

Jurisdiction and Internet in Relation to Commercial Law Disputes in a European Context¹

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1 This essay is based on an article by Maunsbach, *Some Reflexions Concerning Jurisdiction in Cases on Cross-border Trademark Infringements through the Internet*, published in *Scandinavian Studies in Law* 2005. In relation to the previous article new up-dated references are included as well as comments in relation to new relevant ECJ case-law. Furthermore this essay includes aspects regarding jurisdiction in contract related disputes. The essay may generally be said to build upon research committed during the work with the authors dissertations, Lindskoug, P., *Domsrätt och lagval vid elektronisk handel* [Electronic commerce – issues of jurisdiction and choice of law] (Cit. Lindskoug 2004) and Maunsbach, U., *Svensk domstols behörighet vid gränsöverskridande varumärkestvister – särskilt om Internetrelaterade intrång* [Swedish Jurisdiction in Cases on Cross-border Trademark Infringements – With Special Regard to Internet Related Actions] (Cit. Maunsbach 2005). General aspects on jurisdiction in cross-border cases are further more covered in Lundstedt, L., and Maunsbach, U., *Jurisdiction and Applicable Law: A Swedish Perspective on Cross-border Enforcement of Intellectual Property Rights*, published in *NIR* 2003:3 p 212. (Cit. Lundstedt/Maunsbach).

1 Introduction – Background

In the past few years disputes related to new technology have become more frequent. As to cross-border disputes it may be concluded that there are both contractual and non-contractual disputes. Contracts are involved in e-commerce and e-commerce generates an increasing number of cross-border transactions.² As to non-contractual obligations one obvious example is intellectual property infringements. It is relevant to mention both copyright infringements (e.g. disputes relating to the sharing of unauthorized works on the Internet) and trade mark infringements (e.g. disputes relating to domain names and the use of Ad Words in search engines³).⁴

The vast number of potential disputes is not the subject for this paper though. We have no intention to analyse and describe the different techniques that can be used to display a trademark or a copyrighted work on the Internet. Nor do we intend to explain everything as to problems in the fields of e-commerce. Instead our ambition is to highlight some of the questions that the new technology brings forward. There is a correlation between the evolution of new technology (among other things new forms of distance communication) and the fact that new (legal) questions are brought in to focus. Consequently the Information and Communication Technology (ICT) aspects on this area of law are the main subject of this paper.

The possibility to use a computer as a global marketplace, which is a reality due to the Internet, leads to an increasing number of cross-border transactions. Cross-border transactions tend, in their turn, to raise questions in the field of private international law.

As regards this paper the study adopts a Swedish perspective and it will deal with both contractual issues and non-contractual issues. As regards contracts the questions raised is whether an actor (buyer or seller) in Sweden could find a competent Swedish court in a case concerning a cross-border transaction. As to non-contractual obligations the question raised is whether a holder of an intellectual property right could enforce this right against a foreign defendant in a cross-border infringement case. When analysing this we will concentrate on disputes related to communication in open network (e.g. Internet). The underlying question would be if (and to what extent) foreign, as well as national, disputes can be adjudicated in a Swedish court. We have no ambition to analyze this question thoroughly in this paper though. The purpose here would rather be to highlight and exemplify some ICT-related problems that emerge in this specific area of law. For the purpose of this paper we have, as indicated above,

2 For a survey of issues as to e-commerce see Reed, C. and Angel, J., *Computer Law*, 6 ed., Oxford University Press, 2007. pp 197-131 (Cit. Reed/Angel). See also Lindskoug 2004 pp 6-23.

3 As to the issue regarding AdWords See further C-236/08–C-238/08 *Google France v. Louis Vuitton and others*.

4 For a survey of issues regarding intellectual property on the Internet See the WIPO report “Intellectual Property on the Internet: A Survey of Issues”, Doc. No. WIPO/INT/02. Available at “www.wipo.int/copyright/en/ecommerce”. See also Maunsbach 2005 pp. 49–70.

chosen to discuss the ICT aspects regarding jurisdiction, which does not mean that we consider other questions, e.g. regarding choice of law, less important.

To fulfil this task we have to start out from the existing rules of private international law. By presenting the legal grounds for jurisdiction in a traditional (un-plugged) environment our hopes are that we will set up the frames for a discussion of Internet-related problems. However, before we do so it might be of interest to present and explain the problem in an ICT-related context.

2 Some General Matters of Private International Law Applied to Internet Infringements

2.1 *The Problem*

As to infringements of intellectual property rights the problem and its related questions might be illustrated by an early example from the French case “*SG 2 v. Brokat*”⁵. The case involves an Internet-related cross-border infringement. A French company (SG 2) requested a French court to issue a preliminary injunction against a German company (Brokat) regarding the use of the trademark “payline”. The name “payline” was registered in Germany by Brokat as a trademark for its Internet payment system. SG 2 had previously registered the same name for similar services in France. The case was in other words concerning the use of a trademark on the Internet in a situation where both parties had registered rights to the disputed trademark in different countries. In the actual case it was shown that Brokat had not yet sold any products in France and they did not intend to do so in the future. The defendant (Brokat) contested the French court’s jurisdiction as regards the injunction issued in the case. An injunction on use with world wide effect in a situation like the one described could only be issued by a German court, Brokat argued.

Still the French court found itself competent to issue the requested injunction. The defendant’s website could be accessed in France and therefore a place of infringement had been on French territory. Due to article 5(3) of the Brussels Convention (which corresponds to article 5(3) Brussels I Regulation, see further section 4.5) the fact that an injurious act has effect in a country can be enough to make courts in that country competent to try a case of tort or injunction regarding the act in question. Consequently Brokat was obliged by the French court to stop using its trademark “payline” in France. As the court regarded Brokats use of its trademark on the Internet as use in France the prohibition meant, among other things, that Brokat could not continue to use its own trademark on its homepage in Germany.

Today this example might be regarded as obsolete. The restrictive view as to use on the Internet that is shown in the above mentioned decision is not representative for later decisions in this field. Still the example illustrates one of the problems that become obvious in the intersection between law and new

5 Nanterre Court of Appeals, October 13, 1996, SG2 v. Brokat Informationssysteme GmbH. The case is referred in Bettinger, T. and Thum, D., *Territorial Trademark Rights in the Global Village - International Jurisdiction, Choice of Law and Substantive Law for Trademark Disputes on the Internet - Part One*, IIC Vol. 31, No. 2/2000, pp 166-167 (Cit. Bettinger/Thum I-2000).

technology. Peculiar results may appear when old principles are applied in new environments. That was definitely relevant to highlight during the Internet-revolution 15 years ago and it is still relevant when lawyers try to figure out how to apply the law in relation to new phenomena's.

2.1 *The Impossible Marriage - Globality versus Territoriality*

The problem described above relates mainly to intellectual property rights and the fact that intellectual property rights are territorial. Consequently the rights are, with few exceptions⁶, protected nation by nation, meaning that the protection is limited as it ends at the borders of the protecting country. Even though one can say that intellectual property rights are evolving in a global direction the fact that they are protected on a territorial basis is, by ad large, undisputed.⁷

One consequence of the territorially limited protection, within the field of trade mark protection, is that it makes it possible for different holders to register identical trademarks in different countries; in fact the nature of trademark law makes it possible for different legal holders to coexist in the same country.⁸

This is not peculiar; rather something trademark owners have had to live with since trademark rights first evolved. As long as it is possible to use a name without confusing it with another similar name, there is, as a principle rule, no infringement. One important factor in determining whether or not a trademark is confusingly similar to another is if they relate to goods of the same, or similar, kind.⁹

The coexistence of trademarks is made possible, among other things, by the fact that one can separate similar marks in a "physical" store. Using trademarks in the global Internet alters the situation. To begin with Internet is a borderless environment. If you put information on the web it is, as a principle rule, possible to see that information from each and every connected computer, independent of where in the world that computer might be situated. A consequence of this is that

6 There are actually intellectual property rights that can be regarded as international (or at least regional in a cross-border kind of way). One example would be the Community trademark, another the Community design. Both rights are valid in the Community as a whole. The private international law issues concerning Community rights are regulated in the Community trade mark regulation and in the Community design regulation. *See* further Regulation (EC) No 40/1994 and Regulation (EC) No 6/2002.

