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# 9. Jurisdiction in Relation to Online Cross-Border Infringements: the Code and the Law

Dr. Ulf Maunsbach\*

During recent years the European Court of Justice (ECJ) has proven to be increasingly active in relation to cross-border intellectual property disputes. The relevant cases cover a wide range of issues, from advertisement through use of keywords, to copyright-related issues involved in making protected material available through the Internet. All in all, it might be said that the Internet era has finally reached the Court of Justice. A similar development is visible in Swedish courts. This provides for an unlimited amount of material for further discussion. In this paper I would like to provide a short summary of the recent (and on-going) development as regards jurisdiction in online cross-border cases. My main focus will be on highlighting the recent findings from an ICT-perspective, and extracting to what extent there is a tendency to apply new rules in relation to the 'new' problems that the Internet brings to the fore. I will also try to illustrate how our apprehension of the particular rules in this area is evolving—from merely reading the Code to a deeper understanding of the complex relationships that comprise the Law.

## 9.1. Introduction

Writing a paper that is supposed to be presented during a conference regarding Law and Information Technology presents certain difficulties, but it also provides advantages. One such advantage is that it is likely to be generally known and accepted that Code is Law.<sup>1</sup> One difficulty, presupposing that some of my readers might have other professions than Law, is

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that it might not be similarly well known that Law is not Code. In this respect a metaphor may come in handy. Imagine an iceberg: in this image, the Code would be the visible tip of the berg, whereas the law is beneath the surface, under water. To understand Law, in other words, means that you need to be a good diver and accordingly skilled in holding your breath, preferably for hours. Because the Law is under the surface, it is there you will find information as to how the Code is to be understood as Law (i.e. how the Code is to be interpreted). Of course, the wording of the Code is still the starting point, but the closer meaning of the Code involves an understanding as to related practice (e.g. case law, preparatory work and doctrinal writing).

At the outset of development of a new regulation the Code may be the prevailing source of information as to how the landscape is to be understood; however, as time passes, legal practice will provide a more comprehensive picture, as an accurate description of the emerging Law evolves. One problem, commonly known to all lawyers, is that this transition, from Code to Law, takes time. Quite commonly it requires lot's of time. This proves to be problematic, particularly in relation to ICT issues. Technology develops rapidly and changes in technology usually lead to changes in society and in social behaviour. This in turn may constitute new preconditions that make the Code obsolete, even before the Code has actually been applied in practice, and long before the transformation from Code to Law is complete. There are different methods to address this problem. One solution is to adopt Code that is technology neutral, something that may prove to be difficult in situations where you cannot really envision how technology may develop. Another solution is to apply the law with flexibility, adjusting the practice in relation to changes in society. The Code which I am about to address involves parts of both solutions. It is a Code that may be regarded as technology neutral, although affected by societal changes through technology. In as-much as this Code is biased by technology, the Courts have shown a great deal of flexibility in their application of the Code, turning it into a complex but generally functional set of principles that we may call the Law in relation to jurisdiction as to cross-border

1 The dictum that Code is Law is usually attributed to Lawrence Lessig, who illustrates in his book *Code and Other Laws of Cyberspace* (Basic Books, 1999) how code (as in software/source code) can be an instrument for social control (e.g. regulating social behaviour).

infringements. The Code I hint at here is Article 5(3) of the *Brussels I Regulation*,<sup>2</sup> which reads as follows:

Special jurisdiction

Article 5

A person domiciled in a Member State may, in another Member State, be sued:

- ...
3. in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur;
- ...

