Jurisdiction for Coypright Infringment over the Internet

Kunda, Ivana

ZBORNIK HRVATSKOG DRUŠTVA ZA AUTORSKO PRAVO

ZAGREB 2016., vol. 13-14

Ivana Kunda *

JURISDICTION FOR COPYRIGHT INFRINGEMENT OVER THE INTERNET **

In the internet era, a number of traditional legal rules need to be revisited and adjusted in order to fit the new circumstances. The rules on international jurisdiction are no exception. This article is focused on the case law of the Court of Justice of the European Union regarding the rule on special jurisdiction in torts applicable in all Member States. This rule contained in the Brussels I bis Regulation refers to the place of the harmful event. A geographical criterion such as this one is often difficult to interpret when it comes to internet-related disputes. The territoriality of the intellectual property rights, including copyright, adds another layer of complexity to this endeavour.

Key words:
European Union, private international law, international jurisdiction, copyright, infringement, internet

1. Introduction

Increasing use of internet has brought about many questions of legal regulation. Being an intrinsically cross-border phenomenon, internet has been scrutinised by the private international law scholars from the early stages and this interest has continued ever since.[1] Among the private international law issues, jurisdiction is probably the one that is of the most concern for the majority of the subjects operating over or otherwise present at the internet.[2] The discussions on whether and how should jurisdic-

* Prof. Ivana Kunda, Associate Professor at the Univeristy of Rijeka, Faculty of Law

** This article is an updated verison of the paper published in the Spanish language under the title "Competencia judicial internacional sobre violaciones de derechos de autor y derechos conexos en internet" u 13 *Anuario Español de Derecho Internacional Privado* (2014): 457-485.

[1] See some of the initial editions e.g. K. Boele-Woelki/C. Kessedjian (eds.), Internet: Which Court Ddecides? Which Law Applies?/Quel tribunal decide? Quel droit s'applique, (The Hague: Kluwer Law International, 1998); P. A. de Miguel Asensio, Derecho privado de Internet, (Madrid: Civitas: 2000); H. Spang-Hansen, *Cyberspace Jurisdiction in the US – The International Dimension of Due Process*, (Oslo: Norwegian Research Centre for Computers and Law, 2001); D. J. B. Svantesson, Private International Law and the Internet, (Alphen and den Rijn: Kluwer Law International, 2007).

[2] See Key Finding C in the Global Internet Jurisdiction: The ABA/ICC Survey, American Bar Association, Business Law Section, Cyberspace Law Committee, Internet Jurisdiction Subcommittee (2004), http://apps.americanbar.org/buslaw/newsletter/0023/materials/js.pdf, p. 2.

tion be regulated in internet-related cases has been ongoing on the both sides of the Atlantic.[3] Although some references in this article are made to the North American approaches and opinions in the field, its focus is on the European Union laws.

Indeed, the questions of international jurisdiction in internet cases have been at the centre of attention of not only European scholars, but also national and supranational judges and practitioners for some time. Because of the nature of the internet, as a rule such questions concern immaterial objects. Already a decade ago, it has been submitted that the prominent candidates for the most frequent internet-related claims that may raise private international law issues are defamation cases and cases concerned with infringement of intellectual property rights.[4] This seems to be very close to the actual state of affairs, at least in the field of non-contractual obligations. As recent cases tend to suggest, author's rights and neighbouring rights are increasingly being infringed over the internet, calling *inter alia* for the assessment of the international jurisdiction rules applicable in such cases. This is not to suggest that private international law issues in internet cases such as those related to personality rights violation, or trademark infringement,[5] need not be reviewed. Focusing on the cases concerned with the infringement of author's right and neighbouring rights is simply the result of current developments attributed to the CJEU case law in the last couple of years. The CJEU criteria and arguments put forward in its judgments need to be scrutinised from the perspective of both the intellectual property law and the private international law. This paper is intended to present such analysis and offer findings as to the appropriateness of the CJEU solution in the respective cases.

2. Outline of the CJEU case law on special jurisdiction in torts

The issue of jurisdiction in civil and commercial matters is regulated under the Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (hereinafter: the Brussels I Regulation),[6] which, as of 10 January 2015, is replaced by the 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

[3] See e.g. D. L. Burk, Jurisdiction in a World Without Borders, 1 *Virginia Journal of Law and Technology* (3/1997): 1522-1687; H. Schack, Internationale Urheber-, Marken- und Wettbewerbsrechtsverletzungen im Internet – Internationales Zivilprozessrecht, Multimedia und Recht: Zeitschrift für Informations-, Telekommunikations- und Medienrecht (3/2000): 135-140; M. Traynor/L. Pirri, Personal Jurisdiction and the Internet: Emerging Trends and Future Directions, 712 *Practising Law Institute, Sixth Annual Internet Law Institute* (93/2002): 135-147: N. Rosner, International Jurisdiction in European Union E-Commerce Contracts, in: N. S. Kinsella/A. F. Simpson (eds.), Online Contract Formation (New York, NY: Oceana Publications, Inc., 2004): 481; T. Schultz, Carving up the Internet: Jurisdiction, Legal Orders, and the Private/Public International Law, 19 *The European Journal of International Law* (4/2008), 799-839.

[4] Peter P. Swire, Elephants and Mice Revisited: Law and Choice of Law on the Internet, 153 University of Pennsylvania Law Review (2005): 1975-2001, 1999.

[5] See infra chapter 2.

[6] OJ L 12, 16.1.2001; L 363, 20.12.2006; L 304, 14.11.2008.

commercial matters (recast) (hereinafter: the Brussels I bis Regulation).[7] The fundamental principle laid down in Article 2(1) of the Brussels I Regulation and Article 4(1) of the Brussels I bis Regulation, attributes jurisdiction to the courts of the MS of the defendant's domicile. By way of derogation, certain special jurisdictional rules are laid down, including the one in Article 5(3) of the Brussels I Regulation and identical one in Article 7(2) of the Brussels I bis Regulation.[8] According to this provision, a defendant domiciled in a MS may be sued, in another MS, in matters relating to tort, delict or quasi-delict, in the courts for "the place where the harmful event occurred or may occur". This rule of special jurisdiction has to be interpreted restrictively and cannot give rise to an interpretation going beyond the cases expressly envisaged by the Regulation. It is based on the existence of a particularly close connecting factor between the dispute and the courts of the place where the harmful event occurred or may occur, which justifies the attribution of jurisdiction to those courts for reasons relating to the sound administration of justice and the efficacious conduct of proceedings.

Having said that, the CJEU declared in *Bier* that the expression "place where the harmful event occurred or may occur" (*locus delicti commissi*) is intended to cover both "the place where the damage occurred" (*locus actus*) and "the place of the event giving rise to it" (*locus damni*), so that the defendant may be sued, at the option of the plaintiff, in the courts for either of those places.[9] Sometines, in the same tort the two places are separate (*Distanzdelikt; ilicito a distanzia*). As regards the jurisdiction based on *locus actus*, the CJEU has ruled in *Meltzer* that such jurisdiction cannot be established on the basis of the place of the causal event (*locus actus*) with respect to one of the supposed perpetrators of the damage who has not acted within the jurisdiction of the court seised.[10] It is not completely certain where the reference to the *locus actus* entails the place where the wrongdoer has physically acted[11] or the place where the wrongdoer is established,[12] although the latter interpretation seems to prevail where the tort is related to professional activity.

As regards the jurisdiction based on *locus damni*, the CJEU has further clarified that the latter place can only mean the place where the direct damage occurred (*locus damni directi*), and not any indirect consequences of the harmful event.[13] In

[7] OJ L 351, 20.12.2012.

[8] For the reasons of simplicity, the following pages refer only to Article 5(3) of the Brussels I Regulation as the provision under which the cited cases were decided.

[9] CJEU Case C-21/76, *Handelskwekerij G. J. Bier BV v Mines de potasse d'Alsace SA*, ECLI:EU:C:1976:166.

[10] CJEU Case C-228/11, *Melzer v MF Global UK Ltd*, ECLI:EU:C:2013:305, para. 41.

[11] See supra cited judgment in *Bier*, paras. 20 and 21.

[12] See infra cited judgment in *Shevill*, para. 24; CJEU Case C-18/02, *Danmarks Rederiforening, acting on behalf of DFDS Torline A/S v LO Landsorganisationen i Sverige, acting on behalf of SEKO Sjöfolk Facket för Service och Kommunikation*, ECLI:EU:C:2004:74; infra cited judgment in *Wintersteiger*, para. 37.