7 The development towards global trademark rights are discussed in Kockvedgaard, M., and Levin, M., *Lärobok i Immaterialrätt*, 9 ed., Norstedts Juridik, Stockholm 2007, pp 369–371 (Cit. Levin); Bernitz, U., and others, *Immaterialrätt och otillbörlig konkurrens*, 11 ed., Jure, Stockholm 2009, pp 4–17; Riis, T., *Immaterialret og IT*, Copenhagen 2001, pp 13–15 (Cit. Riis 2001).

8 It is possible to register trademark in different classes due to the existing system of international classification of goods and services. According to this system it is possible that different rightholders register the same trademark for different goods or services, both on a national level as well as on an international level. *See* further the "Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks" administered by WIPO. Available at "www.wipo.int".

9 As regards trademark rights in Sweden *see* the Swedish Trade Marks Act (SFS 1960:644) section 4 and 6.

all legal holders of similar trademarks are competing on the same market (in the same cyberspace), with few possibilities to limit the individual advertisement to one single market.¹⁰

To illustrate the difference one can imagine a visitor out in a supermarket to buy chocolate. This potential customer is perfectly capable to find the Swedish chocolate “Always” and to distinguish this product from other products called “Always”. Visitors on the Internet are not in the same position. If you use a search engine to find what you are looking for it might take a while before you can find the right “Always” and while looking you are getting information about all other “Always” around the globe. It is, furthermore, possible that all “Always” information is there, on the Internet, originating from different rightholders in different countries. The fact that the name space is limited and that rightholders are forced to compete with each other is not a new problem; the massive competition between rightholders in global cyberspace on the other hand is. We have in other words a new situation, giving rise to new, or at least awakening, questions that have not been of immediate importance in the non-connected society.

One such question of immediate importance is to what extent the use of a trademark on the Internet, placed there in one country, can constitute infringement in another country. Another is how to locate the infringing action in a file share situation and a third would be how the delivery of digitalized products through the Internet is to be handled. Those questions will, in the context of cross-border infringements, be analyzed further in this paper.

To begin with, though, we would like to point out the severe problems that are connected to the question of where the infringing act took place. It is, in Internet-related cases, not clear what the infringing action is, and furthermore where it takes place. If, for example, information potentially infringing trademarks in Sweden, is put on an Internet server in Germany. What is the infringing action in this situation? Is it the action that took place in Germany, the action performed by the company that was uploading the information on a server in Germany? Or is it the action that took place in Sweden, where users are downloading the alleged infringing information to their computers in Sweden? There are for the moment no clear answers to these questions.¹¹

Another emerging problem that the Internet brings forward is the fact that it might be very difficult to find the potential infringer in the anonymous environment that is Internet.¹² This is problematic in several different aspects. To begin with it is hard to sue someone you can’t possibly find. Furthermore the possibility to determine where the defendant is domiciled is a prerequisite for the applicability of a large number of private international law rules. Finally the fact that it might seem that an infringer can escape justice by staying anonymous

10 See Bettinger/Thum I-2000, pp 164–166.

11 See further Maunsbach 2005, pp 80–86 and 146–154.

12 See for further discussions about the anonymity of transaction on the Internet Benno, J., *The “anonymisation” of the transaction and its impact on legal problems*, The IT Law Observatory report 6/98.

erodes the morality and tends to trigger the development of an increasing number of infringements.¹³

In summary one can maintain that the amount of cross-border transaction is increasing. Consequently the amounts of potential cross-border infringement are increasing as well.

3 Some General Matters of Private International Law Applied to E-commerce

Two general questions are essential when private international law is applied to e-commerce. The first question is how to locate the places where the parties conducting e-commerce activities are domiciled. The second question is about the legal status of the digital products.

The question of domicile is supposed to be answered by national law, as far as natural persons are concerned, according to all relevant jurisdictional sets of rules. As to a company or a legal person, domicile is according to art. 60 of the Brussels I-Regulation where it has its a) statutory seat, or b) central administration, or c) principal place of business. The main question is whether a foreign company, that's only activity is offering computer programs over the Internet, can be domiciled in Lund, Sweden, only due to the fact that the website and the server are located there. The question is necessary because of the vague definition of the concept *principal place of business*. It could be argued that practically all business is achieved in Lund in this scenario, since this is from where the users download the computer programs. Hence, the argument would be that no other place can be considered the principal place of business more than Lund. This argument, however, is weakened by other complications. Firstly, it is hard for the users to be aware of a Swedish connection like this since they will probably not be aware of the location of the server. Secondly, the work behind the business (i.e. computer programming, uploading to the server in Lund, helpdesk activities etc.) may not be conducted in Lund but somewhere else. If this other place is known to the users, it will be more relevant as connecting factor. Thirdly, the obligation of the Internet company is to supply the users with the program and a license that gives the users the rights to use the program. The most valuable part of the contract is normally the license. As the licensee, the holder of the rights to the program, is the one carrying out this obligation, it is essential to pay regard to the location of where this action takes place when considering where the *principal place of business* is. But where then is the intellectual property situated? This question has yet to be answered, but not much, if anything, points in the direction of Lund, Sweden. There is no given answer to where the place of business might be, but no reason can be seen to consider any solution that is not based on transparency for the users as to where the *principal place of business* may be.

¹³ See for a discussion about eroding morality on the anonymous Internet Hultmark (Ramberg), C., *Moral på Internet*, Festskrift till Gunnar Karnell, Stockholm 1999, p 305. See also BRÅ-report 2000:2, *IT-relaterad brottslighet*, pp 12–14, available at “www.bra.se”.

The second question is about the legal status of digital products. Due to their intangible nature, these products can not spontaneously be categorized as either *goods* or *services*. The problem is that essential rules within the scope of private international law rules are only applicable if the contract concerns either goods or services (e.g. Brussels I-Regulation art. 5.1.). In order to decide whether the digital product is to be considered a good, a service or something completely different, as to the application of above mentioned rules, focus must be on the contract. When examining the contracts of digital products in an e-commerce environment, three obligations can often be determined; on the one hand is the obligation of payment, on the other hand the obligations to supply the product as well as providing the user with a license to use the product. Payment is not an issue here; the categorization problem can only concern the two obligations of the provider. Thus, the question of the legal status of digital products is in fact a matter of two questions:

- a) Can the obligation to supply a digital product as such be considered as an obligation to supply a good or a service?, and
- b) Can the obligation to provide the license be considered as an obligation to supply a good or a service?

When dealing with these questions, one has to be aware of the complex background of the situation. Neither the term *good* nor *service* is as such defined in any of the private international law sets of rules. The rules emanate from EC-law, where the concept of goods and services are respectively regulated by the definitions in the EC-Treaty. According to these definitions, every economical activity must be categorized as either a good or a service. An easily reached conclusion is that the interpretation of goods and services, within the scope of private international law, thereby should be corresponding to the definition of the terms in the EC-treaty. However, such a conclusion is challenged when one pays attention to some contractual features. The purpose of a contract can be the sale of goods and the purpose can also be the provision of services *but*, and this is where we leave the narrow limits of the EC-treaty, the purpose of a contract can also involve something that is neither a good nor a service. When, for instance, the purpose is usufruct, there is no such thing as a good to be delivered or a service to be provided. As the same goes for license agreements, it must be concluded that the definitions of the EC-Treaty are somewhat inadequate when it comes to interpretation of the terms within the scope of the private international law set of rules. Hence, the answers could be presumed to be:

- a) The obligation to supply a digital product as such can in most cases be considered an obligation to supply a good. This conclusion does not interfere with the definition of goods in the EC-Treaty, nor with the understanding of the term in contractual situations regulated by private law. As the digital object is intangible, it is also necessary to examine whether the conclusion interferes with rules related to intellectual property rights, especially copyright. There is no

indication of such interference; within the field of copyright the categorization of products as being goods or services is irrelevant.

- b) The obligation to provide the license can not, because of the reasons mentioned above, be considered an obligation to provide a good or a service. Consequently, license agreements fall outside the scope of such private international law rules that are only applicable if the contract concerns either goods or services.¹⁴

Sometimes it might be necessary to identify the performance, which is most characteristic of the contract as a whole. If so, and unless it is otherwise agreed upon, the obligation to provide the license will nearly always be the one to prefer.

