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# **Issues of Private International Law concerning Copyright Infringements Online**

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## **Abstract**

This dissertation was written as part of the Master of Arts (MA) in Art, Law and Economy at the International Hellenic University. The outcome of this dissertation sheds some light on the issues of Private International Law that exist in case of Copyright Infringements in the Online environment.

The relationship between copyright and private international law constitutes a legal challenge. The increase in conflicts involving international and trans-border elements, in a world characterised by global trade and borderless communication structures, has drawn the two fields close and with the emergence of the Internet, the enforcement of cross-border copyright infringements has become highly relevant. With the prevalence of online “piracy”, the efficient enforcement of copyright has proven to be a challenging task for both the legislators and the courts. The territorial in nature national copyright law is challenged by the development of Internet.

In the European Union, the Member States have adopted a Council Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. These rules apply to contracts dealing, for example, with the making available right, however, in some cases of Copyright infringement, there is a lack of legal certainty for the interested parties. The choice of applicable law in cases of copyright infringement with a foreign element is a quite complicated matter, on which there is divergence of opinions. The importance of applicable law in case of intra-community and international in general conflict of laws remains a topic of great interest.

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**Keywords:** Private international law, Copyright, Infringement, Jurisdiction, Applicable law, Internet.

**Evi G. Tcekoura**  
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***In memoriam Konstantinos P. Karachristou***



## **Preface**

The expansion of cyberspace and its omnipresent nature have impacted upon many fields of law, often highlighting the inadequacy of the legal community in terms of capacity to cope with the new challenges. In respect of copyright enforcement there is a variety of issues that need to be clarified, as Internet constitutes a new arena that offers great opportunities to authors and right holders, but at the same time, copyright protected works are more vulnerable than ever. The trade of counterfeited products and the circulation of copyright protected works with no previous consent is massive and fast. This situation has major effects not only for right holders, but also for the economy.

Until very recently, the exploitation of copyright protected works was merely domestic and copyright law was regulated by national legislators and enforced within the states boundaries. Generally, the exploitation of the territorial in nature intellectual property rights beyond national borders rises questions when in disputes with foreign elements. The emergence of digital information technology and the Internet have altered this situation dramatically, as nowadays a work can circulate all around the globe. The question that arises is if the existent legal system can protect the stakeholders, as there is no uniformity either in copyright law or in international private law.

During recent years, at a European and an International level, states have reached merely a level of harmonisation, however there are fundamental differences. In addition, no international convention has been adopted universally to regulate private international law issues, such as jurisdiction and choice of law. EU has adopted several instruments in order to cover specific legal fields, such as the Brussels I Regulation, covering issues of jurisdiction and enforcement in civil matters, and the Rome Regulation, that sets choice of law rules. However, the rules provided in these instruments are not sufficient to ensure uniform solutions for the international protection of copyrighted works. The efforts of the CJEU in resolving these issues are welcome. Furthermore, the contribution of academics in the field are valuable, as at this stage, legal thinking is shaped in order to strike a balance between the involved parties.



*There is Nowhere to go,  
Nothing to do and  
Noone to be,  
But Who you are  
What you do  
And Where you are going.*

*Sokrates Malamas, Musician, 2010.*



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## Introduction

The emergence of digital technology and the expansion of Internet has radically altered the fields of communication, transaction and entertainment. Internet has contributed in the globalisation, creating a new, digital territory, cyberspace with no physical boundaries. The development of broadband networks, the compression of digital files and the creation of download software have enabled users of devices that connect to Internet to access, store, reproduce and distribute copyright protected works in a short time, at low cost and in a high quality. The ubiquitous nature of Internet, the fact that it is not regulated by a public authority and the difficulty to attach it to a specific territory have led to the infringement of copyright and the blooming of piracy, in an international level.

It is evident that copyright law as applied in the analogue world cannot keep pace with these developments, as uniformity and international protection of copyright law do not exist. The international community of states has adopted international legal instruments in order to harmonise copyright law and establish minimum standards for its protection. Despite the efforts towards harmonisation, copyright protection remains in the discretion of the national legislator and substantive differences exist under the different regimes, as crucial concepts such as originality of a work, exceptions and limitations etc. vary significantly. The principle of territoriality prevails as copyright makes part of the cultural policy of each sovereign state and reflects its tradition.

As until very recently exploitation of copyright law was merely domestic, the question of international exploitation did not arise. Thus, the applicability of private international rules combined with copyright law was not further examined. However, with the emergence of Internet and the globalisation, disputes concerning copyright infringement involve foreign elements, as either the stakeholders come from different legal backgrounds or the results of infringement occur in multiple territories. In the European Union level, a harmonised regime of private international law has been developed in the form of conventions, regulations, directives and case law. The harmonisation attempted by the aforementioned instruments in the field of private international law constitutes an important step for the further implementation of the

European internal market, establishing legal certainty. The question that arises is whether the rules provided can be applied in cases that deal with disputes of online copyright infringements.

This dissertation aims to approach this legal subject and shed some light upon issues of private international law in copyright infringements that occur in the cyberspace.

In the *First Chapter*, the fundamental principle of Copyright law is examined. Territoriality is a fundamental characteristic of copyright law, that is confirmed from the Court of Justice of the European Union (CJEU). The concept of national treatment that derives from territoriality is further elaborated, as this principle is provided in all the major international conventions that regulate intellectual property. In addition, the different opinions of academics and scholars concerning the nature of this latter principle and its application is further discussed.

The *Second Chapter* deals with jurisdictional issues that occur in online cross-border copyright disputes. The instrument that regulates jurisdiction among Member States of the European Union is presented and the articles that could be applied in these cases are analysed and criticised. As the CJEU has been active in the relevant field, it is interesting to present these cases and further elaborate on the outcomes. As groups of academics, in particular the CLIP Group and the American Law Institute have drafted proposals on the issue of jurisdiction it is crucial to present their approaches and offer a commentary.

The issue discussed in the *Third Chapter* is the applicable law in online cross-border copyright disputes, as once jurisdiction is established this is the question that arises. We focus on two crucial doctrines, specifically the *lex loci protectionis* and the *lex originis*, and the advantages and disadvantages that occur as a result to their application are pointed out. As guidance has also been provided for the law that should be applied, the relevant proposals are discussed and compared.

To conclude, the main findings of this paper are underlined, as understanding the challenges is important in order to find reasonable solutions that would lead to legal certainty. The current trends in the field are also presented.

## 1. COPYRIGHT LAW AND THE PRINCIPLE OF TERRITORIALITY

Intellectual property is the umbrella term referring to creations of the mind, such as inventions, literary and artistic works, symbols images and names. Intellectual property rights are divided into two categories, on the one hand, Industrial property, consisting of, inter alia, inventions, trademarks, and industrial designs; and on the other hand, Copyright. Copyright and related rights are exclusive intellectual property rights that protect the creators' original literary, scientific or artistic works, such as novels, films, music, songs, computer programs, software, etc. and/or the interests of other right holders who contribute in making the works available to the public, ensuring that those who have created, contributed or invested in the creation of works can determine their exploitation, i.e. their reproduction, distribution, communication to the public<sup>1</sup>. In order to achieve that, copyright grants exclusive economic rights to rights holders and confers to the author non-economic rights, i.e. the author's prerogatives to his personal interests in the work<sup>2</sup>. The aforementioned exclusivity that copyright law confers is limited to the territorial boundaries of the State where the rights have been granted. Thus, territoriality constitutes a fundamental and universally accepted principle that governs copyright law.

As commerce has augmented through the ages, the international community has recognised the importance of setting minimum standards for uniform protection and on this basis a variety of legal instruments have been adopted. These instruments regulate in a uniform way a few substantive rights and also provide the principle of national treatment according to which each state shall accord the rights provided for in the conventions to the nationals of other contracting states. However, as the rationale of intellectual property protection is based on different legal traditions a consensus has been difficult to achieve in key concepts, such as originality, exceptions and limitations of protection.

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<sup>1</sup> The Berne Convention for the Protection of Literary and Artistic Works, 9 September 1886, completed in Paris on 4 May 1896, revised in Berlin on 13 November 1908, completed at Berne on 20 March 1914, revised in Rome on 2 June 1928, in Brussels on 26 June 1948, in Stockholm on 14 July 1967, and at Paris on 24 July 1971, art. 2; Koumantos, G., Stamatoudi, I., Greek Copyright Law, Sakkoulas Publications, 2014, p.p. 18-19.

<sup>2</sup> Koumantos, G., Stamatoudi, I, *See supra note 1*, p. 19.

### **1.1. Territoriality as a Fundamental Principle of Copyright Law**

Territoriality is a convenient term to describe the concept of copyright since the nineteenth century referring to national borders, but, at the same time, it is an ambiguous term<sup>3</sup>. Territoriality of the copyright means, on the one hand, that the set of rules established by the legislator shall apply in the territory of that particular state. The restrictions provided by a national copyright law cannot be implemented outside its boundaries, as the application of a country's copyright law to an alleged copyright infringement occurring in another country would be against the territoriality principle, as according to this fundamental principle, a state has no competence for activities that occur outside its territory<sup>4</sup>. In case that a country's copyright law was imposed on alleged activities that occurred in another country, this action would be considered by the latter country as a violation of its sovereignty.<sup>5</sup>

This territorial application of copyright law reflects its significant importance for sovereign states. Copyright law constitutes a part of the cultural policy of a state, as the legislator provides an incentive for creation and investment in creative works. The legislator sets the legal framework in which creative markets may flourish and balances the rights between the stakeholders in accordance with the general policy the state adopts. Countries regulate the subject matters protected, the rights conferred, the exemptions and limitations on the rights and provide the remedies to achieve the policy objectives. This policy is balanced with other fundamental principles and rights such as freedom of expression, competition, access to information, data protection and privacy. Furthermore, the policy adopted reflects the social and economic environment of the state. An objective of copyright law is to reward the author for his or her intellectual efforts. This is achieved by granting to authors long term protection giving to authors the possibility to make a living from their creative efforts. In addition, copyright law encourages the investment in the creative industries by conferring exclusive rights to the entrepreneurs or physical persons that facilitate

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<sup>3</sup> Lucas, A., *Droit international privé et droit d'auteur*, Les Cahiers de propriété intellectuelle, Éditions Yvon Blais, 2010, p. 764.