This is a rule that provides a plaintiff with an alternative ground for jurisdiction in cases regarding torts (e.g. infringements), and in the following I will try to illustrate how this Code has evolved into more comprehensive Law. Such an illustration presupposes some basic knowledge as to how the *Brussels I Regulation* is structured. A general idea is that as a principal rule disputes, are to be adjudicated by a court in the country where the defendant is domiciled (Article 2). In relation to this rule there are a number of alternative rules (of which Article 5(3) is one) and in general those are to be interpreted restrictively, bearing in mind that they are exceptions to the general rule.<sup>3</sup> Another important aspect is the fact that the *Brussels I Regulation* has a predecessor in the *Brussels Convention*,<sup>4</sup> with a rule much similar to Article 5(3) in the *Brussels I Regulation*, meaning that there is a need to take into account two sets of case law. The first group is decided in relation to Article 5(3) of the *Brussels Convention* and the second group is decided in relation to the *Brussels I Regulation*.

2 Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (*Brussels I Regulation*). The regulation 44/2001 will be replaced by a the new Council Regulation (EU) No 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), which will enter into force on 1 January 2015. As to Article 5(3), there are no suggested changes to the wording, but the Article will now be found in Article 7(2) in the recast.

3 See further as regards the relationship between Article 2 and 5 in the Regulation, Magnus, U. and Mankowski, P. (eds), '*Brussels I Regulation*', Sellier 2007, pp 96–97.

4 *Brussels Convention* done at Brussels the 27th of September 1968.

## 9.2. Article 5(3)—a general overview in the light of ECJ case law

Up until now (January 2013), 18 cases from the European Court of Justice (ECJ) deals directly with Article 5(3) and different aspects of how this rule is to be interpreted. The first case was decided in 1976 and the most recent was decided on the 25 October 2012. It is interesting to note that the majority of cases are from the last decade, which may be understood as an argument in support of the conclusion that cross-border issues are increasing. Another conclusion in relation to the bulk of cases that have been decided is that online aspects are becoming an issue. As has been indicated above it takes time for Law to evolve, and this is one example. Problems that were discussed years ago among scholars and practitioners are now at last being addressed by courts.

A brief overview of the cases at hand is facilitated by a first division of the cases into three subsections. The first section includes seven cases decided according to the *Brussels Convention*; a combining element is that these cases illustrate the pre-online understanding of Article 5(3) (spanning the period from 1976 to 1998).<sup>5</sup> From this period of early development we can conclude that the wording of Article 5(3) has been interpreted to include two jurisdictional heads, and that the plaintiff may use Article 5(3) to support jurisdiction both at the place where the injurious action where located and at the place where that action led to damage/effect.<sup>6</sup> As to the effect forum it is further concluded (in the *Shevill* case) that a court under this rule is only competent to adjudicate damages that occurred in the country of the court.<sup>7</sup> As to the nature of the damage, it is further clarified that it is only direct damages that are to be considered when Article 5(3) is to be applied.<sup>8</sup>

The second section includes the first five cases decided after the adoption of the *Brussels I Regulation* (spanning the period from 2001 to 2009),

5 21/76, *Bier v Mines de potasse d'Alsace*; 89/87, *Kalfelis v Bankhaus Schröder*; C-220/88, *Dumes v Helaba*; C-261/90, *Reichert v Dresdner Bank*; C-68/93, *Shevill v Presse Alliance*; C-364/93, *Marinari v Lloyd's Bank*; C-51/97, *Réunion Européenne v Spliethoff*.

6 21/76, *Bier v Mines de potasse d'Alsace*.

7 C-68/93, *Shevill v Presse Alliance*.

8 C-364/93, *Marinari v Lloyd's Bank*.

ending with the *Zuid-Chemie* case in which Article 5(3) of the Brussels I Regulation was applied directly for the first time.<sup>9</sup> The cases in question deals primarily with different and detailed issues as regards the closer meaning of Article 5(3), but one combining element is that all of the cases address the issue of how the *Brussels Convention* relates to the new Regulation. The conclusion in relation to this issue is that the interpretation provided by the ECJ with respect to the provisions of the Convention is also valid for those same provisions of the Regulation, when the provisions in question are to be regarded as equivalent (as is the case in relation to Article 5(3)).<sup>10</sup>

