

Intellectual Property in the light of the European conflict of laws

By:
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1. Private international law and intellectual property have a long history of neglected or even avoided relationships. An historical explanation is that as far back as the late nineteenth century the vast majority of intellectual property disputes were wholly domestic in nature: ownership or infringement issues hadn't the potential of reaching the whole world, concerning parties established within a single national territory and rights conferred by the law of that territory and infringements that mostly took place there. Cross-border or transnational IP disputes, involving foreign elements, were rare and resolved by the courts through the standard principles embodied into the multinational treaties establishing an international protection system for intellectual property, namely the principle of territoriality reinforced by the principle of national treatment and independence of national rights. The principle of territoriality provides that the scope of intellectual property rights is limited to the territory for which they have been granted. Even if "parallel" rights relating to identical intangible objects may exist in various countries, they are "independent" of one another (principle of independence). The historical roots of intellectual property, that in most European countries came into existence through a progressive development of systems of individual privileges, strictly limited to the territory of the State granting them, explain therefore why IPRs are only protected wherever the legal requirements for protection are satisfied, having no legal existence in all other countries. According to the view prevailing in most jurisdictions, choice of law had therefore hardly been perceived as a necessity in intellectual property law, particularly in the light of the principle of assimilation of foreigners to nationals ("national treatment"), mostly understood (in private international law terms) as asserting, at least implicitly, that protection of IP rights in foreign country should have been evaluated according to the country's domestic law where the foreigner is allowed to enforce his or her right.

However, in the last 30 years (since 1990's) things dramatically changed. The international intellectual property law, firmly rooted on the notion of territoriality, started to face new challenges: national boundaries have lost their significance as a consequence of the emergence of new forms of technology; specifically, the digital networked environment (after the satellites) has put the spotlight on the "international" aspects of IPRs, that have been neglected too long time, by transcending and sweeping the territorialism inherited from the historical tradition of privileges. It has changed the nature of intellectual property litigations by creating scope for multiterritorial simultaneous communication of protected works and trade symbols, and consequently increasing the risk of ubiquitous infringements of intellectual property rights and of globally widespread piracy. The clash between the territorially fragmented world of intellectual property and the global universe of cyberspace, where there are no separate national territories, is evident. The potential impact of the alleged infringement of unregistered intellectual property rights over the five continent and in every State of the world, combined with the greater flow of patented inventions and other registered industrial property rights, increased thereby transnational cases that require courts to adjudicate the effect of foreign activities or to interpret foreign laws.

The exponential increase in conflicts involving trans-border elements in the contemporary world characterized by global trade and global medium, have therefore forced the two areas of intellectual property and private international law (historically characterized by very little interaction) to confront each other. Conflict rules are much more needed now to resolve the conflicts of laws in this area than in the past. Notwithstanding the very high level of international cooperation in intellectual property matters, which brought to the adoption of an important group of multilateral treaties harmonizing the substantive laws between a huge number of countries throughout the world (184 States are parties to the convention establishing the World Intellectual Property Organizations;

172 States are party to the Paris Convention of 1883 for the protection of industrial property; 163 to the Berne Convention of 1886 for the protection of literary and artistic works; 163 to the World Trade Organization and the ancillary Agreement on Trade Related Aspects of Intellectual Property (TRIPs), substantive harmonization does not cover all areas of intellectual property and does not encompass the most protective measures of intangible goods.

The difficulty to formulate appropriate substantive solutions to be adopted by the international community at large, the persistent diversity of laws in different countries on many issues of intellectual property combined with the pressing necessity to master the growing problems on a global level, have produced as fundamental consequence a “fresh” awareness not only of the importance to examine closely the private international law problems raised by the exercise of intellectual property rights on an international level, but also to develop a truly “private international law” of intellectual property at international and regional level: a private international law system better adapted to the increasingly supranational character of exploitation of intellectual property rights than the traditional schemes.

2. Efforts to develop a truly private international law of intellectual property are therefore recent, both at international than regional level.

At international level, WIPO, for example, has been especially (and closely) involved in the on-going international debate to shape new standards for progressive development of international intellectual property law, especially for copyright protection in cyberspace.¹ From December 16 to 18, 1998, WIPO organized a meeting of a *Group of Consultants on the Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted through Global Digital Networks*, commissioning two studies from leading experts in the field (proff. Ginsburg and Lucas WIPO documents on “Private International Law Aspects of the protection of Works and Objects of Related Rights Transmitted through Global Digital Networks”). In June 1999, the WIPO Standing Committee on Trademarks, Industrial Design and Geographical Indications (SCT) addressed aspects of jurisdiction, choice of law and enforcement in the context of the use of trademarks in Internet (WIPO Document SCT/2/9); the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO at the Thirty-sixth Session of Meetings of the Assemblies of the Member States of WIPO, adopted on September 24 to October 4, 2001 a Joint Recommendation concerning the protection of marks and other industrial property rights in signs on the Internet (hereinafter referred to as the “Joint Recommendation”). In May 2000, WIPO published a Primer on Electronic Commerce and Intellectual Property Issues (WIPO/OLOA/EC/Primer) which, also, provide - inter alia- an overview of issues concerning jurisdiction, applicable law and enforcement. In 2001, from January 30 and 31, the WIPO organized in Geneva a *Forum on Private International Law and Intellectual Property*, asking its Member States to undertake an examination of private international issues relating to IP and to identify possible issues for international cooperation, commissioning eight studies to the subject, among which (inter alia) an earlier version of the Dreyfuss/Ginsburg proposal on a “Draft Convention On Jurisdiction And Recognition Of Judgments In Intellectual Property Matters”, based on the same approach of the classic Hague conventions but confined to disputes involving intellectual property.

Another effort made at international level to develop a public private international law for intellectual property has been made by the Hague Conference on Private International Law which has negotiated at length a Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters. This convention, based on the idea to extend beyond Europe the basic rules of the Brussels Convention of 1968, originally should have fully covered also intellectual property disputes. Those efforts partially failed in 2000-2001, when it became apparent that the scope of the draft convention was too broad and there was a persistent disagreement on the full application of the convention to intellectual property. The lack of consensus forced the negotiators to scale down the original project in favour of a “bottom-up” approach and to confine the conventional scope to exclusive choice of court agreement in business-to-business contracts. As regard intellectual property rights, such clauses normally appear only in contracts that deal with those rights;

consequently, it is only in such proceedings that the possibility of applying the Hague Convention on Choice of Court Agreements, adopted at the twentieth session of the Hague Conference on June 30, 2005 (hereinafter Hague Convention), not yet in force, is likely to arise.