<sup>4</sup> Goldstein, P., *International Copyright Principles, Law and Practice*, Oxford University Press, 2001, p.63.

<sup>5</sup> *Idem*.

the circulation of creative works. This legal framework contributes to the dissemination of ideas throughout society and to the cultural development of the state.

This territorial principle of copyright -and intellectual property, in general- has also been confirmed by the international legal instruments that have been adopted by states in the relevant field, although these conventions set the minimum level of protection and attempt to harmonise the different regimes that exist worldwide. In the European Union, copyright protection has been based on principles enshrined in the international instruments, such as the Berne Convention. Furthermore, a set of directives has been developed on the basis of Article 114 TFEU<sup>6</sup> and, thus, measures have been adopted for the harmonisation of national laws, in order to ensure the functionality of the internal market. The 2001/29 Copyright Directive<sup>7</sup> has been enacted as the main instrument in order to harmonise copyright rules within the internal market and to adapt copyright legislation to technological developments, especially to the emergence of the digital environment. Despite the harmonisation process, the adaptation to the digital environment constitutes a challenge, as the principle of territoriality – under which copyright is acquired and enforced on a country-by-country basis- shall adapt to the omnipresent new environment of cyberspace. Furthermore, the territoriality principle has been affirmed by the Court of Justice of the European Union (CJEU) in Case C-192/04 Lagardère Active Broadcast, the successor in title to Europe 1 communication SA, v. Société pour la perception de la rémunération équitable (SPRE), Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL)<sup>8</sup>. Thus, the existence of different jurisdictional rules

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<sup>6</sup>Treaty on the Functioning of the European Union - PART THREE: UNION POLICIES AND INTERNAL ACTIONS - TITLE VII: COMMON RULES ON COMPETITION, TAXATION AND APPROXIMATION OF LAWS - Chapter 3: Approximation of laws - Article 114.

<sup>7</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

<sup>8</sup> Case C-192/04 Lagardère Active Broadcast, the successor in title to Europe 1 communication SA, v. Société pour la perception de la rémunération équitable (SPRE), Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL), para 46 “At the outset, it must be emphasised that it is clear from its wording and scheme that Directive 92/100 provides for minimal harmonisation regarding rights related to copyright. Thus, it does not purport to detract, in particular, from 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”.

and differences in applicable law in the field of copyright lead to legal uncertainty in the creative industries and jeopardise the function of the European Single Market.

Consequently, it is evident that following the emergence of the Internet and its development, the business models in creative industries have changed, significantly; however, it is doubtful if the existent legal framework is adequate. Nowadays, works circulate outside the boundaries of the country in which they were originally protected. The principle of territoriality that governs copyright clashes with the global character of the Internet and effective solutions are necessary in order to strike a balance between the interests of stakeholders and establish legal certainty in the internal market. Harmonisation of copyright is a common objective; however, this should be achieved without questioning the sovereignty of states.

### **1.2. *International Conventions and National Treatment***

As discussed, all Intellectual Property Rights, including Copyright, are not universal; their effect is limited to the territory of the sovereign state, under the laws of which they have been acquired and enforced. It should be underlined that the legal provisions concerning copyright protection have been shaped during the 19th century, when nationality was a decisive factor in legal thinking<sup>9</sup>. Furthermore, copyright could be protected through national laws, as, at that time, intellectual property rights were exploited mostly in a domestic basis and not outside the boundaries of a country<sup>10</sup>.

In the field of international intellectual property law -including copyright-, countries have adopted provisions in order to achieve a minimum level of harmonisation. Dealing with the issue of non-discrimination, the relevant international treaties have adopted the principle of national treatment, according to which a Member State accords citizens of other Member States the same treatment it accords its own citizens.

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<sup>9</sup> Torremans, P., *Private International Law Issues on the Internet, New Developments in EU & International Copyright Law*, Edited by Irini Stamatoudi, Wolters Kluwer, 2016, p.379

<sup>10</sup> *Idem*.

The principle of national treatment is established in the most important international conventions concerning copyright, as it constitutes a fundamental principle dealing with the protection of intellectual property.

### **1.2.1. The Berne Convention (1886)<sup>11</sup>**

The adoption of the Berne Convention in 1886 was the result of long negotiations. In 1883, the Association Littéraire et Artistique Internationale (ALAI) drafted a text<sup>12</sup> of ten articles for establishing a general Union for the protection of the rights of authors in their literary and artistic works. In the first article, it is stated that works published in a member state shall receive protection in all countries of the established Union, with the sole condition that the formalities of the country of origin are fulfilled. It should be underlined that the National Treatment provision was based on the place of publication of the work and not on the nationality of the author. The negotiations continued the following year in the Berne Diplomatic Conference. The aforementioned provision was contained and further clarified, underlying the needlessness of fulfilling formalities in each legislation, as a prerequisite to acquire protection.

It is obvious that the consensus of the contractual parties had been established. In 1885, a further conference has been organised at which negotiations would be concluded. Twelve<sup>13</sup> of the delegations requested the Swiss Federal Council to take all necessary measures in order to transform the draft text into a formal instrument. The Berne Convention for the Protection of Literary and Artistic Works was concluded on September 9, 1886 and the principle of National Treatment is established under the provision of Article 5; specifically, it is provided that foreigners shall be treated in the same way as nationals regarding the protection of their works<sup>14</sup> and that the exercise of these rights shall not be subject to any formality, being independent of the

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<sup>11</sup> The Berne Convention, *see supra note 1*.

<sup>12</sup> « PROJET DE CONVENTION pour constituer une Union générale pour la protection des droits des auteurs sur leurs œuvres littéraires et artistiques », original text in french language, <http://global.oup.com/booksites/content/9780198259466/15550002>

<sup>13</sup> WIPO NATIONAL SEMINAR ON INTELLECTUAL PROPERTY organized by the World Intellectual Property Organization (WIPO) in cooperation with the Cairo University, Arab Republic of Egypt Cairo, February 17 to 19, 2003.

<sup>14</sup> The Berne Convention, *see supra note 1*, Art. 5(1).

existence of protection in the country of origin of the work<sup>15</sup>. In this provision, it is underlined that the protection granted shall be governed exclusively by the laws of the country where protection is claimed. It has been supported that the latter does not introduce a rule of private international law, but merely a rule of non-discrimination concerning the treatment of foreigners<sup>16</sup>, introducing a *lex originis* rule concerning the protection of the work.

### **1.2.2. The Rome Convention (1961)<sup>17</sup>**

The international community responded to the technological developments that followed the Berne Convention by adopting the Rome Convention in 1961 for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, governing the neighbouring rights in copyright. The principle of National Treatment constitutes a key pillar in the Convention as all beneficiaries, i.e. foreign performers, producers and broadcasting organisations, shall be treated as nationals. In Article 2, it is stated that the national law of the country where protection is claimed will be applied, meaning the law of the country where the right is used<sup>18</sup>.

It is important to highlight that, the Article 3 of the Rome Convention defines broadcasting as the «transmission by wireless means for public reception», thus cable and Internet transmissions are excluded.

### **1.2.3. The TRIPS Agreement (1994)<sup>19</sup>**

The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement constitutes an international text setting the minimum standards for the protection of Intellectual Property Rights, including Copyright. Article 2 of the Agreement recognises

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<sup>15</sup> The Berne Convention, *see supra* note 1, Art. 5(2).

<sup>16</sup> Dessemontet, F., Conflict of Laws for Intellectual Property in Cyberspace, *Journal of International Arbitration*, Kluwer Law International, 2001, pp.487-510.

<sup>17</sup> International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 26 Oct. 1961), entered into force 18 May 1964.

<sup>18</sup> Fawcett, J.J., Torremans, P, *Intellectual Property and Private International Law*, Oxford University Press, 1998, p.476.

<sup>19</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, effective since 1<sup>st</sup> January 1995.

the framework set by both the Berne and Rome Convention. Furthermore, according to article 9, Member States shall comply with the rules set in the Berne Convention.

Article 3 is entitled «National Treatment» and it is provided that each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals, with regard to the protection of intellectual property<sup>20</sup>. This non-discriminatory clause aims at eliminating any barriers to international trade among the Member States of the World Trade Organisation and at establishing a fair and competitive trade system in these countries.

#### **1.2.4. WIPO Treaties (1996)<sup>21</sup>**

Technological developments created the need to update the international legal framework concerning the protection of copyright, as governments had to respond to new challenges that TRIPS did not regulate. In the WIPO Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions which took place in Geneva from December 2 to 20, 1996 two treaties were adopted in order to resolve the issues that occurred, adding additional protection: WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)

The principle of National Treatment is provided in both treaties directly connected to the Berne Convention and to the TRIPS Agreement. More specifically, it is provided in WCT that the principle of national treatment is applied *mutatis mutandis* as in the relevant articles of the Berne Convention and Member States are encouraged to implement it. According to article 4 of the WPPT, National Treatment is applied as described in the TRIPS Agreement and covering the rights granted by the Convention.

#### **1.3. National Treatment as a Private International Law Rule**

Defining the scope of national treatment principle has been an issue much discussed, as academics have supported different opinions concerning its interpretation and further implementation. According to Article 5(1) of the Berne

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<sup>20</sup> TRIPS Agreement, *see supra note 19*, Art. 3 (1).

<sup>21</sup> WIPO Copyright Treaty, Dec. 20, 1996 and WIPO Performances and Phonograms Treaty, Dec. 20, 1996.

