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**INTELLECTUAL PROPERTY RIGHTS
INFRINGEMENT ON THE INTERNET:
AN ANALYSIS OF THE PRIVATE INTERNATIONAL
LAW IMPLICATIONS**

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Thesis submitted for Doctor of Philosophy
City University London

The City Law School

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Abstract

The topic “Intellectual Property Rights Infringement on the Internet: An Analysis of the Private International Law Implications” has become increasingly important as the Internet has revolutionized the traditional understanding of the rules of private international law which govern the determination of jurisdiction in the case of intellectual property rights infringement over the Internet.

The private international law of intellectual property has until recently been both straightforward and based on traditions, geographical boundaries and physical space¹.

However, the ubiquitous nature of the Internet has brought new challenges in the area of the private international law of intellectual property, which lawmakers, judges and lawyers have to deal with. In particular, the private international law of intellectual property needs somehow address the fact that many of the actions and effects of intellectual property rights infringement within the territory of a particular Member State will not actually have physically taken place there². For example, material protected by intellectual property law can be uploaded in one state, downloaded in another, and viewed in a large number of other states³. This means that the intellectual property rights infringers and the owners of intellectual property rights are often miles apart, while the infringers might never have set foot in the country or region where the harm occurs⁴. Moreover, damage is typically suffered in multiple states simultaneously.

Therefore, the question of which national authorities have jurisdiction over matters theoretically located in cyberspace is the first point of interest for every intellectual property rights owner whose rights are infringed over the Internet. Thus, the main aim of this work is to identify the problems and provide jurisdictional solutions with regard to the application of the existing jurisdictional rules according to the Council Regulation 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters in the case of intellectual property rights infringement over the Internet. For without clear and effective jurisdictional rules of intellectual property rights infringement over the Internet, the internal market cannot function properly.

¹ Arthur Harry. W. & Kreklewich, Robert, law, *Legal Institutions, and the Legal Profession in the New Economy* (Osgoode Hall law School 1996) 16.

² Bernhard Maier, ‘How has the law attempted to tackle the borderless nature of the Internet’ [2010] *International Journal of law and information Technology*, 142.

³ Niloufer Selvadurai, ‘The Proper Basis for exercising jurisdiction in Internet disputes: Strengthening state boundaries or moving towards unification?’ [2013] *Journal of Technology law and policy* 1.

⁴ Shinder Littlejohn, Debra, *Scene of Cybercrime – Computer forensics Handbook* (Syngress PublishingInc. 2002) 629.

Chapter 1

Introduction

1.1 The interface between private international law and intellectual property rights

Private international legal oversight of intellectual property has not always been easy. To many intellectual property lawyers, private international law seems like an esoteric and complicated field of law with many potential pitfalls⁵. But no-one doubts its importance both practically and in terms of policy: with huge global intellectual property rights infringement and the growth of the Internet, private international law issues, such as where an action can be brought, are of first importance.

In order to conduct an adequate legal analysis of the impact of the Internet on intellectual property rights infringements over the Internet, an understanding of the interface between private international law and intellectual property rights is necessary.

1.1.1 Private international law

Private international law issues such as jurisdiction are not regulated globally. In spite of what the label suggests, private international law does not constitute a set

⁵ Stefan Leible, Angsar Ohly (ed), *Intellectual Property and Private International Law* (Mohr Siebeck 2009).

of rights and obligations between States, but aims to regulate transnational conduct between private parties. Thus, each country has its own set of private international law rules.

At the European Union level, the jurisdiction of the courts in civil and commercial disputes is governed by the Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters⁶ (hereafter the Brussels I Recast)⁷ (which replaces Regulation (EC) 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial matters⁸ and the Brussels Convention of 1968 on Jurisdiction and the Enforcement of Judgment in Civil and Commercial Matters⁹). The Brussels I Recast is applicable to any proceedings instituted before the court of EU Member States on or after January 10 2015. The Brussels I Recast is implemented in Member States of the EU and therefore applicable if the parties to the conflict are domiciled in the Member States of EU. Article numbering has changed, but from the perspective of this thesis, the changes in content are not relevant.

The fundamental jurisdictional principles of all three instruments are the same and there is a practical consensus that the case law of the European Court of Justice (ECJ) regarding the interpretation and application of the Brussels Convention or Brussels Regulation 44/2001 should automatically be followed in respect of all three, unless the existing (usually minor) differences in wording warrant making an exception¹⁰.

The main principle of private international law is the principle of territoriality. This denotes the territorial boundaries of state jurisdiction¹¹: namely, territoriality means that the laws adopted in a particular country have effect within the limits or boundaries of that jurisdiction. The application of this principle to offline activities is

⁶ Council Regulation (EC) on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters 1215/2012 [2012] OJ L 351.

⁷ For the purposes of this work all references will be made to the relevant Articles of the existing Regulation (EC) 1215/2012 (Brussels I Recast) (even if the case law or academic discussion refer to the relevant Articles of the Regulation (EC) 44/2001 or Brussels Convention of 1968).

⁸ Council Regulation (EC) on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters 44/2001 [2001] OJ L 012.

⁹ Convention (EC) on jurisdiction and the enforcement of judgments in civil and commercial matters Official journal of the European Communities [1968] OJ L C 27.

¹⁰ Michael Bogdan, 'The Brussels/Lugano Lis Pendens Rule and the Italian Torpedo' [2007] *Scandinavian Studies in Law*, 90.

¹¹ Brown, Karen B., Snyder, David V. (Eds.), *General Reports of the XVIIIth Congress of the International Academy of Comparative Law* (Springer 2012) 394.

usually approached on a territorial basis taking into account the geographical location of the parties of a dispute (e.g. the domicile of the defendant¹²).

There is also a presumption that by maintaining a system of courts that are empowered to decide civil cases, Member States must be prepared to apply the rules of private international law to cases with a foreign element¹³. Indeed, when a case contains a foreign element or the parties do not reside in the same country¹⁴, the court must determine whether it has jurisdiction to adjudicate on the case. If the court has no jurisdiction, the case shall be dismissed and the plaintiff should sue before another competent court.

1.1.2 Intellectual Property Rights and their infringement

“Intellectual property rights”¹⁵ is the umbrella phrase used to cover a wide range of assets. While they are all intangible, and therefore share certain factual and legal particularities, they also differ considerably.

At a general level it is possible to divide intellectual property rights into two categories¹⁶:

- Industrial property, consisting of, inter alia, inventions (patents), trademarks, and industrial designs; and
- Copyright, which, for example, can be embodied in literary and artistic works such as novels, poems, plays, paintings, sculptures and architectural designs.

Intellectual property law, like private international law, is also based on the principle of territoriality, albeit with a slightly different understanding. The first examples of exclusive intellectual property rights could be traced back to the Middle Ages when sovereigns and princes granted exclusive monopoly rights on an individual basis¹⁷.

¹² Chris Reed, *Internet Law. Text and Materials* (2nd ed, Cambridge University Press 2004) 217.

¹³ Brown, Karen B., Snyder, David V. (Eds.), *General Reports of the XVIIIth Congress of the International Academy of Comparative Law* (Springer 2012) 394.

¹⁴ Bogdan Michael, *Svensk Internationell Privat-och Processrätt* (5th ed., Stockholm 1999).

¹⁵ Intellectual Property (IP) is the term given to the productions of original intellectual or creative activity.

¹⁶ WIPO, Convention Establishing the World Intellectual Property Organization 1967, art. 2 (viii) <http://www.wipo.int/treaties/en/convention/trtdocs_wo029.html#P50_1504> accessed 8 June 2011.

¹⁷ J. Basedow, ‘Foundations of Private International Law in Intellectual Property’ in J. Basedow, T. Kono and A. Metzger (eds), *Intellectual Property in the Global Arena*, (Mohr Siebeck 2010) 7.

However, as the time passed most countries have adopted domestic statutes dealing with intellectual property rights¹⁸. And in order to protect creators in third countries, bilateral agreements have been adopted¹⁹.

With the development of international trade and speedy exchange of information, more and more countries have recognised that an effective international cooperation system is vital to enhance the protection of intellectual property rights around the world²⁰. A number of agreements and conventions have been reached.

A first international regulation of intellectual property was provided by two treaties concluded at the end of the 18th century, i.e. the Paris and Berne Conventions²¹. These treaties regulate a few substantive minimum rights and provide the principle of national treatment according to which each country shall accord the rights provided for in the conventions to the nationals of other contracting states²². One of the ideas of the Paris and Berne Conventions is the principle of territoriality according to which protection in a particular state could be granted if certain national law requirements are met²³.

Practically all countries of the world grant intellectual property rights which are valid and effective in their respective territory. Thus, arts and literature works, technical inventions, signs, etc. are subject to as many territorial rights as the countries which protect them at a national²⁴ and regional²⁵ level.

These national rights are independent from each other, so that granting protection in one country does not create an obligation for another state to grant

¹⁸ Brown (n 13) 394.

¹⁹ J. Ginsburg, 'The Private International Law of Copyright in an Era of Technological Change' [1998] *Recueil des Cours*, 273.

²⁰ Dermot W.J. Zhang, 'Cross-Border Enforcement of Intellectual Property Rights in an E-Commerce Environment' (2002) <<http://www.hllawyers.com/publications/en/publications-20.html>> accessed 25 June 2011.

²¹ WIPO, Paris Convention for the Protection of Industrial Property of March 20, 1883 <http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html> accessed 15 August 2011; WIPO, Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886 <http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html> accessed 15 August 2011.

²² Sam Ricketson, Jane C Ginsburg, *International Copyright and Neighbouring Rights. The Berne Convention and Beyond*, Volume I (2d ed., Oxford University Press 2006) 6.93.

²³ Brown (n 13) 394-395.

²⁴ On the need to harmonize distinct national IP rights with varying scope see: Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L157, recitals 8, 13; Directive (EC) 96/9 on the legal protection of databases, [1996] OJ L 077, recital 4; Regulation (EC) 469/2009 concerning the supplementary protection certificate for medicinal products [2009] OJ L 152/1, Art. 2.

²⁵ E.g. European Union intellectual property rights: See Treaty (EC) 2008/C Consolidated versions of the Treaty on European Union [2008] OJ L115/01, Art. 118; Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3, Art. 1(3), recital 2; Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1, Art. 1(2); Council Regulation (EC) 2100/94 on Community plant variety rights [1994] OJ L 227, Art. 2; Council Regulation (EC) 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [2006] OJ L 93/12, recital 6.

protection in relation to the same asset. In particular, Article 5(2) of the Berne Convention establishes the principle of the independence of literary and artistic works: “the enjoyment and the exercise of authors’ rights shall be independent of the existence of protection in the country of origin of the work”²⁶. Article 4 bis (1) of the Paris Convention enshrines the principle of the independence of patents: “Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not”²⁷. Finally, Article 6(3) of the Paris Convention establishes the principle of the independence of trademarks: “A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin”²⁸. As a result, an asset such as a book theoretically may be protected by intellectual property law in one country, but unprotected in another²⁹.

Intellectual property rights are a “creation” of national legal orders³⁰. As Ginsburg and Lucas note: “Each country determines, for its own territory and independently from any other country, what it is to be protected as intellectual property, who should benefit from such protection, for how long and how protection should be enforced”³¹. The conditions vary considerably between intellectual property rights.

In the case of registered rights (patents, trademarks and registered industrial designs), exclusive rights are granted on application to an official body such as the UK Intellectual Property Office, while in the case of unregistered intellectual property rights (copyright, unregistered design rights, rights in unregistered trademarks and confidential information) protection exists from the moment the work or sign is created or used.

²⁶ WIPO, Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886 <http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html> accessed 15 August 2011.

²⁷ WIPO, Paris Convention for the Protection of Industrial Property of March 20, 1883 <http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html> accessed 15 August 2011.

²⁸ *ibid.*

²⁹ *Hotel Maritime* [2005] 163/02 5 GRUR Int 433 (German Supreme Court); *Barcelona.com v. Excelentísimo Ayuntamiento de Barcelona* [2003] 330 F.3d 617 (U.S. Court of Appeals 4th Cir).

³⁰ Markus Perkams, James M. Hosking, ‘The Protection of Intellectual Property Rights Through International Investment Agreements: Only a Romance or True Love?’ [2009] 2 Transnational Dispute Management <<http://www.chaffetzlindsey.com/wp-content/uploads/2009/09/000074743.PDF>> accessed 7 June 2011.

³¹ J. Ginsburg, A. Lucas, ‘The Role of Private International Law and Alternative Dispute Resolution’ in WIPO, *Intellectual Property on the Internet: A Survey of Issues* (Geneva 2003) 283.

Intellectual property rights holders have the right to exclude others from using, reproducing, selling or distributing the protected asset.

However, regional and international economic integration in the second half of the 20th century contributed to the decline of the importance of the territoriality principle and shifted the regulation from national to supranational level³².

Indeed, the principle of national treatment and the substantive provisions of the Paris and Berne Conventions do not guarantee an appropriate level of protection; other subsequent international treaties have focused on establishing and imposing on national legislation minimum standards of protection³³. In particular, the TRIPS Agreement contemplates “effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems”³⁴. Yet the above mentioned international conventions do not address private international law issues. For example, when a copyright infringement dispute arises in one State that is a signatory to the Berne Convention (State X) concerning an author who hails from another signatory state (State Y), on hearing the case the court in State X would still apply and interpret national law³⁵. TRIPS do not change this scenario. This means that Intellectual property rights remain territorial. The effect of such intellectual property rights is limited to the territory of the state granting them.

This occurs in almost all countries including EU Member States³⁶, common-law countries around the globe³⁷ and the US³⁸.

³² Brown (n 13) 395.

³³ Pedro A. De Miguel Asensio, ‘The Networked information society: Territoriality and beyond’ (paper presented at Annual Kyushu University Law Conference 2010, Fukuoka) <<http://www.law.kyushu.ac.jp/programs/english/conference2010/draft12.pdf>> accessed 20 May 2011.

³⁴ WTO, Agreement on Trade-Related Aspects of Intellectual Property Rights <https://www.wto.org/ENGLISH/res_e/booksp_e/analytic_index_e/trips_03_e.htm> accessed 11 June 2014.

³⁵ Hector MacQueen, Charlotte Waelde, Graeme Laurie, *Contemporary Intellectual Property. Law and Policy* (Oxford University Press 2008) 991.

³⁶ Case C-192/04 *Lagardère v. SPRE* [2005] ECR I-7199, para. 46 (‘...the principle of the territoriality of those rights, which is recognised in international law and also in the EC Treaty. Those rights are therefore of a territorial nature and, moreover, domestic law can only penalise conduct engaged in within national territory.’).

³⁷ Graeme Austin, ‘Private International Law and Intellectual Property Rights: A Common Law Overview’ (paper presented at the WIPO forum on Private International Law and Intellectual Property on January 30 and 31, 2001) <www.wipo.int/edocs/mdocs/mdocs/en/.../wipo_pil_01_5.doc> accessed 25 May 2011.

³⁸ *Subafilms v. MGM-Pathe Communications* [1994] 24 F.3d 1088 1091 (U.S. Court of Appeals 9th Cir.); *Barcelona.com v. Excelentísimo Ayuntamiento de Barcelona* [2003] 330 F.3d 617 (U.S. Court of Appeals 4th Cir.); *NTP v. Research in Motion* [2005] 418 F.3d 1282, 1313 (U.S. Court of Appeals Fed. Cir.); *Microsoft v. AT&T* (2007) 550 U.S. 437 (U.S. Supreme Court).

In the UK these concerns were reflected in rules which made it particularly difficult for an English and Scottish court to hear a case concerning an infringement of a “foreign” intellectual property right³⁹.

The first was the public policy rule concerning jurisdiction, enunciated in the old case of *British South Africa Co v Companhia de Mocambique*⁴⁰ (the Mocambique rule). According to this rule torts occurring in foreign lands were classified as local in the sense that they had a particular connection with the territory on which they occurred. It was held that any action in respect of this tort was to be heard in the place where the wrong occurred. Accordingly, English and Scottish courts refused to entertain actions concerning “foreign” intellectual property rights.

The second rule concerned a choice of law rule, i.e. the “double actionability rule”⁴¹. Under this rule an act committed in a foreign country is a tort and actionable as such in a domestic court only if it is actionable as a tort under both the national and foreign law. This meant that the laws of two different territories had to be applied to determine whether the act in question was unlawful.

Still now, there is a strict adherence to such old rules when it comes to deciding intellectual property rights cases. Indeed both the European and US courts hold that local courts lack jurisdiction to adjudicate the infringement of “foreign intellectual property rights”⁴².

1.2. Intellectual property rights and the Internet

To most people, the world of the “Internet” is as mysterious as the electronic impulses which constitute it.⁴³ Therefore it is necessary to give a brief description of what the Internet actually is in order to understand the areas where intellectual property rights disputes may arise.

³⁹ Hector MacQueen (n 35) 991.

⁴⁰ *British South Africa Co v Companhia de Mocambique* [1893] AC 602.

⁴¹ *Philips v Eyre* [1870] LR 6 QB1.

⁴² *Tyburn Productions Ltd v Conan Doyle* [1991] Ch 75; *Jan K. Voda M.D. v. Cordis Corp.* [2007] 476 F. 3d 887 (Fed. Cir.).

⁴³ Philip Ruttley, ‘E.C. competition law in cyberspace: an overview of recent developments’ (1998) 19 E.C.L.R. 186-203.

1.2.1 The background and nature of the Internet

The idea to connect single computers within a network to enable users to exchange ideas and data came into existence at the beginning of the 1960s when American military researchers decided to enhance their ability to share academic research⁴⁴. Shortly after that, in 1965, the first wide-area network had been built⁴⁵. In spite of that, from the network of two computers in the 1960s and the subsequent creation of the ARPANET, a military communication network with three hundred computers linked in 1981⁴⁶, a long time passed before the Internet became as it is known today.

The Internet became a world-wide network of interconnected computes in 1989 when Tim Berners Lee created the non-proprietary and free World Wide Web, which revolutionised access to information and interaction between people situated in different locations in the world⁴⁷. This means that each user connected to the Internet can communicate with any other user, collect information or distribute it around the world using single common language (the Internet protocol language)⁴⁸.

Today we cannot imagine life without the Internet as computer networks support critical infrastructure such as health and education, energy, transportation, banking and finance⁴⁹. Indeed, as of June 30 2014 the global Internet network includes 3,035,749,340 users which means that 40% of the world population has an Internet connection.⁵⁰ That figure continues to grow each year⁵¹.

However, in spite of the growing impact of the Internet on our society, it is very difficult to give a definition of the Internet. In providing a legal response to the impact of the Internet on our society, the United States Supreme Court described the

⁴⁴ Barry M. Leiner, 'A Brief History of the Internet' (1999) <<http://www.isoc.org/Internet-history/#fricc>> accessed 5 May 2011.

⁴⁵ Ibid.

⁴⁶ Kevin M. Fitzmaurice, Renu N. Mody, 'International Shoe Meets the World Wide Web: Whither Personal Jurisdiction in Florida in the Age of the Internet?' [1997] 71- FLA. B.J. 22

⁴⁷ Berners Lee, Tim, *Weaving the Web: The Original Design and Ultimate Destiny of the World Wide Web* (1st, HarperCollins Publishers, USA 2000).

⁴⁸ Christopher Vajda, Anders Gahnstrom, 'E.C. competition law and the Internet' [2000] E.C.L.R. 21(2), 94-106.

⁴⁹ Kamal Ahmad, *The Law of Cyber-Space – An invitation to the Table of Negotiations* (United Nations Institute of Training and Research 2005) 17.

⁵⁰ Internet World Stats, 'Internet Usage and World Population Statistics' (June 30, 2014) <<http://www.internetworldstats.com/stats.htm>> accessed 2 March 2015.

⁵¹ Since 1993 the number users with access to the Internet increased from 14.161.570 (equals to 0.3% of population with Internet) to 3.035.749.340 in 2014 (equals to 40% of population with Internet) according to the Internet Live Stats, 'Elaboration of data by International Telecommunication Union and United Nations Population Division' (2015) <<http://www.internetlivestats.com/internet-users>> accessed 3 March 2015.

Internet as “a unique medium – known to its users as “cyberspace” – located in no particular geographical location but available to anyone, anywhere in the world”⁵².

Indeed, the Internet can be described as the electronic nervous system of our society which gives the world its dynamic structure⁵³. In this regard the question of whether the Internet can be regulated is one of the most debatable.

In particular, one of the approaches is based on the idea of an unregulated Internet⁵⁴. Lessig also argues that the Internet is largely regulated by architecture or code, hardware, and software, which shape cyberspace⁵⁵. This means that the Internet as a place is free from regulation by public authorities⁵⁶. However, the freedom of the Internet does not mean that everything on the Internet would be free except in the sense of being unrestricted⁵⁷. In particular, the freedom of the Internet should be understood as “free speech”, not as “free beer”⁵⁸.

In this regard it is important to note that the Lessig’s concept of an Internet unregulated by government is not a new idea but originates from the famous Declaration of the Independence of Cyberspace which states that “the global space should be naturally independent of the government tyrannies”⁵⁹. As noted, one of the founders of the Electronic Frontier Foundation, Barlow, rejects any form of regulation imposed by governments as this would undermine “freedom and self-determination” and therefore be detrimental to cyberspace⁶⁰.

However, as we know today, the global social space we are building is not independent of tyrannies of governments⁶¹. In particular, taking into account the increasing rate of intellectual property rights infringement over the Internet, the

⁵² *Reno v ACLU* [1997] 117 S. Ct. 2329, 2334-35

⁵³ Castells Manuel, *The Internet Galaxy: Reflections on the Internet, Business and Society* (Oxford University Press 2003) 36, 65.

⁵⁴ Monroe Edwin Price, Stefaan G. Verhulst, *Self-regulation and the Internet* (Kluwer Law International 2005) 1, 125.

⁵⁵ Lawrence Lessig, *Code: And Other Laws of Cyberspace* (Basic Books 1999) 30-45

⁵⁶ Shinder Littlejohn, Debra, *Scene of the Cybercrime – Computer forensics Handbook* (Syngress Publishing, Inc. 2002) 629.

⁵⁷ Thomas Schultz, ‘Carving up the Internet: jurisdiction, legal orders, and the private/public international law interface’ (2008) *E.J.I.L.* 19(4), 799-839.

⁵⁸ Joshua Gay (ed.), *Free Software, Free Society: selected essays of Richard Stallman* (GNU Press 2002) 41.

⁵⁹ The Declaration of the Independence of Cyberspace states: ‘Governments of the Industrial World ... You have no sovereignty where we gather.... I declare the global social space we are building to be naturally independent of the tyrannies you seek to impose on us.... Cyberspace does not lie within your borders. Do not think that you can build it ... It is an act of nature’ according to the John Perry Barlow, ‘A Declaration of the Independence of Cyberspace’ (February 8, 1996) <<https://projects.eff.org/~barlow/Declaration-Final.html>> accessed 2 March 2013.

⁶⁰ *ibid.*

⁶¹ Andrej Savin, *EU Internet Law* (Edward Elgar Publishing 2013) 8.

regulation of the Internet is required. Indeed, in contrast with previous methods of communications like television and phone, the Internet allows users to be not only passive consumers of information but also active producers of content for a global audience⁶². In this respect, some authors also argue that the self-regulatory approach cannot adequately address the transnational, intangible and ever-changing Internet space⁶³.

Indeed, these days the necessity of regulation of the Internet is practically undisputed⁶⁴. However, the question of how to regulate the Internet still remains open⁶⁵. Indeed, the nature of the Internet makes it practically impossible to regulate Internet by a single regulatory body that would control all activities on the Internet: the networks within different countries are funded and managed according to national politics⁶⁶. In my opinion even in the future it will be very difficult to achieve consensus with the regard to regulation of different aspects of the Internet by a single regulatory body on international level due to cultural, political and juridical differences.

Therefore the most logical approach for regulating the Internet should be based on the layered architecture. On the one side, this recognises the unique and complex characters of the Internet as a technological and social construction. On the other side, it recognises the openness of the Internet and its decentralised structure. Indeed, the Internet will only be maintained if the open and decentralised organisational model of the Internet is both recognised and respected⁶⁷.

Therefore, we can agree with Weiser's point that the Internet's growth, innovation and success depend on a complex regulatory framework⁶⁸. Indeed, the

⁶² Timothy E. Wedig, *The Internet and Political Organizations: Force, Tool, Or Wildcard?* (ProQuest 2007) 7.

⁶³ Monroe Edwin Price, Stefaan G. Verhulst, *Self-regulation and the Internet* (Kluwer Law International 2005) 1.

⁶⁴ Benkler, Y, *The wealth of Networks: How Social Production Transforms Markets and Freedom* (Yale University Press 2006).

⁶⁵ Bert-Jaap Koops, Corien Prins, Hielke Hijmans, *ICT Law and Internationalisation: A Survey of Government Views* (Kluwer Law International) 86; Robert Baldwin, Martin Cave, and Martin Lodge, *The Oxford Handbook of Regulation* (Oxford University Press 2010) 524; Jennifer Holt, Kevin Sanson, *Connected Viewing: Selling, Streaming, & Sharing Media in the Digital Age* (Routledge 2014) 23.

⁶⁶ Andrew Terrett, Iain Monaghan, 'The Internet – An Introduction for Lawyers' in Lilian Edwards, Charlotte Waekde, *Law and the Internet a framework for electronic commerce* (Hart Publishing 2000) 3.

⁶⁷ Gabriela Kennedy, 'New codes and protocols for cyberspace: current issues in Internet governance' (2000) C.T.L.R. 6(8), 223-229.

⁶⁸ Weiser, Philip J., 'The Internet, innovation, and intellectual property policy' (2003) 103 Colum. L. rev. 534, 541, 546.

regulation has an impact on technology but is also affected by it⁶⁹. This means that technology determines regulatory policy, which then influences the technology itself⁷⁰. In my opinion, the layered approach to regulation of the Internet architecture is the result of its historical development. Indeed, since the Internet has transformed from an exclusive and limited network into a global, user-centred platform⁷¹, these changes have influenced not only the model of distribution of content but also the architecture of the Internet, which has become very complex due to its huge number of services and applications. Therefore, we need to identify the main layers of the Internet architecture, how these layers are “managed” and what is main characteristic of each layer.

The layered approach draws its origins from computer science theory⁷². The main idea of the layered approach to regulating the Internet is to split the services and applications into sub-functions that each layer performs and allocate them to different protocol layers of the network⁷³. Thus, in order to provide a conceptual rather than a technical framework for regulating the Internet, we need to redefine the layers. The number of layers in particular models varies⁷⁴.

For example, the basic Open System Interconnection model separates the Internet’s infrastructure into the following seven layers: physical, data link, network, transport, session, presentation, application⁷⁵. The same approach was taken by Solum and Chung⁷⁶. However, this technocratic approach is obviously difficult to realise as there is no unambiguous correspondence between technical functions and social action⁷⁷. Therefore, it would be reasonable to restrict the number of layers to three⁷⁸. For example, Zittrain distinguishes a physical layer, a protocol layer and an

⁶⁹ Robert Baldwin, Martin Cave, and Martin Lodge, *The Oxford Handbook of Regulation* (Oxford University Press 2010) 525.

⁷⁰ Savin (n 61) 4.

⁷¹ Ibid.

⁷² Solum, L.B. and Chung, M, ‘The Layers principles: Internet Architecture and the Law’ (<http://papers.ssrn.com> 2003) <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=416263> accessed 29 April 2015.

⁷³ Baldwin (n 69) 525.

⁷⁴ Brett M. Frischmann, *Infrastructure: The Social Value of Shared Resources* (1st, Oxford University Press, Oxford 2012) 319.

⁷⁵ Hubert Zimmerman, ‘OSI Reference Model-The ISO Model of Architecture for Open System Interconnection’ (1980) IEEE Transaction on Communications, vol. 28, 4, 425-432.

⁷⁶ Solum, L.B. and Chung, M, ‘The Layers principles: Internet Architecture and the Law’ (2003) <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=416263> accessed 29 April 2015.

⁷⁷ Baldwin (n 69) 526.

⁷⁸ Ibid.

application layer, which includes but could also be separated from the content layer⁷⁹.

Similarly, Benkler distinguishes three interconnected layers: a physical layer, a logical layer and a content layer⁸⁰. The lower layers are more technical and the upper layers more social⁸¹.

The “physical” layer of the Internet includes millions of networked computers joined together by phones routers, fibre-optic pipes and other transmission media into a worldwide network of networks⁸². The physical infrastructure of the Internet is “managed” at a high level by the international bodies responsible for the technical and engineering aspects of the Internet such as the Internet Architecture Board, the Internet Engineering Task Force, the Internet Research Task Force and the Internet Corporation for Assigned Names and Numbers. Other new-comers to the management of the Internet include the World Wide Web Consortium based in Geneva, which is an international industry consortium founded to develop common protocols for the evolution of the World Wide Web⁸³. Thus, the main characteristic of the physical layer is the absence of any central regulatory authority that would regulate the physical infrastructure of the Internet.

The physical layer of the Internet is interconnected with the logical layer of the Internet in order to allow users to communicate or to access services⁸⁴. The logical layer of the Internet consists of a set of protocols, such as Internet Protocol (IP) and Transmission Control Protocol (TCP) which handle things like IP addresses and port operations by exchanging information with the physical protocol and the application.⁸⁵

In particular, as far as the computers are concerned, the location of a Web site is identified by an IP address, which comprises a unique 32 bit number⁸⁶ separated by

⁷⁹ Jonathan Zittrain, *The Future of the Internet--And How to Stop It* (1st, Yale University Press 2009) 63-71.

⁸⁰ Benkler, 'From Consumers to Users: Shifting the Deeper Structures of Regulation,' (2000) 52 Federal Communications Law Journal 561, 562-563.

⁸¹ Baldwin (n 69) 526.

⁸² Jonathan E. Nuechterlein, Philip J. Weiser, *Digital Crossroads: Telecommunications Law and Policy in the Internet Age* (2nd, MIT 2007) 165.

⁸³ Terrett (n 66) 4.

⁸⁴ Directive (EC) 2002/19 on access to, and interconnection of, electronic communications networks and associated facilities [2002] OJ L 108, Art. 2.

⁸⁵ Michael W. Lukas, *Absolute FreeBSD: The Complete Guide to FreeBSD* (2nd, No Starch Press 2008) 91.

⁸⁶ Internet Assigned Number Authority (IANA), together with The Internet Corporation for Assigned Names and Numbers (ICANN) are responsible for the IP numbers and addresses. For more information, <<http://www.icann.org>> and <http://iana.org/index2.html>> accessed 24 April 2011.

dots, for example, 255.255.100.1. Using these numbers, one computer can contact and communicate with any other computer on the Internet and share data. But in spite of the fact that Internet has “addresses”, these IP addresses do not disclose the geographical location of a user, but only locate the machine on the network. However it should be pointed out that since IP addresses have been allocated in blocks, it is technologically possible to map most IP addresses. As some authors have noted, that could mean that borders are returning to the Internet⁸⁷. But it is debatable. Indeed, geolocation tools can predict the location of a computer connected to the Internet but these tools are not used for all Internet interactions and transactions⁸⁸.

Moreover, the logical layer of the Internet ensures the management and functioning of the Domain Name System⁸⁹. To reach a given Web site, a user relies on a domain name, which represents an alphanumeric label corresponding to an IP address (and vice versa)⁹⁰. Domain names are hierarchical. They include a “top level domain name” which can be either generic (such as .com, .org, .net, .int, or .edu) or country-specific (so-called country-code domain names, such as .fr or .it) and a second level domain name (e.g. whatis, coca-cola). At each level of the tree the so-called server is operated to maintain a table of all names registered under that level and to point all enquiries to the name server registered for that name⁹¹.

It is important to note that while generic top level group of domains (gTLDs) are “open” group (in which any business or individual can make an application to a Network Solutions, Inc. (NSI), which could register domain names in these gTLD a country code top-level domain (ccTLD) is generally used or reserved for a country, a sovereign state, or a dependent territory. In spite of that, even a country code top-level domain name does not necessarily indicate that the assignees of that name are

⁸⁷ Bob Tedeschi, ‘E-commerce: Borders Returning to the internet’ (2001) New York Times <<http://www.nytimes.com/2001/04/02/technology/02E-COMMERCE.html>> accessed 20 May 2011.

⁸⁸ *UEFJ et LICRA v Yahoo* [2000] (Paris Court of First Instance) <<http://www.juriscom.net/txt/jurisfr/cti/tgiparis20000522.htm#texte> –!> accessed 1 May 2011 (the appointed expert panel found that IP mapping is about 70 % accurate - mapping the IP addresses to a particular country).

⁸⁹ United Nations, ‘Information Economy Report 2006: The Development Perspective’ (2006) <http://unctad.org/en/Docs/sdteecb20061_en.pdf> accessed 11 March 2013.

⁹⁰ W Black, ‘The Domain Name System’ in L. Edwards, C. Waelde *Law & the Internet* (2nd ed, Hart 2000)125-132.

⁹¹ *Ibid*, 125-126.

located in that country. Indeed, many registrants (for example, Tokelau Islands⁹²) offer country-code top-level domain name for non-resident users⁹³.

It is important to note that the Board of the Internet Corporation for Assigned Names and Numbers (ICANN) has recently approved one of the biggest changes ever to the generic top-level domains name system by allowing anyone around the world to register top level domains in any language or script⁹⁴. For example, it is possible to register gTLDs that could include such addresses as .google, .coke, or even .BBC, or to register brands at the second level of new gTLDs registered by others (i.e., .Diet.Coke, Videos.MTV).

In addition, in spite of the fact that the country code top-level domain management company is responsible for maintaining the accuracy of the details that are contained in the database, such a company does not take legal responsibility for any possible infringement of third parties' intellectual property rights⁹⁵. The *BT v. One in A Million* case is a striking example: "any person who deliberately registers a Domain Name on account of its similarity to the name, brand name or trademark of an unconnected commercial organisation must expect to find himself on the receiving end of an injunction to restrain the threat of passing off, and the injunction will be in terms which will make the name commercially useless to the dealer"⁹⁶.

Thus, the main characteristic of the logical layer of the Internet is identification by an unambiguous address and by the domain name system.

The third layer of the Internet is the content layer. Most users of the Internet see only the top layer – the content layer – that presents material streamed across the network, Web pages, mp3s, e-mail, streaming video as well as application programmes that run on, or feed, the network⁹⁷ (for example, programmes providing functionality for an operating system or for a Web server).

⁹² For example, .tk stands for Tokelau Islands and is a country code top-level domain. See Registry website <http://free-tk-domains.tk/>.

⁹³ For example, .tm is popular for trade mark domain names and anyone can register. See Registry website <http://www.nic.tm/>.

⁹⁴ ICANN, 'ICANN Approves Historic Change to Internet's Domain Name System' (2011), <<http://www.icann.org/>> accessed 8 June 2011.

⁹⁵ W Black, 'The Domain Name System' in L. Edwards, C. Waelde *Law & the Internet* (2nd ed, Hart 2000) 128.

⁹⁶ *Marks & Spencer Plc, Ladbrokes Plc, J Sainsbury Plc, Virgin Enterprises Ltd, British Telecommunications Plc, Telecom Securior Cellular Radio Ltd -v- One In A Million and Others PatC* [1997] EWHC Patents 357, (1998) FSR 265.

⁹⁷ Nico Stehr, Reiner Grundmann, *Knowledge: Critical Concepts. Volume 3* (Taylor & Francis 2005) 349.

The content layer of the Internet is the actual information made accessible by applications that depend on the logical layer as it uses the physical network to shift the content from providers to users⁹⁸.

As one author noted, there are no obvious significant barriers to entry and there are innumerable suppliers of Internet content⁹⁹. This means that any user owning a computer and connected to the Internet is able to post on a Web site any content including content which infringes an intellectual property right.

Indeed, the Web is the most important carrier for information dissemination and information exchange¹⁰⁰. According to the Web Server Survey, currently more than 883 million Web sites are available on the Internet¹⁰¹. The Web can be defined as a system of linking together hundreds of millions of electronic documents (Web pages) on millions of computers (Web sites) across the Internet, each of which is reachable via a unique but changeable name or Universal Resource Locator (URL)¹⁰². Thus a Web site is simply a collection of a Web pages containing text, graphics, images or sounds and is created through the use of a computer language called hypertext mark-up language (HTML). “When the web server receives an inquiry from the Internet, it returns the web page data in the file to the computer making the inquiry”¹⁰³.

Some Web sites are “passive” and merely provide information to visitors to the site, while the other sites are interactive and provide opportunities for visitors both to send and receive information to and from the site. The other way in which users can exchange information with each other is through the so-called “chat rooms” or “bulletin boards”, which are hosted by a particular Web site operator and allow Internet users to communicate messages, computer files and graphic images. A bulletin board service (BBS) often refers to a non-Web-based form of a chat room, in which subscribers to the BBS can upload and download data as well as post messages.

⁹⁸ United Nations, ‘Information Economy Report 2006: The Development Perspective’ (2006) <http://unctad.org/en/Docs/sdteecb20061_en.pdf> accessed 11 March 2013.

⁹⁹ Mia Consalvo (ed.), Kate O’Riordan (ed.), *Internet Research Annual* (2nd, Peter Lang International Academic Publishers 2005) 131.

¹⁰⁰ Sudhir Dixit, Tao Wu, *Content Networking in the Mobile Internet* (1st, John Wiley and Sons Inc. 2004) 87.

¹⁰¹ Netcraft Ltd, ‘Web Server Survey’ (February 2015) <<http://news.netcraft.com/archives/2015/02/24/february-2015-web-server-survey.html>> accessed 10 March 2015.

¹⁰² Terrett (n 66) 2-3.

¹⁰³ *Intermatic Inc. v Toeppen* [1996] 947 F. Supp. 1227, 1231 (N.D. Ill.).

Now, it is undisputed that some forms of control of information dissemination is required to prevent intellectual property rights infringement over the over the Internet¹⁰⁴. At the EU level the following documents regulate the dissemination of content over the Internet: Directive 2002/21 on a common regulatory framework for electronic communications networks and services¹⁰⁵; Directive 2002/19 on access to, and interconnection of, electronic communication networks and associated facilities¹⁰⁶; Directive 2002/20 on the authorisation of electronic communications networks and services¹⁰⁷; Directive 2002/22 on universal service and users' rights relating to electronic communications networks and services¹⁰⁸; and Directive 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector¹⁰⁹.

Thus, in contrast with physical and logical layers of the Internet, which aim at shaping the general opportunities and constrains of utilising the Internet, the regulation of content touches the rules and regulations¹¹⁰.

The content infrastructure of the Internet is “managed” by the Internet Service Providers responsible for access to the Internet, providing e-mail addresses and also hosting the information that users choose to publish on the Internet with so-called Web site hosting services¹¹¹.

The main characteristic of the content layer is active participation of Internet users in the content creation.

On the basis of this analysis we can define the Internet as an electronic communications network based on the system of interconnected layers functioning as a single cohesive system characterised by the following unique qualities: decentralisation; identification by an unambiguous address and the domain name

¹⁰⁴ Pramod K Nayar, *Virtual Worlds: Culture and Politics in the Age of Cybertechnology* (2nd, SAGE Publications 2004) 187-188.

¹⁰⁵ Directive (EC) 2002/21 on a common regulatory framework for electronic communications networks and services [2002] OJ L 108.

¹⁰⁶ Directive (EC) 2002/19 on access to, and interconnection of, electronic communication networks and associated facilities [2002] O.J. L108/7.

¹⁰⁷ Directive (EC) 2002/20 on the authorisation of electronic communications networks and services [2002] O.J. L108/21.

¹⁰⁸ Directive (EC) 2002/22 on universal service and users' rights relating to electronic communications networks and services [2002] O.J. L108/51.

¹⁰⁹ Directive (EC) 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002] O.J. L201/37.

¹¹⁰ Baldwin (n 69) 533.

¹¹¹ Terrett (n 66) 4.

system; and active participation of an Internet users in the content creation. These qualities of the Internet are direct result of its architecture.

1.2.2 The impact of the Internet in Intellectual Property field

The emergence of the Internet has resulted in an unprecedented growth in the number of issues about how to protect intellectual property rights on the Web. However, in order to protect intellectual property rights over the Internet it is important to identify **what is the impact of the Internet in Intellectual Property field**. This is also necessary in order to provide an adequate legal analysis of jurisdictional issues in the case of intellectual property rights infringement over the Internet.

Our finding indicates the following major features of the Internet and its impact on the intellectual property field:

1.2.2.1 It is a borderless world

The Internet is a means of communication which ignores boundaries or, perhaps more exactly, it operates by definition on a cross-border basis¹¹². Users do not realize that they are crossing State boundaries, and no one can stop a person from abroad from accessing a site.

In the 19th century intellectual property rights infringement claims were usually dealt with by domestic courts. The courts easily localized the place where copyright works were put on stage or published, where trademarked goods were sold, and where patented inventions were used or made. Such acts took place, for example, where hard copies or products were distributed, live performances took place or factories were found¹¹³.

Since the 1990s, international intellectual property law started to face new challenges: for instance, national boundaries have started losing their significance as

¹¹² James J. Fawcett, Paul Torremans, *Intellectual Property and Private International Law* (2nd, Oxford University Press, Oxford 2011) 535.

¹¹³ James J. Fawcett, Paul Torremans, *Intellectual Property and Private International Law* (Clarendon Press 1998) 244.

a consequence of the emergence of new forms of technology¹¹⁴. As one author has recently noted, the traditional concepts of jurisdiction and governance are multifaceted, but really boil down to two factors: “first when you are online, you are both everywhere and nowhere at once. Ubiquity is perhaps the defining characteristic of this remarkable new “borderless” medium. There are no passports on the Internet; you travel freely from one destination to another at the click of a button. And geography is a remarkably meaningless concept for Internet denizens. Second, no single entity or country owns or controls the Internet.¹¹⁵” As a result, in an Internet environment, some valuable IP information such as digital music, films, books and software can be transferred in a short time on the Internet without crossing borders.

1.2.2.2 The digital nature of intellectual property

With particular reference to copyright, the Internet and digital technologies have created a new reality with advantages and disadvantages. On the one hand, the Internet opens new market opportunities by allowing authors to distribute the results of their work freely to consumers, reducing the time between creation and distribution. But on the other hand, authors are exposed to a greater risk of uncontrolled copying, adaptation and piracy than traditional media¹¹⁶.

Indeed, the digital age has changed the way in which users interact with the results of intellectual property rights creation (movies, games, music and e-books). Until recently, consumers would have needed to make a physical purchase at a shop or via an online retailer. Now, the same content can be downloaded at the click of a button directly onto their computers, smartphones and tablets¹¹⁷.

Current technology allows all information –whether text, images, graphics, video, audio, music or software – to be recorded and transmitted into digital form¹¹⁸. The digitisation of works is a process that reduces text, visual images and sound to computer-readable binary code of “0”s and “1”s, grouped in bits and bytes that can

¹¹⁴ Nerina Boschiero, ‘Intellectual Property in the light of the European conflict of laws’ (2008) <http://www.academia.edu/3522684/Material_Adverse_Change_Clauses_under_Puerto_Rico_Law> accessed 12 January 2013.

¹¹⁵ Adam Thierer, Clyde Wayne Crews, ‘Federalism in Cyberspace’ in Adam Thierer, Clyde Wayne, Jr. Crews (eds), *Who Rules the Net?: Internet Governance and Jurisdiction* (Cato Institute 2003).

¹¹⁶ Jane C. Ginsburg, ‘Putting Cars on the “Information Superhighway”: Authors, Exploiters, and Copyright in Cyberspace’ (1995) 95 Colum. L. Rev. 1466, 1466-67.

¹¹⁷ Intellectual Property Office, ‘Annual IP crime report: 2012 to 2013’ (12 May 2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014.

¹¹⁸ Adam P. Segal, ‘Dissemination of Digitized Music on the Internet: A Challenge to the Copyright Act’ (1996) 12 Santa Clara Computer & High Tech. L.J. 97, 103.

travel over the networks, which has enabled works of any sort to be transferred so efficiently to the Internet¹¹⁹. Once a work is digitized, it can be stored, modified and reproduced easily and quickly, with virtually no loss of quality¹²⁰. This rising trend led Barlow, Internet commentator and cofounder of the Electronic Frontier Foundation, to speak of the “digitization of everything not obstinately physical”¹²¹.

Indeed, we need to agree that technological developments are playing a key role in the increasing availability of digital content to Internet users¹²². In particular, until recently, providing a movie for download on a peer-to-peer site, or allowing others to have access to download a music collection was the most common IP rights infringements on the Internet¹²³. Now, the situation is dramatically changing as unauthorized copies of e-books are being sold over the Internet in the same way as unauthorized music and movie downloads were sold over the Internet in the past¹²⁴. Indeed, the Publishers Association is worried about the growth of copying and distributing electronic content in the course of a business or making content available on a commercial scale, as during 2012 -2013 more than 378,000 infringement notices were served with regard to e-books¹²⁵. Until recently publishers and authors believed that books were relatively safe from piracy because it is so labour-intensive to scan each page to convert a book to a digital file. What is more, reading books on the computer is relatively unappealing compared with a printed version. Now, with publishers producing more digital editions, it is potentially easier for hackers to copy files. And the growing popularity of electronic reading devices like the Kindle from Amazon or the Reader from Sony makes it easier to read in digital form. Many of the unauthorized editions are uploaded as PDFs, which can be easily e-mailed to a Kindle or the Sony device¹²⁶.

¹¹⁹ WIPO, ‘Intellectual property on the Internet: a survey of issues’ (December 2002) <http://www.wipo.int/edocs/pubdocs/en/intproperty/856/wipo_pub_856.pdf> accessed 12 January 2013

¹²⁰ Michael D. McCoy, Needham J. Boddie, ‘Cybertheft: Will Copyright Law Prevent Digital Tyranny on the Superhighway?’ (1995) 30 Wake Forest L. Rev. 169, 174.

¹²¹ Lawrence Roberts, ‘Internet Still Growing Dramatically Says Internet Founder’ (2011) <<http://www.caspiannetworks.com/press/releases/08.15.01.shtml>> accessed 8 June 2011.

¹²² Intellectual Property Office, ‘Annual IP crime report: 2012 to 2013’ (12 May 2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014.

¹²³ Ibid, 7-8.

¹²⁴ Motoko Rich, ‘Print Books Are Target of Pirates on the Web’ (2009) <http://www.nytimes.com/2009/05/12/technology/internet/12digital.html?_r=1&hp> accessed 7 June 2011.

¹²⁵ Intellectual Property Office, ‘Annual IP crime report: 2012 to 2013’ (12 May 2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014.

¹²⁶ Motoko Rich, ‘Print Books Are Target of Pirates on the Web’ (2009) <http://www.nytimes.com/2009/05/12/technology/internet/12digital.html?_r=1&hp> accessed 7 June 2011.

Thus, the digital nature of intellectual property rights content makes it vulnerable to massive infringements on the Internet. Reflecting on the problem of IP infringement over the Internet, the computational neuroscientist Sandberg noted that “The nature of intellectual property makes it hard to maintain the social and empathic constraints that keep us from taking each other’s things.¹²⁷” In other words, we keep to our rules about intellectual property when it is expressed in a physical object (a book, a CD, a videotape) but we forget about it when intellectual property consists in a digital form.

1.2.2.3 Scale of the infringement

In many respects, intellectual property rights infringement on the Internet is no different from traditional offline infringement, but the speed and perfection with which online infringement is achieved are different. For example, with the advent of 4th generation mobile phone communication (4G), digital content can be delivered to mobile networks in a matter of seconds and without a marked difference in quality¹²⁸. There is practically no difference between the original and the copy¹²⁹. Indeed, Populus¹³⁰ research shows that 38 % of respondents committed some form of intellectual property rights infringement over the Internet¹³¹.

The real scale of intellectual property rights infringement over the Internet is difficult to appraise. As noted by the Professor Ian Hargreaves in an Independent Review of IP and Growth, “there was no doubt that a great deal of piracy is taking place, but reliable data is surprisingly thin on the ground...as with online piracy, the scale of infringement is problematic and sources and methodology for much research are not open to scrutiny”¹³². However, there are various reports, case studies and

¹²⁷ Anders Sandberg, ‘Intuitive pirates: why do we accept file sharing so much?’ (2009) <<http://blog.practicaethics.ox.ac.uk/2009/04/intuitive-pirates-why-do-we-accept-file-sharing-so-much>> accessed 25 April 2011.

¹²⁸ Intellectual Property Office, ‘Annual IP crime report: 2012 to 2013’ (12 May 2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014.

¹²⁹ Terence P. Ross, *Intellectual Property Law, Damages and Remedies* (Law Journal Press, New York 2006).

¹³⁰ Populus is a member of the British Polling Council and abides by its rules, for more information see www.populus.co.uk.

¹³¹ Populus, ‘Public attitudes towards Intellectual Property Rights. Populus Polling Presentation’ (September 2013) <http://www.allianceforip.co.uk/_dev/downloads/pdf/Populus.pdf> accessed 12 December 2014.

¹³² Department for Business, Innovation & Skills, An Independent Report by Professor Ian Hargreaves, ‘Digital opportunity: review of intellectual property and growth’ (18 May 2011) <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32563/ipintellectual_property_rightseview-finalreport.pdf> accessed 12 April 2015.

initiatives which provide an impression of the scale of intellectual property rights infringement over the Internet.

For example, the BSA's Global Software Survey indicates that 43 % of software installed on personal computers around the world in 2013 was not properly licensed¹³³. Moreover, the UK law enforcement agencies' reports highlight the increasing volume of intellectual property rights infringement over the Internet in the last few years. For example, during the investigation period from 2012-2013, the British Recorder Music Industry removed over 10,000,000 search results from Google directing Internet users to illegal copies of music; the Publishers Association has removed 223 listening from UK websites containing over 5,000,000 e-books¹³⁴.

Thus, the intellectual property rights infringement over the Internet has an impact not only on direct investment in creative industries¹³⁵ but also has an economic impact on society as a whole. In particular, the UK audio-visual sector has suffered an annual revenue loss of £531 million due to digital copyright theft¹³⁶. Business software piracy costs £1 billion, while video games software piracy costs £350 million per year¹³⁷. The music business is projected to lose £1.2 billion between 2007 and 2012 from online copyright infringement¹³⁸.

Therefore, it is important to take measures not only with regard to detecting the intellectual property rights infringement over the Internet but also to prevent further intellectual property rights infringement through the information and education of Internet users. In particular, Ofcom research shows that 47% of all UK Internet users have no idea whether the content they are accessing online is legal or not¹³⁹. Among the most common reasons for accessing IP content illegally were because it is free

¹³³ BSA. Global Software Alliance, 'The Compliance Gap. BSA Global Software Survey' (June 2014) <http://globalstudy.bsa.org/2013/downloads/studies/2013GlobalSurvey_Study_en.pdf> accessed 12 April 2015.

¹³⁴ Intellectual Property Office, 'Annual IP crime report: 2012 to 2013' (12 May 2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014.

¹³⁵ Figures from the Department for Culture, Media and Sport shows that the GVA of the Creative Industries was £71.4 billion in 2012 and accounted for 5.2 % of the UK Economy according to the Department for Culture, Media and Sport, 'Creative Industries Economic Estimates. Statistical Release' (January 2014) <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271008/Creative_Industries_Economic_Estimates_-_January_2014.pdf> accessed 12 April 2015.

¹³⁶ Oxford Economics, 'Final Report. Economic impact of legislative reform to reduce audio-visual piracy' (March 2009) <<http://www.allianceforip.co.uk/downloads/reports/Great%20Expectations-%20Economic%20impact%20.pdf>> accessed 12 April 2015.

¹³⁷ Alliance against IP Theft, 'Value and Protect: A Manifesto for IP – 2010' (2010) <<http://www.allianceforip.co.uk/downloads/pdf/Manifesto2010.pdf>> accessed 25 April 2015.

¹³⁸ Ibid.

¹³⁹ Ofcom, Kantar Media, 'Online Copyright Infringement Tracker Wave 4 (Covering period Mar 13 – May 13) Overview and key findings' (2013) <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/online-copyright/w4/OCI_MAIN_REPORT_W4_FINAL.pdf> accessed 12 April 2015.

(49%), convenient (44%) and quick (36%)¹⁴⁰. Indeed, in delivering the judgment in *John Walmsley v Education Ltd*, the judge remarked that the employee of the defendant, Ms Roberts, “found out how easy it is to copy images by the single click of a mouse and these do get republished all over the Internet, often without attribution”¹⁴¹.

Thus, the unique qualities of the Internet, such as its speed, cost and ease of access make it the perfect mechanism for intellectual property rights infringers.

1.2.2.4 Difficulty in detecting the infringement

The first step in enforcing intellectual property rights is detecting infringement. But on the Internet this is a difficult matter. As some experts have argued, “The technologies of the digital system allow users to duplicate, manipulate and morph content – perfectly, instantly and infinitely – in ways that may be largely undetectable, thereby greatly expanding opportunities for confusion, fraud and infringement of intellectual property rights”¹⁴².

For example, in the case of copyright infringement, it is very easy for everyone to infringe copyright on the Internet but it is very difficult for a copyright owner to detect the infringement and identify the infringer. First, it can be difficult to pinpoint the precise point where something has happened as between the original uploading of information and its eventual display on a screen in another country, the following events may be involved: “uploading of information; digitization of the work; storage of the digitized form of the work; conversion of the digitized form of the work into the carrying signal; transmission of the carrying signal; reception of the carrying signal in the receiving machine; downloading; screen display and, possibly, print out of display material”¹⁴³. As a result, the transmission may go via a number of intermediate computers and the carrying signal may be received in virtually every country in the world.

Second, the infringing material may be on the Internet for only a very short period of time, as “hosts” and Web page creators can delete files within hours or days

¹⁴⁰ Ibid.

¹⁴¹ *Walmsley v Education Ltd t/a Oise Cambridge* [2014] WL 2194626.

¹⁴² WIPO, ‘Primer on electronic commerce and intellectual property issues’ (2000) <<http://ecommerce.wipo.int/primer/index.html>> accessed 12 March 2013.

¹⁴³ Fawcett (n 112) 538.

of their posting¹⁴⁴. Under these circumstances, the intellectual property rights holders may not realize that their rights are being infringed in cyberspace, and even one publication of protected content on the Internet can lead to its proliferation through rapid copying by third parties. The detection problem is so significant that it has stimulated the growth of a new line of business: the professional Internet watch services, whose mission is to monitor the Internet for infringing activity on behalf of rights holders¹⁴⁵.

1.2.2.5 Problems of identity and location of infringers

Once an infringement has been detected, it is necessary to identify the alleged infringer and where he is a resident, which is a difficult task for intellectual property rights holders. This is so because the Internet, by its very nature, makes anonymity possible, and tools are available, such as anonymous retailer programmes and strong encryption technology, that can make it virtually impossible to detect who is at the source of a particular communication¹⁴⁶.

Attributes of a person such as his or her name and geographical address are more difficult to assess and verify in an Internet communication than in face-to-face communication. For example, a person may have an electronic address with a service provider whose domain name comprises a national identifier, such as “UK”, without his being resident there¹⁴⁷.

At the same time, many companies that provide posting and distributing services on the Internet (such as domain name registrars, bulletin board operators and commercial Web page hosts) require identification and contact details of their customers, but these requests are often ignored since no sanctions are enforced if unreliable contact details are detected. Even having details of a customer’s credit card does not always determine where a person is located¹⁴⁸. After *Dow Jones & Company v Gutnick*¹⁴⁹, a US company may issue a credit card to an Australian.

¹⁴⁴ WIPO, ‘Primer on electronic commerce and intellectual property issues’ (2000) <<http://ecommerce.wipo.int/primer/index.html>> accessed 12 March 2013.

¹⁴⁵ For example, Net Searchers International, Ltd. at <http://www.netsearchers.co.uk>, and Cyveillance, Inc. at <http://www.cyveillance.com>, and Interdeposit at <http://www.iddn.org>.

¹⁴⁶ WIPO, ‘Primer on electronic commerce and intellectual property issues’ (2000) <<http://ecommerce.wipo.int/primer/index.html>> accessed 12 March 2013.

¹⁴⁷ Fawcett (n 112) 536.

¹⁴⁸ Fawcett (n 112) 536.

¹⁴⁹ *Dow Jones & Company v Gutnick* [2002] 210 CLR 575 (High Court of Australia), para 85.

However, identification information such as an IP address may be obtained from the respective Internet Service Provider (ISP). In particular, the *Promusicae v. Telefonica*¹⁵⁰ case has made it clear that civil courts may order ISPs to disclose traffic data relating to copyright infringers in civil cases but ISPs are not obliged to do so. This appears consistent with the provisions of Article 8 (1) of Directive 2004/48/EC on the enforcement of intellectual property rights¹⁵¹, which provides for a right of information compelling the infringer as well as others to provide extensive information on the origin and distribution networks of the goods or services that infringe an intellectual property right.

Nevertheless, the data protection aspects underlying the communication of infringers' names in civil proceedings cannot be underestimated. Following *Promusicae v. Telefonica*¹⁵², Member States do not have an obligation to compel ISPs to communicate personal data in order to ensure effective protection of copyright in civil proceedings. In other words, the ECJ acknowledged that Member States have an obligation to protect rights holders in the information society, but not at the expense of data protection rights. So, fair balances between these fundamental rights are needed.

In *LSG v. Tele 2*¹⁵³ the court confirmed the *Promusicae v. Telefonica*¹⁵⁴ ruling: EU law prevents Member States from establishing in national law an obligation to disclose personal data relating to Internet traffic to private third parties for the purpose of civil proceedings for alleged infringements of exclusive rights protected by copyright. However, again the principle of proportionality and the balancing of fundamental rights¹⁵⁵ have been referred to as a "limiting" clause.

¹⁵⁰ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271

¹⁵¹ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L 157.

¹⁵² Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2007] E.C.D.R. CN1.

¹⁵³ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

¹⁵⁴ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271

¹⁵⁵ Directives (EC): 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000]; 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001]; 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002]; 2004/48 on the enforcement of intellectual property rights [2004].

It could be deduced that while in *Promusicae v. Telefonica*¹⁵⁶ the ECJ provided some neutral interpretations in relation to communication of personal data, in *LSG v. Tele 2*¹⁵⁷ the court has stressed the need to balance both copyright and the rights of consumers through the application of national laws by Member States, allowing Member States to establish an obligation to disclose personal data in the context of civil proceedings.

However, ISPs remain reluctant to disclose information for fear of violating data protection rules. For example, in *Bonnier Audio AB and Others v Perfect Communication Sweden AB*¹⁵⁸, the Solna District Court ordered Perfect Communication Sweden AB to provide Audio Book Publishers with the name and address of the user of an IP address. However, the decision was appealed and the court ruled in favour of ABP. The analogous court practice exists in the USA. In particular, according to *Liskula Cohen v Google, Inc*¹⁵⁹, Google was ordered to reveal the name of an anonymous blogger who had bad-mouthed the fashion model Liskula Cohen, but Google had refused to provide the person's identity on the basis that to do so would constitute an infringement of its privacy policy.

In addition, in many cases an IP address is not sufficient to establish a person's identity as some access providers allocate IP addresses dynamically so that several connections share it.¹⁶⁰ while some ISPs assign a new address every time a user logs on to the Web¹⁶¹.

Another point of view on the location of the alleged infringer is based on such factors as the location of computers. However claimants do not know either the location of a computer from which the information is originated or the location of the information systems through which the communication is operated¹⁶². Computers are not necessary located in the same State as where infringers are resident or where their business is located¹⁶³. The computer may be physically moved without any change in

¹⁵⁶ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

¹⁵⁷ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

¹⁵⁸ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

¹⁵⁹ *Cohen v. Google, Inc.* [2009] 887 N.Y.S.2d 424 (Sup. Ct. N.Y. County).

¹⁶⁰ If the access provider keeps a record as to which connection used which IP address at which time it is possible to trace the connection. Furthermore, several users share one connection or several persons may have access to that same connection.

¹⁶¹ Fawcett (n 112) 536.

¹⁶² Graham J. H. Smith, *Internet Law and Regulation* (4th, Sweet and Maxwell 2007) 440-451.

¹⁶³ Fawcett (n 112) 537.

its domain name. So, a domain name is not a reliable indicator of where a computer is located¹⁶⁴.

In addition, parties in communication via the World Wide Web are unlikely to know where any intermediate servers are located. Information may be routed via a server located in a jurisdiction other than that in which the addressee itself is located¹⁶⁵.

These factors and in particular the level of anonymity which the Internet affords to its users¹⁶⁶ mean that for many claimants in Internet disputes it may be difficult to establish the defendant's identity and to trace his or her whereabouts and assets, which are clearly prerequisites to starting proceedings. That is why intellectual property rights owners often ask courts to grant injunctions against intermediaries such as Internet service providers, i.e. because infringers are often unknown.¹⁶⁷

The EU Directive on the enforcement of intellectual property rights¹⁶⁸ does not address this constantly growing and serious problem of IP infringement on the Internet.

1.3 Jurisdictional issues and the Internet

In a famous English case *Carrick v Hancock*, Lord Russell of Killowen CJ declared that “the jurisdiction of a court was based upon the principle of territorial dominion, and that all the persons within territorial dominion owe their allegiance to its sovereign power and obedience to all its laws and to the lawful jurisdiction of its courts”¹⁶⁹. Indeed, until recently, the interaction between law and society has to a large extent been based on customs, traditions, geographical boundaries and physical space¹⁷⁰.

¹⁶⁴ Berliri, ‘Jurisdiction and the Internet, and European Regulation 44 of 2001’ in D Campbell and S Woodley *E-Commerce: Law and Jurisdiction* (Special Issue, The Comparative Law Yearbook of International Business 2002) 1, 2.

¹⁶⁵ Hossein Bidgoli, *Handbook of Information Security, Information Warfare, Social, Legal, and International Issues and Security Foundations* (Wiley 2006) 284.

¹⁶⁶ Heike Wollgast, ‘IP Infringements on the Internet – Some Legal Considerations’ [2007] WIPO Magazine. 1/2007 <http://www.wipo.int/wipo_magazine/en/2007/01/article_0005.html> accessed 9 May 2011.

¹⁶⁷ Report (EC) Application of Directive 2004/48 on the enforcement of intellectual property rights COM 779 final [2010].

¹⁶⁸ Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L 157/ 45.

¹⁶⁹ *Carrick v Hancock* [1895] 12 TLR 59.

¹⁷⁰ Arthurs Harry. W & Kreklewich, Robert, ‘Law, Legal Institutions, and the Legal Profession in the New Economy’ [1996] Osgoode Hall Law Journal, 16.

However, the rise of the Internet has changed this. Indeed, the Internet has not only dramatically changed the way of communication between people, it has influenced international commerce and banking, education and healthcare¹⁷¹, and has presented a number of challenges to the traditional principles of the private international law of intellectual property. As noted by Reidenberg, “Internet creates ambiguity for sovereign territory because network boundaries intersect and transcend national borders”¹⁷².

The problem of applying the traditional jurisdictional rules with regard to intellectual property rights infringement over the Internet is not new: it has been identified by the Hague Convention, which makes clear that the Internet makes boundaries less and less relevant for jurisdictional purposes¹⁷³. However, how this problem should be resolved is not easy to determine considering that even within the European Union various jurisdictional and legal cultures are involved. Indeed, the Brussels I Recast does not contain specific jurisdictional rules that cover intellectual property rights infringements over the Internet.

In particular, the rules on special jurisdiction in the Brussels I Recast are based on a close connection between the dispute and the Member State whose courts are designated as competent. However, it is very difficult to localise and connect the events of IP rights infringements to a particular court as the infringements of intellectual property rights may appear simultaneously in several Member States. For example, in the case of intellectual property rights infringement over the Internet, material published on the Internet can be uploaded in one Member State, downloaded in another member State and viewed anywhere on the globe. Does this mean that the IP rights owner is able to appeal to every state where the materials are accessible? And what about the individual Internet users who posted material protected by IP law on an interactive Web site? Are they potentially subject to the jurisdiction of every state in the world? Indeed, the present lack of jurisdictional rules of intellectual property rights infringement over the Internet creates a legal uncertainty where a

¹⁷¹ Indrajit Banerjee, *The Internet and Governance in Asia: A Critical Reader* (Nanyang Technical University, 2007) 360.

¹⁷² Reidenberg J., ‘Technology and Internet Jurisdiction’ (2005) 153 U.Pa. L.Rev, 1951.

¹⁷³ Hague conference on private international law, ‘Jurisdiction and Foreign Judgments in Civil and Commercial Matters’ (2001) <<http://www.hcch.net>> accessed 10 March 2012.

plaintiff can bring its case in multiple jurisdictions but is likely to commence proceedings in the most favourable forum¹⁷⁴.

Therefore, the issue of jurisdiction in the case of intellectual property rights infringement over the Internet remain unexplored until now; and it requires a legal response. Therefore the following question arises: **on what basis should jurisdiction be determined in the case of intellectual property rights infringement over the Internet?**

However, before we start to analyse the jurisdictional issues in the case of intellectual property rights infringement over the Internet, we should identify what the term jurisdiction means and how the issue of jurisdiction is linked with the Internet. Indeed, the question of jurisdiction is “the most difficult issue in the legal lexicon”¹⁷⁵ as this term carries more than one meaning¹⁷⁶. In particular, in Anglo-American doctrine, the term “jurisdiction” is the power of a public organ to prescribe norms or conduct (prescriptive jurisdiction) and/or apply these norms in resolving a dispute (adjudicatory jurisdiction) and/or enforce these norms (enforcement jurisdiction)¹⁷⁷.

It is important to emphasise an interesting conclusion made by Professor Geist which argues that jurisdiction over the Internet can be compared with Internet infrastructure¹⁷⁸. This means that three types of jurisdiction can be logically linked to the three layers of the Internet¹⁷⁹. Indeed, the jurisdiction over the Internet can be divided into three layers: the application layer (which determines whether courts are competent to adjudicate the dispute); the substantive layer (which determines whether courts are competent to apply their laws to the dispute); and the enforcement layer

¹⁷⁴ Helene Van Lith, *International Jurisdiction and Commercial Litigation: Uniform Rules for Contract Disputes* (Asser Press 2009) 5-6.

¹⁷⁵ George BJ, ‘Extraterritorial Application of Penal Legislation’ (1996) 64 Mich L Rev 609, 621.

¹⁷⁶ Dan Jerker B. Svantesson, *Private International Law and the Internet*. (2nd, Kluwer Law International 2012) 5.

¹⁷⁷ Marco Berliini, ‘Jurisdiction and the Internet, and the European Regulation 44 of 2001 ‘ in Susan Woodley (eds), *Ecommerce: Law and Jurisdiction* (Kluwer Law International 2003) 1-2; Symeon Symeonides, *American Private International Law* (Walter Law International 2008) 23; Cedric Ryngaert, *Jurisdiction in International Law* (2nd, Oxford University Press 2015) 10-21; 62-64.

¹⁷⁸ Michael Geist, ‘Is There a There There? Towards Greater Certainty for Internet Jurisdiction’ (2001) 16 Berkeley Tech L.J. 1345, 1353.

¹⁷⁹ As was discussed in the previous paragraph, Internet as a communication system which is divided among three interconnected layers: physical layer, logical layer, content layer.

(which determines whether courts' orders must be enforced in an online environment)¹⁸⁰.

Although the three notions of jurisdiction are intrinsically connected, in this work we will focus on the Internet jurisdiction's application layer. This means that the term jurisdiction in Internet disputes will be used in the strict sense that refers to "the court's authority to hear and resolve a specific dispute"¹⁸¹.

In order to deal with the above private international law issues it is important to confirm whether the Internet is simply a new tool for achieving old objectives. In other words, is the Internet an existing method of communication such as the telephone, television, facsimile, or a new form of communication? The answer directly impacts on the manner in which jurisdiction over the the Internet should be regulated.

As noted by Kurbalija J., there are two prevailing views about the way in which laws should be adapted on the Internet:

a) "New wine in old bottles" – there is nothing conceptually new about the Internet. Existing legal systems in the fields of telecommunications, intellectual property and jurisdiction could be applied to most issues related to the Internet;

b) "New wine in new bottles" – the Internet entails new social realities that cannot be regulated by existing legal rules. There is a need to introduce new laws – i.e. cyber laws¹⁸².

Indeed, there is an approach that states that the Internet is just "new wine in old bottles" and the existing private international law principles could be applied to most issues related to the Internet¹⁸³. In particular, Reed acknowledges that the challenges in determining jurisdiction over the Internet are not new¹⁸⁴ and are comparable to the challenges posed by any other technological development that appeared historically¹⁸⁵. This means that existing paradigms of the location of the parties or the

¹⁸⁰ Michael Geist, 'Is There a There There? Towards Greater Certainty for Internet Jurisdiction' (2001) 16 Berkeley Tech L.J. 1345, 1353.

¹⁸¹ William H. Putman, Jennifer Albright, *Legal Research, Analysis, and Writing* (2nd, Delmar Gengage Learning 2013) 71.

¹⁸² Jovan Kurbalija, 'The taxonomy of internet governance' (2004) <http://www.itu.int/osg/spu/forum/intgov04/contributions/taxonomy_internet_governance.pdf> accessed 9 May 2011.

¹⁸³ Paulius Jurcys, 'The role of the territoriality principle in modern intellectual property regimes: institutional lessons from Japan' (Social Science Research Network 2010) <<http://ssrn.com/abstract=1663219>> accessed 15 May 2011.

¹⁸⁴ Alan Reed, 'Jurisdiction and Choice of Law in a borderless electronic environment' in Yaman Akdeniz, Clive Walker and David Wall (eds), *The Internet, Law and Society* (Pearson Education 2000) 79.

¹⁸⁵ J. Goldsmith, 'Against Cyberanarchy' [1998] 65 University of Chicago Law Review, 1201.

place where their infringing activities take place under the Brussels I Recast have the potential to deal efficiently with determining jurisdiction in the case of intellectual property rights infringement over the Internet¹⁸⁶. Indeed, from the point of view of most Internet users, broadband Internet access, which is available through dedicated Internet lines as well as through existing telephone (digital subscriber line), and cable modems are roughly equivalent¹⁸⁷. Thus, regardless of the fact that the Internet is a faster and more far-reaching method of communication, it still involves communication over distances between individuals¹⁸⁸. Therefore, existing private international law rules must continue to determine which jurisdiction will hear a cross-border dispute of intellectual property rights infringement over the Internet¹⁸⁹.

However, I do not agree with such point of view because the dematerialised nature of infringement activity over the Internet renders the location of the parties and the place where infringement occurred or may occur difficult to determine. In this connection Zekos suggest a new approach to determining jurisdiction in the case of intellectual property rights infringement over the Internet¹⁹⁰. Indeed, the supporters of special jurisdictional rules argue that the Internet is a fundamentally different method of communication and that it requires new regulation¹⁹¹.

There are widely held views of how the jurisdiction in the case of intellectual property rights infringement over the Internet should be established. In particular, Johnson and Post suggest that the Internet should be viewed as a separate space that extends beyond the jurisdiction of any individual nation¹⁹². According to their point of view, such a separate and distinct cyberspace jurisdiction would be capable of regulating itself without recourse to national courts and laws.¹⁹³ The same approach is

¹⁸⁶ Lorna E. Gillies, 'Addressing the "Cyberspace Fallacy": Targeting the Jurisdiction of an Electronic Consumer Contract' [2008] *International Journal of Law and Information Technology*, 242; Shinicho Hayakawa, 'Private Law in the Era of the Internet' in Jurgen Basedow, Toshiyuki Kono (eds), *Legal Aspects of Globalization Conflict of Laws, Internet, Capital Markets and Insolvency in a Global Economy* (Kluwer Law International 2000) 30; Richard S. Zembek, 'Jurisdiction and the Internet Fundamental Fairness in the Networked World of Cyberspace' [1996] *Albany Journal of Science and Technology*, 347.

¹⁸⁷ Aaron Schwabach, *Internet and the Law: Technology, Society, and Compromises* (ABC-CLIO 2006) 23.

¹⁸⁸ Jovan Kurbalija, 'Internet governance and international law' (Internet Governance Forum) <http://www.wgig.org/docs/book/Jovan_Kurbalija%20.pdf> accessed 15 May 2011.

¹⁸⁹ Lorna E. Gillies, 'Addressing the "Cyberspace Fallacy": Targeting the Jurisdiction of an Electronic Consumer Contract' [2008] *International Journal of Law and Information Technology*, 245

¹⁹⁰ Georgios I. Zekos, 'State Cyberspace Jurisdiction and Personal Cyberspace Jurisdiction' [2007] *Int J Law and Info Tech* 15, 1.

¹⁹¹ Joanna Kulesza, *International Internet Law* (Routledge 2012) preface XI

¹⁹² David R. Johnson, David Post, 'Law and Borders – The Rise of Law in Cyberspace' (1996) 48 *Stan. L. Rev.* 1367, 1367.

¹⁹³ *Ibid*, 1367-1369.

taken by MacGregor, who suggests that the Internet should properly be recognized as sovereign within itself, rather than a mere medium subject to the differing rules of multiple sovereign states¹⁹⁴.

However, in my opinion, such a jurisdictional approach is an expression of early utopian theory of “no man’s land”. Indeed, while the self-regulation rules are applicable to many regulatory subjects, including e-commerce, technical protocol and domain-names management (through the Internet Corporation for Assigned numbers and Names)¹⁹⁵ this approach is not an effective way of solving jurisdictional problems in the case of intellectual property rights infringement over the Internet. In particular, a State cannot exercise its adjudicatory authority over a party or a dispute unless it has the statutory authority to do so¹⁹⁶. Indeed, as noted by Rice, the most fundamental principle raised by the Internet is the principle of the foreseeability of jurisdiction¹⁹⁷. Thus, regulation of the jurisdictional issues on the Internet is required.

In this regard, some authors propose to consider jurisdiction on the Internet as an “every man’s land”, where the laws of all states apply at the same time¹⁹⁸. In particular, Menthe argues that unlike traditional jurisdictional problems that might involve two, three or more conflicting jurisdictions, the set of laws which could apply to a simple homespun Web page is, simply, all laws¹⁹⁹. Therefore, as the Internet’s economic and commercial significance become clearer, the theory of separate space was replaced by the theory of international space²⁰⁰. The supporters of this theory believe that Internet is a separate space which should be governed by the laws of public international law²⁰¹. Indeed, there are currently three distinct international

¹⁹⁴ Heather McGregor, ‘Law on the Boundless Frontier: The Internet and International Law’ (1999-2000) Kentucky Law Journal Vol 88 Number 4 967, 969, 982.

