

Rome II and intellectual property rights: Choice of law brought to a standstill

by

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Introduction

Article 8 of the Rome II Regulation¹ has a special regime for the law applicable to non-contractual obligations arising from an infringement of intellectual property rights ('IPRs'). That obviously leads to the question what changes this regime brings and what the impact of that provision is on the enforcement of IPRs within the European Union as we know it today.

If one looks at what article 8 actually provides, one is not necessarily too 'overwhelmed' and might believe it is a rather harmless piece of legislation.² Shortly put, article 8 states (a) that the law of the country for which protection is claimed – the *lex loci protectionis* – shall apply, and (b) that parties have no freedom of choice with regard to the applicable law. These provisions do not strike one as examples of cutting-edge new law, and that is indeed the case. However on closer scrutiny, it appears that the regime that Rome II introduces is not as innocent as it may seem and will probably bring the further development of conflict of laws rules for obligations arising from an infringement of IPRs to a standstill. Against the backdrop of globalization, a revolutionary growth of an internet based economy and an increasing relevancy of Intellectual Capital as an asset class, it may be clear that such a standstill is not the kind of medicine that a single European market, where innovation should flourish, needs.

Before going into the detail of Rome II, it is probably wise to remind oneself that the added value of European law is not necessarily in its actual content. European Union law is still a work-in-progress and therefore the added value of a regulation is first and foremost that it elevates a certain subject matter up to the level of European Community law. The Rome II regulation is no exception, and as a result this area of private international law is no longer the sovereign playground of the national laws of the Member States, but has become a matter that is harmonized throughout the entire European Community. Rome II achieves this goal for all Member States, with only Denmark as the 'odd man out.'³ Bearing in mind that the 27 Member States come from different legal traditions and also have different national interests, if only because of the varying levels of economic prosperity within their national borders, the importance of harmonization should not be underestimated. This goal is underscored in the first recital of Rome II where one reads: *'The Community has set itself the objective of maintaining and developing an area of freedom, security and justice. For the progressive establishment of such an area, the Community is to adopt measures relating to judicial cooperation in civil matters with a cross-border impact to the extent necessary for the proper functioning of the internal market'*.

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¹ 'Regulation (EC) no 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II)', L 199/40 *Official Journal*, 31 July 2007.

² See also: Josef Drexl, 'The Proposed Rome II Regulation', in: J. Drexl and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 152.

³ Article 1(4) of Rome II states: *'For the purposes of this Regulation, 'Member State' shall mean any Member State other than Denmark.'* Recital 40 explains that *'in accordance with Articles 1 and 2 of the Protocol on the position of Denmark, annexed to the Treaty on European Union and to the Treaty establishing the European Community, Denmark does not take part in the adoption of this Regulation, and is not bound by it or subject to its application.'*

Obviously, the European Union coming up with legislation is only the first step towards developing this area of the law, but it is a critical step that needs to be taken. The true benefit of Rome II will probably be that the European Court of Justice ('ECJ') now has jurisdiction over issues of private international law with regard to non-contractual obligations and will therefore be in a position to provide guidance to the further development thereof. Rome II should therefore most of all be seen as a necessary step towards creating more of a level playing field within the single European market.

Acknowledging the step forward that has been made by the mere fact that Rome II is there, does of course not excuse us from taking a closer look at what Rome II actually brings and evaluating whether the newly created European private international law rules as they now will apply to infringements of IPRs as from 11 January 2009⁴ can also be applauded as additional steps forward? As already mentioned, I am afraid that this is not the case.

For the purpose of evaluating the added value of Rome II, I have in particular made use of the Intellectual Property Principles as adopted by the American Law Institute in 2007.⁵ These Principles ('ALI IP Principles') do contain an impressive codification of private international law principles covering all aspects of intellectual property rights, including not only the applicable law to infringements, but also title to and transfer of IPRs, jurisdiction, as well as recognition and enforcement of foreign judgments in transnational cases. Contrary to what the name of the organization might lead one to believe, these principles are not limited to an American perspective, but have benefitted from contributions by an truly international group of advisors and of its three reporters - Rochelle C. Dreyfuss, Jane C. Ginsburg and Francois Dessemontet – the last one has a Swiss background.⁶

Scope: intellectual property rights?

Article 8 of Rome II concerns infringement of 'intellectual property rights'. That leads to the obvious question what the actual scope of that term is in the context of this Regulation.

Recital 26 sheds some light on this issue. It states that '*for the purposes of this Regulation, the term 'intellectual property rights' should be interpreted as meaning, for instance, copyright, related rights, the sui generis right for the protection of databases and industrial property rights*'. This 'definition' does not strike one as being very exact, but that should probably be seen as an indication that the term should not be interpreted too narrow.

Further guidance can probably be found in the fact that the European Community is a signatory to the '*Agreement on trade-related aspects of intellectual property rights*' – better known as TRIPs.⁷ In its judgment of 14 December 2000 in the joined cases of *Dior v Tuk* and *Assco v Layher* the ECJ⁸ has ruled that it has jurisdiction to interpret TRIPs since that treaty also contains obligations that the Community has assumed. Therefore, it appears that rights that are within the scope of TRIPs must therefore be seen as IPRs in the context of Rome II. That includes the IPRs covered by the Paris Convention (patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin), the Berne Convention (copyright), the Rome

⁴ Article 32 Rome II: Date of application: '*This Regulation shall apply from 11 January 2009, except for article 29, which shall apply from 11 July 2008.*'

⁵ *Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes as adopted and promulgated by the American Law Institute at San Francisco, California, May 14, 2007*, American Law Institute Publishers, St. Paul, MN, 2008.

⁶ Francois Dessemontet, 'A European Point of View on the Ali Principles – Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes', *Brook. J. Int'l L*, Vol. 30:3, 2005, p. 849-864. See also : Catherine Kessedjian, 'Current International Developments in Choice of Law: An Analysis of the ALI Draft', in J. Basedow et al. (eds.), *Intellectual Property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p.20-37.

⁷ Annex 1C to the 'Agreement Establishing the World Trade Organization'. See: http://www.wto.org/english/docs_e/legal_e/legal_e.htm#TRIPs.