Finally it must be noted that most cases relating to e-commerce and jurisdiction issues are solved by prorogation (see below 4.2). Such an agreement will typically not be problematic in e-commerce relations, even though it must have a certain form, for instance in writing or evidenced in writing. In the Brussels I-Regulation it is stated that “any communication by electronic means which provides a durable record of the agreement shall be equivalent to ‘writing’”. The same is not explicitly expressed in the Brussels- and Lugano Conventions, but can nevertheless be assumed to be in force when these sets of rules are applicable.

4 Jurisdiction According to Brussels I-Regulation

4.1 *Introductory remarks*

As mentioned earlier the questions regarding jurisdiction in cross-border cases must be answered in the light of traditional private international law rules.

For Sweden the answers must furthermore be divided into two parts since the answers depend on whether or not the defendant is domiciled in a Brussels or Lugano state (e.g. a country where the Lugano Convention or the Brussels I-Regulation are applicable) or in a country outside of this area.¹⁵

In the situation where the defendant is domiciled in a Brussels or Lugano state jurisdiction must be based on the rules set forth in the Lugano Convention or the Brussels I-Regulation (hereinafter referred to as the Regulation and Convention, respectively).¹⁶

With regard to disputes where the defendant is domiciled outside the Brussels/Lugano-area there is no directly applicable law in support of jurisdiction in cross-border infringement cases. Instead jurisdiction has traditionally been based on carefully-made analogies from the Swedish Code of

14 ECJ, Case C-533/07 *Falco* [2009] ECR I-0000.

15 The Brussels and Lugano states are primarily either EU or EEA states.

16 As the rules in the Regulation and Convention, applicable to proceedings concerning cross-border disputes, are almost identical we will here after treat them together. Any important differences will be noted.

Judicial Procedure¹⁷ concerning proper national venue.¹⁸ As far as analogies are concerned it might be noted that it, of course, is possible for a Swedish court to apply analogously the Regulation as well as the national procedural code, in a case where the Regulation/Convention rules do not apply directly. Due to analogies either from the Procedural code or from the Regulation/Convention rules a Swedish Court can be competent to try disputes concerning cross-border transactions.¹⁹ However, we will in the following not deal specifically with the situation as to defendant with domicile outside the Brussels/Lugano-area. Instead we will focus on the applicability of the Regulation/Convention rules.²⁰

The rules on jurisdiction applicable to proceedings in cross-border cases are those that are generally applicable in other civil law proceedings, for example rules of jurisdiction based on the domicile of the defendant. Other examples are rules that emphasises the importance of the place where a contractual obligation is to be performed or the place where the harmful event occurred. As to intellectual property rights infringements there is further more one specific rule regarding registered intellectual property rights.²¹ This rule sets forth that proceedings concerned with the registration or validity of patents, trademarks, design or other similar registered rights fall within the exclusive jurisdiction of a court in the state where the right is registered. This puts the question whether or not an infringement dispute can be separated from cases covered by the exclusive jurisdiction in the above-mentioned rule into focus, something we will treat under a separate heading (4.10) in the forthcoming presentation. In spite of the fact that there is no corresponding codified rule in the Procedural Code the same rule is most likely also applicable in Sweden in relation to defendants not domiciled the Brussels/Lugano-area.²²

As far as the general disposition of this paper is concerned we will begin the presentation with a discussion concerning the principal rule of jurisdiction based on the domicile of the defendant, after which the alternative jurisdictional grounds will be discussed. Before that though, it is relevant to first mention something about the possibility for the parties involved in a dispute to enter into agreements as to jurisdiction, e.g. prorogation agreements.

17 An English translation of the Swedish Code of Judicial Procedure is published by the Swedish Ministry of Justice in the series Ds. 1998:65.

18 See Bogdan, M., *Svensk internationell privat- och processrätt*, 7 ed., Norstedt juridik, Stockholm 2008, pp 114–119 (Cit. Bogdan 2008).

19 See Bogdan 2008, p 130; Dennemark, S., *Om svensk domstols behörighet i internationellt förmögenhetsrättsliga mål*, Stockholm 1961, p 127 (Cit. Dennemark). But see, as regards the possibility to try foreign patent rights in Sweden, Godenhielm, B., *Om patentinträng i internationella relationer*, NIR 1975 p 235, 252.

20 For a detailed presentation of jurisdiction based on analogies from the Procedural Code see Bogdan 2008, 114-131.

21 Article 22(4) Regulation and article 16(4) Convention.

22 Bogdan, M., *Patent och varumärke i den svenska internationella privat- och processrätten*, NIR 1980 p 269 (Cit. Bogdan 1980); Dennemark, pp 127–128. See also RH 1993:132.

4.2 *Article 23 and 24 – Prorogation*²³

In accordance with article 23 of the Brussels I Regulations prorogation of jurisdiction is possible in situation where “parties, one or more of whom is domiciled in a Member State, have agreed that a court or the courts of a Member State are to have jurisdiction to settle any disputes which have arisen or which may arise in connection with a particular legal relationship”. Such an agreement is to a large extent binding, meaning that the court or those courts referred to in the prorogation clause shall have jurisdiction. Only in situations when the agreement contradicts the rules on exclusive jurisdiction in the Brussels I Regulation (e.g. article 22) it will have no legal force.

Another relevant rule is to be found in article 24 of the Brussels I Regulation stating that “a court of a Member State before which a defendant enters an appearance shall have jurisdiction”, unless “where appearance was entered to contest the jurisdiction, or where another court has exclusive jurisdiction by virtue of Article 22.”

As to the applicability of the rules on prorogation it is more or less self-evident that those rules are of primary interest in relation to contracts and disputes derived from contract relationships. As to infringements it is not likely that the parties involved have managed to agree on jurisdiction before the non-contractual infringement appears. However, there might be a possibility that the parties involved agree after the infringement occurred and that might be possible in accordance with article 24. One reason for this might be that both the plaintiff and the defendant (disagreeing on everything else) may agree on the fact that it is rational to have the infringement dispute tried as to its substantive issues immediately, without having to argue as to the question of jurisdiction. This is only possible if the agreement in question does not interfere with the exclusive rule in article 22(4), which will be discussed below (4.10).

4.3 *Article 2 – The Domicile of the Defendant*²⁴

The general rule is that persons domiciled in a Brussels/Lugano state shall, whatever their nationality, be sued in their state of domicile, article 2 Regulation/Convention. From a Swedish court’s point of view this rule is, in a cross-border case, relevant in contractual disputes in general even though consumer contracts are dealt with under a special jurisdictional heading. The rule might be applicable in all situations regarding business to business contracts and it provides for Swedish jurisdiction in situations where the defendant (may be the buyer or the vendor depending on the dispute) is domiciled in Sweden.

23 See for general aspects on article 23 and 24 (article 17 and 18 Convention), Jenard, P., *Report on the Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters*, OJ 1979 C 59/1, pp 36-38 (Cit. Jenard 1979); Pålsson, L., *Bryssel I-förordningen jämte Bryssel- och Luganokonventionerna*, Norstedts juridik, Stockholm 2008, pp 206–236 (Cit. Pålsson 2008).

24 See for general aspects on article 2, Jenard 1979 pp 1-19; Pålsson 2008, pp 99–104; Hertz, K., *Jurisdiction in Contract and Tort under the Brussels Convention*, Copenhagen 1998, pp 46-53 (Cit. Hertz); Strömholm, S., *Upphovsrätt och internationall privaträtt*, Stockholm 2001, pp 104, 114-116 (Cit. Strömholm). See also Lindskoug 2004, pp 43–53; Maunsbach 2005, pp 116–131 and Lundstedt/Maunsbach, pp 213-214.

As to intellectual property infringements the rule is mainly relevant in situations when the defendant, domiciled in Sweden, infringes a foreign intellectual property rights. For example, a Swedish company markets a product infringing a trademark registered in Denmark. Pursuant to article 2, the Swedish company may be sued in Sweden. However, as regards infringements of Swedish rights, Article 2 is of limited relevance as a basis for Swedish jurisdiction in cross-border cases. It is of course possible that the defendant is domiciled in Sweden even though the infringing action (depending on how it is to be defined) takes place in another country. This must be regarded as an exceptional case though.

