Article 8 Infringement of intellectual property rights

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ARTICLE 8 INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

(1) The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.

(2) In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.

(3) The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

Overview

I. Introduction

1. *Lex loci protectionis*. Since the general rule contained in Article 4(1) is not compatible with the specific requirements in the field of intellectual property law, discussion during the preparatory stage focused on whether to exclude the subject from the scope of the Regulation or whether to lay down a special rule for the infringement of intellectual property rights.[1] Finally, the Commission adopted the latter approach with Article 8. According to Article 8(1), the law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed. This regulation does not entail any factual modifications of international intellectual property law as the general view has always been that any infringement of intellectual property rights is governed by the law of the country for which the infringed party claims protection (***lex loci protectionis***).[2] According to the Recitals of the 1

1. COM (2003) 427 final, 20.
2. On the general acceptance of the *lex loci protectionis* in the Member States and within the framework of international conventions, cf. *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', RabelsZ 67 (2003), 1, 22 et seq.; see also ECJ Case C-9/93, *IHT*

Regulation, the principle of the *lex loci protectionis* is a 'universally acknowledged principle'.[3]

2 **2. Territoriality Principle.** The application of the *lex loci protectionis* in international intellectual property law is based on the **territoriality principle**.[4] According to this principle, the application of national intellectual property rights is restricted to the territory of the country in which they are recognized in accordance with national statutory requirements.[5] The holder of an intellectual property right can therefore never claim a uniform transnational intellectual property right. Instead, he holds a number of national rights, the individual requirements and legal consequences of which depend on the respective national law and which may differ as to content, extent and term of protection.

3 The establishment of the *lex loci protectionis* is also a rejection of the **universality principle**. The latter is mainly advocated with respect to copyright, which, it is argued, should not be allowed 'to dissolve into nothingness whenever a border is crossed'.[6] Instead, the copyright established in the work's country of origin ought to be applicable worldwide. This claim is based on the quite reasonable argument that copyright is today almost universally based on the act of creation itself and not any more on a national act of award. This 'denationalization' disposes of the main reason for recognizing copyright only within the narrow borders of a country's territory. Nonetheless, the universality principle has not prevailed in international conventions or academic literature up to today.[7]

II. Scope of Application

4 **1. Intellectual Property Rights.** Recital 26 lists examples of different intellectual property rights that are to come under Article 8:

'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.'

5 The reference to copyright confirms that Article 8 concerns registered as well as unregistered intellectual property rights.[8] **Copyright** includes not only rights of exploitation, but also rights relating to the personality of the creator. This does not conflict with Article 1(2)(g), which excludes the violation of rights relating to personality from the scope

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Internationale Heiztechnik GmbH v. Ideal-Standard GmbH, para. 22; and for German international private law, *Bundesgerichtshof*, I ZR 24/ 92, BGHZ 126, 252 (253) – *Folgerecht bei Auslandbezug* (in German), I ZR 88/ 95, GRUR 1999, 152, 153 – *Spielbankaffaire* (in German).

3. Regulation 864/2007/EC (Rome II), Recital 26: 'Regarding infringements of intellectual property rights, the universally acknowledged principle of the *lex loci protectionis* should be preserved'; for a contrary view, cf. *Dickinson*, Art. 8 ROME II, in The ROME II Regulation: The Law Applicable to Non-Contractual Obligations (Oxford: Oxford University Press, 2008), mn. 22, stating that, prior to this Regulation, there was no consistent practice even among the Member States.

4. COM (2003) 427 final, 20.

5. Cf. (for copyright) *Dreier*, Vor §§ 120 ff. UrhG, in Urheberrechtsgesetz (Dreier and Schulze eds, 3rd ed. München: Beck, 2008), mn. 28.