[13] CJEU Case C-364/93, *Antonio Marinari v Lloyds Bank Plc and Zubaidi Trading Company*, ECLI:EU:C:1995:289; CJEU C-220/88, *Dumez France SA and Tracoba SARL v Hessische Landesbank and Others*, ECLI:EU:C:1990:8; CJEU C-168/02, *Rudolf Kronhofer v Mariane Maier, Christian Möller, Wirich Hofius, Zeki Karan*, ECLI:EU:C:2004:364.

situations of violation of personality rights by means of publication and in which the damage occurs in multiple MSs as in *Shevill*, the expression "place where the harmful event occurred or may occur" means both "the place where the damage occurred", i.e. the place where the publisher is established, the jurisdiction encompassing damages for the entire harm caused by the violation, and "the place of the event giving rise to it", i.e. each MS in which the publication was distributed and the victim claims to have suffered injury to his or her reputation, the jurisdiction being limited only to the harm arising in that particular MS.[14] For the purpose of online violation of personality rights occurring in *eDate*, the CJEU took the view that the *Shevill* rule has to be adapted so that a victim "may bring an action in one forum in respect of all of the damage caused, depending on the place in which the damage caused in the EU by that infringement occurred, and that forum is where a person has the "centre of his or her interests". The concept of the centre of interest corresponds in general to the person's habitual residence, but may also be located in a different MS, if factors, such as professional activity, establish the existence of a particularly close link with that MS.[15]

It is by now undisputed that Article 5(3) of the Brussels I Regulation (now Article 7(2) of the Brussels I bis Regulation) covers cases of infringement of intellectual property rights, including author's right and neighbouring rights. Judging by the number of requests for preliminary rulings in the past few years, the application of Article 5(3) in cases of infringement of intellectual property seems to be a rising concern of national judges. All the more so where these cases are at the same time related to internet. Thus, in *Wintersteiger*,[16] the CJEU had an opportunity to declare that there is a distinction between personality rights and intellectual property rights due to the territoriality of the latter. It held that an action concerning infringement of a trade mark registered in one MS, because of the use, by an advertiser, of a keyword identical to that trade mark on a search engine website operating under a country-specific top-level domain of another MS, may be brought before either the courts of the MS in which the trade mark is registered, being the *locus damni*, or the courts of the MS of the place of establishment of the advertiser, being the *locus actus*.

3. Recent CJEU case law

As indicated above, there are few recent CJEU judgements concerned with establishing jurisdiction in situations of infringement of author's right and neighbouring rights

[14] CJEU Case C-68/93, *Fiona Shevill, Ixora Trading Inc., Chequepoint SARL and Chequepoint International Ltd v Presse Alliance SA*, ECLI:EU:C:1995:61.

[15] See CJEU Joined cases C-509/09 and C-161/10, *eDate Advertising GmbH v X and Olivier Martinez and Robert Martinez v MGN Limited*, ECLI:EU:C:2011:192. For a comment see C. Heinze, Surf Global, sue local! Der europäische Klägergerichtsstand bei. Persönlichkeitsrechtsverletzungen im Internet, Europäische Zeitschrift für Wirtschaftsrecht (24/2011): 947-951.

[16] See CJEU Case C-523/10, *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH*, ECLI:EU:C:2012:220. For a comment see P. Picht, Von eDate zu Wintersteiger – Die Ausformung des Art. 5 Nr. 3 EuGVVO für Internetdelikte durch die Rechtsprechung des EuGH, Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil (1/2013): 19-27.

over the internet. They are presented below to serve as the basis for the discussion on their main features.

3.1. Pinckney

In the case decided on 3 October 2013,[17] the CJEU was asked for an interpretation of the provision of Article 5(3) of the Brussels I Regulation, by a French court which was concerned whether it has jurisdiction to hear the action brought by Mr. Pinckney, a French resident, against Mediatech, a company established in Austria. The proceedings concerned a claim for damages resulting from the infringement of Mr. Pinckney's author's right (in lyrics and music) and performer's right in songs recorded by the group Aubrey Small on a vinyl record. Those songs have been reproduced without his authority on a CD pressed in Austria by Mediatech and then marketed by UK companies Crusoe or Elegy through various internet sites accessible from his residence in Toulouse. Mediatech unsuccessfully challenged the jurisdiction of the French court which confirmed its jurisdiction on the ground that Mr. Pinckney had been able to purchase the records concerned at his residence in France from an internet site accessible to the French public. The plea was again dismissed in the appeal where Mediatech argued that the CDs had been pressed in Austria, where its headquarters is situated, at the request of a UK company which marketed them through an internet site. Thus, it claimed, the only courts having jurisdiction are the courts of the place of the defendant's domicile, which is in Austria, or the courts of the place where the damage was caused, that is the place where the alleged infringement was committed, in the UK. The French Court of Appeal held that the French courts lacked jurisdiction because the defendant is domiciled in Austria and the place where the damage occurred cannot be situated in France, and that there was no need to examine the liability of Mediatech in the absence of any allegation of collusion between it and Crusoe or Elegy. Mr. Pinckney brought an appeal in cassation against that judgment and the Cour de cassation referred the following questions to the CJEU:

"1. Is Article 5(3) of ... [the Regulation] to be interpreted as meaning that, in the event of an alleged infringement of copyright committed by means of content placed online on a website,

- the person who considers that his rights have been infringed has the option of bringing an action to establish liability before the courts of each Member State in the territory of which content placed online is or has been accessible, in order to obtain compensation solely in respect of the damage suffered on the territory of the Member State of the court before which the action is brought,

or

- does that content also have to be, or to have been, directed at the public located in the territory of that Member State, or must some other clear connecting factor be present?

[17] CJEU Case C-170/12, *Peter Pinckney v KDG Mediatech AG*, ECLI:EU:C:2013:635.

2. Is the answer to Question 1 the same if the alleged infringement of copyright results, not from the placing of dematerialised content online, but, as in the present case, from the online sale of a material carrier medium which reproduces that content?"

This question as reformulated by the CJEU essentially asks whether Article 5(3) of the Brussels I Regulation must be interpreted as meaning that where there is an alleged infringement of author's right and performer's right which is protected by the MS of the court seised, that court has jurisdiction to hear an action to establish liability brought by the author and performer of a work against a company established in another MS, which has in the latter MS reproduced that work and performance on a material support which is subsequently marketed by companies established in a third MS through an internet site which is also accessible in the MS of the court seised. In short, the question is whether French court has jurisdiction on the ground that it is the court for the place of the *locus damni.*

In its reasoning, the CJEU has reiterated that for the purpose of identifying the place where damage allegedly caused via the internet occurred, a distinction has to be made between infringements of personality rights and infringement of intellectual and industrial property rights.[18] The CJEU did not stop there; it drew another distinction – between the registered rights, such as trademarks, on the one hand, and copyright on the other. In the opinion of the CJEU, such distinction is owed to the fact that "copyrights must be automatically protected, in particular by virtue of [the 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 (hereinafter: the InfoSoc Directive),[19]] in all MSs, so that they may be infringed in each one in accordance with the applicable substantive law."[20] Based on that and referring again to its ruling in *Wintersteiger,*[21] the CJEU concludes that "the issue as to whether the conditions under which a right protected in the Member State in which the court seised is situated may be regarded as having been infringed and whether that infringement may be attributed to the defendant falls within the scope of the examination of the substance of the action by the court having jurisdiction."[22] The CJEU further adds that, as regards the alleged infringement of an author's right (and a performer's right), the court of the MS has special jurisdiction if the law of that MS protects the author's right (and the performer's right) invoked by the plaintiff and the harmful event alleged may occur within the jurisdiction of the court seised.[23] The CJEU finds that such likelihood arises, in particular, from the possibility of obtaining a reproduction of the work (and performance) to which the rights relied on by the defendant pertain from an internet site accessible within the jurisdiction of the court seised.[24]

[18] Judgment in *Pinckney,* para. 37; supra cited Judgment in *Wintersteiger,* paras. 25 and 28.
[19] OJ L 167, 22.6.2001.
[20] Judgment in *Pinckney,* para. 39.
[21] Judgment in *Wintersteiger,* para. 26.
[22] Judgment in *Pinckney,* para. 40.
[23] Judgment in *Pinckney,* para. 43.
[24] Judgment in *Pinckney,* para. 44.

Finally, the operative part of the judgment states: "Article 5(3) of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters must be interpreted as meaning that, in the event of alleged infringement of copyrights protected by the Member State of the court seised, the latter has jurisdiction to hear an action to establish liability brought by the author of a work against a company established in another Member State and which has, in the latter State, reproduced that work on a material support which is subsequently sold by companies established in a third Member State through an internet site also accessible with the jurisdiction of the court seised. That court has jurisdiction only to determine the damage caused in the Member State within which it is situated."

