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THE TERRITORIALITY PRINCIPLE AND INTELLECTUAL PROPERTY

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Practical and theoretical aspects of the private international law of intellectual property
– We should be grateful for the great initiative of our colleagues, Professors Cyril Nourissat and Édouard Treppoz, who decided to take advantage of the current European uniformization process for private international law to organize a gathering of practitioners and academics to discuss the international aspects of intellectual property.

The subject undeniably has practical implications. Working in international situations (international infringements and patent agreements), practitioners involved in intellectual property law must often adopt strategies in terms of the rules that govern the determination of the applicable law, the definition of the competent court and the circulation methods for administrative and judicial decisions.

The subject also has a strong theoretical component. The meeting between private international law and intellectual property law is the subject of much research and has led to many learned studies and theses. If I recall correctly, five of the speakers at this conference have contributed to research on this subject reputed to be difficult1. Among these theses is an in-depth study on “The Principle of Territoriality in Intellectual Property”2. And this is the topic on which I have been asked to speak.

The international dimension of intellectual property, the principle of territoriality and the conflict of laws – The objective here is not to announce a theory or even discuss one. This is essentially an introduction. The objective is to explain how intellectual property law – all subjects combined (copyrights and related rights, design, patents, trade marks, plant varieties, etc.) – can be looked at today from the perspective of the international context in which it evolves.

That said, the conference organizers asked for this approach to remain limited within two boundaries. The first boundary is the territoriality principle, of which I am not particularly fond (and I will explain why). The second boundary is the question of applicable law, although my presentation could also cover the topics of jurisdiction or the circulation of administrative and judicial decisions.

Three stages – In an attempt to comply with these highly stimulating boundaries, I propose to base my presentation on three points:
- the idea of territoriality in intellectual property matters;
- current “assaults” on this territoriality;

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2 N. Bouche, supra.
- their impact on the treatment in private international law – especially in terms of the conflict of laws – of the international protection of intellectual property.

I – The idea of territoriality in intellectual property matters

Territoriality: a principle? An idea! – I will admit that I am not really sure that territoriality is a “legal principle” within the true meaning of the term, especially in the context we are dealing with, intellectual property. However, I fully agree that it expresses an idea. In fact, it is often within this somewhat vague and general meaning that it is used. What is this idea?

The idea of territoriality and intellectual property – Territoriality means an essentially national approach to the international protection granted independently, territory by territory, to the various objects that fall under intellectual property law. There are a number of explanations for this idea.

The most general is the manner in which lawyers traditionally view the emergence of subjective rights. Subjective rights are formed within the realm of states. In the presence of international situations, subjective rights preserve their national nature, even though an international application thereof demands reliance on private international law rules (of national, international or European origin) intended to extend or coordinate the jurisdiction of different national legal systems.

This first reason is broadly supported by the specific mode in which an intellectual property right is acquired. Very often, it is the subject of public procedures. A right exists only if one is claimed. And as the claim is initiated with regard to national authorities, the right is protected territory by territory and in an independent manner. For example, the protection of a patent by French law presupposes that an application was filed with French authorities. The same applies to a patent in Germany, which is only granted further to a request to the German authorities.

It is of little importance that, for some rights, the formalities to be fulfilled for titles to be issued have disappeared, as is the case in France for copyrights and neighbouring rights. The idea remains the same: the exclusive right, also called a legal monopoly, always requires state intervention. This intervention can be general when automatic protection is provided by the legislator. It can be individual when it requires compliance with a procedure before the national competent authority.

Territoriality and absence of legal circulation – In the present context of widespread territoriality, which leads to a fragmentation of the law national territory by national territory, the circulation of legal objects per se is quite marginal. While goods and services resulting from the use of intellectual property rights circulate freely throughout the world, the rights themselves do not. Each time a legal object passes a border, it must satisfy national requirements. For example, one could not imagine a French patent being issued based on the recognition in France of a patent issued in Germany.

Sometimes, the application of a foreign law or the recognition of a foreign title is allowed (by administrative decision or a judicial ruling). However, this scenario remains statistically exceptional. It is rare for a French court to be seized with the infringement of a foreign intellectual property right. Similarly, actions in executory or to enforce foreign judgments do not occur very often in this field.