6. *Schack*, Urheber- und Urhebervertragsrecht (4th ed. Tübingen: Mohr Siebeck, 2007), mn. 806; *id.*, Urheberrechtsverletzung im internationalen Privatrecht – Aus der Sicht des Kollisionsrecht, GRUR Int. 34 (1985): 523; for objections to the universality principle, cf. *Dreier*, Vor §§ 120 ff. UrhG, in Urheberrechtsgesetz, mn. 29; *Katzenberger* Vor §§ 120 ff. UrhG, in Urheberrecht (Schricker ed., 3rd ed. München: Beck, 2006), mn. 122.

7. An exception is the Convention of Montevideo regarding the protection of works of literature and art of 1889; cf. *Katzenberger*, Vor §§ 120 ff. UrhG, in Urheberrecht, mn. 66.

8. *Dickinson*, Art. 8 ROME II, in The ROME II Regulation, mn. 11.

of the regulation.[9] According to Recital 26, intellectual property rights also include **related rights** and the ***sui generis* right for the protection of databases.**

Recital 26 also lists **industrial property rights** among the intellectual property rights. These include not only patents, utility models or industrial designs, but also trademarks and commercial designations.[10] European and international usage[11] indicates that the term 'intellectual property,' as applied in Article 8, also includes the protection of geographical indications of origin.[12] 6

2. Other Non-contractual Obligations. Article 13 stipulates that Article 8 is also applicable to other non-contractual obligations arising from an infringement of intellectual property rights. The blanket reference serves to avoid problems of qualification and ensures harmonization in cases of conflicting claims.[13] 7

3. Acts of Unfair Competition. Article 8 takes precedence over **Article 6** as *lex specialis*. Acts of unfair competition infringing an intellectual property right must therefore be judged solely in accordance with Article 8.[14] The differentiation between Article 6 and Article 8 frequently poses problems with respect to copyright and trademark protection and the protection of geographical designations of origin under competition law.[15] 8

III. Determination of the Applicable Law

1. *Lex Loci Protectionis*. According to the wording of Article 8(1), the law of a country will be applicable if protection is claimed for its territory. Article 8(1) does not impose any further requirements; in particular, it is not required that any potential acts of infringement have taken place in the respective country. It is sufficient that the actual or alleged holder of the intellectual property right wants to claim protection by the law of a specific country. 9

2. Restrictions of the *Lex Loci Protectionis*? a. Territoriality Principle. It is debatable whether the *lex loci protectionis* should apply in this pure form or whether additional requirements for the applicability of a specific law should be imposed. The territoriality principle implies that intellectual property rights in force in a specific country can only be infringed if the act of infringement takes place in this country. With respect to copyright law, for example, the German *Bundesgerichtshof* (Federal Court of Justice, BGH) has concluded 'from the fact that the protection of national copyright law will always be restricted to 10

9. *Sack*, Das IPR des geistigen Eigentums nach der Rom II-VO, *WRP* 54 (2008): 1405, 1406.
10. Cf. Paris Convention for the Protection of Industrial Property, *UNTS* 828 (1883): 305 et seq., Art. 1(2): The protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition.
11. Cf. Art. 1(2) of the Paris Industrial Property Convention (fn. 10 above); Art. 2(1) lit. c) (iv) Anti-Piracy Regulation 1383/2003/EC: For the purposes of this Regulation, "goods infringing an intellectual property right" means: ... (c) goods which, in the Member State in which the application for customs action is made, infringe: ... (iv) designations of origin or geographical indications under the law of that Member State or Council Regulation (EEC) No 2081/92 and (EC) No 1593/1999.
12. *Sack*, Internationales Lauterkeitsrecht nach der Rom II-VO, WRP 54 (2008): 845, 858 et seq.; *id.*, *WRP* 54 (2008): 1405, 1406.
13. *Junker*, Annotations on Art. 42 EGBGB, in Münchener Kommentar zum Bürgerlichen Gesetzbuch Vol. 10 (Sonnenberger ed., 4th ed. München: Beck, 2006), mn. 62.
14. *Junker*, Die Rom II-Verordnung: Neues Internationales Deliktsrecht auf europäischer Grundlage, NJW 60 (2007): 3675, 3680.
15. Cf. the more detailed discussion in the commentary on Art. 6 mn. 8.

the area of application of its territory' that 'national copyright can only be infringed by a violation committed within the country'.[16] The applicability of the law of a specific country might therefore be considered to depend upon the violation having taken place in this country. As a result, the country for which protection can be claimed would be determined on the basis of the place of infringement.

