a kind that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings’.⁸⁶

23.38 It should also be noted that the Article brings further complexity into questions of jurisdiction in that it gives scope for forum shopping in intellectual property cases. This was recognised in *Research in Motion UK Ltd v Visto Corporation*:⁸⁷

Intellectual property also adds three further complications. Firstly there is a range of potential defendants extending from the source of the allegedly infringing goods (manufacturer or importer) right down to the ultimate users. Each will generally infringe and the right holder can elect whom to sue. One crude way to achieve forum selection is to sue a consumer or dealer domiciled in the country of the IP holder’s choice (jurisdiction conferred by Art. 2.1) and then to join in his supplier—the ultimate EU manufacturer or importer into the EU if the product comes from outside. Jurisdiction for this is conferred by Art. 6. Thus there is considerable scope for forum shopping—the very thing the scheme of the Regulation is basically intended to avoid.⁸⁸

⁸⁵ Case C-189/87 [1988] ECR 5565.

⁸⁶ *Ibid.*, 5584.

⁸⁷ *Research in Motion UK Ltd v Visto Corporation* [2008] EWCA Civ 153.

⁸⁸ *Ibid.*, para 6.

Exercise

‘Formally the appeal [in Research in Motion] is now only about costs, but it involves much more than that. The case is yet another illustrating the unsatisfactory state of the current arrangements for deciding European wide patent disputes. Too often one finds parties litigating as much about where and when disputes should be heard and decided as about the real underlying dispute’.⁸⁹ Critically comment on this statement.

23.39 Dutch courts have been quite active in joining defendants under Article 6(1) (new 8(1)). Dutch courts have applied Article 6(1) to join not only a Dutch company, but also the foreign parent company and affiliated companies in the same proceedings for infringement of the Dutch patent and patents granted in other territories, each of which had been granted under the same European Patent Convention (EPC) application.⁹⁰

23.40 However, there are potential injustices arising from this practice. If defendants are joined under Article 6(1) (new 8(1)) in cases where they merely infringe the same European patent by selling the same product, not only does the claimant have opportunities for forum shopping leaving the defendant uncertain as to which court they may be required to appear before, but also the potential defendants may not know of each other’s activities, and thus their risk of being joined under Article 6(1)

⁸⁹ [2008] EWCA Civ 153, para 3.

⁹⁰ Hoge Raad 24 November 1989, *Focus Veilin v Lincoln Electric*, p 16.

(new 8(1)).

23.41 Perhaps aware of these concerns, the Dutch courts took a step back from what may have seemed to some as expansive jurisdiction under this Article. The Dutch Court of Appeal ruled in 1998 that Article 6(1) does not permit a Dutch infringer (for infringement of the Dutch patent) and a foreign infringer (for the infringement of the foreign patents belonging to the European bundle) to be sued as joint defendants. One exception, however, was accepted. Foreign defendants could be joined with Dutch defendants under Article 6(1) if the foreign defendants belong to the same group of companies and the European headquarters of that group of companies is located on the territory of the court.⁹¹ This approach has been named the ‘*spider in the web*’ theory; the defendants can be sued as joint defendants if they form a web among themselves. The action has to be brought before a court located in the centre of the web.⁹² The position has since been clarified.

⁹¹ *Expandable Grafts Partnership v Boston Scientific et al*, Court of Appeal, The Hague, 23 April 1998 [1998] EIPR N-132.

⁹² *Boston Scientific BV and others v Cordis Corporation* [2000] ENPR 87 Hof (Den Haag): ‘In the view of the Court . . . only the court of the domicile of the key defendant has jurisdiction . . . [it] thus avoids the result that several fora have jurisdiction and this reduces the possibilities of forum shopping’ (at 95). For an article discussing the spider in the web theory and related cases, see P De Jong, ‘The Belgian torpedo: from self propelled armament to jaded sandwich’ (2005) 27(2) EIPR 75–81. Note also that the English High Court has issued a Community-wide injunction in respect of CTMs. See *Kabushiki Kaisha Sony Computer Entertainment and another v Electricbirdland Ltd* 2005 WL 1942171, [2005] EWHC 2296 (Ch). See now *Wintersteiger*, para 23.31.

23.42 The ECJ has ruled on this question in the following case.

■ **Case C-539/03 *Roche Nederland BV v Frederick Primus, Milton Goldenberg***
[2007] FSR 5

Primus brought an action in the Netherlands against Roche Nederland BV and eight other companies in the Roche group established in other countries. Primus claimed that the companies had infringed their European patent by placing on the market goods in the countries where they were established. The Roche group companies which were not established in the Netherlands contested the jurisdiction of the Dutch court arguing that there was no infringement of the patent in question and that it was invalid. The following questions were referred to the ECJ (at para 17):

- (1) Is there a connection, as required for the application of Article 6(1) of the Brussels Convention, between a patent infringement action brought by a holder of a European patent against a defendant having its registered office in the State of the court in which the proceedings are brought, on the one hand, and against various defendants having their registered offices in Contracting States other than that of the State of the court in which the proceedings are brought, on the other hand, who, according to the patent holder, are infringing that patent in one or more other Contracting States?
- (2) If the answer to Question 1 is not or not unreservedly in the affirmative, in what circumstances is such a connection deemed to exist, and is it relevant in this context whether, for example,

- the defendants form part of one and the same group of companies?
- the defendants are acting together on the basis of a common policy, and if so is the place from which that policy originates relevant?
- the alleged infringing acts of the various defendants are the same or virtually the same?