The balanced approach reached during the negotiation process (and approved by the intellectual property community) on the best way to deal with the extremely “sensitive” issue of intellectual property consisted in making a distinction between copyrights and related rights, on the one hand, and other intellectual property rights (such as patents, trade marks, designs etc) on the other hand. The former are fully covered by the Convention, even with regard to disputes as to validity or infringement. The latter are excluded from the scope of the Convention (even those not yet invented and irrespective of whether or not they are registered) if their validity is challenged as main subject/object of the proceeding. Among the excluded matters, several of special governmental interest or subject to regional or international treaties, figure in fact the validity of intellectual property rights other than copyrights and related rights, proceedings regarding infringements of IPRs (other than copyright or related rights) not related to a contractual relationship (Art.2.2 (n)-(o)). As regard to the industrial property rights the choice made by the Convention is that, in principle, disputes concerning these rights (in particular their validity) should remain subject to the jurisdiction of the country whose national law created and conferred the right. The only exception to this principle is provided in Article 2 (3) which, while not being specific to intellectual property, nevertheless allows (in practice) the chosen courts to deal also with invalidity issues relating to industrial property rights, if raised merely as an “incidental” or “preliminary” question.

At regional level, most notably in the European Union before the entry into force of the Amsterdam treaty, the main efforts have been made to pursue a much tighter convergence of norms than those resulting from multilateral treaties, providing for higher and more extensive substantive minimum standards. The principal EU instruments on intellectual property have been devoted to the harmonisation of substantive legal norms, the creation of supranational rights, such as the Community Patent, Community Design and Community Trademark, and to the development of a truly European judicial and administrative infrastructure in order to render less acute the delicate problems raised at private international law level.

It has been only after the entry into force of the Amsterdam treaty that the European institutions had actively pursued the idea to establish a truly European private international law. The agenda has involved (inter alia) efforts to transform into EU regulations (formal EU instruments) the two existing European private international law conventions, i.e. the Brussels convention on jurisdiction and recognition and enforcement of judgements in civil and commercial matters (Brussels I Regulation) and the Rome convention on the law applicable to contractual obligations (Rome I Regulation), and to create a new EU legal instrument on the law applicable to non contractual obligations (Rome II Regulation).

The idea of addressing tort conflicts finally took the form of a new Regulation adopted and published in July 2007.

3. Article 8 of the European Parliament and the Council of European Union Regulation (EC) No 864/2007 on the Law Applicable to Non-Contractual Obligations, universally known as Rome II Regulation, which lays down a special Community rule for non-contractual obligations arising out of an infringement of intellectual property rights, is therefore the most recent expression of a truly “public private international law” of intellectual property law.

The new Regulation, which will enter into force on 11 January 2009, has been enacted by the European Community (a unique example of Regional Organization which constitutes a new legal order in international law), pursuant to a long series of political and institutional decisions taken by the European Council and further endorsed by the Community Institutions (Council and the Commission). The Community competence to adopt measures in matters of private international law is based on an international agreement, precisely the Treaty establishing the European Community, as amended by the Treaty of Amsterdam and by the Nice Treaty: Articles 61 (c) and 67

of the Treaty provide the proper “new legal basis” for the adoption of “measures in the field of judicial cooperation in civil matters”, moved by the Amsterdam Treaty from the “areas of common interest to the Member States of the European Union” into the Community context in order to encourage the developing and maintaining the Union as an area of freedom, security and justice and progressively establishing a genuine “law-enforcement area”. Article 65 (which is referred to in Article 61 (c)) expressly allows for the adoption of measures “promoting the compatibility of the rules applicable in the Member States concerning the conflict of laws and of jurisdiction” (lett. b), provided that they are taken “insofar as necessary for the proper functioning of the internal market” (first part of Article 65). The second limitation, posed by Article 65, which requires that those measures have “cross-border implications”, seems superfluous, since conflict of laws is by definition devoted to cases containing foreign elements.

The new conflict-of-law rule on infringement of intellectual property rights, as well as all the other common conflict-of-law rules for non contractual obligation, has therefore been enacted for a “public purpose”: precisely in order to answer the “need” created by the proper functioning of the internal market; according to the Community Institutions, this need demands “for the conflict-of-law rules in the Member State to designate the same national law irrespective of the country of the court in which an action is brought” (recital No 6).

The *ratio* behind this last effort of unification of the tort conflict-of-law rules of the Member States is, therefore, the same that inspired any other previous Community initiative in the field of private international law: to enhance the mutual trust among the Member States on which the mutual recognition principle, i.e. the real cornerstone of judicial cooperation, on which the Union is based. Given the fact that the “Brussels I” Regulation, that superseded the Brussels Convention, still contains a number of options enabling claimants to bring their proceedings in front of the courts of one member State rather than another, the absence of unification of rules of private international law relating to non-contractual obligations in civil and commercial matters in the Community favours the *forum shopping*, letting the parties to choose the forum whose conflict-of-laws rules point to the more favourable law applicable to them. Therefore, in the light of the relevant differences in the substantive scope between Brussels I Regulation and the current Proposal for a Regulation of the European Parliament and the Council on the Law Applicable to Contractual Obligations (Rome I), that will supersede the Rome Convention (the former covering both contractual and non-contractual obligations, whereas the latter covers only contractual obligations), the new common rule on intellectual property rights inserted into the Rome II Regulation should (in principle) serve the purpose to complete the existing European rules on private international law and international civil procedure, in order that the disputes before the courts of the Member States should be adjudicated according “to one and the same applicable substantive law”, irrespective of the country of the court in which the action is brought. This will boost the foreseeability of solutions and certainty as to the law applicable for settling cross-border disputes within the “European area of justice”. The complementarity and the need of consistency between this Regulation and Brussels I Regulation, as well as with the future Community instruments dealing with the law applicable to contractual obligations, is being referred to expressly in recital No 7.