¹⁹⁵ Monroe Edwin Price, Stefaan G. Verhulst, *Self-regulation and the Internet* (Kluwer Law International 2005) 1 -2.

¹⁹⁶ Jack H. Friedenthal, May Kay Kane, Arthur R. Miller, *Civil Procedure* (4th, Thomson 2005)

¹⁹⁷ Denis T. Rice, ‘Jurisdiction in Cyberspace: Which Law and Forum Apply to Securities Transactions on the Internet?’ (2001) University of Pennsylvania Journal of International Economic Law, Volume 21, Number 3, 585.

¹⁹⁸ Svantesson (n 176) 2; Darrel C. Menthe, ‘Jurisdiction in Cyberspace: A Theory of International Spaces’ (1998) 4 Mich. Telecomm. & Tech. L. Rev. 69, 70-71.

¹⁹⁹ Menthe (n 198) 70-71.

²⁰⁰ Niloufer Selvadurai, ‘The Proper basis for Exercising Jurisdiction in Internet Disputes: Strengthening State Boundaries or Moving Towards Unification?’ (2013) Journal of Technology Law & Policy, Volume XIII, 15 -16.

²⁰¹ Menthe (n 198).

spaces under public international law – Antarctica, international space, and the high seas. The Internet should be treated as a fourth international space²⁰².

However, in order to apply the international space theory to intellectual property rights infringement over the Internet, a tailored analysis is necessary. The proposals provided so far by the academic community comprise two elements: Menthe and Kish propose a direct analogy between international spaces and cyberspace, and accept only the nationality principle as the basis of jurisdiction²⁰³; while Timofeeva's model of cyberspace jurisdiction is based on the jurisdictional principles of territoriality and nationality²⁰⁴.

In particular, Menthe's theory of international space is based on the principle of nationality²⁰⁵. The main argument in support of this approach is based on the idea that in cyberspace there is no sovereignty, and therefore no basis for territorial jurisdiction²⁰⁶. As over international spaces, the jurisdiction over cyberspace should be determined by nationality of the actor or victor²⁰⁷. This means that the geographical location, or where the act was committed, is irrelevant for jurisdictional purposes²⁰⁸. In practical terms this means that a person uploading content protected by IP law on the Internet is required to mark it with his or her nationality before it could be sent (this might be done automatically by the ISP)²⁰⁹. Indeed, we may not know where a Web page is, but we would know who is responsible for it²¹⁰. According to Menthe's proposal, the use of nationality as the basis for jurisdiction on the Internet "will provide predictability and international uniformity. It strikes a balance between anarchy and universal liability, and it works. Recognition of cyberspace as an international space is more than overdue. It is becoming imperative"²¹¹.

²⁰² Menthe (n 198) 70.

²⁰³ Kish J.F., *The Law of International Spaces* (1973); Menthe (n 198) 69-103.

²⁰⁴ Yulia Timofeeva, *Worldwide Prescriptive Jurisdiction in Internet Content Conversies: A comparative Analysis* (2005). 20 Conn. J. Int'l L. 199, 214.

²⁰⁵ Menthe (n 198) 70-71.

²⁰⁶ Niloufer Selvadurai, 'The Proper basis for Exercising Jurisdiction in Internet Disputes: Strengthening State Boundaries or Moving Towards Unification?' [2013] *Journal of Technology Law & Policy*, Volume XIII, 15-16.

²⁰⁷ Menthe (n 198) 83.

²⁰⁸ Niloufer Selvadurai, 'The Proper basis for Exercising Jurisdiction in Internet Disputes: Strengthening State Boundaries or Moving Towards Unification?' [2013] *Journal of Technology Law & Policy*, Volume XIII, 15.

²⁰⁹ Marcus F. Franda, *Governing the Internet: The Emergence of an International Regime* (Lynne Rienner Publishers, London 2001) 150.

²¹⁰ Menthe (n 198) 83.

²¹¹ Menthe (n 198) 120.

In my opinion, even though it might at first glance appear to respond to the jurisdictional problems of the Internet, it seems unrealistic to impose on an intellectual property rights infringer a legal responsibility for content posted on the Internet. Moreover, the ISP is also unable to identify the nationality of the intellectual property rights infringer. Indeed, it is very difficult if not impossible to determine who is an intellectual property rights infringer in complex intellectual property disputes because of the special technical possibilities of the Internet (such as proxy servers, mirroring sites and sites made for hire).²¹² Therefore, the nationality of an intellectual property rights infringer is not a relevant factor for jurisdictional purposes in the case of intellectual property rights infringement over the Internet.

However, even if jurisdiction over the Internet is based on the theory of international space, its non-physical nature would justify the application of the territorial principle²¹³. In this regard Timofeeva suggests a little modification of jurisdiction in Internet disputes, which should be established on the principles of territoriality and nationality²¹⁴. Indeed, in spite of the fact that Internet disputes occur transnationally without an obvious direct connection to a particular territory, the territoriality principle is useful in controlling Internet content issues as it enables a State to assert jurisdiction over a variety of parties such as online businesses, ISPs and intermediaries, who are residents of the State and involved in providing access to the Internet or hosting Internet content²¹⁵. Thus, the notion of territorial connection should be retained with regard to the issue of jurisdiction in Internet disputes²¹⁶.

However, in spite of the value of public international law in regulating international spaces such as Antarctica, international space and high seas, such a jurisdictional basis is not an appropriate choice in the case of intellectual property rights infringement over the Internet due to the number of practicality-based reasons supporting this point of view.

Firstly, the public international law regulates the relationship between states, while private international law regulates that between private parties. Therefore, it is

²¹² Kulesza (n 191) 14.

²¹³ Den Jerker B. Svantesson, 'Borders On, or Border Around – The Future of the Internet' [2006] 16 Alb. L.J. Sci. & Tech. 343, 366.

²¹⁴ Yulia A. Timofeeva, 'Worldwide Prescriptive Jurisdiction in Internet Content Controversies: A Comparative Analysis' [2005] 20 Conn. J. Int'l L. 199, 201.

²¹⁵ Ibid, 214.

²¹⁶ Richard Fentiman, 'English Private International Law at the End of the 20th Century: Progress or Regress?' in Symeon Symeonides (eds), *English Private International Law at the End of the 20th Century: Progress or Regress?* (Kluwer Law International 2000) 190.

not possible to establish jurisdiction over intellectual property rights infringement over the Internet through public international law.

Secondly, the legal regulation of Antarctica, outer space and the high seas²¹⁷ is based on international convention, whereas the idea of separate international conventions focused on jurisdiction in Internet disputes is problematic due to difficulties with international harmonisation. In particular, the Hague Draft proposal on International Jurisdiction and Enforcement in Civil and Commercial Matters did not succeed due to legal, cultural and economic differences. Moreover, intellectual property rights infringements over the Internet involve a variety of disparate issues such as free speech, violations of privacy, and tort liability²¹⁸. Traditionally, these issues have been adjudicated by different areas of law. But in the case of intellectual property rights infringement over the Internet, these issues should be tried together. This generates barriers to international harmonisation.

Thirdly, the non-physical nature of the Internet precludes a comparison between physical international spaces and cyberspace²¹⁹. Indeed, “no one lives or works in cyberspace” and “no nation can reasonably be expected to agree to give up significant portions of their sovereignty to some newly conceived realm of existence”²²⁰. Therefore, as a method of communication the Internet differs from other media in a variety of respects, but “not so radically that a declaration of *sui generis* jurisdictional status is required.”²²¹

In this connection I would like to agree with Dutson’s point of view that “the Internet is an old wine in new bottles from a conflict perspective”²²². In other words, private international law principles should apply to this new form of communication

²¹⁷ In particular, in the case of Antarctica, scientific personnel or observers working are subject to jurisdiction based solely on their nationality following provisions of the Antarctic Treaty of 1961. The Basic treaty on Outer Space 1967 asserts that outer space, including the moon, is not subject to claims of sovereignty by any one country but instead lays out rules for carrying on activities authorised by individual states in accordance with treaty provisions.

²¹⁸ Yulia A. Timofeeva, ‘Worldwide Prescriptive Jurisdiction in Internet Content Controversies: A Comparative Analysis’ [2005] 20 Conn. J. Int’l L. 199, 217.

²¹⁹ Den Jerker B. Svantesson, ‘Borders On, or Border Around – The Future of the Internet’ [2006] 16 Alb. L.J. Sci. & Tech. 343, 366.

²²⁰ Dan L. Burk, ‘Trademark Doctrines for Global Electronic Commerce’ [1998] 49 S.C. L. REV., 695-699.

²²¹ Ibid.

²²² Stuart Dutson, ‘The Internet, the Conflict of Laws, International Litigation and Intellectual Property: the Implications of the International Scope of the Internet on Intellectual Property Infringements’ [1997] Journal of Business Law, 495.

but should take into account the unique factual circumstances in which infringements of IP rights may be committed.

In my opinion, the most reasonable solution would be to develop the rules of jurisdiction over intellectual property rights infringement over the internet on a regional level. In particular, this can be done through the reform of the Brussels I Recast by establishing common principles of private international law applicable in the case of intellectual property rights infringement over the Internet.

Thus, jurisdiction in the case of intellectual property rights infringement over the Internet should be determined on the basis of the Brussels I Recast.

1.4 The need for this project

The necessity to reform the Brussels I Recast in the case of intellectual property rights infringement over the Internet is dictated by the following facts:

First, the Brussels I Recast is currently inefficient in appropriately addressing the jurisdictional issues in the case of intellectual property rights infringement over the Internet. Indeed, the Brussels I Recast does not contain rules in relation to jurisdiction in the case of intellectual property rights infringement over the Internet. The main purpose of this regulation is the resolution of offline disputes on the borders of the EU, which are very different from trans-border intellectual property disputes over the Internet.

Indeed, the Internet has not only changed the way people live and interact but has also affected the legal regulation of private international law, which governs the determination of jurisdiction in the case of intellectual property rights infringement over the Internet. Until recently, private international law of intellectual property was based on the principle of territoriality. It was not difficult for courts to identify where the intellectual property rights infringement had taken place. Indeed, the courts could easily localize the place where copyright works were published, where trademarked goods were sold, and where patented inventions were used. Such acts took place, for

example, where hard copies or products were distributed, live performances took place or factories were found.²²³

However, due to the specific features of the Internet the question of jurisdiction in the case of intellectual property rights infringement over the Internet may be problematic. The Internet is an international network that connects people across different jurisdictions and it is subject to different legislation. It crosses national borders where national governments have no sovereign authority. When intellectual property rights infringement occurs on the Internet, it is important not only to find appropriate jurisdiction but also to identify the intellectual property rights infringer.

Indeed, on the Internet, due to the issues of privacy and data protection regarding Internet users it is very difficult to identify the intellectual property rights infringer. Moreover, the specific features of the Internet such as its worldwide accessibility and the digital nature of intellectual property rights make it difficult to identify the location of the event that gave rise to the damage. Indeed, the intellectual property right may be infringed in several Member States. For example, in the case of intellectual property rights infringement over the Internet, material published on the Internet can be uploaded in one Member State, downloaded in another member State and viewed anywhere on the globe. Does this mean that the IP rights owner is able to appeal to every state in which the materials are accessible? And what about the individual Internet users who posted material protected by IP law on an interactive Web site? Are they potentially subject to the jurisdiction of every state in the world?

Thus, the question of which national authorities have jurisdiction is the first point of interest for every intellectual property rights owner whose rights are infringed over the Internet.

However, in spite of the fact that questions about jurisdiction arise in almost every Internet case, the legal rules remain unpredictable not only in the EU but also internationally. Indeed, intellectual property rights infringements over the Internet raise problems for the right holders interested in enforcing their parallel rights and stopping these illegal activities in all of the countries in which they

²²³ James J. Fawcett, Paul Torremans, *Intellectual Property and Private International Law* (Clarendon Press 1998) 244.

occur.²²⁴ Thus, the consolidation of transnational intellectual property disputes before one court uniformly applying the law of a particular country is essential for right holders.

Therefore, developing jurisdictional rules in the case of intellectual property rights infringement over the Internet is a necessary step in order to satisfy the requirements of a new virtual world. In particular, the law that used to regulate jurisdictional rules in the offline environment does not provide certainty – either for Internet users regarding online activities or for service providers and courts. Thus, the legal development needs to consider global political, economic and technological developments in order to respond to the interests of all of the parties involved. This is also true in relation to jurisdictional regulation of the Internet in the case of intellectual property rights infringement.

Therefore, the main legal reasons for reform of the Brussels I Recast are the inefficiency of the Brussels I Recast and the necessity to address the issues of jurisdiction in the case of intellectual property rights infringement over the Internet. In this work we need to respond to the challenges introduced by the Internet and find acceptable and feasible connecting factors to establish jurisdiction in the case of intellectual property rights infringement over the Internet. In particular, we need to understand and explain the “big picture” – the picture of how the Brussels I Recast can be adapted with regard to torts committed over the Internet.

Indeed, the determination of jurisdiction in the case of intellectual property rights infringement over the Internet is a critical legal issue, as parties to legal disputes prefer a “predictable legal environment to unpredictable environments”.²²⁵ Therefore, adapting the Brussels I Recast is a necessary step forward from the current legal situation presented by the development of the Internet. The main aspect of this research is the issue of jurisdiction in the case of intellectual property rights infringement over the Internet rather than the substantive IP law issues. The project does not intend to analyse the issues of when and under what circumstances intellectual property rights are infringed on the Internet. The substantive law issues are discussed briefly and only in the situation where the issue of jurisdiction is

224 Pedro A. De Miguel Asensio, ‘The Networked information society: Territoriality and beyond’ (paper presented at Annual Kyushu University Law Conference 2010, Fukuoka) <<http://www.law.kyushu.ac.jp/programs/english/conference2010/draft12.pdf>> accessed 20 May 2011.

225 Mark F. Kightlinger, ‘A Solution to the Yahoo! Problem? The EC E-Commerce Directive as a Model for International Cooperation on Internet Choice of Law’ [2003] 24 MICH. J. INT’L L. 719, 765.

concerned with the substantive law issue. Indeed, it is not possible within the framework of the present work to analyse all possible forms of intellectual property rights infringement over the Internet. In particular, as noted by Ross, the ways in which intellectual property rights infringement occurs on the Internet are limited only by the infringer's imagination.²²⁶ Thus, only the issue of jurisdiction in the case of intellectual property rights infringement over the Internet will be analysed.

Therefore, the necessity of this project is spelled out by the following facts:

- 1) The inefficiency of the Brussels I Recast to appropriately address the issue of jurisdiction in the case of intellectual property rights infringement over the Internet;
- 2) The specific features of intellectual property rights infringement over the Internet requiring special attention with regard to the issue of jurisdiction;
- 3) The inconsistency of various national practices (United Kingdom, Germany, Sweden and France) and scholarly debates in relation to the interpretation of the existing law in the context of the Internet;
- 4) The necessity of a unified EU concept of jurisdiction in the case of intellectual property rights infringement over the Internet in order to satisfy the requirements of a new virtual world.

1.5 Literature review

Despite the ubiquity of the problem, a dearth of literature exists on the subject²²⁷. Indeed, no country has yet expressly developed jurisdictional rules in the area of intellectual property rights infringement over the Internet. Thus, a systematic and comprehensive analysis of the topic is required. In this regard it is important to identify the most important academic literature in the subject.

In particular, the book *Internet jurisdiction and Choice of law: Legal Practices in the EU, US and China*²²⁸ by Faye Fangffi Wang examines the existing jurisdiction and choice of law rules and proposes the interpretation of those rules to the digital age. However, the main focus of this book is electronic commercial transactions

²²⁶ Terence P. Ross, *Intellectual Property Law, Damages and Remedies* (Law Journal Press, New York 2006) 6-5.

²²⁷ Fawcett (n 112) preface v-vi.

²²⁸ Faye Fangffi Wang, *Internet jurisdiction and Choice of law: Legal Practices in the EU, US and China* (Cambridge University Press 2010).

which are conducted by private individuals and commercial entities without country boundaries. Thus, it does not discuss jurisdictional issues in the case of intellectual property rights infringement over the Internet.

However, the most important book in this sphere is *Intellectual property and Private International law*²²⁹ by James J. Fawcett and Paul Torremans, which includes all major changes and initiatives in relation to private international law and intellectual property law issues. In particular, this book takes into account the replacement of the Brussels Convention by the Brussels I Regulation, the introduction of the Rome II Regulation (dealing with the applicable law in relation to non-contractual obligations) and discussion of the decisions of the ECJ in the *Roche* and *GAT* cases. In addition, they covered infringement and piracy. However, the questions of intellectual property rights infringement over the Internet was discussed only briefly. Therefore, a detailed analysis of the topic is required.

The book *Intellectual Property and Private International Law. Comparative Perspectives*²³⁰ by Toshiyuki Kono offers a comparative perspective of more than 20 countries across North America, Europe (include both EU and non-EU states) and Asia in relation to regulating the private international law aspects of intellectual property. This book contains the General and 20 National Reports arising from the 18th International Congress of Comparative Law held in Washington (July 2010). These reports explain the legal regimes in force in those jurisdictions and the relevant case law concerning international jurisdiction, choice of law and the recognition and enforcement of foreign judgments in multi-state IP disputes. However, this book does not discuss jurisdictional issues in the case of intellectual property rights infringement over the Internet.

The same situation occurs in *Brussels I Regulation. European Commentaries on Private International Law*²³¹ by Ulrich Magnus and Peter Mankowski, which covers jurisprudence of the ECJ and of the Member States but does not cover the jurisdictional issues of intellectual property rights infringement over the Internet.

²²⁹ Fawcett (n 112).

²³⁰ Toshiyuki Kono, *Intellectual Property and Private International Law. Comparative Perspectives* (Hart Publishing 2012).

²³¹ Ulrich Magnus, Peter Mankowski, *Brussels I Regulation. European Commentaries on Private International Law* (Sellier. European Law Publishers 2007).

It is important to mention also the book *Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US*²³² by Jürgen Basedow, Toshiyuki Kono and Axel Metzger. This book is relevant as it contains an analysis of the CLIP and ALI Proposals. However, the CLIP and ALI Proposals in relation to ubiquitous infringement are discussed very briefly.

The book *Google and the Law*²³³ by Lopez-Tarruella Aurelio is also relevant for the purpose of this thesis as it discusses online disputes in which Google has been involved. This book helps to understand how the current legal systems are adapted to business models such as that of Google.

However, in spite of the value of these books, the recent ECJ case law points in the direction of a more online-specific interpretation and therefore requires a detail analysis. Indeed, the most relevant books in the sphere of this research were published during 2007-2012 while the majority of cases dealing with interpretation of Article 7 (2) of the Brussels Recast were decided in the last few years²³⁴. (This is also an argument in support of the conclusion that cross-border intellectual property rights infringements over the Internet are increasing.)

1.6 The aim of the project

The protection of intellectual property rights on the Internet poses extraordinary challenges to the existing models of adjudicating international disputes. This is so because territoriality is deeply rooted as a basic feature of IP rights that influences jurisdictional rules²³⁵. One of the aims of this work is to analyse the application of the existing jurisdictional rules according to the Brussels I Recast in the case of intellectual property rights infringement on the Internet.

²³² Jürgen Basedow, Toshiyuki Kono, Axel Metzger, *Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010).

²³³ Lopez-Tarruella Aurelio, *Google and the Law* (T.M.C. Asser Press 2012).

²³⁴ For example, Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-604/10 *Football Dataco Ltd and Others v Yahoo! UK Ltd and Others*. [2012] ECDR 10; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-360/12, *Coty Germany GmbH v First Note Perfumes NV*. [2014] not yet published; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

²³⁵ Pedro A. De Miguel Asensio, 'The Networked information society: Territoriality and beyond' (paper presented at Annual Kyushu University Law Conference 2010, Fukuoka) <<http://www.law.kyushu-u.ac.jp/programs/english/conference2010/draft12.pdf>> accessed 20 May 2011.

Indeed, because there are no special jurisdictional rules in the case of intellectual property rights infringement over the Internet, jurisdictional rules according to the Brussels I Recast will be analysed. In particular, I will examine how Articles 4, 8 (1), 7 (2), 24 (4) of the Brussels I Recast are applicable in the case of intellectual property rights infringement over the Internet.

The next important issue in our discussion is to identify and analyse the problems associated with the application of the existing jurisdictional rules in the case of intellectual property rights infringement over the Internet. In particular, jurisdictional issues on the Internet arise because the existing jurisdictional rules are based on territorial connections, i.e. the location of an infringer or the location of an activity. However, the principle of territoriality collides head-on with the characteristics of the Internet, among which are its lack of territoriality or its international and decentralised nature²³⁶.

On the basis of the analysis of the existing law and theory, case law and scholarly discourse, I will provide a solution for reforming the Brussels I Recast. Indeed, the development of technology and the Internet has led to changes in society and social behaviour²³⁷. Therefore, the reform of the Brussels I Recast is the logical step for developing more online-specific jurisdictional rules in the case of intellectual property rights infringement over the Internet. Indeed, it is important to establish clear and consistent jurisdictional grounds on which intellectual property rights disputes over the Internet can be accessed.

Thus, the aims of this project, among other things, are to identify:

- Whether jurisdictional rules under the Brussels I Recast are effective enough to deal with intellectual property rights infringement over the Internet.
- Why it is difficult to apply existing jurisdictional rules in the case of intellectual property rights infringement over the Internet.
- What are the suggestions and recommendations for reform of the Brussels I Recast in order to satisfy the requirements of a new virtual world.

²³⁶ Graham J. H. Smith, *Internet Law and Regulation* (Sweet & Maxwell 2007) 649.

²³⁷ Ulf Maunsbach, 'Jurisdiction in Relation to Online Cross-border Infringements - The Code and the Law' in Dan Jerker B. Svantesson & Stanley Greenstein. (eds), *Internationalisation of Law in the Digital Information Society - Nordic Yearbook of Law and Informatics 2010-2012* (Ex Tuto Publishing 2013) 173-193.

1.7 Research Methodology

This chapter explores the nature of research and the general premises and principles on which the research is predicated and seeks to address the research questions.

According to Berg, the purpose of the research is “not to amass data, but to discover answers through application of systematic procedures”²³⁸. Ghauri and Gronhaug define research as a process of planning, executing and investigating in order to find reliable answers to specific questions, and emphasise the need for a systematic approach so that “it is easier for others to understand and believe in our report”²³⁹. However, we need to agree that “the purposes of research are multiple, such as to describe, explain, understand, foresee, criticise or analyse already existing knowledge or phenomena in social sciences”²⁴⁰.

In this connection, I would like to note that the main research method that I decided to use in this thesis is the analytical method of research. This research method analyses information already available and makes a critical evaluation of the material²⁴¹. The analytical method of research employed here aims to describe and explain the legal framework regarding the conflict of jurisdiction concerning intellectual property rights infringements over the Internet on the borders of the EU. The analysis will be conducted within the following legal framework: 1) EU and national legislation (UK, Germany, Sweden, and France); 2) ECJ and national case law (UK, Germany, Sweden, and France); and 3) academic literature.

Indeed, jurisdictional questions in the case of intellectual property rights infringement over the Internet are a global issue and thus require a global response involving the participation of all stakeholders in the international community. However, as it is not possible within the scope of this work to investigate every country’s approach to jurisdictional issues over the Internet, I decided to tackle these issues in the light of legal developments within the EU and its Member States.

In the EU the questions of jurisdiction are regulated by the Brussels I Recast. However, this legal instrument does not extend its application to online issues.

²³⁸ Berg, B., *Qualitative Research Methods for the Social Sciences: International Edition* (Pearson Education 2008) 6.

²³⁹ Pervez Ghauri, Kjell Gronhaug, *Research Methods in Business Studies: A Practical Guide* (4th, Financial Times 2010) 45.

²⁴⁰ *Ibid*, 11.

²⁴¹ Khushal Vibhute, Filipos Aynalem, ‘Legal research Method’ (2009) <chilot.wordpress.com> accessed 11 June 2014.

Therefore, the Brussels I Recast will be analysed in the light of its applicability to intellectual property rights infringement over the Internet. This allows for the identification and analysis of the legal barriers to engagement over the Internet. Some commentators have noted that the literature in relation to jurisdictional issues in the case of intellectual property rights infringement over the Internet is fragmented and inherent and that there is a need for framework development and research at the conceptual level to provide more focused research²⁴².

This thesis accepts that challenge. It takes as a basis of research an analytical approach to allow for the identification and explanation of factors affecting the application of the existing jurisdictional rules in the case of intellectual property rights infringement over the Internet. Thus, the territorial nature of intellectual property rights and the global nature of the Internet are at the centre of my discussion. Indeed, digital technology is challenging the traditional intellectual property sphere. In particular, it is very difficult to protect intellectual property rights on the Internet due to digitization of Intellectual property rights and the problems associated with intellectual property rights infringers' identification and location.

However, this thesis attempts to analyse not only legislation but also case law related to intellectual property rights infringement over the Internet. In particular, four target jurisdictions will be analysed: the United Kingdom, Germany, Sweden and France. However, the case law of these countries will be analysed not in a comparative perspective but as four examples of interpreting the jurisdictional rules under the Brussels I Recast in a particular Member State of the EU. These countries were chosen not only because they are EU Member States with similar legislation but also because they have the most developed case law in relation to the jurisdictional issues posed by intellectual property rights infringement over the Internet. In addition, they are considered as democratic countries which provide similar responsibilities for intellectual property rights infringement over the Internet. This provided a common ground for analysis. However, this common ground for comparison is open to debate. Indeed, in spite of the fact that they have similar legislation, the legal approaches taken in relation to interpretation are very different. Moreover, these countries have different legal systems: while Germany, Sweden and France are civil law countries, the UK has a common law system. Therefore, this provides a great opportunity to

²⁴² Fawcett (n 112) 661; Savin (n 61) 248.

explore different approaches to legal regulation in order to choose the best possible solution in relation to the issue of the jurisdiction of intellectual property rights infringement over the Internet.

Indeed, such analysis is very important for achieving harmonization of jurisdictional issues of intellectual property rights infringement over the Internet at an EU level.

Moreover, American doctrine and case law also will be taken into account during this research (where possible). This is because the USA has a more developed case practices in relation to jurisdictional issues of intellectual property rights infringement over the Internet than EU Member States. Therefore, it is very important to be familiar with US practice.

In addition to the legislation and cases, the academic literature in relation to jurisdictional issues will also be analysed. Special attention will be given to the application of the traditional jurisdictional rules in the online environment and the differences in legal regulation and regulatory approaches to resolve these issues. Two academic projects – the American law Institute’s (ALI) and Max Planck Group’s on Conflict of Law and Intellectual Property (CLIP) Proposals on Jurisdiction, Applicable Law, and Recognition and Enforcement of Judgments in Intellectual Property²⁴³ - will be analysed. These projects have been established in order to develop international standards better suited to adjudicating international disputes on intellectual property claims. Despite the fact that none of them has a binding legal status, they both intend to provide guidelines for courts, legislative bodies or international organizations on international private law issues in cross-border intellectual property disputes²⁴⁴. The analytical research of these projects will provide not only a comparative overview of legal approaches in the EU and the USA but also an understanding of the direction of global development in relation to jurisdictional issues of intellectual property rights infringement over the Internet.

It is important to emphasise that this thesis not only critically evaluates the existing literature but also makes suggestions for improvements of the existing law. Indeed, the investigation shows that law and regulations are not only mere extensions

²⁴³ American Law Institute, *Intellectual property : principles governing jurisdiction, choice of law, and judgments in transnational disputes* (St. Paul, California 2008); Max Planck Group on Conflict of Law in Intellectual Property, ‘Principles for Conflicts of Laws in Intellectual Property’ (2011) <<http://www.ip.mpg.de/de/data/pdf/draft-clip-principles-25-03-2011.pdf>> accessed 8 June 2014.

²⁴⁴ CLIP Proposal, Preamble; ALI Principle, § 102.

of statutes, cases, and governmental documents but are social products influenced by the development of the Internet²⁴⁵. As a result, the law which was fully justifiable when it was introduced or adapted is no longer so justifiable because the reasons or circumstances that justified the original provisions are no longer valid or exist²⁴⁶. As will be shown, the Brussels I Recast does not fit with the construction of an efficient solution to intellectual property rights infringement over the Internet. Therefore, the modification of the Brussels I Recast is required. Such modification is possible in the form of new articles dealing with the jurisdictional issues of intellectual property rights infringement over the Internet. This step is especially significant as the ECJ has emphasised repeatedly that the interpretation of the Brussels regime should be harmonised on a European basis rather than allowed to develop in different national directions²⁴⁷. This thesis will describe and explain which criteria should be used by developing more flexible jurisdictional rules of intellectual property rights infringement over the Internet. In particular, the main emphasis will be on analysing why the chosen principles are the best possible ones to adopt, what conditions will allow them to be applied; and in what direction further possible reform and development may lie. Therefore, the analytical method of research can provide a theoretical framework for understanding the current legal regulation of jurisdiction in the EU with a view to developing better-suited rules to intellectual property rights infringement over the Internet.

1.8 Structure of the thesis

The thesis comprises 5 chapters that include an introduction, the jurisdictional issues, and a conclusion.

In order to analyse the impact of the Internet on private international law of intellectual property and jurisdictional issues Chapter 1 is divided into four major sections. Section one analyses the interface between private international law and intellectual property rights (paragraph 1.1.). Section two of this chapter analyses the

²⁴⁵ Maryann P. Feldman, Grazia D. Santangelo, *New Perspectives in International Business Research* (1st, EIBA 2008) 139-145.

²⁴⁶ Khushal Vibhute, Filipos Aynalem, 'Legal research Method' (2009) <chilot.wordpress.com> accessed 11 June 2014.

²⁴⁷ See for example, Case 189/87 *Kalfelis v Bankhaus Schroder Munchmeyer Hengst & Co* [1988] ECR 05565.

nature of the Internet and identifies the impact of the Internet on intellectual property rights infringement over the Internet (paragraph 1.2.). Section three analyses the impact of the Internet on jurisdictional issues. In particular, this section considers the existing jurisdictional approaches with regard to disputes arising over the Internet and which ones provide a most appropriate solution for determining jurisdiction in disputes of intellectual property rights infringement over the Internet (paragraph 1.3.). Section four of this chapter analyses the methodological aspects of the project: the aim of the project; the need for this project; a literature review; the research methodology; the structure of the thesis; and a statement of originality and contribution to knowledge (paragraphs 1.4. - 1.9.).

Following this, Chapter 2 of this thesis is dedicated to analysing the general jurisdiction according to Article 4 (1) of the Brussels I Recast and identifying the difficulties concerned with its applicability to intellectual property rights infringement over the Internet. The second part of Chapter 2 is concerned with the consolidation of claims in multi-defendant cases according to Article 8 (1) of the Brussels I Recast. This chapter also includes the conclusion of this investigation.

Chapter 3 of this thesis is concerned with tort jurisdiction according to Article 7 (2) of the Brussels I Recast. It analyses its applicability in the case of intellectual property rights infringement over the Internet, identifies problems and makes suggestions for the modification of the Brussels I Recast (in the form of additional special jurisdictional rules for intellectual property rights infringement over the Internet).

Chapter 4 of this thesis examines exclusive jurisdiction according to Article 24 (4) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet. This chapter identifies difficulties and makes suggestion with regard to Article 24 (4) of the Brussels I Recast.

Chapter 5 concludes this investigation. It considers the main findings of this research, addresses its importance and its contribution to knowledge, and finally suggests an agenda for further research in the field.

1.9 Originality and contribution to knowledge

This investigation not only identifies jurisdictional problems with regard to the application of the existing jurisdictional rules of intellectual property rights infringement over the Internet, but also provides recommendations for the reform of the jurisdictional rules under the Brussels I Recast.

Thus, this work provides a response to the jurisdictional problems in the case of IP infringement caused by the development of the Internet. In this regard this work fills the present gaps in relation to jurisdiction of intellectual property rights infringement over the Internet.

The work is important for at least three key reasons: (1) legal scholarship; (2) case study evidence of how regulation works in practice; (3) and policy making;

First, it has implications for scholarship as this work identifies the problems of applying the existing jurisdictional rules under the Brussels I Recast in the following EU Member States: United Kingdom, Germany, Sweden and France.

Second, this research explores the evolution of jurisdictional rules over the Internet. Indeed, the work provides an explanation of the evolution of jurisdictional rules caused by the development of the Internet in the case of IP infringement not only on an EU level (ECJ cases) but also on the national level (United Kingdom, Germany, Sweden and France).

Third, the analysis developed here is expected to help reform current policy making in relation to regulating jurisdictional issues over the Internet, due to the growing importance of intellectual property rights protection across the world. In particular, this research can assist policy makers in modifying the Brussels I Recast in the form of new jurisdictional proposals applicable to intellectual property rights infringement over the Internet.

In addition, this work as a form of legal dialogue with legal and scientific communities will provide further ideas for researching an acceptable jurisdictional solution to intellectual property rights infringement over the Internet.

Chapter 2

Article 4 of the Brussels I Recast and its applicability in the case of intellectual property rights infringement on the Internet

2.1 Article 4 of the Brussels I Recast: Introduction

Article 4 of the Brussels I Recast is classed as “general jurisdiction” and states that persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State²⁴⁸. This is a mandatory requirement²⁴⁹, and any cases of intellectual property rights infringement over the Internet are not an exception to the rule, which means that the courts of the defendant’s domicile have to try the case. Therefore, a person who infringes intellectual property rights over the Internet can always be sued in his or her domicile²⁵⁰. However, as will be shown later, this general principle is subject to a number of specific exceptions provided in Articles 7 (2) and 24 (4) of the Brussels I Recast, according to which a person domiciled in a Member State can be sued in the courts of another Member State.

²⁴⁸ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351.

²⁴⁹ Case C-281/02 *Owusu v Jackson* [2005] ECR I-1383, para 37.

²⁵⁰ Metzger, ‘Jurisdiction in Cases Concerning Intellectual Property Infringement on the Internet, Brussels I Regulation, ALI-Principle and Max Planck Proposal,’ in Ohly and Leible (ed.), *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 253.

Domicile as a jurisdictional connecting factor was developed in Roman law and maintained by civilian courts. English and other common-law courts, adopting a procedural approach, preferred to focus on physical presence at the time of service of process²⁵¹. In common law a court had no jurisdiction outside its territorial limits²⁵². Cornish and Llewelyn note that “domicile” is a matter for the law of the relevant State²⁵³, and only courts of the Member State where the defendant is domiciled has jurisdiction to deal with the dispute. For a definition of domicile, the Regulation distinguishes between natural (Article 62) and legal persons (Article 63).

Article 62 of the Brussels I Recast does not give an autonomous definition of domicile and provides a conflict rule in order to determine whether a natural person is domiciled in the Member State²⁵⁴. Within the UK, domicile is defined in section 41 of the Civil Jurisdiction and Judgments Regulations 2009²⁵⁵, which incorporates the Brussels I Recast into UK law as meaning the place where a person resides and has some substantial connection²⁵⁶ – if a person has been resident somewhere for three months, there is a rebuttable presumption that said person has a substantial connection with that place²⁵⁷. Interestingly, multiple domiciles are possible, so someone who travels regularly for work and maintains two homes, one in England and one in France, could be domiciled in both England and France²⁵⁸.

In the case of legal persons, Article 63 of the Brussels I Recast provides three connecting factors regarding domicile: the statutory seat, the central administration (that is, the place where the main management decisions are taken) or the principal place of business. Section 42 (3) of the Civil Jurisdiction and Judgments Regulations 2009 provides that a corporation or association has its seat in the United Kingdom, if and only if: (a) it was incorporated or formed under the law of a part of the United Kingdom and has its registered office or some other official address in the United

²⁵¹ Oren Bigos, ‘Jurisdiction over cross-border wrongs on the Internet’ (2005) 54(3) I.C.L.Q. 585-620.

²⁵² *Lenders v Anderson* [1883] 12 QBD 50, 56; *Ingate v La Commissione de Lloyd Austriaco, Prima Sezione* [1858] 4 CB NS 704, 708 (CP); *Pennoyer v Neff* [1877].95 US 714, 722.

²⁵³ W. R Cornish and David Llewelyn, *Intellectual property: Patents, copyrights, trademarks and allied rights* (6th edn, Sweet & Maxwell Ltd 2007) 99

²⁵⁴ Article 62 of the Brussels I Recast: ‘1. In order to determine whether a party is domiciled in the Member State whose courts are seized of a matter, the court shall apply its internal law. 2. If a party is not domiciled in the Member State whose courts are seized of the matter, then, in order to determine whether the party is domiciled in another Member State, the court shall apply the law of that Member State..’.

²⁵⁵ The Civil Jurisdiction and Judgments Regulations 2009, SI 2009/3131.

²⁵⁶ This is a statutory concept of domicile which is similar to but not the same as the common-law concept of domicile.

²⁵⁷ The Civil Jurisdiction and Judgments Regulations 2009, SI 2009/3131, section 41 (6).

²⁵⁸ Kay Lauchland, ‘Jurisdictions over defendants’ [2004] *The National Legal Eagle* 10(2), 11.

Kingdom or (b) its central management and control are exercised in the United Kingdom²⁵⁹.

In this connection it is important to note the differences in how the concept of domicile is understood by the United Kingdom and other common-law countries. Thus, under the Civil Jurisdiction and Judgments Regulations 2009, it is possible for a person to have more than one domicile, whereas in other common-law jurisdictions only one domicile is possible²⁶⁰.

Hence, general jurisdiction over natural persons is available in Europe in the defendant's domicile and, for legal persons, at the defendant's statutory seat, at the defendant's central administration and at the defendant's principle place of business.

In this respect, it is interesting to note that the Brussels I Recast makes irrelevant the nationality or domicile of the plaintiff. In particular, in *Josi Reinsurance v Universal General Insurance Company*, the European Court of Justice (ECJ) clarified that the domicile of the plaintiff is generally irrelevant and hence the jurisdictional rules of the Brussels I Recast are applicable in a dispute between a defendant domiciled in a Member State and a claimant domiciled in a third State²⁶¹. Therefore, a plaintiff from the United States or Japan is in exactly the same position as one from France or Germany²⁶².

Moreover, the Brussels I Recast does not contain the general discretionary power to decline jurisdiction on the basis of *forum non conveniens*. This was confirmed by the decision in *Owusu v Jackson*²⁶³, in which the ECJ held that the Brussels regime precludes a court of a Contracting State from declining the jurisdiction conferred on it by the rule of general jurisdiction on the ground that such a court of a non-Contracting State would be a more appropriate forum for the trial of the action²⁶⁴. As a result, if the proceedings have been brought in England against an English defendant for the infringement of a foreign intellectual property right, *forum non conveniens* cannot be invoked by the English court; indeed, the jurisdiction of the

²⁵⁹ The Civil Jurisdiction and Judgments Regulations 2009, SI 2009/3131.

²⁶⁰ Lawrence Antony Collins, Albert Venn Dicey and John Humphrey Carlile Morris, *Dicey And Morris On The Conflict Of Laws* (Sweet & Maxwell 2000) 287.

²⁶¹ Case C-412/98 *Josi Reinsurance v Universal General Insurance Company* [2000] ECR I-5925.

²⁶² Christopher Wadlow, *Enforcement of Intellectual Property In European And International Law* (Sweet & Maxwell 1998) 75.

²⁶³ Case C-281/02 *Owusu v Jackson* [2005] ECR I-1383.

²⁶⁴ Fawcett (n 112) 37.

English court is based on Article 4 of the Brussels I Recast. The *forum non conveniens* approach is confirmed also by Article 34 (2) of the Brussels I Recast.

The most important questions in our discussion are as follows: **Why is difficult to apply Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet? What are the recommendations for the development of the existing law?**

2.1.1 Difficulty of applying Article 4 of the Brussels I Recast to IPRs infringement over the Internet

Suing in the courts of the defendant's domicile allows intellectual property rights owners to bring any claim arising out of the infringement of parallel intellectual property rights, regardless of whether or not they arise in the Forum State or in any other country²⁶⁵. Therefore, jurisdiction under Article 4 of the Brussels I Recast is very useful, as it allows for suing in one court only with regard to any damage caused. Indeed, the application of Article 4 of the Brussels I Recast meets the essential requirement of legal certainty and the objective, pursued by the Brussels I Recast, of strengthening the legal protection of persons established in the EU, by enabling the applicant to identify easily the court in which he can sue and the defendant to reasonably foresee in which court he could be sued²⁶⁶.

However, intellectual property infringements in the offline reality and over the Internet have fundamental differences due to the Internet's characteristics, which were examined previously in the introductory chapter. Nonetheless, the Brussels I Recast does not contain any special provision dealing solely with intellectual property rights infringement over the Internet, and so the court has to apply the existing jurisdiction rule to this matter.

In this regard it is important to identify the main difficulties that can arise in applying this offline rule to intellectual property rights infringement over the Internet. Therefore, the main issue here is: **Why is it difficult to apply this traditional offline jurisdictional principle, in particular Article 4 of the Brussels I Recast, in the case of intellectual property rights infringement on the Internet?**

²⁶⁵ Metzger, 'Jurisdiction in Cases Concerning Intellectual Property Infringement on the Internet, Brussels I Regulation, ALI-Principle and Max Planck Proposal,' in Ohly and Leible (ed.), *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 253.

²⁶⁶ Case C-327/10 *Hypoteczni Banka as v Lindner* [2011] ECR I-11543.

In this chapter we will examine problems such as the identity and location of the defendants, privacy and data protection issues arising in the case of disclosing personal data or information for the purpose of investigating online intellectual property rights infringement on the basis of the EU law and national laws of some EU Member States.

2.1.1.1 Defendant's location

As discussed earlier, ascertaining the domicile of a defendant in the offline reality is not difficult: an action can be brought where the natural person is domiciled in the Member State (Article 62 of the Brussels I Recast) or where the legal person has a statutory seat²⁶⁷, central administration or principal place of business (Art. 63 of the Brussels I Recast). This jurisdictional principle is applicable even in when the current domicile of the defendant is unknown, according to the ECJ decision in *Hypotecni Banka as v Lindner*²⁶⁸. Indeed, as stated by the ECJ, courts in the place where the defendant had his last known domicile may have jurisdiction to deal with proceedings against him. Therefore, the fact that it is not possible to identify the current domicile of the defendant must not deprive the applicant of his right to bring proceedings to the last known domicile of said defendant.

However, in cases concerning Internet communication, a claimant may not know whether the defendant is domiciled in the territory of the European Union or outside the Union. Therefore, it may be difficult to apply Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet.

Domain names, e-mail addresses and Internet protocol addresses do not necessarily reveal the location of online IP infringers²⁶⁹, and without a doubt domain names do not reveal much about the user's location – even a country code top-level domain name does not necessarily indicate that the registrant of that name is located in that country; for example, Turkmenistan's registration authority assigns country code top-level domain names to non-resident users²⁷⁰, and this situation also applies to e-mail addresses. As a result, a person may have an electronic address with a

²⁶⁷ For the purpose of the United Kingdom and Ireland “statutory seat” means the registered office or, where there is no such office anywhere, the place of incorporation or, where there is no such place anywhere, the place under the law of which the formation took place.

²⁶⁸ Case C-327/10 *Hypotecni Banka as v Lindner* [2011] ECR I-11543.

²⁶⁹ Julia Hörnle, *Cross-Border Internet Dispute Resolution* (Cambridge University Press 2009) 19.

²⁷⁰ Registry website: www.nic.tm.

service provider whose domain name comprises a national identifier, such as “UK,” without being resident in that particular State²⁷¹. Even having details of a customer’s credit card does not always determine where a person is located²⁷², because, as seen in *Dow Jones & Company v Gutnick*²⁷³, a US company may issue a credit card to an Australian.

Moreover, Internet protocol addresses are not structured according to geographic locations and do not by themselves disclose the geographical location of the IP infringer. However, as a reaction to the difficulty of determining the location of Internet users, technologies are being developed on the basis of the Internet protocol address of a given user’s computer²⁷⁴. In particular, since Internet protocol addresses are allocated in blocks, it is possible for technologies such as www.quova.com and www.digitalenvoy.net to map most of them accordingly. As noted by Tedeschi, this development means that borders are returning to the Internet²⁷⁵; nevertheless, it is a debatable issue as to how accurately geolocation tools can predict the location of a computer connected to the Internet²⁷⁶, and in addition they are not used for all online interactions and transactions²⁷⁷.

However, many companies providing posting and distributing services on the Internet (such as domain name registrars, bulletin board operators and commercial Web page hosts) require the identification and contact details of their customers, but these requests are often ignored, as no sanctions have been foreseen or enforced if unreliable contact details are detected.

2.1.1.2 Anonymity

The question of location is central to clarifying an IP infringer’s identity. Many communications via the Internet are anonymous²⁷⁸ and there is no way to verify with absolute certainty an IP infringer’s identity. A common variant of anonymity is

²⁷¹ Fawcett (n 112) 536.

²⁷² Ibid.

²⁷³ *Dow Jones & Company v Gutnick* (2002) 210 CLR 575 (High Court of Australia) para 85.

²⁷⁴ Jack L. Goldsmith and Alan O. Sykes, ‘The Internet and The Dormant Commerce Clause’ (2001) 110 *Yale L.J.* 785, 810-811.

²⁷⁵ B Tedeschi, ‘E-Commerce: Borders Returning To The Internet’ *New York Times* (2 April 2001).

²⁷⁶ *LICRA and UEJF v. Yahoo! Inc and Yahoo France* [2000] Tribunal de Grande Instance de Paris (mapping Internet protocol addresses is about 70 per cent accurate to a particular country).

²⁷⁷ Julia Hörnle, *Cross-Border Internet Dispute Resolution* (Cambridge University Press 2009) 22.

²⁷⁸ Anonymity means that a person’s identity is unknown but his activity may be visible (from Oxford English Dictionary). For example, cast a vote in an election and the people counting will see your choice but have no idea who you are.

pseudonymity, where the IP infringer participates in communications under a fictitious name or several fictitious names. Anonymity and pseudonymity were not invented with the advent of the Internet; they have occurred throughout history²⁷⁹. At the same time, the use of pseudonyms in real life may be fairly usual for a relatively small range of public persons, such as writers, actors and others, while in cyberspace it commonplace for most users. Indeed, anonymity is one of the characteristics of the Internet²⁸⁰, which provides an unmanageable infrastructure via websites, e-mail, chat rooms, FTP sites, Usenet newsgroups, encryption tools, re-mailers and anonymous server facilities that support anonymity²⁸¹.

There are many situations in cyberspace where anonymity or pseudonymity can be socially useful. In particular, people in dictatorships and undemocratic countries may use anonymity to avoid persecution for their opinions. In addition, due to anonymity, people may openly discuss personal issues, since features which enable identification can be removed²⁸². Moreover, a manufacturer may receive objective feedback by seeking anonymous reviews of its products²⁸³. However, anonymity can also provide the perfect shield for different crimes, such as the distribution of computer viruses, fraud or online copyright infringement through peer-to-peer file sharing sites; for example, online file-sharers may avoid prosecution and lawsuits by concealing their identities. Indeed, as one EU study indicates, the growth of illegal file-sharing could cost European countries 240 billion euros (£215bn) in retail revenue losses and 1.2 million in jobs lost by 2015²⁸⁴.

The worldwide growth of anonymous Internet communication therefore raises various legal questions. On the one hand, people are more and more concerned about their privacy and a desire to access the network anonymously²⁸⁵. On the other hand,

²⁷⁹ Jacob Palme and Mikael Berglund, 'Anonymity On The Internet' (2002) <<http://people.dsv.su.se/~jpalme/society/anonymity.html>> accessed 15 October 2011.

²⁸⁰ Jelke Nijboer, 'Big Brother Versus Anonymity On The Internet: Implications For Internet Service Providers, Libraries And Individuals Since 9/11' (2004) 105 *New Library World* 256.

²⁸¹ H.L. Armstrong and P.J. Forde, 'Internet Anonymity Practices In Computer Crime' (2003) 11/5 *Information Management & Computer Security* 214.

²⁸² Diane Rowland, 'Anonymity, Privacy and Cyberspace', paper presented at the 15th BILETA Conference: Electronic datasets and access to legal information (University of Warwick 2000).

²⁸³ Saul Levmore and Martha Craven Nussbaum (e.g.), *The Offensive Internet: Speech, Privacy, And Reputation* (Harvard University Press 2010) 60.

²⁸⁴ TERA Consultants, International Chamber of commerce/BASCAP, 'Building a digital economy: the importance of saving jobs in the EU's creative Industries' (March 2010) <https://oami.europa.eu/ohimportal/documents/11370/71142/Building+a+Digital+Economy,+the+importance+of+saving+jobs+in+the+EUs+creative+industries> accessed 5 March 2015.

²⁸⁵ Philip Leith, "The socio-legal context of privacy" [2006] *Int. J.L.C.* 2(2), 105-136.

governments and IPRs holders are concerned that this anonymous access might mask illegal behaviour²⁸⁶. Therefore, the most important question associated with anonymous communication is how can we ensure the right balance between users' right to privacy, the freedom of expression and the legitimate concerns of public authorities and third parties?

At the EU level the use of online anonymity focuses on privacy issues. According to recommendations made by the Data Protection Working Party regarding anonymity on the Internet, the ability to choose to remain anonymous – and consequently to have anonymous access – is essential if individuals are to preserve the same protection of their privacy online as they currently enjoy offline.²⁸⁷ In addition, as noted by the Council of Europe, “Anonymous access to and use of services... are the best protection of privacy.”²⁸⁸

However, anonymity is not appropriate in all circumstances²⁸⁹, since determining the circumstances in which the “anonymity option” is appropriate and those in which it is not requires the careful balancing of fundamental rights²⁹⁰. Indeed, the anonymity on the Internet is not an absolute right, and restrictions on its use may be imposed with a view to protecting other fundamental rights in a democratic society²⁹¹ (this point will be discussed later).

Furthermore, as noted by Ferguson, there is no reason to believe that we should have a right to remain anonymous if we are doing something that is harmful or risky to others²⁹². This is especially important in the case of intellectual property rights infringement on the Internet. For example, section 124A of the Digital Economy Act 2010 requires the copyright owner to gather subscribers' IP addresses as evidence of copyright infringement²⁹³, and among the major categories of resources facilitating

²⁸⁶ Maureen Daly, 'Is there an entitlement to anonymity? A European and international analysis' [2013] E.I.P.R. 35(4), 198-211.

²⁸⁷ Commission, 'Working Party on the Protection of Individual with regard to the processing of personal Data, 'Recommendation 3/97. Anonymity on the Internet' [1997] WP 6.

²⁸⁸ Committee of Ministers for the protection of privacy on the Internet, 'Recommendation No. R (99) 5. Guidelines for the protection of individuals with regard to the collection and processing of personal data on information highways' [1999].

²⁸⁹ Commission, Working Party on the Protection of Individual with regard to the processing of personal Data, 'Recommendation 3/97. Anonymity on the Internet' [1997] WP 6.

²⁹⁰ Ibid.

²⁹¹ Joris Claessens and others, 'Revocable Anonymous Access To The Internet?' (2003) 13 Internet Research, 242-258.

²⁹² Kenneth G. Ferguson, 'Caller ID – Whose Privacy Is It, Anyway?' (2001) 29 Journal of Business Ethics, 231.

²⁹³ Digital Economy Act 2010. C24.

online piracy, only torrents make the IP addresses of other downloaders/uploaders visible²⁹⁴; therefore, in essence, the anonymised IP addresses of infringers cannot be protected by privacy.

From a technical point of view, special software such as DtecNet allows claimants in Internet disputes to identify the IP addresses of those downloading illegal material. At the same time, it is only Internet service providers (ISPs) which are able to match the relevant IP address of a computer used on a network with an account holder and his/her physical address. The computer records held by the ISP can provide identification data, while DtecNet can only provide the eight-digit IP address. Moreover, personal information is provided by users to the ISP via the registration process, which means that the ISPs collect users' personal data or sensitive information at this point.

Conclusion

On the basis of the analysis carried out herein, we can conclude that anonymity on the Internet is not an absolute right, and restrictions on the use of anonymity may be imposed with a view to protecting other fundamental rights in a democratic society²⁹⁵. In particular, this is evident in the case of intellectual property rights infringement over the Internet, where the anonymised IP addresses of infringers cannot be protected by privacy. Therefore, the ISP is able to match the relevant address of a computer used on a network with a unique Internet subscriber.

Indeed, as noted in the Irish case *EMI v UPC*, "It is definitively established by the evidence that, without the assistance of an ISP, the recording companies cannot discover the identity of those who are infringing their copyright."²⁹⁶ By knowing the Internet protocol address²⁹⁷ and the date and time of connection, ISPs are able to

²⁹⁴ Krzysztof Garstka, 'The Amended Digital Economy Act 2010 As An Unsuccessful Attempt To Solve The Stand-Alone Complex Of Online Piracy' (2012) 43 (2) IIC-International Review of Intellectual Property and Competition Law, 158-174.

²⁹⁵ Joris Claessens and others, 'Revocable Anonymous Access to The Internet?' (2003) 13 Internet Research, 242-258.

²⁹⁶ *EMI v UPC* [2010] IEHC 377; [2011] E.C.C. 8 para 58.

²⁹⁷ An Internet protocol address is a number assigned to any device (i.e. a computer) connected to the Internet. Dynamic IP addresses are assigned on demand by the ISP and may be different each time when the users connect to the Internet, whilst static IP addresses are usually the same every time a user surfs the Internet. See Opinions of the European Data Protection Supervisor on the Current Negotiations by the European Union of an Anti-Counterfeiting Trade Agreement (ACTA), 2010 O.J. (C 147/1) 25.

identify the connected computer, following which it is then possible to connect it to an Internet user's account and his/her physical address²⁹⁸.

2.1.1.3 Privacy issues

2.1.1.3.1 Privacy and data protection

Thus, in order to institute IP infringement proceedings, claimants or authorities need the details of potential infringers' personal data in relation to relevant IP addresses from the respective ISP. This raises concerns around the duties and liabilities of ISPs, as there may be the need to disclose personal data or information for the purpose of investigating online intellectual property rights infringement²⁹⁹.

Data protection law is related closely to the right to privacy, which is a fundamental human right recognised by Article 8 of the European Convention on Human Rights, according to which "Everyone has the right to respect for his private and family life, his home and his correspondence"³⁰⁰. The right to privacy is also recognised by Article 12 of the Universal Declaration of Human Rights³⁰¹ and Article 17 of the United Nations International Convention on Civil and Political Rights³⁰², both of which state that no one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, or to attacks upon his honour and reputation, and that everyone has the right to the protection of the law against such interference or attacks.

"Without our privacy, we lose out integrity as persons," Charles Fried declared over 47 years ago³⁰³, but the concept of privacy has far older historical origins in sociological and anthropological discussions about how extensively it is valued and

²⁹⁸ Alberto J. Cerda Silva, 'Enforcing Intellectual Property Rights By Diminishing Privacy: How The Anti-Counterfeiting Trade Agreement Jeopardizes The Right To Privacy' (2011) 26 American University International Law Review 619.

²⁹⁹ Faye Fangfei Wang, *Online Copyright Enforcement and Data Privacy Protection* (1st edn, 2011) <<http://infojustice.org/download/gcongress/enforcementtheinternet/wang%20article.pdf>> accessed 5 November 2011.

³⁰⁰ Convention for the Protection of Human Rights and Fundamental Freedoms (European Convention on Human Rights, as amended) (ECHR).

³⁰¹ Universal Declaration of Human Rights (adopted 10 December 1948 UNGA Res 217 A (III) (UDHR), Art 12.

³⁰² International Convention on Civil and Political Rights (adopted 16 December 1966, entered into force 23 March 1975) 999 UNTS 171 (ICCPR).

³⁰³ Charles Fried, 'Privacy' (1968) 77 The Yale Law Journal 475, 477.

preserved in various cultures³⁰⁴; for instance, most important philosophical discussions are based on Aristotle's distinction between the public sphere of political activity and the private sphere associated with family and domestic life.

The two American lawyers S. Warren and L. Brandeis defined privacy as "the right to be let alone"³⁰⁵. They believed that the privacy principle was already part of common law and the protection of one's home as one's castle, albeit political, social and economic changes made it important to recognise explicitly and separately this protection under the name of privacy³⁰⁶.

However, privacy is not a unified concept; as noted by Solove, for example, it is "an umbrella term relating to a wide and disparate group of related things"³⁰⁷. In particular, in *Norris v Attorney General*³⁰⁸, the court recognised that privacy was a "complex of rights, varying in nature, purpose and range, each necessarily a facet of the citizen's core of individuality within the constitutional order." Indeed, its meaning is dependent on a nation's culture. For example, the classic contrast to the British attitude to privacy is Sweden, where their long tradition of open government means that a great deal of information considered private in Britain, such as the amount of tax a person pays, is readily accessible to a Swedish citizen³⁰⁹.

Interest in the right to privacy increased in the 1960s and 1970s with the advent of information technology, which made personal data easily accessible and communicable³¹⁰. This second generation of legislative efforts considered the protection of personal data as a separate fundamental right, distinct from the right to privacy³¹¹, and special rules governing the collection and handling of personal information were considered necessary in order to protect citizens' privacy. In other words, data protection laws have been characterised as regulatory reactions to

³⁰⁴ Judith DeCew, 'Privacy' The Stanford Encyclopedia of Philosophy (2012), <<http://plato.stanford.edu/archives/fall2012/entries/privacy>> accessed 11 June 2014.

³⁰⁵ Samuel D. Warren and Louis D. Brandeis, 'The Right to Privacy' (1890) 4 Harvard Law Review.

³⁰⁶ Ibid.

³⁰⁷ Daniel J. Solove, 'A Taxonomy of Privacy' (2006) 154 University of Pennsylvania Law Review, 485.

³⁰⁸ *Norris v. A.G.* [1983] IESC 3, para 71.

³⁰⁹ Chris Reed and John Angel, *Computer Law: The Law and Regulation Of Information Technology* (6th edn, Oxford University Press 2007) 461.

³¹⁰ Global Internet Liberty campaign, 'Privacy and Human Rights. An International Survey of Privacy Laws And Practice' (2012) <<http://gilc.org/privacy/survey/intro.html>> accessed 29 February 2012.

³¹¹ European Commission's Information Society and Media Directorate-General, 'EU study on the Legal analysis of a Single Market for the Information Society. New rules for a new age?' (2009).

technological developments³¹² in an attempt to provide an answer on how data relating to a person are processed by others³¹³.

The first data protection law in the world was enacted in Germany in 1970³¹⁴. A little later, in 1981, the first international agreement with regard to the automatic processing of personal data was introduced by the Council of Europe in its Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, which holds that “it is desirable to extend the safeguards for everyone’s rights and fundamental freedoms, and in particular the right to the respect for privacy, taking into account the increasing flow across frontiers of personal data undergoing automatic processing”³¹⁵. Indeed, in *Rotaru v Romania*, the European Court of Human Rights identified the purpose of the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data as “securing for every individual... his right to privacy with regard to automatic processing of personal data relating to him”³¹⁶. Moreover, as underlined in the OECD Guidelines on the Protection of Privacy and Trans-border flows of Personal Data, this document was introduced in order to prevent violations of fundamental human rights, such as the unlawful storage of personal data, the storage of inaccurate personal data or the abuse or unauthorised disclosure of such data³¹⁷.

However, when the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data was drafted in 1981, the Internet did not really exist, nor did the majority of the problems people face in terms of the proper use of their data. Therefore, the Council of Europe decided to update the Convention for the modern world. The data protection committee, in its meeting in Strasburg on December 3, 2014, adopted the modernisation proposals of the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, and

³¹² European Commission’s Information Society and Media Directorate-General, ‘EU study on the Legal analysis of a Single Market for the Information Society. New rules for a new age?’ (2009) 3.

³¹³ Christopher Kuner, *European Data Protection Law: Corporate Regulation and Compliance* (2nd edn, Oxford University Press 2007) 3.

³¹⁴ Serge Gutwirth, Ronald Leenes, Paul de Hert (ed.), *Reforming European Data Protection Law* (Springer 2015) 313.

³¹⁵ Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data European (adopted 28 January 1981) 1496 UNTS 66 Preamble.

³¹⁶ *Rotaru v. Romania*, Application no. 28341/954 [2000] 43.

³¹⁷ OECD Guidelines governing the protection of privacy and trans-border flows of personal data (as amended on 11 July 2013) C (2013) 79, preamble.

the convention is open to ratification³¹⁸. It is expected that the revised convention on data protection will become a binding international legal instrument for data privacy protection, with a potential worldwide application. Indeed, the Convention recognises that it is necessary to promote at the global level the fundamental values of respect for privacy and the protection of personal data³¹⁹.

Data protection and privacy are overlapping concepts, as both aim at protecting similar rights and values³²⁰. In particular, while data protection covers issues relating to the protection of individual citizens against the unjustified collection, storage, use and dissemination of their personal details³²¹, privacy covers issues such as protection of family life, private communication, physical integrity and unwarranted investigations³²². This means that data protection regulation is echoing a privacy right with regard to personal data. Therefore, many scholars view data protection and privacy as being interchangeable³²³. Nonetheless, privacy and data protection could be described as “twins, but not identical”³²⁴; in fact, as stated in the OECD Guidelines, “the development of automatic data processing, which enables vast quantities of data to be transmitted within seconds across national frontiers, and indeed across continents, has made it necessary to consider privacy protection in relation to personal data”³²⁵. Therefore, privacy is the starting point for identifying and determining the principles of data protection.

Data protection is broadly analogous to the “information privacy” concept, the classic definition of which is given by Westin: “The claim of individuals, groups or institutions to determine for themselves when, how and to what extent information about them is communicated to others”³²⁶.

³¹⁸ Directorate General of Human Rights and Rule of Law, Abridged report (2014) CAHDATA RAP03Abr <http://www.coe.int/t/dghl/standardsetting/dataprotection/TPD_documents/CAHDATA-RAP03Abr_En.pdf> accessed 20 June 2015.

³¹⁹ Convention for the Protection of Individuals with regard to the Processing of Personal Data (2014) CAHDATA RAP03Abr <http://www.coe.int/t/dghl/standardsetting/dataprotection/TPD_documents/CAHDATA-RAP03Abr_En.pdf> accessed 20 June 2015.

³²⁰ P.J. Hustinx, ‘Data Protection in The European Union’ (2005) 2 Privacy and Information, 62-65.

³²¹ Ibid. 62.

³²² DLA Piper, ‘EU Study on the Legal Analysis of a Single Market for the Information Society. New rules for a new age? The future of online privacy and data protection’ (DLA Piper 2009) 4.

³²³ Paul de Hert, Serge Gutwirth and Yves Poullet, *Reinventing Data Protection?* (Springer 2009) 4.

³²⁴ P. De Hert, E. Schreuders, ‘The Relevance of Convention 108’ (Proceedings of the Council of Europe Conference on Data Protection, Warsaw, 19-20 November 2001).

³²⁵ OECD Guidelines governing the protection of privacy and trans-border flows of personal data (as amended on 11 July 2013) C (2013) 79.

³²⁶ Alan F. Westin, *Privacy and Freedom* (Atheneum 1967) 7.

Two legal developments in the UK have driven data protection and privacy ever closer together³²⁷. Firstly, the Data Protection Directive 95/46³²⁸, upon which the Data Protection Act 1998³²⁹ was based, expressly recognises its origins in the right to privacy as expressed in Article 8 of the European Convention on Human Rights. In particular, Article 1(1) of the Data Protection Directive 95/46 provides that Member States shall protect the fundamental rights and freedoms of natural persons and in particular their right to privacy with respect of the processing of personal data. Secondly, the European Convention on Human Rights was incorporated into UK law by the Human Rights Act 1988, which imposed an obligation upon the courts, as public authorities, not “to act in a way which is incompatible with a Convention right”³³⁰.

Conclusion

On the basis of the analysis undertaken herein, we can conclude that privacy and data protection are “twins, but not identical”³³¹. This means that privacy is the starting point for identifying and determining the principles of data protection. Certainly, legal frameworks impose an obligation on competent authorities to protect people’s fundamental rights and freedoms and in particular their right to privacy with respect to the processing of personal data.

2.1.1.3.2 EU legislation: processing and retention of personal data

As discussed previously, intellectual property rights infringers are not easily identifiable. Therefore, in order to identify them effectively, the collection and processing of personal data are required, without which prosecution and trials would be practically impossible. However, the collection and processing of a user’s personal data are subject to data protection legislation, the aim of which is to protect personal data, i.e. data that can be attributed to a person³³².

³²⁷ Chris Reed and John Angel, *Computer Law: The Law and Regulation of Information Technology* (6th edn, Oxford University Press 2007) 462.

³²⁸ Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] O.J. L 281.

³²⁹ Data Protection Act 1998 c. 29.

³³⁰ Human Rights Act 1988, s 6 (1).

³³¹ P. De Hert, E. Schreuders, ‘The Relevance of Convention 108’ (Proceedings of the Council of Europe Conference on Data Protection, Warsaw, 19-20 November 2001).

³³² Christoph Sorge, Joao Girao, Amardeo Sarma, ‘Privacy-enabled identity management in the Future Internet’ in Georgios Tselentis (eds), *Towards the Future Internet* (IOS Press 2009) 60.

There are several major instruments on the European Union level that govern issues of data protection. Firstly, Article 8 of the EU Charter provides a separate fundamental right to data protection, in that everyone has the right to the protection of personal data concerning him or her. Such data must be processed fairly for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by law. Furthermore, everyone has the right to access any data which has been collected concerning him or her, and the right to have it rectified. Compliance with these rules shall be subject to control by an independent authority³³³.

Secondly, there are several directives, such as the Data Protection Directive 95/46³³⁴, the Directive on Privacy and Electronic Communications 2002/58³³⁵ and the Data Retention Directive 2006/24³³⁶, that regulate the fair and lawful processing of personal data. The concept of data processing is defined very broadly as any operation or set of operations which is performed upon personal data, whether or not by automatic means, such as collection, recording, organisation, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, blocking, erasure or destruction³³⁷. Therefore, almost everything that can be done with personal data falls within this definition³³⁸. As a general principle, it requires the express consent of the data subject, except in specific circumstances when the data are legally required to be processed and to protect the public interests of a private party holding certain fundamental rights³³⁹.

This means that ISPs should keep their subscribers' true identities confidential. In particular, according to Article 5(1) of the Directive 2002/58 on Privacy and Electronic Communications, Member States shall ensure the confidentiality of

³³³ Charter of the Fundamental Rights of the European Union [2012] O.J. C 326/397, art. 8.

³³⁴ Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] O.J. L 281.

³³⁵ Council Directive (EC) 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002] O.J. L 201.

³³⁶ Council Directive (EC) 2006/24 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC O.J. L 105.

³³⁷ Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] O.J. L 281, art 2 (b).

³³⁸ Bart van der Sloot and Frederik Zuiderveen Borgesius 'Google and Personal Data Protection' in Aurelio Lopez-Tarruella (ed.) *Google and the Law* (T.M.C. Asser Press 2012) 82.

³³⁹ Fred H. Cate, 'The EU Data Protection Directive, Information Privacy, and the Public Interest,' 80 IOWA L. REV. 433.

communications and related traffic data by means of a public communications network and publicly available electronic communications services, all provided through national legislation³⁴⁰.

National legislations have often been inspired by OECD privacy guidelines³⁴¹. Among these guidelines is the purpose specification principle, whereby data may only be collected for a specific purpose, and they may only be used for other purposes if authorised by the law or the subject (the person to whom the data pertain). In the European Union this principle has been adopted by Directive 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, according to which collection and processing is allowed only for specified, explicit and legitimate purposes³⁴². Directive 2002/58 on privacy and electronic communications further specifies that access to any stored information is allowed only according to the subscriber or user's consent with clear and comprehensive information about the purposes of the processing of personal data³⁴³.

However, as referred to in Article 13 (1) of the Data Protection Directive 95/46³⁴⁴, Member States may provide for exceptions to the principle of personal data confidentiality when such a restriction constitutes a necessary measure to safeguard: (a) national security; (b) defence; (c) public security; (d) the prevention, investigation, detection and prosecution of criminal offences, or of breaches of ethics for regulated professions; (e) an important economic or financial interest of a Member State or of the European Union, including monetary, budgetary and taxation matters; (f) a monitoring, inspection or regulatory function connected, even occasionally, with the exercise of official authority in cases referred to in (c), (d) and (e), and (g) the protection of the data subject or of the rights and freedoms of others. Moreover, Article 15 (1) of the Directive 2002/58 on privacy and electronic communications³⁴⁵ also provides a list of exceptions to the principle of confidentiality.

³⁴⁰ Council Directive (EC) 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002] OJ L 201.

³⁴¹ OECD Guidelines governing the protection of privacy and trans-border flows of personal data (as amended on 11 July 2013) C (2013) 79.

³⁴² Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] O.J. L 281, art 6 (b), 7 (b).

³⁴³ Council Directive (EC) 2009/136 amending Directive 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2009] OJ L 337, art 6 (3).

³⁴⁴ Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281.

³⁴⁵ Article 15 (1) of the Council Directive 2002/58 on privacy and electronic communications: 'Member States may adopt legislative measures to restrict the scope of the rights and obligations provided for in Article 5,

Therefore, it is unclear as to whether the exceptions stated in Article 15 (1) of Directive 2002/58 on privacy and electronic communications include those laid down in Article 13 (1) of the Data Protection Directive 95/46. The European Court of Justice, in *Promusicae v. Telefonica*³⁴⁶, clarified the situation, by stating that Article 15 (1) of the Directive 2002/58 on privacy and electronic communications must be read in conjunction with Article 13 (1) of the Data Protection Directive 95/46, and it must therefore be interpreted as allowing Member States to restrict the scope of obligations provided in certain articles of the Directive 2002/58 on privacy and electronic communications when this is necessary to safeguard the rights and freedoms of others, including the right to intellectual property in civil proceedings.

The ECJ also found that under the law of European Union Member States, ISPs are not obliged to disclose personal data in the context of civil proceedings for the purpose of copyright protection³⁴⁷. Therefore, Member States have been given autonomy to decide on whether or not they want to legislate this matter.

Consequently, only in the situation when national law allows the disclosure of personal information, EU Member State authorities may require the disclosure of personal data according to Directive 2004/48 on the enforcement of intellectual property rights³⁴⁸. In particular, Article 8 (1) of that Directive states that judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right shall be provided by the infringer and/or any other person who possessed, used or was involved in the production of the goods or services, in response to a justified and proportionate request of the claimant³⁴⁹. Acts on a commercial scale refers to those acts carried out for direct or indirect economic or commercial advantage³⁵⁰. Therefore, we can conclude that acts on a commercial scale may refer to an activity of users who,

Article 6, Article 8(1), (2), (3) and (4), and Article 9 of this Directive when such restriction constitutes a necessary, appropriate and proportionate measure within a democratic society to safeguard national security (i.e. State security), defence, public security, and the prevention, investigation, detection and prosecution of criminal offences or of unauthorised use of the electronic communication system, as referred to in Article 13(1) of Directive 95/46/EC.’.

³⁴⁶ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271

³⁴⁷ Ibid.

³⁴⁸ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L195/16.

³⁴⁹ Ibid.

³⁵⁰ Ibid. Preamble 14.

through peer-to-peer file sharing systems³⁵¹, for instance, upload and download files, i.e. these users do not make a profit but they certainly cause financial damage to copyright owners, and they also enjoy a financial benefit, since they get for free a “product” which bears a price³⁵².

However, while the situation with the disclosure of personal data of infringers by ISPs for the purpose of civil litigation is more or less clear, the retention of personal data for such a purpose was an issue in the Swedish case *Bonnier Audio v. Perfect Communication*³⁵³, which demonstrates an important gap in EU legislation.

In the case, a Swedish publishing company, Bonnier Audio, which holds exclusive rights to the reproduction, publishing and distribution to the public of 27 works in the form of audio books, sued a Swedish Internet service provider, Perfect Communication, because their copyright had been infringed by the public distribution of these works, without their consent, via a file-sharing service. Bonnier applied for an order to disclose the identity of any users who were known to them only by their IP addresses from which the alleged infringing files had been sent. The ISP disputed the claim and stated that the data retained under the Data Retention Directive 2006/24³⁵⁴ could only be used for the purposes of the investigation, detection and prosecution of serious crime and not for unrelated purposes such as civil litigation.

The Solna district court decided in favour of the publishers, but the Court of Appeal upheld the ISP’s appeal on the basis that the publishers were unable to prove any infringement of their IP rights. The publishers appealed to the Swedish Supreme Court, which decided to stay the proceedings and ask the ECJ whether Data Retention Directive 2006/24³⁵⁵ precludes the application of a national provision which is based on Article 8 of Directive 2004/48 on the enforcement of intellectual property rights and which permits an order against a third party in a civil proceeding to give a copyright holder or its representative information on the identity of a particular subscriber whose IP address, it is claimed, is used in an infringement.

³⁵¹ Computing peer-to-peer (P2P), an Internet network that enables a group of users to access and copy files from each other’s hard drives (from The Oxford English Dictionary).

³⁵² Dimitris Kioupis ‘Criminal Liability on the Internet’ in Irini A. Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 253.

³⁵³ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

³⁵⁴ Council Directive (EC) 2006/24 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC [2006] OJ L105/54.

³⁵⁵ Council Directive (EC) 2006/24 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC [2006] OJ L105/54.

The ECJ, in *Bonnier Audio v. Perfect Communication*, held that Data Retention Directive 2006/24 must be interpreted as not precluding the application of national laws that allow an ISP to be ordered to provide information identifying a subscriber whose IP address is suspected of being used for infringing purposes³⁵⁶. This was because such national legislation does not fall within the material scope of Data Retention Directive 2006/24³⁵⁷. Indeed, the main proceedings in this case involved a civil procedure and the data were requested not by a competent national authority but by private persons. Therefore, the Data Retention Directive was not applicable in this case (and, accordingly, it was irrelevant as to whether or not the Member State concerned had implemented the Data Retention Directive³⁵⁸).

The question referred to the ECJ was asked in a way that the fundamental aspect of the case regarding the legality of data retention per se was avoided. Therefore, the ECJ did not rule on the legality of the non-business-related storage of data under the Data Retention Directive.

Moreover, Article 6 of the Data Retention Directive 2006/24 prescribes a retention period for which certain types of personal data have to be kept by publicly available electronic communication services or public communications networks, usually between six months and two years. Such retention of personal data is established as derogation to the general rule in Article 15 (1) of the Directive 2002/58 on privacy and electronic communication.