⁸ 14 December 2000, *Dior a.o.* (C-300/98 and C-392/98, Jurispr. page. I-11307): '(33). *TRIPs, which is set out in Annex 1 C to the WTO Agreement, was concluded by the Community and its Member States under joint competence (see Opinion 1/94 of 15 November 1994 [1994] ECR I-5267, paragraph 105). It follows that where a case is brought before the Court in accordance with the provisions of the Treaty, in particular Article 177 thereof, the Court has jurisdiction to define the obligations which the Community has thereby assumed and, for that purpose, to interpret TRIPs.*'

Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations and the Treaty on Intellectual Property in Respect of Integrated Circuits. In addition, it seems clear that the unitary Community IPRs are within the scope of Rome II, if only because article 8(2) contains a special rule for these rights. That pretty much covers most rights that are generally considered to be IPRs, but there still will be room for discussion.

Most national laws have (*sui generis*) forms of protection for certain subject matter that may be regarded as intellectual property. This is, for instance, the case with rights related to the use of a portrait or likeness of (well-known) persons (also known as the right of publicity), non-original writings and slavish imitations or passing off. One may question whether such rights or forms of protection do qualify as IPRs in the context of Rome II.⁹ Such border line issues may, for instance, affect brands of non-profit organizations that may not have an ‘enterprise’ as may be required for trademark or trade name protection. It may also affect the rights of professional athletes, sports clubs and organizers of events such as the Tour de France or the Olympic Games. Realizing that revenue streams from broadcasting and merchandising are substantial, the economic interests concerned – and market impact thereof – should not be underestimated.

Another kind of borderline legal regime concerns the protection of technical ‘know-how’¹⁰ or trade secrets in general. The protection granted to trade secrets is very much a matter of national law, and the actual protection available differs from country to country. However, under these national laws trade secret protection is in general not seen as an absolute, exclusive property right. Nevertheless trade secrets – or ‘undisclosed information’ – are a subject matter that has been given shelter in article 39 of TRIPs. The unclear status of the regime for trade secrets is also underscored in that same article 39 of TRIPs, that speaks of ‘ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention (1967)’ with regard to protecting information submitted to governments or governmental agencies. Article 39(2) TRIPs further provides that the possibility has to be available to prevent information ‘from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information’ – shortly put – is (a) secret, (b) has commercial value because it is secret, and (c) has been subject to reasonable steps to keep it secret. Whether this justifies the conclusion that trade secrets are to be seen as IPRs within the meaning of Rome II is unclear to me.¹¹ The ALI IP Principles do expressly include trade secrets in their list of rights set forth in Section 102 that deals with the scope and applicability of these Principles.¹²

Since these various ‘border-line’ rights and forms of protection probably may also qualify as ‘unfair competition’, this qualification issue does not seem critical in that it would mean that such

⁹ In its Explanatory Memorandum of 22 July 2003 (2003/0168 (COD)), the Commission refers to ‘acts that exploit a competitor’s value (passing off and the like)’ on page 15 as an example of rules against unfair competition in the context of article 6. However, at least as a matter of Dutch law, is not necessarily clear that such a legal regime cannot be qualified as a form a ‘common law intellectual property rights’. See also: Matthias Leistner, ‘Unfair Competition Law protection Against Imitations: A Hybrid under the Future Art. 5 Rome II Regulation?’ in: J. Basedow et al. (eds.), *Intellectual Property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p. 129 and Matthias Leistner, ‘Comments: The Rome II Regulation Proposal and its Relation to the European Country-of-Origin Principle’, in: J. Drexl and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 178 and p. 189-193.

¹⁰ See article 1(1)(i) of Commission Regulation (EC) No 772/2004 of 27 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements (Official Journal L 123, 27/04/2004, p. 0011 – 0017): “‘know-how’ means a package of non-patented practical information, resulting from experience and testing, which is: (i) secret, that is to say, not generally known or easily accessible, (ii) substantial, that is to say, significant and useful for the production of the contract products, and (iii) identified, that is to say, described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality.’”

¹¹ In its Explanatory Memorandum of 22 July 2003 (2003/0168 (COD)), the Commission also – on page 16 – refers to ‘industrial espionage, disclosure of business secrets’ as forms of unfair competition, and more in particular as acts of unfair competition that target a specific competitor, which then triggers the possible application of the special rule of article 6(2) of Rome II, leading back to the application of the general rules of article 4 of Rome II (which are deemed to be inappropriate for IPRs).

¹² *Op. cit.* in footnote 5, p. 15-18.

obligations might be outside the scope of Rome II altogether. However, the issue seems not to be of only academic interest, since the regime that applies to acts of unfair competition does substantially differ from the regime that applies to IPRs.

One fundamental difference is that with regard to acts of unfair competition, article 6(2) of Rome II has a special rule for acts that affect '*exclusively the interests of a specific competitor*'. In that case, the general rule of Article 4 applies and may result in the application of the law of the habitual residence of both parties, if that residence happens to be the same country.

The second material difference is that when an act of unfair competition affects the market in more than one country, then article 6(3)(b) allows for the person '*seeking compensation for damage who sues in the court of the domicile of the defendant*' to '*choose to base his or her claim on the law of the court seised, provided that the market in that Member State is amongst those directly and substantially affected by the restriction of competition out of which the non-contractual obligation on which the claim is based arises*'. In case of multiple defendants that may even result in the law of that forum to apply to all defendants, provided that '*the restriction of competition on which the claim against each of these defendants relies directly and substantially affects also the market in the Member State of that court*'.¹³ Since the regime for 'unfair competition' gives more flexibility than the regime for IPRs, it may in certain cases be enticing with regard to some of these 'border line intellectual property rights' to disclaim being an IPR and opt for the unfair competition label instead. Time will tell whether this is only an academic issue or not.

Lex loci protectionis or lex loci delicti?

Article 8(1) of Rome II provides that '*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*'. Recital 26 makes it clear that the legislator had no innovative ambitions here, but simply wished to preserve '*the universally acknowledged principle of the lex loci protectionis*' with regard to IPRs.¹⁴ Article 8(2) then follows by providing what appears to be a different rule with regard to unitary Community intellectual property rights. For any question that is not governed by the relevant Community instrument, the applicable law shall be '*the law of the country in which the act of infringement was committed*'. Thus, we seem to have the *lex loci delicti* rule for unitary Community intellectual property rights, on the one hand, and the *lex loci protectionis* rule for other IPRs, at the other hand.