The ECJ said that the national court was asking whether Article 6(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 and, in particular, where those 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.⁹³

The ECJ pointed to the decision in *Kalfelis*⁹⁴ where it had been held that for Article 6(1) of the Brussels Convention to apply there must exist, between the various actions brought by the same plaintiff against different defendants, ‘a connection of such a kind that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings’.

The ECJ noted the EPC which lays down common rules on the grant of European patents which are adjudicated according to national laws.⁹⁵ From this the court concluded that any diverging decisions could not, therefore, be treated as

⁹³ *Boston Scientific*, para 18.

⁹⁴ Case 189/87 *Kalfelis* [1988] ECR 5565.

⁹⁵ Case C-539/03 *Roche Netherland v Primus* [2007] FSR 5, paras 29 and 30.

contradictory.⁹⁶

In those circumstances, even if the broadest interpretation of ‘irreconcilable’ judgments, in the sense of contradictory, were accepted as the criterion for the existence of the connection required for the application of Article 6(1) of the Brussels Convention, it is clear that such a connection could not be established between actions for infringement of the same European patent where each action was brought against a company established in a different Contracting State in respect of acts which it had committed in that State.⁹⁷

Even where the defendant companies had acted in an identical or similar manner in accordance with a common policy thus the factual situation may be the same, the legal situation would not and therefore there would be no risk of contradictory decisions.⁹⁸ In other words, as there was no risk of irreconcilable judgments, so the defendants could not be joined. The decision has been the subject of criticism because of the fragmentation of litigation that can result from the ruling.⁹⁹

⁹⁶ Case C-539/03 *Roche Nederland* [2007] FSR 5, para 32.

⁹⁷ Case C-539/03 *Roche Nederland* [2007] FSR 5, para 33.

⁹⁸ Case C-539/03 *Roche Nederland* [2007] FSR 5, para 35.

⁹⁹ A number of authors have been critical of the position. The European Max-Planck Group on Conflict of Laws in Intellectual Property (CLIP), *Intellectual Property and the Reform of Private International Law: Sparks from a Difficult Relationship*, IPRax (2007), No 4, p 284; H Muir Watt, ‘Article 6’ in U Magnus and P Mankowski (eds), *Brussels I Regulation* (2nd edn, 2012), 313; M Noorgård, ‘A spider without a web? Multiple defendants in IP litigation’ in S Leible and A Ohly (eds), *Intellectual Property and Private International Law* (2009), 211; C Gonzalez Beilfuss, ‘Is there

23.43 The Court of Justice has had an opportunity to develop and refine its jurisprudence on Article 6(1) in another case concerning patents.

■ **Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV, Honeywell Belgium NV and Honeywell Europe NV* ECLI:EU:C:2012:445**

In this case companies based in different member states were accused of infringing European patents in different member states as well as in the same member state. The Court of Justice reaffirmed its ruling in *Roche* stating that the same legal bases cannot be inferred where infringement proceedings are brought in different courts in different member states in relation to a European patent granted in each state and the case is brought against defendants domiciled in those states in respect of acts committed in that territory. A European patent is governed by the national law of each contracting state for which it has been granted as per the Munich Convention.

However, where defendants are separately accused of committing the same infringement with respect to the same product and the infringements are committed in the same member state so that they affect the same national part of the European patent, then it is for the national court to determine if there is a risk of irreconcilable judgments if those claims are determined separately. As explained by the Advocate General: ‘The two courts would each have to examine the alleged infringements in the light of the different national legislation governing the various “national parts of the

any web for the spider? Jurisdiction over co-defendants after *Roche Nederland*’ in A Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (2008), 79.

European patent” alleged to have been infringed by applying the *lex loci protectionis* principle.¹⁰⁰ ‘They would, for instance, be called upon to assess according to the same Finnish law the infringement of the Finnish part of the European patent by the three defendants in the main proceedings by the marketing of an identical infringing product in Finland.’¹⁰¹

So here the Court of Justice has developed a more nuanced approach with the result that there are going to be circumstances in which defendants can be joined under Article 6(1) (new 8(1)): where the infringement is the same infringement of the same patent and the infringement occurs in the same member state.

Question

Are there any intellectual property rights for which it might be appropriate to join defendants under Article 8(1)?

23.44 On the question of whether it may be appropriate to join defendants in other IP cases, the ECJ has considered this question in a copyright case.

■ **Case C-145/10 *Eva-Maria Painer v Standard Verlags GmbH* [2012] ECDR 6**

This case concerned photographs taken by a freelance photographer, Eva-Maria Painer, of Natascha Kampusch, who was abducted in Austria in 1998 and escaped in

¹⁰⁰ Para 25.

¹⁰¹ Para 31.