3.2. Hi Hotel

In its decision in *Hi Hotel* of 3 April 2014,[25] the CJEU reiterated the line of argument it previously developed in *Pinckney*. This case resulted from the national proceedings between Hi Hotel HCF SARL, established in Nice (France), and Mr. Spoering, a photographer residing in Cologne (Germany). On behalf of Hi Hotel, Mr. Spoering took 25 transparencies of interior views of various rooms in the hotel run by Hi Hotel. He granted Hi Hotel the right to use the photographs in advertising brochures and on its website, but there was no written agreement on the rights of use. Hi Hotel paid the invoice for the photographs, in the amount of EUR 2,500 which contained the note "include the rights — only for the hotel hi". Later on, Mr. Spoering found a book "Innenarchitektur weltweit" ("Interior Architecture Worldwide"), published by Phaidon-Verlag, established in Berlin (Germany), which contained reproductions of nine of the photographs in question. Mr. Spoering considered that Hi Hotel had infringed his author's right in the photographs by passing them on to Phaidon-Verlag, and brought proceedings before the court in Cologne. He sought an injunction within Germany and compensation for all damage resulting from the conduct of Hi Hotel. Hi Hotel's challenges of jurisdiction before the first-instance and second-instance courts were unsuccessful, while the Bundesgerichtshof was uncertain as to whether international jurisdiction of the German courts may be established on the basis of Article 5(3) of the Brussels I Regulation. Namely, Hi Hotel submitted that Phaidon-Verlag also has a place of business in Paris (France) and that the manager of Hi Hotel could have made the photographs in question available to that publisher. Hi Hotel stated that it did not know whether the latter publisher had then passed them on to its German sister company. None of that was which have not been contradicted by Mr. Spoering, so the Bundesgerichtshof observes that the international jurisdiction in the case has to be examined on the basis of the assumption that Phaidon-Verlag of Berlin distributed the photographs in question in Germany in breach of author's right and that Hi Hotel assisted it in so doing by handing them over to Phaidon-Verlag of Paris.

[25] CJEU Case C-387/12, *Hi Hotel HCF SARL v Uwe Spoering*, ECLI:EU:C:2014:215.

Thus, the question referred by the Bundesgerichtshof asks: "Is Article 5(3) of Regulation ... No 44/2001 to be interpreted as meaning that the harmful event occurred in one Member State (Member State A) if the tort or delict which forms the subject-matter of the proceedings or from which claims are derived was committed in another Member State (Member State B) and consists in participation in the tort or delict (principal act) committed in the first Member State (Member State A)?" The question, as rephrased asks whether Article 5(3) of the Brussels I Regulation is to be interpreted as meaning that, where there are several supposed perpetrators of the damage allegedly caused to rights of copyright protected in the Member State of the court seised, that provision allows jurisdiction to be established with respect to one of those perpetrators who did not act within the jurisdiction of that court.

Distinguishing this case from *Meltzer* on account of the basis of jurisdiction being possibly the *locus damni*, rather than the *locus actus*, the CJEU saw the opportunity to extend its Pinckney arguments. Drawing on the fact that Mr. Spoering was claiming a breach of various rights of copyright, including the rights to reproduce, distribute and exhibit the photographs in question, which are protected in Germany in accordance with the InfoScoc Directive, the CJEU concludes that damage may occur in Germany because of the possibility of acquiring a reproduction of the copyrighted work in question in a bookshop located Germany, while the very reproduction and distribution of the photographs was a consequence of handing over of the photographs in question to Phaidon-Verlag of Paris, hence there is a causal connection between *actus* in Paris and possible *damnum* in Germany.[26]

The CJEU finally declared: "Article 5(3) of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters must be interpreted as meaning that, where there are several supposed perpetrators of damage allegedly caused to rights of copyright protected in the Member State of the court seised, that provision does not allow jurisdiction to be established, on the basis of the causal event of the damage, of a court within whose jurisdiction the supposed perpetrator who is being sued did not act, but does allow the jurisdiction of that court to be established on the basis of the place where the alleged damage occurs, provided that the damage may occur within the jurisdiction of the court seised. If that is the case, the court has jurisdiction only to rule on the damage caused in the territory of the Member State to which it belongs."

3.3. Hejduk

The occasion for the CJEU to resolve some of the open issues has materialised soon after *Hi Hotel*, due to the question referred for preliminary reference by the Austrian Handelsgericht Wien. In this case, Ms. Hejduk is a professional photographer of architecture and the creator of photographic works depicting the buildings of the Austrian architect, Georg W. Reinberg. As part of a conference organised in 2004 by EnergieAgentur, Mr. Reinberg used Ms Hejduk's photographs in order to illustrate his

[26] Judgment in *Hi Hotel*, paras. 36 and 37.

buildings, which he was authorised to do by Ms. Hejduk. Subsequently, EnergieAgentur, without Ms. Hejduk's consent and without providing a statement of authorship, made those photographs available on its website for viewing and downloading. Believing that her copyright had been infringed by EnergieAgentur, Ms. Hejduk brought an action for damages and for authorisation to publish the judgment at the expense of the defendant in reliance on Article 5(3) of the Brussels I Regulation. EnergieAgentur raised an objection that the Austrian court lacked international and local jurisdiction, claiming that its website is 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. The Handelsgericht Wien referred the following question to the CJEU: "Is Article 5(3) of [the Brussels I Regulation] to be interpreted as meaning that, in a dispute concerning an infringement of rights related to copyright which is alleged to have been committed by keeping a photograph accessible on a website, the website being operated under the top-level domain of a Member State other than that in which the proprietor of the right is domiciled, there is jurisdiction only

- in the Member State in which the alleged perpetrator of the infringement is established; and
- in the Member State(s) to which the website, according to its content, is directed?"

The Austrian court in essence asked whether in the event of an allegation of infringement of rights related to copyright which are guaranteed by the MS of the court seised, that court has jurisdiction to decide on infringement of those rights by placing the protected photographs online on a website accessible in its territorial jurisdiction. In its decision of 22 January 2015,[27] the CJEU made an analogy with the situation in *Wintersteiger* stating that, in a situation in which the alleged tort consists in the infringement of copyright or rights related to copyright by placing of certain photographs online on a website without the photographer's consent, the activation of the process for the technical display of the photographs on that website must be regarded as the causal event. The event giving rise to a possible infringement of copyright therefore lies in the actions of the owner of that site.[28] The CJEU added that the acts or omissions liable to constitute such an infringement (a causal event) may 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. It is undisputed that that seat is not in the MS whose court is seised and thus irrelevant for the jurisdiction at hand.[29] In order to assess jurisdiction of Austrian court as the court for the place where the damage occurred, the court reiterated that this may vary according to the nature of the right allegedly infringed, just as the likelihood of damage occurring in a particular MS is subject to the condition that the right whose infringement is alleged is protected in that MS.[30] The CJEU explicitly states that Article 5(3) does not require that the activity concerned be "directed to" the MS

[27] CJEU Case C-441/13, *Pez Hejduk v EnergieAgentur.NRW GmbH*, ECLI:EU:C:2015:28.
[28] Judgment in *Hejduk*, para. 24.
[29] Judgment in *Hejduk*, paras. 25-26.
[30] Judgment in *Hejduk*, para. 29.

in which the court seised is situated, which was the main argument put forward be the defendant.[31] Noting that the relied on by Ms Hejduk are protected in Austria, the CJEU concludes that the occurrence of damage and/or the likelihood of its occurrence arise from the accessibility in Austria, via the website of EnergieAgentur, of the photographs to which the rights relied on by Ms Hejduk pertain.[32]

The CJEU ruled: "Article 5(3) of [the Brussels I Regulation] must be interpreted as meaning that, in the event of an allegation of infringement of copyright and rights related to copyright guaranteed by the Member State of the court seised, that court has jurisdiction, on the basis of the place where the damage occurred, to hear an action for damages in respect of an infringement of those rights resulting from the placing of protected photographs online on a website accessible in its territorial jurisdiction. That court has jurisdiction only to rule on the damage caused in the Member State within which the court is situated."

4. Selected issues

From the above CJEU case law, at least two issues demanding further consideration are brought to the forefront. One is the operation of the principle of territoriality of intellectual property rights, including author's right and neighbouring rights, especially in the context of establishing jurisdiction. The other is the dilemma whether mere accessibility of the content placed on the internet, which is protected by author's right or neighbouring rights, should be sufficient grounds for establishing international jurisdiction in case of infringement. Or, perhaps, there is a need for more qualified standard, such as targeting users in a specific country.