The curious mind will probably start wondering what the differences and clear demarcation lines are between these two rules. That curiosity may even be triggered further by the Comment on the Draft Proposal for Rome II by the Hamburg Group.¹⁵ There the point was made that a special conflicts rule for IPRs – that was lacking in the original Draft – was needed and this proposal was simply accepted by the European Commission. In this Comment one also reads that in all Member States and

¹³ It also seems noteworthy in this context that the Paris Convention for the Protection of Industrial Property of 1883 also applies to acts of unfair competition. Article 1(2) of that Convention states that the protection of industrial property has among its object not only what we regard to be industrial property rights as such, but also 'the repression of unfair competition.' Article 10bis(3) of the Paris Convention then provides that the following shall be prohibited as forms of unfair competition: '(i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor; (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor; (iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.' It seems that the fact that such acts are governed by the Paris Convention does not mean that they are governed by article 8 of Rome II instead of article 6.

¹⁴ See also: Eugen Ulmer, *Intellectual Property Rights and the Conflict of Laws*, Kluwer/Commission of the European Communities, 1978, p. 11-12.

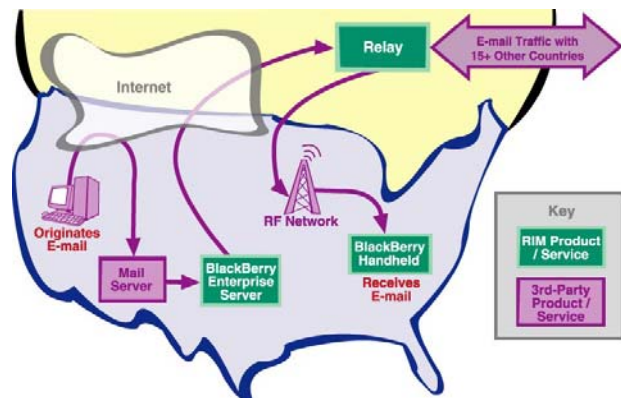
¹⁵ Hamburg Group for Private International Law, Comments on the European Commission's Draft Proposal for a Council Regulation on the Law Applicable to Non-Contractual Obligations, *Rabels Zeitschrift*, 2003, Comments on Article 6a p. 22. Available at: <http://www.mpipriv.de/de/data/pdf/commentshamburggroup.pdf>.

international conventions infringements of industrial property rights ‘are governed by the *lex loci protectionis* and not by the *lex loci delicti*.’¹⁶

However, I would strongly advise against losing too much sleep over the difference between these two rules when it comes to IPRs (although I probably did exactly that before coming to this conclusion). Contrary to what these two different terms suggest, their actual content is not somehow clearly defined (or ‘carved in stone’) and these terms are often used interchangeably.¹⁷ In addition, the application of each rule will, according to most scholars that have digested the subtle differences between both concepts, lead to the same outcome in the overwhelming majority of cases. Given the territoriality of IPRs, it is hard – if not impossible – to infringe a national IPR without committing an ‘infringing act’ in the country where the right exists. The major difference between both concepts seems to be that the *lex loci protectionis* has a broader scope of application, since it does not only focus on infringement *per se*, but also provides a choice of law rule for other, related aspects, such as the law that applies to issues related to the creation, validity and property aspects of IPRs.¹⁸ However, since article 8 of Rome II only concerns non-contractual obligations arising from an infringement of an intellectual property right, this broader scope of the *lex loci protectionis* does not seem relevant in this context. According to some,¹⁹ the advantage of the *lex loci protectionis* may be that it does not require first establishing where the actual ‘act of infringement’ occurs. In case of an infringement that may take place in multiple jurisdictions, determining that location can be quite cumbersome, in particular if the notion of what constitutes an infringing act is not necessarily the same in all jurisdictions concerned.

I am not convinced, however, that the *lex loci protectionis* really makes a difference in this regard, if compared with the *lex loci delicti*. Real problems with determining where an infringement takes place in case multiple jurisdictions are involved, primarily seem to arise if what happens in each jurisdiction is only part of what is required to qualify as an infringement in that jurisdiction.

The *Blackberry* case is an illustration of such a scenario. Canada based Research In Motion, Ltd. (‘RIM’) was confronted with a claim by NTP, Inc. (‘NTP’) that the use of RIM’s international BlackBerry e-mail system infringed NTP’s U.S. patents. RIM’s e-mail relay – which relay is only one of the distinguishing features of NTP’s U.S. patents²⁰ – was located in Canada and therefore RIM argued that infringement of NTP’s patents did not occur ‘within the United States’. That argument was not followed by the U.S. Court of Appeals for the Federal Circuit. That court ruled that the test is not whether the infringement takes place



¹⁶ For a critical review of the Hamburg Group’s reasoning as to the need for an article 8 against the background of the existing international conventions on IPRs as well as the finding that the *lex loci protectionis* is the rule in the laws of all Member States, see: Nerina Boschiero, ‘Infringement of Intellectual Property Rights – A commentary on Article 8 of the Rome II Regulation’, in: A. Bonomi and P. Volken (eds.), *Yearbook of Private International Law*, Volume 9 (2007), Lausanne, 2007, p. 94-102.

¹⁷ See: Mireille M.M. van Eechoud, *Choice of Law in Copyright and Related Rights, Alternatives to the Lex Protectionis*, Kluwer Law International, The Hague, 2003, p. 105.

¹⁸ See: James J. Fawcett and Paul Torremans, *Intellectual Property and Private International Law*, Oxford Monographs in Private International Law, Clarendon Press, Oxford, 1998, p. 467-468; Van Eechoud, (*Op. cit.*, footnote 17), 2003, p. 106; Marta Pertegás Sender, ‘Patent Infringement, Choice of Laws, and the Forthcoming Rome II Regulation’, in: J. Basedow et al (eds.), *Intellectual property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p. 169; Van Eechoud, *Overleefde territorialiteit: Grensoverschrijdende auteursrechtinbreuken onder de ‘Rome II’-ontwerpverordening*, *AMI* 2005-2.

¹⁹ See: Marta Pertegás Sender, *Cross-Border Enforcement of Patent Rights*, Oxford Private International Law Series, 2002, para. 5.145 and Marta Pertegás Sender, *Op.cit.* (see footnote 18), 2005, p. 168.