Convention, National Treatment constitutes an anti-discrimination clause which ensures that foreign creators are not discriminated when they seek remedies in another country, whilst the provision under Article 5(2) ensures that administrative hurdles concerning the implementation of the principle should not be provided by national regimes. Thus, the complete assimilation of foreigners to national authors is established by conventional law, without the condition of reciprocity<sup>22</sup>. The question that arises concerning the interpretation of the principle is whether the latter should be considered as a definitive international norm or a choice-of-law rule.

Some scholars have supported that National Treatment introduces a choice-of-law rule, implying that the law applicable concerning copyright infringement is the law of the country in which the infringing activity occurred<sup>23</sup>. According to this interpretation the principle does not constitute merely a non-discrimination clause, but establishes the *lex fori* solution in copyright disputes with a foreign element, excluding *lex originis* or any other choice. This opinion has been supported before court, with controversial results<sup>24</sup>. The rationale behind this opinion is that national and foreign creators should be treated equally, and that court should apply *lex fori* in cases with foreign elements as well as in merely domestic. The arguments supporting this interpretation are not persuasive enough, as it should be underlined that if the drafters of the aforementioned Conventions aimed at establishing such an absolute private international rule, the phrasing would be neither ambiguous nor vague, but clear and explicit. Furthermore, it should be underlined that none of the international

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<sup>22</sup> Goldstein, P., *International Copyright Principles, Law and Practice*, Oxford University Press, 2001, p. 72.

<sup>23</sup> Nimmer, M., Nimmer D., *Nimmer on Copyright*, Matthew Bender, § 17.05, at 17-37, “[t]he applicable law is the copyright law of the state in which the infringement occurred, not that of the state of which the author is a national, or in which the work was first published”, 1997.

<sup>24</sup> *Murray v. British Broad. Corp.*, No. 626, Docket 95-7458 (2d Cir. 1996), “The principle set out in Article V, paragraph 2 of the Berne Convention is one of “national treatment,” see *Creative Technology, Ltd. v. Aztech Sys. Pte*, 61 F.3d 696, 700 (9th Cir.1995), a choice-of-law rule mandating that the applicable law be the copyright law of the country in which the infringement occurred, not that of the country of which the author is a citizen or in which the work was first published. *Nimmer on Copyright* § 17.05. *Murray* argues, in essence, that the principle of national treatment contained in the Berne Convention mandates procedural opportunities identical to those accorded American plaintiffs alleging copyright infringement. *We disagree.*”, *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088,1097 (9th Cir. 1994), “Although the treaties do not expressly discuss choice-of-law rules, see *Geller & Nimmer, supra*, *Intr.* § 6, at 181-83, 189, it is commonly acknowledged that the national treatment principle implicates a rule of territoriality”.

Conventions concerning Intellectual Property Rights and Copyright refer to choice-of-law rules.

According to a different opinion, National Treatment constitutes an incomplete rule of private international law, meaning that the principle is neutral concerning the applicable law, as the system of private international law of the forum is to be applied. Thus, it is supported that National Treatment refers to the laws of the country where the exploitation is occurred and that the applicable law should be in accordance with the principle of protection<sup>25</sup>.

Finally, other scholars rule out the possibility that National Treatment establishes a private international law rule and support that the principle solely designates how foreign rights holders are to be treated in the various legal systems<sup>26</sup>. International conventions guarantee the harmonisation of minimum rights, whilst National Treatment establishes an anti-discrimination clause, ensuring that foreign and national authors receive the same treatment when seeking copyright protection. In this framework, National Treatment affirms the importance of territoriality as a substantive aspect of copyright law. Paul Torremans<sup>27</sup> underlines that the protection of intellectual property in the international level seems to operate rather on a country-by-country basis than on a common international intellectual property regime. Thus, a united supranational system concerning the international protection of copyright does not exist, as each legislation applies its domestic rules and the national intellectual property law. Furthermore, apart from the absence of an international intellectual property regime, one should underline the lack of rules concerning the jurisdiction and the applicable law. This fact should not be considered as a result of lack of consensus; the exploitation of copyright in a legislation different than the country of origin is rather recent.

To conclude, it appears that international conventions do not contain solutions concerning the issues of jurisdiction and applicable law concerning copyright cases with a foreign element, not only in the cyberspace, but also in the offline world.

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<sup>25</sup> Drexl, J., Kur A., *Intellectual Property and Private International Law: Heading for the Future*, Studies in Industrial Property and Copyright Law, Hart Publishing, Oxford and Portland, Oregon, 2005, pp. 135-137.

<sup>26</sup> Ricketson, S., Ginsburg, J., *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, 2nd ed., Oxford: Oxford University Press, 2005.

<sup>27</sup> Torremans, P., *see supra note 9*, p.380.

However, the established international private law instruments can be applied in cross-border cases as long as the fundamental principles are respected. The concept of territoriality and the principles that are derived, such as National Treatment, are closely related to one nation and, consequently, set obstacles in the aforementioned application. The provisions applied for copyright issues in the analogue world are not adequate. Consequently, effective solutions are necessary in order to resolve cases that include foreign elements, such as cross-border exploitation or infringement in cyberspace.

## **2. JURISDICTION IN ONLINE CROSS-BORDER COPYRIGHT DISPUTES**

The debates over Internet Jurisdiction have been long, as scholars and courts have attempted to approach the issues that arise in an online dispute where parties do not reside in the same country. Internet is “deterritorialised”, as it does not exist within the borders of one legislation and cyberspace is an unbounded territory. This global dimension has challenged Copyright law, as nowadays copyright exploitation is no longer domestic, but has an international character. As international conventions do not resolve the issue of jurisdiction, the general international private law instruments and rules should be examined in order to determine which court has jurisdiction over a dispute of copyright infringement on the Internet.

### ***2.1. Jurisdiction in EU***

In the European Union, jurisdiction is governed by the the Council Regulation (EC) 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (hereinafter also referred as Brussels I Regulation).<sup>28</sup> This instrument contains the jurisdictional regime which determines the competent court in civil and commercial disputes among parties domiciled in a Member State. The Brussels I Regulation is applicable since January, the 10th, 2015 and it shall mean that in cases containing a foreign element or the parties do not reside in the same country, 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 claimant should sue before another competent court.

In the European context, these rules can be applied in issues concerning intellectual property and copyright, as these constitute civil and commercial cases. Brussels I Regulation does not contain any special provisions dealing with intellectual property rights or specifically copyright infringement over the Internet, and so the existing jurisdiction rules should be applied to these cases.

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<sup>28</sup> Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

### **2.1.1. Article 4(1)<sup>29</sup>**

The general rule provided in article 4(1) can be applied, according to which persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State<sup>30</sup>. Hence, the general jurisdiction over natural persons shall be the defendant's domicile and, for legal persons, the defendant's statutory seat, the defendant's central administration and the defendant's principle place of business<sup>31</sup>. The major problem that arises in the application of article 4(1) is that, in case of multiple defendants in different forums, the right holder shall split the case in as many Member States involved. The scenario of multiple defendants is nothing but possible in online copyright infringement.

In addition, in cases concerning copyright infringement over the Internet, it is highly possible that the right holder may not know the place of the defendant's domicile, as domain names and Internet Protocol (IP) addresses do not necessarily reveal the location, and therefore the domicile, of the infringer. Anonymity plays a pivotal role in the function of Internet and, although this characteristic offers a wide range of advantages, at the same time it becomes the stalking horse for illegal activities<sup>32</sup>. Under these circumstances, obstacles can be raised for the claimant in detecting the defendants domicile and sue, as IP address is considered to be personal data<sup>33</sup> and some penal or administrative procedures -that vary in different Member States- are required in order to reach the person behind it. Relevant case law clarifies the issue. In case C-275/06, *Productores de Música de España (Promusicae) v. Telefónica de España SAU*<sup>34</sup>, the copyright society Promusicae applied against Telefónica, an Internet Service Provider, asking for the latter to be ordered to disclose

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<sup>29</sup> Of the Recast, old art. 2.

<sup>30</sup> Torremans, P., "Intellectual Property and the EU Rules on Private International Law: Match or Mismatch?", published in *EU Copyright Law A Commentary*, edited by Stamatoudi I. and Torremans P., Edgar Elgar Publishing, 2014, p. 1020.

<sup>31</sup> Regulation (EU) No 1215/2012, *see supra note 44*, art. 63.

<sup>32</sup> Palme, J., Anonymity on the Internet, 2002, <https://people.dsv.su.se/~jpalme/society/anonymity.html>

<sup>33</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) "(30) Natural persons may be associated with online identifiers provided by their devices, applications, tools and protocols, such as internet protocol addresses, [...]"

<sup>34</sup> Case C-275/06, *Productores de Música de España (Promusicae) v. Telefónica de España SAU*, 2008.

the identity data of certain persons that had infringed the right of exploitation, held by the claimant's members. According to the claimant, the infringers had used a peer-to-peer file-sharing program and provided access in shared files of personal computers to phonograms; the personal data requested were a prerequisite for the claimant in order to bring civil proceedings against these persons for copyright infringement. The question referred to the CJEU was whether, according to community law, Member States were permitted to limit the duty of entrepreneurs, such as Internet Service Providers to disclose personal data merely in the context of a criminal investigation or to safeguard public security and national defense, thus excluding civil proceedings. The Spanish Court referred to three Directives<sup>35</sup> that aim at the effective protection of copyright, especially in the information society; however, this protection does not prevail over the protection of personal data.<sup>36</sup> The Court pointed out that, although according to the provision of Article 8(1) of the Directive 2004/48 judicial authorities may request confidential information about an alleged infringement of copyright to be disclosed, Member States are not obliged to provide specific measures for the communication of personal data in the context of civil proceedings. Furthermore, such an obligation is not provided in the TRIPS Agreement.<sup>37</sup>

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<sup>35</sup> Case C-275/06, para 57, points out that "It should first be noted that, as pointed out in paragraph 43 above, the purpose of the directives mentioned by the national court is that the Member States should ensure, especially in the information society, effective protection of industrial property, in particular copyright. However, it follows from Article 1(5)(b) of Directive 2000/31, Article 9 of Directive 2001/29 and Article 8(3)(e) of Directive 2004/48 that such protection cannot affect the requirements of the protection of personal data". Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce'), Article 1(5)(b) provides that: This Directive shall not apply to: questions relating to information society services covered by Directives 95/46/EC and 97/66/EC; Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, Article 9 provides that: This Directive shall be without prejudice to provisions concerning in particular patent rights, trade marks, design rights, utility models, topographies of semi-conductor products, type faces, conditional access, access to cable of broadcasting services, protection of national treasures, legal deposit requirements, laws on restrictive practices and unfair competition, trade secrets, security, confidentiality, data protection and privacy, access to public documents, the law of contract; Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Article 8 3(e) provides that: Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which govern the protection of confidentiality of information sources or the processing of personal data.