4. According to Recital 26 of Rome II Regulation, for the purposes of this Regulation the term “intellectual property rights” means “for instance, copyright, related rights, the *sui generis* rights for protection of databases and industrial property rights”. The Article adopted a unitary approach, only distinguishing between intellectual property rights granted under national law and “unitary” Community intellectual property rights. The applicable law for the former is “the universally acknowledged principle of the *lex loci protectionis*”, meaning the law of the country for which protection is claimed. As to the latter, Article 8 paragraph 2 introduces a special choice-of-law rule to fill the gaps left by Community legislation, referring to the law of the country in which the act of infringement of the unitary Community rights was committed (*lex loci delicti commissi*). Paragraph 3 does not allow the parties to agree on which law will govern their rights and obligations resulting from an intellectual property right infringement, either before or after the infringement.

This rule, absent in the preliminary draft prepared by 2002, has been inserted in the Commission's Proposal published in 2003, after an intense debate which had opposed (in the course of preparatory work) academic contributors to many other commentators (some governments, industry groups, stakeholders), the latter almost unanimously demanding to exclude any IP-issues from the scope of the Regulation in order to preserve the "principle of territoriality" embodied into the nineteenth century international intellectual property system, e.g. the historic multilateral treaties assuring protection for, *inter alia*, copyright and industrial property, like the Berne Convention for Protection of Literary and Artistic Works of 1886 and the Paris Convention for the Protection of Industrial Property of 1883.

At the end prevailed the opposite (academic) view and a specific article on infringement of IPRs was included in the 2003 Proposal, with the aim to confirm the "territorial principle" as "an exception" to the basic solution for non-contractual obligations, (now provided in Article 4), generally acknowledged (according to the Commission's opinion, but without any further "explanation) as incompatible with the specific requirements in the field of intellectual property rights.

It's quite impressive that the purpose, the "politics" and the effect of the new codified community conflict-of-law rule relating to non contractual obligations arising from an infringement of intellectual property rights, resulting from earlier steps that date back almost 30 years (when the E.C. commissioned to Eugen Ulmer an authoritative study on the law applicable to intellectual property rights), have been confined by the Community legislator to few Recitals and other "poor" materials produced in the Community legislative process, as the an Explanatory Memorandum to an earlier Draft Proposal of the Rome II Regulation, rightly defined as "extremely unlikely to prove as helpful". This conclusion is especially disconcerting in the light of the complexities of the "traditional" territoriality principle in itself and of the still highly controversial question (in legal doctrine) as how to interpret (from a conflict-of-law's perspective) the country-of-protection principle, which is universally recognized as underlying the "public international law" of intellectual property.

Some explanations of the reasons underling the choice-of-law approach chosen by the European Institutions for the specific issue of IPRs' infringement could be found in the Hamburg Group for Private and International Law's Comment of 23 September 2002 on the European Commission's Draft Proposal, that proved to have been most influential on the negotiation process.

In suggesting the insertion into the Draft Regulation of a new Art. 6(a) on "Infringement of Industrial and Intellectual Property Rights", the Hamburg Group reminded the European Commission of the wide consensus (at least, among the most Member States) on the *lex loci protectionis* rule (and not the *lex loci delicti*) as the "special" conflicts rule for the infringements of national industrial and intellectual property rights, as confirmed by their private international laws. The Group also suggested that no choice-of-rule should have been adopted in contradiction with this principle representing the foundation of the substantive public international law on intellectual property, even if not stated "in explicit words" in the international conventions on industrial property rights or still much in dispute as regard other international instruments, in particular for the Berne Convention on copyright law. Precisely that reason, the persisting uncertainty over the private international law implications of these conventions, urged the Hamburg Group to support the inclusion of a specific Community choice-of-law rule in favour of the law of the country for which the protection is claimed: the provision on the relationship of the Rome II regulation with the existing international conventions (now Article 28), stating that the Regulation "shall not prejudice the application of international conventions to which one or more Member States are parties at the time of its adoption and which lay down conflict-of-law rules relating to non-contractual obligations", was in fact considered "insufficient" either to ensure the acceptance of "world-wide system of national industrial property rights" or "to provide for the non-application of the general rules of the EC Draft proposal".

The fact that the European Commission simply accepted the Hamburg Group's reasoning, does not eliminate the necessary "preliminary" problem that the European Institutions should have

deepened. Article 28 states clearly that the Regulation is “inapplicable” in field where prior “international conventions...lay down conflict-of-law rules relating to non-contractual obligations”, thus allowing Member States to go on applying choice-of-law rules (if existing) which are laid down in intellectual property treaties to which they are parties at the time of the adoption of the Community Regulation. This brings inevitably to only question that the European Commission, first, and the European Parliament and Council after, should have tried to answer: whether or not the international conventions in the field of intellectual property lay down any “public private international law” prescribing rules that compel the choice of laws applicable to the infringements rights in the field. The answer to this question is obviously necessary to assess the “wisdom” of the insertion of a new conflict-of-law rule on IPRs’ infringement in the new Community Regulation, as all the Member States bound by it or subject to its application are also parties to these intellectual property international instruments.

According to the Hamburg Group, the international conventions in the field of registered rights (the Paris Union Convention for Industrial Property of 1883 in particular), have affirmed without any doubt “the authority of the principle of territoriality”, with the private international law consequence that “ownership and infringement are a matter for legislation in the country where protection is claimed”. The same argument has been referred by the same Group to the Berne Convention, considered analogously built on “the principle of territorial protection”, mentioned in “explicit words” in its art. 5. 2 and 14.2 (a). The European Commission simply adopted this point of view: in its comments of art. 8. 1 of the 2003 Draft Proposal, it recalled that both the Paris and Berne convention are built on the “universally recognized principle” of the *lex loci protectionis* and that the rationale of the new Community rule is “to enshrine” the same principle.