It is important to note that data retained by an ISP may be used only for the prevention, investigation, detection and prosecution of serious crime³⁵⁹. However, the Data Retention Directive did not identify what constitutes serious crime, and furthermore it did not specify the conditions for access to the data, thereby leaving this issue up to the national courts of each EU Member State to define and interpret. In this regard the legality of the Data Retention Directive and its compatibility with fundamental rights has been an issue of active discussion through the Member States of the EU³⁶⁰. For example, the German Constitutional Court declared the domestic implementing enactment of the directive as unconstitutional, as domestic enactment

³⁵⁶ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219, para 61.

³⁵⁷ *Ibid.*

³⁵⁸ *Ibid.*

³⁵⁹ Council Directive (EC) 2006/24 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC [2006] OJ L105/54, Art 1.

³⁶⁰ Commission, 'Evaluation report on the Data Retention Directive 2006/24' (2011) COM 225 final.

created “a feeling of surveillance” and failed to put sufficient limits on the use that could be made of stored data³⁶¹.

Undeniably, as noted in the European Data Protection Supervisor on the conclusion of the Anti-Counterfeiting Trade Agreement³⁶², there is no legal basis under the Directive on Privacy and Electronic Communications 2002/58 and the Data Retention Directive 2006/24 that would allow ISPs to lawfully retain links between individual IP addresses and Internet usage for the purpose of longer-term monitoring or analysis aimed at identifying “possible” IPR infringers³⁶³.

However, according to the ECJ point of view in *Ireland v. European Parliament and Council*, although the retention of an individual’s personal data may in principle constitute interference within the meaning of Article 8 of the ECHR, this interference may be justified, in terms of that article, by reference to public safety and crime prevention³⁶⁴. This means that the retention of traffic and location data by ISPs is allowed, and so the national authorities of EU Member States should adapt the necessary measures on national law. Indeed, in the case of failing to adapt national law, financial sanctions may be ordered for not complying with the Data Retention Directive 2006/24³⁶⁵.

Therefore, taking into account the controversies surrounding the application of the Data Retention Directive 2006/24 on the national level, the ECJ, in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources*, was called upon to examine the validity of the Data Retention Directive 2006/24 in the light of two fundamental rights under the Charter of Fundamental Rights of the EU, namely the fundamental right to respect in one’s private life and the fundamental right to the protection of personal data³⁶⁶.

After careful examination of the case, the ECJ, in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources*, declared the Data Retention Directive invalid, the main argument for which was based on the fact that

³⁶¹ 1BvR 586/08 [2010] (German Constitutional Court).

³⁶² European Data Protection Supervisor, ‘Opinion on the proposal for a Council Decision on the conclusion of the Anti-Counterfeiting Trade Agreement’ (2012) <http://www.edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultation/Opinions/2012/12-04-24_ACTA_EN.pdf> accessed 12 August 2012.

³⁶³ Ibid.

³⁶⁴ Case C-301/06 *Ireland v. European Parliament and Council* [2009] para 39.

³⁶⁵ Case C-270/11 *Commission v Sweden* [2013] not yet reported.

³⁶⁶ Ibid.

by adopting the Data Retention Directive, EU legislature exceeded the limits imposed by compliance with the principle of proportionality. Furthermore, in spite of the fact that retaining data for the purposes of fighting terrorism, in order to maintain international peace and security, “genuinely satisfies an objective of general interest,” the retaining of such data was viewed as being a form of interference with the fundamental right to the protection of personal data³⁶⁷. This means that the scope of the Data retention Directive was too broad³⁶⁸.

According to the ECJ, in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources*, the Data Retention Directive was lacking a precise scope:

- covers all individuals, all means of electronic communication and all traffic data, without any limitation to the objective of fighting against serious crime;
- there is no connection between persons whose traffic data are retained and a real threat to public security;
- the retention period of at least six months does not distinguish between the categories of specific data;
- does not provide for sufficient safeguards against any unlawful access and the use of the data;
- does not require that the data be retained within the EU.

Therefore, the Data Retention Directive does not fully ensure the control of compliance with the requirements of protection and security – as required explicitly by the Charter of Fundamental Rights of the EU. Such a control, carried out on the basis of EU law, is an essential component of the protection of individuals with regard to the processing of personal data³⁶⁹.

Conclusion

On the basis of the analysis provided herein, we can conclude that while the disclosure of personal data is allowed in civil proceedings, its retention is prohibited.

³⁶⁷ Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175, para 51.

³⁶⁸ Monica Salgado, ‘Case Comment. Data retention – what now?’ (2014) P. & D.P. 14(7), 13-14.

³⁶⁹ Sweet & Maxwell, ‘Case Comment. Data retention Directive invalid, says ECJ’ (2014) EU Focus 319, 14-16.

On the one hand, as stated in *Promusicae v Telefónica de España SAU*³⁷⁰, ISPs are not obliged to disclose personal data in the context of civil proceedings for the purpose of copyright protection³⁷¹. Therefore, Member States have been given autonomy to decide whether or not they want to legislate this matter. Consequently, only in the situation when national law allows the disclosure of personal information, EU Member State authorities may require the disclosure of personal data according to Article 8 (1) of the Directive 2004/48 on the enforcement of intellectual property rights³⁷².

On the other hand, as the recent ECJ decision in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources* indicates, national authorities are prohibited from retaining the personal data of subscribers, as such an approach interferes with the fundamental right to the protection of personal data³⁷³.

In my opinion, the ECJ decision in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources* is a clear expression of the ECJ's intention to support the privacy and data protection of Internet users, rather than the interests of intellectual property rights owners. Moreover, by balancing the rights of privacy and data protection, on the one hand, and the retention of data (what is in the interest of intellectual property rights owners), on the other, the ECJ prioritises the privacy and data protection of Internet users.

Indeed, as noted by the European Data Protection Supervisor, such a decision of the ECJ that limits the blanket government surveillance of communications data highlights the value placed on the protection of fundamental rights as the core of EU policy in this critical area³⁷⁴. However, if national laws are invalidated based on the ECJ in *Digital Rights Ireland Ltd v Minister for Communications, Marine and Natural Resources*, existing convictions may also start being challenged if they relied previously on communications data and the collection and processing of which were based on an invalid law³⁷⁵.

³⁷⁰ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271

³⁷¹ Ibid.

³⁷² Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] O.J. L 157.

³⁷³ Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

³⁷⁴ European Data Protection Supervisor, "Press Statement: The CJEU rules that Data Retention Directive is invalid" (2014) <https://secure.edps.europa.eu/EDPSWEBdav/site/mySite/shared/Documents/EDPS/PressNews/Press/2014/14-04-08_Press_statement_DRD_EN.pdf> accessed 11 July 2014.

³⁷⁵ Monica Salgado, 'Case Comment Data retention – what now?' (2014) & D.P. 14(7), 13-14.

2.1.1.3.3 National scenario: UK Digital Economy Act 2010

Compared with EU data protection legislation, the recent UK Digital Economy Act 2010 (the DEA), having received Royal Assent on 8 June 2010³⁷⁶ (with the exception of certain sections that will be brought into force by statutory instrument)³⁷⁷, holds a different point of view on privacy and data protection. The DEA was introduced by the government³⁷⁸ as a response to the increasing problem of online copyright infringement through peer-to-peer file-sharing by subscribers to Internet services.

The DEA contains measures aimed at reducing the level of online copyright infringement by identifying online perpetrators, in particular those involved in the illegal uploading and accessing of material online. More specifically, the DEA requires Internet service providers to supply copyright owners, if requested by the latter, with anonymised records of subscribers' IP addresses that they allege are repeatedly infringing their rights, or upon a court's order to provide copyright holders with the personal details of persistent alleged infringers in order to pursue civil actions³⁷⁹. These measures are known as "initial obligations."

The practical aspects of implementing the measures established by the DEA are provided by Ofcom. On June 26, 2012, Ofcom published a draft code for consultation that would require large Internet service providers to inform customers of allegations that their Internet connection had been used to infringe copyright³⁸⁰. The new rules were the first major revision made by Ofcom since first laying out its copyright infringement procedure in 2010³⁸¹, as part of the Digital Economy Act, and in many ways they were similar to those that preceded it. The new proposals applied only to large ISPs with more than 400,000 broadband-enabled fixed lines – at the time BT,

³⁷⁶ Some Sections relating to online infringement of copyright that came into force with Royal Assent, these are Sections: 5 – Approval of code about the initial obligations; 6 – initial obligations code by OFCOM in the absence of an approved code; 7 – contents of initial obligations code; 15 – sharing of costs; 16 (1) – interpretation. Digital Economy Act 2010, section 218.

³⁷⁷ Digital Economy Act, section 16: Commencement'. UK Government.

³⁷⁸ Department for Business Innovation and Skills, "The Digital Britain report" [2009] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228844/7650.pdf accessed 11 June 2011.

³⁷⁹ Digital Economy Act 2010 (UK), section 124 A- 124 B <<http://www.legislation.gov.uk/ukpga/2010/24/contents>> accessed 15 October 2011.

³⁸⁰ Ofcom 'New measures to protect online copyright and inform consumers' (2012) <http://media.ofcom.org.uk/2012/06/26/new-measures-to-protect-online-copyright-and-inform-consumers/?utm_source=updates&utm_medium=e-mail&utm_campaign=copyright-NR> accessed 3 July 2012.

³⁸¹ Ofcom, 'Online Infringement of Copyright and the Digital Economy Act 2010. Draft Initial Obligations Code' (30 July 2010) <<http://stakeholders.ofcom.org.uk/consultations/copyright-infringement/summary>> accessed 28 March 2012.

Everything Everywhere, O2, Sky, TalkTalk Group and Virgin Media, which together accounted more than 93% of the retail broadband market in the UK.

According to the draft code, ISPs would need to send letters to customers, at least a month apart, informing them that their account had been connected to reports of suspected online copyright infringement. After three separate infringement notices in a 12-month period, anonymous information may be provided on request to copyright owners, who would then be able to seek a court order requiring the ISPs to reveal the identity of the customer. It is currently expected that the first customer notification letters will be sent no earlier than the end of 2015³⁸².

The notification system established by the DEA survived the challenge of a judicial review initiated by Internet service providers BT and TalkTalk. The claimants contended that the provisions of the DEA, which required service providers to process users' personal data and sensitive personal data, are unlawful as a matter of EU law. In particular, the claimants submitted that the provisions of the DEA are incompatible with privacy requirements under Directive 95/46 and Directive 2002/58, as they require the "processing" by ISPs and copyright owners of subscribers' personal data without their consent.

Indeed, these statutory provisions of the DEA attracted a lot of criticism³⁸³. On the one hand, as noted by Richard Taylor, the DEA was not properly scrutinised by parliament and would also cause undue harm to the privacy rights and freedoms of Internet users³⁸⁴. In particular, in order to identify heavy infringers, the DEA adopts a fundamentally flawed method of matching peer-to-peer traffic with IP addresses, which means that users might become the frequent victims of wrong accusations³⁸⁵, particularly as one IP address can be shared by several individual users at public access points such as schools and libraries or on community WIFI.

On the other hand, as noted in a report by the London School of Economics and Political Science, peer-to-peer technology has many legitimate benefits and therefore

³⁸² BBC, 'UK privacy warning letters delayed until 2015' (2013) <<http://www.bbc.co.uk/news/technology-22796723>> accessed 8 June 2014.

³⁸³ Nick Cusack, 'Is the Digital Economy Act 2010 the most effective and proportionate way to reduce online piracy?' (2011) 33 E.I.P.R. 559, 559-564.

³⁸⁴ Richard Taylor, 'The Digital Economy Act 2010 and online copyright infringement' (2010) Law Society Gazette <<http://www.lawgazette.co.uk/in-practice/the-digital-economy-act-2010-and-online-copyright-infringement>> accessed 14 October 2011.

³⁸⁵ Bart Cammaerts, Bingchun Meng, 'The DEA and our online privacy' (2011) <<http://blogs.lse.ac.uk/mediapolicyproject/2011/02/10/the-dea-and-our-online-privacy/>> accessed 9 February 2012.

should be encouraged to promote new and innovative applications. The School's research shows that providing user-friendly, hassle-free solutions to enable users to download music legally at a reasonable price is a much more effective strategy for enforcing copyright than a heavy-handed legislative and regulatory regime³⁸⁶.

Moreover, the Hargreaves Review of Intellectual Property and Growth noted that in relation to the level of online copyright infringement and its impact on the UK economy, the review team did "not find either a figure for the prevalence and impact of piracy worldwide or for the UK in which we can place our confidence"³⁸⁷. Therefore, as recommended by the Hargreaves Review of Intellectual Property and Growth, the implementation of the online copyright infringement provisions of the Digital Economy Act should be "monitored carefully so that the approach can be adjusted in the light of evidence"³⁸⁸; otherwise "resources will be wasted and further harm may be done to the interests of everyone concerned."³⁸⁹

Nonetheless, the judicial review proceedings failed, and so the High Court decision represents a significant boost to the record industry and copyright owners³⁹⁰. In particular, the High Court held that the processing of personal data by copyright owners fell within the scope of the exemption permissible under Article 8(2) (e) of the Data Protection Directive 95/46 on the basis that it is necessary for the establishment, exercise or defence of legal claims³⁹¹. This would appear to be the precise purpose of the contested provisions of the DEA: the copyright owner will be able, through the procedures under the DEA, to establish not only that there has been an infringement of copyright, but also who is responsible for the infringement³⁹². However, the ISPs' essential contention is that the judge lost sight of the fact that in a substantial proportion of cases the scheme established by the DEA seeks to educate users about the legal rights of copyright owners; in fact, 70% of infringers would stop

³⁸⁶ Bart Cammaerts, Bingchun Meng, 'London School of Economics and Political Science, Department of Media and Communications. Creative Destruction and Copyright Protection:Regulatory Responses to File-sharing' (2011) <<http://blogs.lse.ac.uk/mediapolicyproject>> accessed 9 February 2012.

³⁸⁷ Hargreaves, Ian 'Digital Opportunity: A Review of Intellectual Property and Growth' (2011), <<https://www.gov.uk/government/publications/digital-opportunity-review-of-intellectual-property-and-growth>> accessed 11 May 2014.

³⁸⁸ Ibid.

³⁸⁹ Ibid.

³⁹⁰ *R. (on the Application of British Telecommunications Plc & TalkTalk Telecom Group Plc) v The Secretary of State for Business, Innovation and Skills* [2011] EWHC 1021 (Admin).

³⁹¹ Ibid, para 159.

³⁹² Ibid, para 159.

once and for all upon receiving a single notification from their ISP³⁹³. In those circumstances the processing could not be said to be necessary for the establishment, exercise or defence of legal claims, and it would therefore not fall within the exemption in Article 8(2) (e) of the Data Protection Directive 95/46. The Court observed, on behalf of the copyright owners, that the fact that the scheme seeks to encourage copyright owners to desist, without the need for legal action, does not mean that the copyright owners are not establishing, exercising or defending their legal rights. Therefore, processing would fall within the exception in Article 8(2) (e) of the Data Protection Directive 95/46. In addition, the High Court also found that such processing by copyright owners fell within the derogation under Article 15(1) of the Privacy and Electronic Communications Directive 2002/58, which permits restrictions of data protection principles where these restrictions comprise a necessary, appropriate and proportionate measure. The Court relied on the ECJ case of *Promusicae v. Telefonica* to demonstrate that the derogation applies to property rights, including copyright³⁹⁴.

In autumn 2011, BT and TalkTalk won permission to appeal the High Court's rejection of their application for a judicial review of the provisions of the DEA³⁹⁵. However, the companies lost their battle in a judgment made by the Court of Appeal on March 6, 2012³⁹⁶, which ruled that the High Court had reached a correct decision and that its ruling was “soundly based” and there was no need to refer the case to the European Court of Justice for a final ruling.

The claimants’ argument that the provisions of the DEA breaching Article 8 of the Data Protection Directive 95/46 was again rejected by the Court of Appeal, which agreed with the High Court decision on the basis that any data processing required by the new provisions was “necessary for the establishment, exercise or defence of legal claims even if the beneficial consequence of the sending of a notification by the ISP pursuant to a copyright information request will be that in the majority of cases the infringing activity ceases and no further action is required”³⁹⁷. Therefore, the High Court held that the processing in question in this case would fall within the exception

³⁹³ Ibid, paras 254-256.

³⁹⁴ Ibid, para 166.

³⁹⁵ *BT Plc & Anor, R (on the application of) v Secretary of State for Business, Innovation and Skills & Ors* [2011] EWCA Civ 1229.

³⁹⁶ *BT Plc and TalkTalk Telecom Group Plc -v- Secretary of State for Culture, Olympics, Media and Sport and others* [2012] EWCA Civ 232.

³⁹⁷ Ibid, para 77.

in Article 8(2) (e) of the Data Protection Directive 95/46. The Court of Appeal rejected an argument by the appellants that the ruling in *Promusicae v. Telefonica* related only to the protection of property in the context of civil proceedings, where there is a sufficient degree of judicial oversight, and that no wider derogation was to be read into Article 15(1) of the Privacy and Electronic Communications Directive 2002/58 so as to apply in the present context³⁹⁸. Indeed, the court, in *Promusicae v. Telefonica*, interpreted Article 15(1) of the Privacy and Electronic Communications Directive 2002/58 correctly as extending to the protection of the rights and freedoms of others, including the protection of the right to property, and that this was not intended to be limited to the context of civil proceedings³⁹⁹. In support of this position the court also relied on the ECJ case *Scarlet Extended SA v SABAM*⁴⁰⁰, in which nothing was found to support the limited scope of the ruling in *Promusicae v. Telefonica*⁴⁰¹.

Therefore, the decision of the Court of Appeal confirms that the contested provisions of the DEA do not conflict with European law. The decision will be welcomed not only by industry groups such as the Motion Picture Association and the Federation against Software Theft, but also by copyright holders who continue to suffer loss from people illegally downloading and sharing their work for free⁴⁰².

Conclusion

As our analysis indicates, the UK DEA takes a contrasting approach in comparison with EU practice. Moreover, while the EU gives priority to the protection of privacy and data protection, UK DEA gives priority to the interests of intellectual property rights owners.

Indeed, in spite of criticism by ISPs, the DEA provides a perfect legislative stimulus for Britain's creative industries through a package of measures aimed at reducing online piracy in the United Kingdom. This is especially true in the light of evidence from France, which has implemented similar legislation. In particular, according to the "Hadopi" statute, the principal measure of IP processing is the

³⁹⁸ Ibid, para 81.

³⁹⁹ Ibid, para 81.

⁴⁰⁰ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁴⁰¹ Ibid, para 82.

⁴⁰² Sam De Silva, Faye Weedon, 'A future less certain for the Digital Economy Act?' (2011) 17 C.T.L.R. 149, 149-152.

identification of copyright infringers⁴⁰³, and according to the IFPI Digital Music Report 2012⁴⁰⁴, the French “three strikes” agency, Hadopi, during its first year of operation sent more than 700,000 copyright infringement notices, resulting in a 26% overall reduction in unauthorised peer-to-peer network activity since October 2010. A study commissioned by Hadopi in May 2011 found that among those who had either received a notice or knew someone who had received one, 50% said knowledge or receipt of said notice made them stop their illegal activity, and a further 22% said it reduced their illegal consumption⁴⁰⁵.

2.1.1.3.4 Is an IP address personal data?

In order to identify peer-to-peer users who upload or download illegal content on the Internet, the processing of IP addresses is required. However, the possibilities of ISPs identifying the user are rather restricted, and as we shall see later, ISPs may be required under Article 8 of the Directive 2004/48 on the enforcement of intellectual property rights to disclose personal information to investigating authorities. Consequently, it is important to consider whether or not IP addresses are qualified as personal data and, if so, its collection, storage and use will be subject to data protection legislation and subsequently restricted by it.

Data Protection Directive 95/46 defines personal data as including “any information relating to an identified or identifiable person; an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, culture or social identity.”⁴⁰⁶

In the Draft Regulation, which is intended to replace Directive 95/46, data subjects will additionally include those that can be identified by reference to “an identification number, location data and online identifier,” with the latter given more characteristics in Recital 24 with the wording: “When using online services, individuals may be associated with online identifiers provided by their devices, applications, tools and protocols, such as Internet Protocol addresses or cookie

⁴⁰³ Loi no 209-1311[2009] 251 Journal Officiel de la Republique Française 18290.

⁴⁰⁴ IFPI Digital Music Report 2012, ‘International Federation of the phonographic industry’ (2012) <<http://www.ifpi.org/content/library/DMR2012.pdf>> accessed 6 August 2012.

⁴⁰⁵ Ibid.

⁴⁰⁶ Council Directive (EC) 95/46 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281, Ar. 2 (a).

identifiers.”⁴⁰⁷ Some of these new elements may be used to create profiles of individuals and identify them, especially when combined with other data, whilst for others it is not clear⁴⁰⁸.

Additionally, the details of the person that used a particular IP address at a particular time and on a particular day may constitute personal data if such information is capable of linking an action to a subscriber. The ECJ, in *Promusicae v Telefonica*, did not confirm whether an IP address by itself could be considered as personal data.

Therefore, the interpretation of the national law of EU Member States is required. On the one hand, it has been argued that IP addresses do not constitute personal data, since they are not directly linked to a person, and even when they can be linked, this can only be done indirectly by a third party⁴⁰⁹. Indeed, as noted by the Information Commissioner, an IP address in isolation is not personal data under the UK Data Protection Act 1998, because it is focused on a computer and not on an individual⁴¹⁰. In addition, according to UK case law, anonymised data are not personal data. In particular, in *Common Services Agency v Scottish Information Commissioner*, the court held that “Rendering data anonymous in such a way that the individual to whom the information from which they are derived refers is no longer identifiable would enable the information to be released without having to apply the principles of data protection”⁴¹¹. Moreover, UK data protection laws (Data Protection Act 1988⁴¹², Privacy and Electronic Communications Regulations 2003⁴¹³ and the Digital Economy Act of 2010⁴¹⁴) do not relate specifically to the status of an IP address as personal data. However, the Code of Practice issued by the Office of Communications⁴¹⁵ provides inter alia for the supply to copyright owners of details of

⁴⁰⁷ Commission, ‘Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data’ COM (2012) 11 final, Recital 24.

⁴⁰⁸ Ashley Winton, Neal Cohen, ‘The General Data Protection Regulation as it applies to online advertising, e-commerce and social media’ (2012) 18 C.T.L.R. 97, 97-101.

⁴⁰⁹ Irini Stamatoudi, ‘Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of *Promusicae v. Telefonica*’ in Irini Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 203.

⁴¹⁰ Information Commissioner’s Office, ‘The Guide to Data Protection’ (2008) <http://www.ico.gov.uk/upload/documents/library/data_protection/practical_application/the_guide_to_data_protection.pdf> accessed 6 April 2012.

⁴¹¹ *Common Services Agency v Scottish Information Commissioner* [2008] UKHL 47, 25.

⁴¹² Data Protection Act 1998, Chapter 29.

⁴¹³ Privacy and Electronic Communications Regulations 2003, S.I. 2003 N2426 Regulation 18 (8)

⁴¹⁴ Digital Economy Act of 2010.

⁴¹⁵ Digital Economy Act of 2010.

IP addresses related to computers (and individuals) suspected of having been involved in copyright infringement on three or more occasions. Therefore, we can conclude that the data provided by ISPs to copyright owners (Copyright Infringement Reports) are not personal data and thus can be disclosed without reference to the UK Data Protection Act 1998⁴¹⁶; in fact, the IP address is focused on a computer and not on the individual.

According to another point of view, however, IP addresses can be considered as personal data, since they can be linked directly or indirectly to a particular person, even if this linkage can take place via a third party processing or controlling information that can identify the subscriber⁴¹⁷. In particular, Article 29 of the Data Protection Working Party⁴¹⁸ considers IP addresses attributed to Internet users as a personal data⁴¹⁹. This interpretation is based on the fact that ISPs are always⁴²⁰ able to make a link between the user's identity and an IP address⁴²¹, the latter of which allows them to track a natural person who has posted content online⁴²². This approach has been followed by the Sweden Administrative Court of Appeal, which has stated that an IP address is a personal data. It does not matter whether the individual behind the IP address is the subscriber or someone else who actually uses the subscription, as an IP address refers to an individual, the subscriber⁴²³. This decision was confirmed also by the Swedish Supreme Administrative Court, which ruled that an IP address is personal information⁴²⁴.

⁴¹⁶ Data Protection Act 1998, Chapter 29.

⁴¹⁷ Irini Stamatoudi, 'Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of *Promusicae v. Telefonica*' *Copyright Enforcement and the Internet* Irini A. Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 203.

⁴¹⁸ The Working Party on the protection of individuals with regard to the processing of personal data was set up under Article 29 of Directive 95/46. It is an independent European advisory body on data protection and privacy.

⁴¹⁹ Data Protection Working Party (EC), 'Opinion 2/2002 on the use of unique identifiers in telecommunication terminal equipment: the example of IPv6' (2002) (10750/02/EN/Final WP 58) <http://www.eu.ipv6tf.org/PublicDocuments/wp58_en.pdf> accessed 30 December 2011.

⁴²⁰ Excluding cases when IP addresses assigned to computers used in cybercafés.

⁴²¹ Data Protection Working Party (EC), 'Opinion 2/2002 on the use of unique identifiers in telecommunication terminal equipment: the example of IPv6' (2002) (10750/02/EN/Final WP 58) <http://www.eu.ipv6tf.org/PublicDocuments/wp58_en.pdf> accessed 30 December 2011.

⁴²² Commission, 'Study on online Copyright Enforcement and Data Protection in Selected Member States' (2009) <http://www.hunton.com/files/Publication/85250f09-3c6e-4232-b4f1-eb766f1f5a85/Presentation/PublicationAttachment/024b8d8f-cad8-4070-9d56-8b845c5dd9e3/study-online-enforcement_en.pdf> accessed 17 October 2011.

⁴²³ Case 285/07, Stockholm Administrative Court of Appeal [2007] <http://arkiv.idg.se/it24/SthmRRejpt_3978_07.pdf> accessed 9 May 2012.

⁴²⁴ Case 3978-07, Supreme Administrative Court [2009] <http://arkiv.idg.se/it24/SthmRRejpt_3978_07.pdf> accessed 9 May 2012.

German law also considers IP addresses as a personal data⁴²⁵, because the ISP knows which one of its customers was assigned this IP address at any given point in time⁴²⁶. As noted by Germany's data protection commissioner, when someone is identified by an IP address, "then it has to be regarded as personal data"⁴²⁷. The qualification of IP addresses as personal data is also confirmed by German court practice. In particular, the Berlin court ruled that IP addresses, including dynamic IP addresses, are personal data, not only in relation to the access provider but also to the telemedia service provider, because the user can be identified through the access provider⁴²⁸. In another case the court also came to the conclusion that dynamic IP addresses are personal data which are protected as telecommunications secret by Article 10 of the German constitution⁴²⁹. The German courts argue that a user's identity, which may be allocated through an IP address, constitutes a user's data and is not traffic data, which should be protected as personal data⁴³⁰. In this regard the German courts went even further by instructing the public prosecutor's office not to disclose any requested identification data to the music industry, arguing that the requested measure was disproportionate with the user's privacy⁴³¹.

However, the French court practice with regard to the identification of an IP address as personal data is very contradictory. On the one hand, there are cases where the French courts follow a similar to the UK approach, in that IP addresses do not constitute personal data. In particular, the Appeal Court of Paris (France) held that IP addresses only allow one to identify a computer, and therefore its processing does not allow one to identify its user⁴³². Indeed, IP addresses are linked to a computer and not

⁴²⁵ Federal Commissioner for Data Protection and Freedom of Information, '22nd Activity Report for the years 2007 and 2008' <http://www.bfdi.bund.de/SharedDocs/Publikationen/Taetigkeitsberichte/TB_BfDI/22TB_2007_2008.pdf?blob=publicationFile>, 96; Brandenburg State Commissioner for Data Protection and Access to Information, '15th Activity Report for the years 2008 and 2009' <http://www.lda.brandenburg.de/media/lbm1.a.1666.de/TB_15.pdf>; Northrhine-Westphalia State Commissioner for Data Protection and Freedom of Information, '19th Activity Report for the years 2007 and 2008' <https://www.lfdi.nrw.de/mainmenu_Service/submenu_Berichte/Inhalt/19_DIB/DIB_2009.pdf> accessed 26 January 2012.

⁴²⁶ Berlin State Commissioner for Data Protection and Freedom of Information, 'Annual Activity Report 2009' <<http://www.datenschutz-berlin.de/content/veroeffentlichungen/jahresberichte>> accessed 26 January 2012.

⁴²⁷ Aoife White, 'IP Addresses Are Personal Data, E.U. Regulator Says' (2008) *The Washington Post* <<http://www.washingtonpost.com/wp-dyn/content/article/2008/01/21/AR2008012101340.html>> accessed 5 January 2012.

⁴²⁸ AG Berlin-Mitte, Urt. v. 27.03.2007 – Az.: 5 C 314/06 (first instance).

⁴²⁹ Landgericht Frankenthal (Pfalz), Urt. v. 21.05.2008 – Az.: 6 O 156/08.

⁴³⁰ LG Köln, Urt. v. 25.06.2008 – Az.: 111 Qs 172/08 (appeal of the case AG Köln of 13 June 2008, Az.: 502 Gs 2290/08); OVG Münster, Urt. v. 17.02.2009 – Az.: 13 B33/09; LG Hamburg, Urt. v. 11.03.2009 – Az.: 308 O 75/09 (appeal).

⁴³¹ AG Offenbach, Urt. v. 20.07.2007 – Az.: 4 GS 442/07 (first instance).

⁴³² *SCPP v Marie-Therese O* [2007] (Paris).

to a person, meaning that this computer may be used by more than one person or simply may not be used by the subscriber indicated by the ISP⁴³³. The Supreme Court (France) has further indicated that an IP address on its own cannot identify an individual and its processing cannot breach data protection rules⁴³⁴. This means that an IP address is not personal data, since information manually collected by a copyright society's sworn agent within the scope of his competence does not fall under the scope of the French Privacy Act⁴³⁵.

On the other hand, some French court decisions qualify an IP address as personal data. Indeed, the processing of users' IP addresses by copyright society for the purpose of identifying peer-to-peer infringers involves the application of the French Privacy Act⁴³⁶. This approach is confirmed also by the Rennes Appeal Court, which also stated that the IP address is personal data, as the main purpose of collecting the IP address is to identify a copyright infringer⁴³⁷. In this connection the Constitutional Court concluded that the IP address is personal data, as authorisation given to a copyright society to collect data, thereby allowing the indirect identification of an Internet access owner, implies the processing of personal data relative to infractions⁴³⁸.

On the basis on the analysis provided herein, we can conclude that national practices with regard to the identification of an IP address as personal information are very contradictory. Indeed, while Germany and Sweden consider an IP address as personal information, the UK courts do not follow the same approach, by instead considering an IP address as not being protected as personal data. The French courts also cannot reach a compromise in this regard. However, as our analysis indicates, in order to qualify an IP address as personal data, judges need to identify whether it may be linked to a specific individual (if not, it is not personal data); the availability of other information which, in combination with an IP address, can identify a natural person; the goal of processing the IP address is to identify the intellectual property

⁴³³ Irini Stamatoudi, 'Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of Promusicae v. Telefonica' in Irini Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 203.

⁴³⁴ *SACEM v Cyrille Saminadin* [2010] (Appeal Court of Paris).

⁴³⁵ *Ibid.*

⁴³⁶ *Jean-Michel X. v Sell* [2007] (Supreme Court, Crim. Ch.).

⁴³⁷ *T.L. v Ministere Public* [2008] (Appeals Court of Rennes, 3rd. Ch.).

⁴³⁸ HADOPI: Constitutional Court Decision N2009-580 DC [2009] on the HADOPI Act.

rights infringer behind a specific IP address in civil proceedings and the intention of the processor of the IP address to prosecute the IP infringer in civil proceedings.

In my opinion, IP addresses in combination with other information are personal data when they are used to identify the living individual. For example, if the processing of an IP address is required by the copyright holder in order to prosecute computer users for violating intellectual property rights, the IP address should be considered as personal data. However, the IP address alone is not a personal data as it does not allow to identify an individual behind the IP address.

In support of this position we might compare IP addresses with the recent judgement about anonymous medical statistics. The High Court of Justice (UK) stated that the disclosure of anonymised information, extracted from personal data, does not constitute the release of personal data⁴³⁹. Therefore, a statistic by itself as well as an IP address alone is not personal data, because a person can be identified from statistics only when taken together with other information⁴⁴⁰.

The same situation applies to IP addresses. In particular, the holder of the IP address knows that it definitely forms part of a collection of personal data and that the ISP might be able to identify an individual in conjunction with other information in its possession. For example, if we purchase something from an online store, and that store records our IP address, that database entry now associates our IP address with our name, phone number and address⁴⁴¹. If that database were breached by hackers, then the IP address could be used to identify us. On the other hand, the IP addresses recorded by every website on the planet without additional information should not be considered personal data, because these websites usually cannot identify the human beings behind these number strings⁴⁴². In addition, an IP address by itself, at least in the context of the Internet, would in most cases be unlikely to be personal data⁴⁴³.

Similarly, Recital 23 of the Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement

⁴³⁹ *The Queen on the application of Department of Health v Information Commissioner* [2011] EWHC 1430 (Admin). The Department of Health brings an appeal under Section 59 of the Freedom of Information Act 2000 against the decision of the Information Tribunal which ordered the Department of Health to disclose late-term abortion statistics.

⁴⁴⁰ Ibid, para 38.

⁴⁴¹ Dane Jevans, 'Privacy and Identity Theft' (2008) <<http://blog.ironkey.com/?p=310>> accessed 4 November 2011.

⁴⁴² Alma Whitten, 'Are IP addresses personal?' (2008) <<http://googlepublicpolicy.blogspot.com/2008/02/are-ip-addresses-personal.html>> accessed 5 November 2011.

⁴⁴³ Graham Smith, *Internet Law and Regulation* (4th edn, Sweet & Maxwell 2007) 696.

of such data (General Data Protection Regulation)⁴⁴⁴ states that “principles of data protection shall not apply to data rendered anonymous in such a way that the data subject is no longer identifiable”⁴⁴⁵. The same wording is used in Recital 26 of the Data Protection Directive 95/46. However, it is still an open question as to when data are to be regarded as having been rendered anonymous. In particular, according to Article 2 (b) of the the Data Protection Directive 95/46, the processing of personal data is “any operation or set of operations which is performed on personal data.” That means that the anonymisation⁴⁴⁶ of personal data involves the processing of personal data. Therefore, the principles of data protection apply to personal data *before* they are rendered anonymous⁴⁴⁷, at which point they are not governed by the principle of data protection. This means that if an IP address is rendered anonymous, it cannot be considered as an “online identifier.”

However, the IP rights owner is interested in prosecuting intellectual property rights infringers by identifying a living individual behind the IP address, before it is rendered anonymous. Therefore, it would be reasonable to provide an exception to the principle of data protection in the case of intellectual property rights infringement over the Internet, particularly when the IP address is used for identifying an IP rights infringer. In my opinion, the principle of data protection should not protect the IPRs infringer (in spite of the fact that personal data processing is involved).

Therefore, the General Data Protection Regulation should make it clear that when IP addresses or similar identifiers are processed with the intention of targeting particular content in the case of intellectual property rights infringement, the principle of data protection is not applicable. Indeed, if every rule contains an exemption, this principle may also be applicable with regard to the processing of personal data in the case of intellectual property rights infringement over the Internet. Thus, if the purpose of using an IP address is to identify a living individual in the case of intellectual property rights infringement, such information should be exempted from the principle of data protection.

⁴⁴⁴ Commission, ‘Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data’ COM (2012) 11 final.

⁴⁴⁵ This is the same wording used in Recital 26 of the Data Protection Directive, but there is no guidance as to how one might not make personal data indirectly identifiable and for anonymity there is no art.10 assistance.

⁴⁴⁶ Rendering personal data non-personal.

⁴⁴⁷ D. Beylevel. and D. Townsend, ‘When is personal data rendered anonymous? Interpreting recital 26 of Directive 95/46/EC.’ (2004) 6 Medical law international. 73, 73-86.

Without a uniform European approach, some important online businesses will lack the legal certainty required to conduct online business efficiently⁴⁴⁸.

Conclusion

As shown above, EU Member States follow very contradictory case practices. In particular, while Germany and Sweden protect the IP address as personal information, the UK courts do not protect the IP address as personal data. The French courts also cannot reach a compromise in the same regard.

Therefore, harmonisation of the practice is required. In my opinion, the General Data Protection Regulation should make it clear that when IP addresses or similar identifiers are processed with the intention of targeting particular content in the case of intellectual property rights infringement, the principle of data protection is not applicable (by way of establishing an exemption). Furthermore, without a uniform European approach, some important online businesses will lack the legal certainty required to conduct online business efficiently⁴⁴⁹.

2.1.1.3.5 How to achieve a balance between IP protection and data protection law

The question that arises is whether Member States are allowed under EU law to mandate ISPs in their national laws to communicate personal data to right holders, in order to ensure the effective protection of intellectual property rights in the context of civil proceedings and, in that case, what is the role of the principle of proportionality?

This question will be discussed at the EU level and national level of the some Member States.

2.1.1.3.6 EU case law

Some guidance on this question has already been given in the abovementioned *Promusicae v. Telefonica*⁴⁵⁰. In this case the Spanish right holder group *Promusicae* applied against *Telefónica*, a Spanish ISP, whereby the copyright society wanted to force the latter to disclose the identity data of certain persons engaging in peer-to-peer file-sharing practices, in order to be able to bring civil proceedings against them for

⁴⁴⁸ ICO, 'Initial Analysis of the European Commission's Proposals for a Revised Data Protection Legislative Framework' (2012) <http://www.ico.gov.uk/%EB/media/documents/library/Data_Protection/Research_and_reports/ico_initial_analysis_of_revised_eu_dp_legislative_proposals.ashx> accessed 26 May 2012.

⁴⁴⁹ Ibid.

⁴⁵⁰ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

copyright infringement. The question referred to the ECJ for preliminary ruling was whether community law, and in particular Directive 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market and Directive 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society, the Directive 2004/48 on the enforcement of intellectual property rights, requires ISPs to disclose the identities of peer-to-peer Internet users to copyright holders.

Although the three Directives (Article 1(5) (b) of Directive 2000/31, Article 9 of Directive 2001/29 and Article 8(3) (e) of Directive 2004/48) mentioned by the Spanish Court have as their aim, amongst others, the effective protection of copyright, this protection does not prevail over the protection afforded to personal data by Directives 1995/46 and 2002/58⁴⁵¹.

The ECJ, in *Promusicae v. Telefonica*, focused on Article 8(1) of the Directive 2004/48 on the enforcement of intellectual property rights, which allows judicial authorities to request confidential information about an alleged infringement of copyright to be made available, although this does not mean that Member States are obliged to provide specific rules for the communication of personal data in the context of civil proceedings⁴⁵². In addition, the TRIPS Agreement does not oblige Member States to communicate personal data in the context of civil proceedings⁴⁵³.

Thus, the ECJ came to the conclusion that EU law does not require Member States to lay down an obligation to communicate personal data, in order to ensure the effective protection of copyright in the context of civil proceedings. In other words, the ECJ acknowledged that Member States have an obligation to protect IP rights holders in the information society, but not necessarily at the expense of data protection rights.

The ruling reached in *Promusicae v. Telefonica*⁴⁵⁴ was confirmed in another judgment of the ECJ, namely *LSG v. Tele 2*⁴⁵⁵. LSG is an Austrian collecting society

⁴⁵¹ Irini Stamatoudi, 'Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of *Promusicae v. Telefonica*' in Irini Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 213.

⁴⁵² Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271, para 15.

⁴⁵³ Ibid, para 60.

⁴⁵⁴ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

⁴⁵⁵ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

which had requested Tele 2, an Austrian Internet access provider, to communicate the names and addresses of its subscribers whose IP addresses had been logged by LSG, for the purposes of initiating proceedings against them on the grounds of copyright infringement. However, Tele2 refused to do so. The Austrian Supreme Court stayed proceedings and referred the question to the ECJ.

The ECJ held that EU law, in particular Article 8(3) of the Directive on the enforcement of intellectual property rights, read in conjunction with Article 15 (1) of Directive on Privacy in Electronic Communications, does not preclude Member States from imposing in their national law an obligation to disclose to private third parties personal data relating to Internet traffic, in order to enable them to bring civil proceedings for copyright infringements⁴⁵⁶.

Therefore, as follows from *Promusicae v. Telefonica*⁴⁵⁷ and *LSG v. Tele 2*⁴⁵⁸, there is no direct legal conflict between the European legal framework for online copyright enforcement and data protection. Thus, the ECJ seems to hold that the European legal framework is neutral in this regard, confirming that EU law, on the one hand, does not preclude Member States from imposing an obligation to disclose to private third parties personal data relating to Internet traffic, in order to enable them to bring civil proceedings for copyright infringements (*LSG v. Tele 2*), while on the other hand, it does not require Member States to lay down that obligation⁴⁵⁹ (*Promusicae v. Telefonica*).

Consequently, it is possible to conclude that an obligation to communicate personal data to right holders, in order to ensure the effective protection of intellectual property law on the Internet in the context of civil proceedings, is not dictated by European Union law, and Member States are free to decide whether or not they shall provide such an obligation in their national laws.

⁴⁵⁶ Ibid, para 29.

⁴⁵⁷ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

⁴⁵⁸ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

⁴⁵⁹ Commission, 'Study on online Copyright Enforcement and Data Protection in Selected Member States' (2009) <http://www.hunton.com/files/Publication/85250f09-3c6e-4232-b4f1-eb766f1f5a85/Presentation/PublicationAttachment/024b8d8f-cad8-4070-9d56-8b845c5dd9e3/study-online-enforcement_en.pdf> accessed 17 October 2011.

However, in the above *Promusicae v. Telefonica* and *LSG v. Tele2* cases, the ECJ noted, EU law requires that, when transposing Directives 2000/31⁴⁶⁰, 2001/29⁴⁶¹, 2002/58⁴⁶² and 2004/48⁴⁶³ into national law, Member States must rely on an interpretation of them which allows a fair balance to be struck between the various fundamental rights protected by the EU legal order^{464,465}.

Indeed, in *Scarlet Extended SA v SABAM*, the ECJ recalled the judgment in *Promusicae v. Telefonica* which requires Member States to balance competing interests, namely rights linked to intellectual property and other fundamental rights. In particular, the ECJ pointed out specifically, in the context of measures adopted to protect copyright holders, that the right to intellectual property, as safeguarded in the Charter of Fundamental Rights of the European Union, was not an inviolable right and should be balanced against the protection of other fundamental rights⁴⁶⁶. As such, national courts must strike a fair balance between the rights of intellectual property owners, the rights of ISPs and the rights of individual users⁴⁶⁷.

This case has its origin in a dispute between SABAM, a Belgian collecting society which is responsible for authorising the use by third parties of the musical works of authors, composers and editors, and Scarlet Extended SA, an Internet service provider. SABAM established that users of Scarlet's services were downloading works in SABAM's catalogue, by using peer-to-peer file-sharing software, without authorisation and without paying royalties. SABAM requested an order requiring Scarlet to prevent such infringements by blocking or filtering peer-to-peer file-sharing sites.

The Brussels Court of First Instance ordered Scarlet to install a filtering system which would make it impossible for users to send or receive files containing musical

⁴⁶⁰ Council Directive (EC) 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market [2000]. O.J. L 178.

⁴⁶¹ Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167.

⁴⁶² Council Directive (EC) 2002/58 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002] OJ L 336/21.

⁴⁶³ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L 157/46.

⁴⁶⁴ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271, para 71.

⁴⁶⁵ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64, 47 (1).

⁴⁶⁶ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959, para 44.

⁴⁶⁷ *Ibid*, para 45.

works included in SABAM's catalogues. The ISPs appealed, and the case was referred to the ECJ.

The ECJ ruled that the proposed measure was in breach of European law. In reaching its decision, the court held that copyright had to be balanced with the ISP's freedom to conduct business under Article 16 of the Charter of Fundamental Rights of the European Union, while the injunction at issue would result in a serious infringement of that freedom (as well as the requirements of the Directive 2004/48 on the enforcement of intellectual property rights), as it would require the ISP to install a complicated, costly and permanent filtering system at its own expense⁴⁶⁸.

The ECJ also found that installing a filtering system would infringe the fundamental rights of the ISP's customers. First, it would entail the systematic analysis of all content transmitted through Scarlet's network, and thus the collection and identification of its users' IP addresses, contrary to the customers' right to the protection of their personal data, enshrined in Article 8 of the Charter of Fundamental Rights of the European Union⁴⁶⁹. Secondly, the filtering system might not be able to distinguish adequately between lawful and unlawful content, and its introduction could lead to the blocking of lawful communications of information, contrary to the customers' freedom to receive or impart information, enshrined in Article 11 of the Charter of Fundamental Rights of the European Union⁴⁷⁰. On this basis, the ECJ concluded that EU law precluded the granting of injunctions obliging ISPs to install the sort of filtering system stipulated in this instance.

However, it is still an open question as to whether or not a filtering system which is paid for equally by the ISP and the right holder is lawful, or if this applies to a filtering system which is put in place by the ISP on a temporary basis for a few months.

The most important rule established by *Scarlet Extended SA v SABAM* is that the protection of intellectual property rights is not inviolable or absolute⁴⁷¹. The rulings of this case clearly indicate that the protection of copyright must be balanced against the protection of other fundamental rights, namely the right of the online

⁴⁶⁸ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959, paras 47-48.

⁴⁶⁹ *Ibid*, para 51.

⁴⁷⁰ *Ibid*, para 52.

⁴⁷¹ *Ibid*, para 43.

service provider to conduct a business and the rights of users to the protection of their personal data.

In addition, the interests of Internet users should also be taken into account not, only with regard to privacy protection, but also in relation to access to the Internet⁴⁷². In particular, measures taken by Member States regarding end-users' access to, or use of, services and applications through electronic communications networks shall respect the fundamental rights and freedoms of natural persons, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and the general principles of community law⁴⁷³.

Therefore, the ECJ's decision is hardly surprising, as it provides implications not only for the interests of ISPs and their customers, but also for the provision of information society services and the interests of Internet users as a whole.

In another case, *SABAM v Netlog BV*⁴⁷⁴, the ECJ followed the approach it had taken in *Scarlet Extended SA v SABAM*, i.e. recalling that Directive 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the internal market prohibits any general requirement to monitor information, and that the courts must strike a fair balance between the right to intellectual property, on the one hand, and the freedom to conduct business, the right to protect personal data and the freedom to receive or impart information, on the other.

The *SABAM v Netlog BV* case⁴⁷⁵ concerned another claim made by SABAM for the imposition of a filter, albeit this time against the social networking website Netlog. The ECJ held that imposing an obligation on a social network to install a "general filtering system," to prevent all users from sharing copyrighted music, was disproportionate to the extent that such filters may block lawful communications or violate users' privacy rights. It would also be costly for Netlog and "result in a serious infringement of the freedom of the company to conduct its business"⁴⁷⁶.

⁴⁷² Directive (EC) 2009/140 amending Directives 2002/21/EC on a common regulatory framework for electronic communications networks and services, 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities, and 2002/20/EC on the authorisation of electronic communications networks and services [2009] OJ L 337, Recital 4.

⁴⁷³ Directive (EC) 2002/21 on a common regulatory framework for electronic communications networks and services [2002] OJ L108, Art. 1 (3a).

⁴⁷⁴ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98, para 51.

⁴⁷⁵ *Ibid*, para 51.

⁴⁷⁶ *Ibid*, para 46.

The ECJ's decisions in *Scarlet Extended SA v SABAM* and *SABAM v Netlog BV* do not mean that injunctions could not be granted against service providers, but the ECJ is saying that in granting such orders courts need to strike a fair balance between various fundamental rights protected by EU law. Therefore, the Belgian Court had struck the wrong balance.

Indeed, according to *L'Oreal v eBay*⁴⁷⁷, the ECJ recognised that EU law did provide for trademark holders to apply for injunctions against service providers, while national courts were permitted to take measures aimed not just at bringing an end to existing infringements, but also to preventing future infringements⁴⁷⁸. In particular, Recital 24 to the Directive 2004/48 on the enforcement of intellectual property rights states that such injunctions may include “prohibitory measures” aimed at preventing further infringements of intellectual property rights and “corrective measures,” such as recalling, removing from distribution or destroying infringing goods and materials used to create them⁴⁷⁹. At the same time, as stated in Article 2(3) of the Directive 2004/48 on the enforcement of intellectual property rights, it “shall not affect” the provisions of the Directive 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the internal market⁴⁸⁰. Thus, any injunction granted must not affect the provision in Article 15 of the latter, which precludes Member States from imposing a general obligation on providers to monitor the information which they transmit or store.

In *L'Oreal v eBay*⁴⁸¹ the ECJ made clear that the measures which national courts may impose on online service providers must be effective, proportionate and dissuasive, and they must not create barriers to legitimate trade⁴⁸². The ECJ does not provide an answer about the scope of the injunctions or how the principle of proportionality should affect the measures that national courts may impose on online service providers. These questions are a matter of national law.

Conclusion

⁴⁷⁷ Case C-324/09 *L'Oreal v eBay* [2011] ECR I-06011.

⁴⁷⁸ Ibid.

⁴⁷⁹ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L195/16.

⁴⁸⁰ Ibid.

⁴⁸¹ Case C-324/09 *L'Oreal v eBay* [2011] ECR I-06011.

⁴⁸² Ibid.

Therefore, as ECJ practices indicate (*Promusicae v. Telefonica*⁴⁸³, *LSG v. Tele 2*⁴⁸⁴, *Scarlet Extended SA v SABAM*⁴⁸⁵, *SABAM v Netlog BV*⁴⁸⁶, *L'Oreal v eBay*⁴⁸⁷), national courts must weigh up the interests of the parties involved on the ground of the principle of proportionality, which requires that “the measures to be taken should be appropriate and necessary to achieve the goal pursued.” Moreover, the ECJ did not give prioritise any right, thus recognising them all as being fundamental rights⁴⁸⁸ which benefit from equal protection⁴⁸⁹. The same approach has been taken up in the Anti-Counterfeiting Trade Agreement, which states that in the case of any infringement of intellectual property rights in the digital environment, the balance of the rights and interests of the relevant right holders, service providers and users must be provided⁴⁹⁰.

The ECJ has preserved the status quo as a matter of the right to privacy and the rights to property, which will be subject to further decisions of national courts. In turn, Member States may establish guidelines in respect to balancing the opposing rights and interests concerned⁴⁹¹.

2.1.1.3.7 National practice

The ECJ decisions leave open several important questions, such as how to apply the proportionality principle in practice and how to strike a fair balance between the data protection right and the right to property⁴⁹². These issues remain unclear at the European Union level, and they seem to be left entirely to Member States.

⁴⁸³ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

⁴⁸⁴ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

⁴⁸⁵ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁴⁸⁶ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

⁴⁸⁷ Case C-324/09 *L'Oreal v eBay* [2011] ECR I-06011.

⁴⁸⁸ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271, para 68.

⁴⁸⁹ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

⁴⁹⁰ Commission, ‘Anti-Counterfeiting Trade Agreement’ (2011) <http://register.consilium.europa.eu/pdf/en/11/st12/st12196.en11.pdf> accessed 12 August 2012, preamble.

⁴⁹¹ Case C-468/10 *Asociacion Nacional de Establecimientos Financieros de Credito (ASNEF) v Administracion del Estado* [2011] Unreported, according to Monika Kuschewsky ‘ECJ rules on the limits to national variances,’ (2012) P. & D.P., 12(3), 15-16.

⁴⁹² Commission, ‘Study on online Copyright Enforcement and Data Protection in Selected Member States’ (2009) http://www.hunton.com/files/Publication/85250f09-3c6e-4232-b4f1-eb766f1f5a85/Presentation/PublicationAttachment/024b8d8f-cad8-4070-9d56-8b845c5dd9e3/study-online-enforcement_en.pdf accessed 17 October 2011.

Therefore, it would be interesting to analyse how some national courts have dealt with the abovementioned issues after the delivery by the ECJ of the *Promusicae v. Telefonica*. As such, we will need to pay attention to the most important case practice in this sphere (UK, Sweden, France and Germany).

In the UK, in *Polydor Limited & Others v Brown & Others*⁴⁹³, the claimants brought infringement proceedings against a Mr Bowles for copyright infringement, by providing the public with access to his files over the Internet. Polydor obtained Mr Bowles' identity by obtaining a Norwich Pharmacal Order against various Internet service providers, who were required to release the identity of individuals that had used their services to connect to the Internet. Also, in *Helen Grant v Google UK Limited*⁴⁹⁴ Google was ordered to disclose the identity of the person responsible for an advertisement on its search engine. The plaintiff discovered that its copyright work was available for free download on the Internet, through an advertisement generated by the Google Internet search engine which used the name of the plaintiff's work. Also, in *Golden Eye (International) Ltd and Others v Telefonica UK Ltd*⁴⁹⁵ and *Totalise Plc v Motley Fool Ltd*⁴⁹⁶, the court held that the ISPs should disclose the identity of wrongdoers. Indeed, as recent UK cases have shown, courts weight the balance in favour of IP owners, which means that in the case of intellectual property rights infringement over the Internet, the ISP should disclose the personal data of Internet users by virtue of a court order⁴⁹⁷.

Similarly, the French court, in *Anthony G. vs. SCPP*⁴⁹⁸, ruled that the law enforcement authority may obtain a user's identity from the ISP. The main court's argument was based on the fact that an IP address does not allow the identification of the person who has used a computer, since only the legitimate authority for investigation may obtain this information from the ISP. Therefore, the French court gives priority to the interest of intellectual property rights owners, by stating that the IP address can only be used to identify a computer among connected computers on

⁴⁹³ *Polydor Limited & Others v Brown & Others* [2005] EWHC 3191 (Ch).

⁴⁹⁴ *Helen Grant v Google UK Limited* [2005] EWHC 3444 (Ch).

⁴⁹⁵ *Golden Eye (International) Ltd and Others v Telefonica UK Ltd* [2012] EWCA Civ 1740.

⁴⁹⁶ *Totalise Plc v Motley Fool Ltd* [2001] EMLR 29 QBD.

⁴⁹⁷ *Smith v ADVFN Plc & Ors* [2008] EWHC 1797 (QB); *The Rugby Football Union v Consolidated Information Services Limited* [2012] 1 WLR 3333.

⁴⁹⁸ *Anthony G. vs. SCPP* [2007] (Paris Appeal Court decision) <http://www.legalis.net/spip.php?page=jurisprudence-decision&id_article=1954> accessed 12 June 2014.

the Internet, while the legitimate authority may disclose the identity of the intellectual property rights infringer⁴⁹⁹.

Another approach was taken in Sweden. In spite of the country's very "open" and "transparent" attitude to privacy rights, it seems that Swedish ISPs are not obliged to disclose information related to their users. For example, in *APB v. Perfect Communication Sweden AB*⁵⁰⁰, the Swedish ISP ePhone successfully appealed a court order demanding it to provide an audiobook publisher with the name and address of the user of an IP address. The court ruled that the ISP should not be obliged to hand over requested information, since no conclusions could be drawn regarding the size of the circle of people with access to the files or regarding the purpose, character or terms of admission to the circle. In particular, the publisher had not shown probable cause that copyright infringement had been committed⁵⁰¹.

German court practice also does not allow for disclosing the identity of Internet users. In particular, as stated by the Berlin Appeal Court, the principle of good faith does not oblige a webhosting company to communicate personal data relating to its users when such users are responsible for infringing material⁵⁰². In another case the court instructed the public prosecutor's office not to disclose the requested data to the music industry, arguing that the requested measure would obviously be disproportionate with respect to the users' privacy (the case merely concerned two uploaded songs)⁵⁰³.

Conclusion

As shown, Member States present divergent views and policies in relation to reconciling the right to privacy and intellectual property rights protection. Some national courts may weigh the balance between the interests of IP owners and the privacy of subscribers in favour of IP rights owners (UK⁵⁰⁴, France⁵⁰⁵), whereas other national courts find in favour of subscribers (Sweden⁵⁰⁶, Germany⁵⁰⁷).

⁴⁹⁹ *Anthony G. vs. SCPP* [2007] (Paris Appeal Court) <http://www.legalis.net/spip.php?page=jurisprudence-decision&id_article=1954> accessed 12 June 2014.

⁵⁰⁰ *APB v. Perfect Communication Sweden AB* [2009] (Solna District Court).

⁵⁰¹ The applicants in the main proceedings then appealed to the Swedish Supreme Court, which referred the case to the ECJ: Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

⁵⁰² Kammergericht Berlin, Urt. v. 25.09.2006 – Az.: 10 U 262/05, <<http://www.webhosting-und-recht.de/urteile/Kammergericht-Berlin-20060925.html>> accessed 24 January 2012.

⁵⁰³ Amtsgericht Offenbach, Urt. v. 20.07.2007 – Az.: 4 GS 442/07 <<http://www.online-und-recht.de/urteile/Amtsgericht-Offenbach-20070720.html>> accessed 24 January 2012.

⁵⁰⁴ *Polydor Limited & Others v Brown & Others* [2005] EWHC 3191 (Ch); *Helen Grant v Google UK Limited* [2005] EWHC 3444 (Ch).

In my opinion, the main difference between these two approaches is based on whether or not one considers an IP address as personal data. In particular, UK legislation does not recognise an IP address as personal data but just as information identifying the computer in a network⁵⁰⁸. According to UK law, the disclosure of the personal information of Internet users may be obtained following a court order⁵⁰⁹.

Moreover, in spite of contradictory French legal practice with regard to clarifying an IP address as personal information, recent legal developments indicate that it is only an authorised legal authority which is able to disclose the intellectual property rights infringer's identity. In particular, the Commission for Protection of Rights, which is an autonomous body within the Hadopi, after verifying ownership, identified the individuals concerned by requesting subscriber data from the ISPs⁵¹⁰. Thus, in France, the authorised legal authority is able to disclose an infringer's identity.

In contrast, German and Sweden legislation consider an IP address as personal information⁵¹¹. This means that the processing of personal information and disclosing the identity of Internet users are prohibited by the principle of data protection⁵¹².

2.1.2 Conclusions and recommendations

As our analysis indicates, applying Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet involves additional difficulties for intellectual property rights owners. Certainly, in comparison with offline intellectual property rights infringements, where ascertaining the domicile of a defendant is not difficult, an action can be brought where the natural person is domiciled in the Member State (Article 62 of the Brussels I Recast) or where the legal

⁵⁰⁵ *Anthony G. vs. SSCP* [2007] (Paris Appeal Court decision) <http://www.legalis.net/spip.php?page=jurisprudence-decision&id_article=1954> accessed 12 June 2014

⁵⁰⁶ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

⁵⁰⁷ Kammergericht Berlin, Urt. v. 25.09.2006 – Az.: 10 U 262/05, <<http://www.webhosting-und-recht.de/urteile/Kammergericht-Berlin-20060925.html>> accessed 24 January 2012; Amtsgericht Offenbach, Urt. v. 20.07.2007 – Az.: 4 GS 442/07 <<http://www.online-und-recht.de/urteile/Amtsgericht-Offenbach-20070720.html>> accessed 24 January 2012.

⁵⁰⁸ Please see Chapter 2, paragraph '2.1.1.3.4 Is an IP address personal data?'.

⁵⁰⁹ Please see Chapter 2, paragraph '2.2.2.3.7 National practice'.

⁵¹⁰ Alain Strowel, The "Graduated Response" In France: Is it the Good Reply to Online Copyright Infringements?" in Irene A. Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 149.

⁵¹¹ Please see Chapter 2, paragraph '2.1.1.3.4 Is an IP address personal data?'.

⁵¹² Please see Chapter 2, paragraph '2.2.2.3.7 National practice'.

person has its statutory seat⁵¹³, central administration or principal place of business (Art. 63 of the Brussels I Recast). Accessing the domicile of the defendant in Internet disputes is a difficult issue, though.

The CLIP and ALI Principles do not even discuss the application of jurisdiction based on the defendant's domicile in the case of intellectual property rights infringement on the Internet. In particular, the CLIP Principle just clarifies the terminology by changing the term "domicile" to "habitual residence,"⁵¹⁴ in order to unify the term in common-law countries. In addition, CLIP proposes the uniform application of the habitual residence principle for persons acting in the course of a business activity (where the principal place of business is relevant) and other natural persons (Article 2:102 (2) CLIP)⁵¹⁵. A similar solution is found in section 201 of the ALI Principles, which also prefer the concept of "residence" (with some minor differences, e.g. the additional residence of companies in the country of incorporation or formation)⁵¹⁶.

However, by returning to legal barriers for the application of Article 4 of the Brussels I Recast, Metzger notes that suing in the defendant's domicile in Internet cases is a possible choice in theory but not in practice⁵¹⁷. Currently, there is no case law with regard to the application of Article 4 of the Brussels I Recast in the case of intellectual property rights infringement on the Internet, for which there are a few reasons.

In the case of intellectual property rights infringement over the Internet, identifying the defendant and the place of his domicile involves additional difficulties. Indeed, in spite of the fact that the anonymity on the Internet is not an absolute right and the ISP is able to match the relevant Internet Protocol address of a computer used on a network with an Internet subscriber⁵¹⁸, such a practice is not

⁵¹³ For the purpose of the United Kingdom and Ireland 'statutory seat' means the registered office or, where there is no such office anywhere, the place of incorporation or, where there is no such place anywhere, the place under the law of which the formation took place.

⁵¹⁴ European Max Planck Group on Conflict of Laws in Intellectual Property, 'Principles on Conflict of Laws in Intellectual Property' (Final Text, 1 December 2011).

⁵¹⁵ Ibid.

⁵¹⁶ The American Law Institute, 'Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters' Notes)' (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 29 August 2011.

⁵¹⁷ Metzger, 'Jurisdiction in Cases Concerning Intellectual Property Infringement on the Internet, Brussels I Regulation, ALI-Principle and Max Planck Proposal', in Ohly and Leible (ed.), *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 254.

⁵¹⁸ *EMI v UPC* [2010] IEHC 377; [2011] E.C.C. 8, para 58.

unified and involves additional barriers for intellectual property rights owners. Furthermore, the identification of intellectual property rights users involves the issue of the privacy and data protection of Internet users.

On the one hand, EU legislation allows the processing and disclosing of a user's personal information in civil proceedings when this is provided by national legislation⁵¹⁹. This means that Member States have been given the autonomy to decide whether or not they want to legislate this matter. Consequently, only in a situation when national law allows the disclosure of personal information, EU Member State authorities may require the disclosure of personal data according to Article 8 (1) of the Directive 2004/48 on the enforcement of intellectual property rights⁵²⁰. However, national authorities are prohibited from retaining the personal data of subscribers, as such an act interferes with the fundamental right to the protection of personal data⁵²¹.

On the other hand, balancing rights with regard to protecting the interests of intellectual property rights owners or the data protection of Internet users is not unified. In particular, as our finding indicates⁵²², national courts must weigh up the interests of the parties involved on the basis of the principle of proportionality, which requires that “the measures to be taken should be appropriate and necessary to achieve the goal pursued” (*Promusicae v. Telefonica*⁵²³, *LSG v. Tele 2*⁵²⁴, *Scarlet Extended SA v SABAM*⁵²⁵, *SABAM v Netlog BV*⁵²⁶, *L’Oreal v eBay*⁵²⁷). However, as duly noted by some scholars, the principle of proportionality can be compared to the ambiguous oracle of Pythia, in that it says everything and nothing at the same time⁵²⁸. Indeed, the ECJ did not give priority to any right, thus recognising them all as

⁵¹⁹ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

⁵²⁰ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L195/16.

⁵²¹ Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

⁵²² Please see Chapter 2, paragraph ‘2.1.1.3.6 EU case law’.

⁵²³ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

⁵²⁴ Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication gmbH* [2008] PJ C 64.

⁵²⁵ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁵²⁶ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

⁵²⁷ Case C-324/09 *L’Oreal v eBay* [2011] ECR I-06011.

⁵²⁸ Irini Stamatoudi, ‘Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of *Promusicae v. Telefonica*’ in Irini Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 231.

being fundamental rights⁵²⁹ which benefit from equal protection⁵³⁰. The same approach has been taken in the Anti-Counterfeiting Trade Agreement, which states that in the case of any infringement of intellectual property rights in the digital environment, the balance of the rights and interests of the relevant right holders, service providers and users must be provided⁵³¹.

However, the national court has divergent views and policies in regard to reconciling the right to privacy and intellectual property rights protection. Some national courts may weigh up the balance between the interests of IP owners and the privacy of subscribers in favour of IP owners (UK, France) whereas other national courts will find in favour of subscribers (Sweden, Germany)⁵³².

In fact, in contrast to the ECJ's point of view in *Digital Rights Ireland Ltd v Minister for Communications*⁵³³, *Marine and Natural Resources and Ireland v. European Parliament and Council*⁵³⁴, which is the clear expression of supporting the privacy and data protection of Internet users, the national authority (UK, France) shows support for the interests of intellectual property rights owners. For example, the UK DEA requires Internet service providers to supply copyright owners, if requested by the latter, with anonymised records of a subscriber's IP address who they allege is repeatedly infringing their rights, or upon a court order to provide copyright holders with the personal details of persistent alleged infringers, in order for said copyright holders to pursue civil actions⁵³⁵. The same approach is taken in France. According to the IFPI Digital Music Report 2012⁵³⁶, among those who had either received a notice or knew someone who had received one, 50% said knowledge or receipt of a notice made them stop their illegal activity, and a further 22% said it reduced their illegal consumption⁵³⁷.

⁵²⁹ Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271, para 68.

⁵³⁰ Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR:219.

⁵³¹ Commission, 'Anti-Counterfeiting Trade Agreement' (2011) <<http://register.consilium.europa.eu/pdf/en/11/st12/st12196.en11.pdf>> accessed 12 August 2012, preamble.

⁵³² Please see Chapter 2, paragraph '2.1.1.3.7 National practice'.

⁵³³ Case C-301/06 *Ireland v European Parliament and Council* [2009] ECR I-593.

⁵³⁴ Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

⁵³⁵ Digital Economy Act 2010 (UK), section 124 A- 124 B <<http://www.legislation.gov.uk/ukpga/2010/24/contents>> accessed 15 October 2011.

⁵³⁶ IFPI, 'Digital Music Report 2012' (2012) <<http://www.ifpi.org/content/library/DMR2012.pdf>> accessed 6 August 2012.

⁵³⁷ Ibid.

In my opinion, the most important aspect is the right balance of interests of all the parties involved. For example, as proposed by Kuschewsky, Member States may establish guidelines in respect of balancing the opposing rights and interests concerned⁵³⁸.

However, such a practice may be very contradictory in EU Member States – as our analysis indicates. In addition, deciding the issue of balancing the rights involved at the national level does not protect the interests of intellectual property rights owners on the borders of the EU.

For my part, in order to ensure more effective intellectual property rights protection on the Internet, a uniform, EU-wide solution is needed in this area; moreover, the right balance between IP protection and data protection must be respected.

One of the approaches employed in establishing international standards for intellectual property rights enforcement in the digital environment is the Anti-Counterfeiting Trade Agreement⁵³⁹ (ACTA). ACTA was signed on October 1, 2011 by the representatives of eight of the negotiating countries⁵⁴⁰ and on January 26, 2012 by the EU Council and 22 of its Member States⁵⁴¹. In particular, section 5 of the ACTA, “Enforcement of intellectual property rights in the digital environment,” contains two measures specifically designed for facilitating the enforcement of IP rights on the Internet. Contracting parties have the ability but not the explicit obligation to introduce into their legal system: (i) a mechanism by which an online service provider may be ordered by “a competent authority” to disclose the identity of a suspected subscriber directly and expeditiously to a right holder⁵⁴², and (ii) the promotion of “cooperative efforts within the business community to effectively address trademark and copyright or related rights infringement”⁵⁴³.

However, the ACTA has been the subject of public criticism due to concerns surrounding invasion of privacy and the monitoring of private Internet use. In

⁵³⁸ Monika Kuschewsky ‘ECJ rules on the limits to national variances,’ (2012) P. & D.P. 12(3), 15-16.

⁵³⁹ Council of the European Union, ACTA [2011] 12196/11, Interinstitutional file: 2011/0166 (NLE).

⁵⁴⁰ Australia, Canada, Japan, the Republic of Korea, the Kingdom of Morocco, New Zealand, the Republic of Singapore and the United States.

⁵⁴¹ These countries are Austria, Belgium, Bulgaria, the Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Poland, Portugal, Romania, Slovenia, Spain, Sweden, United Kingdom.

⁵⁴² ACTA, Art.27 (4).

⁵⁴³ ACTA, Art. 27 (3).

particular, as stated in the Opinion of 24 April 2012 of the European Data Protection Supervisor on the proposal for a Council Decision on the Conclusion of the Anti-Counterfeiting Trade Agreement, “while more international cooperation is needed for the enforcement of IP rights, the means envisaged must not come at the expense of the fundamental rights of individuals. A right balance between the fight against IP infringements and the rights to privacy and data protection must be respected. It appears that ACTA have not been fully successful in this respect”⁵⁴⁴.

Most certainly, the Opinion of the European Data Protection Supervisor warns that many of the measures used to strengthen intellectual property enforcement online could involve the large-scale monitoring of users’ behaviour and/or electronic communications, in relation to trivial, small-scale, not-for-profit infringements which would be disproportionate and in breach of Article 8 ECHR, Articles 7 and 8 of the Charter of Fundamental Right and the Data Protection Directive. The Opinion also says that ACTA measures would entail the processing of personal data by ISPs which goes beyond what is allowed under EU law. The ACTA does not contain sufficient limitations and safeguards such as effective judicial protection, due process, the principle of the presumption of innocence and the right to privacy and data protection⁵⁴⁵.

However, after discussion at the European and national levels, the European Parliament rejected ACTA on July 4, 2012⁵⁴⁶ with an overwhelming majority⁵⁴⁷. This was the first time that Parliament has used its powers under the Lisbon Treaty to reject an international trade agreement. Indeed, the rejection vote means that civil liberties and online privacy are more important values for EU Member States than effective intellectual property rights enforcement in the digital environment.

⁵⁴⁴ Opinion of the European Data Protection Supervisor ‘On the proposal for a Council Decision on the Conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America’ [2012] OJ C 215.

⁵⁴⁵ Ibid.

⁵⁴⁶ European Parliament legislative resolution on the draft Council decision on the conclusion of the Anti-Counterfeiting Trade Agreement between the European Union and its Member States, Australia, Canada, Japan, the Republic of Korea, the United Mexican States, the Kingdom of Morocco, New Zealand, the Republic of Singapore, the Swiss Confederation and the United States of America [2012] (12195/2011-C7-0027/2012-2011/0167 (NLE), P7_TA-PROV (2012)0287).

⁵⁴⁷ 478 MEPs voted against ACTA, 39 in favour, and 165 abstained.

At the same time, the protection and enforcement of intellectual property go to the heart of the EU's ability to compete in the global economy⁵⁴⁸. In addition, EU growth and jobs are hampered when our ideas, brands and products are pirated and counterfeited⁵⁴⁹. One of the EU's objectives is therefore the achievement of finding a balance between intellectual property rights enforcement and the fundamental rights of alleged infringers. Indeed, as noted in the Transatlantic Trade and Investment Partnership (TTIP), EU should to ensure "that a proper balance is struck between the interests of rights-holders and users"⁵⁵⁰.

This means that EU requires an adequate legal instrument for intellectual property rights protection on the Internet. In my opinion, the recent European Commission's proposal for a regulation on the protection of individuals with regard to the processing of personal data, and on the free movement of such data (General Data Protection Regulation)⁵⁵¹, would be the most appropriate EU instrument to contain a provision relating to intellectual property rights protection on the Internet.

Furthermore, all intellectual property rights holders involved with the Internet are seeking a solution that ensures a regulatory framework that provides clear and workable rules. The key question here is how to safeguard data protection principles and yet consider the interests and rights of all IP rights holders at the same time. It is important to note that the General Data Protection Regulation will supersede the Data Protection Directive 95/46. The most important change is that the new law will become a regulation, which will have direct ramifications throughout the EU. This means that there will be one single data protection law valid across the EU, and companies will no longer have to suffer from the fragmentation resulting from the fact that 28 Member States interpret and implement differently the principles set forth in Directive 95/46. In addition, the General Data Protection Regulation updates and modernises data protection principles which will be applicable even on the

⁵⁴⁸ Commission, "Intellectual Property" (2013) <http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/index_en.htm> accessed 18 January 2013.

⁵⁴⁹ Ibid.

⁵⁵⁰ Commission, "The Transatlantic Trade and Investment Partnership (TTIP). Intellectual property. EU position" (2015) <http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153331.7%20IPR%20EU%20position%20paper%2020%20March%202015.pdf> accessed 12 December 2015.

⁵⁵¹ Commission, 'Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data' COM (2012) 011 final.

Internet⁵⁵². And, as stated in the explanatory memorandum of the General Data Protection Regulation, “a Regulation is considered to be the most appropriate legal instrument to define the framework for the protection of personal data in the Union,”⁵⁵³ which is also applicable to “the processing of personal data involving online services where individuals are associated with online identifiers provided by their devices, applications, tools and protocols, such as Internet Protocol addresses or cookie identifiers”⁵⁵⁴.

However, in spite of the same improvement in relation to the protection of personal data in the European Union, the General Data Protection Regulation does not provide a principle on how to achieve a balance between the rights to property and data protection; instead, it only states that the transparency principle relating to personal data processing should be observed⁵⁵⁵. Therefore, a further development is required in order to achieve a balance between the interests of IP rights holders and the protection of personal data on the Internet. This is especially important when taking into account that the General Data Protection Regulation will have to be adopted by the Council and the European Parliament at the end of 2015, and the regulation is planned to take effect after a transition period of two years. Thus, the General Data Protection is expected to come into force in 2018⁵⁵⁶.

In my opinion, balancing the rights involved may be achieved through clarifying the issue with regard to the IP address which should be exempted from the data protection principle in the case of intellectual property rights infringement over the Internet. Indeed, as our analysis indicates, EU Member States follow very contradictory practices with regard to the protection of IP addresses as personal information. For example, while Germany and Sweden consider the IP address as personal information, UK courts do not consider it in such a way. The French courts also cannot reach a compromise with regard to the status of the IP address⁵⁵⁷. In this

⁵⁵²Commission, ‘Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation)’ COM (2012) 011 final.

⁵⁵³ Ibid, paragraph 3.1. of the Proposal.

⁵⁵⁴ Ibid, paragraph 24 of the Proposal.

⁵⁵⁵ Ibid, Art. 5.