<sup>36</sup> Stamatoudi, I. Data Protection, Secrecy of Communication and Copyright: Conflicts and Convergences – The Example of Promusicae v. Telefonica, published Copyright enforcement and the Internet, edited by Stamatoudi, I., Kluwer Law International, 2010, p. 213.

<sup>37</sup> Case C-275/06, para 58, 60.

The CJEU has ruled that Member States are not obliged to disclose personal data for civil proceedings aiming at copyright protection and it is in their discretion to decide on the regulation of this issue. Furthermore, Member States are urged to strike a balance between the various fundamental rights protected by the Community legal order, namely the right to respect for private life and personal data protection on the one hand and copyright protection on the other. Thus, it is in the discretion of Member States to adopt measures in order to facilitate the enforcement of intellectual property rights and copyright on the Internet.

The ruling reached in case C-275/06 was confirmed in another judgment of the CJEU, *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v. Tele2 Telecommunication GmbH*<sup>38</sup>. In this case, the Court held that Community law – in particular, Article 8(3) of Directive 2004/48/EC read in conjunction to the legal framework concerning the processing of personal data and the protection of privacy in the electronic communications sector, does not preclude Member States from imposing an obligation to disclose to third parties personal data relating to Internet traffic in order to enable them to bring civil proceedings for copyright infringements. Furthermore, Community law requires that Member States, when transposing into national law Directives 2000/31, 2001/29, 2002/58 and 2004/48, rely on an interpretation which allows to strike a fair balance between the various fundamental rights involved.<sup>39</sup>

In addition, the Court dealt with the liability of Internet Service Providers in disclosing personal data in case C-70/10 *Scarlet Extended SA v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*<sup>40</sup>. SABAM, a Belgian management company which represents authors, composers and editors of musical works in authorising the use of their copyright protected works by third parties, claimed that users of the internet service provider Scarlet were downloading works, by using peer-to-peer file-sharing software, without previous consent and without paying any royalties. Under these circumstances, SABAM requested an order requiring the

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<sup>38</sup> Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v. Tele2 Telecommunication GmbH*, 2009.

<sup>39</sup> *Idem*, para 29.

<sup>40</sup> Case C-70/10 *Scarlet Extended SA v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, 2011.

Internet Service Provider to prevent these infringements by installing software that would either block or filter peer-to-peer file-sharing sites. The Brussels Court of First Instance ruled in favour of SABAM ordering Scarlet to install such a filtering system. Scarlet appealed and the cour d'appel de Bruxelles referred to CJEU for a preliminary ruling. In its ruling, the CJEU held that the measure was a serious infringement of the right of freedom of Internet Service Providers in conducting business, as provided under article 16 of the Charter of Fundamental Rights of the European Union, since it would require that ISP to install a complicated, costly, permanent computer system at its own expense. Furthermore, the injunction is against the provision of Article 3(1) of Directive 2004/48, which requires that measures aiming to ensure the respect of intellectual property rights -including copyright- should not be unnecessarily complicated or costly.<sup>41</sup> Moreover, the installation of a filtering system would result to the monitoring of all electronic communication, with no limitation in time. Thus, that injunction could lead to the blocking of lawful content, undermining the freedom of information.<sup>42</sup>

The Court made clear that copyright protection is not inviolable or absolute. National authorities and courts must balance the protection of copyright and the protection of other fundamental rights, such as the protection of personal data. In addition, measures regarding users' access to services and electronic communications shall be taken with respect to the fundamental rights and freedoms, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and the principles provided by the European Union.

To conclude, it is evident that the application of Article 4 of Brussels Regulation in the case of copyright infringement over the Internet involves additional difficulties for right holders, since ascertaining the domicile of a defendant is a difficult issue. However, measured for disclosing the relevant information could result to the violation of privacy. Thus, there is a clash between two fundamental rights, copyright protection and the right to privacy. Relevant case law of the CJEU confirms the problem without providing an effective solution in this field, whilst it remains to the discretion of Member States to provide mechanisms and strike a balance.

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<sup>41</sup> Case C-70/10, See supra note 40, para. 48.

<sup>42</sup> *Idem*, para. 47, 52.

### **2.1.2. Article 7(2)<sup>43</sup>**

According to article 24(4), the courts of the Member State in which there has been registration of patents, trademarks, designs, or other similar rights have exclusive jurisdiction concerning relevant issues. As a legal vacuum exists concerning the infringement of copyright, since a straightforward provision is not provided, in relevant disputes article 7(2) shall be applied. According to article 7(2), when it comes to tort, delict or quasi-delict, a person can be sued in the place where the harmful event occurred or may occur; in online copyright infringement the place that the harmful event occurs should be considered the place where the copyright protected work has been uploaded without the consent of the right holder<sup>44</sup>. Therefore, the case could be brought before the court of this country, as the forum would be competent.

In cases that deal with online infringement of copyright, difficulties arise when the place of damage should be identified, since damage will occur in the place where the material is downloaded or accessed, meaning everywhere<sup>45</sup>. This reality, resulting by the ubiquitous nature of the Internet, does not provide an effective solution, as a country-by-country approach is inevitable, creating technical and financial burdens to the right holder that pursues his rights. Advocate General Jääskinen in case C-170/12 *Peter Pinckney v KDG Mediatech AG* has underlined that, in the European framework, the system of protection of intellectual property, and of copyright in particular, remains fundamentally dominated by territoriality. Nevertheless, the recent case law of the Court has adapted to the reality of cross border broadcasting of protected works and supports that infringements of copyright committed via the internet imply a new definition of the way in which the link between virtual conduct and a given territory manifests itself<sup>46</sup>. The Advocate General identifies the infringement to the author's failure to profit from the unauthorised broadcast of the works at a given public, and thus he indicates as appropriate competent court the one in which has jurisdiction in the territory where the activity was aimed by the internet site in question, applying the

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<sup>43</sup> Of the Recast, old 5(3).

<sup>44</sup> Torremans, P., *see supra note 9*, p.382.

<sup>45</sup> *Idem*.

<sup>46</sup> Case C-170/12 *Peter Pinckney v KDG Mediatech AG*, Opinion of AG Jääskinen, para 49-50.

'theory of focalisation'<sup>47</sup>. To conclude, he supports that, according to article 7(2), in disputes concerning an alleged infringement of the exclusive distribution right or of the exclusive communication right by the placing online of dematerialised content, the right holder may bring proceedings either before the courts of the place of establishment of the persons who distributed the product online or placed the content online, in order to seek compensation for the total damage, or before the courts of the Member State at which the website in question aims its activity, in order to seek compensation for the damage suffered on that territory<sup>48</sup>. In its ruling, the Court adopted a completely territorial approach stating that the provision should be interpreted as meaning that in the event of alleged infringement of copyrights, the court has jurisdiction only to determine the damage caused in the Member State within which it is situated<sup>49</sup>.

Although the CJEU in case C-170/12 Peter Pinckney v KDG Mediatech AG did not follow the approach proposed by the Advocate General, this same approach is supported by the Court in another case of copyright infringement via the Internet; Pez Hejduk v. EnergieAgentur.NRW GmbH: Ms. Hejduk, is an Austrian photographer specialising in architectural photography. Her copyright protected works, i.e. photographs, were made available without her previous consent on the website of EnergieAgentur, a German company. The right holder sued the company for copyright infringement before the Austrian Court. EnergieAgentur raised an objection that the Court lacked international and local jurisdiction, claiming that "*its website was not directed at Austria and that the mere fact that a website may be accessed from Austria is insufficient to confer jurisdiction on that court*"<sup>50</sup>, and thus proceedings should be brought before the German Court, according to European Law.

The Court adopted the same interpretation as in another intellectual property case, concerning trademarks: Wintersteiger AG v. Products 4U Sondermaschinenbau GmbH, C-523/10. It has been clarified that in disputes concerning copyright infringement over the Internet, the event giving rise to the damage lies in the actions of the owner of that website. In Pez Hejduk case, it has been stated that in the case of

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<sup>47</sup> *Idem*, para 64.

<sup>48</sup> *Idem*, para 71, 73.

<sup>49</sup> *Idem*, para 48.

<sup>50</sup> Case C-441/13 Pez Hejduk v EnergieAgentur.NRW GmbH, para 13.

online copyright infringement, 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*”. The crucial element is rather the place “*in which the alleged perpetrator of the infringement is established*”<sup>51</sup>, than the place of the Internet Service Provider. Thus, the place of establishment is a crucial jurisdictional factor for intellectual property rights -including copyright- infringements via the Internet, since a link is established between the place of the event giving rise to the damage and the territory of a Member State where the tortfeasor is domiciled. Under these circumstances, the non-territorial cyberspace is linked to a territory and falls in its jurisdiction. In both cases, the domicile of the Internet Service Provider does not play a pivotal role, as its function relates merely to the dissemination of information. However, in a different scenario, i.e. in cases where the Internet Service Provider controls the content uploaded in the site, the latter might also be liable for illegal actions committed by the users<sup>52</sup>.