If the reasoning developed by Hamburg Group, and accepted by the European Institutions, is deemed to be correct, than Article 8.1 providing for the application of the same rule could be considered at least “superfluous”. Community Regulations, as a matter of fact, “are not taking place in a vacuum”: if the existing multilateral conventions already solve the problem of private international law of intellectual property rights infringements, providing for a coherent conflict-of-laws principle for the matter in question, it’s rather difficult to see the “need” for a specific Community rule, in any case destined to be superseded by the international norms. *Vice versa*, if the Hamburg Group and European Commission’s reasoning is wrong, in the sense that the international conventions on intellectual property, or at least the Berne convention, provide for a different rule, Article 8.1 and 8.2 should be considered in flagrant violation of international law.

In conclusion, a specific Community choice-of-law rule prescribing the *lex loci protectionis* principle could find a positive justification only if *no conflict-of-law rules* could be found in the existing instruments of public international law on intellectual property. In any case, whatever says the new Community rules, the retained new Community specific rule for IPRs infringement must comply with the conventional requirements, even if they do not speak to the issue of choice of law.

5. Whether, and to what extent, the substantive principles embodied into these international instruments ordain or imply any particular choice-of-law rules is a matter of much debate, among academics and national courts, particularly in the field of copyright and related rights, as rightly recognized even by the Hamburg Group itself.

All the international conventions forming the “public international law” of intellectual property are built around two pillars: namely the so called national treatment (or principle of assimilation) and minimum substantive standards of protection, operating in tandem. The reason is simply: the former principle without the latter could imply that an inadequate level of protection afforded by a member country to its own rightholders could be extended (for example) to foreigners authors, in a way fully consistent with the principle of national treatment: an undesirable result that the international conventions avoid, precisely by imposing a minimum level of protection for foreigners. Everybody agree in reading the core international conventional obligation of national principle as implicating a principle of territoriality, but views diverge on the point if this “territoriality principle” has also a choice-of-law meaning.

According to one interpretation the national treatment clause simply implies a duty of non discrimination: it only requires the application of the same substantive law to foreigners and to the nationals, thus coming into play after the applicable law has been defined in application of the national conflict of laws rules. According to others, the national treatment principle operates “in advance”, in the sense that it has to be applied by the competent courts “before” investigating the applicable law; according to this interpretation, it implies a duty of non discrimination in applying choice-of-rules. For the most part, commentators agree on a choice-of-law understanding of the national treatment principle, but they adopt diverging views on the final solution as to which law this principle requires the application of. According to some distinguished scholars it should be interpreted as demanding the application of the law of the *country of origin*. Some other scholars and courts, on the contrary, have read the national treatment (embodied in Article 5.1 of Berne Convention, in Article 2 of Paris Convention and Article 3.1 of the TRIPs Agreement) as implicating an opposite choice-of-law principle, precisely that one directing the courts to apply the law of the country-of protection (*lex loci protectionis*). The idea that Article 3.1 of the TRIPs Agreement mandates a particular choice-of-law rule is defended also by a leading academic treatise, according to which the WTO Member States’ have lost their autonomy in adopting the choice of law rules they prefer as a consequence of the national treatment principle: “all convention provisions must be interpreted as adhering to the general rule that the law of the protecting country is the applicable law... Any alternative interpretation favouring the application of the country of origin or the law of the forum as a general rule is no longer acceptable”.

Such an approach has been contested by other commentators who have denounced the “confusion” between the status of foreigners and the conflict of laws, remarking that a basic principle of private international law is that the issue of enjoyment of rights by foreigners does not “take the precedence over the choice of the law applicable to the substance”. Scholars who deny that the national principle has a particular choice-of-law meaning, directing the national courts to apply the law of a particular country instead of another, being essentially concerned only with the principle of non discrimination, bring as prove a simple illustration: the requirement could be easily satisfied by applying to foreign and domestic authors the same rule, irrespective of the fact that it could be the *lex fori*, the law of the *country of origin* or the *lex loci protectionis*. If one “constraint” should be inferred from Article 3.1 of TRIPs Agreement, and from similar provisions contained in other international conventions, on the choice-of-law rules that a Member State may adopt, it is a very limited one: the impossibility to rely on “nationality” as a proper connecting factor, because this could lead to different degree of protection granted to national and foreign rights owners.

The central question: “which law applies” in infringement proceedings, still deserve an answer.

This conclusion, that the national treatment principle fail to provide any guidelines on the issue of choice of law in international intellectual property rights disputes, has been also recently expressed by the European Court of Justice, which in its *Tod’s* Judgement has expressed the view that “as is apparent from article 5.1 of the Berne Convention, the purpose of that convention is not to determine the applicable law”. The same idea is shared also by WIPO, the International Organization which administer the intellectual property conventions, according to which: “neither does the national treatment principle reflect a private international law approach, as it does not purport to designate the law of any particular country that is to govern an intellectual property issue involving a foreigner, but merely states that foreigners should not be treated differently than nationals with respect to intellectual property issues”.

The same discussion had taken place regarding the interpretation of art. 5.2 of the Berne Convention as a truly choice-of-law provision. Again, many authors have directly inferred from this norm a conflict of law’s rule pointing to the *lex loci protectionis*, (helped in their conviction by the fact that the norm is, undoubtedly, cast in a language that could resemble to a conflicts rule). Others have argued that it implies the application of *lex loci delicti*. Others, again, have interpreted it as an invocation of the law of the forum.

According to the WIPO Guide to the Convention, the rationale of its Article 5.2 is to regulate the enjoyment of the “rights that are claimed by virtue of the Convention”, i.e. the convention *minima*. In this respect art. 5.2 concerns itself only with two areas: (1) the extent of protection, and (2) the means of redress. The Guide indicates that in those two areas “the law of the country where protection is claimed” shall govern exclusively, unless the parties have agreed that another law should apply, by the way of a forum selection clause. As regard an action of infringement, it notes that “an author suffering infringement usually picks a court in the country in which his rights were infringed”. The logical consequence is that he or she need not to, being permitted to choose another court, particularly another country where no infringing acts occurred, but where (for example) the defendant has his assets. In such cases the Guide indicates that “it would be a matter for the courts to apply the appropriate private international law to resolve any conflict that arises”.