In any case there is another reason to discuss the principal rule in Article 2, in as much as national rights are concerned. The reason for this is that domicile in a Brussels/Lugano state is a prerequisite for the applicability of the Regulation/Convention rules in the first place.

In other words, a court can never neglect the fact that it must determine the domicile of the defendant if jurisdiction is to be based on the Regulation/Convention rules. In most cases the domicile of the defendant is obvious but this is not the case as regards domicile in cyberspace. In a situation where the infringing act has been committed through the Internet it can be hard, if not impossible, to determine the domicile of the defendant. In other words it can be a problem in all Internet-related situations to establish whether or not the Regulation/Convention rules are applicable at all.

To illustrate the problem the following example might be used. Suppose that the trademark “Noir” for clothes and other accessories is protected in Sweden. The holder of the Swedish trademark discovers that this trademark is used on the Internet in a homepage with an address registered under the international top level domain .com. From this homepage it is possible to buy counterfeit products, among others the latest collection from “Noir”. The language on the homepage is English and the currency available for purchase is Euro. In this situation the Swedish company would probably like to sue the defendant for trademark infringement, but could the Regulation/Convention rules be used to establish jurisdiction? To answer this question it must, as described above, be settled that the defendant is domiciled in a Regulation/Convention state, which might be a difficult task to accomplish.

When it comes to natural persons the court shall apply domestic law in the state of alleged domicile to determine whether or not the party really is domiciled in that Regulation/Convention state.²⁵ This means from a Swedish point of view that the question of domicile in Sweden must be answered in light of the Procedural Code, primarily chapter 10, section 1.²⁶ As regards companies the same is to be said about the Convention.²⁷

25 Article 59 Regulation and article 52 Convention.

26 See for further discussions on the determination of domicile in a Swedish perspective Pålsson 2008, pp 99–104; Bogdan 2008, pp 119–120; Dennemark, pp 69–143. See also Lindskoug 2004, pp 43–53 and Maunsbach 2005, pp 116–131.

27 Article 53 Convention.

In the Regulation the domicile of companies are regulated expressly though. Article 60 states that:

- ”For the purposes of this Regulation, a company or other legal person or association of natural or legal persons is domiciled at the place where it has its:
- (a) statutory seat, or
 - (b) central administration, or
 - (c) principal place of business.”

The statutory seat and/or the central administration is a connection factor that fits well with a traditional physical environment. They, however, do not give any particular help to determine domicile in an Internet situation with an anonymous defendant. Instead the expression “principle place of business” might give some guidance (see above chapter 3). In this context one could ask whether or not a homepage on the Internet can be a company’s principle place of business. We will not analyse this specific problem thoroughly in this paper.²⁸ It suffices to say that a homepage hardly can be a sole connecting factor in the determination of the principal place of business, but rather one among several factors pointing towards a certain place.

In other words it can be quite problematic to determine the domicile of the defendant. When a decision has been taken as to whether the Regulation/Convention can be applicable due to the domicile of the defendant, article 2 is of course a possible ground for jurisdiction. The purpose of article 2 is to provide a suitable forum for the defendant, as it is generally more difficult to defend oneself in the courts of a foreign country.²⁹ Still there are situations with a close connecting factor between the dispute and a court other than one in the country of the domicile of the defendant. In such situations it is justified to give the plaintiff additional opportunities as regards jurisdiction.³⁰

Consequently there are a limited number of exceptions giving the plaintiff such choices. It is important to note that those exceptions are exceptions and as such they shall be interpreted narrowly.³¹ The exceptions that may be used as bases of jurisdiction in proceedings concerning the cross-border disputes are mainly article 5(1), article 5(3), article 5(4), article 5(5), article 6(1) and article 15-17. It might be noted that there are other rules in the Regulation/Convention which might be applicable in cross-border cases. One such rule would be the rule in article 22(4) (Convention article 16(4)) on exclusive jurisdiction in relation to disputes regarding the validity of registered intellectual property rights. Further more there are aspects of relevance which we will not be able to

28 See further Lindskoug 2004, 47–50 and Maunsbach 2005, pp 126–131.

29 See Jenard 1979, p 18.

30 See Jenard 1979, p 22.

31 See Pålsson 2008, p 107.

cover in this essay, e.g. the special provisions regarding provisional measures in the Regulation/Convention, article 31 Regulation (article 24 Conventions).³²

4.4 Article 5(1) – The Place of the Obligation³³

Article 5(1) provides for jurisdiction in matters relating to a contract, in the courts for the place of performance of the obligation in question. This *forum solutionis*-rule has been much debated and the interpretation made by the Court of Justice has given rise to criticism. The first problem is the clarification of which obligation the “obligation in question” possibly refers to. In accordance with ECJ case law it may be concluded that the word “obligation” refers to the contractual obligation forming the basis of the legal proceedings.³⁴ To be able to settle this, the court must first decide which the relevant obligation is. Consequently the plaintiff’s formation of the basis of the proceeding is crucial for the determination of the relevant obligation. In line with this a proceeding regarding default of payment will have the payment as the relevant obligation whereas a proceeding regarding defected goods will have the delivery of the goods as the relevant obligation.

A further problem is that the “place” of the performance is not defined in the Regulation; to reach a conclusion, as to which place it might be, the ECJ has chosen the roundabout method of letting national private international law be decisive. The court where the case is tried is supposed to specify which national law that governs the contract by applying the private international law rules of the country of the court. The law determined is then applied to determine which place that is to be considered as the “place of performance of the obligation in question.”³⁵

During the time before the Brussels I-regulation all cases regarding article 5.1 had to be processed as described above. An appreciated and by most commentators longed-for adjustment came with the reformed version of art. 5.1 in the Brussels I-regulation; the new rule in art. 5.1 b) clarifies both what *the obligation in question* is supposed to be and where the *place of the performance* of the obligation in question is located. Even so, these clarifications are limited to the case of the sale of goods and the case of the provision of services. Unless otherwise agreed the place of performance in the case of the sale of goods, the place in a Member State where, under the contract, the goods were delivered or should have been delivered and in the case of the provision of services, the place in a Member State where, under the contract, the services were provided or

32 For further discussions regarding the rules on provisional measures see Pålsson 2008, pp 223-228 and Pålsson, L., *Interim Relief under the Brussels and Lugano Conventions*, in *Private Law in the International Arena - from National Conflict Rules Towards Harmonization and Unification - Liber Amicorum Kurt Siehr*, the Hague 2000.

33 See for general aspects on article 5(1), Jenard 1979 p 22-24; Pålsson 2008 pp 108-122; Hertz pp 85-171. See also Lindskoug 2004, pp.

34 ECJ, Case 14/76 *De Bloos* [1976] ECR 1497 p. 11 and 13. An edited version of the case is available in M. Bogdan and U. Maunsbach, *EU Private International Law: An EC Court Casebook*, Europa Law Publishing, Groningen 2006 p. 2 (Cit. Bogdan/Maunsbach).

35 See further ECJ, Case 12/76 *Tessili* [1976] ECR 1473. An edited version of the case is available in Bogdan/Maunsbach, p. 1.

should have been provided. This clarification solves the majority of cases but it leaves the question unanswered regarding how to deal with obligations that can not be defined as sale of goods or provision of services. Hence it is uncertain to what extent the new rule will have any bearing on the contracts concerning digital products. The reformed rule in the Regulation also includes a subsection 5(1) c which states that if subparagraph (b) does not apply then subparagraph (a) applies. It has been widely discussed what kind of obligations that might fall outside the applicability of subparagraph (b) and one general observation is that it is likely that the concept of goods and services, when interpreted by the ECJ, will be defined in accordance with the general definition of goods and services in the EC-Treaty. This implies that obligations that relates to capital transactions (e.g. sales of stocks) are likely to fall outside the scope of subparagraf (b).

As to e-commerce it is hard to characterise a contract regarding downloading a digital object as either a contract on sale of goods or a contract regarding provision of services (see further chapter 3 above). As mentioned earlier, the obligation to provide a license must nearly always be considered as the characteristic of the contract. Given that this performance can not be categorized as a good or a service, article. 5.1 b is not applicable. This logic was confirmed in a case relating to licence agreements, *Falco Privatstiftung v. Gisela Weller-Lindhorst*,³⁶ where the ECJ concluded that a contract under which the owner of an intellectual property right grants its contractual partner the right to use that right in return for remuneration is not a contract for the provision of services within the meaning of article 5.1 b. Thus, these kind of contracts are as stated by article 5.1 c to be handled in accordance with the previously mentioned general rule in article 5.1 a and the place of performance is to be decided by the court in which the case is tried.