⁵⁵⁶ Commission, ‘Data Protection Day 2015: Concluding the EU Data Protection Reform essential for the Digital Single Market’ (2015) <http://europa.eu/rapid/press-release_MEMO-15-3802_en.htm> accessed 11 May 2015.

⁵⁵⁷ Please see Chapter 2, paragraph ‘2.1.1.3.4 Is an IP address personal data?’.

regard, the General Data Protection Regulation⁵⁵⁸ should be modified by adding an exemption to the data protection principle in the case of intellectual property rights infringement over the Internet.

Moreover, as stated in Recital 23 of the Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation)⁵⁵⁹, “principles of data protection shall not apply to data rendered anonymous in such a way that the data subject is no longer identifiable”⁵⁶⁰. The same wording is used in Recital 26 of the Data Protection Directive 95/46. However, it is still an open question as to when data is to be regarded as having been rendered anonymous. In particular, according to Article 2 (b) of the Data Protection Directive 95/46, the processing of personal data is “any operation or set of operations which is performed on personal data.” This means that the anonymisation of personal data involves the processing of personal data. Therefore, the principles of data protection apply to personal data *before* they are rendered anonymous⁵⁶¹. When this happens, it is not governed by the principle of data protection, which means that if an IP address is rendered anonymous, it cannot be considered as an “online identifier.”

However, the IP rights owner is interested in prosecuting the IPRs infringer by identifying a living individual behind the IP address, before it is rendered anonymous. Therefore, it would be reasonable to provide an exception to the principle of data protection in the case of intellectual property rights protection over the Internet when the IP address is used for identification an IP rights infringer. In my opinion, the principle of data protection should not protect the IPRs infringer.

Furthermore, the following measures should be taken with regard to data protection in the case of intellectual property rights infringement over the Internet:

1. The IP address should be considered as personal data, as in conjunction with other information it is possible to identify an intellectual property rights infringer. Indeed, the IP address in isolation is not a personal

⁵⁵⁸ Commission, ‘Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data’ COM (2012) 011 final.

⁵⁵⁹ Ibid.

⁵⁶⁰ This is the same wording used in Recital 26 of the Data Protection Directive--but there is no guidance as to how one might not make personal data indirectly identifiable and for anonymity there is no Art.10 assistance.

⁵⁶¹ D. Beylevel. and D. Townend, ‘When is personal data rendered anonymous? Interpreting recital 26 of Directive 95/46/EC.’ (2004) 6 Medical law international 73, 73-86.

data as it does not allow to identify an individual behind the IP address. Moreover, on the basis of the IP address which is anonymised, it is also not possible to identify an intellectual property rights infringer. Therefore, the unification of this practice in the Member States of the EU is required.

2. If the purpose of using the IP address is to identify an intellectual property rights infringer in the case of a civil proceeding (IPRs infringement over the Internet), the IP address should be exempted from data protection. In my opinion, the data protection principle should not protect the intellectual property rights infringer.
3. The processing of IP addresses should be allowed by the intellectual property rights owners or organisations representing its interests and ISPs in civil proceedings.
4. ISPs should disclose the identity of intellectual property rights infringers to the rights holder or organisations representing its interests in civil proceedings on the basis of the court order.
5. The retention of personal data by ISPs should be allowed for the specified time necessary to identify an intellectual property rights infringer based on their IP address in civil proceedings. In my opinion, the main reason for the invalidation of the Data Retention Directive⁵⁶² is based on the fact that the scope of this Directive was too broad. Without a doubt, the retention time, purpose and procedure with regard to the retention of personal data of intellectual property rights infringers in civil proceedings should be identified as clearly as possible.

For my part, these measures should be taken into account in the General Data Protection Regulation. Additionally, by adapting the General Data Protection Regulation the legal barrier to application of Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet will be removed. On the one hand, jurisdiction according to Article 4 of the Brussels I Recast is based on clear connections between the circumstances of the case and the place of domicile of

⁵⁶² Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

the defendant. Also, the jurisdiction based on the place of domicile of the defendant is predictable for all of the parties involved.

On the other hand, the modification of the General Data Protection Regulation will provide the right balance of interests for all parties involved. In my opinion, the data protection principle should not protect the IPRs infringer. At the present stage of case law development in the Member States of the EU, Member States present divergent views and policies in reconciling the right to privacy and intellectual property rights protection. Some national courts may weigh up the balance between the interests of intellectual property rights owners and the privacy of subscribers in favour of IP rights owners (UK, France), whereas other national courts may find in favour of subscribers (Sweden, Germany)⁵⁶³.

Moreover, as recent ECJ cases indicate (*Pinckney*⁵⁶⁴, *Hejduk*⁵⁶⁵ and *Wintersteiger*⁵⁶⁶), in the case of intellectual property rights infringement over the Internet, jurisdiction should generally be based on the defendant's domicile, and jurisdiction must always be available on this ground. Therefore, in order to apply Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet, the legal basis for its application should be removed. This means that the General Data Protection Directive should take into account the measures proposed.

Personally speaking, in comparison with previous EU legislation such as the Data Protection Directive 95/46⁵⁶⁷ and Data Retention Directive 2006/24⁵⁶⁸, in which the main emphases were on the data protection of Internet users, current EU initiatives such as the General Data protection Regulation⁵⁶⁹ and EU Action Plan⁵⁷⁰ have taken a more balanced approach, aiming at safeguarding the fundamental rights of all the parties concerned by intellectual property rights infringement. Furthermore, the main emphasis of these legal instruments rests on the prevention of intellectual

⁵⁶³ Please see Chapter 2, paragraph '2.1.1.3.7 National Practice'.

⁵⁶⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3.

⁵⁶⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 4.

⁵⁶⁶ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4.

⁵⁶⁷ Will be replaced by the General Data Protection Regulation.

⁵⁶⁸ Has been recognised as invalid (Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175).

⁵⁶⁹ General Data protection Regulation.

⁵⁷⁰ Commission, 'Towards a renewed consensus on the enforcement of Intellectual Property Rights: An EU Action Plan' COM (2014) 0392 final.

property rights infringement over the Internet rather than on the penalising of intellectual property rights infringers. For example, the aim of the new UK Government scheme, Creative Content UK, is to reduce online copyright infringement by informing account holders that unlawful file-sharing may have taken place on their connection and offering advice on where to find legitimate sources of entertainment content⁵⁷¹.

Indeed, as noted by the EU Commissioner for Trade, Karel De Gucht, “our business, creators and inventors should be duly rewarded for their creative and innovating efforts”⁵⁷². In this regard future legal development should emphasise the use of tools available for uncovering IPR infringers, the role of intermediaries in assisting the fight against IPR infringement and the allocation of damages in intellectual property rights disputes⁵⁷³.

Therefore, we can conclude that the exemption of the IP addresses from the principle of data protection in the case of intellectual property rights infringement over the Internet is correct. In addition, such a rule is not only aimed at protecting the interests of intellectual property rights owners, but also allocating jurisdiction in the case of intellectual property rights infringement over the Internet to the court of the EU Member State where the defendant is domiciled for all the damage caused by such infringement.

2.2 Consolidation of claims in multi-defendant cases

The biggest problem with torts committed over the Internet is with multi-defendant cases, e.g. when defendants come from different countries. The main characteristic of Internet-related cases is ubiquitous infringement, and such infringement could give jurisdiction to the courts of several countries at the same time⁵⁷⁴. For example, in the case of music-sharing on a peer-to-peer network, a claimant may wish to sue illegal downloaders in a number of different Member

⁵⁷¹ Department for Business, Innovation & Skills, Intellectual Property Office, Department for Culture, Media & Sport, The Rt Hon Dr Vince Cable, ‘New education programme launched to combat online piracy’ (2014) <<https://www.gov.uk/government/news/new-education-programme-launched-to-combat-online-piracy>> accessed 11 May 2015.

⁵⁷² Commission, ‘Commission presents actions to better protect and enforce intellectual property rights’ (press release) (2014) <http://europa.eu/rapid/press-release_IP-14-760_en.htm> accessed 12 July 2014.

⁵⁷³ Commission ‘Draft Council Conclusions on IPR enforcement’ [2014] 14997/14.

⁵⁷⁴ Fawcett (n 112) 549.

States, but to have separate actions for marginal amounts in every country in the world would be unworkable⁵⁷⁵. Therefore, the question arises as to whether jurisdiction can be consolidated in a single court against all defendants.

From a theoretical point of view this is possible under Articles 4 and 8 (1) of the Brussels I Recast. In particular, Article 8 (1) of the Brussels I Recast is specifically concerned with multi-party litigation and allows the claimant to sue a defendant that is domiciled in a Member State in the court of the place where one of his co-defendants is domiciled, in case there is more than one defendant.

However, as we know, the application of the traditional jurisdictional principles in the case of intellectual property rights infringement involves additional difficulties associated with the specific characteristics of the Internet. Consequently, it is important to identify where the consolidation of multi-defendant claims is possible in the case of intellectual property rights infringement over the Internet. In my opinion, the possibility of suing in one court rather than in the courts of different Member States is in the interest of intellectual property rights owners.

In this respect it is important to note that Article 8 (1) of the Brussels I Recast was interpreted in *Roche Nederlands BV v Primus*⁵⁷⁶. However, for better understanding of the present situation it is essential to start by briefly presenting the Article 8 (1) of the Brussels I Recast through case law development.

2.2.1 Conditions on the application of Article 8 (1) of the Brussels I Recast

As we have seen, Article 8 (1) of the Brussels I Recast lays down an exception to the protective principle contained in Article 4 (1) of the Brussels I Recast. For the application of this provision, the ECJ requires a minimum connection between claims. As stated by the ECJ in *Kalfelis v Schroeder Muenchmeyer Hengst & Co*, actions brought by the same plaintiff against different defendants must be so closely connected that it is appropriate to hear and determine them together, in order to avoid the risk of irreconcilable judgments resulting from separate proceedings⁵⁷⁷. Therefore,

⁵⁷⁵ Ibid.

⁵⁷⁶ Case C-539/03 *Roche Nederlands BV v Primus* [2006] ECR I-6535, para 34.

⁵⁷⁷ Case 189/87 *Kalfelis v Bankhaus Schroder Munchmeyer Hengst & Co* [1988] ECR 05565.

the main questions here are how do we interpret the “close connection” requirement and what does the “risk of irreconcilable judgments” mean?

According to *Kalfelis v Schroeder Muenchmeyer Hengst & Co*, “the task of verifying in each individual case whether there is a sufficient connection between the claims is left to the national court”⁵⁷⁸. National case practice has given rise to interesting developments in the context of applying Article 8 (1) of the Brussels Recast to IP litigation. In particular, national courts have exercised jurisdiction over defendants domiciled in different Member States, where one IP right is infringed as well as in cases involving the infringement of several national IP rights. In turn, the notion of irreconcilable judgments was clarified by the ECJ in its *Tatry* decision⁵⁷⁹, in which it was stated that the expression “irreconcilable judgments” must be broadly interpreted and covers all cases where there is a risk of conflicting decisions, even if the judgments can be enforced separately and their legal consequences are not mutually exclusive⁵⁸⁰.

In this respect it is important to note two kinds of situations involving multiple defendants: simple cases involving the infringement of a single IP right, committed by several defendants, and complex cases involving the infringement of several parallel IP rights, committed by multiple defendants domiciled in their respective countries⁵⁸¹.

2.2.1.1 Simple cases

In the context of Article 8 (1) of the Brussels I Recast simple cases are cases where one IP right is infringed by several defendants domiciled in different Member States. There are a number of pre-*Roche* “simple” cases where Article 8 (1) of the Brussels I Recast is applicable in England. Such was the situation in the English case *Pearce v Ove Arup Partnership Ltd*⁵⁸², where a British plaintiff sued several defendants, some domiciled in Britain and some in the Netherlands. The plaintiff claimed that the defendants had infringed his British copyright on architectural drawings when they constructed a building in Rotterdam (in the Netherlands). It was

⁵⁷⁸ Ibid, para 12.

⁵⁷⁹ Case 406/92 *The owners of the cargo lately laden on board the ship ‘Tatry’ v the owners of the ship ‘Maciej Rataj’* [1994] E.C.R. I-5439.

⁵⁸⁰ Ibid, para 54.

⁵⁸¹ Fawcett (n 112) 177, 186.

⁵⁸² *Pearce v Ove Arup Partnership Ltd* [2000] Ch 403, CA.

accepted that Article 8 (1) applied. It seems evident that in the case of joint tortfeasors that when only one right is infringed the claims are closely connected and there is a risk of irreconcilable judgments⁵⁸³.

2.2.1.2 Complex cases

The joinder of multiple defendants in complex cases involving the infringement of several national IP rights in different Member States is a controversial issue, as the courts of EU Member States interpret this issue differently. According to one point of view the actions raise substantially identical issues⁵⁸⁴. In particular, in *Coin Controls Ltd v Suzo International*⁵⁸⁵, the English High Court took the view that, if an English defendant is alleged to have infringed the UK portion of a European patent and a German defendant the German portion of a European patent (in respect of the same invention), there could be irreconcilable judgments, since both actions are, in effect, concerned with the same patent. The court observed: “The allegedly infringing article... sold in each territory is the same, the patents are identical and the similarities in the actions are cemented by the provisions of the European Patent Convention... Since the causes of action in relation to infringement here i.e. in the United Kingdom, in Germany and in Spain are essentially identical, Article 8 (1) allows them to be tied together in one court of the plaintiff’s choice.”⁵⁸⁶

In *Coin Controls Ltd v Suzo International* the court took the view that although the patents stemming from a European patent are granted in respect of individual countries and, in each, are treated like a national patent, nevertheless those national patent rights can be considered as related for the purpose of Article 8 (1) of the Brussels I Recast⁵⁸⁷. Therefore, a patentee ought to be able to obtain cross-border relief in a single court against infringements of connected patents. The same approach was adopted not only by an English court, but also by the German⁵⁸⁸ courts.

However, as shall be discussed later, this approach has not been shared by everyone. According to the view of some authors, claims relating to the infringement of a bundle of national patents could not fulfil the conditions set out in the *Kalfelis v*

⁵⁸³ M. Pertegas Sender, *Cross-border Enforcement of Patent Rights* (Oxford University Press 2002) 91.

⁵⁸⁴ *Halcon International Inc v The Shell Transport and Trading Co and Others* [1979] RPC 97, para 117.

⁵⁸⁵ *Coin Controls Ltd v Suzo International* [1997] F.S.R. 660.

⁵⁸⁶ *Ibid.*

⁵⁸⁷ The court assumed jurisdiction over a UK and Dutch defendants for the infringement of the UK patent.

⁵⁸⁸ Case 40 5/59, *Reinigungsmittel* [1996] (District Court of Düsseldorf) reported by D. Stauder, P. Von Rospat, ‘Protection transfrontalière des brevets Européens’ [1999] RID eco.119,128.

Schroeder Muenchmeyer Hengst & Co ruling⁵⁸⁹. According to this view, since a European patent consists of a bundle of national patents, the courts of each contracting State would be giving judgment in relation to a different patent and there would be no risk of irreconcilable judgments⁵⁹⁰. This restrictive view on Article 8 (1) of the Brussels I Recast finally prevailed in court practice, causing a major problem to the joinder of multiple claims. In particular, the UK Court of Appeal, in the *Fort Dodge Animal Health Ltd v Akzo Nobel NV* case⁵⁹¹, considered national portions of European patents as separate rights protected under respective national laws. Furthermore, the court in this case held that there was no risk of irreconcilable judgments, because a judgment on infringement in the United Kingdom would depend on a national right having effect only in the UK. Accordingly, the UK defendants in the Dutch infringement actions were not caught by Article 8 (1) of the Brussels I Recast, and so the Article was not applicable in this case.

According to another point of view it is not necessary for actions to be identical in order to be closely connected⁵⁹². In particular, the so-called “spider in the web” doctrine, which was developed for the purposes of Article 8 (1) of the Brussels I Recast, permits the joinder of actions but restricts Article 8 (1) of the Brussels Convention to specific cases of multiple infringements of a European patent⁵⁹³. Indeed, as stated by the court in *Expandable Grafts Partnership v Boston Scientific BV*⁵⁹⁴, where several companies belonging to one group sold products incorporating the same patented invention in different national markets, this will have to be considered as one joint action based on a joint business plan. However, this does not mean that the plaintiff must have the option of suing all the parties belonging to the group in the courts for the domicile of any one of the companies belonging to the group, at his own choice. It means instead that all the actions may only be brought in

⁵⁸⁹ Arnaud Nuyts, Katarzyna Szychowska, Nikitas Hatzimihail, ‘Cross-border Litigation in Intellectual Property matters in Europe’ (2006) <<http://www.ulb.ac.be/droit/ipit/docs/HeidelbergBackgPaper1.pdf>> accessed 11 March 2013; Van Engelen, ‘Jurisdiction and Applicable Law in Matters of Intellectual Property’ (2010) *Electronic Journal of Comparative Law*, 14.3.

⁵⁹⁰ Fawcett (n 112) 178.

⁵⁹¹ *Fort Dodge Animal Health Ltd v Akzo Nobel NV* [1998] I.L.Pr.732 (CA (Civ Div)).

⁵⁹² Fawcett (n 113) 173.

⁵⁹³ Paul L.C. Torremans, ‘Intellectual property puts art.6 (1) Brussels I Regulation to the test’ [2014] I.P.Q., 1-12; Cristina Gonzales Beilfuss (ed.), ‘Is There Any Web for the Spider? Jurisdiction after Roche Nederlands’ *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 83.

⁵⁹⁴ *Expandable Grafts Partnership v Boston Scientific BV* [1999] F.S.R. 352 (Court of Appeal of the Hague)

their entirety in the courts of the domicile of the head office which is in charge of the business operations and/or from which the business plan originated⁵⁹⁵.

In this regard the spider in the web theory has a double effect in the case of intellectual property rights infringement. On the one hand, it allows the joining of defendants belonging to the same group of companies, according to Article 8 (1) of the Brussels I Recast, but on the other hand, it limits the effect of this provision by taking away the choice given to the plaintiff to sue all the companies in the Member State of the domicile of any one of the defendants⁵⁹⁶. Instead, the action can only be brought before the courts in the country where the head office of the group is established.

In a hypothetical case of intellectual property rights infringement on the Internet, the spider in the web doctrine may be applicable if several companies belonging to the same group infringe corresponding intellectual property rights by targeting their respective national markets and selling an identical infringing product on the Internet to customers in their respective States. However, as in offline issues, the defendants may only join together in an action brought where the head office is located.

The main disadvantage of the spider in the web theory adopted by the *Expandable Grafts Partnership v Boston Scientific BV* rests on the fact that there is no uniform definition of what constitutes the “spider,” i.e. the company which controls the group. In the eyes of the Dutch courts the management epicentre of a company with its statutory seat in the Netherlands and principal place of business in Belgium was based in the Netherlands, while in the eyes of the Belgian courts it was rather localised in Belgium⁵⁹⁷.

2.2.2 The ECJ ruling in *Roche and Solvay*

The spider in the web theory was rejected by the decision of the ECJ in *Roche Nederlands BV v Primus*⁵⁹⁸. The plaintiffs, who were domiciled in the United States of America and were proprietors of a European patent, commenced proceedings in

⁵⁹⁵ F.S.R. 352.

⁵⁹⁶ Fawcett (n 112) 180.

⁵⁹⁷ Arnaud Nuyts, Katarzyna Szychowska, Nikitas Hatzimihail, ‘Cross-border Litigation in Intellectual Property matters in Europe’ (2006) <<http://www.ulb.ac.be/droit/ipit/docs/HeidelbergBackgPaper1.pdf>> accessed 11 March 2013.

⁵⁹⁸ Case C-539/03 *Roche Nederlands BV v Primus* [2006] ECR I-6535, para 34.

the Netherlands for infringement of a family of patents derived from a European patent. The action was taken against Roche Nederlands, a company established in the Netherlands, and eight other members of the Roche group. Each of the eight defendants was alleged to have infringed the patent in one or more States. The plaintiff tried to join actions instead of suing each of the defendants individually. When the case was finally pending before the Dutch Supreme Court, two questions were referred to the ECJ seeking to clarify the conditions under which claims concerning the infringement of European bundle patents may be joined before one court. In particular, one of these questions was whether the ECJ endorses criteria for a joinder of claims that were developed by the Court of Appeal of the Hague in *Expandable Grafts Partnership v Boston Scientific BV*.

The ECJ rejected the spider in the web rule adopted in the Hague-based case above and decided that a consolidation of infringement cases based on the infringement of European patents in force in different Member States is not possible on the basis of Article 8 (1) of the Brussels I Recast. In particular, the court held that the Article 8 (1) of the Brussels I Recast must be interpreted as meaning that it does not apply to European patent infringement proceedings involving a number of companies established in various contracting States in respect of acts committed in one or more of those States and where those companies, which belong to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of said organisations.

The ECJ stuck to the restrictive interpretation of Article 8 (1) of the Brussels I Recast given in *Kalfelis v Schroeder Muenchmeyer Hengst & Co* and considered that for judgments to be conflicting or contradictory – and the more so irreconcilable – the proceedings leading to them must be placed in the same legal and factual context, which is not the case as far as a bundle of national patents is concerned. Therefore, the ECJ introduced the twin requirements regarding the infringement of national parts of a European patent judgment which are to be regarded as irreconcilable only when the proceedings leading to them arise out of the same legal and factual context⁵⁹⁹.

As regards the same situation in law, the ECJ adopted the view that a European patent, once granted, becomes a bundle of national patents⁶⁰⁰. The risk for

⁵⁹⁹Case C-539/03 *Roche Nederlands BV v Primus* [2006] ECR I-6535, para 26.

⁶⁰⁰ *ibid*, para 23.

irreconcilable judgement does not exist in the situation at stake here, though, because European bundle patents are legally independent of each other, and according to Articles 2 (2) and 64 (1) of the European Patent Convention⁶⁰¹, the patents are governed by national law.

The factual situation would not be the same as the defendants, involving a number of companies established in various contracting States, and the infringements they are accused of, committed in different contracting states, would diverge⁶⁰². In light of the *Roche Nederlands BV v Primus* decision it seemed that the door for consolidation in cases of multiple defendant was once and for all closed. However, a close inspection shows that the *Roche Nederlands BV v Primus* decision has only limited implications in fields of intellectual property law other than patents⁶⁰³

In *Solvay v Honeywell*⁶⁰⁴, the ECJ had the chance to clarify some questions left open related to the *Roche Nederlands BV v Primus* case.

The plaintiff, a Belgian company, Solvay SA, brought an action in the District Court of The Hague (Netherlands) regarding the infringement of several national parts of a European patent⁶⁰⁵. The defendants were three companies of the Honeywell Group, two of them established in Belgium and one in the Netherlands. Solvay requested a provisional injunction with cross-border prohibitions against infringement for the duration of the main proceedings. One of the questions referred to the ECJ for a preliminary ruling concerned the interpretation of Article 8 (1) of the Brussels I Recast, in particular whether it could be applied in a situation where two or more companies from different Member States are each separately accused of infringing the same national part of a European patent which is in force in yet another Member State.

On the first issue, the Court held that its decision in *Roche Nederlands BV v Primus* still stood. However, in *Solvay v Honeywell* the ECJ observed that *Roche Nederlands BV v Primus* may be distinguished on the grounds that it follows from “the specific features of a case such as that in the main proceedings that potential

⁶⁰¹ Convention on the Grant of European Patents of 5 October 1973 (as adopted by the Administrative Council of the European Patent Organisation by decision of 28 June 2001) OJ EPO 2001, Special edition No. 4, 55.

⁶⁰² Case C-539/03 *Roche Nederlands BV v Primus* [2006] ECR I-6535, para 11.

⁶⁰³ Marcus Norrgard, ‘A Sider Without a Web? Multiple Defendants in IP Litigation’ *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 213.

⁶⁰⁴ Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV and Others* [2012] ECR 00000.

⁶⁰⁵ National parts of a European patent: Denmark, Iceland, Greece, Luxembourg, Austria, Portugal, Finland, Sweden, Liechtenstein and Switzerland.

divergences in the outcome of the proceedings are likely to arise in the same situation of fact and law, so that it is possible that they will culminate in irreconcilable judgments resulting from separate proceedings”⁶⁰⁶.

The ECJ decided that if co-defendants in the main proceedings are each separately accused of committing the same infringements with respect to the same products, and if such infringements were committed in the same Member States in such a manner that they adversely affect the same national parts of the European patent at issue, the claims are connected and there is a risk of irreconcilable judgments⁶⁰⁷. The ECJ added that it is for the referring court to assess whether such a risk exists, by taking into account all the relevant information in the file⁶⁰⁸.

Conclusion

On the basis of the analysis undertaken herein, we can conclude that in *Roche Nederlands BV v Primus* the ECJ made clear that Article 8 (1) of the Brussels I Recast is not applicable to a bundle of infringement actions relating to different companies established in different Member States, since each infringed different national part of a European patent is governed by different laws. In contrast, in *Solvay v Honeywell*, the ECJ stated that Article 8 (1) of the Brussels I Recast is applicable, as the defendants in the main proceedings (one Dutch and two Belgian companies) are separately accused of marketing the same infringing products in the same Member States and are hence infringing the same national parts of the European patents. In this situation the ECJ is willing to accept that the possibility of “irreconcilable judgments” exists. Therefore, in spite of the fact that the ECJ in *Solvay v Honeywell* did not overturn the controversial case law in *Roche Nederlands BV v Primus*⁶⁰⁹, it has nevertheless reopened the door for cross-border injunctions. In particular, the ECJ in *Solvay v Honeywell* allows cross-border injunctions, but only with regard to preliminary injunctions and only in a situation where several defendants from the same group of companies are active in the same country.

⁶⁰⁶ Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV and Others* [2012] ECR 00000, para 27.

⁶⁰⁷ *Ibid*, para 29.

⁶⁰⁸ *Ibid*, para 30.

⁶⁰⁹ Thorsten Bausch, Hoffmann Eitle, ‘Court of Justice of the European Union Strengthens the Protection of Holders of European Patents in ‘Solvay,’ Case C- 616/10’ (Kluwer Patent Blog, 22 July 2012) <<http://kluwerpatentblog.com/2012/07/22/court-of-justice-of-the-european-union-strengthens-the-protection-of-holders-of-european-patents-in-solvay-case-c-61610>> accessed 12 July 2013.

However, it is up to the national courts to decide the issue of the same situation of law and fact.

2.2.3 Impact of the *Roche* decision on IP litigation over the Internet

It is important to note that the ECJ decision in *Roche Nederlands BV v. Primus* might also be relevant in cases of intellectual property rights infringement on the Internet. As we know from *Pearce v Ove Arup Partnership Ltd*, the connection requirement was not even discussed by the court⁶¹⁰, but after the *Roche Nederlands BV v Primus* it has become an important issue. Therefore, the main question here is whether any divergence in the outcome of the dispute would arise in the context of the same situation of law and fact.

2.2.3.1 Simple cases

In the context of Article 8 (1) of the Brussels I Recast simple cases are cases where one IP right is infringed by several defendants domiciled in different Member States. For example, in the case of copyright infringement over the Internet, one infringer, A, domiciled in the UK, creates an infringing file reproducing content protected by copyright in UK and then sends the completed file to B, domiciled in Ireland. Then, B uploads this file to a bulletin board system operated by a third infringer C, domiciled in Germany.

In this case the legal requirement will be satisfied, as the dispute concerned just one right (UK copyright). This means that any divergence in the outcome of the dispute would arise in the context of the same situation of law⁶¹¹. However, as we know from *Roche Nederlands BV v. Primus*, the requirement of the same factual situation will not be met, as “the defendants are different and the infringements they are accused of, committed in different contracting States, are not the same.”

2.2.3.2 Complex cases

In complex cases of intellectual property rights infringement on the Internet multiple rights are infringed; for example, in a hypothetical case of software patent

⁶¹⁰ Fawcett (n 113) 172.

⁶¹¹ Fawcett (n 112) 186.

infringement on the Internet, the defendants are accused of an infringement of patents in the UK, Ireland and Germany, each derived from a European patent for the automatic downloading of embedded content⁶¹². The defendants, who are domiciled in the UK and Sweden, develop Internet Explorer and sell it on the Internet. The plaintiff sues both defendants for infringing its three patents in an English court. In our example the defendants are not connected, but they do develop and sell Internet Explorer online. Therefore, the *Roche Nederlands BV v. Primus* factual requirements are not met, as the defendants are all acting independently of each other⁶¹³. The legal requirements are also not met, as different national rights (i.e. different patents) have been infringed.

It is important to note that in *Roche Nederlands BV v. Primus* the ECJ did not discuss the situation where there are parallel national patents; rather, it dealt with a European patent granted for a number of Member States. Nonetheless, as truly noted by Fawcett, parallel patents are likewise not the same, and therefore any divergences between the decisions given by the courts concerned would not arise in the context of the same legal situation.⁶¹⁴

In another hypothetical case of patent infringement over the Internet the claimants group of companies holds a European patent for a computerised interactive gaming system. The defendants group of companies has a rival system and supplies to users over the Internet software which enables the latter to use this rival system⁶¹⁵. In this situation the acts of the different defendants are similar, which means that the factual requirement is not met. Indeed, acts committed in different contracting States by several defendants concern separate patents, and therefore they are not the same and cannot form the basis for a common decision of only one court⁶¹⁶.

Also, the legal situation would remain different because each defendant would be infringing a different intellectual property right⁶¹⁷. As a result, the *Roche Nederlands BV v. Primus* requirements would not be met and Article 8 (1) of the

⁶¹² The facts of this case are based on *Eolas Technologies Inc. v. Microsoft Corporation* [2005] No. 04-1234 (Federal Circuit).

⁶¹³ Fawcett (n 112) 567.

⁶¹⁴ Fawcett (n 112) 183.

⁶¹⁵ The facts of this case are based on *Menashe Business Mercantile Ltd v William Hill Organisation Ltd* [2002] EWCA Civ 1702. In this case, the supply was not over the Internet but through a CD-ROM.

⁶¹⁶ Steven Warner, Susie Middlemiss, 'Patent litigation in multiple jurisdictions: an end to cross-border relief in Europe?' [2006] E.I.P.R 28(11), 580-585.

⁶¹⁷ Case C-539/03 *Roche Nederland BV v Primus, Goldenberg* [2006] ECR I-6535, paras 34, 35.

Brussels I Recast would not be applicable. In spite of the fact that the ECJ in *Roche Nederlands BV v. Primus* does not refer to trademark or copyright infringement, the arguments will be the same in such cases⁶¹⁸.

For example, in the case of copyright infringement over the Internet when a Swedish defendant is alleged to have infringed the plaintiff's Swedish copyright and a French defendant the plaintiff's French copyright, the *Roche Nederlands BV v. Primus* legal requirements will not be satisfied, as different national copyright are involved. Moreover, the factual situation is also not satisfied, as copyright infringements have been committed in different Member States. In this regard we can conclude that Article 8 (1) of the Brussels I Recast is not applicable in the case of copyright infringement over the Internet, as the *Roche* requirements of the same factual and legal context would not be satisfied.

However, cross-border injunctions are still possible under Article 8 (1) of the Brussels I Recast in the context of the three community intellectual property rights (trademarks, designs and plant variety rights). In particular, the District Court of the Hague made it clear in *Bacardi & Company Ltd v Bat Beverage GmbH and others*⁶¹⁹ that a close reading of *Roche Nederlands BV v. Primus* posits that there is room for the spider in the web doctrine in the context of community IPRs which create truly single, supranational IPRs that are effective throughout the entire European Union⁶²⁰.

In fact, in the hypothetical case of a community trademark or a design infringement over the Internet, the requirements of the same legal situation will be satisfied, as the defendants have infringed a community intellectual property rights in various Member States. Furthermore, as community rights, they are not subject to the same rules and restrictions imposed on national bundle patents – they are litigated under Article 8 (1) of the Brussels I Recast as unitary rights⁶²¹. The requirements of the same factual situation will be met in the situation where, according to point 37 of the *Roche Nederlands BV v. Primus*⁶²², the defendants are joint tortfeasors belonging to the same group and have acted in an identical or similar manner in accordance with

⁶¹⁸ Fawcett (n 112) 183.

⁶¹⁹ *Bacardi & Company Ltd v Bat Beverage GmbH and others* [2007] (District Court of the Hague).

⁶²⁰ Article 8 (1) was not applied, as its conditions had not been met.

⁶²¹ CLIP, 'Exclusive jurisdiction and cross-border IP (patent) infringement suggestions for amendment of the Brussels I Regulation' (2006) <http://www.ivir.nl/publications/eechoud/CLIP_Brussels_%20I.pdf> accessed 12 August 2012, 6.

⁶²² According to *Roche*: the factual situation would be the same where defendant companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.

a common policy elaborated by one of them. Reference to the defendants acting in an identical or similar manner highlights the point regarding the situation where the alleged infringing acts of the various defendants are the same or virtually the same. Therefore, in the case of community intellectual property rights infringements over the Internet, both requirements for “irreconcilable judgments” – the same factual and legal situation – would be satisfied.

Conclusion

On the basis of the analysis provided herein, we can conclude that Article 8 (1) of the Brussels I Recast does not allow for the consolidation of multi-defendant claims in the case of intellectual property rights infringement over the Internet, as the *Roche Nederlands BV v. Primus* requirements of the same factual and legal situation would not be satisfied. However, the Article is applicable in the context of the three community IPRs (trademarks, designs and plant variety rights), as both requirements for “irreconcilable judgments” – the same factual and legal situation – would be satisfied.

Therefore, in the case of intellectual property rights infringement over the Internet, the rights owner will have to bring separate infringement proceedings in different Member States. In my opinion, such a rule is not only complex and costly, but it may also lead to the fragmentation of litigation. Indeed, as stated in Article 3 (1) of the Enforcement Directive, measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays⁶²³.

However, the most critical argument of the ECJ in *Roche Nederlands BV v. Primus* is that a European patent is a bundle of national patents⁶²⁴. In particular, as noted by Kur from a patent law perspective, there is no consideration of the fact that European patents, although resulting in a bundle of national rights, share a common past and are governed by harmonised law⁶²⁵. Moreover, according to Article 2 (2) of the European Patent Convention, the so-called “bundle of national patents” under a

⁶²³ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L195/16, Art. 3 (1).

⁶²⁴ European Max Planck Group for Conflict of Laws in Intellectual Property (CLIP) Report ‘Exclusive Jurisdiction and Cross Border IP (Patent) Infringement Suggestions for Amendment of the Brussels I Regulation’ (2006) 5-6, 11; De Miguel Asensio, ‘Cross-Border Adjudication of Intellectual Property Rights and Competition between jurisdictions’ (2007) XIV AIDA (Annali italiani del diritto d’autore, della cultura e dello spettacolo) 105, 124-129.

⁶²⁵ Kur A., ‘A farewell to cross-border injunctions? The ECJ Decisions *GAT v. LuK* and *Roche Nederlands v. Primus and Goldenberg* [2006] IIC 850.

granted European patent is for all practical purposes subject to unified law as provided for in that convention⁶²⁶.

In this regard there is a little authority to support the argument of the Advocate General AG Leger in *Roche Nederlands BV v. Primus* that this Article only deals with the substantive scope of protection and not with the legal scope of the rights conferred on the holder of a European patent⁶²⁷. For my part, the legal and substantive scope of the protection seem to refer to the same concept; in fact, Article 69 of the European Patent Convention⁶²⁸ and the Protocol on the interpretation of this provision state that the extent of the protection provided by a European patent is the same for all national patents forming the bundle. Therefore, as truly noted by Tilmann, although significant deviations exist in the practice of the national courts regarding the infringement of European patents, under the European Patent Convention an obligation exists to achieve uniformity in the application of Article 69⁶²⁹.

2.2.4 Conclusions and recommendations

The consolidation of multi-defendant claims in the case of intellectual property rights infringement over the Internet is the most important issue for the intellectual property rights owner. Indeed, the combined effects of Articles 4 and 8 (1) of the Brussels I Recast provide such a possibility for intellectual property rights owners, by allowing them to sue at the court of the place where one of the defendants is domiciled.

However, as our finding indicates, Article 8 (1) of the Brussels I Recast is not applicable in the case of national intellectual property rights infringement over the Internet (patent, trademark or copyright infringement)⁶³⁰. Indeed, the application of

⁶²⁶ According to Article 2 (2) of the European Patent Convention, ‘the European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless this Convention provides otherwise.’.

⁶²⁷ Case C-539/03 *Roche Nederland BV v Primus*, *Goldenberg* [2006] ECR I-6535, Opinion of AG Leger, para 120.

⁶²⁸ Convention on the Grant of European Patents of 5 October 1973 (as adopted by the Administrative Council of the European Patent Organisation by decision of 28 June 2001) OJ EPO 2001, Special edition No. 4, 55.

⁶²⁹ De Miguel Asensio, ‘Cross-Border Adjudication of Intellectual Property Rights and Competition between jurisdictions’ (2007) XIV AIDA (Annali italiani del diritto d’autore, della cultura e dello spettacolo).

⁶³⁰ Please see Chapter 2, paragraph ‘2.2.3. Impact of the *Roche* decision on IP litigation over the Internet’.

the *Roche Nederlands BV v. Primus*⁶³¹ requirements of the same factual and legal situation in this case are not satisfied, as the actions refer to different, albeit parallel, rights.

At the same time, Article 8 (1) of the Brussels I Recast is applicable in the case of community intellectual property rights infringement over the Internet (trademarks, designs and plant variety rights)⁶³², as both requirements for “irreconcilable judgments,” i.e. the same factual and legal situation, would be satisfied. In particular, the requirements of the same legal situation will be satisfied if defendants infringe a community intellectual property right which is litigated as a unitary right in various Member States. The requirements of the same factual situation will be met in the situation where, according to point 37 of the *Roche Nederlands BV v. Primus*⁶³³, the defendants are joint tortfeasors belonging to the same group and have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.

In my opinion, in order to allow the consolidation of multiple defendants in the case of national intellectual property rights infringement over the Internet, Article 8 (1) of the Brussels I Recast should be modified. However, in order to provide an efficient model for adjudicating intellectual property rights disputes over the Internet, it is important to take into account not only of these findings here, but also the recommendations of the following projects: the Hague Draft of 2001⁶³⁴, CLIP Principles⁶³⁵ and ALI Principles⁶³⁶.

The essential aim of this paper is to analyse these projects in order to offer the best possible jurisdictional approach in the case of intellectual property rights infringement over the Internet.

⁶³¹ Case C-539/03 *Roche Nederlands BV v Primus* [2006] ECR I-6535.

⁶³² *Bacardi & Company Ltd v Bat Beverage GmbH and others* [2007] (District Court of the Hague).

⁶³³ According to the *Roche*: the factual situation would be the same where defendant companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them, so that.

⁶³⁴ Hague Conference on Private International Law, ‘Preliminary Draft Convention on Jurisdiction and Foreign Judgments in civil and commercial matters adopted by the Special Commission on 30 October 1999’ (amended version 11 August 2000) <<http://www.hcch.net/upload/wop/jdgm11.pdf>> accessed 4 May 2014.

⁶³⁵ European Max Planck Group on Conflict of Laws in Intellectual Property, ‘Principles on Conflict of Laws in Intellectual Property’ (Final Text, 1 December 2011).

⁶³⁶ The American Law Institute, ‘Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Commentts and Reporters’ Notes)’ (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

For example, Article 2:206 (2) of the CLIP Principles states that the risk of incompatible judgments requires the risk of divergence in the outcome of the actions against different defendants, which arises in the context of essentially the same situation of law and fact. Thus, the main emphasis of the CLIP Principles is on “essentially the same situation of law and fact,” while the *Roche Nederlands BV v. Primus* connection requirements were based on “the same situation of law and fact”. Therefore, the CLIP Principle, by providing a much wider concept than *Roche Nederlands BV v. Primus*, tries to moderate the restrictive interpretation of Article 8 (1) of the Brussels I Recast. In fact, by softening the connection requirements for the application of Article 8 (1) of the Brussels I Recast the CLIP Principles try to confirm the approach taken by the ECJ in *Painer v Standard* and *Freeport v Olle Arnoldsson*, while the drafters of the Brussels I Recast follow the restrictive interpretation provided in *Roche*.

The ECJ in *Painer v Standard* and *Freeport v Olle Arnoldsson* softened the requirements of factual and legal situations for the application of Article 8 (1) of the Brussels I Recast. In particular, the ECJ clarified that it is not required that actions against different defendants have identical legal bases⁶³⁷. In relation to the factual situation, the ECJ in *Painer v Standard* also highlighted that in an action against several newspaper companies for copyright infringement, the fact of whether the infringers acted independently or not was irrelevant in determining whether the different claims were sufficiently connected⁶³⁸.

Therefore, the risk of irreconcilable judgments remains a criterion for the application of Article 8(1) of the Brussels I Recast when the two requirements of an essentially identical situation of law and fact are met.

In particular, Article 2:206 (2) (a) of the CLIP Principles clarifies that in the case of infringement actions, disputes involve essentially the same factual situation if the defendants have, even if in different States, acted in an identical or similar manner in accordance with a common policy. For example, the requirement of “essentially the same factual situation” might be satisfied in a case involving an Internet service provider on the basis of its contributory liability. This may be the situation concerning hosting activities in cases in which a claim is brought against the direct

⁶³⁷ Case C-145/10 *Eva-Maria Painer v Standard Verlags GmbH et al.* [2011] ECDR 6, para 80; Case C-98/06 *Freeport plc v Olle Arnoldsson* [2007] ECR I -8319, paras 38, 47.

⁶³⁸ Case C-145/10 *Eva-Maria Painer v Standard Verlags GmbH et al.* [2011] ECDR 6, para 83.

infringer and also against the Internet service provider storing the relevant information on its servers, where the information is available to Internet users⁶³⁹.

Moreover, Article 2:206 (2) (b) of the CLIP Principles also clarifies the same legal situation issue. In particular, the legal situation will be essentially the same, even if different national laws are applicable to claims against different defendants, provided that the relevant national laws are harmonised to a significant degree through the rules of a regional economic integration organisation or by international conventions which are applicable to the disputes in question. For example, the CLIP requirement of “essentially the same legal situation” will be met in the case of trademark⁶⁴⁰, registered design⁶⁴¹ and European patent⁶⁴² infringement over the Internet, as the relevant Directives provide complete harmonisation. For my part, such rules within the CLIP Principles allow some type of flexibility by opening the door for applying Article 8 (1) of the Brussels I Recast when there is a risk of irreconcilable judgments.

However, as noted by Torremans, the legal drawback of such a flexible interpretation is the lack of legal predictability and legal certainty, as it is not clear “how to balance the two requirements that have to be individually met, on the basis of two separate balancing acts performed by national judges, or whether a single assessment which considers both factual and legal factors needs now to be performed”⁶⁴³. In my opinion, the legal value of Article 2:206 (2) (b) of the CLIP Principles for the consolidation of multi-defendant claims prevails over the issue of possible legal drawbacks.

Moreover, a similar rule for the consolidation of multiple defendants is contained in Section 206 (1) of the ALI Principles⁶⁴⁴, which states that personal jurisdiction over multiple defendants is affirmed where the claim against the defendant, who resides in the forum, and the claim against the other defendants, who

⁶³⁹ Pedro A. De Miguel Asensio, ‘The networked information society: territoriality and beyond’ (Annual Kyushu University Law Conference, Fukuoka, February 13-14 2010) 11.

⁶⁴⁰ Council Directive (EC) 2008/95 to approximate the laws of the Member States relating to trade marks [2008] OJ 299/25.

⁶⁴¹ Council Directive (EC) 98/71 on the legal protection of designs [1998] OJ L289.

⁶⁴² Convention on the Grant of European Patents of 5 October 1973 (as adopted by the Administrative Council of the European Patent Organisation by decision of 28 June 2001) OJ EPO 2001, Special edition No. 4, 55.

⁶⁴³ Paul L.C. Torremans, ‘Intellectual Property Puts Article 6 (1) Brussels I Regulation to the Test,’ CREATE Working Paper 8 (September 2013).

⁶⁴⁴ American Law Institute, ‘Restatement of the Law, Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes’ (St. Paul (Minn.) 2008). § 206 (1).

do not reside in the forum, are so closely connected that they should be adjudicated together, in order to avoid the risk of inconsistent judgments, so long as other requirements are met⁶⁴⁵.

However, in spite of the similarity, these proposals differ substantially. In particular, while the CLIP Proposal allows for the consolidation of claims only in relation to defendants who are habitually resident in a Member State, the ALI Proposal allows a joinder of resident and non-resident defendants, as long as the connection between the defendants and the forum is proven, along with coordinated action among the defendants, even when different intellectual property rights in each country are at issue⁶⁴⁶. Indeed, the possibility of joining resident and non-resident defendants in EU Member States is a debatable issue. For example, Dutson follows a view allowing the suing of multiple defendants domiciled in a Member State (for example, German) together with defendants who are not domiciled in a Member State (for example, Japan)⁶⁴⁷. The same approach is taken by Jurčys, who notes that the consolidation of resident and non-resident defendants is especially important in the case of intellectual property rights infringement on the Internet, because on the Internet, due to its ubiquitous nature, multiple defendants are involved (EU resident and non-EU resident)⁶⁴⁸.

Conversely, the courts might find jurisdiction in foreign infringement cases against a number of non-EU resident defendants on the mere basis that one national resident is involved in the act, even if his contribution is relatively small⁶⁴⁹. In my opinion, such a rule would be unpredictable for all the parties involved and be in contradiction with Article 4 of the Brussels I Recast. Indeed, as stated by the German court in *Reisch Montage AG v Kiesel Baumaschinen Handels GmbH*, Article 8 (1) of the Brussels I Recast should be interpreted strictly in order to preserve the dominant

⁶⁴⁵ Other requirements for consolidation of claims: (a) there is a substantial, direct, and foreseeable connection between the forum's intellectual property rights at issue and each nonresident defendant; or (b) as between the forum and the States in which the added defendants are resident, there is no forum that is more closely related to the entire dispute. § 206 (1) of the ALI Principles.

⁶⁴⁶ Ibid.

⁶⁴⁷ Stuart Dutson, 'The Internet, the conflict of laws, international litigation and intellectual property: the implications of the international scope of the Internet on intellectual property infringements' [1997] *Journal of Business and Law* 495.

⁶⁴⁸ Paulius Jurčys, 'International Jurisdiction in Intellectual Property Disputes: CLIP, ALI Principles and other Legislative Proposals in a Comparative Perspective', 3 (2012) *JIPITEC* 3, 174.

⁶⁴⁹ J. H. A. van Loon, 'The Hague Conference on private international law. Work in progress (2000-2001)', *Yearbook of Private International Law* (Vol. III, Sellier de Gruyter 2009).

rule in Article 4 (1) of the Brussels I Recast⁶⁵⁰. In particular, the rule allowing one to sue resident and non-resident defendants was also deleted from the draft Hague Convention, as such a rule is unpredictable⁶⁵¹.

Therefore, we can conclude that the CLIP Proposals offer improvements in relation to the consolidation of civil actions against multiple defendants, which also might be applicable in relation to intellectual property disputes on the Internet. Furthermore, Article 2:206 of the CLIP Principles offers a wider interpretation of Article 8 (1) of the Brussels I by removing legal barriers to consolidating claims in the case of intellectual property rights infringement over the Internet. At the same time, I do not support the idea of the ALI Principles consolidating residents and non-resident defendants; as such a rule will be unpredictable for all the parties involved. However, Article 2:206 of the CLIP Principles also offers the spider in the web approach, by allowing the consolidation of defendants at the court where the coordinated defendant is habitually resident. In my opinion, the existence of a link between the coordinated defendant and the other defendants is also possible in the case of intellectual property rights infringement over the Internet.

In this regard it would be reasonable to modify Article 8 (1) the Brussels I Recast in the light of the CLIP Proposal, because when taking the measures proposed in this thesis, the intellectual property rights owner will be able to consolidate multiple defendants' claims before the court of the Member State where one of them is domiciled, under Articles 4 and 8 (1) of the Brussels I Recast.

In particular, Article 8 (1) of the Brussels I Recast may be read as follows:

“A person domiciled in a Member State may also be sued:

- 1) Where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from a separate proceedings;
- 2) For the purpose of paragraph 1, a risk of incompatible judgments requires a risk of divergence in the outcome of the actions against the different defendants which arises in the context of essentially the same situation of

⁶⁵⁰ Case C-103/05 *Reisch Montage AG v Kiesel Baumaschinen Handels GmbH* [2006] ECRI-6827.

⁶⁵¹ Annette Kur, ‘International Hague Convention on Jurisdiction and Foreign Judgments: a way forward for I.P.?’ [2002] EIPR 175.

law and fact. In particular in infringement disputes and subject to the individual circumstances of the case,

- (a) Disputes involve essentially the same factual situation if the defendant have, even if in different States, acted in an identical or similar manner in accordance with a common policy;
 - (b) Disputes may involve essentially the same legal situation even if different national law are applicable to the claims against the different defendants, provided that the relevant national law are harmonised to a significant degree by rules of a regional integration organisation or by international conventions which are applicable to the dispute in question.
- 3) If it is manifest from the facts that one defendant has coordinated the relevant activities or is otherwise most closely connected with the dispute in its entirety, jurisdiction according to paragraph 1 is only conferred on the courts in the State where the defendant is habitually resident. In other cases, jurisdiction is conferred on the courts in the State or States of habitual residence of any of the defendants, unless
- (a) the contribution of the defendant who is habitually resident in the State where the court is located is insubstantial in relation to the dispute in its entirety or
 - (b) the claim against the resident defendant is manifestly inadmissible⁶⁵².

⁶⁵² CLIP Principles, Art. 2:206.

Chapter 3

Article 7 (2) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet

3.1 Article 7 (2) of the Brussels I Recast: Introduction

Questions regarding appropriate jurisdiction arise with every cross-border intellectual property rights infringement over the Internet. Indeed, intellectual property rights owners do not want to be sued abroad and infringers prefer to seek solutions at home. As a result, the conflicting interests between intellectual property owners and infringers generate a problem: what court has jurisdiction in cases of intellectual property rights infringement over the Internet?

Suing at the place of intellectual property rights infringement is usually regarded as the most effective way to obtain judicial protection of intellectual property rights. Indeed, this is the place that is the most closely connected with the factual elements of the dispute and with the evidence⁶⁵³.

However, does the EU have the appropriate legal instruments in relation to jurisdiction in the case of intellectual property rights infringement?

⁶⁵³ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes. in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 105.

Indeed, we can find traces of such instruments. In particular, intellectual property rights owners may bring an action in the Member State in which an act of infringement has been committed or threatened, but only in relation to the Community Trade Mark⁶⁵⁴ and Community Design.⁶⁵⁵

It is important to note that the Brussels I Recast does not include a specific head of jurisdiction at the place of intellectual property rights infringement, but only provides a jurisdictional basis in the country of registration or validity of patents, trademarks, designs and other similar rights required to be deposited or registered according to Article 24 (4) of the Brussels I Recast (which will be discussed in the next chapter). Therefore, in the absence of a specific rule dealing with acts of infringement, one usually turns to the broader forum of tort provision found in Article 7 (2) of the Brussels I Recast⁶⁵⁶.

Article 7 (2) of the Brussels I Recast derogates from the general rule under Article 4 of the Brussels I Recast and allows trial in the courts of a Member State other than the one in which the defendant is domiciled. In particular, Article 7 (2) of the Brussels I Recast states that: “A person domiciled in a Member State may, in another Member State, be sued in matters relating to tort, delict or quasi-delict, in the courts for the **place where the harmful event occurred or may occur**”⁶⁵⁷. The ECJ in *Kalfelis v Bankhaus Schröder*⁶⁵⁸, confirmed that three basic requirements were necessary to establish a claim in tort under Article 7 (2) of the Brussels I Recast. In particular, a tort for the purposes of Article 7 (2) of the Brussels I Recast is defined and interpreted as “an autonomous independent concept” which establishes the “liability of the defendant” and must not be a “matter relating to contract”⁶⁵⁹. In another case, *Shevill v Press Alliance SA*, the ECJ made clear that Article 7 (2) of the Brussels I Recast applies to claims seeking to establish the liability of the defendant not only for personal injury or damage to physical property, but also for damage to intangible property. Indeed, the ECJ in *Shevill v Press Alliance SA* explained that

⁶⁵⁴ Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1, Art 97 (5).

⁶⁵⁵ Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3, Art 82 (5).

⁶⁵⁶ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes, in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 106.

⁶⁵⁷ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351.

⁶⁵⁸ Case 189/87 *Kalfelis v Bankhaus Schroder Munchmeyer Hengst & Co* [1988] ECR 05565.

⁶⁵⁹ *Ibid*, para 15.

Article 7 (2) of the Brussels I Recast is also applicable to cases of infringement of personality rights: an “international libel” through the press⁶⁶⁰. Therefore, it is widely accepted that Article 7 (2) of the Brussels I Recast also applies to proceedings relating to the infringement of intellectual property rights, which constitute another kind of intangible property⁶⁶¹. Indeed, as noted by Fawcett, this solution is widely accepted in the case law of the Member States’ courts applying Article 7 (2) of the Brussels I Recast with respect to copyright, trade mark and patent infringements⁶⁶². Special jurisdiction is based on the existence of a particularly close link between the dispute and the courts of the place where the harmful event occurred, which justifies the attribution of jurisdiction to those courts by the sound administration of justice and the efficacious conduct of proceedings⁶⁶³. The main issue here is the meaning of the phrase “**the place where the harmful event occurred or may occur?**”

Indeed, identifying “the place where the harmful event occurred” is very important for understanding how this jurisdictional rule applies with respect to an alleged infringement of intellectual property rights on the Internet.

3.2 The place where the harmful event occurred: the definition problem and the solution provided by the ECJ

The meaning of the phrase “the place where the harmful event occurred” in Article 7 (2) of the Brussels I Recast is very difficult in cases where there is one event but where the place of origin of the damage and the place of its consequences are different. This is especially important in the case of intellectual property rights infringement over the Internet as the Internet does not know any national borders. As a result, intellectual property rights owners face the possibility of being subject to any foreign jurisdictions in which their websites can be accessed.

The first case where the ECJ had to interpret this concept was *Handelskwekerij G. J. Bier BV v Mines de potasse d'Alsace SA*⁶⁶⁴, according to which the expression

⁶⁶⁰ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 23.

⁶⁶¹ Fawcett (n 113) 150.

⁶⁶² Fawcett (n 112) 151-152.

⁶⁶³ Case C-189/08 *Zuid-Chemie v Philippo's Mineralenfabriek NV/SA* [2009] ECR I-6917, para 24.

⁶⁶⁴ Case 21/76 *Handelskwekerij G. J. Bier BV v Mines de potasse d'Alsace SA* [1976] ECR 1735.

“place where the harmful event occurred” has an autonomous meaning and covers both the place where the damage actually occurred and the place of the event giving rise to that damage⁶⁶⁵. The choice between the place of activity and the place of damage is for the plaintiff⁶⁶⁶. In this regard, we need to notice that if the defendant is active in the same state there is no difference between both connecting factors employed⁶⁶⁷. Usually, a defendant acts where that person has his domicile, and thus Article 4 of the Brussels I Recast comes into play⁶⁶⁸. This means that in the situation where the place of the event giving rise to the damage corresponds with the defendant’s domicile, Article 7 (2) of the Brussels I Recast would only allocate jurisdiction to the place where the damage occurred.

However, torts committed over the Internet differ categorically from offline infringements because in the former the place of the activity and the place of damage may be different. Indeed, the place of the activity becomes relevant when it is located neither in the state where the defendant has his domicile (covered by Article 4, not by Article 7 (2) of the Brussels I Recast)⁶⁶⁹ nor in the state where the damage was sustained⁶⁷⁰. This means that a dual jurisdiction is applicable to torts committed over the Internet which includes both the place where the damage has taken place as well as the place of the damage-causing effect.

In addition, this duality of jurisdiction is applicable also to cases of non-physical, receipt-orientated torts, such as defamation⁶⁷¹. In particular, the ECJ in *Shevill and Others v Presse Alliance SA* ruled that the expression “place where the harmful event occurred” is intended to cover both “the place of the event giving rise to the damage and the place where the damage occurred”⁶⁷². Therefore, the court has

⁶⁶⁵ Ibid, para 24.

⁶⁶⁶ Case 21/76 *Handelskwekerij G.J. Bier BV v. Mines de Potasse d’Alsace SA* [1976] ECR 1735, 1747 paras 24-25.

⁶⁶⁷ Ulrich Magnus (ed.) and Peter Mankowski (ed.), *Brussels I Regulation* (2nd edn, Sellier European Law Publishers 2012) 191.

⁶⁶⁸ Case C-364/93 *Antonio Marinari v Lloyd’s Bank plc and Zubaidi Co.*, [1995] ECR I-2719, I-2739, para 12.

⁶⁶⁹ Case 21/76 *Handelskwekerij G.J. Bier BV v. Mines de Potasse d’Alsace SA* [1976] ECR 1735, 174, paras 20 - 23.

⁶⁷⁰ Ulrich Magnus (ed.) and Peter Mankowski (ed.), *Brussels I Regulation* (2nd edn, Sellier European Law Publishers 2012) 191.

⁶⁷¹ Y Farah, ‘Jurisdictional Aspects of Electronic Torts, in the Footsteps of *Shevill v Press Alliance SA*’ (2005) *Computer and Telecommunications Law Review* 198; Leigh Smith, ‘CJEU Clarifies Jurisdiction To Award Damages For The Infringement Of “Personality Rights” Online’ (2012) 23 *Entertainment Law Review* 43, 46.

⁶⁷² Case C-68/93 *Shevill and Others v Presse Alliance SA* [1995] ECR I-415.

found that the victim has two options for bringing an action for compensation against the defendant⁶⁷³.

However, is this dual jurisdiction applicable to cases of intellectual property rights infringement?

This issue is highly debatable. In particular, as noted by some authors, the *Shevill* situation is too different from the matter of intellectual property rights infringement to constitute a model in this matter⁶⁷⁴. Indeed, in contrast to defamation, intellectual property rights are territorial in their nature. In particular, according to the principle of territoriality, the infringement of intellectual property rights could only be on the territory of the country under whose laws those rights are granted and exercised, and this territory would necessarily coincide with the place where the damage is felt⁶⁷⁵. This point leads Jooris to the conclusion that the duality of jurisdiction is not appropriate in intellectual property matters, where one single connecting factor should be used – namely, the act of infringement⁶⁷⁶. Indeed, as was noted previously, in the case of Community trade marks⁶⁷⁷ or Community designs⁶⁷⁸ infringements, jurisdiction is allocated to the Member State where the act of infringement occurred. This means that jurisdiction under Article 7 (2) of the Brussels I Recast would necessarily lie within the territory of the protection state, namely at the place where the right is protected under local law.

However, while it is true that defamation cases and cases of intellectual property rights infringement are quite different, we need to agree that a much bigger step was taken when the system of dual jurisdiction was extended from *Bier* to *Shevill* than when it is transposed to intellectual property matters⁶⁷⁹. Indeed, the jurisdictional approach is based on a single connecting factor, the act of infringement, which leads to a narrowing of the scope of the court's authority by comparison with the *Shevill*

⁶⁷³ Leigh Smith, 'CJEU Clarifies Jurisdiction To Award Damages For The Infringement Of "Personality Rights" Online' (2012) 23 Entertainment Law Review 34-35.

⁶⁷⁴ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 127; E. Jooris, 'Infringement of Foreign Copyright and the Jurisdiction of English Courts' [1996] 3 EIPR 127, 139-140.

⁶⁷⁵ *Potter v The Broken Hill Proprietary Company Ltd* [1906] CLR 476, 494.

⁶⁷⁶ E. Jooris, 'Infringement of Foreign Copyright and the Jurisdiction of English Courts' [1996] 3 EIPR 127, 139-140.

⁶⁷⁷ Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1, Art. 97 (5).

⁶⁷⁸ Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3, Art. 82 (5).

⁶⁷⁹ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 127.

and *Others v Presse Alliance SA* ruling. In addition, as stated in *Shevill*, the criteria for assessing whether the event in question is harmful for the purposes of Article 7 (2) “... are not governed by the Convention but the substantive law determined by the national conflict of laws rules of the court seised”⁶⁸⁰. This means that territoriality of intellectual property rights, as a principle of substantive law⁶⁸¹, is irrelevant for the purpose of application of Article 7 (2) of the Brussels I Recast. Indeed, in *Marinari*, the ECJ made clear that the Brussels regime “did not intend to link the rules on territorial jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred”⁶⁸². Therefore, the duality of jurisdiction according to *Shevill and Others v Presse Alliance SA* is also applicable to cases of intellectual property rights infringement despite their territorial nature⁶⁸³. Indeed, intellectual property rights infringement actions are usually nothing other than actions for compensation or prevention of an economic loss⁶⁸⁴.

However, the rationale for allocating jurisdiction at the place of economic loss is very debatable⁶⁸⁵. In particular, with reference to the ECJ case in *Dumez*, some authors noted that jurisdiction under Article 7 (2) of the Brussels I Recast is provided “at the place where the causal event directly produces its harmful effects upon the person who is the immediate victim of that event”⁶⁸⁶. This means that only “initial damage”⁶⁸⁷ is relevant for the purpose of Article 7 (2) of the Brussels I Recast, as opposed to resulting economic loss. Thus, the duality of jurisdiction in cases of intellectual property rights infringement is once again disputed.

⁶⁸⁰ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 41.

⁶⁸¹ Traditionally, in intellectual property matters the substantive law supposes an infringement within the territory where the right is protected. For example, the right in copyright, patent or trade mark is protected only within the territory of the State which provides for such right.

⁶⁸² Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.*, [1995] ECR I-2719. I-2739, para 18.

⁶⁸³ Miguel Asensio, ‘Cross-border Adjudication of Intellectual Property Rights and Competition between Jurisdictions’ (2007) 41 AIDA 117.

⁶⁸⁴ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes. in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 127.

⁶⁸⁵ Pertrgas Sender, *Cross-border Enforcement of patent rights* (Clarendon 2002) 121; Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes. in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 121-122.

⁶⁸⁶ Case C-220/88 *Dumez France SA and Tracoba SARL v Hessische Landesbank* [1990] ECR I-49, para 21.

⁶⁸⁷ *Ibid.*

Indeed, the difficulties in the notion of damage in intellectual property rights infringement lead some authors to reject jurisdiction based on the place of damage⁶⁸⁸. The main argument in support of this approach is based on the fact that there are situations where there will be an act of infringement but where no direct initial damage is sustained⁶⁸⁹. For example, in the case of trademark infringement, the economic loss is sustained where the sign is used to market or offer products. Thus, there is an economic loss but no direct initial damage.

The ECJ, in the *Henkel* case⁶⁹⁰, made the situation clear by providing that the rule of special jurisdiction according to Article 7 (2) of the Brussels I Recast applies equally to claims seeking to prevent the occurrence of damage as to claims seeking compensation for damage that has already occurred. Otherwise there would be a paradoxical result whereby the most proficient and efficient way to deal with torts would be impeded and limited⁶⁹¹. This is also confirmed in the wording of Article 7 (2) of the Brussels I Recast, which refers to the place where the harmful event occurred or may occur.

It is important to note that the Brussels Convention does not contain a reference to the place where the harmful event may occur, which was added to Regulation 44/2001 and Brussels I Recast in order to make it clear that Article 7 (2) covers an action to prevent a threatened wrong⁶⁹².

This means that jurisdiction under Article 7 (2) of the Brussels I Recast depends on “the proximity between the forum and the factual elements of the dispute”⁶⁹³ and not on the type of damage involved. Indeed, as noted by Fawcett, it is not appropriate to have special definitions of the place of the harmful event for particular torts or for cases involving only particular types of damage (non-material or material loss, non-financial or financial loss)⁶⁹⁴.

⁶⁸⁸ Fawcett (n 112).

⁶⁸⁹ Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes, in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 122-123.

⁶⁹⁰ Case C-167/00 *Verein für Konsumenteninformation v Henkel* [2002] ECR I-8111, para 46.

⁶⁹¹ Ulrich Magnus and Peter Mankowski, *Brussels I Regulation: Second Revised Edition* (2nd edn, Sellier European Law Publishers 2011) 190.

⁶⁹² The ECJ interpreted Art. 5 (3) of the Brussels I Regulation as covering threatened wrongs: case C-167/00 *Verein für Konsumenteninformation v. K.H. Henkel* [2002] ECR I-8111.

⁶⁹³ Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.* [1995] ECR I-2719, para 18.

⁶⁹⁴ Fawcett (n 112) 156.

Therefore, the duality of jurisdiction adopted in *Bier* and endorsed in *Shevill* should be applied equally to other cases concerning the infringement of intangible property⁶⁹⁵. This means that in cases of intellectual property rights infringement the plaintiff is able to bring proceedings at the place of the causal event or at the place where the damage occurred. This idea was applied by the French Cour de Cassation in the *Wegmann* case⁶⁹⁶ where copyright was infringed by counterfeit publications distributed in several contracting states. The court held that the plaintiff could pursue its claim for damages either before the court of the place where the author of the counterfeit publications was established, or before the court where the counterfeit goods were distributed⁶⁹⁷.

3.3 Impact of Article 7 (2) of the Brussels I Recast for Intellectual Property rights Infringement over the Internet

For a number of years the special jurisdiction under Article 7 (2) of the Brussels I Recast has been at the centre of the debate regarding intellectual property rights infringement over the Internet⁶⁹⁸. Nothing has been done to adapt the provisions relating to non-internet cases of infringement of intellectual property rights to the context of the Internet⁶⁹⁹.

Intellectual property rights infringement over the Internet is a tort. In spite of the fact that it is very difficult to identify the place where intellectual property rights infringement occurs over the Internet, the impact of intellectual property rights infringement over the Internet is still felt in the real world – people lose real money and they are insulted as real, not virtual, persons⁷⁰⁰.

⁶⁹⁵ Fawcett (n 112) 156; Miguel Asensio, 'Cross-border Adjudication of Intellectual Property Rights and Competition between Jurisdictions' (2007) 41 AIDA 122,123.

⁶⁹⁶ *Wegmann v Societe Elsevier Science Ltd* [1999] IL Pr 379 (French Cour de Cassation).

⁶⁹⁷ Ibid.

⁶⁹⁸ Aurelio López-Tarruella Martínez, 'The International Dimension of Google Activities: Private International Law and the Need of Legal Certainty' in Aurelio López-Tarruella Martínez (ed), *Google And The Law* (Asser Press 2012) 333; Fawcett (n 112) 551-552.

⁶⁹⁹ Arnaud Nuyts, Katarzyna Szychowska, Nikitas Hatzimihail, 'Cross-border litigation in intellectual property matters in Europe' (2006) EC Project on Judicial Cooperation in IP/IT Matters Heidelberg Background Paper 21 October 2006, 32 <www.ulb.ac.be/droit/ipit/docs/HeidelbergBackgPaper1.pdf> accessed 11 January 2013.

⁷⁰⁰ Pieter J Slot and M. K Bulterman (ed.), *Globalisation and Jurisdiction* (Kluwer Law International 2004) 115.

Therefore, in the “deliberate” absence⁷⁰¹ of an appropriate jurisdictional basis in the Brussels I Recast, the most important question here becomes **how to apply the existing jurisdictional rules**. As was discussed previously, in the case of intellectual property rights infringement over the Internet, a *Shevill*-based theory is applicable.

However, the applicability of a *Shevill*-based approach to intellectual property rights infringement over the Internet does not mean that this jurisdictional basis gives us an adequate picture of the world. Indeed, there are active academic debates about the application of Article 7 (2) of the Brussels Regulation to cases of intellectual property rights infringement over the Internet⁷⁰². As our findings indicate, there are three main approaches to the application of Article 7 (2) of the Brussels I Recast to cases of intellectual property rights infringement over the Internet: a *Shevill*-based approach; a modified version of *Shevill* and the conventional approach.

These approaches will be analysed and recommendations on the application of Article 7 (2) of the Brussels I Recast to cases of intellectual property rights infringement over the Internet will be given.

The first approach is the *Shevill*-based approach. As the label indicates, the *Shevill*-based approach is based on the *Shevill* case and recognises that the rule applicable to press media is also applicable to intellectual property rights infringement over the Internet. The well-known decision need not be repeated here. The ECJ in the *Shevill* case ruled that a claimant could bring proceedings either where the publisher was established or the place where the damage to the claimant's reputation occurred⁷⁰³.

The *Shevill*-based approach has received great academic support due to an analogy between multi-State defamation and multi-State infringement⁷⁰⁴. In particular, like in the case of defamation, intellectual property rights infringement over the

⁷⁰¹ Trevor C Hartley, *International Commercial Litigation* (Cambridge University Press 2009) 52.

⁷⁰² Fawcett (n 112); Torsten Bettinger and Dorothee Thum, ‘Territorial trademark rights in the global village: international jurisdiction, choice of law and substantive law for trademark disputes on the Internet: Part 1’ (2000) 31(2) IIC 162-182; Svetozara Petkova, ‘The potential impact of the draft Hague Convention on International Jurisdiction and Foreign Judgments in Civil and Commercial Matters on Internet-related disputes with particular reference to copyright’ (2004) 2 I.P.Q. 173-197; Oren Bigos, ‘Jurisdiction over cross-border wrongs on the Internet’ (2005) 54(3) I.C.L.Q. 585-620; Graham Smith, ‘Here, there or everywhere? Cross-border liability on the Internet’ (2007) 13(2) C.T.L.R. 41-51; Pekka Savola, ‘The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions’ (2014) 45(3) IIC 287-315.

⁷⁰³ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415.

⁷⁰⁴ Fawcett (n 112) 566; Lilian Edwards, ‘The Scotsman, the Greek, the Mauritian company and the Internet: where on earth do things happen in cyberspace?’ (2004) 8(1) Edin. L.R. 99-111; Youseph Farah, ‘Jurisdictional aspects of electronic torts, in the footsteps of *Shevill v Presse Alliance SA*’ (2005) 11(6) C.T.L.R. 196-200; Oren Bigos, ‘Jurisdiction over cross-border wrongs on the Internet’ (2005) 54(3) I.C.L.Q. 585-620; Graham Smith, ‘Here, there or everywhere? Cross-border liability on the Internet’ (2007) 13(2) C.T.L.R. 41-51.

Internet involves multiple damage. This means that the results of intellectual property rights infringement (such as trademark infringement) is essentially the same as in defamation since both torts involve non-material or non-pecuniary damage⁷⁰⁵.

In addition, the rationale behind the application of the *Shevill*-based approach to intellectual property rights infringement over the Internet is based on the fact that a defendant may infringe intellectual property rights both over the Internet (by advertising on a website) and by traditional means (sending out brochures)⁷⁰⁶. Thus, for the purpose of establishing jurisdiction it should not be relevant whether the material is published on the Internet or in the printed press⁷⁰⁷.

In my opinion, in spite of the similarities, the jurisdictional approach between these two sets of cases cannot be the same. Indeed, as noted by the French Cour de Cassation in *Castellblanch SA v Champagne Louis Roederer SA*, intellectual property rights infringement over the Internet presents different challenges from ordinary infringement and therefore needs a different solution⁷⁰⁸. In this regard some leading scholars have proposed a modification of the *Shevill*-based approach due to its insufficient application to cross-border intellectual property rights infringements over the Internet⁷⁰⁹. The modified version of *Shevill* may decide the problems of multi-state distribution and multiple damage in the case of intellectual property rights infringement over the Internet⁷¹⁰.

Therefore, the main issue here is how to adapt the *Shevill*-based approach to intellectual property rights infringement over the Internet where there is a geographical separation between the place of the action of the defendant and at the origin of the damage. In particular, where is the place of the event giving rise to the damage and where does the damage take place in the case of intellectual property rights infringement over the Internet?

Indeed, as noted by Fawcett, the place of establishment as a jurisdictional basis works perfectly in cases of defamation because the defamatory message is generated

⁷⁰⁵ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 51.

⁷⁰⁶ *Re The Maritime Trademark* Case 416 02924/00 [2003] IL Pr 297 (Landgericht, Hamburg).

⁷⁰⁷ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, Opinion of AG Villalón, para 53.

⁷⁰⁸ *Castellblanch SA v Champagne Louis Roederer SA* [2004] IL Pr 41 (French Cour de Cassation).

⁷⁰⁹ Fawcett (n 112) 566; Arnaud Nuyts, Suing at the place of infringement: the application of Article 5 (3) of Regulation 44/2001 to IP Matters and Internet Disputes in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 119-120; Van Engelen, 'Jurisdiction and Applicable Law in Matters of Intellectual Property' (2010) 14 E.J.C.L.

⁷¹⁰ Fawcett (n 112) 173.

at the place of establishment: i.e., the place from which the libel was issued and put into circulation⁷¹¹. However, in the case of intellectual property rights infringement over the Internet the place of establishment may not be the place where the harmful event originated⁷¹². For example, in the case of copyright infringement over the Internet, the place where the event which gave rise to and was the origin of the damage is the uploading of the photographs to the defendant's website⁷¹³. The same situation arises in the case of trademark infringement over the Internet. In particular, in *Sté Agrisilos and SARL Saint Maury v. SA GRE Manufacturas and Sté Kitch* the French Cour de Cassation confirmed jurisdiction of the French court under Article 7 (2) of the Brussels I Recast since the act of infringement took place in France. In particular, the defendant's products were displayed and offered for sale in France; this was the origin of the damage⁷¹⁴. In this regard Bogdan suggests that the place of the event giving rise to the damage and the place where damage occurred should be the same⁷¹⁵. However, as was discussed previously, such an approach contradicts the principle of the duality of jurisdiction adopted in *Shevill*, where the court essentially stated that Article 7 (2) of the Brussels I Recast gave the plaintiff the option of suing either where the publisher of the defamatory publication is established or before the courts of each contracting state where damage to reputation occurred. Therefore, it would be logical to discuss the wide interpretation of the *Shevill* case given by Bogdan rather than deny the duality of jurisdiction based on *Shevill*. Indeed, in some cases, the place of the event giving rise to the damage will coincide with the place of establishment, but in some cases it will not. Fawcett also agrees that it is not necessary to have the place of establishment as an alternative basis of jurisdiction because Article 7 (2) of the Brussels I Recast does not contain a requirement of two alternative fora⁷¹⁶. Thus, the first limb of the modified version of *Shevill* is based on the place where the act of infringement occurred⁷¹⁷.

⁷¹¹ Fawcett (n 112) 168.

⁷¹² Fawcett (n 112) 553.

⁷¹³ *Alan Mackie t/a 197 Aerial Photography v Nicola Askew, Largsholidaylets.co.uk* [2009] SA1251/08, para 29 (Sheriffdom of South Strathclyde Dumfries and Galloway).