This authoritative explanation strongly supports the most logical conclusion to our initial problem: the provisions resembling conflict principles found in all the international instruments of substantive public international law on intellectual property do not address purposefully the private international law question of which law to apply to IPRs infringements, thus having no impact at all (or a very limited one) on choice-of-law questions. The provisions of these conventions had been adopted without having in mind any general and coherent international private law principle. The drafters simply hadn't thought of the possibility to claim for protection of intellectual property rights in a State distinct from that in which the act of violation had been substantiated. As a consequence, where infringement did occur in a different State, or in several States, the obvious conclusion was that suits had typically to be filed in each separate national court, seeking relief for each national infringement. The conflict-of-law question was therefore very easy to answer: by far, the most common case in which intellectual property rights disputes arose regarded situations in which the alleged infringing acts (the reproduction, the use, the sale, the publication without the appropriate authorizations) occurred in the country where the plaintiff sued and where enforcement was claimed. The normal situation was that of a perfect coincidence between the *lex loci commissi delicti*, the *lex loci protectionis* (the law of the country for which protection was claimed) and the law of the forum.

This coincidence could also explain the “imprecision” of the wording of art. 5.2 of the Berne Convention, referring to the “country where protection is claimed”, for long time read as claiming the application of the *lex fori*. According to a very common understanding, this interpretation of the rule could be read as a sort of “variation” of the *lex loci protectionis* principle, mandating a “rule of private international law which made the *lex fori* (law of the country before whose courts the case has been brought) applicable”. Also the term “means of redress” seems to suggest, if narrowly interpreted, as designating the *lex fori*. In our opinion this interpretation cannot be upheld. Interpreting art. 5.2 of the Berne Convention as designating the *lex fori* could not be seen as a simple third “variant” of the major private international law controversy relating to the choice between the law of *country of origin* and the law of the *country of protection*. Without denying that the *lex fori* has always a role to play, particularly regarding procedural matters and provisional measures, the interpretation of Article 5.2 of Berne Convention as designating the *lex fori* amounts (in our opinion) to a simple negation of any conflict of laws reasoning for intellectual property issues, due to the perfect inutility of prospecting (in this field) the existence, or the need, for a “unilateral” and “negative” choice-of-law rule that does not direct the application of the law of any country other than that of the forum.

Much more sophisticated is another doctrinal construction, developed by some distinguished scholars, according to which it's impossible to interpret the principle of territoriality underlying the international discipline of intellectual property rights as an expression of a private international law principle. From a public international point of view, it simply represents the legislative competence of each State to regulate, within the boundaries of its legal order, the intellectual property matters in an exclusive way. This exclusivity is intrinsically correlated to the extension of each country's territory, deriving from the monopolistic nature of the intellectual property rights, and their

reciprocal independence. The “territorial limitation” in scope of national IPRs, their being “resolutely” territorial in nature, is to be seen as something “inherent” in the way each legal order grant these rights, with the consequence that there could no be such thing as an “international” copyright, even under “international” copyright law, neither a truly “international” trademark or an “international” patent. At private international law level, these characteristics of the different national IPRS necessarily imply the “lack” of the necessary “presupposition” for the operation of any choice-of-law rule, i.e. the existence of different national laws abstractedly eligible to regulate the “same” juridical relationship. From this theoretical premise, these scholars have deduced the conceptual impossibility of the operation of “any” choice-of-law rule, with the consequence that (at least) the content, creation and extinction of any national intellectual property right must be submitted to the law of the State that granted that right. In such cases, no foreign laws could be applied at all.

This position, according to which the fundamental premise of “classical” international intellectual property law’s system of the ninetieth century, i.e. the “territorial principle”, eliminated the normal operation of the choice-of-law process had long inspired the “traditional” attitude of national courts, both in U.S and elsewhere, towards the possibility to adjudicate disputes involving foreign intellectual property rights. For a long time, the implication (at a jurisdictional level) of a “strong” view of territoriality was that a party was not allowed to sue in the United States or in Europe neither for infringement nor he has the possibility to question the validity of registered foreign intellectual property rights (mostly without any explanation given). Sometimes this “negative” approach was founded on the “act of state” doctrine which impeded the courts to review the acts of foreign governments, acting within their territory, or grant any form of relief in order not to interfere “with the judicial proceedings of others sovereign nations”. The same solution was almost always adopted in transnational copyright infringement actions. Thus, even if jurisdictional issues must be always kept distinct from choice of law problem, i.e. the law applicable to the dispute, the “traditional” attitude of national courts, both in U.S and elsewhere, had been that to decline to hear cases in which they couldn’t apply their own law: the question of applicable law and the power to adjudicate lumped together.

The fact that the issue of conflict of laws in the field of intellectual property has long been neglected, does not eliminate the problem, particularly in the light of the adduced reasons that appear not at all conclusive. In Europe, the preceding traditional attitude and its theoretical justifications entered in crisis with the development of European rules on international civil procedure, precisely with the adoption of the Brussels Convention in 1968 which had the undoubted merit to have definitely clarified that the coincidence between the *lex fori* and the law of protection is not at all unavoidable, as the plaintiff can institute proceedings before the courts of a member State other than that of the country of infringement.

Thus, the ambiguous wording of Article 5.2 of the Berne Convention referring to the country *where* protection is claimed should be understood as simply underlying a frequent and factual conjunction between the forum and the country of protection. Nothing more. This conjunction could also explains the ambiguous “characterization” suggested by Eugene Ulmer, who defined it as “not a complete rule of conflict”. Its incompleteness derives precisely from the fact that “although it adequately describes which law is to be applied in the event that an infringement occurs in the country whose courts are seized of a matter, it says nothing regarding infringements elsewhere”. The choice-of-law question of which law should be the applicable in cases to which the domestic law of the forum does not apply remains (therefore) to be solved. We personally share the opinion of the ECJ, WIPO and of most commentators, according to which, although the purpose of the international conventions on intellectual property law is to regulate most international situations, these conventions simply do not address “at all” the problematic of private international law of intellectual property, with the consequence that the Member States are free to apply their own national conflict-of-laws rules.

As a consequence, the Hamburg Group and the Commission were wrong in assuming that the intellectual property law conventions mandate a particular conflicts rule and that the rationale of

the inclusion into the Rome II Regulation of an IPR specific choice-of-law rule, based on the *country-of-protection* principle, was deemed to preserve the current international instruments. Paradoxically, the exact contrary conclusion, *i.e.* the fact that there is almost no “public private international law” of intellectual property law, only supports and justifies such an inclusion.