4.1. Principle of territoriality and interpretation of place of the "harmful event"

The principle of territoriality is probably the most commonly mentioned term in any debate on private international law issues related to intellectual property. It is important to emphasise at the outset that the principle of territoriality in relation to the intellectual property rights may be understood in different ways. Ulmer attempts to grasp the core of that principle by stating that an intellectual property right produce effects only in the territory of the state which has recognized the right.[33] Discussing the same principle, Cornish, Llevelyn and Aplin mention four possible meanings of the principle of territoriality of intellectual property rights. One of interest in the context of this paper is the second meaning:[34] "The right only affects activities undertaken by other

[31] Judgment in *Hejduk*, para. 32.

[32] Judgment in *Hejduk*, para. 34.

[33] E. Ulmer, Intellectual Property Rights and the Conflict of Laws, (Deventer: Kluwer, 1978), 9.

[34] W. R. Cornish/D. Llevelyn/T. Aplin, Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights, (London: Sweet & Maxwell, 2013), 27-28. See also Ch. Wadlow, Enforcement of Intellectual Property in European and International Law, (London: Sweet & Maxwell, 1998), 9.; B. Ubertazzi, Exclusive Jurisdiction in Intellectual Property, (Tübingen: Mohr Siebeck, 2012), 137 et. seq.

within the geographical territory for which it is granted. This area is normally defined by the borders of the state concerned".[35] To illustrate, a person who is producing in one country and importing and selling in another country an item infringing an intellectual property right protected only in one of those countries, cannot be held liable for the acts done in the other country where that right is not protected. This principle has been recognised in international law, such as the Berne Convention for the Protection of Literary and Artistic Works and Paris Convention for the Protection of Industrial Property, as well as in EU instruments, such as the Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II).[36] Apparently, this principle is essentially related to the substantive aspects of the intellectual property rights. But what effect does it have, if any, on international jurisdiction?

4.1.1. Unitarism versus dualism

The crucial question in respect of applying the criteria for special jurisdiction in Article 5(3) of the Brussels I Regulation (now Article 7(2) of the Brussels I bis Regulation) to cases of intellectual property infringement concerns the interpretation of the notion "place where the harmful event occurred or may occur" (*locus delicti commissi*) as well as its subordinate notions "the place where the damage occurred" (*locus damni*) and "the place of the event giving rise to it" (*locus actus*). The scholars and practitioners discussing the application of these notions take diametrically opposed sides.

One stream of thought, that may be called unitarism,[37] advocates that, due to the territorial nature of intellectual property rights, there is no possibility that a single

[35] The other meanings, such as the one that the rights may be asserted only in the courts of the country for which it is granted, has been overcome to a large extent by introduction of the possibilities that the court of a country may hear the action concerning the intellectual property right protected abroad. This is possible in EU Member States based on Article 2 of the Brussels I Regulation. The principle of territoriality is still strongly rooted in regard to the issues of existence and validity of registered intellectual property rights. See CJEU C-4/03, *Gesellschaft für Antriebstechnik GmbH & Co. KG v Lamellen und Kupplungsbau Beteiligungs KG (GAT v Luk)*, ECLI:EU:C:2006:457. For comments see; A. Kur, A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg, 37 *International Review of Intellectual Property and Competition Law* (4/2006): 844-855; K. Szychowska, Quelques observations sous les arrêts de la Cour de justice dans les affaires C-4/03 GAT et C-539/3 Roche, *Revue de droit commercial belge* (5/2007): 498-506; P. Torremans, The Widening Reach of Exclusive Jurisdiction: Where Can You Litigate IP Rights after GAT?, in: A. Nuyts (ed.), International Litigation in Intellectual Property and Information Technology (Alphen aan den Rijn: Wolters Kluwer, 2008): 61-77.

[36] OJ L 199, 31.7.2007.

[37] See e.g. T. Bettinger/D. Thumm, Territoriales Markenrecht im Global Village – Überlegungen zu internationaler Tatortzuständigkeit, Kollisionsrecht und materiellem Recht bei Kennzeichenkonflikten im Internet, 48 *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil* (8-9/1999): 659.-681, 663; R. Hausmann, Infringements of industrial property rights in European international private law and procedural law, *European Legal Forum* (5-6/2003): 277-286; E. Jooris, Infringement of Foreign Copyright and the Jurisdiction of English Courts, 19 *European Intellectual Property Review* (3/1996): 127.-148, 139-140; E.-M. Kieninger, Internationale Zuständigkeit bei der Verletzung ausländischer Immaterialgüterrechte: Common Law auf dem Prüfstand des EuGVÜ - Zugleich Anmerkung zu Pearce v. Ove Arup Part-

infringement of such right may have the place of the act and the place of the consequence separately located. In such a situation, as Kur explains, there would not be a unitary infringement, but two distinct infringements, one in each of the countries. This is said to result from the very specific nature of the intellectual property rights as exclusive rights, and in particular the content of such rights. Unlike the rights that are violated in the context of other types of torts, the intellectual property rights may be infringed by any of the acts reserved exclusively for the right holder.[38] In case of author's right they include the right of reproduction, the right of distribution, the right of communication to the public, as well as the most recently recognised right of making available to the public (over the internet). Thus, if a person reproduces without permission a protected literary work or a photograph in one country and sells it in another country, there would be two infringements, one infringement of the right of reproduction in one country and the other infringement of the right of distribution in the other country. Although factually connected since distribution is actually steaming from the reproduction, in legal terms they are not regarded as cause and consequence of a single act of infringement. On the contrary, these two acts occur separately in each country in which the author's right in the work is protected and thus constitute two separate infringements being subject to the laws of each of the respective countries.[39] This point may be illustrated by comparing the situation of ordinary *Distanzdelikt* in which it is impossible that a hunter, standing on the one side of the border, is directly liable for injuring someone standing on the other side of the border by a bullet unless the hunter has also shot that bullet with a rifle, or otherwise caused the bullet to hit the injured person. On the other hand, it is perfectly viable that a person in one country is liable for unlawful distribution of work protected by author's right there, even if that same person has not reproduced or participated in reproduction of that work in another country. According to unitarian point of view, the described feature of intellectually property rights, which is deriving from the principle of territoriality, has an effect on the interpretation of Article 5(3) (now Article 7(2)) so that the "harmful effect" cannot be taken to occur anywhere else but in the MS in which the right is protected. Consequently, the courts of a MS may have special jurisdiction to decide on the infringement of an intellectual property right infringed by

nership Ltd. and others (Chancery Division) und Coin Controls Ltd. v. Suzo International (UK) Ltd and others (Chancery Division), 47 *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil* (4/1998): 280-290, 282; A. Kur, Teritorialität versus Globalität – Kennzeichenkonflikte im Internet, Wettbewerb in Recht und Praxis (9/2000): 935-940, 936; D. Stauder, Die Anwendung des EWG-Gerichtsstands- und Vollstreckungsübereinkommens auf Klagen im gewerblichen Rechtsschutz und Urheberrecht, 25 *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil* (11/1976): 465-477; 465 and 474; V. Tetzner, Die Verfolgung der Verletzung ausländischer Patente vor deutschen Gerichten unter Berücksichtigung des EWG-Gerichtsstands- und Vollstreckungs-Abkommens, 25 *Gewerblicher Rechtsschutz und Urheberrecht* (12/1976): 669-672, 669.

[38] A. Kur, Durchsetzung gemeinschaftsweiter Schutz-rechte: Internationale Zuständigkeit und an-wendbares Recht, 63 *Gewerblicher Rechtsschutz und Urheberrecht, Internationaler Teil* (8-9/2014): 749-760, chapter II.3.b). The author would like to thank Professor Kur for her valuable comments in the course of completing this paper.

[39] The rule on applicability of the *lex loci protectionis* is contained in Article 8 of the Rome II Regulation.

acts committed within that MS. If the perpetrator acted in several MSs, the courts of each of those MSs have special jurisdiction only regarding the infringement of the right protected in their MS and regarding the acts committed in the territory of that MS.