Lastly, we have the third section that may be framed as Internet-related, including six cases decided during the last two years (2011–2012). The first case in this group is the landmark *eDate* case regarding Internet-related infringements of personality rights.<sup>11</sup>

## 9.3. Article 5(3) and online cross-border infringements

The *eDate* case actually involves two disputes that were decided jointly by the ECJ. Both cases involve infringements of personality rights. The first case (C-509/09) regards the publication of infringing information on a website in Austria, which was considered to inflict damages in Germany, and the second case (C-161/10) regards the publication of a picture on a UK website that was considered to inflict damages in France. As to the action involved—the publication of infringing material on the Internet—the ECJ concluded that previous case law did not really address the new circumstances in which information can be spread on the Internet. References were made to the previous *Shevill* case, which dealt with publication of infringing material in a physical newspaper; however, the court con-

9 C-167/00, *Verein für Konsumenteninformation v Henkel*; C-334/00, *Tacconi v HWS*; C-18/02, *Danmarks Rederiforening v LO*; C-168/02, *Kronhofer v Maier*; C-189/08, *Zuid-Chemie v Philippo's Mineralenfabriek*.

10 See C-189/08, *Zuid-Chemie v Philippo's Mineralenfabriek*, p 18 and C-167/00, *Verein für Konsumenteninformation v Henkel*, p 49.

11 Joint cases C-509/09 and C-161/10, *eDate v X and Martínez v MGN*; C-292/10, *G v Visser*; C-523/10, *Wintersteiger v Products 4U*; C-173/11, *Football Dataco v Sportradar*; C-133/11, *Folien Fischer v Ritrama*.

cluded that the effect criteria used in *Shevill*, which allowed the plaintiff to find an alternative ground for jurisdiction based on the place of effect, where not really applicable for online infringements.<sup>12</sup> The need arose to invent an Internet-specific criterion.

One argument supporting this conclusion is that the nature of the online environment makes possible an ubiquitous effect in relation to one specific act of publication. As a consequence, the ECJ concluded that the plaintiff needed a possibility to adjudicate all the damage that can be derived for the act of publication (online) as an alternative to the rule that one may have a general competence at the place of action (as well as at the place where the defendant is domiciled). The alternative (and third) jurisdictional head of Article 5(3) that was introduced is the *centre of interest* principle, meaning that the plaintiff may choose a court located at the place where the plaintiff has his or hers centre of interest, corresponding to the country in which the majority of the damage is usually located. According to the ECJ, this was a proper forum for disputes regarding online infringements of personality rights, and the forum was regarded as foreseeable for the defendant.<sup>13</sup>

Irrespective of whether this new development is considered good or bad, it is important to note that the ECJ chooses to address the online environment with flexibility, introducing a special tool to adapt the Code to new technology; this then developed Article 5(3) into a rule that now embraces three jurisdictional heads: the place of action (covering all the damages), the place of interest (covering all the damages) and the place of effect (covering damages in the country of the court).

In the aftermath of *eDate* several new cases have been decided in a short period of time, and some of these cases will be presented below. In the *Wintersteiger* case it is concluded that the *centre of interest* principle does not apply to infringements in relation to nationally registered trademark

<sup>12</sup> Joint cases C-509/09 and C-161/10, *eDate v X and Martinez*, pp 45–47.

<sup>13</sup> Joint cases C-509/09 and C-161/10, *eDate v X and Martinez*, pp 48–50. For a more thorough analysis of the *eDate* case see Bogdan, M. 'Website Accessibility as Basis for Jurisdiction Under the Brussels I Regulation', Masaryk University Journal of Law and Technology, Issue 1/2011. See also Maunsbach, U. 'Copyright in a Borderless Online Environment—Comments from e Swedish Horizon', in Athamm, J. (ed) 'Copyright in a Borderless Online Environment', Norstedts Juridik 2012.

through the use of keyword advertising on the Internet. Instead the ECJ held that Article 5(3) is to be:

'interpreted as meaning that an action relating to infringement of a trade mark registered in a Member State 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 Member State may be brought before either the courts of the Member State in which the trade mark is registered or the courts of the Member State of the place of establishment of the advertiser.'