4.5 Article 5(3) – The Place where the Harmful Event Occurred³⁷

Article 5(3) provides for jurisdiction in the place where the harmful event occurred for matters relating to tort, delict or quasi-delict. Due to this rule, and the way it is interpreted by the European Court of Justice (ECJ), it is possible to find a competent court both at place where the damage occurred as well as the place of the event giving rise to it.³⁸

As mentioned in section 2 intellectual property rights are territorial. In line with this it might be argued that damages could only occur in the country of protection. It is disputed whether this implies that the event giving rise to the damages must take place in that same country. A crucial consideration is how the expression “the event giving rise to the damages” is to be interpreted, as

36 ECJ, Case C-533/07 *Falco* [2009] ECR I-0000.

37 See for general aspects on article 5(3), Jenard 1979, pp 25–26; Pålsson 2008, pp 127–135; Hertz, pp 237–285. See also Maunsbach 2005 pp 131–153.

38 *Bier v. Mines de Potasse D’Alsace*, Case 21/76 1976 ECR 1735, Bogdan/Maunsbach p. 4; *Shevill v. Presse Alliance*, Case C-68/93 1995 ECR I-415, Bogdan/Maunsbach p. 130; *Dumez v. Hessische Landesbank*, Case 220/88 1990 ECR 49, Bogdan/Maunsbach p. 83. See also *Marinari v. Lloyd’s Bank*, Case C-364/93 1995 ECR I-2719, Bogdan/Maunsbach p. 139, where the ECJ rejected the proposition that article 5(3) encompasses the place where indirect economic loss is suffered.

regards cross-border intellectual property infringements.³⁹ This question has not been settled by the ECJ.

Some guidance could be given by the case *Shevill v. Presse Alliance*.⁴⁰ In this case the ECJ stated that in a situation where a defamatory newspaper article was distributed in several Member States, the place of the event giving rise to the damage was the place where the newspaper was first put into circulation, which, in the Sheville case, occasionally coincided with the place where the publisher of the newspaper was established. Consequently, a court in that state would have jurisdiction to hear an action for damage for all harm caused by the unlawful act. With regard to jurisdiction based on the fact that damages occurred in a specific Brussels/Lugano state the ECJ stated that a court in that state could only try the damages that occurred in that same state. A possibility to try the whole case, including damages occurring in different states, is only available in a court whose jurisdiction is based upon the injurious action (or the domicile of the defendant due to article 2).

An analogy may be drawn between the circulation of a defamatory newspaper article and circulation of advertising in newspapers that infringes a trademark. Let us say that the company behind the web-shop that sold “Noirs” products markets its services by advertising in a newspaper published in Sweden, which is distributed throughout Europe. If the newspaper contains advertisement that infringes a trademark in several states, it may be argued that the infringing company could be sued in Sweden for relief stemming from the infringements in all states, whereas Sweden can be regarded as the place of the act giving rise to the damage. The same might be said about advertising on a homepage, which in a similar manner can be accessed in all Member States. It can be argued, in line with the discussion about newspaper advertising, that this advertising, accessible from the Internet, is infringing trademarks in all states.⁴¹

As regards the possibility to use article 5(3) in situations where damages may occur it is important to note that the wording of the Regulation is different from the Convention. In the text of the Regulation it is stated that article 5(3) encompasses situations where damages may occur, something that is not expressed in the text of the Convention. This is however clarified by the ECJ, which stated that the Convention is to be interpreted in the light of the Regulation as regards Article 5(3).⁴²

39 See for a discussion of the possible interpretation of article 5(3), Wadlow, C., *Enforcement of Intellectual Property in European and International Law*, London 1998, pp 90–104 (Cit. Wadlow); Fawcett, J. and Torremans, P., *Intellectual Property and Private International Law*, Oxford 1998, pp 50–169 (Cit. Fawcette/Torremans); Bettinger/Thum I-2000, pp 169–182; Strömholm, pp 120–124, 270–290. See also Maunsbach 2005, pp 134–136 and Lundstedt/Maunsbach, pp 215–216.

40 *Shevill v. Presse Alliance*, Case C-68/93 1995 ECR I-415, Bogdan/Maunsbach p. 130.

41 The possibility to access information on the Internet have been regarded in the determination of jurisdiction in several cases (no Swedish case so far though). See for instance the above mentioned *Brokat*-case and *Zippo v. Zippo.com*, United States district court for the western district of Pennsylvania, 952 F. Supp. 1119 (W.D. Pa. 1997).

42 See *Verein für Konsumenteninformation v. Karl Heinz Henkel*, Case C-167/00 2001 ECR I-08111, Bogdan/Maunsbach p. 228, where the court states that “consistency requires that article 5(3) of the Brussels Convention be given a scope identical to that of the equivalent

In conclusion it can be said that article 5(3) makes cross-border jurisdiction possible. Following the interpretation applied by the ECJ regarding the article it is obvious that jurisdiction can be found both at the place of the infringing action and at the place of the injurious effect. This implies that it would be possible to try cross-border infringement cases regarding both national and foreign trademark rights. As regards national rights a choice of jurisdiction based on the fact that injurious effect occurred in the country of the court would most certainly mean that the jurisdictional ground will coincide with the country of protection. As regards the possibility to try the infringement regarding foreign rights it must be said that this could lead to a situation where the infringement case would be tried in a country different from the country of protection. Still this can be justified in situations where the defendant has no assets in the state where the right is protected and the rightholder is unable to obtain a decision by the foreign court (where the right is protected) that can be recognised and enforced in Sweden where the defendant has his/her assets.⁴³

In the discussion about whether or not an infringement case regarding a foreign intellectual property right can be tried by a court in a country different from the protecting country it must be remembered that there are exclusive rules in the Regulation/Convention dealing with cases regarding the validity of registered intellectual property rights. A crucial consideration in an infringement case regarding a foreign right would therefore be whether the validity of that registered intellectual property rights plays a principal role in the dispute, a question which I will investigate further in section 4.10.

Furthermore it must be noted that the question about infringements of intellectual property rights in the context of article 5(3) has not been tried by the ECJ. Due to the global nature of Internet, and the fact that advertising on the Internet (and other forms of ICT-related dissemination of information) can't be demarcated to one single market easily; the problems are obvious. You can't possibly allow for jurisdiction in all countries where infringements occurs, at least not if you define infringement as the possibility to read a potential infringing advertisement. The consequences are, in our opinion, shown by the above mentioned Brokat-case. Here the French court found itself competent due to article 5(3) and the fact that Internet advertisement stemming from Germany could be accessed from France. To take such a position means that the potential of using Internet as a marketplace would be diminished. All users would face the risk of being haled into court in any country from which you can reach the Internet. To uphold an interpretation of article 5(3) that gives the plaintiff a choice of forum making it possible to find a competent court in all countries where potential infringing information could be accessed implies, in our opinion, a problem.

provision of Regulation.”, para. 49. *See also* NJA 2000 p 273 where the Swedish Supreme Court rejected the possibility that article 5(3) of the Lugano Conventions could provide for jurisdiction to try an action seeking to establish that a specific activity does not infringe a patent right.

43 *See* Bogdan 1980, p 269, 277 and Denmark, pp 125–126.

The problem might be solved in different ways. To begin with the ECJ can choose to treat the cross-border infringement cases separately from traditional (national) infringement cases by giving article 5(3) different interpretations depending on the specific nature of the case. This could of course solve (or at least diminish) the problem, but it would lead to a quite complex situation, which compromises foreseeability.

Another way to attack the problem is to examine the concept of infringement. If an infringement can only be considered to occur in a specific market where the infringing action has commercial effect, the number of potential jurisdictions due to article 5(3) would be limited. A recommendation in line with this has been suggested by WIPO in its Joint Recommendation concerning, among other things, the use of trademarks on the Internet (Joint Recommendation).⁴⁴

The Joint Recommendation is not to be understood as a private international law rule.⁴⁵ Instead the provisions are intended to be applied in the context of determining whether, under the applicable law of a Paris Union state⁴⁶, use of a sign on the Internet has contributed to the infringement of a trademark.⁴⁷ Despite the fact that the Joint Recommendation is not to be regarded as a private international law rule we think that it could be used, with caution, in the ambition to examine the definition of infringing trademark use in the context of article 5(3).