11 **b. Significant Domestic Connecting Factor.** The location of the place of infringement is generally discussed as an issue of substantive law, however. The determination of the applicable law is confined to establishing that the plaintiff bases his claims on the intellectual property law of this or that country[17] while the question of whether any infringement has actually occurred within the country is left to be discussed as a substantive law issue. The decision of the German *Bundesgerichtshof* in the *Hotel Maritime* case is exemplary: The plaintiff, owner of a trademark registration for the mark 'Maritim', sought injunctive relief against a Danish defendant presenting his hotel under the domain name www.hotel-maritime.dk. While the Federal Court discusses at length the question of international jurisdiction of German courts, it simply presumes the applicability of German law. The question whether a significant domestic connecting factor can be presumed to exist is discussed as a substantive law issue. The claim for trademark infringement is rejected by the Court since a 'significant domestic connecting factor with economic relevance' of the advertisement under the domain name www.hotelmaritime.dk could not be established. This argument, however, is one of private international law; it would be more convincing if this aspect were discussed in determining the applicable law and the applicability of the respective law was rejected because a case of infringement is without a significant domestic connecting factor.

12 The consideration of the domestic connecting factor as an issue of conflict of laws is primarily opposed with the argument that the wording of Article 8 does not provide for such a restriction and that there are no other indications for such a restrictive application of the *lex loci protectionis*.[18] The provisions of Article 8 do not, in fact, explicitly provide for such a restriction, nor are there any indications for this in the recitals of the regulation. However, the requirement of a domestic connecting factor can be deduced from the territoriality principle – that is, the conflict rule on which the regulation of Article 8(1) is based. The requirement of a significant domestic connecting factor is a genuine conflict-of-laws question and should therefore be discussed at this level.

13 **3. Multi-state Torts. a. No Restriction of the *Lex Loci Protectionis*.** The *lex loci protectionis* according to Article 8 also generally applies if one and the same violation can be related to a multitude of countries (multi-state torts) as in the case of press releases, radio and television broadcasts and the Internet. Insofar as the *lex loci protectionis* is to be applied without the restrictive prerequisite of a significant domestic connecting factor, the multi-state tort requires no special consideration as only the country for which the holder of the right 'claims' protection is relevant. The number of countries the violation may be related to is of no significance within the framework of the conflict-of-laws examination.

16. *Bundesgerichtshof*, I ZR 24/ 92, BGHZ 126, 252 (253) – *Folgerecht (in German)*; cf. also *Hartmann*, Vor §§ 120 ff UrhG, in Urheberrechtsgesetz (Möhring and Nicolini ed., 2nd ed. München: Vahlen, 2000), mn. 4; *Sack*, Das internationale Wettbewerbs- und Immaterialgüterrecht nach der EGBGB-Novelle, WRP 46 (2000): 269, 271.
17. Cf., e.g., *Bundesgerichtshof*, I ZR 88/ 95, GRUR 1999, 152, 153 – *Spielbankaffaire*: The plaintiff has based his claims only on the infringement of exclusive television rights held by him for the territory of Luxembourg. The country for which protection is claimed is therefore Luxembourg.
18. *Sack*, WRP 54 (2008): 1405, 1413 et seq.