3 Vocabulaire juridique, dir. G. Cornu, 8th ed. Puf, 2007, Entry for “Principe” (“Principle”), in which we find the following definition in particular: “A general maxim that is legally mandatory but not written in a legal text”.
4 On this issue, see the presentation by J.-P. Stouls, supra.
Everything happens as if intellectual property had to comply with national requirements territory by territory and in an independent fashion, and no “international protection” per se really existed. This model reached the peak of its success in feudal times, marked by an almost total absence of exchanges between different territories. Like a simple idea accepted by all, it remains very much present in everyone’s mind. Yet it is constantly aging, as illustrated by current attacks against it.

II - Modern “assaults” on territoriality

Territoriality and modern times – The modern evolution of the regulatory, technical and practical environment illustrates that the territoriality principle is being assaulted by the development of uniformized law, in particular in the European context, with the generalization of the phenomenon of ubiquity caused by the massive use of digital networks and the growing privatization/contractualization of systems to ensure protection. These three phenomena merit some specific comments.

The first assault (regulatory): the development of a uniform law, especially in the European context – The evolution of international and European regulations demonstrates that national laws have become one source among others of the international protection of intellectual property rights. A far cry from the time when “common law” on intellectual property meant “non-conventional” law. The law resulting from international conventions has in fact grown considerably in the field of intellectual property. With its worldwide success today (WIPO and WTO), it exceeds national models by attempting to provide suitable solutions for the many issues raised by the circulation of intellectual property objects.

European law has significantly contributed to this evolution. In the 1980s, the European Community (EC) and the European Union (EU) launched into a vast process to bring national legislations closer to each other. The intellectual property law applicable in the various Member States is most often of European inspiration. The source of subjective rights is no longer exclusively a state law prerogative. European standards that can be applied directly have even gone so far as to give rise to intellectual property objects that have a truly European scope. In the latter case, one could be tempted to see territoriality as having simply changed its scope but not its nature. This is only partially accurate. The unification of intellectual property law is never comprehensive. It leaves room for national specificities so that state territoriality is rivalled by, rather than replaced by, European territoriality.

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5 For a description of this system, see H. Batiffol and P. Lagarde, Traité de droit international privé, LGDJ 1993, esp. T.I No. 13, p. 23 and following.
6 The TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreements signed in 1994 and attached to the WTO Treaty have significantly added to the weight given to conventional law by taking under their umbrella the major international conventions governed by WIPO (in particular, the 1883 Paris Convention Treaty, as amended, for the protection of industrial property; the 1886 Berne Convention, as amended, for the protection of literary and artistic works; and the 1961 Rome Convention, as amended, for the protection of performers, producers of phonograms and broadcasting organizations.)
7 We refer in particular to the statement of the principle of assimilation between foreign and national objects, the definition of a right of priority, the elaboration of an international procedure to present registration applications for patents and the definition of a minimum, substantially international right.
8 Eighteen texts of derived laws (regulations or directives) are currently in effect in this field.
In any event, the idea of an absolute territoriality that demands independent protection of intellectual property objects, national territory by national territory, is increasingly less a part of our reality. Intellectual property law is built to a great extent outside the national sphere.

The second assault (technical): the generalization of the ubiquity phenomenon due to the massive use of digital networks – The idea that the territorial basis for the protection of intellectual property objects can be systematically broken down faces a second reality: the generalization of the ubiquity phenomenon with the massive use of digital networks. The “plurilocation” of intellectual property objects on different territories has always existed. The territoriality idea, in fact, has the virtue of confronting this reality, especially in matters involving copyrights or neighbouring rights where protection is automatic. In a general and abstract fashion, one can indeed accept that the creation, even incomplete, of a work triggers the application of as many national regulations as there are territories in the world. But with digital networks, it has taken on an instantaneous form, immediately perceived by the general public, public authorities and judges. Very concretely, the reduction to nil of the time factor when intellectual property objects circulate on the Internet considerably aggravates the disadvantages of territoriality. For example, a strictly territorial approach to the placing of an infringing work online using nothing more than a computer instantaneously raises the question of appropriate ways to protect copyrights when the prejudice to the owner is governed by as many national laws as there are territories in which the work can be downloaded. Similarly, the use of a distinctive sign or symbol on the Internet potentially allows for cross-border use of the sign, thereby exceeding the strictly state-controlled context of countries that confer an “acquisitive virtue” on works, as is the case in the United States, for example. In both concrete situations, is it enough to accept a legal model whose sole ambition is to fragment the protection of the right, national territory by national territory? Could we not imagine legal solutions capable of going beyond the horizon of national borders to confer an international scope on the protection of intellectual property?