2006. When Natascha escaped, the photographs, some of which were altered to show her looking older, were reproduced by various newspapers in Austria and Germany. On matters of jurisdiction, the question arose as to whether all defendants could be joined in Austria under Article 6(1) (now 8(1)) of the Brussels Regulation where the infringements of copyright were substantially similar but were brought on national legal grounds which varied according to the member state concerned.¹⁰²

The ECJ noted that it was not apparent from the wording of Article 6(1) that the conditions for its application include a requirement that the actions brought against different defendants should have identical legal bases (para 76). For judgments to be regarded as irreconcilable within the meaning of Article 6(1), a divergence must arise in the same situation of fact and law (para 79). In assessing whether there is a connection between different claims—in other words a risk of irreconcilable judgments if those claims were determined separately—the identical legal bases of the actions brought is only one relevant factor among others but not an indispensable requirement for the application of the Article (para 80). It is for the referring court to assess whether there is a connection between the claims: in other words, whether there is a risk of irreconcilable judgments if those claims were determined separately.

23.45 The ECJ seemed keen that the referring court consider the legal bases to be sufficiently similar to found jurisdiction where the national laws ‘as in the main

¹⁰² For a discussion of substantive copyright law in *Painer* see para 3.60 in *Contemporary Intellectual Property* (5th edition).

proceedings . . . on which the actions against the various defendants are based are . . . substantially identical (para 82)'.¹⁰³ In addition, in assessing whether there is a connection between the parts of the claims it was relevant to consider whether the defendants did or did not act independently (para 83).¹⁰⁴

Cross-border injunctions

23.46 As will have become apparent from the previous discussion, one of the problems with Article 6(1) (new Article 8(1)) is that if the claimant is successful, it can result in the court granting a cross-border injunction. In other words, an injunction issued by a court in one territory that has effect in another as regards the patent infringement. English courts have had difficulty with this concept¹⁰⁵ although now, following the Court of Justice rulings, there will be times, albeit limited, that such injunctions will be issued as a result of jurisdiction being based on Article 8(1). The matter of cross-border injunctions also arises in relation to the unitary EU IP rights—notably in respect of trade marks and designs. Under the EU Trade Mark Regulation certain national courts are designated as EU courts and, significantly, these courts may grant

¹⁰³ Para 82.

¹⁰⁴ For cases in the English courts, see *Alfa Laval Tumba AB v Separator Spares International Ltd* [2012] EWHC 1155 (Ch); *Pearce v Ove Arup* [2000] Ch 403, [2000] 3 WLR 332, [1999] 1 All ER 769, [1999] FSR 525; *IBS Technologies (PVT) Ltd v APM Technologies SA and another* [2003] All ER (D) 105: on Art 5(3) of the Lugano Convention.

¹⁰⁵ In the High Court Aldous J said that ‘it would not be right for this Court to grant an injunction which had effect outside the United Kingdom’: *Chiron Corporation and Others v Organon Teknika Limited (No. 10)* [1995] FSR 325 at 338.

cross-border relief.¹⁰⁶ The cross-border effect of a ruling issued by the French court was raised before the Court of Justice in respect of a (Community) trade mark in the following case.¹⁰⁷

■ **Case C-235/09 *DHL Express France v Chronopost SA* [2011] ETMR 33**

The case concerned the interpretation of the Community Trade Mark Regulation (CTMR) as amended and raised the question as to whether an injunction granted by a Community trade mark court in respect of a Community trade mark had effect throughout the territory of the EU. Chronopost, a courier company, owned a French and CTM registration for ‘Webshipping’. DHL used various permutations of the words ‘Web Shipping’ for an internet-based mail management service. Chronopost sued DHL in France. The French Cour de Cassation asked the ECJ a number of questions including whether ‘Article 98 CTMR be interpreted as meaning that the prohibition issued by a CTM Court has effect as a matter of law throughout the entire area of the [European Union]?’ The ECJ responded by ruling that ‘Article 98(1) CTMR must be interpreted as meaning that the scope of the prohibition against further infringement or threatened infringement of a CTM, issued by a CTM Court whose jurisdiction is based on Articles 93(1) to (4) and 94(1) of that regulation, extends, as a rule, to the entire area of the EU’ (para 50).

¹⁰⁶ See European Union Trade Mark Regulation, Arts, 126 and 130.

¹⁰⁷ Council Regulation 40/94. Note that EU trade mark law has since been consolidated into the EUTMR on which see para 13.15ff on the UK and European regulatory framework in *Contemporary Intellectual Property* (5th edition).

23.47 Given that a CTM (now EUTM) is designed to have effect throughout the entire area of the EU, this would seem a relatively straightforward decision. However, the reference by the ECJ to ‘as a rule’ in its judgment has caused further questions to arise in relation to when there might be an exception to the rule. In the course of judgment, the ECJ referred to the case brought by the claimant and whether this might have been limited to a particular territory; to the functions of a trade mark and the need for one or more of the functions to be affected by the activities of the defendant for liability for infringement to arise, an example of which might be linguistic differences between member states.¹⁰⁸ In both cases it would seem that an injunction might be limited to certain territories of the EU. The difficulty lies in the need to look into the laws of each territory to determine if an infringement has occurred; a procedure that would put enforcement beyond all but the deepest pockets.¹⁰⁹

In *Enterprise Holdings Inc v Europcar Group UK*,¹¹⁰ Arnold J relied on those exceptions to the ‘rule’ expressed by the ECJ in *DHL* in order to limit an injunction to the United Kingdom. He recognised that the European decision offered the possibility to limit injunction to particular territories whenever the claimant specified such

¹⁰⁸ Case C-235/09, para 48.