⁷¹⁴ *Sté Agrisilos and SARL Saint Maury v. SA GRE Manufacturas and Sté Kitch* [2006] IIC 2007, 723-724 (French Cour de cassation).

⁷¹⁵ Michael Bogdan, 'Website Accessibility as basis for jurisdiction under the Brussels I Regulation' (2011) 5 Masaryk University Journal of Law and Technology 4.

⁷¹⁶ Fawcett (n 112) 169.

⁷¹⁷ Fawcett (n 112) 553-554.

The second limb of the *Shevill* approach is based on the place where the damage occurred, which is defined by the modified version of *Shevill* as the place of distribution⁷¹⁸. The place of distribution should provide a solution to multiple damage in cases of intellectual property rights infringement over the Internet.

Therefore, we can conclude that under the modified version of *Shevill*, the claimant has the choice under Article 7 (2) of the Brussels I Recast to bring proceedings either before the courts of the Member State where the act of infringement occurred or before the courts of the Member State where the infringing subject matter is distributed.

In my opinion, the modified version of *Shevill* mirrors the *Shevill*-based approach as it does not satisfy the requirement of an information society. Indeed, it does not provide rules that would function reasonably well in relation to new technologies⁷¹⁹. In particular, the determination of the place of the event giving rise to the damage and the place where the damage occurred is just to repeat where they are in those non-Internet infringement cases.

Indeed, it is easy enough to say where patents, copyrights and trade mark are infringed in offline reality⁷²⁰. However, how can one identify jurisdiction in cases where copyright-related issues are involved in making protected material available through the Internet, or in cases of online advertisement? In addition, how can one decide the problem of multiple acts of intellectual property rights infringement over the Internet in different Member States? Indeed, the plaintiff is often interested in suing in one Member State in relation to multiple acts of infringement occurring in a number of Member States. Moreover, how can one deal with damage in cases of intellectual property rights infringement over the Internet, damage which is often “dematerialised” or has become “delocalised”?

In this regard we can agree that these legal questions require an adequate legal response. In my opinion, the most appropriate response to these problems is the adaption of the *Shevill* which should satisfy the requirement of a new virtual world.

⁷¹⁸ Fawcett (n 112) 554, 567.

⁷¹⁹ Ulf Maunsbach, ‘Jurisdiction in Relation to Online Cross-border Infringements - The Code and the Law’ in Dan Jerker B. Svantesson & Stanley Greenstein. (eds), *Internationalisation of Law in the Digital Information Society - Nordic Yearbook of Law and Informatics 2010-2012* (Ex Tuto Publishing 2013) 173-193.

⁷²⁰ J. Ginsburg, A. Lucas, ‘The Role of Private International Law and Alternative Dispute Resolution’ in WIPO, *Intellectual Property on the Internet: A Survey of Issues* (Geneva 2003) 85.

Why is the adaption of the *Shevill* required in the case of intellectual property rights infringement over the Internet?

Indeed, when the jurisdiction based on the *Shevill* case was established, the development of the Internet was in its infancy, and this ruling more or less satisfactorily addressed the issue of intellectual property rights infringement over the Internet⁷²¹. However, at the present stage of the Internet's development, the distribution of content on a website is in principle universal⁷²², since it may be instantly consulted throughout the world by an unlimited number of Internet users⁷²³. In addition, the increasing numbers of intellectual property rights infringements over the Internet mean that the interests of intellectual property rights owners need protecting with clear and predictable legal rules. Moreover, the interests of Internet users should also be taken into account in order to avoid suits in multiple Member States. Indeed, a balance of the interests of all participants in the online dispute should be provided.

In addition, the adaption of the *Shevill* rule is called for by developments in ECJ case law whereby the identification of jurisdictional rules depends of the nature of the intellectual property rights which are being infringed over the Internet⁷²⁴. Indeed, as noted by the ECJ in *eDate Advertising GmbH v X and Olivier Martinez and Robert Martinez v Société MGN Limited* (hereafter “*eDate*”) the new jurisdictional approach is required “due to the insufficiency of existing interpretations of Article 7 (2) of the Brussels I Recast” in relation to Internet claims⁷²⁵. Indeed, we can agree that taking into account the difficulties associated with the identification and prevention of intellectual property rights infringement over the Internet, the jurisdiction in such cases should be based on specific connection requirements. In this regard, Fawcett even proposes to establish separate jurisdictional rules for cases of intellectual property right infringement over the Internet which will be based only on the place of

⁷²¹ Geert Van Calster, *European Private International Law* (1st edn, Hart Publishing 2013) 94.

⁷²² Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 46.

⁷²³ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 45.

⁷²⁴ For example, Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 2012 -00000; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000; Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

⁷²⁵ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

the event giving rise to the damage, not on the place where the damage occurred because such a connection may be irrelevant (as the damage may be dematerialised or delocalised).⁷²⁶

In my opinion, the duality of jurisdiction based on the place of the event giving rise to the damage and the place where the damage occurred should be retained since such rules provide jurisdictional flexibility, something that is very important in cases of intellectual property rights infringement over the Internet. Indeed, based on the circumstances of the case, the court will be able to identify the place of the event giving rise to the damage or the place where the damage occurred, whichever is more closely linked to resolving the dispute. Moreover, the duality of jurisdiction is an expression of the succession of jurisdictional rule. In support this point of view I would like to notice that the Internet is “an old wine in new bottles from a conflict perspective”⁷²⁷ (as argued in Chapter 1 above). In other words, private international law principles should apply to this new form of communication but should take into account the unique factual circumstances in which infringements of intellectual property rights may be committed.

In this regard, the adapted version of *Shevill* should be based on more online-specific jurisdictional rules. In particular, by establishing rules for intellectual property rights infringement over the Internet, it is important to take into account not only new Internet participants (such as intermediaries, ISPs) but also the specific characteristics of the distribution of content over the Internet (such as the digital nature of intellectual property rights and the borderless nature of the Internet). The ECJ also supports my approach that the *Shevill* must be “adapted”⁷²⁸ in order to satisfy the requirements of a new virtual world. Indeed, while it is “undesirable” for legal rules to be developed for particular technologies, it is necessary to take into account the reach of information disseminated by the Internet⁷²⁹.

All these reasons lead me to the conclusion that it is necessary to adapt the *Shevill*. In my opinion, the EU community requires harmonized jurisdictional rules for intellectual property rights infringements over the Internet. Therefore, the

⁷²⁶ Fawcett (n 112) 168.

⁷²⁷ Stuart Dutson, ‘The Internet, the Conflict of Laws, International Litigation and Intellectual Property: the Implications of the International Scope of the Internet on Intellectual Property Infringements’ (1997) *Journal of Business Law* 495.

⁷²⁸ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, paras 42-43, 46.

⁷²⁹ *Gutnick v Dow Jones* [2002] 201 CLR 575.

adaption of the *Shevill* rules is one of the necessary steps for reforming the jurisdictional rules for intellectual property rights infringements over the Internet under the Brussels I Recast.

What are the connection requirements under the adapted version of *Shevill*?

For example, in the United States, there are a number of jurisdictional theories that have been developed with regard to torts committed over the Internet that take into account such issues as the interactivity of the website, the targeted nature (or otherwise) of Internet communication, minimum contacts with the forum selected by the plaintiff, and the general fairness, in due process terms, of bringing the defendant to the courts of the forum⁷³⁰. The ECJ has also tried to develop special jurisdictional rules for torts committed over the Internet. However, by contrast with the well-developed United States practice, the EU is just at the start of its adaptation of the existing law to torts committed over the Internet.

An example of such adaptation may be the recent case *eDate* where the ECJ resolves some of the difficulties involved in torts committed over the Internet⁷³¹. The case involves the infringement of personality rights by means of online content.

In my opinion, the ECJ decision in *eDate* represents the adaptation of the *Shevill* rather than the introduction of a new jurisdictional approach to torts committed over the Internet. There are a number of facts in support of this point of view.

Indeed, through the close analyse of the ECJ decision in *eDate*, one can find a confirmation of this hypothesis. In particular, at point 48 of *eDate*, the ECJ says: “The connecting criteria referred to in paragraph 42 of the present judgment (the *Shevill* factors) must therefore be adapted in such a way that a person who has suffered an infringement of a personality right by means of the Internet may bring an action in one forum in respect of all of the damage caused...”⁷³². And then the ECJ introduced a new connection requirement: the centre of the claimant’s interest “due to the insufficiency of existing interpretations of Article 7 (2) of the Brussels I Recast”

⁷³⁰ Lilian Edwards, ‘The Scotsman, the Greek, the Mauritian company and the Internet: where on earth do things happen in cyberspace?’ (2004) 8 (1) Edin. L.R. 99-111.

⁷³¹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁷³² *Ibid*, para 48.

in relation to Internet claims⁷³³. However, as stated by the ECJ in *eDate*: “The place where a person has the centre of his interests corresponds in general to his habitual residence. A person may also have the centre of his interests in a Member State in which he does not habitually reside, in so far as other factors, such as the pursuit of a professional activity, may establish the existence of a particularly close link with that State”⁷³⁴.

Therefore, the ECJ decision in *eDate* is the adaptation of the *Shevill* in the light of the changed realities of the digital age by providing some innovative features. In particular, the ECJ in *eDate* recognised the extraterritorial nature of torts committed over the Internet by allowing some flexibility for the claimant to sue either at the victim’s habitual residence or the victim’s centre of professional activity.

On the other hand, the ECJ in *eDate* followed the practice already adopted in *Shevill* by confirming the duality of jurisdiction (based on the place of the event giving rise to damage and the place where the damage occurred). Indeed, in addition to the introduction of a new jurisdiction based on the claimant’s centre of interest (which is in fact just an alternative jurisdictional approach based on the place where the damage occurred), the ECJ in *eDate* stated that in the event of an alleged infringement of personality rights by means of content placed online, the person who considers that his rights have been infringed has the option of bringing an action for liability either before the courts of the Member State in which the publisher of that content is established or before the courts of each Member State in the territory of which content placed online is or has been accessible⁷³⁵.

However, the ECJ in *eDate* have also asserted jurisdiction based on the place of establishment of the publisher.⁷³⁶ This means that in the case of torts committed over the Internet, the place of the event giving rise to the damage is the place where the publisher of the content is established. In such situations, the plaintiff could bring an action in respect of all the damage caused in the court of the Member State in which the publisher of the content is established.

⁷³³ Ibid.

⁷³⁴ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 49.

⁷³⁵ Ibid, para 42.

⁷³⁶ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 235.

Yet, on the other hand, the ECJ in *eDate* has adapted the second limb of the *Shevill*-based approach in defining the place where the damage occurred as where the content placed online is or has been accessible⁷³⁷. Thus, the accessibility criterion results from the transposition to the Internet context of the “distribution” criterion of *Shevill*⁷³⁸. This approach allows the claimant to bring a separate action in each jurisdiction where they claim to have suffered damage.

In my opinion, the ECJ in *eDate* has adapted the *Shevill*-based approach. Indeed, the ECJ did not even discuss the jurisdictional approach under the modified version of *Shevill*. In this regard, the modified version of *Shevill* is irrelevant for the purpose of establishing jurisdiction in the case of torts committed over the Internet.

On the basis of this analysis, it seems that according to the adapted version of *Shevill*, in the case of torts committed over the Internet, the claimant may bring proceedings either before:

- 1) the court of the place of the event giving rise to the damage:
 - where the publisher of that content is established; or
- 2) the court of the place where the damage occurred:
 - where the material is (or has been) accessible;
 - where the claimant has his centre of interests.

Thus, the jurisdictional approach under the adapted version of *Shevill* (in the light of *eDate*) is more flexible than jurisdiction under the *Shevill* rule. Indeed, the adapted version of *Shevill* provides two alternative connection requirements for identifying the court of the place where the damage occurred: where the material is (or has been) accessible, or where the claimant has his centre of interests. In my opinion, such flexibility is a way to respond to difficulties in identifying the place where the damage occurred from torts committed over the Internet.

However, the jurisdictional rules adapted by the ECJ in *eDate* are concerned with infringements of personality rights, which differ significantly from intellectual property rights infringements since the latter rights are protected on a territorial basis

⁷³⁷ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁷³⁸ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 236-237.

and are concerned with the commercial exploitation of a product⁷³⁹. Therefore, the connecting criteria laid down in *eDate* should be interpreted in the light of particular characteristics of intellectual property rights infringement over the Internet.

Moreover, as noted by Fawcett, in some situations where the *Shevill*-based approach is not applicable, there is an alternative approach⁷⁴⁰. The main emphasis of Fawcett's analysis is on the conventional approach⁷⁴¹. In my opinion, rather than to continue to analyse the "old" law we need to emphasise our attention on the recent case law developments by suggesting the specific connection requirements of intellectual property rights infringements over the Internet. Indeed, as noted by the Advocate General in *Peter Pinckney v KDG Mediatech AG* (hereafter *Pinckney*) the ubiquity of content placed online should result in a new definition of the link between a virtual behaviour and a territory⁷⁴².

The analysis of recent ECJ case law developments demonstrate the desire of the courts to provide specific connection requirements for cases of intellectual property rights infringements over the Internet⁷⁴³. For example, according to the Advocate General's point of view in *Pinckney* and *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH* (hereafter *Wintersteiger*), jurisdiction in the case of intellectual property rights infringement over the Internet may be based on the place where the intellectual property rights are infringed^{744,745}. According to this approach, the place of the event giving rise to the damage is the place where the intellectual property rights are infringed. Indeed, it would be logical to establish jurisdiction at the court of the Member State in which the intellectual property right is infringed as such a court is most closely connected to the circumstances of the dispute. Moreover, as noted by Fawcett, the place in which the right is infringed is easy to identify⁷⁴⁶. Therefore, it is important to analyse whether the Advocate General's propositions in

⁷³⁹ Heinze, C., 'The CLIP Principles on Jurisdiction', in Basedow, J., Kono, T. and Metzger, A. (eds.), *Intellectual Property in the Global Arena. Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010) 68, 69.

⁷⁴⁰ Fawcett (n 112) 158-166.

⁷⁴¹ Fawcett (n 112) 158-166.

⁷⁴² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 50.

⁷⁴³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

⁷⁴⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 29.

⁷⁴⁵ Case C-523/10, *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, Opinion of Advocate General Villalón, para 26.

⁷⁴⁶ Fawcett (n 112) 165.

Pinckney and *Wintersteiger* to allocate jurisdiction based on the place where the intellectual property rights are infringed are an appropriate jurisdictional basis for intellectual property rights infringement over the Internet. In particular, is the place of the event giving rise to the damage in the meaning of the place where the act of intellectual property rights infringement occurred a satisfactory alternative to the jurisdiction based on the place where the publisher is established under the adapted version of *Shevill*? These issues will be analysed in the next paragraphs.

Moreover, there are also active academic discussions about whether the targeting or directing activities approach, which is applicable in cases of Internet-related consumer disputes, is also applicable as a jurisdictional basis in cases of intellectual property rights infringement over the Internet⁷⁴⁷. Indeed, the identification of the place where the damage occurred is based on criteria where the website has targeted/directed its activities towards a particular Member State⁷⁴⁸.

In this regard we can conclude that according to the alternative approach in the case of intellectual property rights infringement over the Internet, the claimant may bring proceedings either before:

- 1) the court of the place of the event giving rise to the damage:
 - where the act of infringement occurred; or
- 2) the court of the place where the damage occurred:
 - where the website was targeting/directing its activities.

Therefore, we can conclude that jurisdiction based on the alternative approach also recognises the duality of jurisdiction by providing two alternative fora to sue the defendant: either at the place of the event giving rise to the damage or at the place where the damage occurred. Moreover, as with the adapted version of *Shevill*, so the alternative approach takes into account specific connection requirements of intellectual property rights infringements over the Internet: where the act of infringement occurred or where the website was targeting/directing its activity towards a particular Member State.

⁷⁴⁷ Adam D Thierer and Clyde Wayne Crews (ed.), *Who Rules The Net?: Internet Governance And Jurisdiction* (Cato Institute 2003) 107; Uta Kohl, *Jurisdiction and the Internet – a Study of regulatory competence over online activity* (Cambridge University Press 2007) 78; Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 59;

⁷⁴⁸ Case C-585/08 *Pammer and Hotel Alpenhof* [2010] ECR I-12527; Case C-324/09 *L’Oreal v eBay* [2011] ECR I-06011.

The aim of the next paragraphs is to identify how these jurisdictional rules are applicable to intellectual property rights infringement over the Internet and where these connection requirements are the appropriate jurisdictional choice. In particular, the following questions will be analysed: **Is the adapted version of *Shevill* an appropriate jurisdictional basis for intellectual property rights infringements over the Internet? Is the alternative jurisdictional approach an appropriate jurisdictional basis for intellectual property rights infringements over the Internet? What is the best approach in the case of intellectual property rights infringements on the Internet? What is the direction for future reform of the Brussels I Recast?**

3.3.1 Adapted version of *Shevill*

3.3.1.1 The place of the event giving rise to the damage: where the publisher is established

In *eDate*⁷⁴⁹ the ECJ transposed and adapted the well-known *Shevill* case to the situation where personality rights have been infringed over the Internet. In particular, the ECJ held that Article 7 (2) of the Brussels I Recast should be interpreted as meaning that a person who considered that his personality rights had been infringed by means of content placed online could bring an action in respect of all the damage caused in the court of the Member State in which the publisher of the content is established⁷⁵⁰.

The place of establishment as a jurisdictional basis is based on Article 7 (5) of the Brussels I Recast, which provides that as regards disputes arising out of the operations of a branch, agency or other establishment, the competent courts are the courts for wherever the branch, agency or other establishment is situated⁷⁵¹. This article covers actions relating to both contractual and non-contractual obligations⁷⁵². Therefore, joint actions of Articles 7 (2) and 7 (5) of the Brussels I Recast allow suits against the publisher of the illegal content where its branch, agency or other

⁷⁴⁹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁷⁵⁰ *Ibid*, para 42.

⁷⁵¹ Council Regulation (EC) on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters 1215/2012 [2012] OJ L 351.

⁷⁵² Case 33/78 *Somafer SA v Saar-Ferngas AG* [1978] ECR 2183, para 5.

establishment is situated. For example, a New York incorporated company with an establishment in England can be sued in England when the dispute is concerned with the operation⁷⁵³.

This approach does not establish a new connection requirement with regard to torts committed over the Internet, but rather adapts the rule⁷⁵⁴. Indeed, accorded to the adapted rule, the publisher of press media is now referred to as a publisher of Internet content. In this connection, some may contend that the place of establishment is not an appropriate basis in cases of intellectual property rights infringement over the Internet as it would not satisfy the requirements of sound administration of justice, an objective explicitly referred to in the preamble to Brussels I Recast⁷⁵⁵. For example, as trademark infringements over the Internet are protected on a territorial basis, the place of establishment as a jurisdictional basis may lead to fragmentation of jurisdiction as trademarks may be infringed in more than one Member State.

However, according to the logic of the court in *eDate*, this approach is still relevant in the case of torts committed over the Internet because it allows one to sue in the court of one Member State in respect of all the damage caused by the tort⁷⁵⁶. That court would naturally be the one with the closest connection to the evidence of the intellectual property rights infringement. Thus, the main focus of this approach is to the causal event giving rise to the damage, itself by reference to the person whose liability is engaged.⁷⁵⁷

However, before we start to analyse whether the place of establishment of the publisher of the Internet content is an appropriate jurisdictional basis for intellectual property rights infringements over the Internet, it is important to identify **who can be considered as a publisher in the case of intellectual property rights infringement over the Internet?**

The question of subject matter in cases of intellectual property rights infringement over the Internet has long been the subject of active academic

⁷⁵³ Fawcett (n 112) 412.

⁷⁵⁴ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 235.

⁷⁵⁵ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, Opinion of AG Villalón, para 31.

⁷⁵⁶ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁷⁵⁷ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 235.

discussion from the early years of the introduction of the Internet⁷⁵⁸. In particular, it turns on who is the publisher of the content: the user who posted the infringing content over the Internet or the Internet Service Providers (ISPs) whose services are used for posting the information? This question has a significant practical value as a publisher may be liable in the case of intellectual property rights infringement over the Internet, as the ECJ emphasised in *eDate*. The Working Group on Intellectual Property Rights provides some clarification by comparing the liability of ISPs with that of publishers⁷⁵⁹. On this basis, the liability and limits of ISPs were established. The Electronic Commerce Regulations⁷⁶⁰ and Guidance on the Electronic Commerce Regulation⁷⁶¹ identify ISPs as any services provided for remuneration, at a distance, by means of electronic equipment for the processing (including digital compression) and storage of data, at the individual request of a recipient of the service.

However, when is an ISP liable as a publisher?

Indeed, like publishers in the press media, ISPs on the Internet are the key links in determining which works are to be made available to the public. However, in comparison with publishers, ISPs face serious problems unique to this type of business: ISPs transmit and store enormous amounts of information, beyond the capacity of any person or organization to scrutinize. Inevitably, some of this information violates intellectual property rights⁷⁶². This leads to the liabilities of ISPs as publishers on the basis of the facts that ISPs can monitor infringing activity and that they have a financial interest in providing their services⁷⁶³.

Indeed, the issue of the liability of ISPs for the content posted by their subscribers is very contentious in legal literature⁷⁶⁴. On the one hand, there are some

⁷⁵⁸ I. Trotter Hardy, 'The Proper Legal Regime for Cyberspace' (1994) 55 U. PITT. L. REV. 993, 1042-46; Jane C. Ginsburg, 'Putting Cars on the 'Information Superhighway': Authors, Exploiters, and Copyright in Cyberspace' (1995), 95 COLUM. L. REV. 1466, 1492-95; Assaf Hamdani, 'Who's Liable for Cyberwrongs' (2002) 87 Cornell L. Rev. 901.

⁷⁵⁹ Information Infrastructure Task Force, Department of commerce, 'Intellectual Property and the national Information Infrastructure: the Report of the working group on Intellectual Property Rights 7-8' (1995).

⁷⁶⁰ Electronic Commerce (EC) Regulations 2002 [2002] S.I. 2013, Art. 2 (1) (b).

⁷⁶¹ A guide for business to the electronic commerce (EC) Regulations 2002 [2002] S.I. 2013, Art 2.13.

⁷⁶² Aaron Schwabach, *Internet And The Law: Technology, Society, And Compromises* (2nd edn, ABC-CLIO 2006) 158.

⁷⁶³ *Religious Technology Center v Netcom On-Line Communications Services, Inc.* [1995] 923 F. Supp. 1231, 1244.

⁷⁶⁴ Niva Elkin-Koren, 'Copyright Law and Social Dialogue on the Information Superhighway: The Case against Copyright Liability of Bulletin Board Operators' (1995) 13 Cardozo Arts & Ent. L.J. 345, 399-410; Kelly Tickle, 'Comment. The Vicarious Liability of Electronic Bulletin Board Operators for the Copyright Infringement Occurring on Their Bulletin Boards' (1995) 80 IOWA L. REV. 391, 416.

⁷⁶⁴ Working Group on Intellectual Property Rights, Information Infrastructure Task Force, 'Intellectual Property and the National Information Infrastructure' (1995) 1-6, 114-24.

authors who suggest that a possible answer to the problem of the liability of ISPs is to bring all ISPs within the scope of “publishers”⁷⁶⁵: in such a situation ISPs should be liable for any material posted on the Internet if it contravenes the rights of others. Such an approach has a clear advantage for the rights owners’ interests in protecting their rights when the users’ identification is difficult (for example, due to anonymity and privacy issues). Indeed, in some cases the liability of ISPs is the single possibility for intellectual property rights owners to protect their rights⁷⁶⁶ and to prevent any further intellectual property rights infringement.

On the other hand, the unlimited liability of ISPs as publishers would impair the disseminating process, which is not good for society.⁷⁶⁷ Indeed, it is hard to imagine that Google is to be held liable for every web page it searches where unauthorised, copyrighted content is contained⁷⁶⁸. Even by hiring an army of lawyers, it is still extremely difficult for ISPs to scrutinise all illegal activity⁷⁶⁹.

In my opinion, ISPs should incur limited liability for the content they distribute as such an approach would promote the development of the Internet and information dissemination. In particular, when the ISPs are notified of infringing content on their services they must remove such content upon receipt of certain guarantees from the copyright’s owner. The limited liability of ISPs is confirmed also by the EU⁷⁷⁰ and US⁷⁷¹ legislators, which consider ISPs as distributors of information when they have acted as mere conduits, caches and hosts⁷⁷².

⁷⁶⁵ Dennis Campbell and Susan Woodley, *E-commerce: Law and Jurisdiction* (Kluwer Law International 2003) 96; Ashley Hurst, ‘ISPs and defamation law: hold fire, Robert Jay’ *The Guardian* (London, 25 January 2013).

⁷⁶⁶ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch).

⁷⁶⁷ Min Yan, ‘The law surrounding the facilitation of online copyright infringement’ (2012) 34 *E.I.P.R.* 122.

⁷⁶⁸ *Ibid*, 122-126.

⁷⁶⁹ M.A. Lemley, ‘Rationalizing Internet Safe Harbors’ (2008) 6 *J.T.H.T.* 101, 102.

⁷⁷⁰ Directive (EC) 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market. O. J. L 178.

⁷⁷¹ The Online Copyright Infringement Liability Limitation Act is the U.S. federal law that creates a conditional safe harbour for ISPs by shielding them from liability for the infringing act of others. OCILLA was passed as part of the Digital Millennium Copyright Act 1998.

⁷⁷² For example, the Directive (EC) 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market. O. J. L 178 considers that some, but not all, Internet intermediaries deserved immunity from legal action in respect of third-party content: online information services (such as online newspapers), online selling of products and services (books, financial services and travel services), online advertising, professional services (lawyers, doctors, estate agents), entertainment services and basic intermediary services (access to the Internet and transmission and hosting of information). These services also include services provided free of charge to the recipient and funded, for example, by advertising or sponsorship.

However, in this respect some may suggest that an ISP may be liable as a publisher even with regard to the content which they host⁷⁷³. For example, YouTube can be considered as a publisher on the basis of the licensing agreement on the content uploaded by its users⁷⁷⁴. In this situation YouTube would not just have provided the storage space for its users, but would also be involved in the monitoring of the content uploaded by its users.

The ECJ, in its leading case *Google v Louis Vuitton*, clarified the situation by stating that Directive 2000/31 on information society services covers only cases where the activity of the ISP has “a mere technical, automatic and passive nature”, which implies that the ISP “has neither knowledge of nor control over the information which is transmitted or stored”⁷⁷⁵. This means that YouTube is exempted from liability as a publisher of copyrighted materials because it plays a purely passive role in offering its service exclusively for use by its users. Indeed, as noted in *Google v Louis Vuitton*, the ISP is responsible only for the storage of information provided by the recipients of its services⁷⁷⁶. In other words, when a publication contained in websites is accessible through Google’s search engine, Google is not liable as a publisher⁷⁷⁷.

Therefore, we can conclude that ISPs may be qualified as publishers only when they have actual knowledge of the infringing activities. However, the question of what conduct is required before it can be said that such conduct is something more than merely technical, automatic and passive nature remained unanswered by the ECJ in *Google v Louis Vuitton*. For example, does EU legislation allow ISPs to research or monitor content to prevent further intellectual property rights infringements?

The answer to this question is provided by Articles 12 to 15 of the Directive 2000/31 on information society services, which state that ISPs are prohibited from

⁷⁷³ Roger Miller, *Modern Principles of Business Law: Contracts* (1st, Cengage Learning 2012) 104.

⁷⁷⁴ Sentence 1 of the Terms of Use states that uploaders retain all ownership rights to their user submissions. However, under Section 6 para C sentence 2, YouTube is granted a worldwide, non-exclusive, royalty-free, sub licensable and transferable licence to use, reproduce, distribute, prepare derivative works of, display and perform the user submissions. The YouTube Terms of Use are available at: <<http://www.youtube.com/t/terms>> accessed 11 June 2014.

⁷⁷⁵ Joined Cases C-236/08 to C-238/08 *Google France SARL and Google Inc. v Louis Vuitton Malletier SA* (C-236/08) *Google France SARL v Viaticum SA and Luteciel SARL* (C-237/08) and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others* (C-238/08) [2010] I-02417, para 113.

⁷⁷⁶ Ibid.

⁷⁷⁷ *Metropolitan International Schools Ltd v Designtechnica Corporation, Google UK Ltd, Google Inc* [2009] EWHC 1765 (QB).

carrying out general monitoring and from researching illegal content⁷⁷⁸. Such an approach is confirmed also by recent ECJ cases such as *Sabam*⁷⁷⁹ and *Scarlet*⁷⁸⁰, where an obligation to implement a filtering system would seriously endanger “the freedom to conduct business enjoyed by operators such as ISPs”, also possibly infringe “the fundamental rights of that ISP’s customers, namely their right to protection of their personal data and their freedom to receive or impart information”⁷⁸¹.

Therefore, we can conclude that the ECJ in *Sabam*⁷⁸² and *Scarlet*⁷⁸³ gave priority to the interests of ISPs’ business activities and privacy and the data protection of Internet users rather than to the interests of intellectual property rights owners. This means that EU legislation is aimed at supporting dissemination of information and cultural diffusion⁷⁸⁴ rather than at protecting the interests of intellectual property rights owners. In particular, in order to sue in the court of the Member State in which the publisher of the content is established, the intellectual property rights owner would have to provide evidence that ISPs were aware of the unlawful activities carried out by their users, without which an ISP is not liable for user-generated content.

In this connection the following question has arisen: **Is the place of establishment of the publisher of content an appropriate jurisdictional basis for intellectual property rights infringements over the Internet?**

In spite of the difficulties associated with the substantive law issues,⁷⁸⁵ the place where the publisher of content is established is still a possible jurisdictional basis for intellectual property rights infringements over the Internet. Indeed, as noted by Thierer, it is appropriate in cyberspace, as in real space, for the law to impose liability on the publisher of content that infringes intellectual property rights infringement on the Internet⁷⁸⁶. Such an approach is confirmed also by the American case of *Stratton*

⁷⁷⁸ Directive (EC) 2000/31 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market. O. J. L 178.

⁷⁷⁹ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

⁷⁸⁰ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁷⁸¹ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

⁷⁸² *Ibid.*

⁷⁸³ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁷⁸⁴ Enrico Bonadio, Davide Mula, ‘Madrid court confirms YouTube’s host status’ (2010)

<<http://jiplp.blogspot.co.uk/2010/11/madrid-court-confirms-youtubes-host.html>> accessed 3 March 2014.

⁷⁸⁵ Intellectual property rights owner should provide evidence that the ISPs were aware of the unlawful activities carried out by their users.

⁷⁸⁶ Adam Thierer, Clyde Wayne Crews, ‘Federalism in Cyberspace’ in Adam Thierer, Clyde Wayne, Jr. Crews (eds), *Who Rules the Net?: Internet Governance and Jurisdiction* (Cato Institute 2003) 54.

Oakmont, Inc. v Prodigly Services Co. where an ISP was found to be acting as a publisher with consequently greater liability than an access provider exercising no control over content⁷⁸⁷.

On the other hand, EU case law has tended to consider ISPs as facilitators of information rather than publishers. Indeed, such an approach is confirmed by the ECJ in such cases as *Google France and Google*⁷⁸⁸ and *Wintersteiger*⁷⁸⁹. This means the role of ISPs is the facilitation of information and, because of this role, ISPs cannot be parties to a dispute. In this regard the ECJ in *Google France and Google*⁷⁹⁰ emphasised the attention paid to the activities of the advertiser in choosing a keyword identical to the trademark, but not to the activities of the provider of a reference service who uses it in the course of trade.

The same approach was taken by the ECJ in *Wintersteiger*, where the court determined the event giving rise to the damage in the terms of the place of establishment of the advertiser, but not the place of establishment of the ISP. Indeed, according to *Wintersteiger*⁷⁹¹, Article 7 (2) of the Brussels I Recast had to be interpreted as meaning that an action relating to infringement of a trademark registered in a Member State through the use, by an advertiser, of a keyword identical to that trademark⁷⁹² on a search engine website operating under a country-specific top-level domain of another Member State might be brought before the courts of the Member State of the place of establishment of the advertiser⁷⁹³. This is a mandatory interpretation in spite of the fact that it is only “likely” that it will facilitate the taking of evidence and the conduct of the proceedings⁷⁹⁴. The ECJ confirmed that in the case of keyword advertising, the relevant event would be “the activation by the advertiser of the technical process displaying, according to pre-defined parameters, the advertisement”⁷⁹⁵ (i.e., the reservation of the AdWord). On that basis, the place of the

⁷⁸⁷ *Stratton Oakmont, Inc. v Prodigly Services Co* [1995] N.Y.Misc. Lexis 229, 23 Media L. Rep. (BNA) 1794 (N.Y. Sup. Ct.).

⁷⁸⁸ Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paras 52, 58.

⁷⁸⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

⁷⁹⁰ Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paras 52, 58.

⁷⁹¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

⁷⁹² The reasoning in *Wintersteiger* will equally apply to an alleged infringement by use of keywords that are similar to a trade mark according to the ECJ’s decision in case 278/08 *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Günter Guni, trekking.at Reisen GmbH* [2010] ECR I-02517.

⁷⁹³ Case C-523/10, *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 30-39.

⁷⁹⁴ *Ibid*, para 37.

⁷⁹⁵ *Ibid*, para 34.

event giving rise to a possible infringement of trademark law would be the place of establishment of the advertiser and not of the provider of the referencing service. This approach was also supported by the Advocate General in *Pinckney*, who made reference to the jurisdiction of the courts of the place of establishment of the alleged infringers as the place where the online sale of CDs – for the act of distribution – or the uploading of the songs – for the act of communication – was decided⁷⁹⁶. In spite of the fact that the ECJ in *Pinckney* did not follow the approach proposed by the Advocate General (as such a question was not addressed to the ECJ) this approach is supported by the ECJ in another case of copyright infringement over the Internet: *Pez Hejduk v EnergieAgentur.NRW GmbH* (hereafter *Hejduk*)⁷⁹⁷.

In particular, in *Hejduk*, the ECJ made clear that in the case of copyright infringement over the Internet, the event giving rise to the damage lies in the actions of the owner of that website⁷⁹⁸. This means that in the case of copyright infringement over the Internet the ECJ took the same approach as the ECJ in *Wintersteiger* in the field of trademarks. Indeed, similarly to *Wintersteiger*, the ECJ in *Hejduk* stated that in the case of copyright infringement over the Internet, the causal event can be localised “only at the place where EnergieAgentur has its seat, since that is where the company took and carried out the decision to place photographs online on a particular website”⁷⁹⁹. Therefore, the main emphasis here is not on the place where the ISP is established but rather on the place “in which the alleged perpetrator of the infringement is established”⁸⁰⁰.

On the basis of this analysis, we can conclude that jurisdiction based on the place of establishment is a relevant connecting factor in intellectual property rights infringements over the Internet. However, the place of establishment as a jurisdictional basis should be based on where **the advertiser or the owner of the website is established** rather than on the place where the ISP is established. Indeed, jurisdiction depends on the nature of the intellectual property rights infringed. This means that the matter of this jurisdiction should be adapted. In particular, while in the case of trademark infringement over the Internet the causal event leading to the infringement is “the activation by the advertiser of the technical process displaying,

⁷⁹⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 57.

⁷⁹⁷ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

⁷⁹⁸ *Ibid*, para 24.

⁷⁹⁹ *Ibid*, para 24.

⁸⁰⁰ *Ibid*.

according to pre-defined parameters, the advertisement⁸⁰¹, the situation is different in the case of copyright infringement over the Internet as the causal event leading to the infringement is the activation by the owner of the website of the technical display of the photographs on that website⁸⁰².

Conclusion and recommendations

In my opinion, the place of establishment is a relevant jurisdictional basis for intellectual property rights infringements over the Internet since on this jurisdictional basis may be established the link between the place of the event giving rise to the damage and the territory of a particular Member State where the tortfeasor is established. Indeed, as noted by Fawcett, the Internet is not outer space: there is a territorial connection with various States⁸⁰³.

However, in my opinion, modification of this approach is required. Indeed, as noted by the ECJ in *Wintersteiger*,⁸⁰⁴ the event giving rise to damage in the case of trademark infringement over the Internet is the place of establishment of the advertiser but not the place of establishment of the ISP. Similarly, the event giving rise to damage in the case of copyright infringement over the Internet is the place of establishment of the owner of a website⁸⁰⁵.

This means that in the case of intellectual property rights infringement over the Internet, the place of the event giving rise to damage should be based on the place where the advertiser or the owner of a website is established rather than where the ISP is established.

Indeed, the main role of ISPs is the dissemination of information. In my opinion, an ISP may be sued only as a joint infringer, when ISP is involved in editing and controlling the information posted on the Internet. For example, as *Football Dataco Ltd v Sportradar GmbH*⁸⁰⁶ and *EMI Records Ltd v British Sky Broadcasting Ltd*⁸⁰⁷ demonstrate, ISPs may be jointly liable for infringements committed by their users. However, in such situations the intellectual property rights owner should

⁸⁰¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 34.

⁸⁰² Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 24.

⁸⁰³ Fawcett (n 113) 236.

⁸⁰⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

⁸⁰⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 24.

⁸⁰⁶ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000.

⁸⁰⁷ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch), para 46.

provide the necessary evidence that the ISP had “actual knowledge” of another person using their service to infringe intellectual property rights⁸⁰⁸. In other words, the intellectual property rights owner is responsible for providing evidence that the ISP is a publisher. In my opinion, it is very difficult to imagine a situation when an ISP like Google is involved in managing a big amount of information posted on the Internet. Indeed, such an approach would not only be a serious step backwards for online development but would also be totally unworkable in practice⁸⁰⁹. On this basis we can conclude that an ISP may be sued together with the main infringer (advertiser/ owner of a website) but cannot be sued alone.

Therefore, it seems inconsequential to establish jurisdiction on the basis of where the joint infringer (ISP) is established. In my opinion, jurisdiction should be based on the place where the advertiser or website owner is established.

Indeed, the place of establishment of the advertiser or the owner of a website as a jurisdictional basis has an additional advantage for the intellectual property rights owner as it allows the latter to bring an action in respect of all damage in the court of the Member State in which the advertiser or website owner is established (as follows from the ECJ case in *eDate*)⁸¹⁰. However, in this respect some may contend that jurisdiction based on the place of establishment of the intellectual property rights infringer (according to Article 7 (5) of the Brussels I Recast) may involve the same forum as jurisdiction based on the domicile, nationality or habitual residence of the defendant (according to Article 4 of the Brussels I Recast). In particular, as noted by Nuyts, the place of establishment very often coincides with the head of jurisdiction set out in Article 4 of the Brussels I Recast⁸¹¹. This must not be so because establishing jurisdiction based on similar fora would be unpredictable for all the parties involved. In this respect Pozdan notes that the term ‘establishment’ cannot be assimilated to the concept of domicile as a head of general jurisdiction under the Brussels I Recast, for otherwise the court would use identical terms⁸¹².

⁸⁰⁸ Ibid, para 89.

⁸⁰⁹ Ashley Hurst, ‘ISPs and defamation law: hold fire, Robert Jay’ *The Guardian* (2013)

<<http://www.theguardian.com/law/2013/jan/25/defamation-law-robert-jay>> accessed 3 March 2015.

⁸¹⁰ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 42.

⁸¹¹ A. Nuyts, ‘Suing at the Place of Infringement’ in Arnaud Nuyts, *International Litigation In Intellectual Property And Info Technology* (Kluwer Law International 2008) 139.

⁸¹² Maksymilian Pazdan, Maciej Szpunar, ‘Cross –Border Litigation of Unfair Competition over the Internet’ in Arnaud Nuyts, *International Litigation in Intellectual Property And Info Technology* (Kluwer Law International 2008) 28.

Therefore, we can conclude that the place of establishment as a jurisdictional basis is an alternative to the general jurisdictional basis. Indeed, as stated in the 16th recital of the Brussels I Recast, “in addition to the defendant’s domicile, there should be alternative grounds of jurisdiction based on a close link between the court and the action or in order to facilitate the sound administration of justice”⁸¹³.

Moreover, the reference to the place where the advertiser or the owner of a website is established rather than to the place where the ISP is established is consistent with ISPs’ responsibility for disseminating information, as confirmed by the ECJ in *Sabam*⁸¹⁴ and *Scarlet*⁸¹⁵. In my opinion, jurisdiction cannot be based on the place of establishment of the facilitator of information. Indeed, the role of ISPs with respect to the dissemination of information and knowledge is like that of a telephone operator – they are merely the conduit for the provision of information and, as such, should incur no liability for content⁸¹⁶. In my opinion, at the present stage of the Internet’s development, it is important to create the conditions for free dissemination of information and knowledge. This means that ISPs should not be held liable for the content posted on websites, as this would lead to increased monitoring of websites and increased restrictions on the free operation of the Internet.

In my opinion, establishing jurisdiction based on the place where the advertiser or website owner is established would provide an appropriate balance of interests for all parties. On the one hand, intellectual property rights owners will be able to sue in the court of the place where the advertiser or website owner is established, which may constitute a significant connecting factor from the point of view of evidence and the conduct of proceedings⁸¹⁷. This is also true in the light of *Folien Fischer and Fofitec*, according to which only the court before which an action may properly be brought is the court within whose jurisdiction the relevant connecting factor is to be found⁸¹⁸.

On the other hand, the advertisers and website owners will be more responsible for the content placed on a website because, in the case of its infringement, they will

⁸¹³ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351.

⁸¹⁴ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

⁸¹⁵ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

⁸¹⁶ Dennis Campbell and Susan Woodley, *E-commerce: Law and Jurisdiction* (Kluwer Law International 2003) 96.

⁸¹⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 32.

⁸¹⁸ Case C-133/11 *Folien Fischer and Fofitec* [2012] ECR I-0000.

be liable as publishers. Moreover, such as approach confirms the role of ISPs as facilitators of information (in the absence of “actual knowledge” about the infringement).

Therefore, taking into account the *eDate* ruling and our arguments, Article 7 (2) (1) of the Brussels I Recast may be read as follows: **“a person who considers that his intellectual property rights have been infringed through ubiquitous media such as the Internet could bring an action in respect of all the damage caused in the court of the Member State in which the advertiser or website owner is established”**.

3.3.1.2 The place where the damage occurred

3.3.1.2.1 The place where online content is placed or has been accessible

In *eDate*⁸¹⁹ the ECJ transposed and adapted the well-known *Shevill* case to the situation where personality rights have been infringed over the Internet. This means that the place where the damage occurred is where the content is placed online or has been accessible⁸²⁰.

The main emphasis of this approach is on the human aspects of the act: accessibility by humans of the work protected by intellectual property law. Indeed, as noted by Rothchild, the accessibility approach seems to be a reasonable result of courts’ understanding of the Internet given the number of locations through which the data travel and where the data reside on the network⁸²¹. In practical terms, “accessibility” should be understood in its wide interpretation and should allowing suits wherever content is accessible⁸²².

Indeed, the accessibility of a website as a basis of jurisdiction is the topic of active academic discussion. On the one hand, as noted by Smith, this approach is good news for copyright owners as it allows rights owners to take action against

⁸¹⁹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁸²⁰ *Ibid.*

⁸²¹ John Rothchild, ‘Protecting the Digital Consumer: The Limits of Cyberspace Utopianism’ (1999) 74 IND. L.J. 893, 981.

⁸²² Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 251.

infringements of their works in the courts of the Member States in which the infringing contents are made available⁸²³.

For example, a trademark may be infringed by displaying it on a website or displaying the sponsored links by using keywords corresponding to the trademarks on the websites of search engine operators such as Google. Copyright infringement over the Internet may occur by linking, streaming or peer-to-peer file sharing⁸²⁴. In such cases an author's exclusive rights may be infringed: the rights to reproduction, communication to the public or distribution⁸²⁵. Therefore, as noted by Sangal, taking into account the significance of the Internet in trade and commerce and its possible future uses, it seems logical to protect the interests of intellectual property rights owners⁸²⁶.

On the other hand, there are scholars who deny jurisdiction based on the accessibility of a website because is not a very useful jurisdictional basis for intellectual property rights infringements over the Internet⁸²⁷. For example, as noted by Edwards, the accessibility of a website as a basis of jurisdiction may result in a lack of foreseeability⁸²⁸. In particular, if the receipt of information through the mere availability of the website were enough to satisfy Article 7 (2) of the Brussels I Recast, then the potential claimant must be ready to face litigation before the courts of any country in the world⁸²⁹.

In my opinion, jurisdiction based on the accessibility of a website may be a potential basis of jurisdiction in cases of intellectual property rights infringement over the Internet. However, the connection requirements between the accessibility of a website and the territory of a court of a Member State should be established. Indeed, it would be more than surprising if *eDate*⁸³⁰ established jurisdiction based on the

⁸²³ Joel Smith, Alexandra Leriche, 'CJEU ruling in *Pinckney v Mediatech*: jurisdiction in online copyright infringement cases depends on the accessibility of website content'[2014] E.I.P.R. 36(2), 137-138.

⁸²⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, Opinion of AG Jääskinen, para 27; Case C-466/12 *Svensson v Retriever Sverige AB* [2014] Bus. L.R. 259.

⁸²⁵ Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167, Art 2, 3 (1), 4 (1).

⁸²⁶ Tanushree Sangal, 'IP issues in linking, framing and keyword linked advertising' (2010) C.T.L.R. 16(3), 64-67.

⁸²⁷ Maebh Harding, *Conflict of Laws* (5th edn, Routledge 2013) 187; Aurelio Lopez-Tarruella, *Google and the Law: Empirical Approaches to Legal Aspects of Knowledge* (Asser Press 2012) 337.

⁸²⁸ Lilian Edwards, 'The Scotsman, the Greek, the Mauritian company and the Internet: where on earth do things happen in cyberspace?' (2004) 8 Edin. L.R. 99-111.

⁸²⁹ G. Smith, 'Here, there or everywhere? Cross-border liability on the Internet' (2007) 13 CTLR 41, 43.

⁸³⁰ Joined cases C-509/09 *eDate Advertising GmbH v X* and C-161/10 *Oliver Martinez and Robert Martinez v MNG Limited* [2011] ECR I-10269.

accessibility of a website according to Article 7 (2) of the Brussels I Recast without any connection to the court of Member State.

It follows that we must ask **whether the mere accessibility of a website in a particular Member State is enough to establish jurisdiction on a national level.**

In order to answer this question it is important to analyse the national practices of the EU Member States.

For example, in *SG 2 v Brokat*, the French court confirmed its international jurisdiction on the ground that the defendant's website could be accessed worldwide and hence there had also been a place of infringement on French territory⁸³¹. Indeed, taking into account the worldwide effect of the prohibition issued, the French court was able to impose the sanctions provided by French trademark law, since otherwise a trademark would no longer be protected on its territory. Consequently, the German enterprise was obliged to cease the use of the trademark "payline" in France in any form and hence also and in particular on the Internet.

The Sweden court also confirmed its international jurisdiction on the basis of the fact that a photograph was accessible in Sweden although the author's photograph was published in a newspaper in Norway⁸³².

However, in contrast to the practice in the France and Sweden, the UK courts have rejected jurisdiction based on the accessibility of a website. In particular, in *1-800 Flowers Inc v Phonenames Ltd*⁸³³, the court considered that merely because a website could be accessed from anywhere in the world it did not mean that it should be regarded as having been used everywhere in the world. Therefore, the applicant's use of the mark on its website did not constitute sufficient evidence of the requisite intention to use the mark in the United Kingdom⁸³⁴. In *Euromarket Designs Inc v Peters*⁸³⁵, the court also stated that the mere accessibility of a website in the UK does not lead to trademark infringement in the UK. The same practice exists in the US, where personal jurisdiction according to the long-arm statutes has been denied in

⁸³¹ *SG 2 v. Brokat Informationssysteme GmbH*. [1996] (Nanterre Court of Appeals).

⁸³² Judgment of the Svea hovrätt (Sweden) of February 4th 2008 (No 2009/62). The court applied Article 5 (3) of the Lugano Convention and not the Brussels I Recast.

⁸³³ *1-800 Flowers Inc v Phonenames Ltd* [2001] EWCA Civ 721, 100.

⁸³⁴ *Ibid.*

⁸³⁵ *Euromarket Designs Inc v Peters* [2000] EWHC Ch 179.

cases in which the defendants, as in the *Bensusan* case, had no contact with the forum state beyond the mere accessibility of their website⁸³⁶.

German practice is very contradictory with regard to jurisdiction based on the accessibility of a website. On the one hand, there is a case law which indicates that mere accessibility alone is not sufficient to support jurisdiction, for then website operators would be exposed to the incalculable risk of being sued in every Member State⁸³⁷. The most appropriate solution in the case of intellectual property rights infringement over the Internet is to consider the place of effect as a basis of jurisdiction⁸³⁸. In particular, the place of effect is Germany only if the website was intended to have effect there⁸³⁹.

On the other hand, in *Fender Musikinstrumente*⁸⁴⁰ the German court even without discussing if the defendant intended any sales in Germany found the accessibility of a website as sufficient ground for a trade mark infringement as the offer was accessible in Germany.

Therefore, we can conclude that the jurisdictional practices with regard to the accessibility of a website as a basis of jurisdiction are not unified in the Member States of the EU. Indeed, while France and Sweden consider the accessibility of a website as a relevant factor for establishing jurisdiction, the UK does not support the accessibility of a website as a basis of jurisdiction. In Germany it is very difficult to reach a consensus with regard to the accessibility of a website as a basis of jurisdiction.

In my opinion, clarification of the following questions is required by the ECJ:
Is the accessibility of a website an appropriate jurisdictional basis for intellectual property rights infringements over the Internet? Is the mere accessibility of a website enough to establish jurisdiction, or should some other clear connecting factors be established?

Indeed, the question of jurisdiction based on the accessibility of a website was the main issue of discussion by the ECJ in *Pinckney*⁸⁴¹ where copyright was infringed

⁸³⁶ Torsten Bettinger, 'Personal Jurisdiction in Cyberspace' (1998) GRUR Int. 660.

⁸³⁷ *Rainbow.at*, VI ZR 217/08 [2009] Unreported, Bundesgerichtshof (Germany); *Re*, VI ZR 111/10 [2012] I.L.Pr. 11, Bundesgerichtshof (Germany).

⁸³⁸ Judgment of the Oberlandesgericht Munich No 2009/33 [2007] (Germany).

⁸³⁹ *Ibid*.

⁸⁴⁰ Stuttgart High Court, *Fender Musikinstrumente* [1997] GRUR Int. 1997, 806.

⁸⁴¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

over the Internet. It is important to note that *Pinckney*⁸⁴² is the first case concerning the criteria for localising the place where the damage occurs in the event of an alleged online infringement of an unregistered intellectual property right. Therefore, a detailed analysis of this case is necessary.

The claimant, an author residing in France, discovered that his songs had been reproduced without his authority on a compact disc pressed in Austria by Mediatech, and then marketed by United Kingdom companies through various websites accessible from France. Proceedings against an Austrian company were brought in France seeking compensation for the harm which he claimed to have suffered by reason of the infringement of his copyright.

The ECJ in *Pinckney* favoured jurisdiction based on the mere accessibility of a website. Indeed it did not mention any need for a direct causal link between the wrongful act by the defendant (not someone else's wrongful act) and the damage relied upon. In particular, the ECJ just mentioned, but did not discuss, "the damage resulting from an alleged copyright infringement"⁸⁴³.

In this connection an interesting question arises: **is the accessibility of a website a jurisdictional issue or a substantive one?**

On the one hand, as noted by Pryke, the mere accessibility of a website in a particular territory as a basis of jurisdiction may open the flood gates to claims of online copyright infringement because it is preferable for a claimant to sue in his own jurisdiction rather than the defendant's jurisdiction⁸⁴⁴. In this regard, Savola compared the approach based on the accessibility of a website adopted by the ECJ in *Pinckney* with the effect doctrine established by the ECJ in *eDate*⁸⁴⁵ with respect to allegations of infringements committed via the Internet and which may, as a result, have had effects in numerous places⁸⁴⁶. Indeed, the indirect evidence of this approach may be found in the wording of paragraph 22 of the *Pinckney* judgment where the ECJ reformulated the question by admitting it plans to examine the issue of a "company established in another Member State, which has in the latter State reproduced the

⁸⁴² Ibid.

⁸⁴³ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 30.

⁸⁴⁴ Matthew Pryke, 'Online copyright infringement – is jurisdiction now simply a matter of accessibility' (2015) Ent. L.R. 26 (4), 152-54.

⁸⁴⁵ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

⁸⁴⁶ Pekka Savola, 'The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions' (2014) IIC 45(3), 287-315.

author's work on a material support which is subsequently marketed by companies established in a third Member State through an Internet site which is also accessible in the Member State of the court seised"⁸⁴⁷.

On the other hand, as noted by Bettinger and Thum, the accessibility of a website is related to the substance of the dispute⁸⁴⁸. In particular, although the accessibility does not of itself establish an infringement, nevertheless where the accessibility is lacking, a trademark right would generally not be infringed⁸⁴⁹. A similar approach is supported by Husovec, who emphasises the ECJ ruling in *Pinckney* is connected to the substantive level and has no bearing on jurisdictional issues⁸⁵⁰. Indeed, the indirect evidence of this may be found in paragraph 40 of *Pinckney* where the ECJ, by identifying the place of copyright infringement over the Internet, made reference to the place where the damage occurred as a court there is "best placed" to ascertain whether the copyrights protected by the Member State concerned have been infringed and to determine the "nature of the harm caused"⁸⁵¹. By contrast, as stated in *Wintersteiger*, the main emphasis of the court is based on identifying "the significant connecting factor from the point of view of jurisdiction"⁸⁵².

In this regard we can conclude that the approach taken by the ECJ in *Pinckney* with regard to copyright infringement over the Internet is categorically different from the approach taken by the ECJ in *Wintersteiger* with regard to trademark infringement over the Internet. Thus, the desire of the court in *Pinckney* to identify the "best placed court", where the "copyright...was infringed", and "the nature of the harm caused" may be considered as evidence that the accessibility of a website is related to the substance of the dispute rather than to the issue of jurisdiction.

In this regard Torremans concluded that accessibility of a website may be relevant for substantive law analysis, but that it is not a relevant issue to help

⁸⁴⁷ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 22.

⁸⁴⁸ Torsten Bettinger, Dorothee Thum, 'Territorial trademark rights in the global village: international jurisdiction, choice of law and substantive law for trademark disputes on the Internet: Part 1' (2000) IIC 31(2), 162-182.

⁸⁴⁹ Ibid.

⁸⁵⁰ Martin, Husovec, 'Case Comment. European Union: comment on *Pinckney*' (2014) IIC 45(3), 370-374.

⁸⁵¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 46.

⁸⁵² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

determine jurisdiction⁸⁵³. For example, in *L'Oréal SA v eBay International AG*⁸⁵⁴, the court did not even discuss the accessibility of a website as a jurisdictional issue, but rather treated it as a substantive issue of a trademark infringement over the Internet. Indeed, as stated by the court in *L'Oréal SA v eBay International AG*, if the fact that an online marketplace is accessible from that territory were sufficient for the advertisements displayed there to be within the scope of Directive 2008/95⁸⁵⁵ and Regulation 2007/2009⁸⁵⁶, websites and advertisements which, although obviously targeted solely at consumers in third States, are nevertheless technically accessible from EU territory, would wrongly be subject to EU law⁸⁵⁷.

The same approach is taken by Bettinger, who emphasises that accessibility of a website does not lead to jurisdiction in respect of website users⁸⁵⁸. Indeed, the accessibility of a website in a particular Member State is simply a consequence of the global nature and operation of the Internet⁸⁵⁹. It is a well-known fact that the website may be accessed worldwide.

However, in contrast to these arguments, the ECJ in *Pinckney* made clear that the accessibility of a website is a jurisdictional issue⁸⁶⁰. Indeed, the place where the harmful event has occurred or may occur arises from the “possibility of obtaining a reproduction of the work to which the rights relied on by the defendant pertain from an Internet site accessible within the jurisdiction of the court seized”⁸⁶¹.

On the basis of this analysis we can conclude that **the ECJ in *Pinckney* has treated accessibility as the substance of the dispute at a jurisdictional level**. As was noted previously (at the stage of analysing national law), such a practice exists in France and Sweden. However, the UK courts consider the issue of accessibility of a website as just the substance of the dispute.

⁸⁵³ Paul Torremans (ed.), *Copyright Law: A Handbook Of Contemporary Research* (Edward Elgar 2009) 467.

⁸⁵⁴ Case C-324/09 *L'Oréal v eBay* [2011] ECR I-06011, para 64.

⁸⁵⁵ Council Directive (EC) 2008/95 to approximate the laws of the Member States relating to trade marks [2008] OJ 299/25.

⁸⁵⁶ Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1.

⁸⁵⁷ Case C-324/09 *L'Oréal v eBay* [2011] ECR I-06011, para 64.

⁸⁵⁸ Torsten Bettinger, Dorothee Thum, ‘Territorial trademark rights in the global village: international jurisdiction, choice of law and substantive law for trademark disputes on the Internet: Part 1’ (2000) IIC 31(2), 162-182.

⁸⁵⁹ Diane Rowland, Elizabeth Macdonald, *Information Technology Law* (3rd, Calendish 2005) 397.

⁸⁶⁰ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 41.

⁸⁶¹ *Ibid*, para 44.

In my opinion, such an unpredictable decision of the ECJ as in *Pinckney* was dictated by the necessity to protect the interests of intellectual property rights owners with regard to the increasing number of cases of intellectual property rights infringement over the Internet. Indeed, due to the absence of jurisdictional rules in the case of copyright infringement over the Internet on the one hand, and harmonised substantive intellectual property law rules on the other, the ECJ extended the application of the substantive law on a jurisdictional level.

However, as a jurisdictional rule, the accessibility of a website should be based on the existence of certain, “sufficient” connecting factors that are especially important in the light of the global nature of the Internet⁸⁶². Such “a sufficient link, substantial or significant, between the fact or acts and the alleged damage” should be identified in every case of intellectual property rights infringement over the Internet, as stated in the French *Normalu* case⁸⁶³.

In this respect, we need to notice that the facts of *Pinckney* do not show a clear link between the defendant and the court seized⁸⁶⁴. In particular, according to the ECJ’s logic in *Pinckney*, an Austrian company which neither acts nor causes any effect through its own acts in France can be still be sued in France on the basis that some unrelated company from the UK furthered its infringement by making an e-commerce website (with infringing goods) accessible there⁸⁶⁵. On the basis of this evidence we can conclude that the ECJ in *Pinckney* extends the application of Article 7 (2) of the Brussels I Recast by allowing plaintiffs to sue co-defendants on the basis of the mere accessibility of their websites.

However, the current version of the Brussels I Recast does not allow plaintiffs to sue co-defendants, according to Article 7 (2). This is only possible according to the rules of general jurisdiction in Articles 4 and 8 (1) of the Brussels I Recast. Indeed, according to Article 8 (1) of the Brussels I Recast, “a person domiciled in a Member State may also be sued where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely

⁸⁶² Torsten Bettinger, Dorothee Thum, ‘Territorial trademark rights in the global village: international jurisdiction, choice of law and substantive law for trademark disputes on the Internet: Part 1’ (2000) IIC 31(2), 162-182.

⁸⁶³ *Fernand S., Normalu v Acet* [2006] (Paris Cour s’Appel) <www.legalis.net/jurisprudence-decision.php3?d_article=1653> accessed 12 July 2014.

⁸⁶⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 22.

⁸⁶⁵ Paul Torremans (ed.), *Copyright Law: A Handbook Of Contemporary Research* (Edward Elgar 2009).

⁸⁶⁵ Martin, Husovec, ‘Case Comment. European Union: comment on *Pinckney*’ (2014) IIC 45(3), 370-374.

connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings”. Thus, the following requirements should be satisfied before suing a co-defendant:

- The person is one of the number of defendants;
- The claims are closely connected;
- There is a risk of irreconcilable judgments resulting from separate proceedings.

Therefore, the ECJ ruling in *Pinckney* can be considered as an expression of direction for further reform and development of the Brussels I Recast. In my opinion, it would be reasonable to provide the possibility for claimants to sue all co-defendants in the court of one Member State under Article 7 (2) of the Brussels I Recast. At the same time, I do not think that this will be possible on the basis of the *mere* accessibility of a website as “it is not the most sensible criterion”⁸⁶⁶. Advocate General Jääskinen in *Coty* has also identified the risk that such a broad interpretation will foster litigation, with purported victims merely suing the most solvent opposing party before a court in the jurisdiction of which one of the connecting factors arises relating to the activity of another person who participated in the event that caused the purported damage⁸⁶⁷.

Moreover, the possibility of suing co-defendants under Article 7 (2) of the Brussels I Recast should also be established. In particular, jurisdiction under Articles 7 (2) and 8 (1) of the Brussels I Recast may be established only if there is a “sufficiently clear and direct link” between the actions of the defendant in a first Member State and the alleged unlawful act committed by a third party in the Member State where the court seized has its seat⁸⁶⁸. For example, according to the UK government’s approach, jurisdiction should be conditional on a defendant’s knowledge – “when the defendant sold the products to the third party concerned in one Member State... actually knew or could have reasonably foreseen that the sale would result directly in the alleged unlawful act committed by that third party in another Member State”⁸⁶⁹.

⁸⁶⁶ Ibid.

⁸⁶⁷ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 63.

⁸⁶⁸ Ibid, para 60.

⁸⁶⁹ Ibid.

In my opinion, the ECJ in *Pinckney*, by accepting jurisdiction based on the accessibility of a website, has raised more questions than it has provided answers. The next important question concerns jurisdiction with regard to the damage occurring from the mere accessibility of a website. In particular, in *Pinckney* the damage was limited to those Member States where the physical copies of the CD had been received by consumers. The situation may be different where copyright is infringed by placing material on a website without the rights owner's consent. In such a situation the damage would be "delocalised".

Therefore, the question arises: does the court have jurisdiction over all the damage caused from the mere accessibility of a website, or is it limited to the damage occurring in the territory of the court seized?

Indeed, taking into account that copyright is automatically protected in all the Member States of the EU, it would be reasonable to propose that the court should have jurisdiction with regard to all the damage caused by the mere accessibility of a website. In my opinion, such an approach is not only logical but also directed to the protection of the interests of intellectual property rights owners. Indeed, it is in the interests of intellectual property rights owners to be able to sue in one court with respect to all the damage caused.

Moreover, such an approach was confirmed by the ECJ in *Wintersteiger* with regard to trademark infringement over the Internet. Indeed, as stated by the ECJ in *Wintersteiger* the place where the damage occurred is the Member State where the national trademark is registered, and the entire damage may be claimed there⁸⁷⁰. Therefore, as noted by the Advocate General in *Pinckney*, it would be reasonable to take the same approach in respect of copyright as the ECJ took in *Wintersteiger* in the field of trademarks infringement over the Internet by conferring jurisdiction on the court before which proceedings may be brought for all the damage sustained⁸⁷¹.

However, in spite of these arguments, the ECJ in *Hejduk v EnergieAgentur.NRW GmbH* (hereafter *Hejduk*)⁸⁷², by reference to the territorial nature of the rights infringed, held that jurisdiction of the court seized on the basis of the place where the alleged damage occurred is limited to the damage caused within

⁸⁷⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

⁸⁷¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 57.

⁸⁷² Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

that Member State⁸⁷³. Therefore, like in *Pinckney*, the ECJ in *Hejduk* stated that although copyright must be automatically protected in accordance with Directive 2001/29 in all Member States, it is still subject to the principle of territoriality⁸⁷⁴.

In my opinion, the limited jurisdiction of the court seized is also dictated by the “delocalized” nature of the damage caused. Indeed, as noted by the Advocate General in *Hejduk*, mere accessibility does not give any hint as to where the damage occurred or to its amount⁸⁷⁵.

Therefore, the problem of the “delocalized” damage remains open. On the one hand, by confirming jurisdiction based on the mere accessibility of a website the rights owner is able to protect his rights at the court of any Member State where the alleged damage occurred as its occurrence arises from the accessibility of a website within the jurisdiction of the court seized⁸⁷⁶. For this rule to apply, two conditions must be satisfied: the website is accessible in the court of the Member State seized; the intellectual property rights are protected in the territory of the Member State seized. On the other side, the jurisdiction of the court seized is limited to the damage occurring in its territory⁸⁷⁷. This means that copyright owners still need to bring multiple actions in different courts in order to obtain redress in all the territories in which the infringing content may be accessible online. Thus, it is for the national court to decide how to calculate the exact amount of the damage, which in most cases will lead to new preliminary questions.

In my opinion, such multiplication of courts is contradicted to the objectives of foreseeability and the sound administration of justice pursued by the Brussels I Recast.

Conclusion and recommendations

On the basis of the analysis provided we can conclude that the mere accessibility of a website is an appropriate basis of jurisdiction under Article 7(2) of the Brussels I Recast in the case of copyright infringement over the Internet. Indeed, the ECJ in two recent decisions, *Pinckney* and *Hejduk*, has confirmed the value as

⁸⁷³ Ibid, para 36.

⁸⁷⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 39; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 22

⁸⁷⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, Opinion of AG Villalón.

⁸⁷⁶ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 34; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 44.

⁸⁷⁷ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 36; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 45.

precedents of the accessibility criteria as a jurisdictional basis in cases of copyright infringement over the Internet.

In my opinion, the acceptance by the ECJ of the accessibility approach as a basis of jurisdiction is dictated by the necessity to protect the interests of intellectual property rights owners having regard to the increasing numbers of cases of intellectual property rights infringement over the Internet. Indeed, due to the absence of jurisdictional rules for copyright infringements over the Internet on the one hand and harmonised substantive intellectual property law rules on the other, the ECJ extended the application of the substantive law on a jurisdictional level.

This means that jurisdiction based on the mere accessibility of a website does not depend on the requirement of targeting the Member State whose court is seized but on the occurrence of damage arising from the accessibility of the website within the jurisdiction of the court seized. Therefore, the court of the place where the damage occurred only has jurisdiction with regard to the damage occurring in its territory⁸⁷⁸. However, this leads to the multiplication of courts.

In my opinion, by analogy with jurisdiction based on the place of the event giving rise to the damage (where the advertiser or website owner is established), jurisdiction based on the website accessibility approach should be modified by allowing the court to adjudicate jurisdiction also with regard to any damage occurring in another Member State under Article 7 (2) of the Brussels I Recast. Indeed, in spite of the fact that global jurisdiction was rejected in *Pinckney* and *Hejduk*, a practical backdoor remains open that would extend damage claims⁸⁷⁹.

Indeed, as stated in *Wintersteiger*⁸⁸⁰, intellectual property rights protection “in principle” is territorially limited and cannot “in general” be relied on outside the territory of the granting state. The principle of territoriality was confirmed by the ECJ in *Pinckney*⁸⁸¹ with regard to copyright infringement over the Internet. This means that the main barrier to extending jurisdiction under Article 7 (2) of the Brussels I Recast is the principle of territoriality of intellectual property rights. However, the

⁸⁷⁸ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 22; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 39.

⁸⁷⁹ Pekka Savola, The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions (2014) IIC 45(3), 287-315.

⁸⁸⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 24-25.

⁸⁸¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, paras 32, 35-37.

criteria for assessing whether the event in question is harmful for the purposes of Article 7 (2) “...are determined by the substantive law of the court seised”⁸⁸².

This means that the territoriality of intellectual property rights as a principle of substantive law is irrelevant for the purpose of applying Article 7 (2) of the Brussels I Recast. In my opinion, while the accessibility of a website is applicable at the jurisdictional level, a similar approach to the principle of territoriality of intellectual property rights would be inappropriate. Indeed, the Brussels regime “did not intend to link the rules of jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred”⁸⁸³. This means that jurisdictional rules should be established on clear connection requirements rather than on the substance of the dispute (the protection of intellectual property rights in a particular territory).

Indeed, the territorial structure of intellectual property is a legal construct rather than anything that follows from the nature of the right as such⁸⁸⁴. This means that actions occurring in places where no intellectual property right exists might constitute an infringement in foreign countries as a result of extraterritorial application of the latter’s intellectual property laws⁸⁸⁵. Therefore, the jurisdictional problem may be decided by deciding the issue of the territoriality of intellectual property rights.

In my opinion, the necessity to extend jurisdiction under Article 7 (2) of the Brussels I Recast to the all the damage caused is dictated also by the argument that the effectiveness of intellectual property rights protection and the sound administration of justice require the ability to bring all claims in one court. Indeed, as noted by Fawcett, effective enforcement means the rights holder must be able to bring a single case for all damage⁸⁸⁶. Such an approach is also supported by Article 41.2 of the TRIPS Agreement, which states that “procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays”⁸⁸⁷.

⁸⁸² Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 41.

⁸⁸³ Case C-364/93 *Antonio Marinari v Lloyd’s Bank plc and Zubaidi Co.* [1995] ECR I-2719, para 18.

⁸⁸⁴ Annette Kur, *Conflict of Laws in Intellectual Property. The CLIP Principles and Commentary. European Max Planck Group on conflict of laws in intellectual property* (Oxford University Press 2013) 70.

⁸⁸⁵ Heinze, C., ‘The CLIP Principles on Jurisdiction’, in Basedow, J., Kono, T. and Metzger, A. (eds.), *Intellectual Property in the Global Arena. Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010).

⁸⁸⁶ Fawcett (n 112) 649.

⁸⁸⁷ WTO, ‘Agreement on Trade-Related Aspects of Intellectual Property Rights’ <https://www.wto.org/ENGLISH/res_e/booksp_e/analytic_index_e/trips_03_e.htm> accessed 11 June 2014.

Moreover, the accessibility criteria should also be modified. In my opinion, the occurrence of damage based on the *mere* accessibility of a website is not a very sensitive connection requirement and a clearer link between the damage in a particular Member State and the activity of the defendant is required.

There are a number of propositions to further develop a jurisdiction based on the accessibility of a website in cases of copyright infringement over the Internet. For example, according to Advocate General Jääskinen's suggestion in *Coty*, the occurrence of the damage in the Member State of the Court seized depends on the defendant's "act within the jurisdiction of the court seized"⁸⁸⁸. Similarly, the CLIP Principles provide an "escape clause" by allowing the defendant to escape the court's jurisdiction if "the alleged infringer has not acted in that State to initiate or further the infringement and his/her activity cannot reasonably be seen as having been directed to that State"⁸⁸⁹. However, in my opinion, such active acts of the defendant may be compared with targeting or directing activities approach which were rejected by the ECJ in *Hejduk* as relating to the subject of the dispute.

In my opinion, the best solution to develop the accessibility of a website approach as a basis of jurisdiction is to determine jurisdiction based on the level of interactivity of a website, taking into account the guilty mind of the defendant. Indeed, such an approach is not only an expression of the technological aspects of posting information on the Internet (which depends on the level of interactivity of information that occurs on the website) but also takes into account the guilty mind of the defendant (who "knowingly" engage in illegal conduct).

The legal evidence of such approach may be found in American case law.

On the one hand, the interactivity of a website as a basis of jurisdiction is specified in the *Zippo* case⁸⁹⁰. In particular, as American practice indicates, active websites⁸⁹¹ and interactive websites⁸⁹² are the basis for personal jurisdiction. However, the court is not able to determine jurisdiction in a situation where information is simply posted on a website and thus made accessible to everyone, for such

⁸⁸⁸ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 71 (2).

⁸⁸⁹ European Max Planck Group on Conflict of Laws in Intellectual Property, 'Principles on Conflict of Laws in Intellectual Property' (Final Text, 1 December 2011), Art. 2:202.

⁸⁹⁰ *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.* [1997] 952 F. Supp. 1119, para 1124.

⁸⁹¹ *CompuServe, Inc. v. Patterson* [1996] 89 F. 3d. 1267 (6th Cir.).

⁸⁹² *Maritz Inc. v. Cybergold Inc.* [1996] 947 F Supp 1328 (ED Mo).

information is passive⁸⁹³. Indeed, passive websites may be accessed by Internet browsers, but do not allow interaction between the host of the website and a visitor to it. In this regard, as noted by Rosenblatt, the more interactive a site is (i.e. the greater the possible exchange of information between the site and the user) the more likely a court is to find that contact exists between the site owner and the distant user⁸⁹⁴. In my opinion, jurisdictional rules based on the level of interactivity of a website is a more predictable basis of jurisdiction than the simple fact of accessibility of a website.

On the other hand, the guilty mind of the defendant should also be taken into account. Indeed, as recent American cases demonstrate, the courts require additional factors as well as the interactivity of the defendant⁸⁹⁵. However, in my opinion, in contrast to the directing or targeting approach taken by the CLIP as an expression of the intention of the defendant to connect to the forum, I would rather support the approach of “wrongful conduct” accepted in *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme*⁸⁹⁶ as the condition to obtaining jurisdiction based on the accessibility of a website approach.

In my opinion, defendants need to be aware that content posted over the Internet may infringe the copyright owner’s interest (defendants should know or be able to know). For example, if this approach were applied in *Pinckney*, the website owner would not be liable for the content posted on its website.

Therefore, jurisdiction based on the accessibility of a website should be modified in two ways: the level of the interactivity of a website and the guilty mind of the defendant should both be taken into account.

Some may say that the protection of intellectual property rights owners’ interests should be the priority of the court of every Member State seized. However, in my opinion, the most important task for the court is to balance the interests of all the parties involved. Only on the basis of foreseeability and sound administration of justice will such balance be guaranteed.

⁸⁹³ *McDonough v. Fallon McElligott, Inc.* [1996] U.S. Dist. Lexis 15139 (S.D. Cal.); *Bensusan Restaurant Corp. v. King* [1997] 126 F.3d 25 (2d Cir).

⁸⁹⁴ Betsy Rosenblatt, ‘Principles of Jurisdiction’ <<http://cyber.law.harvard.edu/property99/domain/Betsy.html>> accessed 15 March 2015.

⁸⁹⁵ *Revell v Lidov* [2002] 317 F.3d 467, 473 (5th Cir.); *Pavlovich v Superior Court* [2002] 58 P.3d 2 (Cal.); *Young v New Haven Advocate* [2002] 315 F.3d 256, 264 (4th Cir.); *Best Van Lines, Inc. v Walker* [2004] WL 964009 (S.D.N.Y.).

⁸⁹⁶ *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme* [2006] 433 F.3d 1199, 1209 (9th Cir.).