²⁰ For a summary: http://patentlaw.typepad.com/patent/2005/01/canada_challeng.html.

within the United States, but whether ‘*control and beneficial use*’ of the infringing system is within the United States.²¹ As this case illustrates, allegedly infringing acts that take place in multiple jurisdictions do not so much create an applicable law problem but much more create an issue of national law, in terms of how far abroad that national law can expand its reach and how liberal an interpretation is still justified in that context.²² That certainly is a challenging subject, but applying the *lex loci protectionis* instead of the *lex loci delicti* does not seem to make a difference here.

Lex loci protectionis and lex loci delicti in article 8

One has to realize that both the *lex loci protectionis* and the *lex loci delicti* are not used in article 8(1) of Rome II to come to different outcomes. They function as two sides of the same coin. The reason why article 8(2) refers to the *lex loci delicti* for unitary Community intellectual property rights ‘*for any question that is not governed by the relevant Community instrument*’ is only a practical one, since the *lex loci protectionis* is not able to cover all the bases for these Community IPRs.

The Community Regulations creating Community IPRs do contain some provisions as to remedies and sanctions in case of infringement of these rights, but for those issues not provided for in the Regulations themselves, these Regulations instruct the courts to apply the law of the Member State where ‘*the acts of infringement or threatened infringement were committed, including the private international law.*’²³ To the extent that the reference to the private international law of the Member State leads to the *lex loci protectionis*, that outcome is not very helpful, because the *locus protectionis* of these unitary Community rights is the Community as a whole. Substantive Community law with regard to, for instance, liability for infringement does not exist and that is the reason why Rome II points to the *lex loci delicti* as a backup conflicts rule for those aspects left unresolved by Community law.²⁴ The downside thereof is that this may lead to the application of several laws in case of multistate infringements, but until these blank spots are filled in by European law, there seems to be no better alternative available.

Now that both the *lex loci protectionis* and *lex loci delicti* are incorporated in article 8 of Rome II, the European Court of Justice may further define these concepts in its jurisprudence. Whether or not, there are indeed subtle differences to be found between these two concepts, when it comes to the law applicable to a non-contractual obligation arising from an infringement of an IPR, is now for that court to determine.

Lex loci protectionis and lex loci delicti as opposed to the lex loci damni

For a proper understanding of the impact of the *lex loci protectionis* or the *lex loci delicti* one should bear in mind that the *lex loci protectionis* rule was primarily used as justification for including a separate regime for IPRs in Rome II, which was not provided for in the original draft.²⁵

Article 4(1) of Rome clearly opts for the *lex loci damni*: ‘*the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred*’. This *lex loci damni* is introduced as the general rule in deviation from – or as a further refinement of – the

²¹ U.S. Court of Appeals for the Federal Circuit, 14 December 2004, case number 03-1615, *NTP, Inc. v Research in Motion, Ltd*: <http://www.ll.georgetown.edu/federal/judicial/fed/opinions/03opinions/03-1615.pdf>.

²² See also: Annette Kur, ‘Applicable law: and alternative proposal for international regulation – the Max-Planck Project on international jurisdiction and choice of law’, *Brook. J. Int’l L*, Vol. 30:3, 2005, p. 967 and Annette Kur, ‘Trademark conflicts on the internet: territoriality redefined?’ in J. Basedow et al (eds.), *Intellectual property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p. 179-182.

²³ Article 98(2) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, Official Journal L 011 , 14/01/1994, p. 0001 – 0036; Article 89(1)(d) of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, Official Journal L 003 , 05/01/2002, p. 0001 – 0024 and article 97 of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, Official Journal L 227, 01/09/1994, p. 0001 – 0030.

²⁴ See also: Eike Schaper, ‘Choice-of-law Rules in the EU – Special Issues with Respect to Community Rights – Infringement of Community Trade Marks and Applicable Law’, in: J. Drexler and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 201-213 and Axel Metzger, ‘Community IP Rights & Conflict of Laws’, in: J. Drexler and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 216-225.

²⁵ See also: Josef Drexler, (Op. cit. in footnote 2), p. 154-158.

lex loci delicti rule. Recital 15 states that the *lex loci delicti commissi* is the basic solution for non-contractual obligations in virtually all the Member States, but claims that ‘*the practical application of the principle where the component factors of the case are spread over several countries varies*’, which ‘*engenders uncertainty as to the law applicable.*’ The *lex loci damni* is then put forward in recital 16 as (a) a uniform rule that strikes a fair balance between the interests of the person claimed to be liable and the person sustaining the damage and as (b) also reflecting the modern approach to civil liability and the development of systems of strict liability.

Rome II therefore introduces as the general rule the *lex loci damni*, instead of the *lex loci delicti*. As article 4(1) of Rome II determines, the law of the country in which the damage occurs shall apply ‘*irrespective of the country in which the event giving rise to the damage occurred*’.²⁶ The *lex loci damni* rule is considered to be inappropriate for IPRs because it undermines the principle of territoriality of IPRs. Except for the unitary Community IPRs, and in spite of an increasing harmonization by Community directives and international IP conventions (such as TRIPs), IPRs are still bundles of national IP rights, which are governed by the national IP laws of each relevant jurisdiction. Whether or not a German patent is infringed, is to be a matter of German law. However, if the owner of a German patent is for instance based in China, then the *lex loci damni* might perhaps result in the application of Chinese law. To avoid something like that from happening a special conflicts rule for IPRs was proposed by the Hamburg Group: ‘*in contrast the lex loci protectionis refers to the law of the country in which the act of infringement was committed*’.²⁷ The main purpose of article 8 is therefore to make sure that the *lex loci damni* rule does not apply to IPRs and both the *lex loci protectionis* rule of article 8(1) and the *lex loci delicti* rule of article 8(2) function to achieve that goal.

Article 8: a ‘one trick pony’

What strikes one as odd is that the regime of article 8 of Rome II provides only for a general rule to determine the law that applies to an infringement of an IPR: the *lex loci delicti* for Community IPRs and the *lex loci protectionis* for all other IPRs. There is no set of additional sub-rules that may further refine the choice of law process for IPRs. On the contrary, article 8(3) of Rome II expressly excludes the possibility for parties to derogate from the law that is applicable as a result of article 8(1) or (2). This effectively means that the choice of law process for infringements of IPRs is a one way street without any crossroads or possibility for detours.