¹⁰⁹ Note *AS Watson (Health and Beauty Continental Europe) BV and others v The Boots Company plc and others* [2011] EWPC 26 in which the claimants filed an action for infringement of a (then) CTM against the defendants. The case was remitted from the Patents Court to the High Court because of the complexity that would arise in determining infringement of a (then) CTM in 14 of the member states of the EU.

¹¹⁰ [2015] EWHC 300 (Ch), paras 4–8.

limitation or the defendant is able to prove that the use of the registered sign in the territories at stake does not affect the functions of the trade mark.¹¹¹ In the same decision, the judge was rather critical of this interpretation of the law by the CJEU. He noted that the exceptions to the rule articulated by the Court of Justice were ‘far from clear’ and that further guidance from European judges will be required in the future for cross-border injunctions to function properly.¹¹²

Question

Read Case C-235/09 *DHL Express France v Chronopost SA and Enterprise Holdings Inc v Europcar Group UK*. How should the interests of the claimant and defendant be balanced against the need to ensure that the rights conferred by a EUTM do not extend beyond their proper boundaries?

Article 24(4) (Article 16(4) of the Brussels Convention and Article 22(4) of the 2002 Regulation)

23.48 In Article 24(4) under the heading ‘Exclusive jurisdiction’ the Regulation provides:

The following courts shall have exclusive jurisdiction regardless of domicile:

... 4. in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered,

¹¹¹ *Ibid.*, para 8.

¹¹² [2015] EWHC 300 (Ch), paras 11 and 15.

irrespective of whether the issue raised by way of an action or as a defense, 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 the Union or an international convention deemed to have taken place.

23.49 Article 24(4) reflects the understanding that the *validity* of registered intellectual property rights can only be challenged in the state for which the right is registered. It is generally accepted that a state has autonomy over the grant of a property right, and only the state in which the property right exists should have the competence to adjudicate on its validity. Any judgment rendered by a court outwith that territory will have both private law implications in that it will affect the individual litigants and the property of one of those litigants, and public interest ramifications which have, in a patent action, been described thus:

Although patent actions appear on their face to be disputes between two parties, in reality they also concern the public. A finding of infringement is a finding that a monopoly granted by the state is to be enforced. The result is invariably that the public have to pay higher prices than if the monopoly did not exist. If that be the proper result, then that result should, I believe, come about from a decision of a court situated in the state where the public have to pay the higher prices.¹¹³

23.50 The exclusive jurisdiction granted to national courts in cases concerning the registration and validity of a registered right has prompted some litigants to engage in

¹¹³ *Plastus Kreativ AB v Minnesota Mining and Manufacturing Co* [1995] RPC 438 at 447.

forum shopping exercises. If a defendant is faced with infringement proceedings one tactic may be to call into question the validity of the right. Thus, jurisdictional competence is shifted to the state where the right has been registered.

23.51 This is illustrated by the case of *Coin Controls v Suzo International*¹¹⁴ where the English Patent Court was requested to enforce British, German, and Spanish patents that had all originated from the same European Patent, against defendants domiciled in England, Germany, and Spain. Jurisdiction had been based on Article 6(1) of the Brussels Convention. The court struck out the pleadings insofar as they applied to the foreign patents. In so doing, the court said that if the conditions of Article 6(1) applied, the court had jurisdiction to deal with infringement of the German and Spanish patents. However, once the validity of the patents had been challenged, the provisions of Article 16(4) of the Brussels Convention (Art 22(4) of the 2002 Brussels Regulation; Art 24(4) of the 2012 Regulation) came into play:

The court cannot decline jurisdiction on the basis of mere suspicions as to what defence may be run. But once the defendant raises validity the court must hand the proceedings over to the courts having exclusive jurisdiction over that issue. . . . [W]here infringement and validity of an intellectual property right . . . are so closely interrelated that they should be treated for jurisdiction purposes as one issue or claim.¹¹⁵

The problem with this rule is that a defendant can easily block any infringement

¹¹⁴ [1997] FSR 660.

¹¹⁵ *Coin Controls Ltd v Suzo International (UK) Ltd* [1997] FSR 660, 677.

action based on foreign patent by raising a defence of invalidity.¹¹⁶

23.52 The matter was considered by the ECJ in the following case.

■ **Case C-4/03 *Gesellschaft für Antriebstechnik mbH & Co KG (GAT) v Lamellen und Kupplungsbau Beteiligungs KG (LuK)* [2006] EI-6509, [2006] F45**

The case concerned patents in a number of countries including France for parts of motor vehicles. The case was brought by the applicant before a German court in Dusseldorf seeking a declaration that the defendant did not have any claims arising from the French patents. It was claimed that the French patents were invalid due to a prior sale of the allegedly infringing parts. On appeal the question was raised as to whether the German courts had jurisdiction on the basis of Article 16(4) (Art 22(4) of the 2001 Regulation; Art 24(4) of the 2012 Regulation). Proceedings were stayed to refer a question to the ECJ as to whether Article 16(4) was to be interpreted as meaning that the exclusive jurisdiction conferred by that provision only applies if proceedings are brought to declare a patent invalid, or whether the Article was also relevant where a plea is made that a patent is invalid but in the course of infringement proceedings.¹¹⁷

The ECJ said the Article must be construed in accordance with the objective it pursues: that is, that the rules seek to ensure that jurisdiction rests with courts closely

¹¹⁶ See *Fort Dodge v Akzo* [1998] FSR 222 which was referred to the ECJ but settled prior to being heard.