6. However, the question remains whether the absence of a uniform set of conflict of laws’ rules at the international level entails also at Community level a lack of uniformity and legal certainty as to the applicable law to IPRs infringements demanding to lay down a Community uniform rule for the subject matter. Again, if all the Member States’ private international law systems provide for the same country-of-protection principle there would have been no necessity (under art. 65 (b) EC) to insert into the Regulation exactly the same choice-of-law rule. In any case, even if national conflict rules on IPRs infringements present differences, there is the need to analyse them in the context of the rules governing international jurisdiction of the courts, in order to ascertain if there are numbers of forums available to the claimant that could generate a risk of *forum shopping*, allowing the parties to take advantage of their cases’ connecting factors to various legal systems, in order to escape the law normally applicable to them. As correctly pointed out “diverging choice-of-law rules alone do not create a danger of forum shopping”.

As to the very first question, a recent comparative study of a number of European States’ private international law systems has identified two major tendencies pointing both to the *lex loci protectionis* and to *lex loci commissi delicti*. Examples of specific choice-of-law rules for IPRS applying the *lex loci protectionis*, are Article 110 (1) of 1987 Swiss Private International Law Act, Article 93 the 2004 Belgian Private International Law Act and Article 54 of 1995 Italian Private International Law Act. A case apart seems to be that of the 1974 Spanish Private International Law, whose Article 10 is redacted in a negative and unilateral way, simply stating that the intellectual and industrial property rights shall be granted protection on the Spanish territory by application of the Spanish law. Such a rule could be easily “bilateralized” by applying the *lex loci protectionis* to all the questions not covered by the article. In other systems the law applicable to infringements of IPRS is to be inferred from the more general choice of law rule for torts: according to Article 34 (1) of the 1978 Austrian Private International Law Act, Article 38 of the 1996 Liechtenstein Private International Law Act and Article 3(1) of the 2001 Dutch Private International Statute on Torts, the governing law is *lex loci delicti*. It has also been suggested that, due to the particularities of the enforcement of IPRS, the doctrine and the national courts of these latter Member States have also interpreted their respective tort choice-of-law rules as referring to the law of the State for which the protection is claimed, at least with respect to trademark and copyright infringements.

Notwithstanding this conclusion, the situation in the field of private international law for copyright law is commonly recognized to be far more complex. Article 67 of the 1993 Greek Copyright Act sets out the principle that “copyright in published works shall be governed by the law of the State in which the work has been lawfully made accessible to the public for the first time”. The Portuguese Private International Law Act refers to the law of the country of origin for the acquisition of rights, but applies the *lex loci commissi delicti* to infringements. The French Law is silent on the point, but a leading judgement of the French Supreme Court in the well known case “*Rideau de fer*” has been considered by the majority of French doctrine as having fixed “the state of art”, consisting (precisely) in applying the law of the country of origin for the issues of existence, originality and initial ownership of works, whereas the *lex loci protectionis* to the content of the rights and the scope of protection. An exception to the country of origin principle (as well to the *lex protectionis* principle for those countries resorting to this choice-of-law rule) has been envisaged for the author’s moral rights. From a choice of law point of view, in fact, moral rights could be seen as personality rights linked to the person of the author of the work, thus forming part of the personal law of the author. Alternatively, some authors have argued that moral rights should be seen as fundamental human rights that protect the author against the abuse of his work. It has been suggested that - from the point of view of UK’s approach- moral rights should form part of its “public policy” principles. Some countries, as France, consider the author’s moral rights of such a

particular importance to consider the French provisions on this issue as “internationally mandatory”, with the consequence that French courts apply the forum’s rules even if the author has no moral rights or has assigned all its rights on the work under the law of the country of origin of the work.

Such a scenario reveals not only a current mosaic of private international law Member States’ systems, among which the two possible alternative choice-of-law solutions (*lex loci protectionis* and *lex loci delicti commissi*) still coexist, but also a persistent disagreement on the “scope” of the law of the country for which protection is sought.

In some countries, courts apply the *lex loci protectionis* only to the issue of infringement itself, its proof and its sanctions. These countries consider that as far as copyright law is concerned, before analyzing the infringement in itself, it is necessary to solve a “preliminary” question, consisting in determining whether the work is protected by a copyright and who the owner of the work is. All these issues are envisaged in the light of the country where the work has first been published, as defined under art. 5(4) of the Berne convention, i.e. the so-called law of the *country of origin*. This conclusion is also supported by some prominent American authors, such prof. Ginsburg and Ricketson, according to which the Berne Convention does not cover issues of ownership, nor it supplies a choice of law rule for determining authorship, except for Article 14ter which deals (very incompletely) with rights in cinematographic works, with the consequence that there can be no automatic claim to the law of the country where protection is claimed.

Other European countries, on the contrary, consider that all these issues should be governed by the law of the country where the protection is sought and reject all application of the country of origin. The German Supreme Court, for example, had affirmed the principle that if protection under German copyright law is sought, the *lex loci protectionis* (i.e. the German Law) applies to questions of ownership, origin, scope and content of copyright, as well as to exhaustion of rights, transfer, rights of use and consequences of copyright infringements. This is also the case under Italian Law, Swiss law.

Even if the comparative analysis of the rules of conflict of laws and the jurisprudence of the Member States’ highlights the opportunity to promote a better compatibility of conflict-of-laws rules on IPRs infringement in the Union, the issue of the applicable law still deserves a further analysis, precisely in the light of the preliminary question regarding jurisdiction. There, is in fact, a diffuse and correct convincement among European commentators (also shared by the European Legislator) that choice-of-law issues cannot be dealt in isolation and that mere differences between national laws on the choice-of-law solution for IPRs infringements are not sufficient to justify a need of a “uniform” Community choice-of-law rule in the Rome II regulation. Diverging choice-of-law rules must also cope with a danger of forum shopping.

Conflict of jurisdiction in civil cases, including IP disputes, are now dealt within the European Union under the Brussels I Regulation, also applicable in relations between Denmark and the rest of the EC, due the recent entry into force of and international Agreement between the European Community and the Kingdom of Denmark on Jurisdiction and the Recognition and Enforcement of judgments in civil and commercial matters.