This is a statement that represents an interpretation in relation to Article 5(3) that may be regarded as corresponding with the ideas presented in *Shevill*.

In relation to the place of damage, it is concluded that damages as to registered national trademarks are located in the country of protection. It may be added in this respect that in this specific situation, where the action relates to infringements of national registered rights, there is no need to discuss whether or not this forum is limited to damage that occurs in the country of the court, whereas it is impossible for damage to occur in countries other than the one in which the right is protected/registered. Consequently, the court in the country where damage occurs is competent to try all damages resulting from the infringement.<sup>14</sup>

As to the localisation of the place of the tortious action, it is further elaborated that:

'[i]n the case of an alleged infringement of a national trade mark registered in a Member State because of the display, on the search engine website, of an advertisement using a keyword identical to that trade mark, it is the activation by the advertiser of the technical process displaying, according to pre-defined parameters, the advertisement which it created for its own commercial communications which should be considered to be the event giving rise to an alleged infringement, and not the display of the advertisement itself.'<sup>15</sup>

<sup>14</sup> C-523/10, *Wintersteiger v Products 4U*; p 28–29.

<sup>15</sup> C-523/10, *Wintersteiger v Products 4U*, p 34.

The next step is to locate the event that gave rise to the infringement. In this respect the ECJ clarifies that:

"[i]t is true that the technical display process by the advertiser is activated, ultimately, on a server belonging to the operator of the search engine used by the advertiser. However, in view of the objective of foreseeability, which the rules on jurisdiction must pursue, the place of establishment of that server cannot, by reason of its uncertain location, be considered to be the place where the event giving rise to the damage occurred for the purpose of the application of Article 5(3)."<sup>16</sup>

Consequently, the location of the tortious action must rest on a different, and foreseeable, connection, and the answer from the ECJ in this respect is that "it must be held that the place of establishment of the advertiser is the place where the activation of the display process is decided."<sup>17</sup> This argument is similar to the idea presented in *Shevill*: it is the establishment of the publisher that represents the location of the event giving rise to damage (in relation to infringements of personality rights through physical media).

In conclusion, it may be stated that in the *Wintersteiger* case the ECJ provides clarification as to how the wording of Article 5(3) is to be interpreted in relation to infringement of registered national trademarks (and probably also in relation to other types of nationally registered intellectual property rights, i.e. patents and designs), but it is not a decision that provides new grounds for jurisdiction. From an ICT perspective, one of the important clarifications in the case may be the fact that the location of the server is finally and definitively rejected as a decisive connecting factor. Another conclusion that may be drawn from the *Wintersteiger* case is that it supports the idea that the centre of interest criterion from *eDate* is supposed to be understood and used restrictively.

Another interesting case decided after the *eDate* case, which (at least partly) deals with Article 5(3), is the *Dataco* case. The case regards infringements of database rights; it is framed as a copyright case, whereas the questions referred to the ECJ do not concern jurisdiction as such. However, the case takes up one issue of utmost importance for the

<sup>16</sup> C-523/10, *Wintersteiger v Products 4U*, p 36.

<sup>17</sup> C-523/10, *Wintersteiger v Products 4U*, p 37.

decision on jurisdiction; namely, the question as to where, and in which countries, the use of a protected intellectual property right online may constitute an effect that leads to damage. In relation to this issue, novel ideas are presented. The case involves a German company (Sportradar GmbH) which provides results and other statistics relating to English league matches live via the Internet, and the UK company Football Dataco, which claims to have, under United Kingdom law, a *sui generis* (database) right in the material used by the German actor.

Football Dataco brought proceedings against Sportradar in the United Kingdom, seeking *inter alia* compensation for damage linked to an infringement. Sportradar argued (among other things) that an act of transmission occurs only in the place from which the data is sent, so that the acts which Sportradar is said to have committed (uploading the data from Germany) are not within the jurisdiction of the courts of the United Kingdom.