¹¹⁷ Referring to Art 16(4) of the Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

linked to the proceedings in fact and law.¹¹⁸ Article 16(4) means that the exclusive jurisdiction rule it lays down concerns all proceedings ‘whatever the form of proceedings in which the issue of a patent’s validity is raised, be it by way of an action or a plea in objection, at the time the case is brought or at a later stage in the proceedings’.¹¹⁹ So even if validity is an incidental issue, exclusive jurisdiction is conferred on the courts of the place where the patent is registered. As with *Roche*, the effect is that litigation is fragmented which could result in claimants needing to bring cases in a number of different jurisdictions. The temptation for defendants will be to raise counterclaims that validity is an issue in order to split cases.

23.53 The Court of Justice has developed a refinement of the rule where provisional measures are in issue.

■ **Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV, Honeywell Belgium NV and Honeywell Europe NV* ECLI:EU:C:2012:445**

The ECJ ruled that Article 22(4) does not affect the application of Article 31 of the Regulation. Article 31 provides that application may be made to the courts of a member state for such provisional, including protective, measures as may be available under the law of that state, even if, under this Regulation, the courts of another member state have jurisdiction as to the substance of the matter.

¹¹⁸ Case C-4/03 *GAT v LuK* [2006] FSR 45, para 21.

¹¹⁹ Case C-4/03 *GAT v LuK* [2006] FSR 45, para 25. See also *Research in Motion UK Ltd v Visto Corporation* [2008] EWCA Civ 153.

The Court considered that there is no risk of conflicting decisions (the objective of Art 22(4) is to avoid these) where the provisional decision taken by a court before which the interim proceedings have been brought will not prejudice the decision to be taken by the court having jurisdiction over the substance under Article 22(4).

Courts will thus be able to grant cross-border injunctions in cases concerning provisional measures.¹²⁰

23.54 Finally, note with respect to certain EU rights including EU trade marks, that the jurisdiction approach largely mirrors that of the Brussels Regulation. An important difference to note here, however, is that the EU Trade Mark Regulation (EUTMR).¹²¹ It ensures that the EU courts have ‘exclusive jurisdictions’ over disputes relating to the infringement and validity of EU trade marks.¹²²

¹²⁰ For an English court decision on whether there should be a stay of proceedings when questions of irreconcilable judgments was raised in a trade mark case, see *Kitfix Swallow Group Ltd v Great Gizmos Ltd* [2007] EWHC 2668 (Ch), aff’d on appeal [2008] EWHC 2723 (Ch).

¹²¹ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark. Note that Art. 122 which provides that ‘the Union rules on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters shall apply to proceedings relating to EU trade marks and applications for EU trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of EU trade marks and national trade marks.

¹²² Art. 126 EUTMR. The EU trade marks courts are defined in Art. 123 EUTMR.

Key points on the 2001 Brussels Regulation and 2012 Regulation

- The Regulation applies where the dispute concerns a civil or commercial matter
- Jurisdiction is in the state:
 - where the defendant is domiciled
 - where the harmful event occurred
 - where the defendant is one of a number of defendants
- Where the question concerns the registration or validity of the right then the courts of the place where registration takes place have exclusive jurisdiction

Choice of law for non-contractual obligations: the Rome II Regulation

23.55 Once the correct jurisdiction has been identified the next issue to be determined relates to choice of law. As noted previously, the double actionability rule in England and Scotland made deciding a case based on infringement of a foreign IP right in domestic courts almost impossible. This rule was changed in the Private International Law (Miscellaneous Provisions) Act 1995 which in turn was replaced by 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, known as Rome II, and which came into effect from 11 January 2009. The common law rules (as now interpreted by the Supreme Court) will apply where the facts arise prior to the coming into force of the 1995 Act which itself will be superseded by Rome II for facts arising after 11 January

2009. Rome II deals with all torts/delicts arising in the EU regardless of whether any of the parties is connected with a member state¹²³ except where specifically excluded. For these purposes, the exclusions include non-contractual obligations arising out of violations of privacy and rights relating to personality, including defamation.¹²⁴

Recital 26 of Rome II states:

Regarding infringements of intellectual property rights, the universally acknowledged principle of the *lex loci protectionis* should be preserved. 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.

23.56 Article 6 deals with unfair competition¹²⁵ and Article 8 with intellectual property rights.

Article 6 provides (where relevant):

1. The law applicable to a non-contractual obligation arising out of an act of unfair competition shall be the law of the country where competitive relations

¹²³ Art 3.

¹²⁴ Art 2(g). The Committee on Legal Affairs has proposed an amendment to Rome II that would include a choice of law rule for infringements of personality rights (defamation) on the internet. Draft Report with recommendations to the Commission on the amendment of Regulation (EC) No 864/2007 on the law applicable to non-contractual obligations (Rome II) (2009/2170(INI)), Committee on Legal Affairs Rapporteur: Diana Wallis (Initiative—Rule 42 of the Rules of Procedure).

¹²⁵ For cogent criticism of these provisions as they apply to unfair competition, see C Wadlow, *The Law of Unfair Competition: Passing Off by Misrepresentation* (2016), paras 10-51 et seq.

or the collective interests of consumers are, or are likely to be, affected.