The proponents of the opposing approach, which may be called dualism,[40] state that unitarian interpretation is not required under the principle of territoriality. They essentially believe that the unitarian theory confuses the effects of the principle of territoriality in the conflict of laws field with its effects in the field of international jurisdiction. They start from the basic premise that the territoriality is not endangered by possibility to establish the court jurisdiction in relation to the infringements of rights protected under foreign laws. This is because the territoriality, as defined at the beginning of this subchapter, is preserved irrespective of whether the local or the foreign court decides the matter, as long as the *lex loci protectionis* is applied to the substance of the matter. Furthermore, the duality of jurisdiction criteria under Article 5(3) of the Brussels I Regulation (now Article 7(2) of the Brussels I bis Regulation) established in the CJEU practice cannot be subject to inconsistent interpretations only in respect to the intellectual property rights. Otherwise, the two options of the plaintiffs in such cases would be undermined and unwarrantedly reduced to a single place of causal event which would usually coincide with the domicile of the defendant. At the same time, the place of damage seems to be closely connected to the infringement dispute.[41] Besides, dualists invoke the CJEU judgments in which they find statements of jurisdiction under Article 5(3) being independent from the existence of the cause of action or of damage under substantive law.[42] Accordingly, the "harmful effect" may be understood in dual manner so that the jurisdiction can be established both in place where the wrongdoer acted and in the place where the damage resulted from that act. Thus, Nuyts explains, the causal event lies in the territory from where infringing material originates, was issued or sent, which regularly coincides with the place of the wrongdoer's place of establishment. He further states in regard to author's right, that causal event is located at the place "where the work is reproduced", e.g. books are copied or protected content burned on CDs or DVDs.[43] As for the *locus damni*, Nuyts states that the direct harmful effect is usually the financial loss suffered by the rightholder at the place where the infringing material is marketed, advertised or used, in cases of author's right, this is where "the copies of the infringing material are sold or issued to the public".

[40] W. Neuhaus, Das Übereinkommen über die gerichtliche Zuständigkeit und die Vollstreckung gerichtlicher Entescheindungen in Zivil- und Handelssachen vom 16.9.1988, sowiet hiervon Streitigkeiten des gewerblichen Rechtsschutzes betroffen sind, 87 *Mitteilungen der deutschen Patentanwälte* (9/1996): 257-269, 261.; A. Nuyts, Suing at the Place of Infringement: The Application of Article 5(3) of Regulation 44/2001 to IP Matters and Internet disputes, in: A. Nuyts (ed.), International Litigation in Intellectual Property and Information Technology (Alphen aan den Rijn: Wolters Kluwer, 2008): 105-130, especially 115 et seq.; R. Pansch, The Proper Forum for Illicit Acts in cases of Cross-Border Infringement of Proprietary Commercial Acts: Proposed Interpretations of Article 5, No. 3 of the Brussels Convention, *European Law Forum* (5/2000-2001): 353-362, 355.

[41] A. Nuyts, (supra n. 40), 116-117 and 127.

[42] See A. Nuyts, (supra n. 40), 122, invoking supra cited judgment in *Marinari*.

[43] A. Nuyts, (supra n. 40), 120.

4.1.2. Assessment of the CJEU arguments

Apparent from the above mentioned judgments in *Pinckney, Hi Hotel* and *Hejduk,* the dualist approach seems to be a CJEU's preferred course for the interpretation of the EU law. Regardless of whether the issue concerned a trademark, author's right or neighbouring right, the CJEU assumes that there is no compelling reason to interpret the notion of the "harmful event" in a unitary manner. There are several arguments put forward by the CJEU, with opposing opinion of the Advocate General Jääskinen as regards certain points.

One of the foremost arguments is that substantive law does not have the bearing over the jurisdiction issues. For instance, the CJEU in Pinckney states: "At the stage of examining the jurisdiction of a court to adjudicate on damage caused, the identification of the place where the harmful event giving rise to that damage occurred for the purposes of Article 5(3) of the Regulation cannot depend on criteria which are specific to the examination of the substance and which do not appear in that provision. Article 5(3) lays down, as the sole condition, that a harmful event has occurred or may occur."[44] And while it is certainly acceptable that conditions of protection by author's right and liability of a person are substantive issues not to be decided at the stage of deciding on jurisdiction,[45] it is equally true that some aspects of substantive law inherently related to the assessment of special jurisdiction under Article 5(3). Precisely because the special jurisdiction in Article 5(3) is designed for specific category of cases – torts, it uses the criteria which correspond to the elements of the torts – "place where the harmful event occurred", "the place of the event giving rise to damage" and "the place where the damage occurred".[46]

Already in its earliest judgments, the CJEU has referred to the substantive elements of the torts when discussing the interpretation of Article 5(3) (now Article 7(2)).[47] Such references have continued later on in the following cases brought before the attention of the CJEU.[48] Quite recently and in respect to the matter bearing sim-

[44] Supra cited judgment in *Pinckney*, para. 41.

[45] Supra cited judgment in *Pinckney*, para. 40.

[46] By analogy, one may also compare the situation under Article 5(1) of the Brussels I Regulation where the provision determining the special jurisdiction in matters relating to contracts uses the criterion of "the place of performance of the obligation in question". In its established case law the CJEU holds that this place is to be determined by reference to the applicable substantive law, meaning that it is in fact the substantive law which is eventually to decide the issues of whether a court has jurisdiction or not. See CJEU Case 12-76, *Industrie Tessili Italiana Como v Dunlop AG*, ECLI:EU:C:1976:133.

[47] See supra cited judgment in *Bier*: "In favour of the place where the act was done (place of the act, Handlungsort), it may be argued from the legal point of view that the concept of acting or of failing to act is an essential ingredient of the tortious or delictual act, and the damage is only a mere consequence of the performance or non-performance of the act. [...] The solution that adopts the place where the damage occurred (place of the damage, Erfolgsort) refers to the last link in the chain of elements which as a whole constitute a tortious or delictual act. From the legal point of view, the existence of a tortious or delictual act requires not only the performance or non-performance of an action, but also the fact that it gives rise to damage."

[48] See e.g. supra cited judgment in *Shevill*, paras. 29 and 30: "In the case of an international libel through the press, the injury caused by a defamatory publication to the honour, reputation and good name of a natural or legal person occurs in the places where the publication is distributed, when the vic-

ilarity to author's right and neighbouring rights, the CJEU confirms that the question of localisation of the acts of infringement of a *sui generis* database right "is liable to have an influence on the question of the jurisdiction."[49] Likewise, in *Winterstager* for the purpose of interpreting Article 5(3), the CJEU invoked its own interpretation of the directive to approximate the laws of the MSs relating to trademarks, under which it is the advertiser choosing a keyword identical to the trade mark, and not the provider of the referencing service, who uses it in the course of trade,[50] to conclude that "the event giving rise to a possible infringement of trade mark law lies in the actions of the advertiser using the referencing service for its own commercial communications."[51] The Advocate General in his opinion in *Pinckney* went even further when stating: "To my mind, it follows from *Football Dataco and Others* that the Court sought to ensure consistency in its case-law, by aligning the localisation criteria for the purposes of designating the competent court with those defined for the purposes of delimiting the territorial scope of a national regime for the protection of the *'sui generis'* right in databases."[52] It is apparent that in all mentioned CJEU judgments, the references to substantive law serve as the basis for the conclusions on the jurisdictional issues. This by no means entails that at the stage in which the jurisdiction is being decided the decision is also made on the substance; the outcomes may actually differ.[53] Undeniably though, the substantive law concepts need to be taken into account in interpreting the criteria for special jurisdiction.

The question arises as to should the substantive concept such as "act of infringement" be taken into account for the purpose of determining *locus actus* and *locus damni* in cases of infringement of intellectual property rights, in particular of author's right and neighbouring rights? Kur argues this would be completely appropriate, especially due to the fact that the notion of "act of infringement" is also used in the jurisdictional context as a criterion for international jurisdiction in the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark.[54] Further explanation states that, being the *lex specialis*, the Trademark Regulation is taking account of the particular character of the trademark right. Such character should also be taken into account by the CJEU in interpreting Article 5(3) of the Brussels I Regulation to achieve consistency between two acts conferring jurisdiction in cases of trademark

tim is known in those places. It follows that the courts of each Contracting State in which the defamatory publication was distributed and in which the victim claims to have suffered injury to his reputation have jurisdiction to rule on the injury caused in that State to the victim's reputation."

[49] CJEU Case C-173/11, *Football Dataco Ltd, Scottish Premier League Ltd, Scottish Football League and PA Sport UK Ltd v. Sportradar GmbH and Sportradar*, ECLI:EU:C:2012:642, para. 30.

[50] This interpretation see in CJEU, Joined cases C-236/08 to C-238/08, *Google France SARL and Google Inc. v Louis Vuitton Malletier SA, Google France SARL v Viaticum SA and Luteciel SARL and Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others*, ECLI:EU:C:2010:159, paras. 52 and 58.

[51] Supra cited judgment in *Winterstager*, para. 35.

[52] Opinion of Advocate General Jääskinen in Case C-170/12, *Peter Pinckney v KDG Mediatech AG*, ECLI:EU:C:2013:400, para. 63.

[53] See infra subchapter 4.2.