Since the adoption of the Brussels Convention in 1968, superseded in 2002 by the Brussels I Regulation, the European rules on international jurisdiction have “shaken and, in significant respects, destroyed” what has been with efficacy described as the “parochial approach to intellectual property litigation”, serving as a basis for courts of many Member States to assert jurisdiction in matters concerning foreign intellectual property rights. The rules of the “Brussels system” (in the sense that the Brussels’ rules have been extended to EFTA States via Lugano Convention of September 16, 1988, currently under revision) have in fact dramatically changed the way these rights were litigated, *in primis* by reducing considerably the “traditional” scope of exclusive jurisdiction in IPRS matters. Courts in the contracting States are in fact required to exercise jurisdiction over foreign IPRs when a basis for jurisdiction is provided under the Convention/Regulation system.

The general head of jurisdiction in international litigation is the domicile of defendant (Article 2.1 of the Brussels I Regulation and 2 of the Convention). Thus, as a principle, the court where the infringer is domiciled has jurisdiction, regardless of his nationality or where the

infringement took place, obviously even if committed abroad. As a result, courts in the European Union have been forced to apply foreign law to intellectual property cases. Art. 2 (1) of Brussels I Regulation also enables the plaintiff to litigate before the court of the domicile of the defendant multiple infringements of his intellectual property rights, thus allowing a consolidation of several claims against the same defendant before the court of his domicile. The Brussels system also enables the plaintiff to consolidate claims against several defendants before the courts in the country where only one of them is domiciled (ex. art. 6 (1)). Proceedings relating to infringement of IPRs may also fall within the scope of Article 5. 3 which provides a special forum in matters relating to torts, delicts and quasi-delicts, by providing that a defendant domiciled in a Member State may be sued in the courts for the place where the harmful event occurred or may occur. Since the ECJ's interpretation of this Article, in a very famous defamation case, as giving the plaintiff the option to sue either in the member State where the editor is domiciled (in order to obtain damages for the entire prejudice that has occurred in all the States where the publication had been distributed), or in any Member States in which the publication was distributed (but only to obtain damages for the "localized" prejudice occurred in that State), this decision has been regarded as stating a very general principle applying also in different areas from defamation. French courts have, for example, implemented this principle in the context of copyright infringement. This opinion has been confirmed also by some German courts with regard to patent law.

There is only one rule of exclusive jurisdiction in matters of IPRs, set out in Article 22.4 of the Regulation (ex Article 16.4 of the Convention), referring to proceedings having their object, or mainly concerned with, the registration or validity of registered intellectual property rights, according to which only the courts of the Member State in which the deposit or registration has been applied for, or has taken place, have jurisdiction in those proceedings. This provision initially interpreted by the ECJ in a narrow sense, has been recently interpreted by the ECJ in a way that altered significantly the functioning of the intellectual property litigation machinery as it has worked for many years in Europe. Among the various reasons, the system has entered into crisis mostly because the question has arisen as to what extent national courts of Member States (other than those located in the country of registration) might exercise jurisdiction, in particular when the dispute does not itself concern directly the validity of the registered right or the existence or the deposit or registration. This issue has become "topical" in cases of proceedings brought for infringements of registered rights in the defendant's country of domicile (art. 2) or (in case of multiple defendants) before the court in the country where one of them is domiciled (art. 6.1), giving rise to diverging practice in the courts of member States. By two judgments both handed down on July 17, 2006, the ECJ took the view that Article 16.4 (22.4 of the Regulation) should apply whatever the form of proceedings in which the patent's validity issue is raised, be it by the way of an "action" or by a "plea in objection"; secondly, that, irrespective of the presence of the so-called "spider-in-the-web" criteria elaborated by the Dutch courts, it is no longer possible for European courts to assert jurisdiction over claims against affiliated companies for coordinated infringement of European bundle patents. Both practices have been judged by the ECJ "irreconcilable" with the old Brussels Convention, and obviously with the Brussels I Regulation.

As a consequence, in proceedings concerning the registration and validity of registered rights, the exclusive jurisdiction provided by the Brussels I Regulation excludes the possibility of any forum shopping. The same solution is provided, since July 2006, for infringement proceedings involving the validity of registered rights as an incidental matter, i.e. even if invalidity is (as usually happens) brought forward as a defence. The possibility to choose the competent court according to the most favourable applicable law is only left in "pure" infringement proceedings regarding registered intellectual property rights, i.e. when issue of invalidity is not raised at all, or in case of copyright and related rights infringement proceedings, which by definition do not raise any question of "validity".

In those cases the plaintiff has still the possibility to sue the defendant either in the courts of his domicile or before the courts for the place where the harmful event occurred or may occur. But, again, when a registered right is in question, the exclusive jurisdiction rule stipulated in Article

22.4 of Brussels I Regulation “absorbs” the special forum in matters relating to torts provided in Article 5.3, as the *locus delicti* can be located in *no other place* or country other than that of registration or deposit of the patent/trademark/design/ or other similar rights required to be deposited or registered, due to the territorial limitation of industrial (registered) rights. The only remaining choice given to the rightholder is to sue in the defendant’s domicile, in accordance with the general head of jurisdiction. Whether or not in such cases is really possible to speak of a possibility of forum shopping, is open to question, being this choice “immanent” in the structure of the Regulation. This eventuality is in any case real “remote”, as the “normality” is that the national courts and the parties very rarely separate the adjudication of industrial registered rights’ infringements from the assessment of their validity. The result is that these infringements proceedings would be invariably confined to the courts of the States in which the registration has taken place, thus barring the recourse to the general rule of article 2 or the possibility to consolidation of claims against infringers of parallel industrial property rights existing in several Member States (art. 6.1).

What is the real impact of the GAT-Roche twin decisions on European litigation over copyright cases is still an unresolved question. It has been affirmed that the GAT decision’s impact should be rather limited, as the exclusive jurisdiction of article 16.4/22.4 of the Brussels Convention/Regulation is definitely not relevant in the case of copyright. Different could be the impact of the Roche decision as - where the application of the exclusive jurisdiction does not come into place- litigations of IPRs should follow the same rules, whether these rights are registered or not. It is possible therefore, that the Roche ruling will have a significant impact on cross-border infringement cases involving multiple defendants.