2. Where an act of unfair competition affects exclusively the interests of a specific competitor, Article 4 shall apply.
3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

Article 4 (the general provision) provides:

1. Unless otherwise provided for in this Regulation, the law applicable to a non-contractual obligation arising out of a tort/delict shall be the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur.
2. However, where the person claimed to be liable and the person sustaining damage both have their habitual residence in the same country at the time when the damage occurs, the law of that country shall apply.
3. Where it is clear from all the circumstances of the case that the tort/delict is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply. A manifestly closer connection with another country might be based in particular on a preexisting relationship between the parties, such as a contract, that is closely connected with the tort/delict in question.

Article 8 on infringement of intellectual property rights provides:

1. The law applicable to a non-contractual obligation arising from an

infringement of an intellectual property right shall be the law of the country for which protection is claimed.

2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.
3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

23.57 While it seems that this measure may codify the current law, there will be many questions that arise over interpretation of phrases such as the country ‘for which protection is claimed’ and ‘the country in which the infringement is committed’, among others. The Supreme Court in *Lucasfilm* noted the intent behind the Regulation—that infringements of intellectual property rights occurring abroad can be litigated at home;¹²⁶ the High Court had ruled that a breach of confidential information did not amount to an infringement of an intellectual property right within the meaning of Article 8;¹²⁷ and the Advocate General had referred to Rome II in *Criminal proceedings against Titus Donner*¹²⁸ opining that Article 8(3) meant that the law to be applied was the *lex loci protectionis* and it was not open to the parties to change that by contract.

¹²⁶ *Lucasfilm v Ainsworth* [2011] UKSC 39, [2011] 3 WLR 487, para 50.

¹²⁷ *Force India Formula One Team Ltd v 1 Malaysia Racing Team and others* [2012] EWHC 616 (Ch) aff’d on appeal [2013] EWCA Civ 780.

¹²⁸ Case C-5/11, [2012] ECDR 18.

23.58 Prior to the coming into force of Rome II, a number of cases were heard which considered matters including the conditions that give rise to the infringement of the IP right and where that takes place—facts that will be relevant to determine the law to be applied.¹²⁹

23.59 Article 8(2) specifically contemplates unitary rights. The key rights at issue here are trade marks (EUTMR Art. 129) and design rights (CDR Art. 88). The infringement of design rights was at issue in the following joined cases.

■ **Joined Cases C-24/16 and C-25/16 *Nintendo Co Ltd v BigBen Interactive GmbH, BigBen Interactive SA* [2018] ECDR 3**

A preliminary reference from a German court sought clarification on a number of issues in the context of a dispute between N which makes games consoles and accessories (the accessories are protected by design rights) and the defendant French and German companies which made a remote control and accessories that were compatible with the Nintendo Wii console. The accessories, which were found to infringe N's design rights, were sold over the internet to consumers in countries including Austria and France. The German court issued a cross-border injunction. On the question of whether there is an infringement when the website is not within a

¹²⁹ In Case C-173/11 *Football Dataco Ltd v Sportradar GmbH* [2013] 1 CMLR 29 the ECJ had been asked to determine where the infringing act of re-utilisation of the contents of a database took place. Here both the place of emission and the place of reception were found to infringe the right. So the laws of these two places will be applied within the jurisdiction in which each occurred.

court's jurisdiction the CJEU observed:

[T]he EU legislature wished ... to strike a reasonable balance between the interests of the person claimed to be liable and the person who has sustained damage. The connecting factor laid down in Article 8(2) of that regulation must therefore be interpreted by bearing in mind the objectives recalled above and the characteristics of the area in which it is supposed to apply. ... [T]he correct approach for identifying the event giving rise to the damage is not to refer to each alleged act of infringement, but to make an overall assessment of that defendant's conduct in order to determine the place where the initial act of infringement at the origin of that conduct was committed or threatened. Such an interpretation enables the court seised easily to identify the law applicable by using a single connecting factor linked to the place where the act of infringement at the origin of several acts alleged against a defendant was committed or threatened... It also ensures the predictability of the law thus designated for all the parties to disputes concerning infringements of EU intellectual property rights.¹³⁰

Prior to the coming into force of Rome II, a number of cases were heard which considered matters including the conditions that give rise to the infringement of the IP right and where that takes place—facts that will be relevant to determine the law to be applied.

23.60 The case of *Football Dataco Ltd v Sportradar GmbH*¹³¹ has been discussed

¹³⁰ Joined Cases C-24/16 and C-25/16 *Nintendo Co Ltd v BigBen Interactive GmbH, BigBen Interactive SA* [2018] ECDR 3, paras 102 - 104. For a discussion of the case see A Kur and U Maunsbach, 'Choice of law and intellectual property rights' (2019) 6(1) *Oslo Law Review*, 58-59.

¹³¹ Case C-173/11, [2013] 1 CMLR 29.

previously (para 23.32). It will be recalled that the ECJ had been asked to determine where the infringing act of re-utilisation of the contents of a database took place. Here both the place of emission and the place of reception were found to infringe the right. So the laws of these two places will be applied within the jurisdiction in which each occurred.