Therefore, taking into account the recent ECJ decisions in *Pinckney* and *Hejduk* and our arguments, Article 7 (2) (1) of the Brussels I Recast may be read as follows:

“In disputes concerned with intellectual property rights infringement carried out through ubiquitous media such as the Internet, the court whose jurisdiction arises from the accessibility of a website in the territory of the court seized, shall also have jurisdiction in respect of damage occurring in another Member State arising from the accessibility of a website in the territory of this other Member State provided that:

- 1) the website where the content placed online is accessible and interactive and
- 2) the defendant actually knew or could reasonably have foreseen that their act would lead to intellectual property rights infringement.

The court first seized has the priority for resolving the entire dispute for all the damage caused according to the rules of the *lis pendens*”.

Moreover, the ECJ in *Pinckney* raised an interesting question with regard to the possibility of suing co-defendants on the basis of the mere accessibility of their websites. However, as was noted previously, the facts of the case do not demonstrate clear connection requirements. In my opinion, it would be reasonable to allow claimants to sue all co-defendants in the court of one Member State under Articles 7 (2) and 8 (1) of the Brussels I Recast. At the same time, I do not think that this will be possible on the basis of the *mere* accessibility of a website as “it is not the most sensible criterion”⁸⁹⁷. In this regard I would rather support the UK government’s approach with regard to suing co-defendants which makes a suit conditional on a defendant’s knowledge: “when the defendant sold the products to the third party concerned in one Member State, it actually knew or could have reasonably foreseen that the sale would result directly in the alleged unlawful act committed by that third party in another Member State”⁸⁹⁸.

In my opinion, the future reform of Article 8 (1) of the Brussels I Recast with regard to suing co-defendants in the case of copyright infringement over the Internet

⁸⁹⁷ Martin, Husovec, ‘Case Comment. European Union: comment on *Pinckney*’ (2014) IIC 45(3), 370-374.

⁸⁹⁸ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 60.

may be based on the development of the criterion of the defendant's knowledge as an additional condition of its application.

Therefore, taking into account the decision of the ECJ in *Pinckney* and our argument with regard to an additional condition of its application in the form of defendant's knowledge, Article 8 (1) (1) of the Brussels I Recast may be read as follows:

“A person domiciled in a Member State may also be sued in another Member State where he is one of a number of defendants in disputes concerned with infringement carried out through ubiquitous media such as the Internet in the court whose jurisdiction is based on Article 7 (2) (1) of the Brussels I Recast provided that:

- the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings; and**
- the defendant actually knew or could reasonably have foreseen that the act committed by third party would result in intellectual property rights infringement in another Member State”.**

Indeed, in the situation where the rules of general jurisdiction under Articles 4 and 8 (1) of the Brussels I Recast are difficult to apply (due to the difficulties associated with privacy and data protection, as discussed in Chapter 2), Articles 7 (2) and 8 (1) of the Brussels I Recast should provide an alternative basis of jurisdiction for suing co-defendants in cases of intellectual property rights infringement committed over the Internet. However, this issue should be further developed by the ECJ. Indeed, this work does not discuss this approach in detail because of the absence of regulation in this sphere: the current version of the Brussels I Recast does not provide the possibility to sue co-defendants at the place of the commission of the tort, and the ECJ decision in *Pinckney* is the first case where such a question was live.

3.3.1.2.2 Centre of victim's interest

The ECJ in *eDate* not only adapted the traditional *Shevill* connecting factors with regard to infringement of personality rights over the Internet, but also created a new jurisdictional basis: the “claimant's centre of interests” approach. According to this approach, in the event of an alleged infringement of personality rights by means of content placed online, Article 7 (2) of the Brussels I Recast should grant

jurisdiction in respect of all the damage caused to the courts of the Member State in which the centre of claimant's interests is based⁸⁹⁹.

The necessity of this approach, as noted by the ECJ in *eDate*, is dictated by the difficulties in quantifying the number of users in cases of the infringement of personality rights over the Internet and the instant worldwide availability of the content⁹⁰⁰. The centre of a claimant's interest is located in the Member State where the victim has his place of habitual residence or the place with which the victim has a particularly close tie, given other factors such as the pursuit of a professional activity⁹⁰¹.

Therefore, the following issue arises: **Is the claimant's centre of interest approach the appropriate jurisdictional basis for intellectual property rights infringements over the Internet?**

In particular, as noted by the ECJ in *eDate*, since the court of the place where the victim has his "centre of interests" is in the best position to assess the liable impact of the material placed online on his personality rights, therefore that court should have jurisdiction in respect of all damage caused within the European Union⁹⁰². Thus there is no apparent reason why intellectual property rights infringement over the Internet should be treated differently from the infringement of personality rights.

For example, in a hypothetical case of copyright infringement over the Internet this rule means that if a Swedish author, who is domiciled and resident in Sweden but derives most of his income from the United States, claims that his copyright has been infringed by an English website, he is able to bring proceedings in Sweden for all of the damage suffered. Therefore, for a claimant domiciled in a Member State of the European Union, Article 7 (2) of the Brussels I Recast allows him to bring an action--on the basis of the place in which the damage caused in the European Union by that infringement occurred – in one court for all such damage.⁹⁰³

Indeed, it seems reasonable to accept jurisdiction based on the claimant's centre of interest approach for two reasons.

⁸⁹⁹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 52.

⁹⁰⁰ *Ibid*, para 46.

⁹⁰¹ *Ibid*, para 49.

⁹⁰² Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 48.

⁹⁰³ *Ibid*, para 48.

Firstly, the claimant's centre of interest provides an alternative for the claimant to sue either at the place of his habitual residence or where he pursues a professional activity. Secondly, in comparison with the accessibility approach, jurisdiction at the place where an intellectual property rights owner's interest is based has tangible benefits as it limits the risk and cost of fragmented proceedings in multiple jurisdictions for all the parties involved. In my opinion, the claimant's centre of interest rule would provide legal certainty for all the parties involved: the right holder is able easily to identify the court in which he may sue and the intellectual property rights infringer is able reasonably to foresee before which court he may be sued⁹⁰⁴.

In my opinion, the claimant's centre of interest approach is similar to the general jurisdiction under Article 4 of the Brussels I Recast in that it emphasises the author's domicile rather than the defendant's domicile. In this regard, this approach would naturally be the one with the closest connection to the circumstances of the dispute⁹⁰⁵. Indeed, as noted by Gillies, by supplementing the scope of jurisdiction under Article 7 (2) of the Brussels I Recast to include the claimant's centre of interests, the ECJ in *eDate* has confirmed the necessity to better reflect the indeterminate distribution of information via the Internet.⁹⁰⁶ Thus, jurisdiction based on the claimant's centre of interest approach is the most appropriate jurisdictional rule that could be developed for torts committed over the internet.

However, this is only true in theory but not in practice, as the ECJ in *eDate* did not even discuss in general the application of Article 7 (2) of the Brussels I Recast in relation to torts committed by placing content on a website. In particular, the scope of the application of Article 7 (2) of the Brussels I Recast was limited to cases of infringements of personality rights. Thus, the matter of intellectual property rights infringement over the Internet remains unsettled.

The issue of the application of jurisdiction based on the centre of claimant's interests with regard to trademark infringement over the Internet was clarified by the ECJ in *Wintersteiger*⁹⁰⁷. The ECJ in *Wintersteiger* made a distinction between intellectual property rights infringement over the Internet and personality rights

⁹⁰⁴ Case C-533/07 *Falco Privatstiftung and Rabitsch* [2009] ECR I-3327, para 22.

⁹⁰⁵ Pekka Savola, 'The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions' (2014) IIC 45(3), 287-315.

⁹⁰⁶ Lorna Gillies, 'Case Comment. Jurisdiction for cross-border breach of personality and defamation: *eDate Advertising and Martinez*' (2012) I.C.L.Q., 61(4), 1007-1016.

⁹⁰⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

infringement by stating that the new connecting factor identified in *eDate* is to be used in “the particular context of infringement of personality rights” and therefore “does not apply to the determination of jurisdiction in respect of infringements of intellectual property rights”⁹⁰⁸. The main court’s argument for rejecting jurisdiction is the principle of territoriality of intellectual property rights. Indeed, as stated in *Wintersteiger*, “contrary to the situation of a person who considers that there has been an infringement of his personality rights, which are protected in all Member States, the protection afforded by the registration of a national mark is, in principle, limited to the territory of the Member State in which it is registered, so that, in general, its proprietor cannot rely on that protection outside the territory”⁹⁰⁹.

Indeed, using the principle of territoriality of intellectual property law for determining both the competent courts and the territorial scope of national law protection is also supported by the ECJ’s decision in *Football Dataco*, where the principle was coherently demonstrated⁹¹⁰. The same approach was taken by the ECJ in *Google France and Google*⁹¹¹ and *L’Oréal and Others*⁹¹², whereby the courts of the Member State in which the trademark is registered are able to assess whether a situation actually infringes the protected national mark. Therefore, the ECJ’s desire in *Wintersteiger* to allocate jurisdiction based on the place where damage occurred under Article 7 (2) of the Brussels I Recast to the court of the Member State in which the trademark is registered is unsurprising⁹¹³. In particular, the ECJ made clear in *Wintersteiger* that an action relating to the infringement of a trademark registered in a Member State through the use, by an advertiser, of a keyword identical to that trademark on a search engine website operating under a country-specific top-level domain of another Member State may be brought before the courts of the Member State in which the trade mark is registered⁹¹⁴.

However, the decision in *Wintersteiger* is quite disturbing because the ECJ qualified the impact of the principle of territoriality on international jurisdiction in the

⁹⁰⁸ Ibid, para 24.

⁹⁰⁹ Ibid, para 25.

⁹¹⁰ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, paras 27 -28.

⁹¹¹ Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417.

⁹¹² Case C-324/09 *L’Oréal v eBay* [2011] ECR I-06011

⁹¹³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 29.

⁹¹⁴ Ibid, para 29.

case of intellectual property infringement over the Internet⁹¹⁵. According to the ECJ's logic in *Wintersteiger*, due to the difficulties associated with the potentially ubiquitous nature of trademark infringement over the Internet and with the territorial nature of the trademark, "the trademark may be infringed only on the territory of a Member State, where the trademark concerned is protected"⁹¹⁶.

Thus, by establishing jurisdiction based on Article 7 (2) of the Brussels I Recast, the ECJ took into account the substance of the dispute, namely the issue of whether and where the proprietor can rely on the protection, rather than the issue of establishing a link between the forum and the circumstances of the dispute. However, it is self-evident that the solutions applied by the court at the level of substantive law cannot automatically be transposed to the rules for determining jurisdiction⁹¹⁷.

Indeed, as noted in the *Marinari* case, the Brussels I Recast did not intend to link the rules on territorial jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred⁹¹⁸. Therefore, the existence of jurisdiction according to Article 7 (2) of the Brussels I Recast should depend on the proximity between the forum and the factual elements of the dispute rather than on the protection of substantive legal rights⁹¹⁹.

This means that the simple fact of registering a trademark is not by itself sufficient to establish jurisdiction of the courts of that Member State; additional connection requirements are necessary. This finding is supported by the *Football Dataco* case, which held that registration is not sufficient for jurisdiction to be established and that a further link is required between the tort and the forum⁹²⁰.

In my opinion, the issue of intellectual property rights infringement over the Internet calls for a new jurisdictional definition of the link between a dispute and a Member State. Indeed, assigning the territoriality principle of intellectual property to both the determination of jurisdiction and the application of substantive law seems to

⁹¹⁵ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 245.

⁹¹⁶ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, [2012] WLR (D) 117, Opinion of Advocate General Villalón, paras 2, 30.

⁹¹⁷ Case C-170/12, *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, Opinion of AG Jääskinen, para 62.

⁹¹⁸ Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.*, [1995] ECR I-2719. I-2739, para 18.

⁹¹⁹ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 240.

⁹²⁰ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*, [2012] ECR 00000, paras 36, 47.

contradict with the Advocate General's opinion in *Pinckney*, according to which intellectual property rights infringements committed via the internet “do imply not a revolution in the traditionally territorial approach to that category of rights, but rather a new definition of the way in which the link between virtual conduct and a given territory manifests itself”⁹²¹. The contradiction in *Wintersteiger* between the issue of jurisdiction and substantive law was resolved by the ECJ in *Pinckney* in confirming that jurisdiction according to Article 7 (2) of the Brussels I Recast cannot depend on criteria which are specific to the examination of the substance of the dispute⁹²².

This means that jurisdictional rules of intellectual property rights infringement over the Internet should not depend on the substance of a dispute but rather on the connection requirements between the dispute and the court of the place where the damage occurred. In my opinion, in *Wintersteiger* the territoriality of the trademark in case of its infringement over the Internet is connected with the substance of the dispute rather than with any jurisdictional issue.

Therefore, it is logical to suppose that the claimant's centre of interest as a jurisdictional basis is applicable to cases of copyright infringement over the Internet, which is automatically protected in the legal regimes of all Member States⁹²³. If this logic is true, it would mean that in the case of copyright infringement over the Internet, the copyright owner may bring an action in one forum where the claimant has his “centre of interests” in respect of all the damage caused. Indeed, as noted by the Advocate General in *Pinckney*, such an approach would help to generalise the jurisdiction of the *forum actoris* and would express the legislature's intention to require a close link between the action and the special court in Article 7 (2) of the Brussels I Recast⁹²⁴.

However, to the disappointment of copyright owners, the ECJ in *Pinckney* took the same approach as it had in *Wintersteiger* by rejecting jurisdiction based on the claimant's centre of interest approach. According to the ECJ's argument, copyright, like the rights attaching to a national trademark, is subject to the principle of

⁹²¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen.

⁹²² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, para 41.

⁹²³ Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167.

⁹²⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 69.

territoriality⁹²⁵. This means that the conclusion in *Wintersteiger* is also applicable to copyright infringement over the Internet⁹²⁶.

In my opinion, such a conclusion seems contradictory. On the one hand, the court stated that the “place where damage occurred” varies according to the nature of the rights allegedly infringed⁹²⁷. Indeed, copyright does not require registration and is automatically protected in all the EU Member States by virtue of Directive 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society⁹²⁸.

On the other hand, by contrast with its previous argument, the ECJ in *Pinckney* concluded that the likelihood of the damage occurring in a particular Member State depends on the protection of the infringed rights by domestic law, and that the place of registration was correctly decided in *Wintersteiger* as the place where damage occurred⁹²⁹. Indeed, in cases of copyright infringement over the Internet, the claimant may bring his action before the courts of each Member State in the territory of which content placed online is or has been accessible. Those courts have jurisdiction only in respect of the damage caused in the territory of the Member State of the court seized⁹³⁰.

In my opinion, the ECJ in *Pinckney*, like in *Wintersteiger*, based its conclusion on a false argument: the territorial nature of the rights infringed, which is a question of the substance of the dispute rather than one of jurisdiction. The argument that the very territorial character of copyright implies that it can only be infringed where it is protected confuses the issues of liability and the basis of jurisdiction⁹³¹. Indeed, as was noted previously, the substantive law issues should not be taken into account at the stage of finding international jurisdiction.

Moreover, as noted by the Advocate General in *Pinckney*, the material damage resulting from the infringement of copyright does not have the necessary link with the localisation of the centre of the author’s interests, but rather with the localisation of

⁹²⁵ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, para 37.

⁹²⁶ *Ibid*, para 38.

⁹²⁷ *Ibid*, para 32.

⁹²⁸ *Ibid*, para 41.

⁹²⁹ *Ibid*, para 33.

⁹³⁰ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

⁹³¹ E. Jooris, ‘Infringement of Foreign Copyright and the Jurisdiction of English Courts’ (1996) 3 EIPR 127, 139-140.

his public⁹³². In this respect, we can point out that there is no material damage in cases of intellectual property rights infringement over the Internet⁹³³. In particular, as noted in *IBS Technologies Ltd v APM Technologies SA*, in cases where it is difficult or impossible to prove actual loss, the victim of an infringement of copyright commonly obtains a form of user damage, frequently in the form of a royalty, without proof of actual loss⁹³⁴. The same approach is taken in Article 13(1)(b) of the Directive 2004/48 on the enforcement of intellectual property rights, which requires Member States to ensure that the judicial authorities can decide to “set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property rights in question.”⁹³⁵

In this regard it is logical to propose that if the plaintiff claims that conduct abroad has an effect on the domestic market, he can also claim for the effects of the same conduct in other countries under Article 7 (2) of the Brussels Recast⁹³⁶. However, the ECJ in *Wintersteiger* and *Pinckney* limited jurisdiction to the courts of the place where the damage occurred – restricted it to the damage occurring in the court of the Member State seized. According to the ECJ in *Wintersteiger* and *Pinckney* the place where the damage occurred is the Member State in which the intellectual property rights are situated. According to this approach, a copyright, patent and trademark are situated in the country whose law governs their existence⁹³⁷. For example, the English courts have applied this rule to cases of copyright⁹³⁸ and trademark⁹³⁹ infringement.

However, we need to admit that intellectual property rights infringement differ enormously between press media and the Internet. In the case of intellectual property rights infringement over the Internet damage is often delocalised and references to the

⁹³² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, Opinion of AG Jääskinen, para 70.

⁹³³ Fawcett (n 112) 163.

⁹³⁴ *IBS Technologies Ltd v APM Technologies SA* [2003] All ER (D) 105.

⁹³⁵ Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] O.J. L 195/16.

⁹³⁶ Max Planck Institute, ‘Case Comment. Austria: Regulation 44/2001, art.5(3) – “Wintersteiger III”’ (2013) IIC 44(8), 992-998.

⁹³⁷ Dicey, Morris and Collins, *The Conflict of Laws* (14th edn, 2006) 22-051.

⁹³⁸ *Novello & Co Ltd v Hinrichsen Edition Ltd and Another* [1951] 1 Ch 595, para 604.

⁹³⁹ *Lecouturier and Others v Rey and Others* [1910] AC 262, para 273.

principle of territoriality of intellectual property rights are not a relevant connection requirement to establish jurisdiction.

Indeed, as our finding indicates, the principle of the territoriality of intellectual property is a principle of substantive law rather than of jurisdiction⁹⁴⁰. Therefore, determining jurisdiction in cases of intellectual property rights infringement over the Internet and defamation over the Internet should depend on the nature of the rights infringed rather than on the principle of territoriality. In this regard it will be logical to reject jurisdiction based on the claimant's centre of interest in cases of intellectual property rights infringement over the Internet on account of the absence of relevant connection requirements between the circumstances of the dispute and the court of the Member State seized.

Indeed, in *eDate* Advocate General Villalón's clarified that establishing the centre of gravity for the purposes of Article 7 (2) of the Brussels I Recast would require an objective assessment⁹⁴¹. This means that the “disputed information should be objectively relevant in a given territorial space”⁹⁴². Only in the situation when it would be reasonably foreseeable that accessing information in one Member State would, if accessible in another Member State, be capable of causing harm in that other State should jurisdiction under Article 7 (2) of the Brussels I Recast be established. Indeed, as noted by AG Villalón's opinion if the information was indeed an objectively relevant dimension in a Member State and that State was precisely where the “centre of interests” of the holder of personality rights lay, jurisdiction could be established under Article 7 (2) of the Brussels I Recast⁹⁴³.

In contrast to personality rights infringement over the Internet, the criterion of objective accessibility of information protected by intellectual property law is not required for intellectual property rights infringement over the Internet. For example, trademark may be infringed by way of the use, by an advertiser, of a keyword identical to that trade mark on a search engine website operating under a country-

⁹⁴⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

⁹⁴¹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, Opinion of Advocate General Cruz Villalón, para 60.

⁹⁴² *Ibid*, paras 65-66.

⁹⁴³ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, Opinion of Advocate General Cruz Villalón, para 66.

specific top-level domain of another Member State⁹⁴⁴. Copyright may be infringed by accessing the material protected by copyright⁹⁴⁵. In this regard, the domicile of the author and the place where he pursues his professional activity are irrelevant for the purpose of establishing jurisdiction under the claimant's centre of interest approach. Indeed, it is not possible to establish connection requirements between the claimant's centre of interest and the damage that has occurred.

Conclusion and recommendations

The ECJ in *Wintersteiger* and *Pinckney* has rejected the application of jurisdiction based on the claimant's centre of interest approach with regard to copyright and trademark infringement over the Internet by distinguishing between infringements of personality rights over the Internet and cases infringements of intellectual property rights over the Internet.

On the one hand we need to recognise the necessity of different jurisdictional regimes with regard to intellectual property rights infringement and defamation over the Internet.

On the other hand, the ECJ's reference in *Wintersteiger* and *Pinckney* to the principle of the territoriality of intellectual property rights as the main argument for rejecting jurisdiction based on the claimant's centre of interest approach is wrong. In particular, as noted by the ECJ in *Wintersteiger* and *Pinckney*, in contrast to personality rights which are protected in all Member States, intellectual property rights are subject to the principle of territoriality⁹⁴⁶.

In my opinion, the principle of territoriality is an issue of substantive law. In particular, by establishing jurisdiction based on Article 7 (2) of the Brussels I Recast, the ECJ has taken into account the substance of the dispute, namely the issue of whether and where the proprietor can rely on the protection, rather than the issue of establishing a link between the forum and the circumstances of the dispute. However, it is self-evident that the solutions applied by the court at the substantive level cannot automatically be transposed to the rules for determining jurisdiction⁹⁴⁷. This means

⁹⁴⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 29.

⁹⁴⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

⁹⁴⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 38; Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 25.

⁹⁴⁷ Case C-170/12, *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 62.

that jurisdiction according to Article 7 (2) of the Brussels I Recast cannot depend on criteria which are specific to the examination of the substance of the dispute⁹⁴⁸.

Therefore, jurisdiction in cases of intellectual property rights infringement over the Internet should be based on clear connections between the dispute and the court of the place where the damage occurred.

In my opinion, determining jurisdiction in cases of intellectual property rights infringement over the Internet and defamation over the Internet should depend on the nature of the rights infringed rather than on the principle of territoriality. In this regard it would be logical to reject jurisdiction based on the claimant's centre of interest.

Indeed, in contrast to personality rights infringement over the Internet, the criterion of objective accessibility of the information protected by intellectual property law is not required for intellectual property rights infringement over the Internet. For example, trademark may be infringed by way of the use, by an advertiser, of a keyword identical to that trademark on a search engine website operating under a country-specific top-level domain of another Member State⁹⁴⁹. Copyright may be infringed by accessing the material protected by copyright⁹⁵⁰. Therefore, the domicile of the author and the place where he pursues his professional activity are irrelevant for the purpose of establishing jurisdiction under the claimant's centre of interest approach, as it is not possible to establish a connection between the claimant's centre of interest and the damage that has occurred.

3.3.2 Alternative approach

3.3.2.1 The place of the event giving rise to the damage: where the act of infringement occurred

Jurisdiction based on the place of the event giving rise to the damage, meaning where the act of infringement occurred, is an alternative to jurisdiction under the adapted version of *Shevill* that is based on the place where the publisher is established.

⁹⁴⁸ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 41.

⁹⁴⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 29.

⁹⁵⁰ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

It is important to note that jurisdiction based on the place where intellectual property rights are infringed has been a topic of active academic discussion according to the conventional approach⁹⁵¹. However, under the conventional approach the jurisdictional issue is limited to cases of offline intellectual property rights infringement. For example, jurisdiction based on the place where the act of infringement occurred is supported by the English⁹⁵², French⁹⁵³ and German⁹⁵⁴ courts. In this paragraph, jurisdiction based on the place where the act of infringement occurred will be analysed with regard to its applicability to cases of intellectual property rights infringement over the Internet. In particular, the main question of our discussion is whether the place where the act of infringement occurred is an appropriate **jurisdictional basis for cases of intellectual property rights infringement over the Internet**.

Indeed, the difficulties associated with establishing jurisdiction based on traditional jurisdictional rules and the increasing number of cases of intellectual property rights infringement over the Internet force the courts to find an alternative jurisdictional basis that is founded on connection requirements specific to cases of intellectual property rights infringement over the Internet. Indeed, according to the Advocate General's point of view in *Pinckney*⁹⁵⁵ and *Wintersteiger*⁹⁵⁶, jurisdiction in cases of intellectual property rights infringement over the Internet may be based on the place where the intellectual property rights are infringed.

In spite of the fact that jurisdiction based on the place where the act of infringement occurred is not yet fully clarified, this approach has received strong academic support as far as cases of intellectual property rights infringement over the Internet are concerned⁹⁵⁷. In particular, as noted by Nuyts, the court where the causal

⁹⁵¹ Fawcett (n 112) 158.

⁹⁵² *Molnlycke* case [1992] 1 WLR 1112; *Pearce v Ove Arup Partnership Ltd and Others* [1997] Ch 293 para 302; *Knorr-Bremse Systems for Commercial Vehicles Limited v Haldex Brake Products GmbH* [2008] EWHC 156.

⁹⁵³ *Ideal Clima SpA and Others v SA Ideal Standard Gaz Pal* [1982] Somm, 378; *GRE Manufacturas and Another v Agrisilos* [2006] IL Pr27.

⁹⁵⁴ Case 5 U 6923/99 [2002] IL Pr 510, Kammergericht (Appeal Court Berlin); Case I ZR 163/02 [2005] NJW 1435, Bundesgerichtshof (Federal Supreme Court).

⁹⁵⁵ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 29.

⁹⁵⁶ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, Opinion of Advocate General Villalón, para 26.

⁹⁵⁷ Chaen, Kono and Yokomizo, 'Jurisdiction in Intellectual Property Rights Cases' in Basedow, Kono and Metzger (eds.), *Intellectual Property in the Global Arena* (Mohr Sibeck 2010) 98; Yokomizo, 'Intellectual Property Infringement on the Internet and Conflict of Laws' (2011) AIPPI Journal 105, 106.

event occurred satisfies the requirement of foreseeability if it presides over the epicentre of the tortious activity and there is enough evidence to allow the plaintiff to bring its claim before that court⁹⁵⁸. The same approach is supported by Fawcett, who notes that in most cases the place of the event giving rise to the damage is the place where the act of infringement occurred⁹⁵⁹. These arguments lead us to the conclusion that the court of the Member State where the act of infringement was committed is best placed to assess intellectual property rights infringement and to determine the extent of corresponding damage⁹⁶⁰. In this regard Savin also emphasises that Article 7 (2) of the Brussels I Recast has the potential to provide jurisdiction for the court of the place where the infringement took place⁹⁶¹.

Indeed, the allocation of jurisdiction to the place where the act of infringement occurred is available in the Trademark Regulation⁹⁶² and the Design Regulation⁹⁶³. In particular, Article 97 (5) of the Community Trademark Regulation contains a specific provision on international jurisdiction which provides that infringement actions “may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened”⁹⁶⁴. In this regard some may counter that the Trademark Regulation and the Design Regulation contain a rule which derogates from the special rule of jurisdiction under Article 7 (2) of the Brussels I Recast⁹⁶⁵. This means that jurisdiction in cases of infringement of national intellectual property rights cannot be established by the way of analogy with the Community Trademark or Design regulations.

In my opinion, in spite of the contention surrounding jurisdiction based on the place where the act of infringement occurred, it is still a relevant connection requirement for establishing jurisdiction in cases of intellectual property rights infringement over the Internet. Indeed, as noted by the Advocate General in *Hejduk*, in circumstances where it is not possible reliably to establish where any “delocalized”

⁹⁵⁸ Arnaud Nuyts, *International Litigation in Intellectual Property and info Technology* (Kluwer Law International 2008) 128.

⁹⁵⁹ Fawcett (n 112) 158.

⁹⁶⁰ Fawcett (n 112) 167.

⁹⁶¹ Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 60.

⁹⁶² Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1, Art 94-98.

⁹⁶³ Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3, Art 79-83.

⁹⁶⁴ Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1, Art 97(5).

⁹⁶⁵ Yasmine Lahlou, Laurence Sinopoli and Philippe Guez, ‘Chronicle on conflict of laws in business matters’ [2013] I.B.L.J. 3, 217-241.

damage has occurred, jurisdiction based on where the “harmful event has occurred” under Article 7 (2) of the Brussels I Recast should be based on where the “causal event” leading to the alleged infringement occurred⁹⁶⁶. In spite of the fact that the Advocate General does not provide any detail what “causal event” means, it is logical to suppose that it is the act of intellectual property rights infringement.

However, how can one identify the place where the act of infringement occurred? According to Bigos’ point of view, the place of the event giving rise to the damage may be identified in the light of the place where the act of infringement occurred⁹⁶⁷. Lundstedt also argues that the “event giving rise to the damage” is infringement itself, and damage occurs at the place of infringement⁹⁶⁸.

The identification of the place where the act of infringement occurred depends on the nature of the rights infringed. In this regard I would like to focus our attention on cases of copyright infringement over the Internet as they are the most frequent way in which intellectual property rights are infringed over the Internet⁹⁶⁹.

Indeed, in the case of offline copyright infringement, the identification of the place where the act of infringement occurred does not provide any difficulties at it is where the act of copying a work⁹⁷⁰, or issuing copies of a copyrighted work to the public⁹⁷¹ or public performance of the work takes place⁹⁷². However, it is very difficult to identify the place where the act of copyright infringement occurred over the Internet due to the sequence of events⁹⁷³ between the original uploading of information and its eventual display on a screen in another country⁹⁷⁴.

⁹⁶⁶ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, Opinion of AG Cruz Villalón.

⁹⁶⁷ Oren Bigos, ‘Jurisdiction over cross-border wrongs on the internet’ (2005) 54 I.C.L.Q. 585-620.

⁹⁶⁸ Lundstedt, L. ‘Jurisdiction and the Principle of Territoriality in Intellectual Property Law: Has the Pendulum Swung Too Far in the Other Direction?’ (2001) IIC, 136-137.

⁹⁶⁹ Intellectual Property Office, ‘Annual IP crime report: 2012 to 2013’ (2014) <<https://www.gov.uk/government/publications/annual-ip-crime-report-2012-to-2013>> accessed 30 May 2014. According to the report, during the investigation period from 2012-2013, the British Recorder Music Industry removed over 10,000,000 search results from Google directing Internet users to illegal copies of music; the Publishers Association has removed 223 listening from UK websites containing over 5,000,000 e-books.

⁹⁷⁰ *Francis, day and Hunter v Bron* [1963] Cg 587; *Pearce v Ove Arup partnership Ltd and Others* [1997] Ch 293.

⁹⁷¹ *British Northrop v Texteam Blackburn Ltd* [1974] RPC 57; *HRH Prince of Wales v Associated Newspapers Ltd* [2006] ECDR, confirmed on appeal [2007] 3 WLR 222.

⁹⁷² *Performing Right Society Ltd v Harlequin Record Shops* [1979] FSR 223; *Ernest Turner Electrical Instruments Ltd v Performing Right Society Ltd* [1943] Ch 167, [1943] 1 All ER 413.

⁹⁷³ Fawcett (n 113) 159. The sequence of events is as follows: uploading of information; digitisation of the work; storage of the digitised form of the work; conversion of the digitised form of the work into the carrying signal; transmission of the carrying signal; reception of the carrying signal in the receiving machine; downloading (storage of information in the memory of the machine); screen display and, possibly, print out of display material.

⁹⁷⁴ Fawcett (n 113) 159.

In my opinion, only two events in the transmission of information should be taken into account: the uploading of the information and its eventual downloading. Fawcett and Torremans describe these events as “two constants which will be there whenever there is infringement litigation”⁹⁷⁵. This approach is entirely consistent with the decision of the ECJ in *Bier*, where the place of the original event which caused the damage is not where the damage occurred⁹⁷⁶.

However, jurisdiction based on two alternative fora (where the content is uploaded and where the content is downloaded) is unpredictable for all the parties involved.

Indeed, as noted by Fawcett, jurisdiction based on the place where the act of infringement occurred could lead to litigation in any one of the States in which one of the events making up this complicated sequence occurred⁹⁷⁷. Therefore, it seems reasonable to identify only one event that occurs in all sequences giving rise to the damage. The phrase “place where the act of infringement occurred” refers to the Member State where the act giving rise to the alleged infringement occurred or may occur, not the Member State where that infringement produces its effects⁹⁷⁸. This means that while the act of uploading is the act giving rise to the alleged infringement, the act of downloading is just the effect of uploading. Such an approach is also supported by Magnus and Mankowski, who make clear that in spite of the fact that the Internet allows the circulation of content beyond borders, the act of transferring files may be localised at the place of their uploading⁹⁷⁹. Indeed, in comparison with the place of downloading, the place of uploading has the following positive characters:

it corresponds to the State of origin and leads to a single act of infringement (while the place of downloading corresponds to the State of reception and leads to multiple acts of infringement)⁹⁸⁰;

⁹⁷⁵ Fawcett (n 113) 159-160.

⁹⁷⁶ Case 21/76 *Handelskekerij G. J. Bier BV v Mines de potasse d’Alsace SA* [1976] ECR 1735, para 13

⁹⁷⁷ Fawcett (n 113) 159.

⁹⁷⁸ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, para 34

⁹⁷⁹ Ulrich Magnus (ed.) and Peter Mankowski (ed.), *Brussels I Regulation: Second Revised Edition* (2nd edn, Sellier European Law Publishers 2012) 250.

⁹⁸⁰ Pedro A. De Miguel Asensio, ‘The Networked Information Society: Territoriality And Beyond’ (Kyushu University Law Conference 2010) 14.

it is based on a defendant's act of infringement (whereas in the case of downloading the main attention is concentrated on the act of the receiver of the information (who is not a defendant))⁹⁸¹.

Moreover, while downloading may be permitted for private use⁹⁸², the courts appear reluctant to accept the legitimacy of uploading copyrighted content on online networks without authorial consent⁹⁸³. In particular, as stated in *Copydan Båndkopi v Nokia Danmark A/S*⁹⁸⁴, making protected works available on the internet (by uploading) without the right-holders' authorisation is a clear infringement of intellectual property rights. Indeed, the act of uploading over the Internet is not equivalent to the loan of one or more CD ROMs or DVDs for private copying⁹⁸⁵.

Therefore, we can conclude that in the case of copyright (or patent) infringement over the Internet the **place where the act of infringement occurred is the place where the information is uploaded on the Internet**. This is in line with the English High Court's decision in *EMI Records Ltd v British Sky Broadcasting Ltd*, according to which users and/or operators of websites infringed copyright by uploading and communicating sound recordings to the public because they made the recordings available by electronic transmission in such a way that members of the public could access the recordings at a place and time individually chosen by those members of the public⁹⁸⁶.

In this respect, the following question arises: **how can one identify the place of uploading in the case of copyright (patent) infringement over the Internet?**

Indeed, scholars discuss the place of uploading, which can be identified at the location of the computer from which the material is sent, the location of the person doing the uploading and the location of the server to which the material is uploaded⁹⁸⁷.

⁹⁸¹ Oren Bigos, 'Jurisdiction over cross-border wrongs on the internet' (2005) 54 I.C.L.Q. 585-620.

⁹⁸² Case 03001251 *Ministère Public, FNDF, SEV, Twentieth Century Fox et al. v Aurelien D.T.*, Rodez District Court [2004] (France).

⁹⁸³ Case 29 U 3282/00 *R. v Re Copyright In Files Copied on to the Internet* [2002] E.C.C. 15 (Oberlandesgericht); *Magical Marking Ltd v Holly* [2008] EWHC (Ch) 2428; *R. (on the application of British Telecommunications Plc) v Secretary of State for Culture, Olympics, Media and Sport* [2012] EWCA Civ 232; *Neij and Sunde Kolmisoppi v Sweden* [2013] E.C.D.R. 7 (ECHR).

⁹⁸⁴ Case C-463/12 *Copydan Båndkopi v Nokia Danmark A/S* [2015] not yet published.

⁹⁸⁵ *Ibid.*

⁹⁸⁶ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch), paras 24, 27, 39, 42.

⁹⁸⁷ Fawcett (n 112) 553; Dan Jerker B. Svantesson, *Private International Law and the Internet* (Kluwer Law International 2007) 291; Arnaud Nuyts, *International Litigation in Intellectual Property and Info Technology* (Kluwer Law International 2008) 141; Dan Jerker B. Svantesson, *Private International Law and the Internet* (Kluwer Law International 2007) 291.

I do not propose to analyse these approaches in detail but should note some important conclusions. In my opinion, the location of the computer is not an appropriate connection requirement as it may be difficult to identify which particular computer constitutes the place of dispatch. Indeed, in the light of possibilities of remote control (e.g. through Telnet) the location of the sending computer may be misleading⁹⁸⁸. The location of the person doing the uploading is also irrelevant for jurisdictional purposes. On the one hand, as noted by Nuyts, the existence of the link between the establishment of the infringer and the place of uploading to a web server cannot be denied because uploading to a web server is a part of the commercial activity of the tortfeasor which is located in the place of his establishment⁹⁸⁹. This is also true in the light of *Pinckney*⁹⁹⁰, which indicates that the “place giving rise to the damage” in online communication rights infringement cases is the place where the decision to upload content is made⁹⁹¹. On the other hand, the infringer of intellectual property rights may decide to upload copyright content not in the place of his domicile but, say, during his business trip. As a result, the link between the decision to upload and the domicile of the defendant cannot be considered as a relevant factor for jurisdictional purposes. In my opinion, the most relevant jurisdictional factor for identifying the place of uploading is where the web server is located. For example, the US courts, in defining the place of wrong, apply the location of the server to which the material is uploaded⁹⁹². The same approach is also confirmed by the courts of the EU Member States⁹⁹³ and academic community⁹⁹⁴. Indeed, the location of the server is the place of performance since it is the place where the infringer takes the first substantial steps towards making the digitised products available⁹⁹⁵.

⁹⁸⁸ Dan Jerker B. Svantesson, *Private International Law and the Internet* (Kluwer Law International 2007) 291.

⁹⁸⁹ Arnaud Nuyts, *International Litigation in Intellectual Property and Info Technology* (Kluwer Law International 2008) 141.

⁹⁹⁰ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen.

⁹⁹¹ *Ibid.*

⁹⁹² *Compuserve, Inc. v Patterson* [1996] 89 F3d 1257 (6th Cir.).

⁹⁹³ SA1251/08, *Alan MacKie t/a 197 Aerial Photography v Nicola Askew, Largsholidaylets.Co.UK*, [2009] WL 2392381, para 29 (Sheriffdom of South Strathclyde Dumfries and Galloway).

⁹⁹⁴ Fawcett (n 112) 553; Graham J. H. Smith, *Internet Law and Regulation* (Sweet & Maxwell 2007) 649; Maksymilian Pozdan and Maciej Szpunar, *Cross-Border Litigation of Unfair Competition over the Internet International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 140.

⁹⁹⁵ Faye Fangfei Wang, *Internet Jurisdiction and Choice of Law: Legal Practices in the EU, US and China* (Cambridge University Press 2010).

Thus, the place of the event giving rise to the damage is the place where the content protected by copyright is uploaded to a server. This approach is supported by the Advocate General in *Pinckney* who stated that placing songs online constituted an act of reproduction, which was localised at the place at which it was placed online (i.e. uploaded)⁹⁹⁶. Indeed, in cases of uploading content protected by copyright on the Internet, the author's reproduction right is infringed according to Article 2 of the Directive on the harmonisation of certain aspects of copyright and related rights in the information society⁹⁹⁷.

Similarly, the place of the event giving rise to the damage in the meaning of the 'place where the act of infringement occurred' was considered by the Advocate General in *Wintersteiger* as a possible jurisdictional basis in cases of trademark infringement over the Internet. Indeed, he noted that jurisdiction according to the Article 7 (2) of the Brussels I Recast may be established in the place of the event giving rise to the damage as it is a place "where the means necessary to produce an actual infringement of a mark were used"⁹⁹⁸.

However, the ECJ, both in *Pinckney* and in *Wintersteiger*, did not follow the approach proposed by the Advocate General. The main argument for rejecting jurisdiction based on the place where the act of infringement occurred was founded on the fact that the intellectual property rights infringement is a substantive issue rather than a jurisdictional question. Indeed, as noted by the ECJ in *Wintersteiger*, the question of using a trademark on a website falls within the substance of the action⁹⁹⁹. Similarly, the ECJ in *Pinckney* stated that the issue as to whether the intellectual property rights were infringed and whether that infringement may be attributed to the defendant falls within the examination of the substance of the action by the court having jurisdiction¹⁰⁰⁰.

Therefore, in cases of intellectual property rights infringement over the Internet, the event giving rise to a possible infringement of intellectual property lies in the actions of the owner of a website in activating the technical display of photographs on

⁹⁹⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 20.

⁹⁹⁷ Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167.

⁹⁹⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, Opinion of Advocate General Villalón, para 26.

⁹⁹⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 26.

¹⁰⁰⁰ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 40.

a website (in the case of copyright infringement)¹⁰⁰¹ or in activating an advertisement (in the case of trademark infringement)¹⁰⁰². This means that the intellectual property rights owner may bring the case before the court of the place where the advertiser or the owner of a website is established as this is the place where the activation of the display process is decided¹⁰⁰³.

Thus, in the case of intellectual property rights infringement over the Internet the place of the event giving rise to the damage means the place where the advertiser or owner of a website is established (this basis of jurisdiction is discussed in paragraph 3.3.1.1).

Conclusion and recommendations

On the basis of this analysis we can conclude that the place of the event giving rise to the damage in the meaning of the ‘place where the act of intellectual property rights infringement occurred’ is not applicable as a jurisdictional basis for cases of intellectual property rights infringement over the Internet.

Indeed, the ECJ in *Wintersteiger*, *Pinckney* and *Hejduk* has confirmed that the place where the act of infringement occurred is related to the substance of a dispute rather than to the issue of jurisdiction¹⁰⁰⁴. This means that the identification of the place where the act of infringement occurred for the purposes of Article 7 (2) of the Brussels I Recast cannot depend on criteria which are specific to the examination of the substance of a dispute.

In my opinion, the rejection of jurisdiction based on the place where the act of infringement occurred is evidence of the necessity of harmonising and unifying the jurisdictional rules of intellectual property rights infringement over the Internet. In particular, while in the case of offline intellectual property rights infringement courts have tried to identify the connection requirements between a dispute and a court seized based on the principles of substantive law (under the law of the country where the intellectual property rights are protected), this approach does not fit for cases of intellectual property rights infringement over the Internet.

¹⁰⁰¹ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 24.

¹⁰⁰² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 34.

¹⁰⁰³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 37, 39; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 47; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 25.

¹⁰⁰⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 31, 36; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, paras 40-41; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 35.

On the basis of this analysis we can conclude that rejecting jurisdiction based on the place where the act of infringement occurred is correct, as the latter is an issue of the substance of the dispute rather than jurisdiction over it. Indeed, jurisdictional rules of cases of intellectual property rights infringement over the Internet should be predictable and based on clear links between the event giving rise to the damage and the territory of a particular Member State of the court seized. Otherwise, jurisdictional rules would be very complex and would flout the principle of foreseeability.

Moreover, the allocation of jurisdiction to the place where the advertiser or website owner is established is also dictated by the principle of practical feasibility. Indeed, it is not difficult to establish a link between the place where the advertiser or website owner is established and the Member State of the court seized. In contrast, identifying the place where the act of infringement occurred with regard to intellectual property rights infringement over the Internet is very difficult. For example, what is file sharing and how can one identify the place where the act of infringement occurred? Indeed, as noted by Fawcett, in Internet cases it is very difficult to localise the place where the act of infringement occurred since the act of infringement could, or perhaps should, be regarded as being truly multi-national¹⁰⁰⁵. However, intellectual property law is still largely national despite more than twenty-five years of harmonization¹⁰⁰⁶. This means that the law of a particular country determines what acts on the Internet constitute intellectual property rights infringement¹⁰⁰⁷. In this regard we need to note that national laws protecting intellectual property rights are technology-neutral and do not take into account new forms of intellectual property rights infringement over the Internet¹⁰⁰⁸. Indeed, as the opinion of the Advocate General in *Wintersteiger* indicates, it is very difficult to

¹⁰⁰⁵ Fawcett (n 112) 159.

¹⁰⁰⁶ Council Directive (EC) 91/250 on the legal protection of computer programs [1991] OJ L 122; Council Directive (EC) 96/9 on the legal protection of databases [1996] OJ L 77; Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167.

¹⁰⁰⁷ Irini A. Stamatoudi (ed.), *Copyright Enforcement and the Internet* (Kluwer Law International 2010) 311.

¹⁰⁰⁸ For example, the UK Copyright, Designs and Patents Act 1988 do not regulate the file sharing activities (relating to the uploading or downloading of a piece of work in a file sharing network that infringes the copyright in that work).

identify which rights are infringed in cases of intellectual property rights infringement over the Internet¹⁰⁰⁹.

The next important argument for rejecting jurisdiction based on the place where the intellectual property rights are infringed is the multiplication of possible fora. Indeed, taking into account the territorial nature of the intellectual property rights infringed, the jurisdiction of the court seized is limited to the damage resulting in its territory¹⁰¹⁰. Therefore, it is in the interests of intellectual property rights owners to bring a case before the court of the Member State where the advertiser or website owner is established in respect of all the damage caused.

Thus, in spite of our desire to propose a jurisdictional approach which would be specific to cases of intellectual property rights infringement over the Internet, practicality requires the adaption of traditional jurisdictional rules for cases of intellectual property rights infringement over the Internet. Therefore, we can conclude that the alternative approach under Article 7 (2) of the Brussels I Recast based on the place where the intellectual property rights are infringed is not applicable to cases of intellectual property rights infringement over the Internet.

3.3.2.2 The place where the damage occurred: the targeting or directing activities approach

Jurisdiction based on the place where the damage occurred in the sense of the place where the website targets or directs its activity towards the public of a particular Member State is an alternative to the jurisdiction under the adapted version of *Shevill*, which is based on the place where content is placed online or has been accessible. In this regard it is important to note that the directing/targeting activities approach has been recognised by the ECJ in *Pammer v Reederei Karl Schluter GmbH & Co KG* (hereafter *Pammer*)¹⁰¹¹ as a basis of jurisdiction with regard to consumer contracts when a trader uses a website to communicate with consumers according to Article 17 (1) (c) of the Brussels I Recast. The ECJ clearly states that the mere fact that a website is accessible from the Member State where the consumer resides is not

¹⁰⁰⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, Opinion of Advocate General Villalón, paras 36-60; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, paras 52-56.

¹⁰¹⁰ This approach is based on the ECJ cases such as *Pinckney* (para 36) and *Wintersteiger* (para 25) where the ECJ has been accepted the territorial nature of the rights infringed.

¹⁰¹¹ Joined cases C-585/08 *Pammer v Reederei Karl Schluter GmbH & Co KG* and C-144/09 *Hotel Alpenhof GmbH v Heller* [2011] 2 All E.R. (Comm) 888.

sufficient to suggest that the owner of the website directs his activities to that Member State¹⁰¹². Indeed, in order for those rules to be applicable to consumers from other Member States, the trader must have manifested its intention to establish commercial relations with such consumers¹⁰¹³.

Initially, the so called “targeting” doctrine was developed by the US courts in offline (and later online) intellectual property cases¹⁰¹⁴. According to this approach, a defendant can be sued in any forum towards which it specifically directs its business, and it can limit its exposure to suit by narrowing its targets¹⁰¹⁵. Thus, the jurisdictional doctrine of targeting allows e-businesses to choose “whether or not they wish to become connected to any given sovereign”¹⁰¹⁶. This means that online activity must have been intended to produce effects within the territory of the state asserting jurisdiction¹⁰¹⁷.

Indeed, the similarities between the US targeting doctrine and the acceptance in the EU of the directing activities approach (with regard to online consumer disputes) allow us to support a jurisdiction based on the targeting/directing activities approach in cases of intellectual property rights infringement over the Internet. As noted by Kohl, the targeting/directing activities approach is a logical, rationally defensible, jurisdictional response to rising ‘transnationality’¹⁰¹⁸.

In my opinion, such an approach has also been indirectly supported by the ECJ in *eDate*¹⁰¹⁹. Indeed, when questioning the utility of the accessibility of a website approach, the ECJ in *eDate* has focused on whether there is “something more” needed for the exercise of jurisdiction. In my opinion, this “something more” is the targeting/directing activities approach. In particular, there is strong academic support for extending jurisdiction based on the targeting/directing activities approach to

¹⁰¹² Ibid, paras 74-76.

¹⁰¹³ Ibid, paras 74-76.

¹⁰¹⁴ *Nintendo of America v Aeropower Co.* [1994] 34 F.3d 246 (4th Cir.); *Metzke v May Dep’t Stores* [1995] 878 F. Supp. 756.

¹⁰¹⁵ American Bar Association, Global Cyberspace Jurisdiction Project, ‘Achieving Legal and Business Order in Cyberspace: A Report on Global Jurisdiction Issues created by the Internet’ (2000), 55 Bus. Law. 1801, 1828.

¹⁰¹⁶ Ibid.

¹⁰¹⁷ Gunther Handl, Joachim Zekoll, Peer Zumbansen (ed.), *Beyond Territoriality: Transnational Legal Authority in an Age of Globalization* (Martinus Nijhoff Publishers 2012) 346.

¹⁰¹⁸ Uta Kohl, *Jurisdiction and the Internet – a Study of regulatory competence over online activity* (Cambridge University Press 2007) 78.

¹⁰¹⁹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

Article 7 (2) of the Brussels I Recast¹⁰²⁰. Indeed, as noted by Petkova, when information is uploaded over the Internet, it will potentially be accessible all over the world. Therefore, the targeting/directing activities approach allows a defendant to take reasonable steps to avoid acting in or directing activity into a particular jurisdiction¹⁰²¹. In this regard, the targeting/directing activities approach is a way to establish a more effective and durable solution to jurisdiction of intellectual property rights infringements over the Internet.

On the other hand, as noted by Tarruella, the interests in consumer contracts are not the same as in tort actions¹⁰²². This means that the defendant in tort actions cannot be protected as a weaker party (in contract, the consumer is protected as the weaker party). But Article 7 (2) of the Brussels I Recast is neutral and does not aim to protect the victim. The next counterargument with regard to extending jurisdiction based on the targeting/directing activities approach is its flexible nature, which does not provide legal certainty: the approach may be interpreted either as receipt-oriented or origin-oriented¹⁰²³. However, one can counter that legal certainty may be provided by clarifying what does and does not amount to targeting¹⁰²⁴.

Indeed, jurisdiction based on the directing/targeting activities approach is a clear move away from traditional territorially based connection requirements and towards specific connection requirements for Internet torts. In this regard, the targeting/directing activities approach may be a good alternative to jurisdiction under the adapted version of *Shevill* in cases of intellectual property rights infringement over the Internet.

Therefore, the most important question in our discussion becomes **whether the jurisdiction based on the targeting/directing activities approach is an appropriate jurisdictional basis for cases of intellectual property rights infringement over the Internet.**

¹⁰²⁰ Uta Kohl, *Jurisdiction and the Internet – a Study of regulatory competence over online activity* (Cambridge University Press 2007) 78; Aurelio Lopez-Tarruella, ‘The International Dimension of Google Activities: Private International Law and the Need of Legal Certainty’ in *Google and the Law* (Asser Press 2012) 352; Andrej Savin and Jan Trzaskowski (ed.), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 59.

¹⁰²¹ Svetozara Petkova, ‘The potential impact of the draft Hague Convention on International Jurisdiction and Foreign Judgments in Civil and Commercial Matters on Internet-related disputes with particular reference to copyright’ [2004] I.P.Q. 2, 173-197.

¹⁰²² Aurelio Lopez-Tarruella, ‘The International Dimension of Google Activities: Private International Law and the Need of Legal Certainty’ in *Google and the Law* (Asser Press 2012) 339-340.

¹⁰²³ Graham J. H. Smith, *Internet Law and Regulation* (Sweet & Maxwell 2007) 941.

¹⁰²⁴ Paul Torremans, *Research Handbook on Cross-border Enforcement of Intellectual Property* (Edward Elgar Publishing Limited 2014) 388.

The ECJ in *Pammer* considered what evidence can demonstrate the existence of an activity “directed to” the Member State of a consumer’s domicile. Such evidence includes:

- offering a trader’s services or its goods in one or more Member States designated by name;
- the international nature of the activity in issue;
- mention of telephone numbers with an international code;
- using a top-level domain name other than that of the Member State in which the trader is established, for example ‘.de’, or neutral top-level domain names such as ‘.com’ or ‘.eu’;
- the description of itineraries from one or more other Member States to the place where the service is provided;
- mention of an international clientele composed of customers domiciled in various Member States, in particular by presentation of accounts written by such customers¹⁰²⁵.

However, it is important to note that the nature of the disputes in cases of intellectual property rights infringement over the internet is cardinally different from online consumer disputes. Therefore, the following questions arise: **What evidence would express the intention of the defendant to target/direct its activity into the forum state in cases of intellectual property rights infringement over the Internet? What are the connection requirements between “the facts of infringement and the alleged damage”¹⁰²⁶?**

Indeed, a clear understanding of what constitutes the targeting/directing activities approach with regard to cases of intellectual property rights infringement over the Internet is critical, for without universally applicable standards the targeting/directing activities approach is likely to leave further uncertainty in its wake¹⁰²⁷.

An example of applying the targeting/directing activities approach to intellectual property rights infringement over the Internet is the *Football Dataco*

¹⁰²⁵ Joined cases C-585/08 *Pammer v Reederei Karl Schluter GmbH & Co KG* and C-144/09 *Hotel Alpenhof GmbH v Heller* [2011] 2 All E.R. (Comm) 888, paras 81, 83.

¹⁰²⁶ *Scherrer et SA Normalu v SARL Acet* [2006] (CA Paris, 4th ch.).

¹⁰²⁷ Adam D Thierer and Clyde Wayne Crews (ed.), *Who Rules The Net?: Internet Governance And Jurisdiction* (Cato Institute 2003) 107.

case¹⁰²⁸. The main question in *Football Dataco* was to identify where the wrongful act of ‘re-utilization’ occurred in order to determine whether so-called *sui generis* rights in a database were infringed¹⁰²⁹. According to the ECJ, the English court has jurisdiction as the act of re-utilization discloses an intention on the part of the person performing the act to target members of the public in the UK¹⁰³⁰. In particular, the following evidence may constitute the intention of the defendant to target the public in the UK: the right to access the server of companies offering betting services to the public in the UK and the fact that the defendant is aware, or must have been aware, of that specific destination (UK); the prospects of defendant’s website subsequently being consulted by internet users in the UK; that the data is accessible by the public in the UK in their own language¹⁰³¹.

Thus, we can conclude that the approach applicable to online consumer disputes is also applicable to cases of intellectual property rights infringement over the Internet. However, in spite of some similarities, these approaches are different. In particular, the main emphasis of the targeting approach in *Pammer* was on the nature of the relationship between the parties of the dispute. In particular, the existence of a contract between the website proprietor and the consumer for the supply of services was significant in order to bring the electronic transaction within the scope of Article 17 (1) (c) of the Brussels I Recast¹⁰³². In contrast, in the case of intellectual property rights infringement over the Internet (in our example, the case of the infringement of *sui generis* rights in a database) the main emphasis of the court is on the intention of the defendant to target a particular jurisdiction. In this regard the targeting approach adopted by the ECJ in *Football Dataco* may be compared with the American *International Shoe* ‘minimum contacts’ test where the main emphasis is placed on the defendant’s intention to reach beyond its boundary to do business, requiring a “conscious business activity”¹⁰³³. Therefore, we can conclude that the most important connection requirement in cases of intellectual property rights infringement over the Internet under the targeting approach is the intention of the defendant to target a

¹⁰²⁸ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, para 10.

¹⁰²⁹ *Ibid*, paras 17-18.

¹⁰³⁰ *Ibid*, para 47.

¹⁰³¹ *Ibid*, paras 41-42.

¹⁰³² Youseph Farah, ‘Allocation of jurisdiction and the internet in EU law.’ (2008) *European Law Review*, 33 (2), 257-270.

¹⁰³³ *International Shoe Co. v. Washington* [1945] 326 U.S. 310.

particular jurisdiction rather than the nature of the relationship between the parties to the dispute.

However, in my opinion, the intention of the defendant to target a particular jurisdiction under the targeting approach in *Football Dataco* concerned where the act of extraction/re-utilisation takes place (in the context of infringement of the *sui generis* database rights) rather than where the damage is sustained in the context of Article 7 (2) of the Brussels I Recast. Indeed, as the ECJ indicated in *L’Oreal v eBay*, the targeting/directing activities approach may be relevant to the existence of substantive liability for infringement, rather than to jurisdictional issues¹⁰³⁴. In this regard the ECJ in *Football Dataco* noted that the question of the localisation of the act of “re-utilisation” within the meaning of Article 7 of Directive 96/9 on the legal protection of databases is liable to have an influence on the question of jurisdiction¹⁰³⁵. Indeed, as noted by the Advocate General in *Pinckney*, such a solution could provide a useful inspiration for the interpretation of Article 7 (2) of the Brussels I Recast¹⁰³⁶. This means that the targeting approach adopted by the ECJ in *Football Dataco* at a substantive law level should be applicable also for the purposes of Article 7 (2) of the Brussels I Recast in order to identify the place where the damage occurred¹⁰³⁷.

In my opinion, jurisdictional rules should be based on a clear connection requirement between the act of infringement and the territory of the court of the Member State where the damage occurred, rather than on the substantive elements of the dispute. In this connection it is important to identify **how the targeting/directing activities approach is applicable to cases of intellectual property rights infringement over the Internet on a national level – are they applicable on a substantive level or a jurisdictional level?** Indeed, as noted by the ECJ in *Titus Alexander Jochen Donner*, it is for national courts to assess, on a case-by-case basis, whether there is evidence supporting a conclusion that a defendant did actually target members of the public in a particular jurisdiction¹⁰³⁸.

¹⁰³⁴ Case C-324/09 *L’Oreal v eBay* [2011] ECR I-06011, para 65

¹⁰³⁵ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, para 30.

¹⁰³⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 63.

¹⁰³⁷ *Ibid*, para 64.

¹⁰³⁸ Case C-5/11 *Titus Alexander Jochen Donner* [2012] ECLI C 370, para 28.

For example, in *Re the Maritim Trade Mark*¹⁰³⁹ the German court made clear that the targeting/directing activities approach is the substantive element of a trademark infringement over the Internet. Indeed, the issue of jurisdiction depends on domestic connection requirements with Germany. With regard to the issue of trademark infringement over the Internet, the court found no trademark infringement in Germany as the website was directed to the Danish market (which the use of the .dk domain name indicated) and there were no elements, such as German contact addresses, aimed at the German market¹⁰⁴⁰. In this regard, it seems logical that the place where infringement actually took place or the extent to which national trademarks should be given extraterritorial effect is related to the substance of the claim rather than to the jurisdiction of the court¹⁰⁴¹.

However, in contrast to the German decision in *Re the Maritim Trade Mark*¹⁰⁴², the English court in *EMI Records Ltd & Ors v British Sky Broadcasting Ltd & Ors* confirmed the jurisdiction of an English court based on the targeting approach. In particular, the court held that in the case of copyright infringement over the Internet by way of communicating to the public, such an act will be treated as occurring within the UK if the communication is targeted at the public in the UK¹⁰⁴³. Indeed, in spite of the fact that the High Court did not specify what evidence led to it having jurisdiction (in particular, it did not specify whether the act of communication by the uploaders was targeted at members of the public in the UK), it just declared that it had jurisdiction because there was copyright infringement taking place in the UK¹⁰⁴⁴. However, in another case, *Football Association Premier League Ltd v British Sky Broadcasting Ltd & Ors*¹⁰⁴⁵, the High Court has accepted the following evidence of a defendant's intention to target a particular jurisdiction: the language of a website (English); the fact that advertising includes adverts for companies located in the UK and products consumed in the UK; providing access to a large number of competitions which are extremely popular with UK audiences; the levels of traffic

¹⁰³⁹ Case 416 02924/00 *Re The Maritime Trademark* [2003] IL Pr 297 (Landgericht Hamburg).

¹⁰⁴⁰ *Ibid.*

¹⁰⁴¹ Graham J. H. Smith, *Internet Law and Regulation* (Sweet & Maxwell 2007) 464.

¹⁰⁴² Case 416 02924/00 *Re The Maritime Trademark* [2003] IL Pr 297 (Landgericht, Hamburg).

¹⁰⁴³ *EMI Records Ltd & Ors v British Sky Broadcasting Ltd & Ors* [2013] EWHC 379 (Ch) (28 February 2013), para 38.

¹⁰⁴⁴ *Ibid.*, paras 41-42.

¹⁰⁴⁵ *The Football Association Premier League Ltd v British Sky Broadcasting Ltd & Ors* [2013] EWHC 2058 (Ch), para 46.

generated by UK users (between 12 and 13.7% of the worldwide traffic to the site in question came from the UK)¹⁰⁴⁶.

On the basis of this evidence the High Court concluded that English courts have jurisdiction over cases of copyright infringement over the Internet as the rights of communication with the public are infringed (pursuant to section 97A of the Copyright, Design and Patents Act 1988)¹⁰⁴⁷. Therefore, the English courts took the same approach on targeting as the ECJ did in *Football Dataco Ltd, v Sportradar GmbH*¹⁰⁴⁸ by establishing jurisdiction based on the substance of the dispute. Indeed, for some torts, the courts in England and Wales consider whether a website is targeted or directed at this jurisdiction since this is a question of the substantive components of the tort¹⁰⁴⁹.

The situation in France with regard to jurisdiction based on the targeting/directing activities approach is very complex in comparison with that in the UK. On the one hand, there are decisions of the French courts supporting the targeting/directing activities approach¹⁰⁵⁰ as a jurisdictional basis in cases of trademark infringement over the Internet (for example, *Hugo Boss v Reemtsma*¹⁰⁵¹; *SARL Intermind v SARL Infratest Burke*¹⁰⁵²; *Synergie v Adecco*¹⁰⁵³). On the other hand, there are the decisions of the French courts according to which the targeting approach deals with the substance of disputes. Indeed, recent French cases indicate that in order to establish jurisdiction, it is necessary to demonstrate a sufficient, substantial and significant connection between the alleged acts of infringement and the damage alleged, and in particular to adduce that the website was aimed at the French public (for example, *Ferrara v Ministère public*¹⁰⁵⁴; *eBay Europe v Maceo*; *Le Monde v Giuliano*¹⁰⁵⁵).

¹⁰⁴⁶ Ibid, para 45.

¹⁰⁴⁷ Ibid, para 45.

¹⁰⁴⁸ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, para 47.

¹⁰⁴⁹ Graham J. H. Smith, *Internet Law and Regulation* (Sweet & Maxwell 2007) 463.

¹⁰⁵⁰ The evidences of targeting the website towards the public in France: the language of the website; offer the products for sale in France using the infringing trademark.

¹⁰⁵¹ *Société Hugo Boss v Société Reemtsma Cigarettenfabriken GmbH* [2005] World Internet L. Rep. (BNA) (French Supreme Court).

¹⁰⁵² *SARL Intermind v SARL Infratest Burke* [2003] (TGI Paris, 3rd Ch., 3rd Sect.)

¹⁰⁵³ *Synergie v Adecco* [2004] (Paris High Court).

¹⁰⁵⁴ Case 07-87.281 *Ferrara v Ministère public* [2008] (Criminal Chamber of the French Supreme Court).

¹⁰⁵⁵ *eBay Europe v Mace* [2010] (Paris Court of Appeal).

In my opinion, such contradictory decisions of the French courts are dictated by the fact that the courts are trying to join the substance of the dispute with the issue of jurisdiction together in one proceeding (rather than to consider them separately). In contrast to France, the English jurisdictional approach of targeting is based on the substance of the dispute.

In this respect, it is important to note that the Swedish courts did not even discuss the application of the targeting/directing activities approach with regard to cases of intellectual property rights infringement over the Internet.

On the basis of this analysis, we can conclude that national laws are, on the approach of targeting/directing activities, very contradictory: while the German and French courts consider the targeting/directing activities approach as a substantive element of the dispute (and not a jurisdictional issue), the UK courts consider the targeting approach as an issue of the substantive component of the tort (allowing them to establish jurisdiction).

In my opinion, such contradictory approaches towards the targeted/directed activities approach at a national law level may be dictated by differences in the legal systems in common law and civil law countries. Indeed, as the UK legal system is based on precedent, it seems logical to follow the concept proposed by the ECJ in *Football Dataco Ltd, v Sportradar GmbH* by accepting the targeting approach as a substantive element of the dispute allowing the courts to establish jurisdiction over a case where content is targeted to the public in the UK. In contrast, France, Sweden and Germany are civil law countries. This means that these countries have a stronger separation with regard to the issue of jurisdiction and the substance of the dispute. In particular, the targeting/directing activities approach may be applicable at the substantive law level to cases of intellectual property rights infringement over the Internet (according to Article 7 (2) of the Brussels I Recast) and at a jurisdictional level in the case of online consumer disputes (according to Article 17(1) (c) of the Brussels I Recast).

Therefore, taking into account the absence of a unified concept of the targeting/directing activities approach to intellectual property rights infringements over the Internet, clarification of this approach is required by the ECJ. In particular, it is not clear whether the targeting approach deals with the issue of jurisdiction or with the substantive aspect of the dispute. In this regard, as noted by Wang, it is important

to enhance legal certainty by interpreting and harmonising jurisdictional rules of intellectual property rights infringements over the Internet¹⁰⁵⁶.

As a response to the difficulties associated with establishing jurisdiction in the case of intellectual property rights infringements over the Internet, the ECJ in its recent decisions, *Pinckney*¹⁰⁵⁷, *Hejduk*¹⁰⁵⁸ and *Wintersteiger*¹⁰⁵⁹, has clarified the issue of targeting.

In particular, in *Pinckney* and *Hejduk* the ECJ rejected the directed activities approach based on Article 17 (1) (c) of the Brussels I Recast, which was interpreted in *Pammer and Hotel Alpenhof*¹⁰⁶⁰ by way of the argument that Article 7 (2) of the Brussels I Recast does not require that the activity concerned be ‘directed to’ the Member State in which the court seized is situated¹⁰⁶¹. The same approach was taken by the ECJ in *Wintersteiger*. In particular, the ECJ in *Wintersteiger* did not even discuss the targeting approach proposed by the Advocate General¹⁰⁶² because the question of using a sign identical to a national mark on a website operating solely under a country-specific top-level domain is a substantive issue that the court having jurisdiction will undertake in light of the applicable substantive law¹⁰⁶³.

Indeed, as our finding indicates, the targeting/directing activities approach is based on the identification of intellectual property rights infringement through the link between the territories of the Member State, whether the site in question was aimed at the public of the Member State, and the territory the Member State in which the court seized is situated¹⁰⁶⁴. However, as noted by the Advocate General in *Pinckney*, it is self-evident that the solutions applied by the Court at the level of

¹⁰⁵⁶ Faye Fangfei Wang, *Internet Jurisdiction and Choice of Law: Legal Practices in the EU, US and China* (Cambridge University Press 2010) 74 -75.

¹⁰⁵⁷ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹⁰⁵⁸ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹⁰⁵⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹⁰⁶⁰ Joined cases C-585/08 *Pammer v Reederei Karl Schluter GmbH & Co KG* and C-144/09 *Hotel Alpenhof GmbH v Heller* [2011] 2 All E.R. (Comm) 888.

¹⁰⁶¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 42; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 32.

¹⁰⁶² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, Opinion of Advocate General Villalón, para 23.

¹⁰⁶³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 26.

¹⁰⁶⁴ Case C-324/09 *L’Oreal v eBay* [2011] ECR I-06011, para 65; Case C-5/11 *Titus Alexander Jochen Donner* [2012] ECLI C 370, para 27; Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR -00000, para 39.

substantive law cannot automatically be transposed to the rules for determining jurisdiction¹⁰⁶⁵.

Therefore, it seems logical that the ECJ in *Pinckney*¹⁰⁶⁶, *Hejduk*¹⁰⁶⁷ and *Wintersteiger*¹⁰⁶⁸ has rejected the targeting approach as a basis of jurisdiction. Indeed, the conditions of targeting should apply independently from the rules of jurisdiction. This means that Article 7 (2) of the Brussels I Recast must be interpreted autonomously and strictly¹⁰⁶⁹.

Therefore, in cases of copyright infringement over the Internet, the jurisdiction of the court is based on the place where damage resulted from placing material protected by copyright on a website accessible in its territorial jurisdiction¹⁰⁷⁰. Similarly, in the case of trademark infringement over the Internet, the jurisdiction of the court is based on the place in which the trademark is registered, as this is the place where the damage occurred¹⁰⁷¹.

In my opinion, establishing jurisdiction at the place where the damage occurred rather than on the place where the website targeted the public of a particular Member State is correct because this rule provides more predictability for all the parties involved. This is especially important in such a complex issue as intellectual property rights infringement over the Internet.

Conclusion and recommendations

On the basis of this analysis (the ECJ's decisions in *Pinckney*¹⁰⁷², *Hejduk*¹⁰⁷³ and *Wintersteiger*¹⁰⁷⁴) we can conclude that the targeting/directing activities approach is not an appropriate jurisdictional basis for intellectual property rights infringement over the Internet.

¹⁰⁶⁵ Case C-170/12, *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 62.

¹⁰⁶⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹⁰⁶⁷ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹⁰⁶⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹⁰⁶⁹ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 16.

¹⁰⁷⁰ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 47; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 38.

¹⁰⁷¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 29.

¹⁰⁷² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹⁰⁷³ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

¹⁰⁷⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

Indeed, the targeting approach is the substance of the dispute rather than an issue of jurisdiction. In particular, in contrast to *Football Dataco Ltd.*¹⁰⁷⁵, where the substance of the dispute was analysed (targeting approach), the ECJ's decisions in *Pinckney*¹⁰⁷⁶, *Hejduk*¹⁰⁷⁷ and *Wintersteiger*¹⁰⁷⁸ are based on the analysis of jurisdiction under Article 7 (2) of the Brussels I Recast. In particular, Article 7 (2) of the Brussels I Recast does not require that the activity concerned be "directed to" the Member State in which the court seized is situated¹⁰⁷⁹.

In this regard, it is logical to agree that the targeting/directing activities approach may be relevant to the existence of substantive liability for the infringement of intellectual property rights, but not to jurisdiction over an action of intellectual property rights infringement over the Internet¹⁰⁸⁰.

In my opinion, the ECJ's decisions in *Pinckney*¹⁰⁸¹, *Hejduk*¹⁰⁸² and *Wintersteiger*¹⁰⁸³ have a historical value for establishing jurisdiction in the case of intellectual property rights infringement over the Internet.

Indeed, by dividing the substance of the dispute and the rules of jurisdiction, the ECJ responded to the difficulties associated with establishing jurisdiction in cases of intellectual property rights infringement over the Internet. In particular, the ECJ's decisions in *Pinckney*¹⁰⁸⁴, *Hejduk*¹⁰⁸⁵ and *Wintersteiger*¹⁰⁸⁶ are the first cases where the ECJ was called on to adjudicate jurisdiction by localising the place where the damage occurred in cases of intellectual property rights infringement over the Internet.

As a result, the ECJ has adapted the rules according to Article 7 (2) of the Brussels I Recast based on the place where the damage occurred by establishing special connection requirements with regard to intellectual property rights infringement over the Internet: accessibility of a website (in the case of copyright

¹⁰⁷⁵ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000.

¹⁰⁷⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000.

¹⁰⁷⁷ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

¹⁰⁷⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹⁰⁷⁹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, para 42; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 32.

¹⁰⁸⁰ Peter Stone, *EU Private International Law* (3rd Ed., Edward Elgar Publishing 2014) 105.

¹⁰⁸¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000.

¹⁰⁸² Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹⁰⁸³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹⁰⁸⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000.

¹⁰⁸⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹⁰⁸⁶ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

infringement over the Internet) and the place of registration (in the case of trademark infringement over the Internet).

In my opinion, such jurisdictional rules are directed to protect the interests of intellectual property rights owners as these rules are clearer and predictable than their previous version.

3.4 Recommendations and Conclusions

As our findings indicate, the current version of Article 7 (2) of the Brussels I Recast does not satisfy the requirement of a new virtual world. Therefore, Article 7 (2) of the Brussels I Recast should be adapted. However, in order to provide an efficient model for adjudicating intellectual property rights disputes over the Internet, it is important to take into account not only these findings here but also the recommendations of the following projects: Hague Draft of 2001¹⁰⁸⁷, CLIP Principles¹⁰⁸⁸ and ALI Principles¹⁰⁸⁹.

The essential aim of this paper is to analyse these projects in order to offer the best possible jurisdictional approach to cases of intellectual property rights infringement over the Internet.

First of all, it is important to note that Article 10 (1) of Hague Draft gives the injured party a choice between the forum of the place of the act and the forum of the place where its effects are felt¹⁰⁹⁰. The same duality of jurisdiction is confirmed also by the recent ECJ decisions on Article 7 (2) of the Brussels I Recast in cases of intellectual property rights infringement over the Internet, according to which the place where the harmful event occurred can be understood in two ways: as the place

¹⁰⁸⁷ Hague Conference on Private International Law, Preliminary Draft Convention on Jurisdiction and Foreign Judgments in civil and commercial matters adopted by the Special Commission on 30 October 1999 (amended version, 11 August 2000) <<http://www.hcch.net/upload/wop/jdgmpr11.pdf>> accessed 4 May 2014.

¹⁰⁸⁸ European Max Planck Group on Conflict of Laws in Intellectual Property, 'Principles on Conflict of Laws in Intellectual Property' (Final Text, 1 December 2011).

¹⁰⁸⁹ The American Law Institute, 'Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters' Notes) (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

¹⁰⁹⁰ In particular, according to Article 10 (1) of the Hague Draft: "A plaintiff may bring an action in tort or delict in the courts of the State— a) in which the act or omission that caused injury occurred, or b) in which the injury arose, unless the defendant establishes that the person claimed to be responsible could not reasonably have foreseen that the act or omission could result in an injury of the same nature in that State".

of the event giving rise to the damage that has occurred and as the place where the damage occurred¹⁰⁹¹.

This means that in spite of the fact that the intellectual property rights infringement over the Internet is cardinally different from intellectual property rights infringement in press media, the duality of jurisdiction also applies to this new method of communication. Once again my proposition that, from a legal perspective, “the Internet is an old wine in new bottles” is confirmed. In other words, private international law principles should apply to this new form of communication but should take into account the unique factual circumstances in which infringements of intellectual property rights may be committed.

Indeed, Article 2:203 (2) of the CLIP Principles establishes a special infringement jurisdictional rule with regard to intellectual property rights infringement over the Internet. In particular, according to Article 2:203 (2) of the CLIP Principles, in disputes concerned with infringements of an intellectual property right carried out through ubiquitous media such as the Internet, the court whose jurisdiction is based on the place where the infringement occurs or may occur shall also have jurisdiction in respect of infringements that occur or may occur within the territory of any other State, provided that the activities giving rise to the infringement have no substantial effect in the State, or any of the States, where the infringer is habitually resident.