[54] OJ L 78, 24.3.2009 (codified version). See Article 97(5).

infringement on the courts in the EU MSs.[55] This argument is in disagreement with dualist's opinion expressing considerations about differing interpretations of Article 5(3) to different types of torts.[56] Despite the fact that naturally the CJEU desires to preserve consistency in its case law, such differing interpretations would not at all be at odds with the CJEU judgments so far. In fact, the CJEU has initially admitted in *Bier* that "[i]t may be that the answer to the question which court has jurisdiction is not the same for all categories of wrongful acts. It may depend on the nature of the wrong. Since the present case involves damage caused by international pollution, it may be that the nature of the wrong requires that the choice of forum be left to the plaintiff."[57] Along these lines, the CJEU has distinctly treated the cases of e.g. liability in maritime law, personality rights violation, infringement of intellectual property rights, etc.[58]

Therefore, based on the above described reliance on substantive law concepts in interpreting the jurisdiction criteria, it is conceivable that specific interpretation of Article 5(3) could be reserved for intellectual property rights. Based on their specific nature – territoriality, in the sense described at the opening of this subchapter, these rights are special in that the tort related to them (called infringement) is limited to the territory of the country of their protection. Moreover, any such other (alleged) infringement in another country is an (alleged) infringement of a legally separate right (despite the fact that they might be factually the same), provided that the right is protected in the other country too. Whatever act (or consequence, as one might see it) is occurring in another country is a matter of a separate (alleged) infringement of a separate legal right, provided the right is protected there. Thus, in case of infringement of intellectual property rights the *locus actus* and the *locus damni* are inevitably located in the territory of the same country and they are both captured by the notion of "act of infringement" (in the sense of the above cited Community Trademark Regulation, for instance).

Against this background, the judgments in both abovementioned cases, *Pinckney* and *Hi Hotel*, are simply unworkable. In *Pinckney*, the facts of the case in the main proceedings indicate that the claim did not concern the act of reproduction by Mediatech, but subsequent acts of distribution by two UK companies. As was

[55] Kur, (supra n. 38) chapter II.3.b).

[56] Nuyts (supra n. 40), 127. There seems to be inconsistency in Nuyts's argument where he is stating that the claims subject to jurisdiction of the court for "the place of the event giving rise to the damage" should be limited to those relating to the causal event located in the forum MS and damages stemming from such an event (ibid., 129). This would be a departure from the CJEU case law not limiting the jurisdiction of the court for "the place of the event giving rise to the damage".

[57] Supra cited judgment in *Bier*. The CJEU continues: "Should it be the case that the Convention does not allow of this choice, the nature of the wrong, in cases of international pollution, should sway the issue in favour of the jurisdiction of the court for the place where the damage occurred. [...] In matters concerning the pollution of the environment, an act or omission can be described as wrongful by reason of its harmful consequences rather than by reason of the nature of what is done or not done in the first place. Such pollution can be due to a wrongful omission and, unlike the damage, it may often be hard to attach such an omission to a particular locality in cases where some distance intervenes between cause and effect. For this reason also, it would appear inexpedient to exclude the jurisdiction of the court for the place where the damage occurred."

[58] Supra cited judgment in *Wintersteiger*, paras. 24 and 25.

submitted by the Austrian government, the facts in the main proceedings did not suggest that Mediatech organised the distribution of the CDs by those companies or that it had any connection with them whatsoever.[59] Likewise, the facts in *Hi Hotel* indicate that, although several persons are supposed to have brought about the alleged harmful event, Hi Hotel was the only party sued in the main proceedings, and it acted only in France, and not in Germany in which the court seised is located.[60] Under both these fact patterns, the alleged acts of infringement committed by the defendants, namely, the reproduction and the handing over of protected material, are located outside the MS of the court whose jurisdiction is in question.[61] Only the acts of the other persons, who were not parties to these disputes, were allegedly committed within the jurisdiction of the court seised. However, for the purpose of establishing special jurisdiction under Article 5(3), the CJEU seems to take these separate consecutive acts of infringement as a single act of infringement. As explained above, this is inconsistent with the nature o intellectual property rights highlighted by the principle of territoriality. Kur is being very explicit in qualifying this line of reasoning as a fundamental misunderstanding of the structural features of the intellectual property law that distinguish it from other areas of tort law.[62] It seems that, at least in this part, the opinion of the Advocate General Jääskinen in *Pinckney* was along the same lines: "In the first place, there is to my mind no doubt that the alleged copy in CD form of the works in question alleged to have been made by Mediatech comes within the exclusive reproduction right within the meaning of Article 2 of [InfoSoc] Directive 2001/29. In that respect, I would observe that infringements of the reproduction right assume in principle a strictly territorial dimension. In the present case, so far as the pressing of the CDs is concerned, that territory is Austria. Even if the person who made the unauthorised reproduction also communicated or distributed the content at issue abroad, either acting alone or with the help of an accomplice, the resulting extraterritoriality would be a consequence of the subsequent acts of communication or distribution and not of the act of reproduction itself. "[63] Taking account of the principle of territoriality, this opinion appreciates specific inherent characteristics of the intellectual property rights. In reality, the decision on jurisdiction is always made on the basis of the facts stated by the parties, hence, if

[59] Supra cited judgment in *Pinckney*, para. 16.

[60] Supra cited judgment in *Hi Hotel*, para. 30.

[61] The similar type of the issues arise with regard to the CJEU judgment in Case C-360/12, *Coty Germany GmbH, formerly Coty Prestige Lancaster Group GmbH v First Note Perfumes NV*, ECLI:EU:C:2014:1318. Article 5(3) of the Brussels I Regulation is interpreted as meaning that, in the event of an allegation of Community trademark infringement and infringing acts prohibited by the law of the MS in which the court seised is situated, that provision attributes jurisdiction, not as the place where the event giving rise to the damage occurred, but as the place of occurrence of damage, to hear an action for damages based on that national law against one of the presumed perpetrators who is established in another MS and is alleged to have committed the infringement in that other MS. It is, however, hard to find the connection between what the CJEU sees as the harmful event (sales of a perfume in Belgium) and the alleged damage stemming from that event (trademark infringement in Germany) without making reference to the furtherance of this damage by another perpetrator (in the case at hand Stefan P. Warenhandel).

[62] Kur, (supra n. 38) chapter II.3.b).

[63] Supra cited opinion of Advocate General Jääskinen in *Pinckney*, para. 25.

the facts relied to by the parties do not indicate that an act of infringement by the defendant was or may be committed in a forum MS, the court should not have jurisdiction. If there are statements of such facts, the court would decide to have jurisdiction, although on the merits it might rule that there was no infringement. However, deciding in *Pinckney,* the CJEU builds on a completely different basis, failing to fully understand the facts of the case and distinguish among different acts of infringement committed by different parties, some without the involvement of the internet and some via the internet.

The CJEU has also ascertained that there might be a distinction between different types of intellectual property rights, so that author's rights and neighbouring rights are treated differently from trademark rights.[64] This seems to be an inappropriate distinction, as all intellectual property right have the same specific characteristic of being territorial. These rights are all equally territorial, in the sense described at the beginning of this subchapter, regardless of whether they are protected based on registration or *ex lege.*[65] The CJEU explanation in *Pinckney* is based on the fact that author's right and neighbouring rights may be infringed in each MS because they are automatically protected in all MSs based on InfoSoc Directive. Comparing the outcome of the CJEU reasoning in *Pinckney* with that in *Wintersteiger,* it appears that after all there is no difference in regard to the effects of territoriality,[66] because the requirement of being registered in *Wintersteiger* is replaced by the requirement of being protected in *Pinckney* and *Hejduk.* Unlike in *Hejduk* where the fact-pattern was much simpler, the requirement of protection in the MS of the court seised still does not make either of the two other judgments justifiable as their interpretation of the *locus actus* and *locus damni* are not compatible with the principle of territoriality. Furthermore, the interpretation of the CJEU puts the persons, potentially sued as infringers, into difficult position as they cannot count on protection of their interests steaming from the principle of territoriality. The interpretation adopted by the CJEU does not guarantee foreseability of the potential fora to the defendants,[67] as they might find themselves being sued in a country in which they have not acted at all. This interpretation might also result in forum shopping and open the door to suing where there is no substantial connection, especially in cases of infringement committed over internet where the number of available fora multiplies.

[64] Supra cited judgment in *Pinckney,* paras. 38 et seq.

[65] The difference indeed exists between registered and non-registered rights in connection with the exclusive jurisdiction regarding matters related to validity and existence of the rights. See supra cited judgment in *GAT v Luk.*

[66] There does seem to be the difference between two judgments in relation to the effects on jurisdiction, as a result of the infringement being committed over the Internet. See infra subchapter 4.2.

[67] The need for the court jurisdiction to be foreseeable and to preserve legal certainty has been repeatedly mentioned in the CJEU judgments on the Brussels I Regulation. See e.g. supra cited judgment in *Bier;* supra cited judgment in *Wintersteiger,* para. 23.