The claustrophobic attitude with regard to the law that may be applicable to non-contractual obligations arising from an infringement of IPRs is also reflected in article 13 of Rome II. Chapter III of Rome II concerns non-contractual obligations arising (i) out of unjust enrichment (article 10), (ii) out of acts performed without due authority in connection with the affairs of another person (article 11; *negotiorum gestio*) or (iii) out of dealings prior to the conclusion of a contract (article 12, *culpa in contrahendo*). To avoid any impact of these rules on the law applicable to infringement of IPRs, article 13 expressly provides that ‘*for purposes of this chapter*’ only ‘*article 8 shall apply to non-contractual obligations arising from an infringement of an intellectual property right.*’ Non-contractual obligations arising from infringement of IPRs are thus fully quarantined from the rules that apply to torts in general and treated as if they have the plague.

Rome II therefore does not allow for any flexibility with regard to determining the law that applies to non-contractual obligations arising from an infringement of IPRs. Consequently the value of predictability and certainty has displaced the other values that should also be taken into consideration

²⁶ As the judgment of the ECJ in *Handelskwekerij Bier v Mines de potasse d’Alsace* of 30 November 1976 makes clear the *loci damni* (‘*Erfolgsort*’) can be seen as a *specialis* of – and included in – the *loci delicti* (‘*Handlungsort*’), as the court did rule in that case, which made it possible for a Dutch court to assume jurisdiction under article 5(3) of the Brussels Convention over a French defendant in a case brought by a Dutch plant breeder with regard to liability for polluted Rhine water. One can therefore see the *lex loci damni* rule as ‘*nothing but a restatement of the traditional lex loci delicti rule, with its “last event” sub-rule*’, as Symeonides notes.

See: Symeon C. Symeonides, *Rome II and Tort Conflicts: A Missed Opportunity*, 56 *American Journal of Comparative Law* (2008), p. 16.

²⁷ Hamburg Group, (*Op. cit.* in footnote 15) at page 23. One can also note that the *lex loci protectionis* is defined here in ‘*loci delicti*’ terms, thus underscoring that these two regimes are indeed complementary.

for a choice of law process ‘such as the need for sensible, rational, and fair, decisions in individual cases’ as Symeonides observes.²⁸

The rigidity of the system that article 8 provides for IPRs is particularly surprising if one takes into consideration that Article 8 is only there to solve the problem that the application of the *lex loci damni* creates for IPRs. This problem – created by the general rule of article 4(1) of Rome II – can indeed be fixed by replacing that general rule for torts as such with another general rule for IPRs, as article 8(1) en (2) do. However, the general rule of article 4(1) is accompanied by exceptions to that general rule.

Article 4(2) of Rome II states that if both parties ‘have their habitual residence in the same country at the time when the damage occurs, the law of that country shall apply.’ This rule might again result in an unwanted deviation from the *lex loci protectionis* and the principle of territoriality, since it would mean that in case a Dutch party would infringe upon a German patent owned by a Dutch patentee, Dutch patent law would apply. That explains why this sub-rule has not been incorporated in article 8.

Article 4(3) of Rome II provides that if ‘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.’ It further states that ‘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.’ By simply not including a ‘manifestly more closely connection’ option at all, this possibility to allow for flexibility, even if only warranted in exceptional cases, has been blocked altogether.²⁹

The reason for this exclusion simply seems to be that the proposal as submitted by the Hamburg Group also did not contain any such alternative rule for IPRs. I am, however, not aware of any outrageous precedent case law or scenarios that warrant such a drastic measure. On the contrary, given that choice of law issues with regard to IPRs are just in their infancy – if only because the technological developments that cause the increasing globalization of IPR exploitation are also of a relatively recent date (at least from the perspective of the average lawyer) – it seems absurd for any legislator to make a further exploration of this legal *terra incognita* simply impossible. As Nerina Boschiero rightfully observes: ‘as perfection “is not for this world”, each legislature has to provide for a certain degree of flexibility in order to overcome its intrinsic fallibility.’³⁰ Having observed that the rigidity of the system as provided by article 8 does



²⁸ Symeon C. Symeonides, (*Op.cit.* in footnote 26), p. 9: ‘If the American experience has something to offer, it is a reminder that a system that is too rigid - as the traditional American system was - ultimately fails to deliver the promised predictability because, in a democratic society no system can “mechanize judgment”[...] and, to the extent it attempts to do so, judges will ignore it.’

²⁹ The complete failure to provide for any ‘escape clause’ with regard to IPRs is even more disappointing if one reads the ‘words of wisdom’ that recital 14 of Rome II contains: ‘The requirement of legal certainty and the need to do justice in individual cases are essential elements of an area of justice. This Regulation provides for the connecting factors which are the most appropriate to achieve these objectives. Therefore, this Regulation provides for a general rule but also for specific rules and, in certain provisions, for an ‘escape clause’ which allows a departure from these rules where it is clear from all the circumstances of the case that the tort/delict is manifestly more closely connected with another country. This set of rules thus creates a flexible framework of conflict-of-law rules. Equally, it enables the court seised to treat individual cases in an appropriate manner.’

³⁰ Nerina Boschiero, (*Op.cit.* in footnote 16), p. 110.

not seem to solve any known problem, one then has to note that the lack of flexibility will make it ‘challenging’ to address existing problems.

The multiple jurisdiction infringement

One of the clear problems facing litigants with regard to infringements of IPRs is that the alleged infringements may occur in numerous countries simultaneously. In this regard, one only has to think of an internet publication³¹ or the distribution of a product throughout the entire, single European market.

Application of the *lex loci protectionis* will mean that the national IP laws of all 27 Member States will have to be applied. It seems obvious that such is nothing less than a nightmare for the parties, whether they be the plaintiff or the defendant. Compared with being able to resolve their dispute under one applicable law, the additional cost for legal advice will be ‘impressive’ (x 26), if not prohibitive, while the end result may be hard to predict and may differ from country to country. Such a result – resembling a patchwork quilt – is probably not what either the plaintiff or the defendant will be happy with. In addition, the European public interest – that strives for a single European market with a free flow of goods – and the European consumer is also poorly served. It basically adds an additional layer of substantial costs to IP litigation concerning the single European market.