Besides that, in intellectual property matters the interpretation given by the ECJ of the special head of jurisdiction provide in Article 5.3 of the Brussels Convention/Regulation, as conferring the right the right to the plaintiff to sue either in the place of the event giving rise to the injury or in the place where the damages occurred, does not provide for a “real” alternative. The well known distinction in “complex” torts between the place of conduct and place of injury does not work in IPR infringement cases. An intellectual property right is granted as a monopolistic right for the territory of the granting State; the monopoly being “territorial”, ends at the frontier. Therefore an Italian intellectual property right, patent or copyright, cannot be infringed by producing or distributing goods in another State that does not protect the same right, i.e if the prerequisite for the application of Article 5.3 is not fulfilled. Preparatory acts for infringement do not matter in term of jurisdiction for intellectual property rights as the principle of territoriality imposes that a IPR cannot be infringed where it does not exists; therefore, in infringement proceedings, Article 5.3 can only allows courts in the State for which a right is granted to exercise jurisdiction over the action, on the premise that this is where the event giving rise to the damage and where the damage occurs. Analogously, when the plaintiff bases its claim for a declaratory judgment, i.e, for a declaration of non-infringement, Article 5.3 should be interpreted as providing a basis of jurisdiction only for activity taken place in the State of the court seized. , thus solving the notorious “torpedo” problem, impeding claims for declaration of non-infringement raised before a court in a country known of slow proceedings, in order to block subsequent claims for remedies in other fora.

In conclusion, according to this analysis, the possibility for forum shopping are very limited and confined to copyright infringements. Consequently it’s quite difficult to state, as the Commission did, that the diverging choice-of-law rules in the Member States “create a legal imbalance between plaintiff and defendants to the disadvantage of the latter”, such as giving rise to a problem that can be address only by a uniform European choice-of-law rule in the field of intellectual property in the light of art. 65 (b) EC.

The rationale of Art. 65 (b) applied in the field of intellectual property should have been explain better by the European Institutions. For example, the choice for the *lex loci protectionis* principle instead of the law of the country of origin for copyrights, should have been explained by rejecting the main argument advanced by the tenants of the *lex originis*: the need of legal certainty and the advantages of using a conflict rule that identifies a single governing law instead of a multitude of laws applying simultaneously. It could have explained that this argument (in favour of a

simpler, more legible and more certain solution) would be conclusive only if the country of origin could be easily identified, which is less and less the case; secondly, that in the long lasting debate between territorialists *versus* universalists, which correspond to a preference for the *lex protectionis* and the *lex originis* respectively, the first prevailed as demonstrated by the way in which the international intellectual property system have developed. In the debates leading up to the adoption of the Berne convention, some delegations advanced this “alternative” notion of a “universal copyright law” but were defeated by the prevalent pragmatic demand of greater national control over the course of copyright law. The Commission could have explained that the preference for the *lex protectionis* stems from the fact this is the only law available in matter of IPR infringements, being the truly expression of the territoriality that characterizes these rights and that implicitly organizes the coexistence of parallel laws and distinct rights. That no national intellectual property law purports to grant IPRs abroad. And that if jurisdiction is exercised in relation to the alleged infringement of an intellectual property right abroad, the member courts should apply the only law having an interest in the matter. According to an authoritative opinion, this conclusion relies not at all on question of sovereignty, being simply the consequence of the “logic and the function of the choice-of-law process”, i.e not to make applicable another law that cannot in “its own terms” be applied, thus have rendering the choice-of-law process “incoherent”.

As regarding protection of intellectual property it could be said that the *lex loci protectionis* principle coincide with the criterion of the *lex loci delicti commissi*, i.e. the law of the country where the right of intellectual property has allegedly been violated, with the fundamental clarification that the latter should be applied even if the infringing act occurred in a country different from that whose courts know the case. The country of protection and the country of infringement do not necessarily coincide: by and large, the main argument in favour of inserting a specific choice-of-law rule for IPR infringements in the Rome II Regulation was to fill the gap left by the Berne Convention, by providing a uniform choice-of-law solution for the cases in which the domestic law of the forum does not apply.

It's worth to note that, notwithstanding the clear wording finally adopted in Article 8, referring to the law of the country *for which protection is sought*, i.e. the country for the territory of which protection is claimed, the Commission interpreted this expression in its 2003 commentary in a slight ambiguous way, precisely as “the law of the country *in which protection is claimed*”. According to the Commission, the territorial principle, as used in the Berne and Paris Conventions, should be understood in copyright cases as “the law of the country where the violation was committed”; on the other hand, for the counterfeit of an industrial property right the applicable law is that “of the country in which the patent was issued or the trademark or model was registered”. In the words of the Commission, this solution would enable “each country to apply its own law to an infringement of an intellectual property right which is in force in its territory”, thus confirming “that the rights held in each country are independent”.

This interpretation of the special rule for intellectual property in Article 8 seems to suggest that the law applicable to a non-contractual obligation resulting from an infringement of an intellectual property right should always be interpreted as the law of the country before the courts of which the claim is brought, in which protection is sought and in which the act of infringement was committed. In other words, as a consequence of the view expressed by the European Commission the universally recognized principle of the *lex loci protectionis* could still be interpreted by the national courts in member States in a very “strict” way, as inevitably pointing to the law of the seized court (the *lex fori*). This suggestion is misleading, because the Protecting State is *not necessarily* the State where the proceeding is pending, at least under Community civil procedure law. Brussels I Regulation, which covers jurisdiction for claims in intellectual property sets out as a basic rule (Article 2 of the Regulation) that the courts in the country of defendant's domicile are competent to adjudicate “all” claims raised against him or her, including any action involving the infringement or the validity of a copyright under the law of another EU country or any action involving “pure” infringement cases of registered rights. In addition, in cases of torts, if the plaintiff chooses the courts at the place where the harmful event has occurred or is threatening to occur, only the latter

courts – and not the courts in the country of defendant’s domicile – must apply their own substantive law when considering the merits of the case, being the courts at the place where the harmful event has occurred, the unauthorized use of the protected subject matter has made, and the courts of the country for the territory of which protection is claimed.