In Hejduk case, the Court referred to the territorial nature of the rights infringed and ruled that jurisdiction of the court, seised on the basis of the place where the alleged damage occurred, is limited merely to the damage caused within that particular Member State. Thus, the Court confirmed jurisdiction based on the accessibility of a website and, consequently, the court of any Member State where the alleged damage occurred may hear the case, as long as the website is accessible within its jurisdiction. However, it should be noted that the jurisdiction of the court seised is limited to rule on the damage occurring in its territory and, consequently, right holders shall bring proceedings before the Court of each territory in which the infringing content may be accessible online. Undoubtedly, splitting the case in different Member States raises difficulties for the right holder, that are contradicted to the main purpose of Brussels I Regulation, i.e. to enhance access to justice.

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<sup>51</sup> *Idem*, para 24.

<sup>52</sup> Case C-604/10, Football Dataco Ltd and others v. Sportradar GmbH<sup>806</sup>.

### **2.1.3. Article 8(1)<sup>53</sup>**

According to article 8(1), multiple defendants can be sued in a single court, as long as the prerequisite of a close connection is fulfilled. This provision aims at avoiding the risk of irreconcilable judgments, constituting the *conditio sine qua non* for the application of article 8(1)<sup>54</sup>. Under this perspective, the parallel rights that exist in different jurisdictions are considered as a single right, that can be pursued in a single claim before one court. In case law concerning intellectual property rights, the interpretation of this article by the Court of Justice of the European Union and the requirements for its application, at first, have been rather unfavourable for copyright cases and online infringement. However, recent decisions show that the strict requirements have been softened and, thus, there are perspectives for the use of article 8(1) in cases of online copyright infringement.

For the application of Article 8(1), the two prerequisites set, i.e. the “close connection” and the “risk of irreconcilable judgments” should be interpreted. According to CJEU case law<sup>55</sup>, this jurisdictional rule may be applied in cases where the actions brought against the various defendants are relevant and shall be heard together in order to avoid irreconcilable judgments. It is further underlined that it is up to the national courts to determine whether that condition is met. This latter statement of the Court raises issues in the application of the rule, as in the European Union, uniformity of Intellectual Property rights does not exist, as every Member State applies its own substantive law, creating a patchwork of regimes, although harmonised and shaped towards the same direction through Directives. Therefore, parallel rights exist under different jurisdictions and these can be considered from a commercial point of view, as one single right that can be pursued in case of infringement<sup>56</sup>. Unfortunately, this scenario rarely can be the case in online copyright infringement, as the tortfeasors act individually and not according to a common policy<sup>57</sup>.

The Court of Justice of the European Union examined the jurisdiction of the courts of the place where one of the defendants is domiciled, according to article 8(1),

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<sup>53</sup> Of the Recast, old 6(1).

<sup>54</sup> Torremans, P., *see supra note 9*, pp.386-387.

<sup>55</sup> Case C-189/87, *Kalfelis v Bankhaus Schroder Munchmeyer Hengst & Co*, para. 12.

<sup>56</sup> Torremans, P., *see supra note 9*, pp.386.

<sup>57</sup> *Idem*.

in C-539/03 Roche Nederland BV and Others v. Frederick Primus and Milton Goldenberg. Primus and Goldenberg, domiciled in the United States of America, proprietors of a European patent, brought an action before the Court in the Netherlands against Roche Nederland BV, a company domiciled in the Netherlands, and eight other companies in the Roche group established in different countries. According to the plaintiffs, those companies had all infringed the rights conferred on them by the aforementioned European patent. They brought the case jointly before the Dutch Court. The Dutch Supreme Court referred two questions to the CJEU asking, firstly, if the criteria for the application of Article 8(1) were fulfilled in this particular case and, secondly -in case of a negative answer- clarification about the circumstances in which this jurisdictional rule applies<sup>58</sup>. The Court ruled that, although according to the Munich Convention, common rules exist on the grant of European patents, such patents are governed by the national law of each Member State for which it has been granted. Thus, the Court concluded that a connection could not be established between actions for infringement of the same European patent where each action was brought, against a company established in a different State, concerning acts which it had committed in that State. Furthermore, it has been underlined that this also is applied in case where defendant companies, members of the same group, have acted in a similar manner in accordance with a common agenda<sup>59</sup>.

According to this ruling, the CJEU has rejected the “spider-in-web” doctrine. This legal doctrine, applied by Dutch Courts, provides that in cases where the infringement is committed by several companies belonging to the same group, the joinder of the claims before a Dutch court is possible when the Netherlands-based company is the ‘management epicentre’ of this group<sup>60</sup>. Thus, the forum connexitatis is determined by the domicile of the “spider”<sup>61</sup>.

The Court concluded that Article 8(1) shall not be applied since requirements of the same factual and legal situation were not satisfied and, thus, the two requirements of the article were not fulfilled.

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<sup>58</sup> C-539/03 Roche Nederland BV and Others v. Frederick Primus and Milton Goldenberg, para. 17.

<sup>59</sup> *Idem.* para. 29, 33-34.

<sup>60</sup> Nuyts, A., Szychowska, K., Hatzimihail, N., Cross-Border Litigation in IP/IT Matters in the European Union: The Transformation of the Jurisdictional Landscape, International Litigation in Intellectual Property and Information Technology, Kluwer Law International BV, 2008, p.19.

<sup>61</sup> Torremans, P., *see supra note 9*, p.388.

The approach of CJEU has not been that strict in other cases. In Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV and Others*, Solvay accused Honeywell Fluorine Products Europe BV and Honeywell Europe NV for patent infringement in the whole of Europe and Honeywell Belgium NV for patent infringement in Northern and Central Europe<sup>62</sup>. The question referred to CJEU for a preliminary ruling concerned the clarification of article 8(1). The Court ruled that it is for the national court to take into account, inter alia, the dual fact that the defendants each accused of committing the same infringements and, secondly, that the infringements were committed in the same Member States. Under these circumstances, the jurisdictional rule should mean that, in a situation where two or more companies domiciled in different Member States are separately accused of committing an infringement of the same national part of a European patent, which is in force in yet another Member State, there is a risk of ‘irreconcilable judgments’ resulting from separate proceedings. It has been underlined that it is up to the referring court to assess whether such a risk exists, according to the factual background<sup>63</sup>.

The application of Article 8(1) of the Brussels I Regulation should not be precluded for disputes concerning copyright infringement via the Internet, as although uniformity does not exist, there is a high level of harmonisation, which could result in ‘irreconcilable judgments’, as, in some cases, the factual background could satisfy the two requirements of the rule<sup>64</sup>.

### **2.3. ALI and CLIP Proposals**

Cross-border litigation in disputes concerning copyright infringement online has created ambiguity and difficulties in applying the traditional instruments that provide the jurisdictional rules in cases with a foreign element. The legal community is aware of this situation and there is an open dialogue around this issue, in order to update the current legal framework and make it suitable for these new circumstances. The European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP) has

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<sup>62</sup> Case C-616/10 *Solvay SA v Honeywell Fluorine Products Europe BV and Others*, para. 13.

<sup>63</sup> *Idem*, para. 29-30.

<sup>64</sup> Torremans, P., *see supra note 9*, p.392.

proposed provisions, in order to deal with this issue. Thus, independent scholars have provided valuable propositions on this topic and, along with the recent Courts decisions, shape the mentality towards the modernisation of legal rules. It is also interesting to refer to the Proposals provided on this issue by the American Law Institute (ALI), as this approach could serve as a useful tool for solutions in the European Union, but also worldwide.

The jurisdictional rules, as set in Brussels I Regulation in Articles 4(1) and 8(1), do not provide a solution for the right holder whose rights are infringed online by multiple defendants domiciled in different countries. According to Article 2:206 (2)<sup>65</sup> of the CLIP Principles concerning multiple defendants, it is stated 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 legal and factual situation. The CLIP Principles provide a wider approach than the “same situation of law and fact”<sup>66</sup> requirement that is set according to the CJEU, as it is suggested that a case can be jointly heard in one of the defendant’s domicile when the factual and legal situation is essentially the same. It should be underlined, though, that in later cases, such as C-145/10 Painer v. Standard VerlagsGmbH and Others, the Court has softened that requirement, as it has been clarified that the identical legal background is not required for the application of art. 8(1)<sup>67</sup>. It appears that the legal community is prepared for a more flexible rule. Paul Torremans stresses out that there is a risk that courts in different jurisdictions may apply the uniform law in a different way, since *“the central factor is now the balance that has to be struck by the national judge. This obviously makes the test flexible, but it is yet uncertain whether there are still 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”*<sup>68</sup>.

A similar jurisdictional rule is provided in ALI Principles, according to which a claim against a defendant who resides in a state may also be brought in the same forum for

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<sup>65</sup> European Max Planck Group on Conflict of Laws in Intellectual Property, ‘Principles on Conflict of Laws in Intellectual Property’, Final Text, 1 December 2011.

<sup>66</sup> C-539/03, *See supra note 58*.

<sup>67</sup> Case C-145/10 Painer v. Standard VerlagsGmbH and Others, para. 80.