4.2. Accessibility v. targeting

The problems related to establishing the special jurisdiction under Article 5(3) of the Brussels I Regulation (now Article 7(2) of the Brussels I bis Regulation) are ever more intensified due to the use of on the internet for offering the protected content to the users. It is the internet which makes the occasions, in which the activities of a person located in one country factually result in infringement of the intellectual property rights in another country, a regular occurrence.[68] In addition to the above discussed question of interpretation of the principle of territoriality in situations where (consecutive, but separate) acts of infringement are factually connected to more than one country, there is an additional problem which results from the ubiquitous nature of the internet where a single act of infringement has connection with multiple countries. To be precise, the allegedly infringing content is usually uploaded from a place in one country, or rarely in more countries, all of which are identifiable and countable in terms of law,[69] namely, under Article 5(3) it is done by reference to the wrongdoer's place of establishment.[70] On the other hand, the same content becomes available to persons in virtually every country in the world. The latter result raises particular problems. What effects do these circumstances have on the interpretation of the criterion for establishing the special jurisdiction in torts?

The dilemma revolves around two legal concepts: accessibility and targeting. Adoption of the accessibility criterion means that the mere fact that the allegedly infringing content is accessible in a certain country produces legal consequence for the purposes of private international law. Thus, the fact that the infringing content placed on the internet is accessible in nearly all countries in the world entails that the courts of all these countries have the jurisdiction in relation to this infringement. In the context of Article 5(3), this would as a rule result in jurisdiction of the court of all MSs whenever the alleged infringement takes place on the internet. Such multiplication of jurisdiction venues is seen particularly problematic as it would lead to universal, often exorbitant jurisdiction, favouring the unwarranted forum shopping.[71] It has also been submitted that such a wide interpretation of Article 5(3) would run contrary to the jurisdiction principles established by the CJEU,[72] in particular it would not be jus-

[68] P. A. de Miguel Asensio, Derecho Privado de Internet, (Cizur Menor: Thomson Reuters, 2011, 4th edn.), 788.

[69] The location of the person uploading the content might not always be easily determinable in terms of fact due to technical means enabling covering/hiding or changing the geographical location.

[70] See supra text accompanying n.11 and 12. In its supra cited judgment in *Wintersteiger*, paras. 36 and 37, the CJEU explained that in view of the objective of foreseeability the place of establishment of the server where the infringing material is uploaded cannot, by reason of its uncertain location, be considered to be the place where the event giving rise to the damage occurred. By contrast, since it is a definite and identifiable place, both for the applicant and for the defendant, and is therefore likely to facilitate the taking of evidence and the conduct of the proceedings, it must be held that the place of establishment of the advertiser is the place where the activation of the display process is decided.

[71] P. R. Beaumont, in: P. R. Beaumont/P. E. Leavy, Private international law (Edinburgh: Green/Thomson Reuters, 2011, 3rd edn.).

[72] See judgment in Case C-167/00, *Verein für Konsumenteninformation v Karl Heinz Henkel*, ECLI:EU:C:2002:555, para. 46.

tified by the reasons of the sound administration of justice and the officious conduct of the proceedings as well as of proximity and ease of taking evidence.[73] Likewise, the foreseability of the courts before which the defendant might be sued,[74] discussed under the previous subparagraph, would be completely ignored.

For these reasons, there are proposals that the limiting proviso is inserted in the interpretation of the notion of "the place where the damage occurred" assuring that only the courts of those MSs with which there is a substantial and effective connection are competent to decide the case. This qualifying criterion may be called "targeting". It means that only the court of those MSs whose users are targeted, or in other words, to whose users the content is directed, have jurisdiction under Article 5(3) as the courts of the place where the damage occurred.[75] In the words of the CJEU, the activity of the internet site must reveal "the intention on the part of its performer to target persons in that territory".[76] The condition of targeting, as developed by the CJEU, applies independently of the material or immaterial support medium of the alleged infringement.[77] The targeting criterion was elaborated by the CJEU in the context of substantive law and jurisdiction in consumer disputes. As regards the substantive rights, the CJEU has ruled on the criteria for localising the infringement of various intellectual property rights via the internet for the purposes of delimiting the territorial scope of the right, by reference to the reality of the link between the alleged infringement of the intellectual property rights and the territory in question.[78] In relation to the jurisdiction in consumer disputes, the targeting criterion is derived from the wording of Article 15(1)(c) of the Brussels I Regulation which requires that the commercial or professional activities are "directed to" the MS of the consumer's domicile.[79] The question remains as to whether this criterion also applies in the

[73] M. Pazdan/M- Szpunar, Cross-Border Litigation of Unfair Competition over the Internet, in: A. Nuyts (ed.), International Litigation in Intellectual Property and Information Technology (Alphen aan den Rijn: Wolters Kluwer, 2008): 131-149, 144.

[74] Geist has identified four factors – foreseeability, bias towards effects-based analysis, jurisdictional quid pro quo, and technological neutrality – which need to be balanced in the process of the development of a single standard for Internet jurisdiction analysis. M. Geist, Is there a there there? Toward greater certainty for internet jurisdiction, 2001, http://arxiv.org/ftp/cs/papers/0109/0109012.pdf, 16. He adds (at 41): "It is important to also note that the targeting analysis will not determine exclusive jurisdiction, but rather identify whether a particular jurisdiction can be appropriately described as having been targeted. The test does not address which jurisdiction is the *most* appropriate as between those jurisdictions that meet the targeting threshold."

[75] This necessarily entails that the jurisdiction is limited to the damage occurring in that particular MS, under the so-called mosaic principle.

[76] Supra cited judgment in *Football Dataco*, para. 39.

[77] Supra cited opinion of the Advocate General Jääskinen in *Pinckney*, para. 61.

[78] See CJEU, Case C-324/09, *L'Oréal SA and Others v eBay International AG and Others*, ECLI:EU:C:2011:474, para. 65; CJEU Case C-5/11 *Criminal proceedings against Titus Alexander Jochen Donner*, ECLI:EU:C:2012:370, para. 27; supra cited judgment in *Football Dataco*, para. 39.

[79] Under Article 15(1)(c) of the Brussels I Regulation, the consumer contract is a contract concluded between a consumer and a person who pursues commercial or professional activities in the MS of the consumer's domicile or, by any means, directs such activities to that MS or to several MSs including that MS, and the contract falls within the scope of such activities. In the context of internet disputes, the part of this provision on directing the activities in the Member State of the consumer's domicile is by the most important one and was interpreted in details by the CJEU in Joined cases C-585/08 and C-144/09,

context of Article 5(3) to cases of infringement over internet of author's rights and neighbouring rights?

In *Pinckney*, the CJEU ruled that there was a likelihood of the harmful event arising in a territory of the MS where it was possible to obtain infringing copies of works from internet sites accessible in that territory resulting in jurisdiction of the courts of that MS. This has been read not to require the targeting criterion to be met, but merely the criterion of accessibility. Hence, holders of the author's rights and neighbouring rights may sue the infringers before the courts of the MSs in which the infringing content is accessible, without the need to show that activity of that internet site is targeted at the internet users of that MSs. Indeed, in contrast to the Advocate General Jääskinen's opinion,[80] the CJEU has explicitly rejected the application by analogy with *Pammer* of the targeting criterion.[81] Thus, the accessibility remains as the only criterion based on which the special jurisdiction in torts can be established. Nevertheless, it appears that the accessibility criterion requires effective accessibility. This is particularly obvious when one compares the way the accessibility criterion is applied to the infringement committed by means of offering via internet the infringing content for the use online, and to the infringement by means of offering via internet the material support containing the infringing content. Based on the facts in *Pinckney*, the CJEU was ruling on the latter situation. In such a situation, the meaning of the accessibility criterion is "the possibility of obtaining a reproduction of the work to which the rights relied on by the defendant pertain from an internet site accessible within the jurisdiction of the court seised."[82] This derives from the very nature of the infringing object which is in material form. On the other hand, in cases where the infringement involves the content which can be used online, without obtaining any material support, paraphrasing the CJEU in *Pinckney*, the accessibility criterion would entail "the possibility of using the work to which the rights relied on by the defendant pertain from an internet site accessible within the jurisdiction of the court seised." This was more explicitly confirmed in *Hejduk* where the CJEU stated that Article 5(3) does not entail that activity is "directed to" a certain MS, that the fact that website was not "directed to" certain MS is irrelevant and that occurrence of damage arises from mere "accessibility" of the protected works via internet.[83]

Upon this analysis, one still needs to ask whether the presence of accessibility criterion and lack of targeting criterion are detrimental to the well-established jurisdictional principles of the EU legal order. It appears that this is not the case. Because the accessibility criterion is link to the jurisdiction in the "place where the damage occurred", there is an additional limitation imposed by the CJEU in *Shevill*. The so-called mosaic principle limits the jurisdiction of the court seised only to the liability and damage suffered in the MS of the *locus damni*. Thus, the accessibility criterion

Peter Pammer v Reederei Karl Schlüter GmbH & Co. KG and Hotel Alpenhof GesmbH v Oliver Heller, ECLI:EU:C:2010:740.