One does not need to be a rocket scientist to appreciate that justice is better served if the scope and scale of such litigation can somehow be simplified and managed. Under article 8 of Rome II, this is a luxury that seems not be available for IPR litigants. They basically have the same range of options as the purchasers of T Ford automobiles had in the 1920s: ‘you can have any color, as long as it is black’, i.e., the *lex loci protectionis*.

The ALI IP Principles, however, contain a regime in section 321³² that specifically tries to address this situation. In case of what is called an ‘ubiquitous infringement’ section 321(1) gives the opportunity to choose ‘*to apply to the issues of existence, validity, duration, attributes, and infringement of intellectual property rights and remedies for their infringement, the law or the laws of the State or States with close connections to the dispute, as evidenced, for example, by: (a) where the parties reside; (b) where the parties’ relationship, if any, is centered; (c) the extent of the activities and the investment of the parties; and (d) the principal markets toward which the parties directed their activities.*’ Section 312(2) then provides for an additional safety measure by stating that notwithstanding the applicable law(s) as determined via this route ‘*a party may prove that, with respect to particular States covered by the action, the solution provided by any of those States’ laws differs from that obtained under the law(s) chosen to apply to the case as a whole*’ and that the ‘*court shall take into account such differences in determining the scope of liability and remedies.*’

The sophisticated kind of flexibility as provided by these ALI IP Principles could easily have been available under Rome II by simply copying Section 321. Another – and probably simpler – option would have been to have the ‘manifestly closer connection’ exemption, as provided for torts in general in article 4(3) of Rome II, also apply to IPR infringements. I fail to see why these options have to be denied to IP litigants, i.e., which problem is solved by prohibiting any exploration of these alternatives, also keeping in mind that any such exploration would be done under the control of the European Court of Justice that will have ample opportunity to fine-tune any such sub-rules.

Another option would have been to at least have the regime of article 6(3)(b) of Rome II also apply to IPR infringements. Article 6(3)(b) states that, when the market is affected in more than one country, a party seeking compensation for damage who sues in the court of the domicile of the defendant, may choose to base that claim for damages ‘*on the law of the court seised, provided that the market in that Member State is amongst those directly and substantially affected by the restriction of competition*’. Given that IPR infringements can also be seen as a subcategory of unfair competition, it seems hard to argue against providing this kind of flexibility that only concerns the determination of damages and does not affect having the actual infringement governed by the *lex loci protectionis*.

³¹ Samuel K. Murumba, ‘Intellectual Property Online: the Challenge of Multi-territorial Disputes’, *Brook. J. Int’l L.*, Vol. 30:3, 2005, p. 813-817.

³² (*Op.cit.* in footnote 5), p. 153-157.

A market impact rule?

Another known problem, as for instance addressed by Annette Kur,³³ is that with the rising number multi-jurisdictional conflicts there also seems to be a need for a restrictive understanding of what may constitute an actionable infringement in a particular territory. One can imagine that in case of a potential infringement in more than one jurisdiction, an infringement should only be held to occur in a jurisdiction if it does have a significant market impact on the market in that country ('market impact rule').

In this context one can think of cases concerning the use of conflicting trademark on the internet.³⁴ As an example, Kur refers to the *Brokat* case decided by the French Court of Appeal in Nanterre in 1996.³⁵ Two unrelated companies had obtained registrations in France and in Germany respectively for the trademark 'Payline' for software used for online banking services. The German company used its mark on its German-only homepage; it did not sell, nor did it offer to sell, its products in France. Nevertheless, a French court, applying French law, arrived at the conclusion that the display of the trademark on the German company's website infringed the French trademark owner's right, and ordered the mark to be deleted from the text of the internet website.

This problem is also addressed by the WIPO Joint Recommendation on the Protection of Signs, and Other Rights in Distinctive Signs, Against Use on the Internet, which was adopted in the fall of 2002 by the General Assemblies of WIPO and the Paris Convention.³⁶ In article 2 of the Joint Recommendation, it is stipulated that an infringement shall only be held to occur in a particular territory if its use has commercial effect there.

Strictly speaking – and as noted above in the context on the Blackberry case – this is not necessarily a choice of law issue, but more a matter of how far the reach of national law should be. The difference with the Blackberry case is that under the market impact rule national law is to refrain from applying to certain '*de minimis*' situations, while in the Blackberry case national law was expanded, in that certain actions taking place abroad were still deemed to be within reach of national law if and when '*control and beneficial use*' thereof occurred within that national jurisdiction. Even though these issues are not necessarily to be qualified as choice of law issues, having choice of law rules that allow for flexibility may in a given situation perhaps turn out to be only available option to properly tackle these problems. In that case the lack of a market impact rule – or of a 'manifestly closer connection' alternative to the *lex loci protectionis* – for IPRs might be dearly missed.

No choice of law

Article 8(3) of Rome II states that '*the law applicable under this Article may not be derogated from by an agreement*'. As a result, the parties to an IPR infringement case are not allowed to choose the law that will apply to their dispute. The same prohibition on choice of law is provided for in article 6 with regard to non-contractual obligations arising out of acts of unfair competition. Party autonomy is denied as neither pre-tort nor post-tort choice of law agreements are allowed.

The reason to block party autonomy is not directly clear. The Explanatory Memorandum of the Commission simply states that '*Freedom of will is not accepted [...] for intellectual property, where it would not be appropriate.*' Why party autonomy would not be appropriate for IPRs, is not

³³ Annette Kur, (*Op. cit.* in footnote 18), *Brook. J. Int'l L.*, p. 966-969 and Annette Kur, (*Op. cit.* in footnote 18), Tubingen, 2005, p. 179-182.

³⁴ See also: Richard Garnett, 'Trademarks and the Internet: Resolution of International IP Disputes by Unilateral Application of U.S. Laws', *Brook. J. Int L.*, Vol 30:3, 2005, p. 813-817, Josef Drexl, (*Op. cit.* in footnote 2), p. 168-169.

³⁵ TGI Nanterre, Oct. 13, 1997, *SG2 v. Brokat Informations Systeme GmbH*, available at <http://www.juriscom.net/txt/jurisfr/ndm/tginanterre19971013.htm>.