With respect to this particular issue the ECJ relates to Article 5(3) in its answer concluding that:

'[i]t follows that the question of the localisation of the acts of sending at issue in the main proceedings, which Football Dataco and Others claim have caused damage to the substantial investment involved in creating the Football Live database, is liable to have an influence on the question of the jurisdiction of the referring court, with respect in particular to the action seeking to establish the principal liability of Sportradar in the dispute before that court.'<sup>18</sup>

The ECJ further concludes that the question of the extent to which the act of using protected information (in this case re-use of information in a database) may be localised to a certain territory to which the information is sent 'depends on there being evidence from which it may be concluded that the act discloses an intention on the part of its performer to target persons in that territory.'<sup>19</sup>

<sup>18</sup> C-173/11, *Football Dataco v Sportradar*, p 30.

<sup>19</sup> C-173/11, *Football Dataco v Sportradar*, p 39.



When drawing this conclusion, the ECJ refers to its previous case law<sup>20</sup>, however, it is interesting, and novel, to note that in the present case, the distinctions made in previous judgments are now applied in relation to intellectual property rights. This represents an opening for new arguments in relation to a possible delimitation of the use of the effect-forum rule (first identified in *Shevill*) in relation to intellectual property infringements. Now, it may be argued, it is no longer sufficient to lead in evidence that infringing material is accessible through the Internet. To find a competent court under the effect-forum rule, one must prove that the uploader actually had the intention to direct (or target) the information to persons within the territory of the court. Whereas this was not an explicit question from the referring court, such a conclusion must be drawn with caution, but it indeed provides new possible arguments in relation to establishing jurisdiction for cross-border infringements.

Another thing that can definitely be deducted from the *Dataco* case is that it supports the conclusion that the ECJ tends to address ICT-related questions by introducing new instruments. It was done in the *eDate* case, through the introduction of the centre of interest criterion. It is also done in the case at hand, through the introduction of an additional prerequisite regarding the nature of the action in relation to how one specific action is targeted when performed online. This trend (if we may call it a trend) indicates that the Code referred to (Article 5(3)) is not entirely technology-neutral; it also indicates that the ECJ is willing to introduce flexible instruments designed to address technology-related challenges. The extent to which this will prove to be a successful strategy remains to be seen, but my opinion is that it is important and promising to note that the ECJ is at least attempting to address the online world with (growing) awareness of this world's special nature.

A final case to mention is the *Folien* case. It deals with another important issue as to Article 5(3), of crucial importance in relation to intellectual property infringements, although not directly ICT-related; namely, to what extent it is possible to issue a case regarding negative declaration under the heading of Article 5(3)?

20 Joined Cases C-585/08 and C-144/09, *Pammer v Reederei Karl Schlüter* and *Hotel Alpenhof v Heller*, pp 75, 76, 80; Case C-324/09, *L'Oréal v eBay*, p 65 and Case C-5/11, *Donner*, pp 27–29.

The case involves Folien Fischer, a Swiss company which produces and develops certain products and distributes certain goods in Germany (among other places). It also involves Ritrama (established in Italy) which is a company that develops, produces and distributes similar products. Before the case was initiated, Ritrama contacted Folien Fischer regarding a possible cooperation (among other things), with the intention of obtaining a patent licence from Folien Fischer. The negotiations did not succeed, and Ritrama sent a letter to Folien Fischer claiming that Folien Fischer's distribution policy and its refusal to grant patent licences were contrary to competition law. After receiving that letter, Folien Fischer brought an action before a German court for a negative declaration stating (in short) that Folien Fischer was not obliged to desist from its sales practice and that there was no obligation to grant a patent licence. The question that was referred to the ECJ (from the Bundesgerichtshof, the German court where the case finally ended up) was whether the jurisdiction provided for in Article 5(3) is to be interpreted to mean that jurisdiction in matters relating to tort or delict also exists with respect to an action for a negative declaration, in which a potential injuring party asserts that the party potentially injured by a particular situation has no claim in tort or delict.