There is no room to develop this line of thinking further in this paper. We would like to put the attention to the principal rule in the Joint Recommendation though. In article 2 it is stated that use of a sign on the Internet exists only if the use has a commercial effect in a specific state. The concept of “commercial effect” is presented in article 3, where circumstances that might be relevant in the determination of commercial effect are described. Among other things the fact that the user is actually serving costumers in a specific state and the fact that prices are indicated in the official currency of the specific state are highlighted.⁴⁸

44 See WIPO “Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet”, WIPO Publication No. 845(E) (Cit. Joint Recommendation). A similar approach as regards choice of law are discussed by Bettinger, T. and Thum, D., *Territorial Trademark Rights in the Global Village - International Jurisdiction, Choice of Law and Substantive Law for Trademark Disputes on the Internet - Part Two*, IIC Vol. 31, No. 3/2000 pp 291-304 (Cit Bettinger/Thum II-2000).

45 The fact that the Joint Recommendation is not to be interpreted as a private international law rule is expressed in the explanatory notes to the Preamble (Notes 0.04) which states: “The question of determining the applicable law is not addressed by the present provisions, but left to the private international law of individual Member States (of the Paris Union – our explanation).”

46 The Paris Union is formed by the states that have signed the Paris Convention regarding industrial property rights. Such states are Paris Union states.

47 See further the Preamble of the Joint Recommendation.

48 Similar arguments have been raised by the American Law Institute in an ambitious attempt to formulate a draft to an international convention regarding intellectual property rights and private international law. In the proposed article 6(1.b) the fact that the alleged infringement was intentionally directed to a state constitutes competence to try the infringement case as far as courts in that state are concerned. The draft convention, by Dreyfuss, R.C., and Ginsburg, J., is published in the *Chicago-Kent Law Review*, vol. 77, 3/2002, p 1065.

If commercial effect is made a requisite for an action to be regarded as infringing a trademark in a specific market it will be possible for courts to decline jurisdiction due to article 5(3) in situations like the Brokat-case. To give the courts the possibility to decline jurisdiction based upon the lack of effect due to an alleged infringement might be the most favourable solution to the above stated problem. This, on the other hand, leads to a situation where courts, to some extent, are forced to make decisions regarding the specific matter of the case when solving private international law questions. This in turn is considered, by a majority of legal scholars in the field of private international law, not appropriate. Another argument against the suggested solution is that access to justice is a right that can (and should) not easily be restricted. A possibility to decline jurisdiction must therefore be used with caution, in situation where it is possible to direct the plaintiff to a competent court (for instance a court in the country where the defendant is domiciled), more suitable to try the case.

4.6 Article 5(4) – Jurisdiction Based on Criminal Proceedings⁴⁹

Another possible ground for jurisdiction would be article 5(4) of the Regulation/Conventions. If a civil claim for damages is based on an act giving rise to criminal proceedings this article may provide for Swedish jurisdiction over the civil proceedings, if the Swedish court is seized with the criminal proceeding. When the infringement of an intellectual property right can be regarded as a crime which can give rise to criminal proceedings it is possible that a civil claim for damages or injunction can be tried in a Swedish court based on the rule in article 5(4). This article would only found cross-border jurisdiction, however, if a Swedish court finds that notwithstanding that the infringement was committed in another state, there exists a ground for jurisdiction according to the rules in the Penal Code as regards the international jurisdiction in criminal proceedings.⁵⁰

A question that might be raised regarding article 5(4) is whether or not a claim for injunction could be regarded as an action within the frames of this Article. Another question is to what extent a claim for injunction based on the infringement of an intellectual property right in one Member State could be regarded as based on the same act as a criminal proceeding in another Member State, regarding the infringement of a corresponding intellectual property right in that country.

The fact that the same act could give rise to different but parallel infringements might sound unrealistic but when it comes to ICT-related infringements it is a highly possible outcome. If we use the “Noir” example it is possible to imagine that the Swedish rightholder would be interested in suing the defendant for trademark infringement in a Swedish criminal proceeding. Simultaneously it would be of great interest for the Swedish rightholder to stop infringements throughout Europe. In line with that it is likely that claims for damages and injunctions are raised as regards infringement of intellectual

49 See for general aspects on article 5(4), Pålsson 2008, pp 135–136; Jenard 1979, pp 25–26. See also Maunsbach 2005 pp 154–157 and Lundstedt/Maunsbach, p 218.

50 See the Penal Code, chapter 2 sections 2 and 3.

property rights, based upon the same injurious act, in other Member States. In this situation it is interesting to analyse if it would be possible to cumulate those different claims, and try them in the Swedish court seized for the criminal proceeding.

The problem is similar to those regarding the determination of the injurious act mentioned above. What act is it that really constitutes the damage? Is it the infringement having effect in the country of protection or is it the act from which the infringement emanated? If it is to be the last mentioned it would be possible to conclude that the different infringements occurring in different protecting countries are based upon the same act. If it is the first mentioned it would be hard, if not impossible, to regard the different claims as based upon the same act. We have no possibility to present any deeper analysis of this problem here. It is possible to argue in both directions. It is furthermore possible to find a solution to this problem as regards article 5(4) that differs from the solutions chosen for article 5(3). The reason for this is that the different rules favour different target groups. Article 5(3) is aimed at giving the plaintiff the possibility to choose forum. Article 5(4) has of course this purpose as well but also the purpose of finding an economically defensible and effective way to solve disputes. Considering this it is possible to argue that courts should be more willing to regard claims for damages and injunctions as based upon the same acts when it comes to the application of article 5(4) compared with the application of article 5(3) and the courts willingness to give the plaintiff a more generous choice. The questing is, to our knowledge, not settled by the ECJ.

4.7 *Article 5(5) – Jurisdiction Based on Establishment*⁵¹

One additional alternative possibility to find a competent court in cross-border cases is given by article 5(5), which states that a person domiciled in a Member State may be sued in the courts for the place in which the branch, agency or other establishment is situated as regards a dispute arising out of the operations of this specific branch, agency or establishment.

There are two prerequisites for this rule to be applicable. It must be a dispute arising from an establishment and it must be an establishment within the meaning of article 5(5).

As regards the majority of cross-border infringement cases it would only be possible to apply article 5(5) in situations where the infringing act (and/or the injurious effect) can be located to the place of the establishment. In this situation there would definitely exist jurisdiction based upon article 5(3) as well. However, as regards article 5(3), the ECJ has stated (as mentioned above) that the possibility to try multiple damages are limited to the damages that arose in the country of injurious effect, in cases where this effect is the basis for jurisdiction. Such limitation has not been applied in the interpretation of article 5(5). In other words there might be a possibility to find jurisdiction in cases of multiple damages due to article 5(5) which would not be possible due to the current interpretation of article 5(3).

⁵¹ See for general aspects on article 5(5), Pålsson 2008, pp 136–140; Jenard 1979, p 26; Strömholm, pp 124–126. See also Lindskoug 2004, pp 116–117 and Maunsbach 2005 pp 158–163.

As an example we can imagine that a multi-national company has a branch in Denmark, responsible for on-line service and updates in northern Europe. It is furthermore imaginable that the parent company launches a new computer program that potentially infringes copyrights in Scandinavia.⁵² The holder of the Swedish copyright could in this situation sue the defendant (the parent company) in Sweden relying on article 5(3) and the fact that injurious effect occurred in Sweden. Another solution would be to sue the defendant in its domicile forum, according to article 2, to have a possibility to try the entire damage that has arisen in different countries. This would also be the case if the Swedish plaintiff chooses to try the case in the forum where the action, giving rise to damages, took place. If for example the computer program (potentially infringing copyrights in Scandinavia) is delivered from a server placed in the same country as the domicile of the parent company, article 5(3) would not provide for alternative to article 2 as regards the possibility to try all of the damage. Let's imagine though that the branch in Denmark provided access to the infringing updates and furthermore represented the parent company in the contacts with Scandinavian customers. In this situation it would be possible to argue that article 5(5) should provide the plaintiff with a possible ground for jurisdiction to try all the damage that arose out of the operations of the branch in Denmark, including the infringement of the Swedish trademark. Consequently the Swedish plaintiff could sue for infringements in Denmark which probably would be a more suitable solution than suing in a more distant country.