³⁶ Adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Sixth Series of Meetings of the Assemblies of the Member States of WIPO on September 24 to October 3, 2001. See: Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights and Signs, available at http://www.wipo.int/about-ip/en/development_iplaw/pub845.htm. See also: Johannes Christian Wood, 'The Joint Recommendation Concerning Protection of Marks', in: J. Drexl and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 257-264.

explained. The basis for this exclusion can probably be traced to back to the point of view of the Hamburg Group that party autonomy should not be allowed ‘where public interests are or may be involved’.³⁷

However, the mere fact that public interests are involved, and the parties may therefore not be completely free to agree as they please, does not seem to be a convincing reason to ban party autonomy altogether.³⁸ I fail to see why the public interests involved cannot properly be served by restraining party autonomy by competition (anti-trust) law and public policy exceptions.³⁹ To the extent that unequal bargaining power between the parties is feared, again competition law (abuse of a dominant position) and general principles of contract law seem to be able to provide for the necessary ‘checks and balances’.

One should not lose sight of the fact that in case of an (allegedly) infringing activity throughout the entire, single European market, the *lex loci protectionis* rule will result in the laws of 27 Member States being applicable. A total ban on a freedom of choice for the parties, forces the litigants to fight a ‘27-headed-*lex-loci-protectionis*-dragon’, which will require grueling legal fees and will be a true nightmare for the parties (if not for the judge(s) that have to render judgment). I fail to appreciate that ‘public interests’ cannot allow for at least a post-tort agreement between the parties to manage their conflict and make it possible for them to agree on a practical and efficient way to resolve their conflict and manage their costs. That also qualifies as a public interest to me. Also here, one wonders what actual problem is supposed to be solved by this absolute ban on party autonomy in the absence of any known aberrations in case law.⁴⁰

Again the ALI IP Principles make it clear that an alternative approach is certainly viable.⁴¹ Section 302(1) provides that ‘the parties may agree at any time, including after a dispute arises, to designate a law that will govern all or part of their dispute.’ However, that freedom of choice is restricted by section 302(2) that provides, among others: ‘The parties may not choose the law that will govern the following issues: (a) the validity and maintenance of registered rights; (b) the existence, attributes, transferability and duration of rights, whether or not registered.’ Section 302(3) then adds that ‘any choice-of-law agreement under subsection (1) may not adversely affect the rights of third parties.’ It is hard to imagine that within such boundaries the exercise of party autonomy could lead to a situation in which the public interest can indeed be seriously at risk.

Recital 31 of Rome II (31) speaks highly of the blessings of party autonomy in general: ‘To respect the principle of party autonomy and to enhance legal certainty, the parties should be allowed to make a choice as to the law applicable to a non-contractual obligation. [...]. Where establishing the existence of the agreement, the court has to respect the intentions of the parties. Protection should be given to weaker parties by imposing certain conditions on the choice’. With such guidelines, party

³⁷ Hamburg Group, (*Op. cit.* in footnote 15) at page 38: ‘However, the parties’ choice should be without effect where public interests are or may be involved. This concerns competition law, which always aims at the protection of certain markets, not only in the interest of the market actors, but also with a view to the public good. Similar considerations apply to the infringement of industrial and intellectual property rights due to their territorial scope and to the protection of the environment which usually pursues some public interests beyond the protection of the landowners who are directly affected.’ Claudia Hahn and Olivier Tell (administrators with the Commission) mention that the ‘Commission thus took into account an opinion which was expressed with unanimity during the written consultation of 2002.’ See: Claudia Hahn/Olivier Tell, ‘The European Commission’s Agenda: The Future ‘Rome I and II’ Regulations’, in: J. Basedow et al (eds.), *Intellectual property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p. 15. See also Richard Fentiman, ‘Choice of Law and Intellectual Property’, in: J. Drexler and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 132 for a critical note on the relevance of public interest

³⁸ See also: Nerina Boschiero, (*Op. cit.* in footnote 16), p. 107-110 and Th.M. De Boer, ‘Party Autonomy and its Limitations in the Rome II Regulation’ in: A. Bonomi and P. Volken (eds.), *Yearbook of Private International Law*, Volume 9 (2007), Lausanne, 2007, p. 25-26 and p. 29.

³⁹ See in this regard: Josef Drexler, ‘Which Law Protects Consumers and Competition?’, in: J. Basedow et al (eds.), *Intellectual Property in the Conflict of Laws*, Mohr Siebeck, Tübingen, 2005, p. 99-106.

⁴⁰ See also: Axel Metzger, ‘Community IP Rights & Conflict of Laws’, in: J. Drexler and A. Kur (eds.), *Intellectual Property and Private International Law*, IIC Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford, 2005, p. 218.

⁴¹ *Op. cit.* in footnote 5, at page 129-133.

autonomy as provided for in article 14 of Rome II does not seem to be able to result in grossly unjust or undesirable outcomes of disputes between litigants. In addition, the European Court of Justice would – also here – always be able to step in and correct any wrong that might develop. Simply blocking a party choice of law, therefore seems like a clear example of ‘throwing out the baby with the bath water’.

Universal application of foreign (non-EU) law

In an effort not to end this article in a too depressive tone, I do mention that the Regulation does not discriminate against the application of a foreign law that is not the law of a EU country. Article 3 of Rome II makes that clear by stating: *‘any law specified by this Regulation shall be applied whether or not it is the law of a Member State.’*

This approach is noteworthy because with regard to the unitary Community IPRs *‘as an object of property’* a different regime applies. In the three regulations providing for Community trademarks, design rights and plant variety rights, there is a conflict of laws rule that states that the Community IPR *‘as an object of property shall be regarded in all respects, and for the entire territory of the Community, as a corresponding property right in the Member State’* in which the holder is – simply put – domiciled. This rule applies to such ‘property law issues’ to the extent they are not provided for in the applicable Regulation itself.⁴² However, if going through the cascading rules for determining domicile of the owner does not end in a particular Member State, then the laws of the Member State in which the relevant Community Office has its seat are applicable. The Community Plant Variety Office is located in Angers, France, and the Office for the Harmonization of the Internal Market (‘OHIM’) is located in Alicante, Spain. Consequently, French civil law applies to plant variety rights and Spanish civil law applies to trademarks and design rights of foreign holders that have no domicile within a Member State. This for instance means that if a New York based trademark owner transfers his worldwide trademark portfolio to a Japanese purchaser, the issues related to the transfer of ownership of the Community trademarks, to the extent not provided for in the Community Trademark Regulation itself, are mandatorily governed by Spanish civil law. With all due respect to our Spanish friends, their civil law is not necessarily better suited for this purpose than for instance New York law or Japanese law.