A similar rule is contained in section 204 (1) of the ALI Principles: “A person may be sued in any State in which that person has substantially acted or taken substantial preparatory acts, to initiate or to further an alleged infringement”.

However, in spite of the similarities, the rules in Article 2:203 (2) of the CLIP Principles and section 204 (1) of the ALI Principles differ significantly: while in Article 2:203 (2) of the CLIP Principles the jurisdiction is established with regard to infringement claims, section 204 (1) of the ALI Principles concentrates on the infringement activity of a non-resident defendant. For example, a non-resident defendant who operates a website in a certain forum and who has placed infringing

¹⁰⁹¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*, [2015], not yet published.

material on that website, is amenable to suit in that forum for damages arising out of the worldwide communication of the infringement¹⁰⁹².

In this regard an interesting question arises: **does the jurisdiction of the court seized have extraterritorial effect in cases of intellectual property rights infringement over the Internet?** On the one hand, as noted by Kur, the territorial limitation does not apply to those cases falling within the scope of Article 2:203 (2) of the CLIP Proposals, which give a single court the competence to adjudicate all infringements actions¹⁰⁹³. Developing this approach, Metzger notes that in cases of intellectual property rights infringement over the Internet, the concentration of all claims in the State of the defendant's domicile seems inappropriate as that State has no interest in litigating the world-wide infringement¹⁰⁹⁴. This argument leads to the conclusion that in the case of infringements carried out through ubiquitous media such as the Internet, courts may be competent to adjudicate upon foreign and even global infringements¹⁰⁹⁵.

On the other hand, such unlimited jurisdiction is unpredictable for all the parties involved. Indeed, according to the objectives of the Brussels I Recast, rules of jurisdiction should be highly predictable and based on a close connection between the court and the action in order to facilitate the sound administration of justice¹⁰⁹⁶.

Such connection requirements are established in Article 2:203 (2) of the CLIP Principles according to which a competent court seized by an infringement claim can exercise jurisdiction with respect to an infringement so long as the infringements have no substantial effect in the defendant's country of habitual residence (if they do, only the court of the defendant's country of habitual residence can decide on infringements in foreign countries).

¹⁰⁹² The American Law Institute, 'Intellectual property Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters' Notes)' (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

¹⁰⁹³ Kur Annette, Ubertazzi Benedetta, 'The ALI Principles and the CLIP Project – a Comparison' in Stefania Bariatti (ed.) *Litigating Intellectual Property rights disputes cross-border: EU Regulations, ALI Principles, CLIP Project* (CEDAM 2010) 101.

¹⁰⁹⁴ Metzger, 'Jurisdiction in Cases Concerning Intellectual Property Infringement on the Internet, Brussels I Regulation, ALI-Principle and Max Planck Proposal', in Ohly and Leible (ed.), *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 251, 260.

¹⁰⁹⁵ Kur Annette, Ubertazzi Benedetta, 'The ALI Principles and the CLIP Project – a Comparison' in Stefania Bariatti (ed.) *Litigating Intellectual Property rights disputes cross-border: EU Regulations, ALI Principles, CLIP Project* (CEDAM 2010).

¹⁰⁹⁶ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351, preamble 15, 16.

Secondly, substantial activities in furtherance of the infringement in its entirety should have been carried out within the territory of the State in which the court is situated or the harm caused by the infringement in the State where the court is situated should be substantial in relation to the infringement in its entirety (Article 2:203 (2) of the CLIP Principles).

Therefore, even in cases of intellectual property rights infringement over the Internet, the CLIP Principles have established jurisdictional limits based on two different elements: “the substantiality of action” and “the substantiality of harm”. Similarly, the ECJ in *Pinckney* and *Hejduk* also contains limitations of jurisdiction. In particular, the court of the place where the damage occurred from the mere accessibility of a website has jurisdiction only over the damage occurring in its territory¹⁰⁹⁷.

This means that the limits imposed on private international law by objective territoriality are still well founded in cases of intellectual property rights infringement over the Internet¹⁰⁹⁸. However, in spite of the similarity of the approach towards limiting the jurisdiction of the court seized, Article 2:203 (2) of the CLIP Principles and the ECJ’s decisions in *Pinckney* and *Hejduk* have different connection requirements. In particular, the limitation of jurisdiction provided by the ECJ in *Pinckney* and *Hejduk* is limited to the damage occurring in a particular Member State, while the limitations of jurisdiction provided by Article 2:203 (2) of the CLIP Principles are more effects-oriented: “the substantiality of action” and “the substantiality of harm”.

In my opinion, the main reason for the difference in jurisdictional approaches taken by the ECJ in *Pinckney* and *Hejduk* and the CLIP Principles in Article 2:203 (2) is the different interpretation of the issue of intellectual property rights infringement over the Internet. In particular, the ECJ decisions in *Pinckney* and *Hejduk* are based on the fact that intellectual property rights infringement over the Internet are a tort. In this regard, the ECJ in *Pinckney* and *Hejduk* has adapted the *eDate*¹⁰⁹⁹ case to situations where copyrights are infringed over the Internet by confirming the duality of jurisdiction based on place of the event giving rise to the damage as well on the

¹⁰⁹⁷ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹⁰⁹⁸ G Dinwoodie, ‘Developing a Private International Intellectual Property Law: The Demise of Territoriality?’ (2009) 51 *William & Mary Law Review* 711.

¹⁰⁹⁹ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269.

place where the damage occurred. However, the Max Planck Group in Article 2:203 (2) of the CLIP Principles does not provide such a distinction because it suggests that the territorial structure of intellectual property rights does not allow for the establishment of jurisdiction in the State where the right is not protected¹¹⁰⁰. This means that in contrast to general tort law, in the case of intellectual property rights infringement it is not appropriate to distinguish between physical actions performed in one country and their effects in another country¹¹⁰¹. In this regard the European Max Planck Institute formulated a uniform conception of the act of “infringement” in Article 2:202 of the CLIP Principles: a person may be sued in the courts of the State where the alleged infringement occurs or may occur. Therefore, due to the territorial nature of intellectual property rights infringement over the Internet, the place of infringement is always coincident with the place of the results of the infringement.

However, as our findings indicate, such an approach was rejected by the ECJ in *Wintersteiger*, *Pinckney* and *Hejduk*; the ECJ has confirmed that the place where the act of intellectual property rights infringement occurred is not a jurisdictional basis for intellectual property rights infringements over the Internet. The main argument for rejecting this approach is based on the fact that the place where the act of infringement occurred is related to the substance of the dispute rather than to the issue of jurisdiction¹¹⁰².

Indeed, even in spite of the fact that jurisdiction based on the place where the act of infringement occurred has been confirmed by national practices¹¹⁰³, the ECJ in *Wintersteiger*, *Pinckney* and *Hejduk* drew a distinction between cases of offline intellectual property rights infringement, where the jurisdiction was based on the substantive law principles (under the law of the country where the intellectual property rights are protected), and cases of intellectual property rights infringement over the Internet, where such approach is wrong.

¹¹⁰⁰ International Law Association, ‘Report. Intellectual property and Private International Law’ (2012) <<http://www.ila-hq.org/en/committees/index.cfm/cid/1037>> accessed 11 January 2014.

¹¹⁰¹ Annette Kur, *Conflict of Laws in Intellectual Property. The CLIP Principles and Commentary* (Oxford University Press 2013) 69-70.

¹¹⁰² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*, [2015], not yet published.

¹¹⁰³ *Ideal Clima SpA and Others v SA Ideal Standard Gaz Pal* [1982] Somm, 378; *Molnlycke* case [1992] 1 WLR 1112; *Pearce v Ove Arup Partnership Ltd and Others* [1997] Ch 293, para 302; *GRE Manufacturas and Another v Agrisilos* [2006] IL Pr27; Case I ZR 163/02 [2005] NJW 1435, Bundesgerichtshof (Federal Supreme Court); Case 5 U 6923/99 Kammergericht (Appeal Court) Berlin, [2002] IL Pr 510; *Knorr-Bremse Systems for Commercial Vehicles Limited v Haldex Brake Products GmbH* [2008] EWHC 156.

This means that the identification of the place where the act of infringement occurred for the purposes of Article 7 (2) of the Brussels I Recast cannot depend on criteria which are specific to the examination of the substance of the dispute. Indeed, in cases of intellectual property rights infringement over the Internet, jurisdictional rules should be predictable and based on clear connection requirements between the event giving rise to the damage and the territory of a particular Member State of the court seized. Otherwise, jurisdictional rules would be very complex and would clash with the principle of foreseeability.

In my opinion, rejecting jurisdiction based on the place where the act of infringement occurred is also dictated by practicality. In Internet cases it is very difficult to localise the place where the act of infringement occurred since the act of infringement could, or perhaps should, be regarded as being multi-national¹¹⁰⁴. Moreover, the law of a particular country (in spite of more than twenty five years of harmonization¹¹⁰⁵) is still largely national law, which is technology neutral and does not take into account new forms of intellectual property rights infringement over the Internet¹¹⁰⁶. This means that the court should apply the existing law by identifying which rights are infringed in cases of intellectual property rights infringement over the Internet – which is a very difficult issue, as recent opinions of the Advocates General in *Wintersteiger* and *Pinckney* indicate¹¹⁰⁷.

However, in contrast to Article 2:203 of the CLIP Principles, which is technology specific and applicable to intellectual property rights infringements carried out through ubiquitous media such as the Internet, section 204 of the ALI Principles seeks to adapt traditional jurisdictional criteria to the digital environment. In particular, according to section 204 (2) of the ALI Principles, a person may be sued in any State in which that person's activities give rise to an infringement claim, if that person directed those activities towards that State. This means that in the situation where a non-resident defendant does not have regular contact with the 'forum State',

¹¹⁰⁴ Fawcett (n 112) 159.

¹¹⁰⁵ Council Directive (EC) 91/250 on the legal protection of computer programs [1991] OJ L 122; Council Directive (EC) 96/9 on the legal protection of databases [1996] OJ L 77; Council Directive (EC) 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167.

¹¹⁰⁶ For example, the UK Copyright, Designs and Patents Act 1988 do not regulate the file sharing activities (relating to the uploading or downloading of a piece of work in a file sharing network that infringes the copyright in that work).

¹¹⁰⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, [2012] WLR (D) 117, Opinion of Advocate General Villalón, paras 36-60; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, Opinion of AG Jääskinen, paras 52-56.

but has directed an infringement into the forum State from outside and causes harm, the scope of jurisdiction of the court seized is limited and reaches only injuries sustained in the forum State.¹¹⁰⁸ A similar escape clause is provided in Article 2:202 of the CLIP Principles which provides that when the activity of an alleged infringer cannot reasonably be seen as having been directed to that State, or when the alleged infringer has not acted in that State to initiate or further the infringement, then the jurisdiction of the court seized is limited.

Thus, as a matter of principle, the competence of the court that is based on infringement jurisdiction other than that of the court of the defendant's habitual residence is restricted to the territory of that particular Member State where the defendant "directs" its activity¹¹⁰⁹.

Therefore, we can conclude that the jurisdiction of the court seized is limited to local damage. For example, when the act of infringement occurs in England and France, the English court will only have jurisdiction according to Article 2:202 of the CLIP Principle in respect of infringements that occurred in England¹¹¹⁰. The Hague Draft seems to support the limited approach taken in section 204 (2) of the ALI Principles and Article 2:202 of the CLIP Principles. In particular, Article 10 (3) of the Hague Draft states that a defendant cannot be sued in the place of action "where the defendant has taken reasonable steps to avoid acting in or directing activity into that State".

However, as noted by Fawcett, effective enforcement means the right holder must be able to bring a single case for all the damage. Indeed, the right holder will never be able to enforce its rights effectively if it has to sue in every single country for what might be a relatively small amount of local damage in most countries¹¹¹¹. Indeed, in the case of intellectual property rights infringement over the Internet, jurisdiction is not only an academic issue, but also a topic of active debates by the ECJ.

In particular, the status of the targeting/directing activities approach as a possible jurisdictional basis in cases of intellectual property rights infringement over

¹¹⁰⁸ The American Law Institute, 'Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters' Notes)' (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

¹¹⁰⁹ Annette Kur, 'The CLIP Principles – Summary of the project' <<http://www.win-cls.sakura.ne.jp/pdf/29/22.pdf>> accessed 11 January 2014.

¹¹¹⁰ Fawcett (n 112) 648.

¹¹¹¹ Fawcett (n 112) 649.

the Internet was active analysed by the ECJ in *Pinckney*¹¹¹², *Hejduk*¹¹¹³ and *Wintersteiger*¹¹¹⁴. According to the ECJ's argument, the targeting/directing activities approach goes to the substance of a dispute rather than to the issue of jurisdiction. In this regard, the targeting/directing activities approach is not an appropriate jurisdictional basis for cases of intellectual property rights infringement over the Internet.

Indeed, while the CLIP Principles considered the directing activities approach as a substantive element of the tort, the ECJ in *Pinckney*¹¹¹⁵, *Hejduk*¹¹¹⁶ and *Wintersteiger*¹¹¹⁷ made clear that jurisdiction cannot be established on the basis of the substance of the dispute because Article 7 (2) of the Brussels I Recast does not require that the activity concerned be "directed to" the Member State in which the court seized is situated¹¹¹⁸.

This means that the targeting/directing activities approach may be relevant to the existence of substantive liability for the infringement of intellectual property rights, but not for jurisdiction to entertain an action for intellectual property rights infringement over the Internet¹¹¹⁹. Indeed, the jurisdictional rules should be based on a special connection requirement between the place of the event giving rise to the damage, or the place where the damage occurred, on the one side and the territory of the court seized on the other.

The possibility to sue before the court of one Member State (where the claimant's centre is based) for all the damage caused was also rejected by the ECJ in *Wintersteiger* and *Pinckney*. The court's main argument for rejecting jurisdiction under the claimant's centre of interest was based on a distinction between an infringement of a personality right by means of the Internet and cases of intellectual property rights infringement over the Internet.

Indeed, as noted by the ECJ in *Wintersteiger* and *Pinckney*, in contrast to personality rights, which are protected in all the Member States, intellectual property

¹¹¹² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹¹¹³ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹¹⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹¹¹⁵ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹¹¹⁶ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹¹⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹¹¹⁸ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, para 42; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 32.

¹¹¹⁹ Peter Stone, *EU Private International Law* (3rd Ed., Edward Elgar Publishing 2014) 105.

rights are subject to the principle of territoriality¹¹²⁰. This means that an intellectual property rights owner needs to apply to the court of each Member State where damage has occurred. However, this leads to fragmented litigation under Article 7 (2) of the Brussels I Recast.

In my opinion, referring to the principle of territoriality to reject jurisdiction based on the claimant's centre of interest, as the ECJ did in *Wintersteiger* and *Pinckney*, is wrong. Indeed, the territoriality of intellectual property rights is an issue of the substance of a dispute, namely whether and where the proprietor can rely on the protection of those rights.

In my opinion, it would be more logical to reject jurisdiction based on the centre of interest approach in cases of intellectual property rights infringement over the Internet by referring to the nature of the rights infringed, rather than to the principle of territoriality. Indeed, in contrast to personality rights infringement over the Internet, the criterion of the objective accessibility of information protected by intellectual property law is not required for intellectual property rights infringement over the Internet. For example, trademarks may be infringed by way of use, by an advertiser, of a keyword identical to that trademark on a search engine website operating under a country-specific top-level domain of another Member State¹¹²¹. Copyright may be infringed by way of accessing the material protected by copyright¹¹²². Therefore, the domicile of the author and the place where he pursues his professional activity are irrelevant for the purposes of establishing jurisdiction under the claimant's centre of interest approach because it is not possible to establish connection requirements between the claimant's centre of interest and the damage that has occurred.

Therefore, we can conclude that academic projects differ significantly from the approach taken by the ECJ in its recent decisions in *Pinckney*¹¹²³, *Hejduk*¹¹²⁴ and *Wintersteiger*¹¹²⁵. In particular, the ECJ has rejected jurisdiction based on the place

¹¹²⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 25; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 38.

¹¹²¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 29.

¹¹²² Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹²³ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹¹²⁴ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

¹¹²⁵ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

where the act of infringement occurred, on the targeting/directing activities approach and on the centre of claimant's interest. The main argument for rejecting jurisdiction based on the place where the act of infringement occurred and according to the targeting/directing activities approach is that these issues are related to the substance of the dispute rather than the issue of jurisdiction.

Thus, the ECJ makes clear that cases of intellectual property rights infringed over the Internet differ significantly from other torts committed over the Internet. Indeed, such cases involve additional difficulties associated with delocalised damage and with identifying what is the act of intellectual property rights infringement over the Internet. This means that cases of intellectual property rights infringement over the Internet require special jurisdictional rules that will be based on clear connection requirements "between ... virtual behaviour and a territoriality"¹¹²⁶.

In my opinion, such an approach has a historical value, as the ECJ distinguishes cases of intellectual property rights infringement over the Internet from infringement in press media, and even from defamation over the Internet, by establishing jurisdictional rules dependant on the nature of the rights infringed. In particular, different jurisdictional rules are apply to cases of copyright¹¹²⁷ and trademark infringement over the Internet¹¹²⁸.

As our finding indicates, the ECJ has confirmed the following bases of jurisdiction for cases of intellectual property rights infringement over the Internet:

- The place of the event giving rise to the damage: where the publisher is established;
- The place where the damage occurred: where the content is placed online or has been accessible.

This means that the duality of jurisdiction established in Article 7(2) of the Brussels I Recast is applicable also to cases of intellectual property rights infringement over the Internet. However, such jurisdiction is based on special connection requirements specific to such cases: the place of establishment of the publisher and the accessibility of a website.

In this regard Article 7 (2) (1) of the Brussels I Recast may be read as follows:

¹¹²⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen.

¹¹²⁷ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹²⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

“1. A person domiciled in a Member State may be sued in another Member State in disputes concerned with infringement carried out through ubiquitous media such as the Internet in the court for the place of the event giving rise to the damage or the place where the damage occurred”.

Indeed, the place of establishment is relevant to jurisdiction under Article 7(2) of the Brussels I Recast in cases of intellectual property rights infringement over the Internet since this jurisdiction may establish the link between the place of the event giving rise to the damage and the territory of a particular Member State where the tortfeasor is established. Indeed, as noted by Fawcett, the Internet is not outer space; there is a territorial connection with various States¹¹²⁹.

However, in my opinion, the modification of this approach is required. Indeed, as noted by the ECJ in *Wintersteiger*¹¹³⁰, the ‘event’ giving rise to damage in cases of trademark infringement over the Internet is the place of establishment of the advertiser, but not the place of establishment of the ISP. Similarly, the event giving rise to damage in cases of copyright infringement over the Internet is the place of establishment of the owner of a website¹¹³¹.

This means that in the case of intellectual property rights infringement over the Internet, the place of the event giving rise to the damage should be determined by the place where the advertiser or the owner of a website is established rather than where the ISP is established¹¹³².

Indeed, the main role of ISPs is the dissemination of information. In my opinion, ISPs may be sued only as joint infringers, when they are involved in editing and controlling information posted on the Internet. For example, as *Football Dataco Ltd v Sportradar GmbH*¹¹³³ and *EMI Records Ltd v British Sky Broadcasting Ltd*¹¹³⁴ demonstrate, ISPs may be jointly liable for infringements committed by Internet users. However, in such situations, the intellectual property rights owner should provide the necessary evidence that the ISP had “actual knowledge” of another person

¹¹²⁹ Fawcett (n 113) 236.

¹¹³⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹¹³¹ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 24.

¹¹³² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹³³ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, para 13.

¹¹³⁴ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch), para 46.

using their service to infringe others' intellectual property rights¹¹³⁵. In other words, the intellectual property rights owner is responsible for providing evidence that ISPs are publishers. In my opinion, it is very difficult to imagine a situation when an ISP like Google is involved in managing a big amount of information posted on the Internet. Indeed, such an approach would not only be a serious step backwards for online development, but would also be totally unworkable in practice¹¹³⁶. On this basis we can conclude that ISPs may be sued together with the main infringer (advertiser/owner of a website) but not alone.

Therefore, it seems inconsequential to establish jurisdiction on the basis of where the joint infringer (ISP) is established. In my opinion, jurisdiction should be based on where the advertiser or website owner (main infringer) is established.

Indeed, as a jurisdictional basis the place of establishment of the advertiser or owner of a website has an additional advantage for the intellectual property rights owner since it allows him to bring an action in the court of the Member State in which the advertiser or website owner is established in respect of all the damage caused; this follows from *eDate*¹¹³⁷. This is also confirmed by the 16th recital of the Brussels I Recast, "in addition to the defendant's domicile, there should be alternative grounds of jurisdiction based on a close link between the court and the action or in order to facilitate the sound administration of justice"¹¹³⁸.

Moreover, the reference to the place where the advertiser or the owner of a website is established, rather than to the place where the ISP is established, is consistent with the role of ISPs in disseminating information (as confirmed by the ECJ in *Sabam*¹¹³⁹ and *Scarlet*¹¹⁴⁰). In my opinion, jurisdiction cannot be based on the place of establishment of the facilitator of information. Indeed, the role of ISPs with respect to the dissemination of information and knowledge is like that of a telephone operator – they are merely the conduit for the provision of information and, as such,

¹¹³⁵ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch).

¹¹³⁶ Ashley Hurst, 'ISPs and defamation law: hold fire, Robert Jay' *The Guardian* (London, 25 January 2013) <<http://www.theguardian.com/law/2013/jan/25/defamation-law-robert-jay>> accessed 3 March 2015.

¹¹³⁷ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X* (C-509/09) and *Olivier Martinez and Robert Martinez v Société MGN Limited* (C-161/10) [2011] ECR I-10269, para 42.

¹¹³⁸ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351.

¹¹³⁹ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

¹¹⁴⁰ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

should have no liability for content¹¹⁴¹. In my opinion, at the present stage of the Internet's development, it is important to create the conditions for free dissemination of information and knowledge over the Internet. This means that ISPs should not be held liable for content posted on websites, as this would lead to increased monitoring of websites and increased restrictions on the free operation of the Internet.

In my opinion, establishing jurisdiction based on the place where the advertiser or website owner is established would provide an appropriate balance of interests for all the parties involved. On the one hand, intellectual property rights owners will be able to sue in a court in the place where the advertiser or website owner is established, which may constitute a significant connecting factor from the point of view of evidence and the conduct of proceedings¹¹⁴². This is also true in the light of *Folien Fischer and Fofitec*, according to which only the court before which an action may properly be brought is the court within whose jurisdiction the relevant connecting factor is to be found¹¹⁴³.

On the other hand, advertisers and website owners will be more responsible for content placed online on a website if they will be liable as publishers in case of infringement. Moreover, such an approach confirms the role of ISPs as facilitators of information (in the absence of “actual knowledge” about the infringement).

Therefore, Article 7 (2) (1) of the Brussels I Recast may be read as follows: **“A person who considered that his intellectual property rights had been infringed through ubiquitous media such as the Internet could bring an action in respect of all the damage caused in the court of the Member State in which the advertiser or website owner is established”**.

Moreover, the mere accessibility of a website is also an appropriate basis of jurisdiction under Article 7(2) of the Brussels I Recast for cases of intellectual property rights infringement over the Internet¹¹⁴⁴.

Indeed, in contrast to the targeting/directing activities approach or the place of intellectual property rights infringement (which have been rejected as bases of jurisdiction), the ECJ in *Pinckney* and *Hejduk* has confirmed the precedential value of

¹¹⁴¹ Dennis Campbell and Susan Woodley, *E-commerce: Law and Jurisdiction* (Kluwer Law International 2003) 96.

¹¹⁴² Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 32.

¹¹⁴³ Case C-133/11 *Folien Fischer and Fofitec* [2012] ECR.

¹¹⁴⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

accessibility criteria as a jurisdictional basis in cases of copyright infringement over the Internet.

In my opinion, the acceptance by the ECJ of the accessibility of a website approach is dictated by the necessity to protect the interests of intellectual property rights owners against increasing numbers of cases of intellectual property rights infringement over the Internet. Indeed, due to the absence of jurisdictional rules of cases of copyright infringement over the Internet on the one hand and of harmonised substantive intellectual property law rules on the other, the ECJ extended the application of the substantive law at a jurisdictional level.

This means that jurisdiction based on the mere accessibility of a website does not depend on the requirement of targeting the Member State of the court seized. Indeed, the occurrence of damage arises from the accessibility of a website within the jurisdiction of the court seized. Therefore, the court of the place where the damage occurred only has jurisdiction in respect of damage occurring in its territory¹¹⁴⁵. However, this leads to the multiplication of suits.

In my opinion, by analogy with jurisdiction based on the place of the event giving rise to damage (i.e. where the advertiser or website owner is established), jurisdiction based on the approach of websites' accessibility should be modified by allowing the court to adjudicate jurisdiction by having regard to the damage occurring in other Member States under Article 7 (2) of the Brussels I Recast. Indeed, in spite of the fact that global jurisdiction was rejected in *Pinckney* and *Hejduk*, a practical backdoor remains open to extend damage claims¹¹⁴⁶.

Indeed, as stated in *Wintersteiger*¹¹⁴⁷, intellectual property rights protection “in principle” is territorially limited and cannot “in general” be relied on outside the territory of the granting state. The principle of territoriality has been confirmed by the ECJ in *Pinckney*¹¹⁴⁸ with regard to copyright infringement over the Internet. This means that the main barrier for extending jurisdiction under Article 7 (2) of the Brussels I Recast is the principle of the territoriality of intellectual property rights. However, the criteria for assessing whether the event in question is harmful for the

¹¹⁴⁵ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 22; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 39.

¹¹⁴⁶ Pekka Savola, The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions (2014) IIC 45(3), 287-315.

¹¹⁴⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 24-25.

¹¹⁴⁸ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, paras 32, 35-37.

purposes of Article 7 (2) “... are determined by the substantive law of the court seised”¹¹⁴⁹.

This means that the territoriality of intellectual property rights as a principle of substantive law is irrelevant to the application of Article 7 (2) of the Brussels I Recast. In my opinion, while the accessibility of a website is applicable at jurisdictional level, the similar approach to the principle of the territoriality of intellectual property rights would be inappropriate. Indeed, the Brussels regime “did not intend to link the rules of jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred”¹¹⁵⁰. This means that jurisdictional rules should be established on clear connection requirements rather than on the substance of the dispute (the protection of intellectual property rights in a particular territory). Indeed, even in the light of the rejection by the ECJ of the targeting/directing activities approach (as relating to the substance of the dispute) it would be reasonable to propose that the same approach is applicable also to the principle of the territoriality of intellectual property rights.

Indeed, the territorial structure of intellectual property is a legal construct rather than something following from the nature of intellectual property rights as such¹¹⁵¹.

This means that actions occurring in places where no intellectual property right exists might constitute an infringement in foreign countries as a result of the extraterritorial application of the latter’s intellectual property laws¹¹⁵². Therefore, the jurisdictional problem may be resolved by deciding the issue of the territoriality of intellectual property rights.

In my opinion, extending jurisdiction under Article 7 (2) of the Brussels I Recast to include all damage caused is also dictated by the argument that the effectiveness of intellectual property rights protection and sound administration of justice requires the ability to make all claims in one court. In particular, as noted by Fawcett, effective enforcement means that the rights holder must be able to bring a

¹¹⁴⁹ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 41.

¹¹⁵⁰ Case C-364/93 *Antonio Marinari v Lloyd’s Bank plc and Zubaidi Co.*, [1995] ECR I-2719. I-2739, para 18.

¹¹⁵¹ Annette Kur, *Conflict of Laws in Intellectual Property. The CLIP Principles and Commentary. European Max Planck Group on conflict of laws in intellectual property* (Oxford University Press 2013) 70.

¹¹⁵² Heinze, C., ‘The CLIP Principles on Jurisdiction’, in Basedow, J., Kono, T. and Metzger, A. (eds.), *Intellectual Property in the Global Arena. Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010).

single case for all damage¹¹⁵³. Such an approach is also supported by Article 41.2 of the TRIPS Agreement which states that “procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays”¹¹⁵⁴.

Moreover, the accessibility criteria should also be modified. In my opinion, the occurrence of damage based on the *mere* accessibility of a website is not a very sensitive connection requirement, and a clearer link between the damage in a particular Member State and the activity of a defendant is required.

There are a number of proposals for the further development of jurisdiction based on the accessibility of a website approach in cases of copyright infringement over the Internet. For example, according to Advocate General Jääskinen’s suggestion in *Coty*, the occurrence of damage in the Member State of the Court seized depends on a defendant’s “act within the jurisdiction of the court seized”¹¹⁵⁵. Similarly, the CLIP Principles provides an “escape clause” by allowing the defendant to escape the court’s jurisdiction if “the alleged infringer has not acted in that State to initiate or further the infringement and his/her activity cannot reasonably be seen as having been directed to that State”¹¹⁵⁶. However, in my opinion, such ‘active’ acts of the defendant may be compared with the targeting or directing activities approach, which was rejected in *Hejduk* as relating to the substance of the dispute.

In my opinion, the best solution to develop the accessibility of a website approach as a basis of jurisdiction is to determine jurisdiction based on how interactive a website is, taking into account the guilty mind of the defendant. Indeed, such an approach is not only an expression of the technological aspects of posting information on the Internet (which depends on the level of interactivity of information on the website) but also takes into account the guilty mind of the defendant who “knowingly” engages in illegal conduct.

The legal evidence of such an approach may be found in American case law.

¹¹⁵³ Fawcett (n 112) 649.

¹¹⁵⁴ WTO, Agreement on Trade-Related Aspects of Intellectual Property Rights <https://www.wto.org/ENGLISH/res_e/booksp_e/analytic_index_e/trips_03_e.htm> accessed 11 June 2014.

¹¹⁵⁵ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 71 (2).

¹¹⁵⁶ European Max Planck Group on Conflict of Laws in Intellectual Property, ‘Principles on Conflict of Laws in Intellectual Property’ (Final Text, 1 December 2011), Art 2:202.

On the one hand, the interactivity of a website is adopted by the United States as a basis for jurisdiction – and is specified in the *Zippo* case¹¹⁵⁷. In particular, as American practice indicates, active websites¹¹⁵⁸ and interactive websites¹¹⁵⁹ provide a basis for personal jurisdiction. However, the court is not able to adjudicate jurisdiction where the information is simply posted on the website and thus made accessible to everyone, for such information is passive¹¹⁶⁰. Indeed, passive websites may be accessed by Internet browsers, but do not allow interaction between the host of the website and a visitor to the site. In this regard, as noted by Rosenblatt, the more interactive a site is (i.e. the more exchange of information is possible between the site and the user), the more likely a court is to find that ‘contact’ exists between the site owner and the distant user¹¹⁶¹. In my opinion, jurisdictional rules based on the level of interactivity of a website are a more predictable basis of jurisdiction than the simple fact of a website’s accessibility.

On the other hand, the guilty mind of the defendant should also be taken into account. Indeed, as recent American cases demonstrate, the courts require additional factors to the interactivity of the defendant¹¹⁶². However, in my opinion, in contrast to the directing or targeting approach, taken by the CLIP Principles as an expression of the intention of the defendant to connect to the forum, I would rather support the notion of “wrongful conduct”, accepted in *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme*¹¹⁶³, as the condition to receiving jurisdiction based on the accessibility of a website approach.

In my opinion, defendants need to be aware that content posted over the Internet may infringe the copyright owner’s interests (defendant’s “actual knowledge” about the infringement). For example, if this approach were applicable in *Pinckney*, the website owner would not be liable for the content posted on his website.

¹¹⁵⁷ *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.* [1997] 952 F. Supp. 1119 (W. D. Pa), para 1124.

¹¹⁵⁸ *CompuServe, Inc. v. Patterson* [1996] 89 F. 3d. 1267 (6th Cir.).

¹¹⁵⁹ *Maritz Inc. v. Cybergold Inc* [1996] 947 F Supp 1328 (ED Mo).

¹¹⁶⁰ *McDonough v. Fallon McElligott, Inc.* [1996] U.S. Dist. Lexis 15139 (S.D. Cal.); *Bensusan Restaurant Corp. v. King* [1997] 126 F.3d 25 (2d Cir).

¹¹⁶¹ Betsy Rosenblatt, ‘Principles of Jurisdiction’ <<http://cyber.law.harvard.edu/property99/domain/Betsy.html>> accessed 15 March 2015.

¹¹⁶² *Revell v Lidov* [2002] 317 F.3d 467, 473 (5th Cir.); *Pavlovich v Superior Court* [2002] 58 P.3d 2 (Cal.); *Young v New Haven Advocate* [2002] 315 F.3d 256, 264 (4th Cir.); *Best Van Lines, Inc. v Walker* [2004] WL 964009 (S.D.N.Y.).

¹¹⁶³ *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme* [2006] 433 F.3d 1199, 1209 (9 th Cir).

Therefore, jurisdiction based on the accessibility of a website should be modified in two ways: both the level of interactivity of a website and the guilty mind of the defendant should be taken into account.

In this respect, some may suggest that the protection of intellectual property rights owners' interests should be the priority of the courts of every Member State. However, in my opinion, the most important task for the court is to balance the interests of all the parties involved. Only on the basis of foreseeability and the sound administration of justice will such balance be guaranteed.

Therefore, taking into account the recent ECJ decisions in *Pinckney* and *Hejduk* and our arguments, Article 7 (2) (1) of the Brussels I Recast may be read as follows: **“In disputes concerned with intellectual property rights infringement carried out through ubiquitous media such as the Internet, the court whose jurisdiction arises from the accessibility of a website in the territory of the court seized, shall also have jurisdiction in respect to damage occurring in another Member State arising from the accessibility of a website in the territory of this other Member State, provided that:**

- 1) the website where the content placed online is accessible and interactive and**
- 2) the defendant actually knew or could reasonably have foreseen that their act would lead to intellectual property rights infringement.**

The court first seized has the priority for resolving the entire dispute for all of the damage caused according to the rules of the *lis pendens*.”

Moreover, *Pinckney* raised an interesting question with regard to the possibility of suing co-defendants on the basis of the mere accessibility of their websites. However, the facts of the case did not demonstrate clear connection requirements. In my opinion, it would be reasonable to allow claimants to sue all co-defendants in the court of one Member State under Articles 7 (2) and 8 (1) of the Brussels I Recast. At the same time, I do not think that this will be possible on the basis of the *mere* accessibility of a website because “it is not the most sensible criterion”¹¹⁶⁴. In this regard I would rather support the UK government's approach to suing co-defendants whereby jurisdiction is conditional on a defendant's knowledge: “when the defendant

¹¹⁶⁴ Martin, Husovec, ‘Case Comment. European Union: comment on *Pinckney*’ (2014) IIC 45(3), 370-374.

sold the products to the third party concerned in one Member State, it actually knew or could have reasonably foreseen that the sale would result directly in the alleged unlawful act committed by that third party in another Member State¹¹⁶⁵.

In my opinion, the future reform of Article 8 (1) of the Brussels I Recast with regard to suing co-defendants in the case of copyright infringement over the Internet may be based on the additional criterion of the defendant's knowledge.

Therefore, taking into account the decision of the ECJ in *Pinckney* and our argument on an additional condition of a defendant's knowledge, Article 8 (1) (1) of the Brussels I Recast should be read as follows: **“A person domiciled in a Member State may also be sued in another Member State where he is one of a number of defendants in disputes concerned with infringement carried out through ubiquitous media such as the Internet in the court whose jurisdiction is based on Article 7 (2) (1) of the Brussels I Recast provided that:**

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

- **the defendant actually knew or could reasonably have foreseen that the act committed by third party would result in intellectual property rights infringement in another Member State.”**

Indeed, where the rules of general jurisdiction under Articles 4 and 8 (1) of the Brussels I Recast are difficult to apply (due to the difficulties associated with privacy and data protection as discussed in Chapter 2), Articles 7 (2) (1) and 8 (1) (1) of the Brussels I Recast should provide an alternative jurisdictional basis to sue co-defendants in cases of intellectual property rights infringements committed over the Internet. However, this issue should be further developed by the ECJ. Indeed, this work does not discuss this approach in detail because of the absence of regulation in this sphere: the current version of the Brussels I Recast does not provide the possibility to sue co-defendants at the place of the commission of the tort and the ECJ's decision in *Pinckney* is the first case where such a question was live.

On the basis of this analysis we can conclude that jurisdiction based on the accessibility of a website and on the place where the advertiser or website owner is

¹¹⁶⁵ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 60.

established are an appropriate jurisdictional basis for cases of intellectual property rights infringement over the Internet – appropriate from the view of foreseeability and the sound administration of justice.

Chapter 4.

Article 24 (4) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet

4.1 Article 24 (4) of the Brussels I Recast: Introduction

In addition to general (Article 4 of the Brussels I Recast) and special jurisdiction rules (Article 7 (2) of the Brussels I Recast) Article 24 (4) of the Brussels I Recast provides for exclusive jurisdiction of national courts.

According to Article 24 (4) of the Brussels I Recast, in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered ... the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of an instrument of the Union or an international convention deemed to have taken place have exclusive jurisdiction. The mandatory character of this exclusive jurisdictional rule is underscored by the circumstance that Article 27 of the Brussels I Recast, which provides that if a court is confronted with a claim that is principally concerned with a matter over which the court of another Member State have exclusive jurisdiction by virtue of Article 24 (4) of the Brussels I Recast, it shall of its own motion declare that it has no jurisdiction.

This means that if the court's jurisdiction is based on Article 24 (4) of the Brussels I Recast, the courts of the Member States with infringement jurisdiction under Articles 4 or 7 (2) of the Brussels I Recast lose this jurisdiction when the issue of validity is raised. The rationale behind the exclusive jurisdiction is justified by the fact that the courts of the Member State in which the deposit or registration has been applied for are best placed to adjudicate upon cases in which the dispute itself concerns the validity or registration of the intellectual property rights.¹¹⁶⁶ This means that exclusive jurisdiction granted under Article 24 (4) of the Brussels I Recast is available only in relation to industrial property rights, which are subject to registration such as patent, trademark and designs, where some formalities are required. However, this also means that Article 24 (4) of the Brussels I Recast does not apply to copyright and related rights, since copyright is protected without any formalities, as stated in Article 5 (2) of the Berne Convention, and its existence is not subject to a procedure of registration.¹¹⁶⁷

However, exclusive jurisdictional rule has a restrictive character, as it is only applicable with regard to pure validity or registration issues. In particular, as noted by the ECJ in the *Duijnste* case,¹¹⁶⁸ if the dispute does not concern the validity of the patent or the existence of the deposit or registration, there is no special reason to confer exclusive jurisdiction on the courts of the contracting state in which the patent was applied for or granted.

In this regard, it is important to note that compared with tort or general jurisdiction, exclusive jurisdiction is more controversial in nature. In the case of intellectual property rights infringement over the Internet, the applications of these jurisdictional bases are different. Exclusive jurisdiction refers to the ability of states to provide judicial remedies for the validity or registration of intellectual property rights issues without requiring a link between the subject matter of the dispute or the parties on the one hand and the forum on the other. Indeed, it is objectively pursued that the exclusive jurisdiction in proceedings concerned with the registration or validity of patents conferred upon the courts of the Contracting State in which the deposit or registration has been applied for or made is justified by the fact that those

¹¹⁶⁶ Case 288/82 *Ferdinand Duijnste v Lodewijk Goderbauer* [1983] ECR 3663, para 22.

¹¹⁶⁷ Miguel Asensio, 'Cross-border Adjudication of Intellectual Property Rights and Competition between Jurisdictions' (2007) 41 AIDA 117.

¹¹⁶⁸ Case 288/82 *Ferdinand Duijnste v Lodewijk Goderbauer* [1983] ECR 3663.

courts are best placed to adjudicate upon cases in which the dispute itself concerns the validity of the patent or the existence of the deposit or registration.¹¹⁶⁹

At the same time, tort jurisdiction should be based on a close connection between the court and the action in order to facilitate the sound administration of justice.¹¹⁷⁰ Similarly, the general jurisdiction should be based on different connecting factors between the subject-matter and the parties of the dispute.¹¹⁷¹ This means that the evidence of clear connection requirements should be established between the subject matter of the dispute or the parties on the one hand and the forum on the other.

Therefore, the most important aspect in our discussion is the interaction of exclusive jurisdiction with general and tort jurisdictions with particular emphasis on the validity issue arising in the context of an action for infringement of intellectual property rights on the Internet.

4.2 Application of Article 24 (4) of the Brussels I Recast to intellectual property rights infringement on the Internet

The applicability of the rule of exclusive jurisdiction in the case of intellectual property rights infringement over the Internet is a question that is worthy of discussion.

Indeed, as noted in the previous paragraph, the jurisdictional rules under the Brussels I Recast clearly distinguish the issues of infringement and validity and there are separate rules for each issue. Thus, the position is very straightforward when there is an action in relation to pure validity or pure infringement issues.

However, the position is more problematic when a validity issue arises in the context of intellectual property rights infringement on the Internet. Indeed, as discussed in the previous chapters of this thesis (Chapters 2-3), it is very difficult to establish general or tort jurisdiction in the case of intellectual property rights infringement on the Internet. In particular, the establishment of general jurisdiction is

¹¹⁶⁹ Ibid, para 22.

¹¹⁷⁰ Brussels I Recast, preamble 16.

¹¹⁷¹ Brussels I Recast, preamble 15.

difficult due to the issues of privacy and data protection with regard to Internet users.¹¹⁷² Moreover, the ECJ has just begun the process of establishing special jurisdictional rules in the case of intellectual property rights infringement on the Internet. Indeed, the jurisdiction rules based on the accessibility of a website and on the place of establishment of the advertiser or the owner of a website were established only a few years ago¹¹⁷³ and many questions in this regard still remain unanswered.¹¹⁷⁴

Thus, even in the situation where the jurisdiction in the case of intellectual property rights infringement over the Internet is established according to Articles 4, 7 (2) and 8 (1) of the Brussels I Recast, Article 24 (4) of the Brussels I Recast may put a stop to this practice. Indeed, the question of the validity of intellectual property rights arises in almost all proceedings with regard to infringement of registered intellectual property rights.¹¹⁷⁵ This means that the right holder “will not be able to bring his case in an effective way in any jurisdiction, and the right will become unenforceable”.¹¹⁷⁶ Therefore, Article 24 (4) of the Brussels I Recast not only limits jurisdiction under Articles 4, 7 (2) and 8 (1) of the Brussels I Recast; it also violates a fundamental human right of access to courts.

For example, in the case of intellectual property rights infringement over the Internet, the defendant may invoke an argument of invalidity of registered rights as a claim or a defence under Article 24 (4) of the Brussels I Recast. Indeed, as noted by Fawcett, in the Internet environment Article 24 (4) of the Brussels I Recast may be used in bad faith when the invalidity defence is raised without any chance of success.¹¹⁷⁷

As a way of protecting against such practice, there is an approach, which is that the rule of exclusive jurisdiction is not applicable in the case of intellectual property

¹¹⁷² Please see Chapter 2. “Article 4 of the Brussels I Recast and its applicability in the case of intellectual property rights infringement on the Internet”.

¹¹⁷³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹¹⁷⁴ Please see Chapter 3. “Article 7 (2) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet”.

¹¹⁷⁵ Toshiyuki Kono, *Intellectual Property and Private International Law: Comparative Perspectives* (Hart Publishing 2012) 39.

¹¹⁷⁶ Benedetta Uberty, ‘Exclusive Jurisdiction in Intellectual Property’ (2013) IIC 44 (1), 134-136.

¹¹⁷⁷ Fawcett (n 112) 350.

right infringement over the Internet.¹¹⁷⁸ In particular, as noted by Slováková, only general or special jurisdiction is applicable in cases involving intellectual property rights infringement over the Internet.¹¹⁷⁹ However, Slováková does not provide an answer regarding whether the court with infringement jurisdiction also has jurisdiction in relation to the validity issue.

The WIPO has clarified the application of the rules of exclusive jurisdiction in the Internet environment by stating that the rules of exclusive jurisdiction are also applicable “to intellectual property disputes over the Internet”.¹¹⁸⁰ Therefore, the most important question in this regard is the extension of the rules of exclusive or infringement jurisdiction in the case of intellectual property rights infringement over the Internet. This is especially important in the case of intellectual property rights infringement over the Internet as all of the claimants are interested in suing before one court. Indeed, the high costs of country by country litigation have often been described as an Achilles heel, whereas proceedings before one court could be one of the most promising measures for creating an efficient cross-border IP litigation system.¹¹⁸¹

The nature of this jurisdictional problem can be illustrated by the following example of patent infringement over the Internet. For example, a patent infringement claim is brought in Sweden. Jurisdiction for this claim is based on Article 4 of the Brussels I Recast as the defendant is domiciled in Sweden. However, by way of defence the defendant has raised the issue of validity of the patent in the UK, where it is registered. In this regard the following question arises: **Which court has jurisdiction? In particular, should the courts of the country of registration (UK) also have exclusive jurisdiction over infringement issues? Can the court with infringement jurisdiction (Sweden) also try the issue of validity?**

In order to answer the above-mentioned questions it is important to analyse national practice (UK, Germany, France, and Sweden) and the ECJ point of view.

¹¹⁷⁸ Zuzana Slováková, ‘International Private Law Issues regarding Trademark Protection and the Internet within the EU’ (2008) *Journal of International Commercial Law and Technology* Vol. 3, Issue 1, 77.

¹¹⁷⁹ *Ibid*, 77-78.

¹¹⁸⁰ WIPO, ‘Intellectual Property on the Internet; A Survey of Issues’ (2002) <www.wipo.int/edocs/pubdocs/en/intproperty/856/wipo_pub_856.pdf> accessed 9 July 2014.

¹¹⁸¹ Kur A, ‘A Farewell to Cross-Border Injunctions? The ECJ Decisions *GAT v Luk* and *Roche Nederland v Primus Goldenberg*’ (2006) 7 *IIC*, 854, 855.

4.2.1 National practice

Indeed, the interpretation and practical application of the issue of invalidity arising in the context of an infringement claim has not been straightforward. Prior to the decision of the ECJ in *GAT v LuK*, different national courts have taken different approaches with respect to the issues of infringement and validity.¹¹⁸²

For example, as UK practice indicates, the issue of invalidity arising in the context of an infringement claim is a very contradictory issue. On the one hand, as noticed by Fawcett, if the court with infringement jurisdiction has a basis of jurisdiction to try the validity issue the jurisdiction is channeled into the one Member State.¹¹⁸³ In such a situation there is no question of the defendant being able to freeze or delay the trial of the validity issue.¹¹⁸⁴ Moreover, the defence of invalidity in an infringement action is treated like any other defence of any other tort claim.¹¹⁸⁵ For example, as stated by the German Federal Supreme Court, even in the situation where the rules of the Brussels I Recast in relation to special jurisdiction for an action in contract are different from those for an action in tort, the court with infringement jurisdiction is able to try a contractual defence, alleging that the contract is authorised.¹¹⁸⁶

In my opinion, the issue of invalidity is different from other defences in other torts. Indeed, the invalidity issue can arise as a cause of action in its own right, but when it is raised as a defence it does not arise in its own way¹¹⁸⁷. In my opinion, the court with infringement jurisdiction is able to have jurisdiction with regard to the invalidity claim arising as a defence and binding the parties of the dispute. However, when the invalidity is raised in its own way only the court where the rights are registered has jurisdiction under Article 24 (4) of the Brussels I Recast. Such an approach is also supported by Hill and Chong, who noted that Article 24 (4) of the

¹¹⁸² CLIP, 'Exclusive jurisdiction and cross border IP (patent) infringement: Suggestions for amendment of the Brussels Regulation' (2006) <http://www.ivir.nl/publications/eechoud/CLIP_Brussels_%20I.pdf> accessed 10 August 2013.

¹¹⁸³ Fawcett (n 112) 630.

¹¹⁸⁴ Fawcett (n 112) 388.

¹¹⁸⁵ Fawcett (n 112) 400.

¹¹⁸⁶ *Re jurisdiction in Tort and Contract* [1988] IZR 201/86, ECC 415 (German Federal Supreme Court).

¹¹⁸⁷ Fawcett (n 112) 400.

Brussels I Recast has no application to proceedings relating to the infringement of patents.¹¹⁸⁸

However, in contrast to these arguments the English courts are precluded from trying an infringement claim where the invalidity is raised as a defence in an infringement claim brought in England.¹¹⁸⁹ Indeed, the court in *Coin Controls Ltd v Suzo International Ltd and Others* made clear that once the defendant challenges the validity of the patent in the context of the English infringement proceedings, the court is required to decline jurisdiction on the basis that the proceedings fall within the exclusive jurisdiction of the German courts.¹¹⁹⁰ This means that once the defendant “raises” the validity issue, the court with infringement jurisdiction must hand the proceedings over to the courts that have exclusive jurisdiction over that issue.¹¹⁹¹

Thus, in spite of Fawcett’s support for an infringement jurisdiction of an English court, the English courts have exclusive jurisdiction over the infringement claim. Indeed, in *Fort Dodge Animal Health Ltd v Akzo Nobel NV*,¹¹⁹² the Court of Appeal expressly approved the decision in *Coin Controls* by stating that the infringement claim by the respondents in respect of acts carried out in the United Kingdom is principally concerned with the validity of the UK patent. This means that no infringement could be reached without consideration of the validity of the patent as a patent infringement action is always “principally concerned with validity”.¹¹⁹³

Therefore, in the case of infringement of registered intellectual property rights over the Internet, an English court with exclusive jurisdiction also has jurisdiction to hear the infringement claim. In our hypothetical case of patent infringement over the Internet, this rule means that the English court, as the court of the country of the patent registration, should also have jurisdiction over the infringement issue as the issues of infringement and validity are so closely interrelated that they should be

¹¹⁸⁸ Jonathan Hill, Adeline Chongm, *International Commercial Disputes: Commercial Conflict of Laws in English Courts* (4th edn, Hart Publishing 2010) 104.

¹¹⁸⁹ *Controls Ltd v Suzo International (UK) and Others* [1999] Ch 33.

¹¹⁹⁰ *Ibid.*

¹¹⁹¹ *Sandisk Corporation v Koninklijke Philips Electronics NV & Ors* [2007] EWHC 332 (Ch).

¹¹⁹² *Fort Dodge Animal Health Ltd. V Akzo Nobel* [1998] FSR 222.

¹¹⁹³ Joseph Straus, ‘Patent Litigation in Europe – A Glimmer of Hope? Present Status and Future Perspectives’ (2000) 2 Wash. U.J.L & Pol’y 103.

treated for jurisdiction purposes as one issue or claim¹¹⁹⁴. There is only one issue: whether it is raised by way of claim or defence.¹¹⁹⁵

Indeed, as noted by Arnolds, the combined effect of Articles 24 (4) and 27 of the Brussels I Recast leads us to the conclusion that the courts in the country where the patent was registered always have exclusive jurisdiction, including over the infringement part, even if the validity is questioned by exception¹¹⁹⁶. Luginbuehl and Beilfuss also support such a point of view; they state that taking into account the fact that nullity is brought up in most infringement cases, the court having jurisdiction according to Article 4 of the Brussels I Recast would essentially always have to waive jurisdiction.¹¹⁹⁷

The situation is the same in France. In particular, in the case of patent infringement, the defendant may bring a counterclaim for invalidity and the court will assess the infringement of the patent simultaneously with the issue of validity.¹¹⁹⁸ This means that in France, the civil district court has exclusive jurisdiction over infringement and validity matters.¹¹⁹⁹ Since an invalid patent cannot be infringed, the court will start with the determination of the patent's validity and will only afterwards deal with its infringement.

In my opinion, such a “combined” system has some advantages. In particular, it allows a patent to be “tested” for validity before being asserted for infringement. Moreover, it prevents the patentee from adopting different positions in relation to validity on the one hand and the infringement on the other. Indeed, as stated in English case *European Central Bank v Document Security Systems Incorporated*,¹²⁰⁰ it is desirable to try infringement and validity issues together as otherwise it is too

¹¹⁹⁴ Thomas Cottier, Pierre Véron (ed.) *Concise International and European IP Law: TRIPS, Paris Convention, European* (Kluwer Law International 2008) 318.

¹¹⁹⁵ *JP Morgan Chase Bank NA, JP Morgan Securities Ltd v Berliner Verkehrsbertriebe* [2010] EWCA Civ, para 69.

¹¹⁹⁶ Arnold R, ‘Can one sue in England for infringement of foreign intellectual property rights’ (1990) EIPR 254-263.

¹¹⁹⁷ Stefan Luginbuehl, *European Patent Law: Towards a Uniform Interpretation* (Elgar Publishing 2011) 100; Cristina Conzalez Beilfuss, ‘Is there any web for the spider? Jurisdiction over co-defendants after Roche Nederlands’ in Arnaud Nuyts (ed), *International Litigation in Intellectual Property and Information Technology* (Kluwer Law International 2008) 86.

¹¹⁹⁸ *Ste Belge Rossell v Ste Produits Avicoles Lillois Pal* [2002] RDPI 131, 18-28 (Tribunal de Grande Instance de Paris); *Bouillard Feres SA v Bonnano SARL* [2004] PIBD 788 III, 351-5 (Tribunal de Grande de Paris).

¹¹⁹⁹ Thomas F. Cotter, *Comparative Patent Remedies: A Legal and Economic Analysis* (Oxford University Press 2013) 234.

¹²⁰⁰ *European Central Bank v Document Security Systems Incorporated* [2007] EWHC 600 (Pat), para 88.

easy for the patentee to agree to a narrow interpretation of his claim when defending it but an expansive interpretation when asserting infringement.

In contrast to the situation in the UK and France, in Germany two separate courts try the infringement and validity issues. According to this approach, infringement proceedings can be conducted outside the country granted the patent, but when invalidity is raised, the court must stay the proceedings and wait for the respective foreign authority to decide the question of patent validity.¹²⁰¹

However, some German courts have gone even further by emphasizing their discretion in the matter and freedom to choose either to stay or continue the infringement proceedings based on their assessment of the likelihood of success of the patent invalidity claim.¹²⁰² In particular, the Dusseldorf court has granted stays and directed parties to resolve the validity issue in the country where the patent was granted only if the court considered the invalidity arguments to have merit.¹²⁰³ Thus, the invalidity of a foreign patent does not automatically trigger the exclusive jurisdiction of a foreign court.¹²⁰⁴

On the other hand some courts are continuing infringement proceedings when validity is raised as an incidental matter within the framework of the infringement proceedings. In such a situation the court with infringement jurisdiction is able to access the validity if this is permissible in terms of the law applicable in the country where the right existed.¹²⁰⁵ For example, in our hypothetical case of UK patent infringement over the Internet, the German court dealing with such an infringement should apply UK substantive law to such an infringement in order to decide whether the validity defence can be dealt with the infringement case. The decision in relation to the validity issue binds only the parties of the dispute and not the third parties.

However, the German courts show a tendency to give exclusive jurisdiction to the validity court under Article 24 (4) of the Brussels I Recast if a decision has an *erga omnes* effect, i.e. binding third parties.¹²⁰⁶ Indeed, the validity issue is reserved

¹²⁰¹ Landgericht Mannheim [2002] 7 O 235/01.

¹²⁰² Marketa Trimble, *Global Patents: Limits of Transnational Enforcement* (Oxford University Press 2012) 51.

¹²⁰³ Kettenbandförderer III, Landgericht Dusseldorf [1994] 4 O 193/87.

¹²⁰⁴ Schwungrad, Landgericht Dusseldorf [2001] 4 O 128/00, GRUR Int. 983.

¹²⁰⁵ Kettenbandförderer III, [1996] (Düsseldorf district court); I-Schussfadengreifer [1999] GRUR Int 455 (Düsseldorf district court:).

¹²⁰⁶ Fawcett (n 112) 345, 346.

for the specialised German courts (the Patent Office and the Federal Patent Court).¹²⁰⁷ This exclusive jurisdiction is conferred upon twelve District Courts, which are distributed geographically throughout Germany.¹²⁰⁸ For example, when a suit for declaration of invalidity was brought before a Belgian court, the Dusseldorf court stayed its proceedings to wait for the Belgian decision.¹²⁰⁹ Such an approach is also confirmed by the German Supreme Court.¹²¹⁰

Thus, in Germany, in the case of patent infringement over the Internet, two separate courts deal with infringement and validity issues. In particular, the court with infringement jurisdiction may stay its proceedings and wait for the conclusion of the separate validity proceedings if it estimates that there is a fair chance that the patent will be declared invalid.¹²¹¹ Similarly, in Sweden, it is possible to try the validity of intellectual property rights inter parties in a case concerning infringement of intellectual property rights where the question of validity is raised as a defence.¹²¹²

The advocates of the bifurcated system adopted in Germany argue that infringement proceedings can be resolved much more quickly if the often complex validity issues are deferred to separate proceedings in a specialist court. Indeed, in a situation when the patent is presumed to be valid the defendant will not delay the enforcement of the patent by raising many arguments against its validity. However, the opponents of the system argue that bifurcation allows weak patents to be enforced since the infringement court may issue an injunction before the patent court has ruled on validity, thus giving the patentee an instrument with to which apply pressure to the defendant to settle.¹²¹³

Conclusion

As our analysis indicates, there is no uniform concept with regard to the issue of validity arising in the case of infringing proceedings through Member States of the EU. Indeed, in the UK and France, one court (the court of the country where the

¹²⁰⁷ WIPO, 'Intellectual Property Litigation under the Civil Law Legal System, Experience in Germany' (2004) <www.wipo.int/edocs/mdocs/enforcement/en/wipo.../wipo_ace_2_3.doc> accessed 10 July 2014.

¹²⁰⁸ Alexander Harguth, S Carlson, *Patents in Germany and Europe: Procurement, Enforcement and Defense* (Kluwer Law International 2011) 113.

¹²⁰⁹ Torsionsschwingungsdampfer [2003] 4a O 61/02 (Landgericht Dusseldorf).

¹²¹⁰ Druckmaschinentemperierungssystem [2004] GRUR 710 (Bundesgerichtshof).

¹²¹¹ Fawcett (n 112) 340.

¹²¹² Toshiyuki Kono, *Intellectual Property and Private International Law: Comparative Perspectives* (Hart Publishing 2012) 1039.

¹²¹³ Clemens Tobias Steins, Heike Alps, *The EU Patent Package Handbook: A Practitioner's Guide* (Hoffmann 2014).

rights are registered) has jurisdiction over the issue of infringement and validity, as these issues are so closely interrelated that they should be treated for jurisdiction purposes as one issue or claim. German courts take a contrasting point of view by allowing two separate courts to try the infringement and validity issues. In such a situation the German court with the infringement jurisdiction may stay its proceedings and wait for the conclusion of the separate validity proceedings if it estimates that there is a fair chance that the patent will be declared invalid.

However, such a practice also means that the issues of infringement and validity cannot be considered by the court with infringement jurisdiction. Indeed, even in the UK and France, where one court is competent to decide the issue of infringement and validity, the jurisdiction of this court is based on Article 24 (4) of the Brussels I Recast. Moreover, the German practice also indicates that the court with infringement jurisdiction only has jurisdiction over the issue of infringement. However, the door for considering the issue of validity by the court with infringement jurisdiction is not fully closed. Indeed, in some situations, when the issue of validity is raised as an incidental matter within the framework of infringement proceedings, the German court is able to assess the validity if this is permissible in terms of the law applicable in the country where the right existed.¹²¹⁴ The decision in relation to the validity issue binds only the parties of the dispute and not the third parties.

Moreover, in spite of the fact that the English Court of Appeal in *Fort Dodge Animal Health Ltd. V Akzo Nobel* confirmed the exclusive jurisdiction of an English court in relation to the revocation proceedings by virtue of Article 24 (4) of the Brussels I Recast, it also recognised that “a contrary opinion is tenable”.¹²¹⁵ Indeed, as noted by Fawcett, the reasoning for consolidation of validity and infringement claims is equally applicable before either the court with infringement jurisdiction or that with exclusive jurisdiction.¹²¹⁶

Therefore, taking into account the different interpretations of Articles 24 (4) and 27 of the Brussels I Recast by national courts, there is a corresponding need for a reference to the ECJ. The ECJ in *GAT v Luk* clarified the issue of validity raised in the infringement proceedings.

¹²¹⁴ Kettenbandförderer III [1996] (Düsseldorf district court); I-Schussfadengreifer [1999] GRUR Int 455 (Düsseldorf district court).

¹²¹⁵ *Fort Dodge Animal Health Ltd. V Akzo Nobel* [1998] FSR 222.

¹²¹⁶ Fawcett (n 112) 374.

4.2.2 The ECJ ruling in *GAT, Roche and Solvay*

The ECJ in *GAT v Luk* adopted a wider interpretation of Article 24 (4) of the Brussels I Recast according to which the rule of exclusive jurisdiction concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.¹²¹⁷

In this regard, it is important to note that in comparison with the Brussels I Regulation, the Brussels I Recast makes clear the irrelevance of the ways in which the issue of invalidity is raised in infringement proceedings: by the way of an action or as a defence.¹²¹⁸ On the one hand, such an approach clarifies the linguistic differences in Article 22 (4) of the Brussels I Regulation. In particular, according to the English version of Article 22 (4) of the Brussels I Regulation, exclusive jurisdiction applies to proceedings that are “concerned with validity”, while in French and German versions the rule of exclusive jurisdiction is applicable only to proceedings that have as their object validity matters. Indeed, the differences in these linguistic interpretations have led some authors to the conclusion that courts other than the courts in the country of registration are competent to adjudicate invalidity as an incidental matter.¹²¹⁹

Therefore, taking into account the irrelevance of the ways in which the issue of validity is raised, the drafters of the Brussels I Recast finally ended the possibility of the court with infringement jurisdiction trying the issue of validity when such an issue is raised in the infringing proceedings. This is also confirmed by Kur, who states that now courts with infringement jurisdictions are prohibited from establishing the validity of the patent.¹²²⁰ This means that the binding nature of Article 24 (4) of the Brussels I Recast was confirmed by the ECJ in *GAT v LuK*. Indeed, only the court with exclusive jurisdiction is able to decide on the issue of validity of registered intellectual property rights.

However, how is the *GAT v Luk* ruling applicable in the case of intellectual property rights infringement over the Internet? Does the court with exclusive jurisdiction also have jurisdiction over the infringement issue?

¹²¹⁷ Case 4/03 *GAT v LuK* [2007] ECR I-6509, para 31.

¹²¹⁸ Brussels I Recast, Art. 24 (4).

¹²¹⁹ Kur A, ‘A Farewell to Cross-border Injunctions? The ECJ decisions *GAT v LuK* and *Roche Nederland v Primus and Goldenberg*’ (2006) 37 IIC 844; Fawcett (n 112), 345-346.

¹²²⁰ Kur A, ‘A Farewell to Cross-border Injunctions? The ECJ decisions *GAT v LuK* and *Roche Nederland v Primus and Goldenberg*’ (2006) 37 IIC 844.

For example, when the issue of patent validity is raised in the process of infringement proceedings, it would be logical to consolidate the rule of exclusive jurisdiction with the rule of infringement jurisdiction before the one court. However, this is not possible in the light of *Roche Nederland BV v Primus, Goldenberg*,¹²²¹ where the ECJ made clear that the invalidity issue, whether it is raised by way of an action or plea in objection, is a matter of exclusive jurisdiction laid down by Article 24 (4) of the Brussels I Recast in favour of the courts of the contracting state in which the deposit or registration has taken place or is deemed to have taken place. This means that *Roche Nederland BV v Primus, Goldenberg* supports the splitting of infringement and validity proceedings by reference to the situation where “the defendant disputes the validity of a patent in the context of an infringement action”.¹²²²

Therefore, the combined effects of the *GAT v LuK* and *Roche Nederland BV v Primus, Goldenberg* decisions in the case of intellectual property rights infringement over the Internet create legal barriers to the application of general and special jurisdiction. Indeed, Articles 4 and 7 (2) of the Brussels I Recast are not applicable if infringement claims are concerned with validity proceedings, irrespective of whether the issue is raised by way of an action or as a defence.¹²²³ In such a situation, the court with general and special jurisdiction shall declare of its own motion that it has no jurisdiction.¹²²⁴

In my opinion, the application of Article 24 (4) of the Brussels I Recast, in the case of intellectual property right infringement over the Internet, not only demonstrates the loss of legal certainty but also affects infringement proceedings. Indeed, as the court with infringement jurisdiction cannot try the validity issue, raising the idea of invalidity, even without any argument to support it, is enough to affect infringement proceedings.¹²²⁵ This means that the exclusive jurisdiction rule would turn jurisdiction into only one jurisdictional rule for all registered intellectual

¹²²¹ Case C-539/03 *Roche Nederland BV v Primus, Goldenberg* [2006] ECR I-6535, para 40.

¹²²² Case 4/03 *GAT v LuK* [2007] ECR I-6509, para 46.

¹²²³ Brussels I Recast, Art. 24 (4).

¹²²⁴ Brussels I Recast, Art. 27.

¹²²⁵ Fawcett (n 112) 349-350.

property rights infringement cases.¹²²⁶ However, such an approach is a step backwards into the nineteenth century.¹²²⁷

In this regard it is important to mention the ECJ decision in *Solvay v Honeywell*, according to which a preliminary injunction with a cross-border effect is allowed in line with Article 35 of the Brussels I Recast, even if a validity defence is raised¹²²⁸. Furthermore, the main argument of the ECJ in *Solvay v Honeywell* is based on the fact that Article 35 of the Brussels I Recast has an autonomous ground for jurisdiction that is not subject to limitation under Article 24 (4) of the Brussels I Recast. Thus, the court, having infringement jurisdiction, is able to provide a preliminary evaluation of the validity argument. However, in my opinion, the preliminary evaluation of the validity of intellectual property rights cannot be considered as a provisional measure in light of the Brussels I Recast. In fact, according to point 25 of the preamble to the Brussels I Recast, “the notion of provisional, including protective, measures should include, for example, protective orders aimed at obtaining information or preserving evidence as referred to in Articles 6 and 7 of Directive 2004/48 on the enforcement of intellectual property rights... It should not include measures which are not of a protective nature, such as measures ordering the hearing of a witness”. This means that the aim of the provisional measures is obtaining information or preserving evidence, rather than the evaluation of the validity arguments. In this regard, the *Solvay v Honeywell* decision does not change the binding nature of Article 24 (4) of the Brussels I Recast.

Conclusion

As our analysis indicates, the combined effects of the *GAT v LuK* and *Roche Nederland BV v Primus*, *Goldenberg* decisions in the case of intellectual property rights infringement over the Internet create legal barriers to the application of general and special jurisdiction. Indeed, Articles 4 and 7 (2) of the Brussels I Recast are not applicable if infringement claims are concerned with validity proceedings, irrespective of whether the issue is raised by way of an action or as a defence.¹²²⁹ In such a situation the court with general and special jurisdiction shall declare of its own

¹²²⁶ Annette Kur, ‘International Hague Convention on Jurisdiction and Foreign Judgments: A Way Forward for IP’ (2002) 24 EUR. Intell. Prop. Rev. 175, 176.

¹²²⁷ Ibid.

¹²²⁸ Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV and Others* [2012] ECR 00000.

¹²²⁹ Brussels I Recast, Art. 24 (4).

motion that it has no jurisdiction.¹²³⁰ The *Solvay v Honeywell* decision does not change the binding nature of Article 24 (4) of the Brussels I Recast.

4.3 Conclusions and recommendations

The analysis above clearly demonstrates that the ECJ decision in *Solvay v Honeywell* does not change the binding nature of Article 24 (4) of the Brussels I Recast, which is confirmed also by the ECJ in *GAT v LuK*.

Therefore, the issue of whether the court with infringement jurisdiction loses its jurisdiction as soon as the issue of validity arises is still an open question. As such, in order to provide an efficient model for adjudicating intellectual property rights disputes over the Internet, it is important to take into account not only these findings here, but also the recommendations of the following projects: The Hague Draft of 2001¹²³¹, CLIP Principles¹²³² and ALI Principles¹²³³. Moreover, the issue of intellectual property rights infringement and the scope of exclusive jurisdiction in the case of intellectual property rights infringement over the Internet is an issue of active debate, not only at the EU level, but also with regard to the global perspective.

In particular, and in spite of the fact that the rule of exclusive jurisdiction under Article 12 of the Hague Draft of 2001 does not extend its scope to the issue of intellectual property rights infringement over the Internet, its analysis is relevant for the purpose of this thesis. Indeed, as our analysis indicates¹²³⁴, the national practices of the EU Member States are highly contradictory with regard to the scope of exclusive jurisdiction. However, according to Article 12 (4) of the Hague Draft of 2001, in proceedings with regard to the registration or validity – as well as the infringement of patents, trademarks, designs or other similar rights – the court has exclusive jurisdiction. This means that only one court with exclusive jurisdiction is able to decide on the issues of validity and infringement. However, as noted by

¹²³⁰ Brussels I Recast, Art. 27.

¹²³¹ Hague Conference on Private International Law, Preliminary Draft Convention on Jurisdiction and Foreign Judgments in civil and commercial matters adopted by the Special Commission on 30 October 1999 (amended version, 11 August 2000) <<http://www.hcch.net/upload/wop/jdgmpr11.pdf>> accessed 4 May 2014.

¹²³² European Max Planck Group on Conflict of Laws in Intellectual Property, ‘Principles on Conflict of Laws in Intellectual Property’ (Final Text, 1 December 2011).

¹²³³ The American Law Institute, ‘Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters’ Notes)’ (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

¹²³⁴ Please see Chapter 4, paragraph ‘4.2.1. National practice’.

Fawcett, although validity and infringement are independent, it does not follow that the two have to be tried in the same court or in the same State¹²³⁵. Indeed, one of the arguments for abandoning exclusive jurisdiction with regard to the issue of intellectual property rights infringement and validity is based on the fact that such rules are contrary to public international law rules on the avoidance of a denial of justice and on the fundamental human right of access to a court¹²³⁶. Moreover, granting exclusive jurisdiction for pure infringement proceedings could lead to a proliferation of litigation¹²³⁷. For example, when infringement proceedings involve the validity of a European patent, the parties would need to bring validity proceedings in each of the countries concerned with a national bundle of rights¹²³⁸.

Therefore, a more flexible approach with regard to exclusive jurisdiction should be taken¹²³⁹. In this regard the ALI Principles almost entirely reject the exclusive jurisdiction rule with respect to pure infringement claims for registered intellectual property rights¹²⁴⁰. In fact, section 211 (1) of the ALI Principles permits an adjudication of claims arising under foreign intellectual property laws but grants effectiveness to the adjudication of the validity of registered rights only, in order to resolve a dispute between the parties to the action (paragraph 211 (2) of the ALI Principles). This means that the court with infringement jurisdiction is able to decide on the issue of the validity of registered intellectual property rights, but the effect of such a decision is binding only to the parties involved in the dispute. However, the main counterargument of this approach is based on the fact that the patentee will be hampered in his ability to enforce rights declared invalid in a proceeding with limited effect, as licensees who continue to license the patent compete at a disadvantage with respect to the judgment winner¹²⁴¹. Furthermore, such an approach does not stimulate

¹²³⁵ Fawcett (n 112) 623.

¹²³⁶ Benedetta Ubertazzi, 'Infringement and Exclusive Jurisdiction in Intellectual Property: a Comparison for the International Law Association' (2012) 3 JIPITEC, 252.

¹²³⁷ Permanent Bureau, 'Report of the experts meeting in the intellectual property aspects of the future Convention on jurisdiction and foreign judgments in civil and commercial matters' Preliminary Document number 13 (1 February 2001) <<http://www.hcch.net/upload/wop/jdgmpr13.pdf>> accessed 11 March 2013.

¹²³⁸ Ibid.

¹²³⁹ Permanent Bureau, 'Report of the experts meeting in the intellectual property aspects of the future Convention on jurisdiction and foreign judgments in civil and commercial matters' Preliminary Document number 13 (1 February 2001) <<http://www.hcch.net/upload/wop/jdgmpr13.pdf>> accessed 11 March 2013.

¹²⁴⁰ The American Law Institute, 'Intellectual property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes (with Comments and Reporters' Notes)' (2008) <http://www.wipo.int/wipolex/en/text.jsp?file_id=198109> accessed 11 January 2014.

¹²⁴¹ Ibid.

innovation by rewarding innovators¹²⁴², and moreover, the ECJ, in *GAT v LuK*, rejected such an approach by stating that limiting the effect of the decision to the parties involved in the dispute would lead to distortions, thereby undermining the equality and uniformity of rights and obligations arising from the Convention for the Contracting States and the persons concerned¹²⁴³. In this regard, the CLIP Principles propose a more balanced approach, in that the exclusive jurisdiction of the State granting the registered right is respected albeit limited¹²⁴⁴. Specifically, Article 2:401 (1) of the CLIP Principles establishes exclusive jurisdiction in disputes on the granting, registration, validity, abandonment or revocation of a patent, a mark, an industrial design or any other intellectual property right protected on the basis of registration to the courts in the State where the right has been registered, or is deemed to have been registered, under the terms of an international Convention¹²⁴⁵. However, exclusive jurisdiction does not apply to disputes where validity or registration arise in a context other than by principal claim or counterclaim (Article 2:401 (1) of the CLIP Principles).

The main difference between the ALI and CLIP Principles is that while the ALI Principle adopts the notion of subject-matter jurisdiction, the CLIP Principles refer to exclusive jurisdiction. These differences are linked more to a matter of terminology rather than content, due to the fact they are rooted in different legal systems. Nonetheless, the legal result will be the same: the court with exclusive jurisdiction is able to decide on the issue of the registration and validity of registered intellectual property rights, while the court with infringement jurisdiction is able to decide on the issue of the validity or registration of registered intellectual property rights arising in the infringement proceedings with inter-party effects. The solution provided by the ALI and CLIP Principles gives the court of the Member State with infringement jurisdiction non-exclusive jurisdiction over the issue of validity when it is raised in the context of infringement proceedings. This solution ensures that the same court, namely with infringement jurisdiction, will try both the infringement claim and the

¹²⁴² Ibid.

¹²⁴³ Case 4/03 *GAT v LuK* [2007] ECR I-6509.

¹²⁴⁴ Christiab Heinze, 'A Framework for International Enforcement of Territorial Rights: The CLIP Principles on Jurisdiction' in Jurgen Basedow, Toshiyuki Kono and Axel Metzger (eds.), *Intellectual Property in the Global Arena. Jurisdiction, Applicable Law and Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010) 61.