Regarding ICT-related situations the question, whether the fact that the infringing action took place on a homepage could mean that article 5(5) is applicable, has given rise to some discussions.⁵³ An argument that article 5(5) could include a homepage implies that it is possible to consider a homepage as an establishment. Yet again this might sound unrealistic, and we must admit that we are quite sceptical ourselves, but still one can easily argue that a homepage can have all the necessary functions to uphold a commercial relation. It is possible to enter into agreements through a homepage and communication as regards a particular purchase, for instance complaints, can be administered through the homepage as well. Compared to other establishments, for instance an automatic gasoline station without any staff, it is not that far-reaching to consider a homepage as an establishment. The problem is that it is hard, if not impossible, to find a reasonable model to locate a homepage.⁵⁴ The problems are of a similar nature to those discussed in section 4.3 regarding the determination of domicile and will not be further investigated in this section.

52 A similar situation appeared in Sweden when Sony launched its Vaio-computer. The name "I-Link" was used in violation with a previously issued injunction. In that case the Swedish court has taken into account information, accessible through the Internet, but published on servers in countries other than Sweden. See the decision by the Svea Court of Appeals decided on 21 March 2003, case no. B 68-02.

53 See for instance Bogdan, M., *Kan en Internethemsida utgöra ett driftställe vid bedömningen av svensk domsrätt och tillämplig lag?*, SvJT 1998 p 825 (Cit Bogdan 1998).

54 See Bogdan 1998, pp 827–828 and Maunsbach 2005, pp 80 – 86.

4.8 Article 6(1) – Jurisdiction in Case of Multiple Defendants⁵⁵

Article 6(1) in the Regulation/Convention may, furthermore, provide a Swedish court with cross-border jurisdiction. The issue dealt with in this article concerns situations with multiple defendants and the possibility to hear and determine cases together in a court for the place where any of the defendants is domiciled (*forum connexitatis*). A prerequisite is that “the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.”⁵⁶

As regards intellectual property rights it is relevant to mention the case *Roche Nederland BV et. al. v. Frederick Primus and Milton Goldenberg*⁵⁷ dealing specifically with the application of article 6(1) in parallel infringement cases. In several EU Member States this rule has been applied to assert jurisdiction over parallel infringement cases making it possible to gather all the claims expediently to one court.⁵⁸ However, the ECJ concluded that article 6(1) is not applicable in cases regarding parallel infringements of patent rights. On the contrary article 6(1) “must be interpreted as meaning that it does not apply in European patent infringement proceedings involving a number of companies established in various Contracting States in respect of acts committed in one or more of those States even where those companies, which belong to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.” The reason for this quite narrow interpretation of article 6(1) is primarily that intellectual property rights are national rights and consequently parallel proceedings regarding such rights do not concern the same factual situation which leads to the conclusion that there can be no risk of contradictory decision. The case has been heavily criticised, not the least due to its (presumed) negative impact on the efficient administration of justice in parallel infringement cases.⁵⁹

Despite ECJ decision in *Roche* it may still be argued to what extent the same narrow interpretation is to be applied in relation to other intellectual property right than patent. In this context it could also, similar to the discussion about article 5(4) above, be questioned if a claim for injunction can be closely

55 See for general aspects on article 6(1), Jenard 1979, pp 26–27; Pålsson 2008, pp 146–151. See also Maunsbach 2005 pp 164–172.

56 See further article 6(1) Regulation. It may be noted that the text of the Conventions differs from the Regulation. In the Regulation the phrase stating that the claims must be closely connected has been added. This is primarily a codification of the ECJ case law. See *Kalfelis v. Schröder*, case 189/87 1988 ECR 5565, Bogdan/Maunsbach p. 79.

57 ECJ, Case C-539/03 *Roche* [2006] ECR I-6535. An edited version of the case is available in Bogdan/Maunsbach p. 326.

58 One Swedish example would be the decision from the Svea Court of Appeals Ö 3913-99, RH 2001:81.

59 See Kur, A., *A Farewell to Cross-Border Injunctions? – The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg*, International Review of Industrial Property and Copyright (IIC) 2006 p. 844 (Cit. Kur 2006).

connected to a tort claim. These questions have been solved differently throughout Europe.⁶⁰

The problems indicated here are not specifically ICT-related though. Still it might, of course, be possible to base jurisdiction on article 6(1) even in ICT-related cases. If, for instance, several defendants are selling identical products through the use of different national homepages in alleged violation of different national trademark rights, it is still an option to argue that it should be possible, due to article 6(1), to sue all the defendants in one forum.

4.9 Article 15-17 - Jurisdiction in Relation to Consumer Contracts⁶¹

In order to protect consumers from having to litigate in foreign countries and to some extent to promote consumers to more actively take benefit of the opportunities given by cross-border transactions, amongst them not at least e-commerce opportunities, the provisions in article 15-17 are balanced in favour of the consumer as being the weaker party of the transaction. The protection as such is set up in article 16 which say that a consumer may bring proceedings against the other party to a contract either in the courts of the member state or in the courts for the place where the consumer is domiciled. Further protection is given the consumer due to the fact that the other party is allowed to bring proceedings against the consumer only in the courts of the member state where the consumer is domiciled. The consumer's right to chose between the "own" court and the court of the other party is limited to a number of situations, of which particularly the conditions referred to in article 15.1 c) aims at consumer contracts concluded over the Internet. The rule is not easily comprehensible and certain statements by the Council and the Commission add to its ambiguity.

Art. 15.1 c)

[If] ... the contract has been concluded with a person who pursues commercial or professional activities in the Member State of the consumer's domicile or, by any means, directs such activities to that Member State or to several States including that Member State, and the contract falls within the scope of such activities.

When trying to grasp this rule in an e-commerce situation, some conditions are to be observed. First of all, the website must be accessible in the State in which the consumer is domiciled. That is self-evident for most websites, so the mere accessibility is *not* a sufficient base for any conclusion by itself. Further on the contract must be concluded via an interactive website. The degree of interactivity is still to be decided. Then the activities on the website must also be *directed* towards the Member State, in which the consumer is domiciled. With the purpose of deciding whether a website is directed or not, it has been argued that the decisive factor is an existing consumer contract; the simple fact that a

60 See further for specific intellectual property law aspects Wadlow, pp 81–83; Fawcett/Torremans, pp 170–175; Pretegás Sender, M., *Cross-Border Enforcement of Patent Rights*, Oxford 2002, pp 88–102 (Cit. Pretegás Sender). See also Maunsbach 2005, pp 164–172 and Lundstedt/Maunsbach, pp 216–217.

61 See for general aspects on article 15–17; Pålsson 2008 pp 168–157 and Lindskoug 2004, pp 117–133.

consumer has entered into an agreement in his/hers country of domicile would prove that the website was directed to that country. This is anyhow said not to be the case.⁶² Such an argument could easily lead to circular reasoning: for the existence of a consumer contract, the activities must be considered *directed*. But at the same time, to be considered directed, the activities must have led to the existence of a consumer contract.⁶³

The debate regarding this rule has been intense ever since it was formed. Representatives for e-businesses claims that now that they are liable to be sued in every member state, the e-businesses are facing a risk that will drive many small and medium-sized enterprises out of business or at least have an strong and negative influence on their motivation to conduct cross border transactions.⁶⁴

Especially requested by the e-businesses was an explanation regarding the above mentioned issue concerning *directed* activities. When is website targeted at a particular member state? No answer has so far been given and uncertainty will remain until ECJ has given an interpretation. Until then, one may well discuss different criteria that will have influence on a future ruling. It is obvious that factors like an agreement, the used language, disclaimers, expressed geographical limits of the activity etc., will have to be considered when the Court is going to decide if the activities on a certain website are directed to the Member State where the consumer is domiciled. Bearing in mind the great number of variations of websites, it will probably not be possible to draw up an interpretation based on just one or two criteria. Instead, it is more likely, that it will be necessary to consider the single circumstances of each case in order to decide if the activities are directed or not.