In its response, the ECJ concludes that Article 5(3) covers both the place where the damage occurred and the place of the event giving rise to that damage and '[a]ccordingly, one of those two points of connection must be identified by a national court before it can claim jurisdiction to hear a dispute relating to tort, delict or quasi-delict'.<sup>21</sup> As to the specific question regarding how this affects the possibility to try an action for a negative declaration, the ECJ emphasises that such an action is valid under Article 5(3) if the relevant elements in the action can either show a connection with the State in which the damage occurred or may occur, or show a connection with the State in which the causal event giving rise to that damage took place. If such a connection is at hand, the court in one of those two places, as the case may be, can claim jurisdiction to hear such an action, pursuant to Article 5(3), irrespective of whether the action in question has been brought by a party whom a tort or delict may have adversely affected

21 C-133/11, *Folien Fischer v Ritrama*, p 40.



or by a party against whom a claim based on that tort or delict might be made.<sup>22</sup>

#### 9.4. Reflections as to future developments

As has been indicated above, Article 5(3) is not entirely technology-neutral. Still it proves to be a rule that functions fairly well in relation to new technologies. The wording of the Code admits a flexible interpretation, thus providing a Law that can meet the needs of the information society. It has also been indicated that the ECJ has initiated a development in the direction of a more online-specific interpretation. Then, of course, we may (and should) discuss the extent to which the new instruments are feasible in relation to the interests involved. This paper does not provide room for a thorough analysis of this issue but it can, be briefly stated that the *eDate* solution will prove to be difficult to apply in situations where the centre of interest is difficult to demarcate (as is the case when the centre of interest is actually online). There is also a need for further clarifications as to the newly introduced idea that in relation to jurisdiction, up-loaders' intentions really matters. This last question, by the way, is already on its way to the ECJ. To put it differently, activities are in progress. In forthcoming cases we may expect clarifications as to the further delimitation of damaging effects in relation to infringements of copyright committed by means of content placed online on a website. Specific questions in this respect are referred to the ECJ regarding the importance of directing the content in question to the public located in the territory of the Member State in which the court is situated.<sup>23</sup> In other cases of cross-border relevance we may expect clarifications as to how participation in the tortious act is to be regarded in relation to Article 5(3).<sup>24</sup>

22 C-133/11, *Folien Fischer v Ritrama*, p 52.

23 See case C-170/12, reference for a preliminary ruling from the Cour de cassation (France) lodged on 11 April 2012—Peter Pinckney v KDG mediarech AG.

24 See case C-360/12, reference for a preliminary ruling from the Bundesgerichtshof (Germany), lodged on 31 July 2012—Cory Prestige Lancaster Group GmbH v First Note Perfumes NV and case C-387/12. Reference for a preliminary ruling from the Bundesgerichtshof (Germany), lodged on 15 August 2012—Hi Hotel HCF SARL v Uwe Spoering.

As to the purpose of this paper and my ambition to highlight the specific issue of jurisdiction in relation to cross-border (intellectual property) infringements, it is important to note that only a few cases deal explicitly with intellectual property infringements. One relevant question is therefore this: to what extent is the Law, as described above, applicable in relation to intellectual property infringements? The easy answer is that Article 5(3) is to be understood autonomously and generally, irrespective of the nature of the tort.<sup>25</sup> Then, of course, the nature of the dispute *in casu* will have an impact on the interpretation of the rule. Some statements from the ECJ are general and some (as it seems) are case-specific. An example of the latter is the *eDate* case which (so far) has been restrictively up-held to apply only in relation to online infringements of personality rights. The question as to guiding principles in relation to interpretation of ECJ case law is a science in its own right, and I will not develop this further in this paper. Suffices it to say that the ECJ tends to use a variety of different methods of interpretation, and that there is no inherent logic in relation to foreseeability as to the choice of method *in casu*. Usually interpretation is a cocktail of different methods, used with references to general principles, primarily derived from previous case law (e.g. to take into account that the provisions of the *Brussels I Regulation* must be interpreted independently, by reference to the scheme and purpose of that regulation and that the *Regulation* pursues an objective of legal certainty which consists of strengthening the legal protection of persons established in the European Union, by enabling the claimant to identify easily the court in which he or she may sue, and enabling the defendant to foresee reasonably the court before which he or she may be sued...).