¹²⁴⁵ European Max Planck Group on Conflict of Laws in Intellectual Property, 'Principles on Conflict of Laws in Intellectual Property' (Final Text, 1 December 2011).

validity issue¹²⁴⁶. However, the legal effect of decisions resulting from the validity of foreign intellectual property rights in infringement disputes should bind the parties involved in the dispute, rather than having an *erga omnes* effect, i.e. binding third parties.

Indeed, by supporting the approach proposed by the CLIP Principles, Torremans notes that in such a situation there is no interference with the national sovereignty of the court having exclusive jurisdiction under Article 24 (4) of the Brussels I Recast, as the effect of the decision on validity is limited to the parties in the dispute¹²⁴⁷. However, in my opinion, the binding nature of Article 24 (4) of the Brussels I Recast prevents such a practice. Furthermore, as stated in Article 24 (4) of the Brussels I Recast, the rules of infringement jurisdiction under Articles 4 and 7 (2) of the Brussels I Recast are not applicable if infringement claims are concerned with validity proceedings, irrespective of whether the issue is raised by way of an action or as a defence.¹²⁴⁸ Thus, only a court with exclusive jurisdiction is able to decide on the issue of the validity or registration of registered intellectual property rights.

Therefore, academic projects do not provide a decision with regard to the issue of validity arising in infringement proceedings. From my point of view, the jurisdictional solutions proposed by the Hague Draft of 2001, CLIP Principles and ALI Principles are not applicable in the case of intellectual property rights infringement over the Internet. First of all, the relevant rules of the above are not related to disputes in the Internet environment. Moreover, the academic projects in question were drafted at a time when the Internet was only in the process of development, and so many of the problems we see today did not exist at that time.

Secondly, different rules are applicable depending on the nature of the intellectual property rights infringed: national intellectual property rights or Community intellectual property rights. For example, when the issue of validity arises during a trademark infringement proceeding, only the courts of the Member State where the trademark was registered are allowed to consider the case concerned with

¹²⁴⁶ Fawcett (n 112) 632.

¹²⁴⁷ Torremans, 'The way Forward for Cross-Border Intellectual Property Litigation: Why GAT Cannot be the Answer', in Leible and Ohly (eds), *Intellectual Property and Private International Law* (Mohr Siebeck 2009) 191-210.

¹²⁴⁸ Brussels I Recast, Art. 24 (4).

regard to the revocation or the invalidity of trademarks acquired by registration.¹²⁴⁹ Similarly, according to Directive 98/71 on the legal protection of designs,¹²⁵⁰ the issues concerning the registration, renewal and invalidation of design rights are considered by the court of a Member State where such a right is registered.¹²⁵¹

However, the situation is different in the case of Community intellectual property rights infringement. In particular, according to Article 96 of Regulation 207/2009 on the Community trademark,¹²⁵² the Community trademark courts have exclusive jurisdiction not only in respect of all infringement proceedings regarding Community trademarks but also with regard to the declaration of non-infringement and in respect of counterclaims for revocation or for the declaration of invalidity of the Community trademark. Article 107 of Council Regulation 207/209 stipulates that the national court dealing with a legal claim referred to in Article 96 must treat this trademark as valid. This means that in the case of Community trademark infringement the Community trademark court (which are national courts designated by the Member States) have exclusive jurisdiction with regard to the actions of infringement and invalidity.

Similar to the law of Community trademarks, the registration and revocation of Community design rights is affected by the Office for the Harmonisation in the Internal Market in Alicante, Spain. In particular, according to Article 81 of the Council Regulation 6/2002 on Community designs¹²⁵³ with regard to infringement procedures, counterclaims for the declaration of invalidity and claims for the declaration of invalidity of unregistered Community design rights, the Community design courts have exclusive jurisdiction.

Therefore, when the issue of validity arises during the infringement of Community intellectual rights, only one court - a Community court - has jurisdiction in respect of acts of infringement and validity. However, in the case of infringement of national rights, two different courts may be involved: the court of the Member State where the right is infringed with regard to infringement proceedings and the

¹²⁴⁹ Council Directive (EC) 2008/95 to approximate the laws of the Member States relating to trade marks [2008] OJ 299/25, Preamble, points 6, 9.

¹²⁵⁰ Council Directive (EC) 98/71 on the legal protection of designs [1998] OJ L289.

¹²⁵¹ Directive 98/71 of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs [1998] OJ L 289, Preamble, Article 11.

¹²⁵² Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1.

¹²⁵³ Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3.

court of the Member State where the right is registered with regard to the issue of validity of registered rights.

With regard to patent protection in the EU it is important to note that in December 2012 the Council of the European Union and the European Parliament agreed on two regulations laying the foundation of unitary patent protection in the EU.¹²⁵⁴ The main aim of this reform was to offer businesses an alternative by simplifying the existing system and supporting a cost effective route to patent protection and dispute settlement.¹²⁵⁵ As a result of this reform, a Unified Patent Court with exclusive jurisdiction was established.¹²⁵⁶ Article 32 of the Agreement on the Unified Patent Court grants exclusive competence to the UPC in respect of, among others, actions for actual or threatened infringements; actions for declarations of non-infringement; actions for provisional and protective measures and injunctions; actions and counterclaims for the revocation of patents and for the declaration of invalidity of supplementary protection certificates; actions for damages or compensation derived from the provisional protection conferred by a published European patent application; and, actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention.¹²⁵⁷ Therefore, the Unified Patent Court is competent with regard to issues of infringement and validity of Unitary Patents. In addition to that, the Unified Patent Court is intended to have exclusive jurisdiction for traditional European patents, which will remain a permanent alternative to the Unitary Patent. The Agreement on the Unified Patent Court entered into force on the same date as the amendments to the Brussels I Regulation: January 10, 2015.¹²⁵⁸

However, this means that central attacks on the validity of European patents before the Unified Patent Court will become possible whereas currently these are the

1254 Council Regulation (EC) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection [2012] OJ L361/89; Council Regulation (EC) 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements [2012] OJ L361/89.

1255 Ministry of Justice, Government Offices of Sweden, “An Enhanced European Patent System” (2014) <https://www.unified-patent-court.org/sites/default/files/enhanced-european-patent-system.pdf> accessed January 12, 2016.

1256 Council Regulation (EC) 542/2014 amending Council Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice [2014] OJ L 163.

1257 Agreement on a Unified Patent Court [2013] OJ C 175/1.

1258 Council Regulation (EC) 542/2014 amending Council Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice [2014] OJ L 163, Article 2.

exclusive jurisdiction of each country of registration of the national parts of such a patent according to Article 24 (4) of the Brussels I Regulation.¹²⁵⁹ In this regard Article 83 (1) of the Agreement on a unified patent court provides that during a transitional period of seven years after the date of entry into force of the UPC Agreement it will be possible to use the national route for those preferring to seek protection in individual Member States and to validate a European patent in one or several Member States.¹²⁶⁰ Moreover, Article 83 (3) of the Agreement on a Unified Patent Court states that a proprietor of or an applicant for a European patent granted or applied for prior to the end of the transitional period under paragraph 1 and, where applicable, paragraph 5, as well as the holder of a supplementary protection certificate issued for the protected by a European patent, shall have the possibility of opting out of the exclusive competence of the Court.

In this regard an interesting question arises: whether opting out completely blocks the competence of the Unified Patent Court and whether the patentee is still able to bring an action for infringement after he has opted out. Indeed, the phrase in Article 32 of the Agreement on the Unified Patent Court that “the Court shall have exclusive competence in respect of” may be interpreted as a reference to the competence of the Court in general.¹²⁶¹ This means that the provision of Article 83 (3) of the Agreement on the Unified Patent Court to opt out for a given European patent fully blocks the jurisdiction of the Unified Patent Court with regard to the validity of a traditional European patent.¹²⁶²

In my opinion, the intention of Article 83 (3) of the Agreement on the Unified Patent Court is to provide a choice during the transitional period to bring actions either before the national courts or before the Unified Patent Court. Therefore, Article 83 (3) of the Agreement on the Unified Patent Court deals with the issue of the UPC’s competence rather than the issue of jurisdiction. Indeed, as noted by Asensio,

1259 Peter van Gemert, Wouter Pors, “The effect of an opt out under Article 83 of the Agreement on a unified patent court on jurisdiction for decisions on the merits and preliminary injunctions” (Bied & Bird 2013) <http://www.twobirds.com/~media/pdfs/brochures/intellectual-property/upc/2013-08-28-the-effect-of-an-opt-out-under-article-83-upc-agreement.pdf?la=en> accessed January 12, 2016.

1260 Agreement on a Unified Patent Court [2013] OJ C 175/1, Article 83(1).

1261 Peter van Gemert, Wouter Pors, “The effect of an opt out under Article 83 of the Agreement on a unified patent court on jurisdiction for decisions on the merits and preliminary injunctions” (Bied & Bird 2013) <http://www.twobirds.com/~media/pdfs/brochures/intellectual-property/upc/2013-08-28-the-effect-of-an-opt-out-under-article-83-upc-agreement.pdf?la=en> accessed January 12, 2016.

1262 Peter van Gemert, Wouter Pors, “The effect of an opt out under Article 83 of the Agreement on a unified patent court on jurisdiction for decisions on the merits and preliminary injunctions” (Bied & Bird 2013) <http://www.twobirds.com/~media/pdfs/brochures/intellectual-property/upc/2013-08-28-the-effect-of-an-opt-out-under-article-83-upc-agreement.pdf?la=en> accessed January 12, 2016.

the UPC Agreement provides for the distribution of competences between the UPC and the national courts of the Contracting Member States.¹²⁶³ Therefore, while the main aim of Article 83 (1) of the Agreement on the Unified Patent Court is the issue of competence between the Unified Patent Court on the one hand and before the national courts of Contracting Member States on the other, the Brussels I Recast deals with the issue of jurisdiction.

In my opinion, in the light of establishing the Unified Patent Court and also taking into account the existing practice with regard to Community trademark and Community design infringement when the issue of validity arises during the infringement proceedings it would be reasonable to transfer the same practice in the case of the infringement of national registered rights. In such a case should a specialised court have exclusive jurisdiction: a patent or design or trademark court. Indeed, as noted by Fawcett and Torremans this is a welcome innovation that will end uncertainty with regard to international jurisdiction.¹²⁶⁴ Indeed, the exclusive jurisdiction of a specialised court rather than a national court is a quicker and economically effective way to solve complex jurisdictional issues in the case of intellectual property rights infringement when the issue of validity arises.

Thirdly, the rule on exclusive jurisdiction in Article 24 (4) of the Brussels I Recast is not applicable in the case of intellectual property rights infringement over the Internet. Indeed, the recent ECJ decisions in *Pinckney*¹²⁶⁵, *Hejduk*¹²⁶⁶ and *Wintersteiger*¹²⁶⁷ have clarified the issue of jurisdiction in the case of intellectual property rights infringement over the Internet.

In particular, in the light of the recent ECJ cases, *Pinckney*¹²⁶⁸, *Hejduk*¹²⁶⁹ and *Wintersteiger*,¹²⁷⁰ the application of the rules on exclusive jurisdiction in cases of intellectual property rights infringement over the Internet goes against the scheme of

¹²⁶³ Pedro A. De Miguel Asensio, “Regulation 542/2014 and the international jurisdiction of the Unified Patent Court” (2014) IIC 45(8), 868-888.

¹²⁶⁴ James J. Fawcett, Paul Torremans, *Intellectual Property and Private International Law* (2nd, Oxford University Press, Oxford 2011) 418.

¹²⁶⁵ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹²⁶⁶ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹²⁶⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

¹²⁶⁸ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3.

¹²⁶⁹ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 4.

¹²⁷⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4.

the Brussels I Recast. Specifically, as stated by the ECJ in *Pinckney*¹²⁷¹, *Hejduk*¹²⁷² and *Wintersteiger*,¹²⁷³ jurisdiction should generally be based on the defendant's domicile, and jurisdiction must always be available on this ground. The same approach is also supported by Fawcett, who notes that the place of Article 4 within the scheme of the Brussels I Recast was ignored by the ECJ in *GAT v LuK*.¹²⁷⁴ Indeed, the defendant should be sued in the Member State of his domicile rather than at the place in which the deposit or registration of intellectual property rights has taken place or is deemed to have taken place.¹²⁷⁵ Similarly, Slováková also makes clear that only the rules of general or special jurisdiction are applicable in cases involving intellectual property rights infringement over the Internet.¹²⁷⁶

Moreover, the rejection of the rule of exclusive jurisdiction in intellectual property rights infringement over the Internet is dictated by the fact that Article 24 (4) in the Brussels I Recast contradicts the recent ECJ decisions in *Wintersteiger*, *Pinckney* and *Hejduk*. In fact, the ECJ in *Wintersteiger*, *Pinckney* and *Hejduk* made a distinction between cases of offline intellectual property rights infringement, where jurisdiction is based on substantive law principles (under the law of the country where the intellectual property rights are protected), and cases of intellectual property rights infringement over the Internet, where such an approach is wrong.

For example, in *Wintersteiger*, *Pinckney* and *Hejduk*, the ECJ rejected the jurisdiction based on the place where the act of infringement occurred, a targeting/directing activities approach and also the claimant's centre of interest, as these jurisdictional rules are based on the substance of the dispute rather than on jurisdictional connection.¹²⁷⁷

In my opinion, in spite of the fact that the main emphasis in *Wintersteiger*, *Pinckney* and *Hejduk* was based on Article 7 (2) of the Brussels I Recast, by way of

¹²⁷¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3.

¹²⁷² Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 4.

¹²⁷³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4.

¹²⁷⁴ Fawcett (n 112) 348.

¹²⁷⁵ *Ibid.*

¹²⁷⁶ Zuzana Slováková, 'International Private Law Issues regarding Trademark Protection and the Internet within the EU' (2008) *Journal of International Commercial Law and Technology* Vol. 3, Issue 1, 77.

¹²⁷⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

analogy the same principle is also applicable with regard to Article 24 (4) of the Brussels I Recast.

In particular, as stated in Article 24 (4) of the Brussels I Recast, the court has exclusive jurisdiction in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered. Thus, the jurisdictional rule under Article 24 (4) of the Brussels I Recast is based on the principle of territoriality of intellectual property rights, which means that the existence and protection of the rights in a particular territory depends on the fact of their registration. Indeed, as noted by Fumagalli, the monopoly granted to the owner of intellectual property rights consists in the attribution of exclusive rights in the territory of the State for and by which they are granted.¹²⁷⁸ However, while the aim of substantive law is to determine whether and where the proprietor can rely on the protection, the aim of the jurisdictional rule is to establish a link between the forum and the circumstances of the dispute. Therefore, it is self-evident that the solutions applied by the court at the level of substantive law cannot automatically be transposed to the rules for determining jurisdiction.¹²⁷⁹

In my opinion, the rules of jurisdiction under Article 24 (4) of the Brussels I Recast are based on the substance of the dispute. Indeed, the simple fact of registering patents, trade marks, designs, or other similar rights is not in itself sufficient to establish the jurisdiction of the courts of that Member State and additional connection requirements are necessary. This finding is also supported by the *Football Dataco* case, which held that registration is not sufficient for jurisdiction to be established and that a further link is required between the tort and the forum.¹²⁸⁰ Indeed, as noted in the *Marinari* case, the Brussels I Recast did not intend to link the rules on territorial jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred.¹²⁸¹ This means that jurisdictional rules cannot depend on any preliminary conditions such as the validity of registered intellectual property rights. Indeed, the validity of intellectual property rights may be relevant to the existence of substantive liability for the infringement of intellectual property

¹²⁷⁸ Stefania Bariatti, *Litigating Intellectual Property Rights Disputes Cross-border: EU Regulations, ALI Principles, CLIP Project* (Wolters Kluwer 2010) 33.

¹²⁷⁹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen, para 62.

¹²⁸⁰ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, paras 36, 47.

¹²⁸¹ Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.* [1995] ECR I-2719, para 18.

rights, but not for jurisdiction to entertain an action for intellectual property rights infringement over the Internet.¹²⁸² In my opinion, at the stage of finding international jurisdiction the substantive elements of the dispute are irrelevant. This is also supported by the argument that the rules of jurisdiction and the rules of substantive law are two independent sets of rules.¹²⁸³

Therefore, jurisdictional rules based on the substance of the dispute under Article 24 (4) of the Brussels I Recast are not applicable in the case of intellectual property rights infringement over the Internet. Indeed, as noted by the Advocate General in *Pinckney*, cases of intellectual property rights infringement over the Internet require special jurisdictional rules based on clear connection requirements “between ... virtual behaviour and a territoriality”.¹²⁸⁴ This means that jurisdictional rules applicable in the case of offline intellectual property rights infringement are not applicable in the case of intellectual property rights infringement over the Internet as jurisdiction is based on different principles. Thus, only general and special jurisdictional rules are applicable in the case of intellectual property rights infringement over the Internet. The application of exclusive jurisdictional rule in the case of intellectual property rights infringement over the Internet should be prohibited as its application contradicts the scheme of the Brussels I Recast and such jurisdiction is based on the substance of the dispute rather than on jurisdictional connection.

This means that jurisdictional rules in the case of intellectual property rights infringement over the Internet should be based on special and general jurisdiction as such rules are predictable and based on clear connection requirements between the parties of the dispute or circumstances of the case and the territory of a particular Member State of the court seized. Otherwise, jurisdictional rules would be very complex and would clash with the principle of foreseeability.

¹²⁸² Peter Stone, *EU Private International Law* (3 Ed., Edward Elgar Publishing 2014) 105.

¹²⁸³ Stefania Bariatti, *Litigating Intellectual Property Rights Disputes Cross-border: EU Regulations, ALI Principles, CLIP Project* (Wolters Kluwer 2010) 33.

¹²⁸⁴ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen.

Chapter 5

Conclusions and Recommendations

To return to the quote that began this thesis, what is the impact of the Internet on the private international law of intellectual property, we need to state that the Internet has not only revolutionized our society but has also affected the legal regulation of the private international law of intellectual property.

5.1. The main problems of application of the existing jurisdictional rules

Indeed, the Brussels I Recast does not contain any special jurisdictional rules with regard to intellectual property rights infringement over the Internet. Moreover, the application of the existing jurisdictional rules in the case of intellectual property rights infringement over the Internet is problematic. In this chapter I would like to draw attention to the main finding as the more detailed analysis in support of this research is provided in the relevant chapters of the thesis. First of all, it is important to note the main problems with regard to application of the general, special and exclusive jurisdiction in the case of intellectual property rights infringement over the Internet. In spite of the fact that the project deals with the issue of jurisdiction, a brief discussion of substantial law issues is required.

For example, the application of the general jurisdiction, which is based on the defendant's domicile, is problematic in the case of intellectual property rights infringement over the Internet. Indeed, there is no case law with regard to the

application of Article 4 of the Brussels I Recast in the case of intellectual property rights infringement on the Internet. As our findings indicate, there are a few reasons for this. In particular, in the case of intellectual property rights infringement over the Internet, identifying the defendant and the place of his domicile is difficult as this involves the issues of privacy and data protection regarding Internet users.¹²⁸⁵

On the one hand, the EU legislation allows for the processing and disclosing of the user's personal information in civil proceedings when this is provided by national legislation.¹²⁸⁶ This means that Member States have been given autonomy as to whether or not they want to legislate this matter. Consequently, only in a situation where national law allows the disclosure of personal information, EU Member States authorities may require the disclosure of personal data according to Article 8 (1) of Directive 2004/48 on the enforcement of intellectual property rights.¹²⁸⁷ However, the national authorities are prohibited from retaining the personal data of subscribers as the retaining of such data contravenes the fundamental right to the protection of personal data.¹²⁸⁸

On the other hand, the balancing of rights with regard to the protection of the interests of intellectual property rights owners or the data protection of Internet users is not unified. As our findings indicate, the national courts must weigh up the interests of the parties involved on the grounds of the principle of proportionality, which requires that "the measures to be taken should be appropriate and necessary to achieve the goal pursued".¹²⁸⁹ However, as noted by some scholars, the principle of proportionality can be compared to the ambiguous oracle of Pythia: it says everything and nothing at the same time.¹²⁹⁰ Indeed, the ECJ did not give priority to any right, thus recognizing them all as fundamental rights¹²⁹¹ that benefit from equal

1285 Please see Chapter 2 "Article 4 of the Brussels I Recast and its applicability in the case of intellectual property rights infringement on the Internet"

1286 Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

1287 Council Directive (EC) 2004/48 on the enforcement of intellectual property rights [2004] OJ L195/16.

1288 Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

1289 Please see Chapter 2, paragraph '2.1.1.3.6 EU case law'.

1290 Irini Stamatoudi, 'Data Protection, Secrecy of Communications and Copyright: Conflict and Convergences – The Example of *Promusicae v. Telefonica*' in Irini Stamatoudi (ed.), *Copyright enforcement and the Internet* (Kluwer Law International 2010) 231.

1291 Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

protection.¹²⁹² The same approach has been taken in the Anti-Counterfeiting Trade Agreement, which states that in the case of the infringement of intellectual property rights in the digital environment the balance of the rights and interests of the relevant right holders, service providers and users must be provided.¹²⁹³

However, the national court shows divergent views and policies in reconciling the right to privacy and intellectual property rights protection. Some national courts may weigh up the balance between the interests of IP owners and the privacy of subscribers in favour of intellectual property rights owners (the UK, France) whereas other national courts will do so in favour of subscribers (Sweden, Germany).¹²⁹⁴

Moreover, the application of the special jurisdiction rule¹²⁹⁵ in the case of intellectual property rights infringement over the Internet is also problematic in the light of the recent ECJ cases *Pinckney*¹²⁹⁶, *Hejduk*¹²⁹⁷ and *Wintersteiger*,¹²⁹⁸ in which the ECJ makes clear that cases of intellectual property rights infringed over the Internet differ significantly from other torts committed over the Internet. Indeed, intellectual property rights infringement over the Internet involves additional difficulties associated with delocalized damage and with identifying the act of intellectual property rights infringement over the Internet. This means that cases of intellectual property rights infringement over the Internet require special jurisdictional rules based on clear connection requirements “between ... virtual behaviour and a territoriality”.¹²⁹⁹ Such an approach has historical value for establishing special jurisdictional rules in the case of intellectual property rights infringement over the Internet.

However, the application of the rules of exclusive jurisdiction¹³⁰⁰ is also problematic in the case of intellectual property rights infringement over the Internet as this rule creates legal barriers to the application of general and special jurisdiction.

¹²⁹² Case C-461/10 *Bonnier Audio v. Perfect Communication* [2012] ECR 219.

¹²⁹³ Commission (EC), ‘Anti-Counterfeiting Trade Agreement’ (23 August 2011), <<http://register.consilium.europa.eu/pdf/en/11/st12/st12196.en11.pdf>> accessed 12 August 2012, preamble.

¹²⁹⁴ Please see Chapter 2, paragraph ‘2.1.1.3.7 National practice’.

¹²⁹⁵ Please see Chapter 3 “Article 7 (2) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet”

¹²⁹⁶ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹²⁹⁷ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹²⁹⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117

¹²⁹⁹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen

¹³⁰⁰ Please see Chapter 4 “Article 24 (4) of the Brussels I Recast and its applicability to intellectual property rights infringement on the Internet”

5.2. Jurisdictional solution in the case of intellectual property rights infringement over the Internet

In this chapter the main emphasis will be on the conclusions reached in Chapters 2-4 with critical considerations of the implications that the proposed recommendations will have for society.

As our finding indicates, the jurisdictional rules under the Brussels I Recast should be adapted in order to satisfy the requirements of a new virtual world. In my opinion, the modification of the Brussels I Recast would be a logical and cost effective way of adapting the existing jurisdictional rule in the case of intellectual property rights infringement over the Internet compared with passing separate regional conventions to deal with torts committed over the Internet. Indeed, the failure of the Hague Draft proposal on International Jurisdiction and Enforcement in Civil and Commercial Matters has shown how difficult it is to find a consensus with regard to international jurisdiction due to legal, cultural and economic differences. Moreover, even within the Member States of the EU (this thesis includes the UK, Sweden, France, Germany), the traditional jurisdictional rules under the Brussels I Recast may be interpreted differently.¹³⁰¹ However, it is evident that without clear jurisdictional rules in the case of intellectual property rights infringement over the Internet, the internal market cannot function effectively. Indeed, as stated in the preamble to the Brussels I Recast, the rules of jurisdiction should be highly predictable.¹³⁰² The European Commission, in its Action Plan, also highlighted the importance of intellectual property rights protection on the Internet due to the increasing level of IP rights violations. In particular, at the EU level, the estimated revenue lost to legitimate businesses from intellectual property rights violations on the Internet is about €470 million annually.¹³⁰³ Therefore, the building of an effective mechanism of intellectual property rights protection that “is realistic, balanced,

¹³⁰¹ Chapters 2-4 of this thesis.

¹³⁰² Brussels I Recast, Preamble 15.

¹³⁰³ Commission, “Towards a renewed consensus on the enforcement of Intellectual Property Rights: An EU Action Plan” COM (2014) 0392 final.

proportionate and fair” is of primary importance at the EU level.¹³⁰⁴ In this regard it seems that the jurisdictional solution proposed in this thesis in the case of intellectual property rights infringement over the Internet is one of the steps towards effective enforcement of intellectual property rights.

Indeed, in the “big picture” of intellectual property rights protection on the Internet, the issue of jurisdiction is just the first step towards intellectual property rights protection on the Internet. In order to provide a balanced approach to intellectual property rights protection on the Internet, the issues of applicable law and recognition and enforcement of judgment should also be taken into account. However, this thesis emphasizes only the issue of jurisdiction in the case of intellectual property rights infringement over the Internet by analysing the problems with regard to the application of the Brussels I Recast and providing a jurisdictional solution in the case of intellectual property rights infringement over the Internet.

In my opinion, at the present stage of the Internet and the private international law of intellectual property development, the amending of the Brussels I Recast is the logical step that recognizes the problems of application of the traditional jurisdictional rules (at the national and EU level) and also the necessity of specific jurisdictional rules in the case of intellectual property rights infringement over the Internet (as the recent ECJ cases *Pinckney*¹³⁰⁵, *Hejduk*¹³⁰⁶ and *Wintersteiger*¹³⁰⁷ indicate). Moreover, new participants, such as ISPs - hosting providers - are involved, which also require an adequate response by the legal authority. Therefore, the statement expressed in the Introduction Chapter of this thesis that the Internet is just “an old wine in new bottles from a conflict perspective”¹³⁰⁸ is confirmed by the findings of this thesis. This means that private international law principles (in particular, the Brussels I Recast) should apply to this new form of communication but should take into account the unique factual circumstances in which infringements of intellectual property rights may be committed.

Indeed, the Internet environment does not create an additional international space such as Antarctica, international space and high seas. In particular, the non-

1304 Ibid.

1305 Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

1306 Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

1307 Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117.

1308 Stuart Dutson, “The Internet, the Conflict of Laws, International Litigation and Intellectual Property: the Implications of the International Scope of the Internet on Intellectual Property Infringements” (1997) *Journal of Business Law*, 495.

physical nature of the Internet precludes a comparison between physical international spaces and cyberspace.¹³⁰⁹ In this regard we need to agree with the statement that “no one lives or works in cyberspace” and that “no nation can reasonably be expected to agree to give up significant portions of their sovereignty to some newly conceived realm of existence”.¹³¹⁰ Therefore, as a method of communication, the Internet differs from other media in a variety of respects, but “not so radically that a declaration of *sui generis* jurisdictional status is required”.¹³¹¹

Thus, in spite of the fact that intellectual property rights infringement happens in the Internet environment, the jurisdictional rules should be based on clear connection requirements between the parties or circumstances of the dispute (under Articles 4 and 7 (2) of the Brussels I Recast) and the territory of the court seized. This means that territorial connection requirements are still relevant in the case of intellectual property rights infringement over the Internet, but these connection requirements should be modified in the light of their applicability to cases of intellectual property rights infringement over the Internet. Indeed, as noted by Dinwoodie, the limits imposed on private international law by objective territoriality are still well founded in cases of intellectual property rights infringement over the Internet.¹³¹²

In my opinion, in the case of intellectual property rights infringement over the Internet, only general and special jurisdiction should be applicable for the reasons provided below. Moreover, the consolidation of multi-defendant claims in the case of intellectual property rights infringement over the Internet should be provided under general and special jurisdiction. For the purpose of the present chapter, the issue of the consolidation of multi-defendant claims is included under general or special jurisdiction rather than in separate paragraphs.

As our finding indicates, the jurisdictional rules under the Brussels I Recast should be modified in the following way:

5.2.1 Article 4 of the Brussels I Recast

¹³⁰⁹Den Jerker B. Svantesson, ‘Borders On, or Border Around – The Future of the Internet’ (2006) 16 Alb. L.J. Sci. & Tech. 343, 366.

¹³¹⁰Dan L. Burk, ‘Trademark Doctrines for Global Electronic Commerce’ (1998) 49 S.C. L. REV., 695-699.

¹³¹¹Ibid.

¹³¹²G Dinwoodie, “Developing a Private International Intellectual Property Law: The Demise of Territoriality?” (2009) 51 William & Mary Law Review 711.

As our finding indicate in order to apply Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet it is important to provide the right balance of interests of all the parties involved. For example, as proposed by Kuschewsky, Member States may establish guidelines in respect of the balancing of the opposing rights and interests concerned.¹³¹³ However, such an approach may be very contradictory in the Member States of the EU and does not protect the interests of intellectual property rights owners on the borders of the EU.

In this regard, in order to ensure more effective intellectual property rights protection on the Internet, a uniform EU-wide solution is needed in this area. Indeed, the right balance between IP protection and data protection must be respected. In particular, the recent Proposal for a Regulation by the European Commission on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation)¹³¹⁴ would be the most appropriate EU instrument to contain a provision relating to intellectual property rights protection on the Internet.

It is important to note that the General Data Protection Regulation will supersede the Data Protection Directive 95/46. The most important change is that the new law to be a Regulation will have a direct effect throughout the EU. This means that there will be one single data protection law valid across the EU, and companies will no longer have to suffer from the fragmentation resulting from the fact that the 28 Member States interpret and implement differently the principles set forth in Directive 95/46. In addition, the General Data Protection Regulation updates and modernizes the data protection principles, which will be applicable even on the Internet.¹³¹⁵

However, in spite of the same improvement in relation to the protection of personal data in the European Union, the General Data Protection Regulation does not provide a principle regarding how to achieve a balance between the rights to property and data protection; it only states that the transparency principle relating to personal data processing should be observed.¹³¹⁶ Therefore, a further development is required in order to achieve a balance between the interests of IP rights holders and

¹³¹³ Monika Kuschewsky 'ECJ rules on the limits to national variances' (2012) P. & D.P. 12(3), 15-16.

¹³¹⁴ Commission, 'Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data' COM (2012) 11 final.

¹³¹⁵ Ibid.

¹³¹⁶ Ibid, Art. 5.

the protection of personal data on the Internet. This is especially important taking into account that the General Data Protection Regulation will have to be adopted by the Council and the European Parliament at the end of 2015 and the Regulation is planned to take effect after a transition period of two years. Thus, the General Data Protection is expected to come into force in 2018.¹³¹⁷

In my opinion, the balance of the rights involved may be achieved through the clarification of the issue with regard to the IP address that should be exempted from the data protection principle in the case of intellectual property rights infringement over the Internet. Indeed, as our analysis indicates, EU Member States follow very contradictory case practice with regard to the protection of IP addresses as personal information.¹³¹⁸ For example, while Germany and Sweden consider the IP address to be personal information, the UK courts do not consider the IP address to be a personal data. The French courts cannot reach a compromise regarding whether or not the IP address is personal data.

Indeed, as stated in Recital 23 of the Proposal for a Regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data, “principles of data protection shall not apply to data rendered anonymous in such a way that the data subject is no longer identifiable”. The same wording is used in Recital 26 of the Data Protection Directive 95/46. However, it is still an open question as to when data is to be regarded as having been rendered anonymous. In particular, according to Article 2 (b) of the Data Protection Directive 95/46, the processing of personal data is “any operation or set of operations which is performed on personal data”. That means that the anonymisation of personal data is the processing of personal data. Therefore, the principles of data protection apply to personal data before it is rendered anonymous.¹³¹⁹ When the data is rendered anonymous it is not governed by the principle of data protection. That means that if an IP address is rendered anonymous it cannot be considered as an “online identifier”.

However, the IP rights owner interested in prosecuting the intellectual property rights infringer. This means that IP address is necessary for identification of

¹³¹⁷ European Commission, ‘Data Protection Day 2015: Concluding the EU Data Protection Reform essential for the Digital Single Market’ (2015) <http://europa.eu/rapid/press-release_MEMO-15-3802_en.htm> accessed 11 May 2015

¹³¹⁸ Please see Chapter 2, paragraph ‘2.1.1.3.4 Is an IP address personal data?’.

¹³¹⁹ D. Beylevel. and D. Townend, ‘When is personal data rendered anonymous? Interpreting recital 26 of Directive 95/46/EC.’ (2004) 6 *Medical law international*, 73-86.

intellectual property rights infringer. Therefore, it would be reasonable to provide an exception to the principle of data protection in the case of intellectual property rights protection over the Internet, when the IP address is used for the identification of the intellectual property rights infringer. In my opinion, the principle of data protection should not protect the intellectual property rights infringer.

In my opinion, the following measures should be taken with regard to data protection in the case of intellectual property rights infringement over the Internet:

- 1) The IP address should be considered as personal data in conjunction with other information as it is possible to identify an intellectual property rights infringer. Indeed, the IP address in isolation or anonymised IP address is not a personal data, as it does not allow to identify the intellectual property rights infringer. Therefore, the unification of this practice in the Member States of the EU is required;
- 2) If the purpose of using the IP address is to identify an intellectual property rights infringer in the case of civil proceedings (intellectual property rights infringement over the Internet) the IP address should be exempted from data protection principle. In my opinion, the data protection principle should not protect the intellectual property rights infringer;
- 3) The processing of IP addresses should be allowed by the intellectual property rights owners or organisations representing their interests and ISPs in civil proceedings;
- 4) The ISPs should disclose the identity of intellectual property rights infringers to the rights holder or organisations representing their interests in civil proceedings on the basis of the court order;
- 5) The retention of personal data by ISPs should be allowed for the specified time necessary for identification of the intellectual property rights infringer, based on their IP address, in civil proceedings. In my opinion, the main reason for invalidation of the Data Retention Directive¹³²⁰ is based on the fact that the scope of this Directive was too broad. Indeed, the retention time, purpose and procedure with regard to the retention of

¹³²⁰ Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

personal data of intellectual property rights infringers in civil proceedings should be identified as clearly as possible.

In my opinion, these measures should be taken into account in the General Data Protection Regulation. Indeed, by adapting the General Data Protection Regulation, the legal barriers to the application of Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet would be removed. Indeed, as recent ECJ cases indicate,¹³²¹ in the case of intellectual property rights infringement over the Internet, jurisdiction should generally be based on the defendant's domicile and jurisdiction must always be available on this ground.

In this regard it is important to notice that in comparison with the previous EU legislation, such as the Data Protection Directive 95/46¹³²² and Data Retention Directive 2006/24,¹³²³ where the main emphasis was on the data protection of Internet users, the current EU initiatives, such as the General Data Protection Regulation¹³²⁴ and EU Action Plan,¹³²⁵ take a more balanced approach, aiming to safeguard the fundamental rights of all the parties concerned with intellectual property rights infringement. Indeed, the main emphasis of these legal instruments is on the prevention of intellectual property rights infringement over the Internet rather than on penalising intellectual property rights infringers. Indeed, as noted by the EU Commissioner for Trade Karel De Gucht, “our business, creators and inventors should be duly rewarded for their creative and innovating efforts”.¹³²⁶ In this regard, future legal development should emphasise the use of the tools available to identify IPR infringers; the role of intermediaries in assisting the fight against IPR infringement; and the allocation of damages in IPR disputes.¹³²⁷

Therefore, we can conclude that the exemption of IP addresses from the principle of data protection in the case of intellectual property rights infringement over the Internet is correct, as such rule is not only aimed at protecting the interests of

¹³²¹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published, para 4.

¹³²² Will be replaced by the General Data Protection Regulation

¹³²³ This was recognized as invalid by the ECJ in Joined Cases C-293/12 and C-594/12 *Digital Rights Ireland Ltd. and Kärntner Landesregierung* [2014] OJ C 175.

¹³²⁴ General Data protection Regulation

¹³²⁵ Commission, ‘Towards a renewed consensus on the enforcement of Intellectual Property Rights: An EU Action Plan’ COM (2014) 0392 final.

¹³²⁶ Commission, ‘Commission presents actions to better protect and enforce intellectual property rights’ (press release) (2014) <http://europa.eu/rapid/press-release_IP-14-760_en.htm> accessed 12 July 2014.

¹³²⁷ Commission, “Draft Council Conclusions on IPR enforcement” [2014] 14997/14.

intellectual property rights owners but also allocates jurisdiction in the case of intellectual property rights infringement over the Internet to the court of the EU Member State where the defendant is domiciled, for all of the damage caused by such an infringement.

Moreover, in addition to removing the legal barriers with regard to the application of Article 4 of the Brussels I Recast, the intellectual property rights owner is interested in consolidating the multi-defendants claims before the court in the place where one of the defendants is domiciled under Article 8 (1) of the Brussels I Recast.

However, as our finding indicates, Article 8 (1) of the Brussels I Recast is not applicable in the case of national intellectual property rights infringement over the Internet (patent, trademark or copyright infringement).¹³²⁸ Indeed, the application of the *Roche Nederland BV v. Primus*¹³²⁹ requirements of the same factual and legal situation in the case of intellectual property rights infringement over the Internet are not satisfied, as the actions refer to different, although parallel rights.

At the same time, Article 8 (1) of the Brussels I Recast is applicable in the case of Community intellectual property rights infringement over the Internet (trademarks, designs, plant variety rights),¹³³⁰ as both requirements for “irreconcilable judgments” - the same factual and legal situation - would be satisfied. In particular, the requirements of the same legal situation will be satisfied as defendants infringe a Community intellectual property rights, which is litigated as unitary rights in various Member States. The requirements of the same factual situation will be met in the situation where, according to point 37 of the *Roche* decision,¹³³¹ the defendants are joint tort-feasors that belong to the same group, and have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.

In my opinion, Article 8 (1) of the Brussels I Recast should be modified to allow a wider interpretation of the term “essentially the same legal and factual situation” as proposed by the CLIP Principles.¹³³² Indeed, the CLIP Principles try to moderate the restrictive interpretation of *Roche Nederland BV v. Primus* by allowing

¹³²⁸ Please see Chapter 2, paragraph ‘2.2.3. Impact of the *Roche* decision on IP litigation over the Internet’.

¹³²⁹ Case C-539/03 *Roche Nederland BV v Primus*, *Goldenberg* [2006] ECR I-6535.

¹³³⁰ *Bacardi & Company Ltd v Bat Beverage GmbH and others* [2007] (District Court of the Hague).

¹³³¹ According to the *Roche* decision, the factual situation would be the same where defendant companies, which belong to the same group, have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.

¹³³² Please see Chapter 2, paragraph ‘2.2.4. Conclusions and recommendations’.

the intellectual property rights owner to consolidate multiple defendants' claims before the court of the Member State where one of them is domiciled under Articles 4 and 8 (1) of the Brussels I Recast when the risk of incompatible judgments arises in the context of "essentially the same situation of law and fact".¹³³³ However, it does not seem reasonable to consolidate claims against resident and non-resident defendants as proposed in Section 206 (1) of the ALI Principles,¹³³⁴ as such an approach would be unpredictable for all of the parties involved. Indeed, according to the objectives of the Brussels I Recast, the rules of jurisdiction should be highly predictable and based on a close connection between the court and the action in order to facilitate the sound administration of justice.¹³³⁵

5.2.2 Article 7 (2) of the Brussels I Recast

As our findings indicate, the current version of Article 7 (2) of the Brussels I Recast does not satisfy the requirements of a new virtual world. Therefore, Article 7 (2) of the Brussels I Recast should be adapted.

On the one hand, the duality of jurisdiction established in Article 7 (2) of the Brussels I Recast is also applicable to cases of intellectual property rights infringement over the Internet.¹³³⁶

On the other hand, such jurisdiction is based on special connection requirements specific to such cases: the place of establishment of the publisher and the accessibility of a website. Indeed, the ECJ in *Wintersteiger*, *Pinckney* and *Hejduk* drew a distinction between cases of offline intellectual property rights infringement, where the jurisdiction was based on the substantive law principles (for example, under the law of the country where the intellectual property rights are protected), and cases of intellectual property rights infringement over the Internet, where such an approach is wrong.¹³³⁷

¹³³³ CLIP Principle, Art.2:206 (2)

¹³³⁴ American Law Institute, "Restatement of the Law, Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes" (St. Paul Minn. 2008), § 206 (1).

¹³³⁵ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351, preamble 15, 16.

¹³³⁶ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹³³⁷ *Ibid.*

In this regard, jurisdiction based on the place where the act of infringement occurred,¹³³⁸ and jurisdiction under the targeting/directing activities approach¹³³⁹ are rejected by the ECJ as the place where the act of infringement occurred as well as the targeting/directing activities approach are related to the substance of the dispute rather than to the issue of jurisdiction.¹³⁴⁰ This means that the place where the act of infringement occurred, and the targeting/directing activities approach may be relevant to the existence of substantive liability for the infringement of intellectual property rights, but not for jurisdiction to entertain an action for intellectual property rights infringement over the Internet.¹³⁴¹

The claimant's centre of interest¹³⁴² was also rejected by the ECJ in *Wintersteiger* and *Pinckney* as, in contrast to personality rights, which are protected in all of the Member States, intellectual property rights are subject to the principle of territoriality.¹³⁴³ In my opinion, referring to the principle of territoriality is wrong as is the issue of the substance of a dispute, namely whether and where the proprietor can rely on the protection of those rights. In this regard it would be more logical to reject jurisdiction based on the centre of claimant's interest by referring to the nature of the rights infringed, rather than to the principle of territoriality. Indeed, in contrast to personality rights infringement over the Internet, the criterion of the objective accessibility of information protected by intellectual property law is not required for intellectual property rights infringement over the Internet. Therefore, the domicile of the author and the place where he pursues his professional activity are irrelevant for the purposes of establishing jurisdiction under the claimant's centre of interest approach because it is not possible to establish connection requirements between the claimant's centre of interest and the damage that has occurred.

Thus, the jurisdictional rules in the case of intellectual property rights infringement over the Internet cannot be based on the substance of the dispute but

¹³³⁸ Please see Chapter 3, paragraph '3.3.2.1 The place of the event giving rise to the damage: where the act of infringement occurred'.

¹³³⁹ Please see Chapter 3, paragraph '3.3.2.2 The place where the damage occurred: the targeting or directing activities approach'.

¹³⁴⁰ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹³⁴¹ Peter Stone, *EU Private International Law* (Third Ed., Edward Elgar Publishing 2014) 105

¹³⁴² Please see Chapter 3, paragraph '3.3.1.2.2 Centre of victim's interest'.

¹³⁴³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 25; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, para 38.

rather on clear connection requirements between the event giving rise to the damage and the territory of the particular Member State of the court seized. Otherwise, the jurisdictional rules would be very complex and would clash with the principle of foreseeability.

As our finding indicates, the ECJ has confirmed the following basis of jurisdiction for cases of intellectual property rights infringement over the Internet:

- The place of the event giving rise to the damage: where the publisher is established;¹³⁴⁴
- The place where the damage occurred: where the content is placed online or has been accessible.¹³⁴⁵

In this regard Article 7 (2)(1) of the Brussels I Recast may be read as follows:

“1. A person domiciled in a Member State may be sued in another Member State in disputes concerned with infringement carried out through ubiquitous media such as the Internet in the court for the place of the event giving rise to the damage or the place where the damage occurred”.

Indeed, the place of establishment is relevant to jurisdiction under Article 7 (2) of the Brussels I Recast in cases of intellectual property rights infringement over the Internet since this jurisdiction may establish the link between the place of the event giving rise to the damage and the territory of a particular Member State where the tortfeasor is established. Indeed, as noted by Fawcett, the Internet is not outer space; there are territorial connections with various States.¹³⁴⁶

However, in my opinion, the modification of this approach is required. Indeed, as noted by the ECJ in *Wintersteiger*,¹³⁴⁷ the “event giving rise to damage” in cases of trademark infringement over the Internet is the place of establishment of the advertiser, not the place of establishment of the ISP. Similarly, the event giving rise to damage in cases of copyright infringement over the Internet is the place of establishment of the owner of a website¹³⁴⁸.

This means that in the case of intellectual property rights infringement over the Internet, the place of the event giving rise to the damage should be determined by the

¹³⁴⁴ Please see Chapter 3, paragraph ‘3.3.1.1 The place of the event giving rise to the damage: where the publisher is established’.

¹³⁴⁵ Please see Chapter 3, paragraph ‘3.3.1.2.1 The place where online content is placed or has been accessible’.

¹³⁴⁶ Fawcett (n 113) 236.

¹³⁴⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117

¹³⁴⁸ Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 24

place where the advertiser or owner of a website is established rather than where the ISP is established.¹³⁴⁹

Indeed, the main role of ISPs is the dissemination of information. In my opinion, ISPs may be sued only as joint infringers, when they are involved in editing and controlling information posted on the Internet. For example, as *Football Dataco Ltd v Sportradar GmbH*¹³⁵⁰ and *EMI Records Ltd v British Sky Broadcasting Ltd*¹³⁵¹ demonstrate, ISPs may be jointly liable for infringements committed by Internet users. However, in such situations, the intellectual property rights owner should provide the necessary evidence that the ISP had “actual knowledge” of another person using their service to infringe others’ intellectual property rights.¹³⁵² In other words, the intellectual property rights owner is responsible for providing evidence that ISPs are publishers. In my opinion, it is very difficult to imagine a situation in which an ISP like Google is involved in managing a large amount of information posted on the Internet. Indeed, such an approach would not only be a serious step backwards for online development, but would also be totally unworkable in practice.¹³⁵³ On this basis we can conclude that ISPs may be sued together with the main infringer (advertiser/owner of a website) but not alone.

Therefore, it seems inconsequential to establish jurisdiction on the basis of where the joint infringer (ISP) is established. In my opinion, jurisdiction should be based on where the advertiser or website owner (main infringer) is established.

Indeed, as a jurisdictional basis, the place of establishment of the advertiser or owner of a website has an additional advantage for the intellectual property rights owner since it allows him to bring an action in the court of the Member State in which the advertiser or website owner is established in respect of all of the damage caused; this follows from *eDate*.¹³⁵⁴ It is also confirmed by the 16th recital of the Brussels I Recast: “in addition to the defendant’s domicile, there should be alternative

¹³⁴⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published.

¹³⁵⁰ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, para 13.

¹³⁵¹ *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch), para 46.

¹³⁵² *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 (Ch).

¹³⁵³ Ashley Hurst, ‘ISPs and defamation law: hold fire, Robert Jay’ *The Guardian* (London, 25 January 2013) <<http://www.theguardian.com/law/2013/jan/25/defamation-law-robert-jay>> accessed 3 March 2015.

¹³⁵⁴ Joined Cases C-509/09 and C-161/10 *eDate Advertising GmbH v X (C-509/09) and Olivier Martinez and Robert Martinez v Société MGN Limited (C-161/10)* [2011] ECR I-10269, para 42

grounds of jurisdiction based on a close link between the court and the action or in order to facilitate the sound administration of justice”.¹³⁵⁵

Moreover, the reference to the place where the advertiser or the owner of a website is established, rather than to the place where the ISP is established, is consistent with the role of ISPs in disseminating information (as confirmed by the ECJ in *Sabam*¹³⁵⁶ and *Scarlet*¹³⁵⁷). In my opinion, jurisdiction cannot be based on the place of establishment of the facilitator of information. Indeed, the role of ISPs with respect to the dissemination of information and knowledge is like that of a telephone operator – they are merely the conduit for the provision of information and, as such, should have no liability for the content.¹³⁵⁸ Indeed, at the present stage of the Internet’s development, it is important to create conditions for the free dissemination of information and knowledge over the Internet. This means that ISPs should not be held liable for content posted on websites, as this would lead to increased monitoring of websites and increased restrictions on the free operation of the Internet.

In my opinion, establishing jurisdiction based on the place where the advertiser or website owner is established would provide an appropriate balance of interests for all of the parties involved. On the one hand, intellectual property rights owners would be able to sue in a court in the place where the advertiser or website owner was established, which may constitute a significant connecting factor from the point of view of evidence and the conduct of proceedings.¹³⁵⁹ This is also true in the light of *Folien Fischer and Fofitec*, according to which only the court before which an action may properly be brought is the court within whose jurisdiction the relevant connecting factor is to be found.¹³⁶⁰

On the other hand, advertisers and website owners would be more responsible for content placed online on a website if they were liable in the same way as publishers in case of infringement. Moreover, such an approach confirms the role of

¹³⁵⁵ Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters [2012] OJ L 351.

¹³⁵⁶ Case C-360/10 *SABAM v Netlog BV* [2012] OJ C98.

¹³⁵⁷ Case 70/10 *Scarlet Extended SA v SABAM* [2011] ECR I-11959.

¹³⁵⁸ Dennis Campbell and Susan Woodley, *E-commerce: Law and Jurisdiction* (Kluwer Law International 2003) 96.

¹³⁵⁹ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 32

¹³⁶⁰ Case C-133/11 *Folien Fischer and Fofitec* [2012] ECR

ISPs as facilitators of information (in the absence of “actual knowledge” about the infringement).

Therefore, Article 7 (2) (1) of the Brussels I Recast may be read as follows:

“2. For the purpose of paragraph 1 the place of the event giving rise to the damage is the place where the advertiser or website owner is established. In particular, a person who considered that his intellectual property rights had been infringed through ubiquitous media such as the Internet could bring an action in respect of all the damage caused in the court of the Member State in which the advertiser or website owner is established”.

Moreover, the mere accessibility of a website is also an appropriate basis for jurisdiction under Article 7(2) of the Brussels I Recast for cases of intellectual property rights infringement over the Internet.¹³⁶¹

In my opinion, the acceptance by the ECJ of the accessibility of a website approach is dictated by the necessity to protect the interests of intellectual property rights owners against increasing numbers of cases of intellectual property rights infringement over the Internet. Indeed, due to the absence of jurisdictional rules in the case of copyright infringement over the Internet on the one hand, and of harmonised substantive intellectual property law rules on the other, the ECJ extended the application of the substantive law at a jurisdictional level.

This means that jurisdiction based on the mere accessibility of a website does not depend on the requirement of targeting the Member State of the court seized. Indeed, the occurrence of damage arises from the accessibility of a website within the jurisdiction of the court seized. Therefore, the court of the place where the damage occurred only has jurisdiction in respect of damage occurring in its territory.¹³⁶² However, this leads to the multiplication of suits.

In my opinion, by analogy with jurisdiction based on the place of the event giving rise to damage (i.e. where the advertiser or website owner is established), jurisdiction based on the approach of websites’ accessibility should be modified by allowing the court to adjudicate jurisdiction by having regard for the damage occurring in other Member States under Article 7 (2) of the Brussels I Recast. Indeed,

¹³⁶¹ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000.

¹³⁶² Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 22; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 39.

in spite of the fact that global jurisdiction was rejected in *Pinckney* and *Hejduk*, a practical backdoor remains open to extend damage claims.¹³⁶³

In particular, as stated by the ECJ in *Wintersteiger*¹³⁶⁴ and *Pinckney*,¹³⁶⁵ intellectual property rights protection “in principle” is territorially limited and cannot “in general” be relied on outside of the territory of the granting state. This means that the main barrier to extending jurisdiction under Article 7 (2) of the Brussels I Recast based on the accessibility of a website is the principle of the territoriality of intellectual property rights.

However, in my opinion, the principle of territoriality of intellectual property law is the issue of the substance of the dispute rather than a jurisdictional issue. Indeed, the criteria for assessing whether the event in question is harmful for the purposes of Article 7 (2) “... are determined by the substantive law of the court seized”.¹³⁶⁶ This means that the territoriality of intellectual property rights as a principle of substantive law is irrelevant to the application of Article 7 (2) of the Brussels I Recast. In my opinion, while the accessibility of a website is applicable at the jurisdiction level, a similar approach to the principle of the territoriality of intellectual property rights would be inappropriate. Indeed, the Brussels regime “did not intend to link the rules of jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred”.¹³⁶⁷ In particular, as noted by Kur, the territorial structure of intellectual property is a legal construct rather than something following from the nature of intellectual property rights as such.¹³⁶⁸

Therefore, the jurisdictional problem may be resolved by deciding the issue of the territoriality of intellectual property rights. This means that rejecting the principle of territoriality of intellectual property rights will allow extending jurisdiction under Article 7 (2) of the Brussels I Recast to include all damage arising from the accessibility of a website.

¹³⁶³ Pekka Savola, “The ultimate copyright shopping opportunity - jurisdiction and choice of law in website blocking injunctions” (2014) IIC 45(3), 287-315.

¹³⁶⁴ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, paras 24-25.

¹³⁶⁵ Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, paras 32, 35-37

¹³⁶⁶ Case C-68/93 *Shevill v Press Alliance SA* [1995] ECR-I-415, para 41.

¹³⁶⁷ Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.*, [1995] ECR I-2719, para 18.

¹³⁶⁸ Annette Kur, *Conflict of Laws in Intellectual Property. The CLIP Principles and Commentary*. *European Max Planck Group on conflict of laws in intellectual property* (Oxford University Press 2013), 70.

Moreover, extending jurisdiction under Article 7 (2) of the Brussels I Recast to include all damage caused is also dictated by the argument that the effectiveness of intellectual property rights protection and sound administration of justice require the ability to make all claims in one court. In particular, as noted by Fawcett, effective enforcement means that the rights holder must be able to bring a single case for all damage.¹³⁶⁹ Such an approach is also supported by Article 41.2 of the TRIPS Agreement, which states that “procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays”.¹³⁷⁰

Thus, on the basis of the arguments provided, we can conclude that the accessibility criteria should also be modified. In my opinion, the occurrence of damage based on the mere accessibility of a website is not a very sensitive connection requirement, and a clearer link between the damage in a particular Member State and the activity of a defendant is required.

There are a number of proposals for the further development of jurisdiction based on the accessibility of a website approach in cases of intellectual property rights infringement over the Internet. For example, according to Advocate General Jääskinen’s suggestion in *Coty*, the occurrence of damage in the Member State of the Court seized depends on a defendant’s “act within the jurisdiction of the court seized”.¹³⁷¹ Similarly, the CLIP Principles provide an “escape clause” by allowing the defendant to escape the court’s jurisdiction if “the alleged infringer has not acted in that State to initiate or further the infringement and his/her activity cannot reasonably be seen as having been directed to that State”.¹³⁷² However, in my opinion, such ‘active’ acts of the defendant may be compared with the targeting or directing activities approach, which was rejected in *Hejduk* as relating to the substance of the dispute.

In my opinion, the best solution to developing the accessibility of a website approach as a basis of jurisdiction is to determine jurisdiction based on how interactive a website is, taking into account the guilty mind of the defendant. Indeed,

¹³⁶⁹ Fawcett (n 112) 649.

¹³⁷⁰ WTO, Agreement on Trade-Related Aspects of Intellectual Property Rights <https://www.wto.org/ENGLISH/res_e/booksp_e/analytic_index_e/trips_03_e.htm> accessed 11 June 2014.

¹³⁷¹ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 71 (2).

¹³⁷² European Max Planck Group on Conflict of Laws in Intellectual Property, “Principles on Conflict of Laws in Intellectual Property” (Final Text, 1 December 2011), art 2:202

such an approach is not only an expression of the technological aspects of posting information on the Internet (which depends on the level of interactivity of information on the website) but also takes into account the guilty mind of the defendant who “knowingly” engages in illegal conduct.

The legal evidence for such an approach may be found in American case law.

On the one hand, the interactivity of a website is adopted by the United States as a basis for jurisdiction – and is specified in the *Zippo* case.¹³⁷³ In particular, as American practice indicates, active websites¹³⁷⁴ and interactive websites¹³⁷⁵ provide a basis for personal jurisdiction. However, the court is not able to adjudicate jurisdiction where the information is simply posted on the website and thus made accessible to everyone, for such information is passive.¹³⁷⁶ Indeed, passive websites may be accessed by Internet browsers, but do not allow interaction between the host of the website and a visitor to the site. In this regard, as noted by Rosenblatt, the more interactive a site is (i.e. the more exchange of information is possible between the site and the user), the more likely a court is to find that ‘contact’ exists between the site owner and the distant user.¹³⁷⁷ In my opinion, jurisdictional rules based on the level of interactivity of a website are a more predictable basis for jurisdiction than the simple fact of a website’s accessibility.

On the other hand, the guilty mind of the defendant should also be taken into account. Indeed, as recent American cases demonstrate, the courts require additional factors to the interactivity of a website.¹³⁷⁸ However, in my opinion, in contrast to the directing or targeting approach, taken by the CLIP Principles as an expression of the intention of the defendant to connect to the forum, I would rather support the notion of “wrongful conduct” accepted in *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme*¹³⁷⁹, as the condition to receive jurisdiction based on the accessibility of a website approach.

¹³⁷³ *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.* [1997] 952 F. Supp. 1119 (W. D. Pa), para 1124.

¹³⁷⁴ *CompuServe, Inc. v. Patterson*, 89 F. [1996] 3d. 1267 (6th Cir.)

¹³⁷⁵ *Maritz Inc. v. Cybergold Inc.* [1996] 947 F Supp 1328 (ED Mo)

¹³⁷⁶ *McDonough v. Fallon McElligott, Inc.* [1996] U.S. Dist. Lexis 15139 (S.D. Cal.); *Bensusan Restaurant Corp. v. King* [1997] 126 F.3d 25 (2d Cir).

¹³⁷⁷ Betsy Rosenblatt, ‘Principles of Jurisdiction’ <<http://cyber.law.harvard.edu/property99/domain/Betsy.html>> accessed 15 March 2015.

¹³⁷⁸ *Revell v Lidov* [2002] 317 F.3d 467, 473 (5th Cir.); *Pavlovich v Superior Court* [2002] 58 P.3d 2 (Cal.); *Young v New Haven Advocate* [2002] 315 F.3d 256; *Best Van Lines, Inc. v Walker* [2004] WL 964009 (S.D.N.Y.).

¹³⁷⁹ *Yahoo! Inc. v. La Ligue Le Racisme et L’Antisemitisme* [2006] 433 F.3d 1199, 1209 (9th Cir).

In my opinion, defendants need to be aware that content posted over the Internet may infringe the copyright owner's interests (the defendant's "actual knowledge" about the infringement). For example, if this approach were applicable in *Pinckney*, the website owner would not have been liable for the content posted on his website.

Therefore, jurisdiction based on the accessibility of a website should be modified in two ways: both the level of interactivity of a website and the guilty mind of the defendant should be taken into account.

In this respect, some may suggest that the protection of intellectual property rights owners' interests should be the priority of the courts of every Member State. However, in my opinion, the most important task for the court is to balance the interests of all of the parties involved. Only on the basis of foreseeability and the sound administration of justice can such a balance be guaranteed.

Therefore, taking into account the recent ECJ decisions in *Pinckney* and *Hejduk* and our arguments, Article 7 (2) (1) of the Brussels I Recast may be read as follows:

"3. For the purpose of paragraph 1 the place where the damage occurred is the place where the content is placed online or has been accessible. In particular, in disputes concerned with intellectual property rights infringement carried out through ubiquitous media such as the Internet, the court whose jurisdiction arises from the accessibility of a website in the territory of the court seized, shall also have jurisdiction in respect to damage occurring in another Member State arising from the accessibility of a website in the territory of this other Member State, provided that:

1) the website where the content placed online is accessible and interactive and

2) the defendant actually knew or could reasonably have foreseen that their act would lead to intellectual property rights infringement.

The court first seized has the priority for resolving the entire dispute for all of the damage caused according to the rules of the *lis pendens*."

Moreover, *Pinckney* raised an interesting question with regard to the possibility of suing co-defendants on the basis of the mere accessibility of their websites. However, the facts of the case did not demonstrate clear connection requirements. In my opinion, it would be reasonable to allow claimants to sue all co-defendants in the court of one Member State under Articles 7 (2) of the Brussels I Recast. In this

regard, the Brussels I Recast should be supplemented by Article 8 (1) (1) by allowing to suing co-defendants in the case of intellectual property rights infringement over the Internet.

At the same time, I do not think that this will be possible on the basis of the mere accessibility of a website because “it is not the most sensible criterion”.¹³⁸⁰ In this regard I would rather support the UK government’s approach to suing co-defendants whereby jurisdiction is conditional on a defendant’s knowledge: “when the defendant sold the products to the third party concerned in one Member State, it actually knew or could have reasonably foreseen that the sale would result directly in the alleged unlawful act committed by that third party in another Member State”.¹³⁸¹ Thus, Article 8 (1) (1) of the Brussels I Recast may be based on the additional criterion of the defendant’s knowledge.

Therefore, taking into account the decision of the ECJ in *Pinckney* and our argument on the additional condition of the defendant’s knowledge, Article 8 (1) (1) of the Brussels I Recast should be read as follows:

“A person domiciled in a Member State may also be sued in another Member State where he is one of a number of defendants in disputes concerned with infringement carried out through ubiquitous media such as the Internet in the court whose jurisdiction is based on Article 7 (2) (1) of the Brussels I Recast provided that:

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

- the defendant actually knew or could reasonably have foreseen that the act committed by third party would result in intellectual property rights infringement in another Member State.”

Indeed, where the rules of general jurisdiction under Articles 4 and 8 (1) of the Brussels I Recast are difficult to apply (due to the difficulties associated with privacy and data protection, as discussed in Chapter 2), Articles 7 (2) (1) and 8 (1) (1) of the Brussels I Recast should provide an alternative jurisdictional basis to sue co-

¹³⁸⁰ Martin, Husovec, “Case Comment. European Union: comment on *Pinckney*” (2014) IIC 45(3), 370-374.

¹³⁸¹ Case C-360/12 *Coty Germany GmbH v First Note Perfumes NV* [2014] not yet published, Opinion of AG Jääskinen, para 60.

defendants in cases of intellectual property rights infringements committed over the Internet. However, this issue should be further developed by the ECJ. Indeed, this work does not discuss this approach in detail because of the absence of regulation in this sphere: the current version of the Brussels I Recast does not provide the possibility to sue co-defendants at the place of the commission of the tort and the ECJ's decision in *Pinckney* is the first case where such a question was live.

On the basis of this analysis we can conclude that jurisdiction based on the accessibility of a website and on the place where the advertiser or website owner is established is appropriate in the case of intellectual property rights infringement over the Internet – appropriate from the view of foreseeability and the sound administration of justice.

5.2.3 Article 24 (4) of the Brussels I Recast

As our findings indicate, the application of exclusive jurisdiction in the case of intellectual property rights infringement over the Internet should be rejected on the basis of reasons specified below.¹³⁸²

In particular, by way of analogy with recent ECJ cases in *Wintersteiger*, *Pinckney* and *Hejduk*, where the ECJ rejected the jurisdiction based on the place where the act of infringement occurred, the targeting/directing activities approach and also the claimant's centre of interest, as these jurisdictional rules are based on the substance of the dispute rather than on jurisdictional connection,¹³⁸³ the same approach may be applicable with regard to Article 24 (4) of the Brussels I Recast. Indeed, the rules of jurisdiction under Article 24 (4) of the Brussels I Recast are based on the substance of the dispute as the simple fact of registering patents, trade marks, designs, or other similar rights is not in itself sufficient to establish the jurisdiction of the courts of that Member State and additional connection requirements are necessary. This finding is supported also by the *Football Dataco* case, which held that registration is not sufficient for jurisdiction to be established and that a further link is required between the tort and the forum.¹³⁸⁴ Indeed, as noted in the *Marinari*

¹³⁸² Please see Chapter 4, paragraph '4.3 Conclusions and recommendations'

¹³⁸³ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 2013 -00000, Opinion of AG Jääskinen; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015], not yet published.

¹³⁸⁴ Case C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH and Sportradar AG*. [2012] ECR 00000, paras 36, 47.

case, the Brussels I Recast did not intend to link the rules on territorial jurisdiction with national provisions concerning the conditions under which non-contractual liability is incurred.¹³⁸⁵ In my opinion, at the stage of finding international jurisdiction the substantive elements of the dispute are irrelevant. This is also supported by the argument that the rules of jurisdiction and the rules of substantive law are two independent sets of rules.¹³⁸⁶

Moreover, the fact of rejecting the exclusive jurisdiction in the case of intellectual property rights infringement over the Internet is also dictated by the scheme of the Brussels I Recast. Indeed, as the recent ECJ cases *Pinckney*, *Hejduk* and *Wintersteiger* indicate, in the case of intellectual property rights infringement over the Internet, jurisdiction should generally be based on the defendant's domicile and jurisdiction must always be available on this ground.¹³⁸⁷ The same approach is also supported by Fawcett and Slováková, who noted that the defendant should be sued in the Member State of his domicile rather than at the place in which the deposit or registration of intellectual property rights has taken place or is deemed to have taken place.¹³⁸⁸

The rejection of the exclusive jurisdiction in the case of intellectual property rights infringement over the Internet is also dictated by the combined effects of the ECJ cases *GAT v LuK* and *Roche v Primus*, which have created legal barriers for the application of the general and special jurisdiction. Indeed, the ECJ in *GAT v LuK* made clear that the invalidity issue, raised in the infringement proceedings by way of an action or plea in objection, is a matter of exclusive jurisdiction laid down by Article 24 (4) of the Brussels I Recast in favour of the courts of the contracting state in which the deposit or registration has taken place or is deemed to have taken place. In addition, the ECJ in *Roche v Primus* supports the splitting of the infringement and validity proceedings by reference to the situation where “the defendant disputes the

¹³⁸⁵ Case C-364/93 *Antonio Marinari v Lloyd's Bank plc and Zubaidi Co.* [1995] ECR I-2719. I-2739, para 18.

¹³⁸⁶ Stefania Bariatti, *Litigating Intellectual Property Rights Disputes Cross-border: EU Regulations*, *ALI Principles*, *CLIP Project* (Wolters Kluwer 2010) 33.

¹³⁸⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 4.

¹³⁸⁸ Fawcett (n 112) 348; Zuzana Slováková, ‘International Private Law Issues regarding Trademark Protection and the Internet within the EU’, *Journal of International Commercial Law and Technology* (2008) Vol. 3, Issue 1, 77-78

validity of a patent in the context of an infringement action”.¹³⁸⁹ This means that Articles 4 and 7 (2) of the Brussels I Recast are not applicable if the infringement claims are concerned with validity proceedings, irrespective of whether the issue is raised by way of an action or a defence. In such a situation the court with general and special jurisdiction shall declare of its own motion that it has no jurisdiction.¹³⁹⁰

In my opinion, the issue of the validity of registered intellectual property rights should be considered by a specialised court: patent or design or trademark courts with exclusive jurisdiction rather than national courts. Indeed, in the case of Community trademark or Community design infringement the specialised court is involved. Moreover, we should take into account the establishing of the Unified Patent Court¹³⁹¹. In particular, Article 32 of the Agreement on the Unified Patent Court grants exclusive competence to the UPC in respect of, among others, actions for actual or threatened infringements; actions for declarations of non-infringement; actions for provisional and protective measures and injunctions; actions and counterclaims for revocation of patents and for declaration of invalidity of supplementary protection certificates; actions for damages or compensation derived from the provisional protection conferred by a published European patent application; and, actions relating to the use of the invention prior to the granting of the patent or to the right based on prior use of the invention.¹³⁹² Therefore, the issues of infringement and validity of Unitary Patents are the competence of one court: the Unified Patent Court. In addition to that, the Unified Patent Court is intended to have exclusive jurisdiction for traditional European patents, which will remain a permanent alternative to the Unitary Patent. The Agreement on the Unified Patent Court entered into force on the same date as the amendments to the Brussels I Regulation: January 10, 2015.¹³⁹³ A similar situation exists with regard to Community trademark and Community designs infringement where a specialised court has exclusive jurisdiction. Indeed, according to Article 96 of Regulation 207/2009 on the Community

1389 Case 4/03 *GAT v LuK* [2007] ECR I-6509, para 46.

1390 Brussels I Recast, Art. 27.

1391 Council Regulation (EC) 542/2014 amending Council Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice [2014] OJ L 163.

1392 Agreement on a Unified Patent Court [2013] OJ C 175/1.

1393 Council Regulation (EC) 542/2014 amending Council Regulation 1215/2012 as regards the rules to be applied with respect to the Unified Patent Court and the Benelux Court of Justice [2014] OJ L 163, Article 2.

trademark,¹³⁹⁴ the Community trademark courts have exclusive jurisdiction not only in respect of all infringement proceedings regarding Community trademarks but also with regard to the declaration of non-infringement and counterclaims for revocation or for a declaration of invalidity of the Community trademark. Article 107 of the Council Regulation 207/2009 stipulates that the national court dealing with a legal claim referred to in Article 96 must treat this trademark as valid. This means that in the case of Community trademark infringement the Community trademark court has exclusive jurisdiction with regard to actions of infringement and invalidity. Similar to the law of Community trademarks, the registration and revocation of Community design rights is affected by the Office for the Harmonisation in the Internal Market in Alicante, Spain. In particular, according to Article 81 of Council Regulation 6/2002 on Community designs¹³⁹⁵ for infringement procedures, counterclaims for the declaration of invalidity and claims for the declaration of invalidity of unregistered Community design rights, the Community design courts have exclusive jurisdiction.

Therefore, by way of analogy with infringement of Community registered rights a similar practice may be implemented in the case of the infringement of registered intellectual property rights over the Internet. In my opinion, the issue of validity of registered intellectual property rights when this issue arises during infringement proceedings with regard to intellectual property rights over the Internet should be considered by specialised courts: patent or design or trademark courts. Indeed, as noted by Fawcett and Torremans this is a welcome innovation that will end uncertainty with regard to international jurisdiction.¹³⁹⁶

Therefore, the rejection of exclusive jurisdiction according to Article 24 (4) of the Brussels I Recast in the case of intellectual property rights infringement over the Internet is dictated by the following finding:

- 1) the rules of jurisdiction are based on the substance of the dispute rather than on the issue of jurisdiction as required in the case of intellectual property rights infringement over the Internet;¹³⁹⁷

¹³⁹⁴ Council Regulation (EC) 207/2009 on the Community trade mark [2009] OJ L 78/1.

¹³⁹⁵ Council Regulation (EC) 6/2002 on Community designs [2002] OJ LEC L 3.

¹³⁹⁶ James J. Fawcett, Paul Torremans, *Intellectual Property and Private International Law* (2nd, Oxford University Press, Oxford 2011) 418.

¹³⁹⁷ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, Opinion of AG Jääskinen; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published

- 2) it contradicts the scheme of the Brussels I Recast and recent ECJ cases in *Pinckney*, *Hejduk* and *Wintersteiger*, where the jurisdiction should generally be based on the defendant's domicile and jurisdiction must always be available on this ground;¹³⁹⁸
- 3) create legal barriers to the application of the general and special jurisdiction¹³⁹⁹ .;

Moreover, transferring the exclusive jurisdiction from national courts to specialised courts is a more economically justified route for the infringement of registered intellectual property rights over the Internet when the issue of validity arises during infringement proceedings. In such a situation one specialised court should deal with such complex issues as the infringement and validity of intellectual property rights.

5.3 Concluding remarks

On the basis of the analysis provided we can conclude that the jurisdictional rules under the adapted version of the Brussels I Recast in the case of intellectual property rights infringement over the Internet are more predictable for all of the parties involved as these jurisdictional rules take into account the unique characteristic of intellectual property rights infringement on the Internet. In my opinion, the reform of the Brussels I Recast will offer businesses a good alternative by simplifying the existing system and supporting a cost effective route for intellectual property rights protection on the Internet.

The results of this research will be important not only for the academic community but also for policy makers. Indeed, the thesis provides not only an academic discussion (for example, by clarifying the issue of the substance of the dispute and the issue of jurisdiction) but also practical recommendations for the reform of the jurisdictional rules under the Brussels I Recast in the case of intellectual property rights infringement over the Internet. Indeed, it is the first work to

¹³⁹⁸ Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*. [2012] WLR (D) 117, para 4; Case C-170/12 *Peter Pinckney v KDG Mediatech AG* [2013] ECR 00000, para 3; Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH*. [2015] not yet published, para 4.

¹³⁹⁹ *GAT v. LuK* [2006] IIC 850; Case C-539/03 *Roche Nederland BV v Primus, Goldenberg* [2006] ECR I-6535.

investigate the issue of jurisdiction in the case of intellectual property rights infringement over the Internet taking into account all of the available literature in the subject area. The work provides a critical analysis of the ECJ cases and national case law developments in the following EU Member States: the United Kingdom, Germany, Sweden and France. This means that the recommendations provided address the problems of applying the existing jurisdictional rules under the Brussels I Recast not only on the EU level but also in its Member States. Such an approach is very useful for providing the best alternative for deciding jurisdictional problems in the case of intellectual property rights infringement over the Internet. In particular, the work recommends removing legal barriers for applying general jurisdiction under Article 4 of the Brussels I Recast in the case of intellectual property rights infringement over the Internet. In this regard recommendations for reforming the General Data Protection Regulation are provided. The recommendation to consolidate multi-defendant claims before the court in the place where one of the defendants is domiciled under Article 8 (1) of the Brussels I Recast is also provided.

Moreover, a new version of a special jurisdiction under Article 7 (2) of the Brussels I Recast is provided (Article 7 (2) (1) of the Brussels I Recast), which is specific for cases of intellectual property rights infringement over the Internet. The work also recommends supplementing the Brussels I Recast with Article 8 (1) (1) by allowing for the suing of co-defendants in the case of intellectual property rights infringement over the Internet (under Article 7 (2) (1) of the Brussels I Recast).

The work also clarifies the application of the rules of exclusive jurisdiction under Article 24 (4) of the Brussels I Recast in the case of intellectual property rights infringement over the Internet. In particular, by rejecting the application of the rules of exclusive jurisdiction under Article 24 (4) of the Brussels I Recast in the case of intellectual property rights infringement over the Internet the work suggests transferring the exclusive jurisdiction from national courts to specialised courts as this is a more economically justified route for the infringement of registered intellectual property rights over the Internet when the issue of validity arises during the infringement proceedings.

Therefore, due to the development of the Internet and the growing importance of intellectual property rights protection across the world, adapting the Brussels I Recast is a necessary step in order to satisfy the requirements of a new virtual world. In this regard, this work is a form of legal dialogue with the legal and scientific

communities, which will provide further ideas for researching an acceptable jurisdictional solution to intellectual property rights protection over the Internet.

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