[80] Supra cited opinion of Advocate General Jääskinen in *Pinckney*, para. 63 et seq.

[81] Supra cited judgment in *Pammer*, para.42.

[82] Supra cited judgment in *Pammer*, para 44.

[83] Supra cited judgment in *Hejduk*, paras. 32-34.

cannot be misused by the plaintiff to bring the proceedings of all the consequences of an infringement before the courts of the MS which is only partially or even marginally participating in the entire damages. Such an action, based on special jurisdiction in Article 5(3), could be brought only before the courts of "the place where the event giving rise to the damage occurred", which will frequently coincide with the defendant's establishment. Therefore, the interests of sound administration of justice would not be jeopardised more than in any other case not related to the internet. Knowing that suing in the MS where only marginal damage occurred does not result in decision in regard to the entre damages but only in regard to its respective portion, makes the forum shopping not so attractive to the plaintiffs. Likewise, the efficacious conduct of the proceedings as well as the interests of proximity and ease of taking evidence will be completely respected as only those facts and issues which are related to the respective portion of liability and damages are taken into account by the court having special jurisdiction in the *locus damni*. In regard to the foreseeability, one could find the accessibility criterion unjustifiable since, based on the fact that a person is operating an internet site, he can find himself in the role of the defendant in virtually any MS. This is certainly not a desirable position for any operator of an internet site or anyone acting on the internet in general. From the strictly legal point of view, however, there is nothing objectionable to the fact that, if a person operates an internet site which offers tangible media with infringing content or intangible content for online use to users in all MSs, such a person may be subject to an infringement action in any of those MSs. If, for instance, that person wishes to limit the number of the potential fora, he could attain that result by limiting the reach of his internet site. This could be done by technical or legal means. Technical means would include blocking the access to the internet site from all IP addresses located in a certain MS[84] or blocking the possibility of using (downloading, streaming or otherwise) of the protected content, while legal means include non-delivery of material support containing the protected content to the addressed in one or more MSs etc. Therefore, the accessibility criterion meets the requirements of legal certainty and provides for an effective means of conducting legal risk assessment.

Some of the above listed means for limiting the access to the internet site show resemblance to the specific factors which are taken account in assessing whether an internet site is targeted at a specific MS. Nevertheless, the criteria of accessibility and targeting are of different nature. The accessibility criterion established by the CJEU in *Pinckney* entails the assessment of whether users from a specific territory have an effective access to the internet site, as the "possibility of obtaining" (or "possibility of using") is essential in the evaluation of accessibility. On the other hand, the targeting involves the test, based on the relevant circumstances of the case, for determining the intention on the part of the person operating an internet site to target the consumers/users in a specific territory.[85] If one was to compare

[84] Admittedly, this is not always the best option because it might create problems in performance of the site and server. In addition, there are means of hiding the original IP address from which the request is being received.

[85] The *Pammer* factors to be taken into account include: (i) the use of a language or a currency

the application of the targeting test and the accessibility test on the same facts, the result would be indicative of the difference. In *Football Dataco*, the CJEU concludes that in order to find that location of the Sportradar's act of re-utilisation[86] is in UK it is not sufficient that an internet user in the UK receives the requested data on his computer; there has to be additional evidence of the intention on the part of Sportradar to target the internet users located in the UK, such as that the data include English league matches.[87] If such a fact-pattern was decided under the accessibility test adopted in *Pinckney* for the purpose of applying Article 5(3) of the Brussels I Regulation, the result would be that there is a jurisdiction of the UK courts simply on the basis of the fact that the internet users in UK have the possibility to use the data, regardless of the intention of the Sportradar. This comparison indicates that, if one is to understand the judgment in *Football Dataco* as the basis for the decision on jurisdiction,[88] it would be in contradiction with the judgment in *Pinckney*. However, if one is to understand it only as a decision on the substantive level, than no such contradiction would exist.

Upon establishing that two tests have different outcomes, the question remains as to the justifiability of the disparity between localisation of the act of infringement for the purpose of substantive law and its localisation for the purpose of special jurisdiction. As stated above, the substantive law concepts and principles underlying it are important when it comes to understanding and interpreting the notions used as criteria for the special jurisdiction in Article 5(3). Having said that, there is absolutely nothing objectionable about a difference between the two, because deciding on substantive issues and deciding on jurisdictional issues are indeed different legal levels of assessing the same facts. They can also have different outcomes; otherwise there would not be any distinction between them. The problem here is in the inconsistency among the judgments of the CJEU, namely, the *Football Dataco* and *Pinckney*, in case the judgment in *Football Dataco* is construed to be decisive for the jurisdiction purposes.

other than the language or currency generally used in the Member State in which the trader is established, (ii) the possibility of making and confirming the reservation in that other language, (iii) mention of telephone numbers with an international code, (iv) outlay of expenditure on an internet referencing service in order to facilitate access to the trader's site or that of its intermediary by consumers domiciled in other Member States, (v) use of a top-level domain name other than that of the Member State in which the trader is established, and (vi) mention of international clientele composed of customers domiciled in various Member States. Supra cited judgment in *Pammer*, paras. 75, 76, 80, 81, and 84.

[86] Re-utilisation is an exclusive right in the database under the Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 077, 27.03.1996.

[87] Supra cited judgment in *Football Dataco*, paras. 38 and 40.

[88] Supra cited judgment in *Football Dataco*, para. 30; supra cited opinion of Advocate General Jääskinen in *Pinckney*, para. 63.

5. Conclusion

This article has sought to shed some light on the EU international jurisdictional rules applicable in cases of infringement of author's right and neighbouring rights committed over the internet. For this purpose, we have examined the most relevant provision of the Brussels I Regulation, namely Article 5(3), (now Article 7(2) of the Brussels I bis Regulation) as well as the related CJEU case law. While the application of the existing rules to the new circumstances owed to the technological development particularly the internet seems perfectly at place,[89] the method of their interpretation adopted by the CJEU shows certain weaknesses.

The analysis above reveals misapprehension on the part of the CJEU of the specific traits of intellectual property rights which are captured under the principle of territoriality and which materialise in the form of a unitary act of infringement. The way to solve this problem is to refine the understanding of the special territorial nature of intellectual property rights and to take it into account in resolving the jurisdiction issues. Appreciation for the substantive nature of the intellectual property rights at the stage of deciding on jurisdiction does not entail decision on the merits of the case. It merely requires that facts of the case are weighted against the substantive concepts to preserve the inner logic of the rights in question.

The special characteristic of infringement disputes arising out of the operation via internet is that there is a potential for multiplication of the fora. The CJEU seems to have been fully settled on the issue whether the targeting requirement is necessary or the accessibility criterion would be sufficient for establishing jurisdiction in the *locus damni*. Testing the latter against the jurisdictional principles developed by the CJEU, shows that it is a sound solution, provided that the mosaic approach is consistently applied (along with the requirement that the allegedly infringed right is protected in the MS where the *locus damni* is located).

[89] It seems that there is more or less accepted opinion that the old private international law rules have to fit the new circumstances and that in the internet-related cases "[t]here is no more room for vacuum than elsewhere". J.-S. Bergé, Resolving conflicts of laws, in: G. Chatillon (ed.), Internet international law, (Bruxelles: Bruylant, 2005) 501-514, 501.

SAŽETAK

NADLEŽNOST ZA POVREDE AUTORSKOG PRAVA NA INTERNETU

Ivana Kunda

U internetskoj eri značajni broj pravnih pravila mora se preispitati i prilagoditi ne bi li odgovarali novim okolnostima, pri čemu pravila međunarodne nadležnosti nisu izuzetak. Ovaj članak usredotočen je na praksu Suda Europske unije glede pravila o posebnoj nadležnosti za izvanugovorne odnose, koje se primjenjuje u svim državama članicama. Ovo pravilo sadržano u Uredbi Bruxelles I bis upućuje na mjesto nastanka štetnog događaja. Zemljopisni kriterij poput ovoga nerijetko je teško tumačiti u sporovima povezanima s internetom. Teritorijalnost prava intelektualnog vlasništva, uključujući i autorsko i srodna prava, samo predstavlja dodatni čimbenik složenosti toga napora.

Ključne riječi: Europska unija, međunarodno privatno pravo, međunarodna nadležnosti, autorsko pravo, srodan prava, povreda, internet