The third assault (practical): the growing privatization/contractualization of protection schemes – The strictly territorial treatment of intellectual property objects results in considerable practical inconvenience in terms of the transnational use of rights. Yet this use, which by essence goes beyond the strictly domestic context of a state, is increasingly frequent. It has even become an economic necessity (the demands of a global economy: global trade marks, patents that belong to multinationals, the worldwide use of copyrights and neighbouring rights) and a legal necessity (the requirements of free trade law, which prohibits the right holders from partitioning the use of intellectual property, national territory by national territory).

Lawyers must therefore come up with contractual structures that can secure legal relations. In particular, this consists of preventing the territoriality of intellectual property law from altering the cross-border aspect of intellectual property contracts by fragmenting it. There is only one method possible to this end: the privatization/contractualization of intellectual property rights. Subject to compliance with the rules of public policy and mandatory laws, extensively based on territoriality, a contract – very often a service agreement – fully lists in detail all of the obligations of the parties so that they do not suffer the variations inherent in the national structure of the legal system to protect intellectual property. This contractualization of the law can go very far: it can be formalized in terms that are relatively similar, whether or not the service provided implies (or not) the recognition of
the protection of intellectual property objects\textsuperscript{10}. The permanence of the contractual tie somewhat compensates the fragmentation of the state regimes to protect intellectual property. The contractual model rivals (and marginalizes in parallel) the legal model for the definition of intellectual property. This third assault against the idea of the territoriality of intellectual property law, along with the two others, obviously has an impact on how conflicts of laws are managed.

III – Territoriality today and conflicts of laws

The future of the conflict of laws and the signing of the Rome II Regulation – In light of the various assaults against the territoriality of intellectual property law, what can we draw from recent developments in private international law? In particular, in the context of the European Union, we can look to the Rome II Regulation\textsuperscript{11} which was signed on 11 January 2009. The response can be provided from two perspectives: by adopting a strictly territorial approach to the international protection of intellectual property, private international law of European origin is marginal in its aim to govern the international circulation of these objects.

A strictly territorial approach to the Rome II Regulation – The Rome II Regulation, unlike the Rome I Regulation\textsuperscript{12}, provides a specific rule in Article 8 on intellectual property law:

\begin{quote}
\textit{“Article 8 – Infringement of intellectual property rights}

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

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

3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.”
\end{quote}

These provisions describe a strictly territorial approach to infringements of intellectual property rights\textsuperscript{13}. The first paragraph could not be any clearer: if protection is claimed for a number of territories, a distributive application of a number of laws is required. With regard to the second paragraph, it must be read in conjunction with Article 4.1 of the Regulation which, except in specific cases, favours the application of the various laws of the countries in which the damage occurred in the case of an infringement that took place on a number of territories, with a distinct location for the harmful event, and a distinct location for the occurrence of the damage. Finally, the third paragraph sets aside the effect of Article 14 of the Regulation, which provides the parties with the ability to choose a law other than the one normally designated by the rule governing the conflict of laws, in certain circumstances. In

\textsuperscript{10} For a particularly interesting examination of this phenomenon, see A. Ragueneau, Les contrats de mise à disposition d’œuvre sur les réseaux numériques – Étude de droit matériel et analyse de conflit de lois en droit américain et français, thesis of the Université de Nantes, 2008.

\textsuperscript{11} Regulation (EC) 864/2007 of the European Parliament and Council dated 11 July 2007 on the law applicable to contractual obligations, supra


\textsuperscript{13} For an in-depth analysis of Article 8 of the Rome II Regulation, see É. Treppoz “La lex loci protectionis et l’article 8 du règlement Rome II” D. 2009, p. 1643. Also, see the presentation by Nicolas Bouche, supra.
terms of today's topic, it is therefore not possible to derogate from a strictly territorial application of the law of the country for which the protection is claimed. These solutions are exacerbated by the rule applicable to jurisdictional matters. When an infringement takes place on a number of territories, we indeed know that the Court of Justice has interpreted Regulation 44/2001\textsuperscript{14} so as to limit the jurisdiction of the court seized to the reparation of the damage realized on the national territory only\textsuperscript{15}. No derogation is allowed unless the court seized is the court of the country in which the harmful event took place. In this case, the court may provide reparation for a “worldwide” prejudice. But this hypothesis, referred to as the “complex tort”, doesn’t fit well with an intellectual property law that is dotted with territoriality. In the presence of a claim related to an intellectual property title by the defendant (patent, design or trade mark), the court in the country that issued said title is considered exclusive\textsuperscript{16}. If the title was issued in a number of countries, the right holder must initiate proceedings in each of the territories. Only intellectual property rights that do not give rise to the prior issuance of a title – as is the case in France for copyrights and neighbouring rights – escape this solution. The court of the country in which the harmful event causing the right to be infringed took place will nevertheless be bound to effect a distributive application of the various laws of the countries for which protection is claimed.