<sup>68</sup> Torremans, P., Intellectual Property Puts Article 6 (1) Brussels I Regulation to the Test, CREATE Working Paper 8, 2013, p.11.

a non-resident defendant, if the cases are so closely connected that should be jointly heard in order to avoid inconsistent judgments, as long as the provided requirements are fulfilled<sup>69</sup>. According the ALI Jurisdictional rule, a joinder of resident and non-resident defendants is allowed, in cases where the connection between the defendants and the forum is proven, and as long as actions among the infringers are coordinated, even when different intellectual property rights are infringed. Furthermore, in Sections 221-223, different jurisdictional mechanisms are proposed introducing cost-effective and simplified solutions. The proposed rules combine civil-law and common-law traditions. From the civil law tradition, the *lis pendens* doctrine is adopted under the title coordination authority (§ 221)<sup>70</sup>, according to which during the pendency of a suit, related to this disputes cases shall be dismissed in favour of the first forum. As this doctrine is set as administrative primacy, the court shall decide whether the cases should be streamlined through cooperation or consolidation. In case of consolidation, *forum non conveniens* clause is adopted, in order to appoint the competent court (§ 222). Thus, the case is heard by that forum, whilst other courts stay their proceedings (§ 223)<sup>71</sup>. The ALI jurisdictional rules proposed are not merely regional, as these refer to the global context concerning disputes between parties domiciled in different countries all around the world, in contrast to those the CLIP Group has drafted as a solution for parties residing in Member States of the European Union. Consequently, ALI proposals could be considered as progressive, but, at the same time, as rather challenging, as a global administrative network among different courts is required to be established for the coordination of the aforementioned rules. Furthermore, it is doubtful if these rules could operate in the existent legal frameworks worldwide that use their set of jurisdictional rules based on their traditional legal thinking, as this has been formed through years of practice. However, ambitious approaches help to shape mentalities, in order to end up with effective solutions for this puzzle that has troubled the legal world.

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<sup>69</sup> Section 206(1) of ALI Principles, Kono, T., *Intellectual Property and Private International Law – Comparative Perspectives*, Oxford and Portland, Oregon, 2012.

<sup>70</sup> American Law Institute, *INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES* (with Comments and Reporters' Notes) Part II JURISDICTION Chapter 3 Jurisdiction over Simplification: Coordinating Multiterritorial Actions, 2008, <http://www.wipo.int/edocs/lexdocs/laws/en/us/us218en-part6.pdf>.

<sup>71</sup> *Idem*.

It should be underlined that, according to the case law of the CJEU, the plaintiff under article 7(2) of the Brussels Regulation shall be able to choose between the forum of the place of the infringing act and the forum of the place where its effects occurred. The principle of territoriality of intellectual property rights has been also confirmed by the CJEU, consisting, undoubtedly, a barrier in the application of Article 7 (2) concerning the extension of jurisdiction. However, territoriality is a principle of substantive law. Provisions concerning jurisdiction aim at determining the competent court and what is questionable is the link of a particular forum with a case and not the substantive rules that govern the dispute. It appears that the crucial jurisdictional problem that arises could be confronted, either by establishing a tailor-made rule for intellectual property rights -including copyright- over the internet, or by considering the principle of territoriality in a more flexible way, capable of following the evolution of copyright exploitation in cyberspace and the virtual world.

In Article 2:203 (2)<sup>72</sup> of the CLIP Principles such a special jurisdictional rule with regard to intellectual property rights infringement over the Internet is proposed, according to which, in disputes concerning infringements of an intellectual property right, performed 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<sup>73</sup>. The suggested proposal established in Section 204 (1) of the ALI Principles is similar as this indicates that “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”. Besides the similarities of the two suggestions, the main difference that prevails is that in Article 2:203 (2) of the CLIP Principles the jurisdiction is established regarding to the infringement claims, whilst in section 204 (1) of the ALI Principles jurisdiction is based upon the infringement activity of a non-resident defendant. As according to Brussels I Regulation, the provided set of rules of jurisdiction should be predictable and based on a close connection between the court,

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<sup>72</sup> CLIP Principles, *See supra note 65*.

<sup>73</sup> Torremans, P., *see supra note 9*, p.385.

and the action should be established, in order to facilitate the sound administration of justice<sup>74</sup>. This connection is established in Article 2:203 (2) of the CLIP Principles, as it is stated that a court is competent to extend jurisdiction over an infringement claim, provided that the infringements have no substantial effect in the defendant's forum of habitual residence. Furthermore, 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. It could be stated that according to the aforementioned two jurisdictional limits exist; activities and harm shall be substantial.

According to TRIPS Agreement it is provided 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*"<sup>75</sup>. Thus, what is required in copyright infringements via the Internet is a jurisdictional rule that would allow the claimant to bring the case before a court, competent to hear the case for the total damage. The criterion applied in Pickney case, i.e. the accessibility of a website as a connecting factor, constitutes an approach that is rather favourable for the right holder whose copyright is infringed, however further steps are necessary towards this direction, as the issue remains. To conclude, the jurisdictional rules set in Articles 4(1) and 8(1) of the Brussels I Regulation cannot always provide the jurisdictional basis for copyright infringement over the Internet, as difficulties are raised. However, the application of the criterion of accessibility and a different approach concerning the interpretation of Article 7(2) by the CJEU, could constitute the appropriate jurisdictional rule for these cases and guarantee foreseeability and the sound administration of justice.

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<sup>74</sup> Brussels I Regulation, *See supra note 28*, Preamble 15-16.

<sup>75</sup> TRIPS Agreement, *See supra note 10*, Article 41.2.

### 3. APPLICABLE LAW IN ONLINE CROSS-BORDER COPYRIGHT DISPUTES

Once the jurisdictional issue has been resolved and a court has been declared competent to hear the case, the problem raising next concerns the applicable law, i.e. the substantive legal rules that shall be applied in the dispute. In the framework of the European Union there are two instruments that can be applied in Copyright cases and deal with choice of law; uniform conflict-of-law rules exist, governing the process by which the law applicable to contractual and to non-contractual obligations is appointed. Since December, the 17th, 2009, the courts of all EU Member States other than Denmark apply the Regulation (EC) No 593/2008 of 17 June 2008 to contractual obligations (hereinafter also referred as “Rome I Regulation”), whilst Regulation (EC) No 864/2007 of 11 July 2007<sup>16</sup> applies to non-contractual obligations (hereinafter also referred as “Rome II Regulation”). These two Regulations can be seen as a single instrument that provides rules applicable directly to Member States. Thus, domestic law is replaced in cases that deal with certain types of contractual, non-contractual, and pre-contractual obligations, where there is a foreign element and a conflict of law. The rules provided aim to harmonise the different legal regimes, irrespectively of the Member State Court in which an action is brought.

In disputes concerning copyright contracts the provisions of the Rome I Regulation can be applied in order to determine the applicable law, whilst for copyright infringement the international private rules of the Rome II Regulation that deal with tort choice of law can be applied<sup>76</sup>. As contractual issues and commerce in cyberspace do not differ significantly from the reality of the analogue world<sup>77</sup>, this chapter focuses on the issues concerning copyright infringement and torts committed over the Internet.

In most cases dealing with copyright infringement online, the Court applies the *lex loci protectionis* rule as implemented by Article 8(1) of the Rome II Regulation and, thus, the forum law is applied. In claims brought before the court of the place of the harmful event concerning the damage occurring in its territory, this rule is adequate as

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<sup>76</sup> Torremans, P., *see supra note 18*, p. 1033.

<sup>77</sup> Torremans, P., *see supra note 9*, p. 392.

the law of the country where the protection is sought is applied. However, this doctrine is problematic in cases where, for example, the plaintiff sues in the defendant's domicile and the damage occurs in different Member States<sup>78</sup>.

### **3.1. The Lex Loci Protectionis**

Territoriality constitutes the cornerstone of copyright law, as the exclusive and absolute rights granted by the laws of a sovereign state are acquired and enforced only in its territory and these do not extend outside its boundaries<sup>79</sup>. Thus, public policy of each jurisdiction dictates various issues, such as originality, the types of works that shall be protected, exceptions and limitations. Even since the Berne Convention<sup>80</sup>, each Member State, at its own discretion, shall indicate the precise definition of the categories of works protected according to the domestic law.<sup>81</sup> In the European Union, the harmonisation in this field copyright constitutes essentially national law, as Each Member State has its own national regime, adhered as a part of its cultural policy. The territoriality principle is also the basis of the lex loci protectionis rule, as according to this doctrine the law of the country in which legal protection is sought shall apply. Thus, in cases where the right is infringed in several states, the law of each state would be applied in order to seek compensation for the damage suffered on each territory.

The lex loci protectionis doctrine is set in article 8(1) of the Rome II Regulation as it follows: *"The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed"*. This straightforward solution, that links a copyright infringement to a particular territory, raises multiple obstacles for infringements committed in cyberspace. For example, in case that a copyright protected work is uploaded, with no previous consent of the right holder, on a website accessible in all EU Member States, all 28 national laws may be applicable for a single infringement. Furthermore, this provision is a serious burden for Internet Service Providers, as they

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<sup>78</sup> Lucas, A., Future Policy Recommendations, published in Copyright and the Digital Agenda for Europe, edited by Stamatoudi, I., Sakkoulas Publications, 2015, p.221.

<sup>79</sup> Madiega, T., EU copyright reform: Revisiting the principle of territoriality, European Parliamentary Research Service, 2015.

<sup>80</sup> The Berne Convention, Art. 2, 2(2).

<sup>81</sup> Torremans, P., *see supra note 9*, p. 393.

are dictated to comply with all legal regimes in which their services are provided as they could be sued under any law, including the law of a country that was not targeted<sup>82</sup>. This legal uncertainty constitutes a restriction in developing business.<sup>83</sup> Thus, the adoption of alternative solutions prevails, in order to strike a balance between the stakeholders and establish legal certainty.

### **3.2. The Lex Originis**

An alternative choice to the *lex loci protectionis* that has been argued by academics is the *lex originis*, i.e. the law of the place of first publication of the copyrighted work or in case of unpublished works by the law of author's personal status. These connecting factors manifest a universal recognition of the author's copyright as a single law applies in respect of a single work, regardlessly of the country it is exploited. This approach has been adopted by a few countries<sup>84</sup> and in some cases its application is limited by special legislation<sup>85</sup> and the article 5(2) of the Berne Convention<sup>86</sup>. Besides this restriction set in the Berne Convention, the arguments against the adoption of *lex originis* in online copyright infringements are based on the practical difficulties and complex issues that its application would raise. The application of *lex originis* would lead to legal uncertainty, as different regimes would be applied in a territory for copyright protected works, originated from different countries. In addition, difficulties would exist for commercial users, for example, in the case of a website owner who communicates works online originated from different legislations, as each work would be subject to a different set of rules.<sup>87</sup> It is evident

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<sup>82</sup> *Idem*.