The extent to which it is possible to foresee how the ECJ may choose to act and how this important institution pursues its work in interpreting the Law may be a question requiring further exploration. However, at the end of the day, much is still to be decided by the national courts, which must take into account the guiding interpretations from the ECJ when they arrive. Consequently a thorough understanding of the Law in relation to jurisdiction as to cross-border infringements demands a closer look into

25 See further Magnus, U. and Mankowski, P. (eds), *Brussels I Regulation*, Sellier 2007, pp 183–215.

national practice. For obvious reasons I choose to illustrate this endeavour with examples from Swedish case law.

## 9.5. Some Swedish examples

### 9.5.1. Before *eDate*...

As has been illustrated above, and up until recently few cases from the ECJ have dealt explicitly with intellectual property infringement. In relation to Swedish court practice, however, the problem of how to address intellectual property under Article 5(3) has been an issue for almost 15 years. Today there are four decisive cases worth discussing, three of which were decided before the *eDate* case. In the following section I will present those four cases, first to illustrate how Article 5(3) is applied in one Member State, and secondly to provide real examples as to how intellectual property issues can arise.

The first Swedish case in which the applicability of Article 5(3) in infringement disputes was addressed is the Swedish Supreme Court decision in case NJA 2000 s 273 (*Flootek*). In this case a Swedish company, Flootek AB, applied for a negative declaratory judgement regarding a technique for water cleaning. Flootek wanted the court to declare that its product did not infringe a Swedish patent, possessed by the Norwegian company Kaldnes AS. The case was brought before the Stockholm District Court and Kaldnes argued that there was no jurisdiction. The question of jurisdiction was tried, first by the District Court, but this court held that it was not competent. Because the defendant was domiciled in Norway the principle rule of the *Lugano Convention*<sup>26</sup> was not applicable, and it was not possible to apply the special rule in Article 5(3) of the Lugano Convention (mirroring Article 5(3) of the *Brussels I Regulation*) regarding non-contractual obligations, because in the courts opinion, the case did not

26 In relation to the defendants in Norway jurisdiction was—and is—to be assessed under the Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters. The Convention was originally done at Lugano in 1988, but the original document has been replaced by a new Convention of 30 October 2007, OJ 2007 L 339/3. For the purpose of this paper the assessment of jurisdiction under the Lugano Convention would lead to the same result as assessment under the Brussels I Regulation.

concern damages. The case was appealed, first to the Svea Court of Appeals (which agreed with the District Court) and thereafter to the Swedish Supreme Court. In the Supreme Court the question of the applicability of Article 5(3) was investigated further. The Court found that a negative declaratory judgment does not concern damages in a way covered by the purpose of Article 5(3). Even if Article 5(3) does cover a case regarding injunction, this does not mean that a negative declaratory judgment can also be tried under the jurisdictional head of Article 5(3), as it is a different form of decision; the general principle—that exceptions to the general rule (jurisdiction at the domicile of the defendant) are to be interpreted narrowly—must prevail. In conclusion, the Swedish Supreme Court found no jurisdictional grounds for an action regarding a negative declaration under the jurisdictional head of Article 5(3).<sup>27</sup>