23.61 Other cases heard by the ECJ have dealt with hard copy works and considered whether acts that take place outside the territory where rights are protected, but which are aimed at a particular territory, fell within the provisions of the law in that ‘receiving’ territory.¹³² In relation to trade marks, it was argued in *L’Oréal*¹³³ that the offer of goods for sale originating outwith the EEA but accessible within the territory via an online marketplace amounted to an infringement of its (then) CTMs. The ECJ held that it was for the national court to determine whether such an offer for sale or advertisement was targeted at consumers within the EU. Where the goods were targeted at consumers within a particular territory the trade mark owner could enjoin that activity within the relevant provisions of the trade mark Directive or Regulation. In a case concerning copyright, *Stichting de Thuiskopie*,¹³⁴ the question was whether compensation due for private copying could be avoided when selling blank media in Germany to the Netherlands under an arrangement where it was the individual who imported the goods and the national legislation provided for the payment of

¹³² See the UK *Mecklermedia Corp v DC Congress GmbH* [1998] Ch 40, [1997] FSR 627, note 19.

¹³³ Case C- 324/09 *L’Oréal and others v eBay and others* [2011] ETMR 52.

¹³⁴ C-462/09 *Stichting de Thuiskopie v Opus Supplies Deutschland GmbH* [2011] ECDR 18. See also Case C-467/08 *Padawan SL v SGAE* [2011] ECDR 1.

compensation by the manufacturer or importer. The ECJ held that it was for the private individual who made the reproductions to pay the compensation in these circumstances. In addition, and where it seemed unlikely to be possible to obtain fair compensation from the user, then national law had to be interpreted in such a way as to ensure compensation was obtained from the person acting on a commercial basis irrespective of the fact that the commercial operator was based in a different member state. This would seem to open the possibility for cross-border actions against commercial entities based in other member states—with all the attendant challenges of identification of those liable. In *Criminal proceedings against Titus Donner*¹³⁵ the ECJ was called on to rule on the place of distribution to the public in relation to a sale of works protected by copyright—which in the instant case was the place where delivery takes place.

23.62 On a different but related note, a question arose concerning the interaction between laws of succession and the artists' resale right.

■ **Case C-518/08 *Fundación Gala-Salvador Dalí, Visual Entidad de Gestión de Artistas Plásticos (VEGAP) v Société des auteurs dans les arts graphiques et plastiques (ADAGP)***

Salvador Dalí died on 23 January 1989 in Spain. He left five heirs. In his will made in 1982 he had appointed the Spanish state as sole legatee of his intellectual property rights which are administered by the Fundación Gala-Salvador Dalí, a foundation

¹³⁵ Case C-5/11, [2012] ECDR 18.

established by Dali under Spanish law in 1983.

Article L. 123-7 of the French Intellectual Property Code, which was not amended by the transposition of Directive 2001/84: provides: ‘After the death of the author, the resale right referred to in Article L. 122-8 shall pass to the author’s heirs and in usufruct—provided for in Article L. 123-6—to his or her spouse, to the exclusion of any legatees and successors in title, for the remainder of the year of the author’s death and the next 70 years thereafter.’

Thus under Spanish law the rights belong to the Foundation. Under French law they belong to the five heirs. Was France permitted to restrict the persons entitled to French resale rights to heirs only?

The ECJ held that the Directive on the artists’ resale right does not preclude a national law, which reserves the benefit of the resale right to the artist’s heirs only, to the exclusion of testamentary legatees. It also stated that it is a matter for the French court to take into account the relevant rules of conflict of laws relating to the transfer on succession of the resale right.

Question

How do you think the courts will continue to interpret the choice of law provisions in Rome II?

Key points on choice of law

- The double actionability rule has been abolished
- The rules on non-contractual liability are now governed by the Rome II Regulation except for cases concerning personality rights (defamation)

Choice of law for contractual obligations: the Rome I Regulation

23.63 Work has been ongoing over the years to update the rules on the law applicable to contractual obligations. The 1980 Rome Convention on the law applicable to contractual obligations (a Hague Conference measure) was implemented into UK law by the Contracts (Applicable Law) Act 1990. This was updated and replaced by Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations, also called Rome I. This came into force in December 2009. It applies to relations between parties to contracts which involve intellectual property. The main thrust is that of freedom of choice: parties are free to choose the law governing their contract¹³⁶ subject to a number of provisos including overriding mandatory provisions.¹³⁷

Recognition and enforcement of judgments

23.64 As indicated previously, one of the main reasons for the introduction of the Brussels

¹³⁶ Art 2.

¹³⁷ Art 9.

Convention and now the Brussels Regulation was to streamline the procedure for the recognition and enforcement of a judgment granted by one member state, but which would take effect in another. It was, in other words, to encourage the free flow of judgments. Recognition of a judgment of a court in another member state requires no special formality. Under the Regulation, the first stage of the enforcement procedure in the state in which enforcement is sought is virtually automatic. Under Article 36(1) (old Article 33) of the Regulation, '[a] judgment given in a Member State shall be recognised in the other Member States without any special procedure being required'. A member state can, however, refuse to recognise a judgment given by another member state (Art 45) if 'such recognition is manifestly contrary to public policy in the Member State in which recognition is sought'.¹³⁸ However, a foreign judgment may not, under any circumstances, be reviewed as to its substance.¹³⁹

International developments

23.65 There has been increasing discussion in recent years as to the problems posed by the internet, the territorial nature of intellectual property rights, and the rules of international private law. The rules on jurisdiction, choice of law, and recognition and enforcement of judgments continue to be a lively source of debate, something that is likely to continue especially in light of the UK's impending withdrawal from the European Union. That discussion in this chapter has focused on the EU approach. As has been seen, different rules apply in England when the issue concerns a matter

¹³⁸ Brussels Regulation, Art 45(1)(a), formerly Art 34(1).