<sup>83</sup> Matulionyte, R., *The Law Applicable to Online Copyright Infringements in the ALI and CLIP Proposals: A Rebalance of Interests Needed?*, JIPITEC, 2011, p. 27.

<sup>84</sup> For example, see art. 67(1) of the Greek Copyright Act (L. 2121/1993) according to which "Copyright over a published work shall be governed by the legislation of the state in which the work is first made lawfully accessible to the public. Copyright over an unpublished work shall be governed by the legislation of the state in which the author is a national" and art. 48(1) of the Portuguese Civil Code (L. 47344/66 amended by L. 329-A/95 of 12/12) which provides that "Without prejudice to what is laid down in special legislation, the rights of authors are regulated by the law of the place of first publication and, in the absence of publication, by the author's personal law".

<sup>85</sup> The limited application of *lex originis* in the Portuguese law is evident in its wording "Without prejudice to what is laid down in special legislation (...)", see *supra* note 68.

<sup>86</sup> Matulionyte, R., *Law Applicable to Copyright: A Comparison of the ALI and CLIP Proposals*, Edward Elgar, 2011, p. 80.

<sup>87</sup> *Idem*, p. 80-82.

that countries are unwilling to establish the *lex originis* rule as this would undermine their cultural policy<sup>88</sup>.

The country of origin doctrine has been established in the EU Council Directive 93/83/EEC<sup>89</sup>, which aims at facilitating the cross-border transmission of audio-visual programmes such as, particularly broadcasting via satellite and retransmission by cable. As reforming copyright plays a pivotal role in order to achieve better integration of the digital markets within the EU, the Commission has presented a proposal on the portability of online content services in December 2015, according to which Europeans will be able to take the online content, which they use legally in their home country, with them on temporary stays outside the territory of their domicile. The European Commission subsequently, on September 14, 2016, proceeded to further proposals in order to facilitate access across borders of Member States, aiming at simplifying the clearance of rights by broadcasting companies, in order to be able to broadcast online across the European Union. Applying the *lex originis* principle to online services means that, in the long run, broadcasters will only be required to clear the rights in the country of their domicile.<sup>90</sup> The country of origin principle is enshrined in Directive No. 2000/31/EC<sup>91</sup> regulating legal aspects of information society services and in particular electronic commerce, as information service providers are subject to the legal rules of their establishment. A similar solution could be suitable for Internet Service Providers, as it would be sufficient to comply with the requirements set in their establishment. Furthermore, this approach would resolve the issue of applicable law, as in each case the law of the place of the infringing action would be applied for the total damage; for example, in *Pez Hejduk*<sup>92</sup> German law would be applicable.

Despite the aforementioned advantages, this simplification would jeopardise the balances in the market and probably lead to forum shopping; internet service

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<sup>88</sup> *Idem*.

<sup>89</sup> Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission

<sup>90</sup> Nordemann, J., Reform of EU Copyright Law – Proposals by the European Commission for a digital single market, article published on the website of Association Internationale pour la Protection de la Propriété Intellectuelle <http://aippi.org/no-show/reform-of-eu-copyright-law-proposals-by-the-european-commission-for-a-digital-single-market/>, 2016.

<sup>91</sup> Directive No. 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce).

<sup>92</sup> Case C-441/13, *See supra note 50*.

providers would choose as their establishment countries with the minimum copyright protection standards.<sup>93</sup> Furthermore, the application of the *lex originis* would rule out territoriality, as it has been established for the making available right for localizing the act<sup>94</sup>. The most crucial disadvantage in applying *lex originis* as a general rule for applicable law is that it is highly possible that the country of origin has minimum or no connection to the dispute<sup>95</sup>.

To conclude the establishment of *lex originis* solution as the applicable law in online copyright infringement does not seem to provide a viable solution. The application of this doctrine could be feasible only if copyright law was fully harmonised across the European Union.

### **3.3. ALI and CLIP Proposals**

The principle of territoriality and the global character of Internet constitute a rather complex situation for resolving the issue of applicable law in copyright online infringement with foreign elements. The contribution of academics has once again been valuable in providing guidance to legislators and in promoting discussion of this subject among the intellectual property community.

The CLIP Group has provided a double proposal, in order to deal with these problems. The Group has proposed these rules, having taken into consideration the omnipresent character of the Internet and its consequences in disputes concerning copyright infringement online<sup>96</sup>. Thus, according to article 3:602<sup>97</sup> of the CLIP Proposal a *de minimis* rule for multi-state copyright infringement claims is suggested according

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<sup>93</sup> Matulionyte, R, *IP and Applicable Law in Recent International Proposals: Report for the International Law Association*. JIPITEC, 2012.

<sup>94</sup> Depreeuw, S., Hubin J.-B., *Study on the making available right and its relationship with the reproduction right in cross-border digital transmissions*, funded by European Commission, 2014.

<sup>95</sup> Torremans, P., *see supra note 9*, p. 394.

<sup>96</sup> *Idem*.

<sup>97</sup> Art. 3:602: *De minimis* rule

- (1) A court applying the law or the laws determined by Article 3:601 shall only find for infringement if
  - (a) The defendant has acted to initiate or further the infringement in the State or the States for which protection is sought, or
  - (b) The activity by which the right is claimed to be infringed has substantial effect within, or is directed to the State or the States for which protection is sought.
- (2) The court may exceptionally derogate from that general rule when reasonable under the circumstances of the case.

to that, the court shall focus on the alleged infringement claims that have either caused a substantial effect or when the alleged infringer has substantially acted within the state or states for which protection is sought. According to this rule, an infringement that is of minimum effect will not be taken into consideration. Thus, the closest connection rule is introduced as derogation from the principle of territoriality. The advantages of this approach are evident as on the one hand the rule preserves the application of the *lex loci protectionis* rule and on the other hand ensures the application of national laws by approaching the issue on a country-by-country basis, focusing on the alleged infringements that have substantial effects<sup>98</sup>.

If, according to the factual background of the case, the circumstances indicate that the law of several jurisdictions could be applicable, the CLIP Group has introduced another alternative solution, set in article 3:603<sup>99</sup>, constituting derogation from *lex loci protectionis* in the cases where infringement is carried out through ubiquitous media such as the Internet. As it is stated, the scope of the proposal is that one single law - which is closely connected to the dispute- should govern all matters concerning the *“existence, duration, limitations and scope to the extent that these questions arise as incidental question in infringement proceedings”*. In order to determine the closest link, the CLIP Group provides with a list of factors that should be taken into account and which include: the infringer’s habitual residence, the infringer’s principal place of business, the place where substantial activities in furthering of the infringement in its

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<sup>98</sup> Fawcett, J.J., Torremans, P, *Intellectual Property and Private International Law*, Oxford University Press, 2011, 17.25.

<sup>99</sup> Article 3:603: Ubiquitous infringement

(1) In disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court may apply the law or the laws of the State or the States having the closest connection with the infringement, if the infringement arguably takes place in every State in which the signals can be received.

(2) In determining which State has the closest connection with the infringement, the court shall take all the relevant factors into account, in particular the following:

(a) the infringer’s habitual residence;

(b) the infringer’s principal place of business;

(c) the place where substantial activities in furthering of the infringement in its entirety have been carried out;

(d) the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety.

(3) Notwithstanding the law applicable pursuant to paragraph 2, any party may prove that the rules applying in a State or States covered by the dispute differ from the law applicable to the dispute in aspects which are essential for the decision. The court shall apply the different national laws unless this leads to inconsistent judgments, in which case the differences shall be taken into account in fashioning the remedy.

entirety have been carried out and the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety. Furthermore, in order to strike a balance between the parties, the proposal suggested in paragraph 3 allows the parties to advocate that the laws of a state or states covered by the dispute, differ significantly from the law applied by the court, in aspects which are essential for the decision. In this case the court should apply the different laws pleaded, unless this would lead to inconsistency results. In this case, the court may apply one law and take into account the differences when fashioning the remedies.

This proposal could resolve the issue discussed. It is of significant importance that the proposed rule also allows taking into account the possible divergences among national copyright laws. As certain issues remain divergent, the parties may refer to these differences and the court should take the latter into account when determining the remedy. Thus, this rule would have a number of advantages compared to the *lex originis* doctrine, as right holders would have the opportunity to pursue remedies under a single applicable law. It is evident, for example that in the scenario that online service providers decide to run their services in a country with a favourable copyright, the potential problem emerged by the application of a *lex originis* rule is resolved. However, the closest connection factor may be hard to detect in some cases, whilst its flexibility may jeopardise legal certainty, although this obstacle could be overcome by court interpretation and establishment of case law. In general terms, the special applicable law rule for ubiquitous infringements, as proposed in the CLIP proposals, could offer a viable solution making proceedings easier and more efficient.

The American Law Institute has also introduced a set of soft law rules concerning the applicable law that could be applied in disputes dealing with copyright infringements in the cyberspace. According to Section 301<sup>100</sup> it is suggested that the existence, validity, duration, attributes, and infringement of intellectual property rights and the remedies for their infringement shall be for registered rights, the law of each

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<sup>100</sup> ALI Principles Section § 301. Territoriality Except as provided in §§ 302 and 321-323,

(1) The law applicable to determine the existence, validity, duration, attributes, and infringement of intellectual property rights and the remedies for their infringement is:

(a) for registered rights, the law of each State of registration.

(b) for other intellectual property rights, the law of each State for which protection is sought.