In conclusion, the private international law of European origin has chosen to fully adopt the territoriality idea despite the “assaults” brought against it today. However, there is no certainty that this solution will be fully effective.

Marginalization of Article 8 of the Rome II Regulation – Looking forward, one could venture to suppose that practice will no doubt require a marginalization of the solution adopted by the Rome II Regulation every time it seeks to avoid the pitfalls of the fragmentation of international protection of intellectual property. This marginalization can take us in a number of directions.

The first consists in introducing a discussion into the field of application of the conflict-of-law rule set out in Article 8 of the Rome II Regulation. This article in fact states that it does not affect the application of other conflict-of-law rules arising either from specialized texts adopted within the Union (Art. 27) or from prior international conventions binding one or more Member States (Art. 28). Yet rules of this type exist in our field of interest. For example, Directive (EC) No. 93/83\textsuperscript{17} provides that, in matters of the satellite broadcasting of works of authorship, the law of the country in which the work is broadcast applies\textsuperscript{18}. This solution is a clear derogation from Article 8 of the Rome II Regulation, which instead would designate the various laws of the countries in which the public receives the work. Similarly, the major international conventions applicable to intellectual property matters include a number of provisions that are of potential interest to the conflict-of-law rule\textsuperscript{19}. According to the (often fluctuating) interpretation provided\textsuperscript{20}, an incompatibility may appear with the heading of the Rome II Regulation.


\textsuperscript{16} The solution results from the famous “GAT” case: ECJ, 13 July 2006, case C-4/03, Rec. I-6509. On this point, see J. Raynard, supra.

\textsuperscript{17} Directive (EC) No. 93/83 of the Council, 27 September 1993, on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, JOCE 1993, L248.


\textsuperscript{19} For example, Art. 1(2) of the Paris Convention (supra), Art. 5(2) and 7(8) of the Berne Convention (supra).
Article 8 of the Rome II Regulation can also be bypassed by calling on a special conflict-of-law rule: the one defined in Article 6 in the field of competition law. The contractualization/privatization aspects of the intellectual property law phenomena that have been described above offer many ties to competition rules, in particular the law governing unfair competition (collusion and abuse of a dominant position). This application of competition law may lead to the traditional rules of intellectual property being sidestepped and, along with them, the solution provided by Article 8 of the Rome II Regulation.

Finally, it may be that, in future years, we shall see a tightening of rules on jurisdictional competence. As the Rome II Regulation has not managed to include in its rule on conflicts the international dimension of the protection of intellectual property rights, the territoriality idea binds the court to apply its own law to most cases. Indeed, it is in the field of conflict of jurisdictions that the most appropriate solutions could be found. The phenomenon is quite clear in recent French case law on criminal cases or offences committed on the Internet, wherein courts avoid finding themselves competent too easily. This could be extended on a European scale, whereby solutions defined until now by the Court of Justice in criminal matters could be revisited, particularly in the context of the massive ubiquity of digital networks.

A brief conclusion – This potential marginalization of the positive law of conflicts of laws in the treatment of the many and undoubtedly difficult questions raised by the international protection of intellectual property does not come as a surprise. This matter has never found its own true place within private international law categories. Edmond Picard made this observation for the first time many years ago. Today, it is still bumped from one category to another, from offences to contracts, while regularly intruding into property law and human rights.

Furthermore, European law has priorities other than dealing with the conflict between national laws on intellectual property. It has made considerable efforts to bring the national laws of Member States closer together. It has even created intellectual property objects that are specifically European. In these circumstances, it is not surprising that it is content to “preserve the principle of ‘lex loci protectionis’, which is universally recognized” without seeking to break new barriers on this subject. Have no fear! The lawyers will take care of that!

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22 There is an allusion to the case law of the Court of Appeal of Paris which, in terms of criminal acts committed on the Internet, does not agree to ruling itself competent unless there is a “sufficient, substantive or significant tie” to the national territory. For example, see Paris (4th ch. A), 6 June 2007, Google/AXA, www.legalis.net. For more recent case law, see, in particular: M.-É. Ancel “Un an de droit international privé du commerce électronique”, Comm. Comm. Elec. 2009, chron. No. 1, spec. No. 2 to 5.

23 Sevill judgment, supra.


25 “Embryologie juridique”, JDI (Clunet) 1883, 564.