Since I fail to grasp what a justified reason for this mandatory application of Spanish or French law with regard to ‘property aspects’ of Community IPRs might be – other than an effort to increase the demand for Spanish and French law legal advice – the fact that the Community legislator has now chosen to wholeheartedly accept the possible application of, for instance, U.S. or Japanese law to non-contractual obligations arising from infringement of IPRs certainly looks like a change for the better. It makes one even hope that this ‘advanced insight’ will result in that same Community legislator reconsidering the wisdom of the above provisions of these Community IPR Regulations.

Conclusion

The main purpose of legislation is to solve problems. This means that good legislation requires a clear picture of the problem that is there to be solved as well as of the required solution. It also means that in the absence of a problem, there is no need for a solution and the legislator is allowed to simply sit back. Furthermore, standard solutions should apply to standard problems. Therefore, if the picture of either the problem or the solution is not clear, a wise legislator will allow for flexibility, so that courts can fine-tune the solution and properly balance between conflicting interests. Consequently, good legislation can only provide a rigid body of law, if the subject matter concerned has been fully

⁴² Article 22(1) of Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights, Official Journal L 227 , 01/09/1994, p. 0001 – 0030; article 16 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, Official Journal L 011 , 14/01/1994, p. 0001 - 0036 and article 27 of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, Official Journal L 003 , 05/01/2002, p. 0001 – 0024.

explored and the law has been fully developed. This is certainly not true today for issues of applicable law to IPR infringements, which means that any legislation concerning this subject matter that does not provide for (some) flexibility, is ‘bad law’ by definition.

Recital 1 makes it clear that the problem that Rome II wishes to solve is the negative impact that judicial cooperation in cross border civil matters may have on the proper functioning of the internal market. That problem certainly justifies taking measures to harmonize conflict of laws rules and to provide for a level European playing field. However, the preemptive effect of such a harmonization is the equivalent of a bulldozer running over the individual playgrounds of the Member States. It is always good advice – before taking out a bulldozer and leveling a playing field – to have a clear picture of the desired shape and form of the final landscape that one wishes to create and an understanding of which obstacles need to be removed for to create that landscape.

The fact that the first draft of Rome II did not contain any provisions for IPRs, indicates the absence (i) of the perception that there was a problem or (ii) of a clear picture of the optimal solution. When article 8 was included at a later stage, the ambition was not to create new law, but simply to codify ‘*the universally acknowledged principle of the lex loci protectionis*’, as recital 26 states. The ambition was simply to protect this universally acknowledged principle against the *lex loci damni* rule that article 4(1) introduces as the general rule for non-contractual obligations arising out of torts in general. If the *lex loci damni* would indeed apply to IPRs, such could create the problem that the *lex loci protectionis* might be set aside.

To solve the problem that IPRs might be subjected to the *lex loci damni* rule, it seems to make sense to remove that obstacle⁴³ and to declare the *lex loci protectionis* to be the general rule for IPRs. However, if the perceived problem is limited only to that general rule of article 4(1), then a wise legislator will also limit himself to fixing only that problem.

If there is no clear problem with the sub-rules – such as the ‘manifestly closer connection’-alternative or party choice-of-law provisions – then a wise legislator will not throw away these options: ‘*if it ain’t broke, don’t fix it!*’ In the absence of any ‘clear and present danger’ that threatens to materialize if a ‘manifestly closer connection’ sub-rule or some form of party autonomy might also apply to infringement of IPRs, a good legislator should fight the temptation to solve any non-existent or unknown problems. However, by doing just that and banning both alternatives for IPR infringements, the European legislator did a disservice to IPR litigants, in particular when they are confronted with an infringement throughout the entire single European market. Rome II does not give them the possibility to limit the applicable law to *the law or the laws of the State or States with close connections to the dispute*, as, for instance, the ALI IP Principles would do. In addition, they are not given the possibility to agree to designate a law that will govern all or part of their dispute, as – again – the ALI IP Principles would do. Instead, Rome II only gives them the option to apply the national laws of each of the Member States for which protection is sought. The worst case scenario here is that both plaintiff(s) and defendant(s) have to fight a 27-headed-*lex-protectionis*-dragon. That means that pan European IP litigation will only be a real option for litigants with deep pockets and something that small or medium seized companies may not be able to afford.

Because of the poor quality of the end product, one might have hoped that the impact of Rome II is limited to the level of European law only. In that case one could have tried to achieve a more flexible outcome via the route of the various national *lex loci protectionis*. If the conflict of laws provisions of those applicable national laws have a ‘manifestly closer connection’ sub-rule for IPR infringements or allow for a choice of law by the parties, the litigants could then start chopping off a few heads of the dragon – if not all but one – via the private international law rules of the applicable national laws. However, article 24 of Rome II seems to cut off that escape route by stating that the *application of the law of any country specified by this Regulation means the application of its rules of law in force in that country other than its rules of private international law.*’ Rome II therefore seems to have preemptive effect.

⁴³ However, the ‘manifestly closer connection’ escape route of article 4(3) of Rome II, might perhaps allow for sufficient room to maneuver and prevent such a scenario from materializing.

Against this background, it seems that Rome II is probably worse for IPR infringements than simply ‘a missed opportunity’, as Symeonides concludes with regard to Rome II as a whole.⁴⁴ I am afraid that article 8 of Rome II is effectively the equivalent of ‘one step forward and at least one – if not two – steps back’ compared with a situation in which the European legislator would have left these issues to be first further developed by national law and waited for case law to mature.

It therefore seems to me that the IP community has to set its hopes at the review process as provided for in article 30 of Rome II, which article prescribes that the Commission has to submit a report on the application of Rome II not later than 20 august 2011. Until then the possibility to enhance the law applicable to non-contractual obligations arising from an infringement of an intellectual property right under Rome II has been brought to a standstill.

⁴⁴ *Op. cit.* in footnote 26, p. 1. See also: Symeon C. Symeonides, ‘The American Revolution and the European Evolution in Choice of Law: Reciprocal Lessons’, *Tulane Law Review*, 2008, p. 1741-1800.