¹³⁹ Brussels Regulation, Art 36.

outwith the Brussels Regulation and Rome Regulations, and other jurisdictions, outside of Europe, operate their own rules concerning international private law matters. The result, on an international scale, is a complex maze of rules, the operation of which can result in conflicting solutions to international private law questions concerning infringement of intellectual property rights. In an attempt to deal with these conflicts, proposals have been made to try to rationalise, on an international level, international private law rules particularly in relation to copyright and trade mark infringement cases.

The Hague Conference on Private International Law and the Convention on Choice of Court Agreements

23.66 For a number of years the Hague Conference on Private International Law has been working on the text of a convention that would harmonise jurisdiction and enforcement of judgments for commercial matters. However, the proposals have proved controversial, not least in the area of intellectual property. From ambitious beginnings in 1996: ‘to include in the Agenda of the Nineteenth Session the question of jurisdiction, and recognition and enforcement of foreign judgments in civil and commercial matters’¹⁴⁰ the Convention, as finally agreed on 30 June 2005, concerns only agreed exclusive choice of court clauses¹⁴¹ in civil or commercial matters and the enforcement of judgments.¹⁴² The measures on intellectual property proved to be

¹⁴⁰ Eighteenth Session of the Hague Conference on Private International Law, Part B No 1.

¹⁴¹ Hague Convention, Art 3.

¹⁴² Hague Convention, Art 1.

consistently difficult to negotiate. Questions arose as to whether intellectual property should be included at all and, if so, whether questions as to the validity of registered rights should be excluded.

On intellectual property matters the Convention does not apply to:

- the validity of intellectual property rights other than copyright and related rights;¹⁴³
- infringement of intellectual property rights other than copyright and related rights, except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been brought for breach of that contract;¹⁴⁴
- the validity of entries in public registers.¹⁴⁵

But Article 2.3 goes on to state that notwithstanding what is said in Article 2 if an excluded matter arises ‘merely as a preliminary question and not as an object of the proceedings’ in particular if it arises by way of defence, then proceedings are not excluded from the Convention ‘if that matter is not an object of the proceedings’.

The European Council issued Council Decision 2009/397/EC signing the Convention on behalf of the European Community. The new Judgments Convention (not yet in

¹⁴³ Hague Convention, Art 2n.

¹⁴⁴ Hague Convention, Art 2o.

¹⁴⁵ Hague Convention, Art 2p.

force) specifically excludes intellectual property.¹⁴⁶

Web link

Details about the Hague Conference on Private International Law can be found at www.hcch.net/index_en.php.

Question

What sort of issues might arise in connection with intellectual property under the Convention?

Proposals for reform

23.67 Many proposals have been made over the years to reform the law in this area.¹⁴⁹ In the copyright context, the work of US academics Professors Dreyfuss and Ginsburg whose work focuses on jurisdiction and enforcement of judgments in intellectual property disputes. The Dreyfuss and Ginsburg proposals were referred to with

¹⁴⁶ Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, Art. 2(1).

¹⁴⁹ Internet et les réseaux numériques, Rapport du Conseil d'Etat prec Note 50, p 151, 1988, quoted in A Lucas, 'Aspects de Droit International Privé de la Protection d'Oeuvres et d'Objets de Droits Connexes Transmis par Les Réseaux Numériques Mondiaux', WIPO paper, November 1998. Available as GCPIC/1 paper on the WIPO website. See regarding trade marks: WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications, Second Session, Second Part, Geneva, 7–12 June 1999, Study Concerning the Use of Trade Marks on the Internet, SCT/2/9 Prov.

approval by the Supreme Court in *Lucasfilm v Ainsworth*.¹⁵⁰

23.68 More broadly, proposals have been made by the European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP).¹⁵⁷ These cover jurisdiction, applicable law and recognition and enforcement of judgments in intellectual property. The principles are designed to reduce distortions and impediments to trade in intellectual property, and to facilitate the flow of information and cultural exchange across borders, particularly in the light of digital technologies.¹⁵⁸

Exercise

Do you think that a single law should be applied in multi-territorial copyright infringement disputes? If yes, which law should apply and why?

23.69 Recently, and although uncertainty remains about its coming into operation and the position of the UK, the Unified Patent Court Agreement seeks to resolve, amongst other issues, problems of jurisdiction by having jurisdiction over the new unified Patent.¹⁶² Further regional and international developments and debates in respect of

¹⁵⁰ [2011] UKSC 39, [2011] 3 WLR 487, para 93; R Dreyfuss and J Ginsburg, 'Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters' (2001) *Chi-Kent L Rev* 77, 1065.

¹⁵⁷ See CLIP, 'Conflict of Law in Intellectual Property: The CLIP Principles and Commentary' (OUP, 2013).

¹⁵⁸ CLIP Principles, Preamble, para 1.

¹⁶² For detailed discussion see L McDonagh, *European Patent Litigation in the Shadow of the Unified Patent Court* (2016), 84ff. See also para 10.32ff in the textbook.

international private law and intellectual property rights are likely to continue.

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