b. Alternative: Significant Domestic Connecting Factor. On the other hand, numerous conflict-of-laws questions are raised by multi-state torts within the framework of Article 8(1) if a significant domestic connecting factor is not altogether to be dispensed with for the applicability of a specific law. If the question of a significant domestic connecting factor is to be resolved, a territorial localization of the infringement of intellectual property rights has to be effected within the framework of Article 8(1). This is not always simple. While classic tort cases like damages to property or personal injuries can easily be localized as a rule, the localization of infringements of intellectual property rights is much more difficult. For one thing, the objects of legal protection concerned are intangible and thus much harder to localize. For another, the focus of infringements of intellectual property rights has increasingly shifted to the virtual reality of the Internet where points of reference are difficult to locate and may be established more or less arbitrarily.[19] 14

c. Example: Infringement of the Right of Making Available. aa. The Problem of Territorial Localization. Infringements of the right of making a work available to the public are an example for the problem of localization in copyright cases. Copyright grants the creator the exclusive right to make his works available to the public on the Internet. If this right is infringed by a third party offering the download of a work protected by copyright, the place of infringement has to be determined. Is it located at the place where the work is uploaded – that is, at the location of the server or at the place where the third party has arranged for the work to be made available to the public online? Should the opposite be the case, with the infringement being located wherever the work can be downloaded, which would mean at any place worldwide? Would a compromise that determines the number of relevant places of infringement by assessing criteria be more preferable? Article 8 does not answer these questions, and the arguments and uncertainties that have characterized the discussion up to now remain unresolved. 15

bb. The Criterion of Noticeable Influence. According to the prevailing view, neither the place of upload nor the place where the work is available for download online can provide the basis for an adequate solution. The former entails the danger that potential violators might manipulate the determination of the law applicable in their favour by resorting to countries that offer no or only slight or unenforceable copyright protection.[20] In the latter case, the ubiquity of the Internet would locate the place of infringement everywhere, leading to the hardly appropriate parallel application of the legal orders of all countries.[21] Academic literature therefore aims to restrict the relevant places of infringements by assessing criteria, mostly on the basis of the principles applied by international competition law for the location of the affected market. These are based on the criterion of **noticeable influence**.[22] Only if an infringement is directed at a specific country and the copyright interests in this country are noticeably affected, the law of this country is to be applicable. Whether this is the case may only be decided by considering the individual circumstances, such as the language of the website, restrictions of the offer to specific countries, prices in a specific currency, or use of disclaimers.[23] 16

19. Cf. *Buchner*, Rom II und das Internationale Immaterialgüter- und Wettbewerbsrecht, *GRUR Int.* 54 (2005): 1004, 1007.
20. *Dreier*, Vor §§ 120 ff. UrhG, in Urheberrechtsgesetz, mn. 41.
21. *Dreier*, Vor §§ 120 ff. UrhG, in Urheberrechtsgesetz, mn. 42.
22. Cf. on competition law, *Köhler*, Introduction UWG, in Wettbewerbsrecht (Köhler and Bornkamm eds, 25th ed. München: Beck, 2007), mn. 5.8; *Mankowski*, Internet und Internationales Wettbewerbsrecht, GRUR Int. 48 (1999): 909, 915 et seq.; on the respective application of the principle of noticeable influence in copyright law, cf. *Dreier*, Vor §§ 120 ff. UrhG, in Urheberrechtsgesetz, mn. 42.
23. *Köhler*, Introduction UWG, in Wettbewerbsrecht, mn. 5.8; *Mankowski*, GRUR Int. 48 (1999): 909, 915 et seq.; *Dreier*, Vor §§ 120 ff. UrhG, in *Urheberrechtsgesetz*, mn. 42.

17 This mediatory approach is preferable in particular as it is the only way in which the application of a pertinent legal order may be ensured. However, the question then is what practical relevance the *lex loci protectionis* will retain. As under the general rule of Article 4(1), it is the place of infringement that is actually decisive. Again, where this place of infringement is to be located in case of doubt is to be determined in accordance with the principle of the affected market of competition law. Article 8 does not retain much relevance as an independent conflict rule in this context.