(2) The law applicable to a noncontractual obligation arising out of an act of unfair competition is the law of each State in which direct and substantial damage results or is likely to result, irrespective of the State or States in which the act giving rise to the damage occurred.

State of registration, whilst for other intellectual property rights, the law of each State for which protection is sought. It is evident that the principle of territoriality prevails. The wording “*country for which protection is sought*” used instead of “*country where protection is sought*”, aims at eliminating ambiguity, as the latter might lead to the application of the *lex fori* or *lex loci delicti*, whilst it is compatible with a market-oriented approach, as the claimant seeks protection in the markets where infringements occur.<sup>101</sup> Although territoriality is adopted, the ALI Principles proposed derogate from this fundamental principle in three areas including cases where infringement is ubiquitous<sup>102</sup>, in order to establish legal certainty and uniformity in resolving same legal issues.

For ubiquitous infringement carried out through the Internet, the drafters of ALI Proposals have suggested that one single law or a small number of laws will be applied to the infringements occurring in many countries, in cases that “*the alleged infringing activity is ubiquitous and the laws of multiple States are pleaded*”. The court may apply the law of the state or the states that have close connections to the disputes, not only to the infringement issues, but also to the existence, validity, duration and attributes issues. Just like in the CLIP Proposals, a short list of connecting factors is provided, in order to provide interpretation to “*close connection to the disputes*”, including several examples such as parties’ residence, the centre of the parties’ relationship, “*the extent of the activities and the investment of the parties*” and “*the principle markets toward which the parties directed their activities*”.<sup>103</sup> In order to balance the interests of the

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<sup>101</sup> The American Law Institute, INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES (with Comments and Reporters’ Notes) Part III APPLICABLE LAW, <http://www.wipo.int/edocs/lexdocs/laws/en/us/us218en-part8.pdf>.

<sup>102</sup> Derogation from the principle of territoriality is also suggested in the issues dealing with party autonomy as to certain relationship aspects, and the initial ownership of copyright.

<sup>103</sup> ALI Principles Section § 321. Law or Laws to Be Applied in Cases of Ubiquitous Infringement

(1) When the alleged infringing activity is ubiquitous and the laws of multiple States are pleaded, the court may choose to apply to the issues of existence, validity, duration, attributes, and infringement of intellectual property rights and remedies for their infringement, the law or laws of the State or States with close connections to the dispute, as evidenced, for example, by:

- (a) where the parties reside;
- (b) where the parties’ relationship, if any, is centered;
- (c) the extent of the activities and the investment of the parties; and
- (d) the principal markets toward which the parties directed their activities.

(2) Notwithstanding the State or States designated pursuant to subsection (1), a party may prove that, with respect to particular States covered by the action, the solution provided by any of those States’ laws differs from that obtained under the law(s) chosen to apply to the case as a whole. The court shall take into account such differences in determining the scope of liability and remedies.

parties involved in the disputes, the ALI Proposals include a provision that would allow the parties to demonstrate that the laws of certain countries would result in a significantly different outcome than that under the law or laws of the state or states chosen. In that case, the court should take these differences into account when determining liability and the remedy.

Despite the different legal background of the academics that have drafted the CLIP and the ALI Proposals represent different – civil law and common law tradition respectively – their approach does not differ significantly. In both cases, *lex loci protectionis* constitutes the main applicable law rule that should be applied. The territoriality principle is also reaffirmed, despite the high level of globalisation of the market and the harmonisation of copyright laws<sup>104</sup>. In both drafts, the ubiquitous character of infringements online is recognised and a limited party autonomy is introduced, in order to facilitate proceedings and enforcement of copyright. However, the two proposals present some differences; the CLIP Proposal introduces the *de minimis* rule, which is not included in the ALI Proposals. Furthermore, it should be underlined that neither the CLIP nor the ALI Drafters refer to the application of a single law, but different laws can be applied for different issues, introducing *depeçage*. It should be underlined that the wording differs as the CLIP Proposals refer to the “closest connection”, whilst the ALI Principals to the “closer connection”<sup>105</sup>.

Overall, the rationale behind the aforementioned proposals is common; the drafters aimed at balancing the interests of the parties involved and introduce viable solutions with respect to the territoriality principle in ubiquitous online copyright infringements, contributing in overcoming the problems that occur under the current legislation. The flexibility of the rules of closest and closer connection respectively discourage forum shopping and do not provide one single and straightforward solution. It is evident that these solutions could resolve the existent issues.

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<sup>104</sup> Matulionyte, R., *see supra note 85*, p. 28.

<sup>105</sup> *Idem*, p. 30.

## Conclusions

Despite its brief history, Internet and the sophisticated digital technologies have changed communication, dissemination of information, economy and trade. The international nature of cyberspace and the absence of geographical boundaries challenge law in various fields, as rules cannot be amended from one day to another; the shaping of legal reality has been a step-by-step process and legal regimes have a resistance to change. Under these circumstances, the norms of copyright law, as adapted in the analogue world, do not satisfy the current needs and cover the variety of issues that emerge, as cyberspace constitutes a whole new world for stakeholders with great potentials and risks. Thus, there is an open dialogue concerning the significance of copyright, as the legal community recognises the importance of the cross-border distribution and exploitation of works on the Internet.

Among other issues, the resolution of cross-border copyright infringement disputes occurring in cyberspace is a matter of great significance. The particular difficulties in this field derive from the territorial character of copyright and the lack of uniform substantive copyright regulation. International harmonisation is minimal, although there are some efforts towards this direction at a regional level. These instruments do not contain private international law rules that could provide effective solutions and resolve the issues of jurisdiction and applicable law in online copyright infringements. The Berne Convention imposes general obligations upon its Member States, presenting a minimal contribution to the harmonisation of copyright law. In the same direction, the TRIPs Agreement contributes to the establishment of an international substantive law for the protection of copyright and obliges states to adopt the minimum standard of protection provided by the Berne Convention, concerning aspects of intellectual property that may raise obstacles to international trade. The principle of national treatment is also adapted in these instruments providing a on a non-discriminatory basis. However, national treatment constitutes a non-discrimination clause and cannot be applied as a private international law rule. Ultimately, the regulation applicable to the infringement of copyright on the Internet lies in national legal regimes. This creates a patchwork of national copyright laws that cannot guarantee effective international protection. The principle of territoriality has

been constant and should remain subsisting; however, its application raises important issues in extraterritorial exploitation of copyright. Thus, it is evident that the principle should be interpreted in a more flexible way, adapted to the current needs.

In the European framework, the Brussels I Regulation can be applied for cases dealing with copyright online infringement, although such special jurisdictional rules are not contained. However, it should be underlined that the application of the general, special and exclusive jurisdiction in the cases of copyright infringement over the Internet is problematic. The application of the general jurisdiction, provided in Article 4(1), which is based on the defendant's domicile, is problematic as the claimant cannot easily identify the defendant's domicile. This information constitutes personal data and that can be disclosed only if such a proceeding is provided by the national legislation. It remains to the discretion of Member States to compromise the conflicted interests. Furthermore, as indicated by the recent case law of the CJEU, the application of special jurisdiction provided in article 7(2) is also problematic, as there are difficulties concerning delocalised damage and the identification with the act of copyright infringement over the Internet. It is evident that the rules that should apply, in order to resolve the jurisdictional issues, should be based on clear connection requirements between the parties or circumstances of the dispute and the territory of the court seised.

The EU Rome II Regulation regulates the applicable law in non-contractual obligations and can be applied in copyright online infringements. The *lex loci protectionis* is adopted, but as there is no flexibility to derogate from this doctrine, its application raises serious concerns about its effectiveness. Applying the law of the country for which legal protection is claimed in cross-border online cases leads to a distributive application of the laws of the different countries, for which copyright protection is claimed. As in infringements committed in cyberspace, protection could be claimed for every country in which the content is accessible, the law applied in the case could be the copyright provided by each legislation. The *lex originis* doctrine cannot provide an efficient solution. Thus, it is evident that there should be an amendment concerning choice-of-law rules in online copyright infringements.

The contribution of academics in this field is valuable as they have drafted proposals that provide further ideas for researching an acceptable set of rules,

concerning jurisdictional and choice-of-law issues. According to their suggestions, it is evident that since the territorial character cannot be eliminated, this characteristic of copyright law can be more flexible, in order to deal with copyright infringements online. After all, despite the ubiquitous nature of Internet, rational rules can exist, in order to link online activity to a specific territory. Among other suggestions, the *de minimis* rule and party autonomy could be considered as interesting and innovative approaches. The aforementioned suggestions could increase judicial efficiency in cross-border copyright disputes.

As a result of the fast-evolving development of the Internet, the international legal community focuses its attention in updating the existent legal framework, in order to regulate the new business models and adapt to the circumstances. In the European level, the integration of the Digital Single Market is a hot political issue and legislation activity for its achievement is high. It is interesting to observe how private international law issues will involve and the paths that Courts will follow in resolving relevant disputes. It is evident that mentalities are mature for innovative measures.



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1928, in Brussels on 26 June 1948, in Stockholm on 14 July 1967, and at Paris on 24 July 1971.

- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 26 Oct. 1961) 496 U.N.T.S. 43, entered into force 18 May 1964.
- Portuguese Civil Code (L. 47344/66 amended by L. 329-A/95 of 12/12).
- Greek Copyright Act (L. 2121/1993).
- Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission.
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- WIPO Copyright Treaty, Dec. 20, 1996.
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- « PROJET DE CONVENTION pour constituer une Union générale pour la protection des droits des auteurs sur leurs œuvres littéraires et artistiques », original text in french language, <http://global.oup.com/booksites/content/9780198259466/15550002> .
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- Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.
- WIPO NATIONAL SEMINAR ON INTELLECTUAL PROPERTY organized by the World Intellectual Property Organization (WIPO) in cooperation with the Cairo University, Arab Republic of Egypt Cairo, February 17 to 19, 2003.
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