4.10 Article 22 - Rules on Exclusive Jurisdiction⁶⁵

As noted above, both the Regulation/Convention rules as well as the national rules may permit a Swedish court to exercise jurisdiction over proceedings concerning the infringement of intellectual property rights in cross-border cases. Still it might be argued that the exclusive rule mentioned earlier regarding registered intellectual property rights prevents jurisdiction in relation to foreign registered intellectual property rights.⁶⁶ Even though there is no corresponding

62 At least not according to the EU-Commission, see IPRax 2001, p. 259, 261. The ambiguous and to some extent contradictory character of the thoughts regarding the targeting problems has been criticized by F. Debusséré, *International Jurisdiction over E-Consumer Contracts in the European Union: Quid.*, Int. Jnl. Of Law and Info. Technology 10 No. 3, 2003 p 344.

63 See further Tang, Z.S., *Electronic Consumer Contracts in the Conflict of Laws*, Hart Publishing 2009, pp 52-60 and Lindskoug 2004, pp 124-131.

64 Hörnle, J., *The Jurisdictional Challenge of the Internet*, in Law and the Internet (Ed. Edwards L and Waelde, C.) p 129.

65 Article 22(4) Regulation and article 16(4) Conventions. See for general aspects, Jenard 1979, pp 34-36; Pålsson 2008, pp 200-204. See also Maunsbach 2005 pp 173-195.

66 Article 22(4) Regulation and article 16(4) Conventions. It is important to note that the rules on exclusive jurisdiction only concerns registered rights. Consequently they are not applicable to disputes concerning common law trademarks, unregistered design, copyright or other similar unregistered rights.

rule in the Procedural Code it is likely that the same principle, and the same argument against jurisdiction in courts other than those in the country of registration, would be applicable under the national rules. On initial observation is that article 22(4) only comes into play in relation to registered rights, which means that it will not interfere in cases regarding copyrights or unregistered designs/trademarks.

As to cases regarding registered rights an interesting question appears in situations where the registration or validity of a foreign intellectual property right is questioned in connection with the infringement dispute – something that, more or less, can be the case in almost all infringement cases regarding registered intellectual property rights. As regards those cases it can be argued that an infringement claim is so closely intertwined with the question of the validity that the infringement proceedings may be said to be “principally concerned” with the right’s validity.

As to the application of article 22(4) (Convention article 16(4)) there are two ECJ-cases dealing specifically with its interpretation. The first case is *Duijnste v. Goderbauer*⁶⁷ in which the ECJ concluded that the term “proceedings with registration or validity” is to be considered as an independent concept intended to have an uniform application in the Member States and that the dispute *in casu* (rights regarding a patent arising out of an employment contract) did not fall under the applicability of the exclusive rule. The second ECJ-case regarding the interpretation of article 22(4) is the much criticised case *GAT v. Lamellen und Kopplungsbau*⁶⁸ in which ECJ decided that the exclusive rule “is to be interpreted as meaning that the rule of exclusive jurisdiction laid down therein concerns all proceedings relating to the registration or validity of a patent, irrespective of whether the issue is raised by way of an action or a plea in objection.” The critical arguments that are raised against this decision concentrate primarily on the fact that such an interpretation of article 22(4) makes it possible for a defendant to delay infringement proceedings, before courts other than those where the rights are registered, by raising the question of validity as a defence.⁶⁹ One interesting observation regarding the applicability of article 22(4) in Sweden is that it has been applied by analogy even in situations where the Regulation is not directly applicable, due to the absence of a similar rule in national Swedish private international law.⁷⁰

67 ECJ, Case 288/82 *Duijnste* [1983] ECR 3663, Bogdan/Maunsbach p. 48.

68 ECJ, Case C-4/03 *GAT* [2006] ECR I-06509. An edited version of the case is available in Bogdan/Maunsbach, p. 329.

69 See e.g. Kur 2006 p. 844 and Lundstedt, L., *In the Wake of GAT/LuK and Roche/Primus*, NIR 2008 p. 122. See also Maunsbach, U., *Gränsöverskridande patenttvister i ny gemenskapsrättslig belysning – en kommentar till EG-domstolens avgöranden i målen C-4/03 (GAT) och C-539/03 (Roche)*, [Border crossing patent suits in the light of recent community law – a comment on the decisions of the EC-court in the cases C-4/03 (GAT) and C-539/03 (Roche)] NIR 2007 p. 240.

70 See Svea Court of Appeal Case no. Ö 2786-03 concerning the revocation of a Swedish trade mark registration where the principles derogated from article 22(4) by analogy was found to prevail over a prorogation contract between the (American and Swedish) parties in the case.

The ECJ decision in *GAT* has consequences for national courts and it diminishes national courts possibility to handle infringement disputes expediently. In a situation where the question of validity is raised in relation to a foreign registered intellectual property right that is tried in a infringement dispute the national court have two options. The Court could decline jurisdiction or stay the infringement proceeding and await a decision from a Court in the protecting country as to the validity issue. The third option is no longer valid, due to the interpretation in the *GAT*-case, namely to treat the issue of the validity of the foreign intellectual property right as an incidental question.

The first option is perhaps the most tempting, at least from a procedural economy perspective. To decline jurisdiction means that that court can save resources and focus on cases more directly connected to the country of the court. We do not support this standpoint though. There can be several reasons for the plaintiff to choose a Swedish court in an infringement dispute, not least the argument that the defendant might have his/hers domicile in Sweden. It would, in our opinion, be unfortunate if the option to decline jurisdiction would be regarded as the principal rule. This option should be used only in cases directly concerning the right's validity. In this sense we are in favour of a restrictive interpretation of the articles on exclusive jurisdiction.

As regards the second option the effect of this solution would be that a Swedish court stays the infringement proceedings and orders the defendant to challenge the validity of the right in question before a court in the state where the right is registered.⁷¹ This solution means that the infringement proceeding can still be tried by the Swedish court. Unfortunately this option delays the proceeding. Furthermore there is a risk that the defendant uses this option in bad faith, contesting the rights validity with the sole purpose of delaying the proceeding.

The third, and no longer valid, option would be to exercise jurisdiction over the infringement dispute treating the issue of the validity of the foreign intellectual property right as an incidental question.⁷² In such case any finding made by a court concerning a foreign intellectual property right's validity would only have effect in the actual proceedings. It would not be binding in any future proceeding where the same issue arises.⁷³

71 See Bogdan 1980, p 278.

72 Such a solution would not be available in patent infringement disputes as the question of invalidity may only be considered as a separate claim. Sec. 61 of the Swedish Patent Act (1967:837).

73 See Kur, A., *International Hague Convention on Jurisdiction and Foreign Judgments: A Way Forward for I.P.*, EIPR 2002 p 175 for a critical examination of the arguments used against the possibility of treating invalidity as an incidental question. See further Wadlow, pp 104-118, Fawcett/Torremans, pp 15-27, Pretegás Sender, pp 151-172. See also Lundstedt/Maunsbach, pp 219-221.

5 Concluding Remarks

This essay is aimed to give brief answers to questions about Swedish international jurisdiction in cross-border cases related to Information and Communications Technology in a European context. Given the amount of space it is of course not possible to analyse all details in depth. One conclusion is that there are possibilities to find jurisdiction for Swedish courts in cross-border contractual cases and in cases regarding both national and foreign intellectual property rights. Another conclusion is that several questions need to be further analysed. There are still questions regarding the application of Article 5(1) and the closer interpretation of the concepts “goods” and “services” in subparagraph (b). In relation to Article 5(3) there are still questions as regards multiple damages in cross-border cases, particularly the question where the causative act shall be regarded to be performed in an infringement case. There are also questions regarding the application of Articles 5(4) and 6(1) in cross-border infringement cases, not least as far as injunctions and the connection between cases based on parallel national rights are concerned. Furthermore there are questions regarding the importance of a homepage and its significance in a private international law context. The same might be said about Internet presence and the notion of commercial effect.

In other words there are still problems and remaining questions. All of them can be characterized as dealing with the balance between globality and territoriality in the intersection between private international law, contractual law and intellectual property law. All of them are more or less ICT related and they all need to be further investigated and analysed. From a research perspective one can, in other words, conclude that there is a lot of problems to be dealt with in this area of law.