IV. Scope of the Applicable Law

18 According to Article 15 of the Rome II Regulation, the *lex loci protectionis* according to Article 8 is generally applicable, governing, among other things, the elements of infringement, the protection requirements of the asserted intellectual property right and sanctions. The *lex loci protectionis* also governs the grounds for exemption from liability and the limitation of liability, such as terms of protection and provisions for protection.

19 According to Article 15 point f, the *lex loci protectionis* also governs who is entitled to compensation for damage sustained personally. It is arguable whether it follows that the *lex loci protectionis* also determines the first holder of an intellectual property right when compensation is claimed. On the one hand, it might be objected that the principle of *lex loci protectionis* is not generally accepted as far as the issue of first holder is concerned.[24] On the other hand, Article 15 emphasizes that the *lex loci protectionis* is to be applicable to *all* requirements of the protection of intellectual property rights.[25] In order to avoid splitting conflict rules, the *lex loci protectionis* should therefore also determine the first holder of an intellectual property right when compensation is claimed.

V. Infringement of a Unitary Community Intellectual Property Right (paragraph 2)

20 The rule favouring the *lex loci protectionis* is not appropriate for Community intellectual property rights that apply to the territory of the Community as a whole. Instead, under paragraph 2, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.

21 At present, four kinds of Community intellectual property rights have been created by Community Regulations:

- Community trademarks,[26]
- Community design rights,[27]
- Community plant variety rights,[28] and
- geographical indications and designations of origin.[29]

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24. *Klass*, Ein interessen- und prinzipienorientierter Ansatz für die urheberkollisionsrechtliche Normbildung: Die Bestimmung geeigneter Anknüpfungspunkte für die erste Inhaberschaft, GRUR Int. 57 (2008): 546, 547 fn. 9.
25. *Sack*, WRP 54 (2008): 1405, 1410.
26. Regulation 40/94/EC of 20 Dec. 1993 on the Community Trademark.
27. Regulation 6/2002/EC of 12 Dec. 2001 on Community Designs.
28. Regulation 2100/94/EC of 27 Jul. 1994 on Community Plant Variety Rights.
29. Regulation 510/2006/EC of 20 Mar. 2006 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs.

The so-called 'European patent' as defined by the European Patent Convention (EPC) does not constitute a Community intellectual property right. The European patent granted under the EPC is not a central patent but instead a 'bundle' of national patents governed by the EPC and administered by the European Patent Office (EPO). 22

VI. Choice of Law (paragraph 3)

According to paragraph 3, the law applicable under this Article may not be derogated from by an agreement pursuant to Article 14. In the course of the legislative procedure, one subject of debate was whether choice of law should also be granted for non-contractual obligations arising from an infringement of intellectual property rights. The European Parliament took the view that there seemed 'to be no reason why such agreements cannot be concluded in relation to intellectual property'.[30] 23

One reason that leaves no room for free choice in international intellectual property law is the continued applicability of the territoriality principle under the Rome II Regulation.[31] It is a basic characteristic of the territoriality principle that the treatment of an intellectual property right depends exclusively on the legal order of the country on which the right is based. The legal order of this country is to determine the establishment of the right and the first holder, as well as the content, extent and term of protection, the transferability of the rights of use, and the consequences of an infringement. The territoriality principle does not allow for any separate treatment of specific aspects like the existence, content or infringement of an intellectual property right. The separate choice of another law by the parties is therefore not possible. 24

30. See European Parliament – Committee on Legal Affairs, Draft Report on the Proposal for a Regulation of the European Parliament and of the Council on the Law Applicable to Non-Contractual Obligations (Rome II) COM (2003) 427 – C5-0338/2003 – 2003/0168 (COD), Amendment 25 – Justification (17): 'There also seems to be no reason why such agreements cannot be concluded in relation to intellectual property.'
31. Cf. mn. 10.