In relation to this first Swedish decision it is, of course, relevant to mention the recent ECJ decision in the *Folien* case (C-133/11), as presented above. In the light of *Folien* it is likely that the Swedish Supreme Court would have reached a different conclusion in the *Flootek* case. Such a deduction, however, is derived from a somewhat extensive interpretation of the *Folien* case, in which the ECJ explicitly states that ‘an action for a negative declaration seeking to establish the absence of liability in tort, delict, or quasi-delict falls within the scope of that provision [Article 5(3)].’<sup>28</sup> It may be concluded that the issue in the *Flootek* case differs in respect to the *Folien* case; *Flootek* deals with an action for a negative declaration for a patent infringement, where the court is asked to investigate a technology that is to be introduced in one market in relation to the scope of protection for an existing registered patent that is valid on the same market. The *Folien* case deals with infringement of the provisions of competition law. However, as has been stated above, there seems to be no support in the *Folien* case for an interpretation that the decision is to be understood as exclusively applicable in relation to infringements of competition law.

27 The case is further commented in Lundstedt, L. Jurisdiction and the Principle of Territoriality in Intellectual Property Law: Has the Pendulum Swung Too Far in the Other Direction?, International Review of Industrial Property and Copyright (IIC) 2001 p. 124.

28 Case C-133/11, *Folien Fischer v Ritrama*, p 55.

Another Swedish case regarding the applicability of Article 5(3) is NJA 2007 s 287 (*Aredal*).<sup>29</sup> In this case the Swedish company Aredal Foam Systems HB (Aredal) sued the German Company MSR Dosiertechnik GmbH (MSR) because of alleged trademark infringement. The case concerned the trademark 'FireDos', which Aredal had registered in Sweden, Spain, Great Britain, Benelux and France. In the case before the Stockholm District Court, Aredal argued that MSR was infringing the trademark in Sweden and in all the other countries where Aredal had the trademark protected, and that the Swedish court should decide on damages regarding the infringement—not only in Sweden but also in the other relevant countries. Furthermore, Aredal claimed that the District Court should issue an injunction in relation to MSR's use of the mentioned trademark in the countries where Aredal had registered rights.

The defendant in the case was domiciled in Germany and the plaintiff tried to bring the entire infringement case before a court in Sweden, arguing that Swedish courts were competent to try all the damages that arose in relation to the various infringements in all the countries concerned. One of the arguments was that the holder of the rights was domiciled in Sweden, and had its principle place of business there, with no ongoing activities (and consequently no assets that could be damaged) in other countries. The District Court agreed with the plaintiff, but the Svea Court of Appeals and subsequently the Supreme Court dismissed the claims in relation to the foreign infringements. The Swedish Supreme Court argued that the competence of Swedish courts in this matter was restrained to the damage that occurred in relation to the trademark that was protected in Sweden. The direct damage that occurred in Sweden did affect only the trademark that was protected in Sweden and consequently Article 5(3) of the *Brussels I Regulation* could only provide jurisdiction in relation to that damage. As to the infringements in other countries in which the trademark was protected, the Supreme Court concluded that any damage in those situations was to be located in each country of protection. The plaintiffs' argument—that all assets that could be damaged were to be located to Sweden—was disregarded. In this respect the Supreme Court adhered to the idea that it is actually the trademark right itself that is damaged by an infringement and a trademark right as such is definitely

<sup>29</sup> NJA 2007 s. 287, decided by the Swedish Supreme Court the 27<sup>th</sup> of April 2007.

located in the country of protection (which in relation to trademarks usually coincides with the country of registration). Settled case law in Sweden thus establishes that the direct effect of an infringing action is considered to be located in the protecting country, a conclusion that is now supported by the *Winersteiger* case.<sup>30</sup>

It is also relevant to mention the case RH 2008:4 (*Arbeiderbladet*), decided by Svea Court of Appeals 4 February 2008. The infringement in this case involves the use of a photo in a review of a music CD published both in a Norwegian (physical) newspaper, *Arbeiderbladet*, and on that newspaper's web-based news service, *Nettavisen*. In the case there was no proof of use in Sweden but it was proven that the web-based service had 60 subscribers domiciled in Sweden. The District Court reached the conclusion that this did not amount to an infringing effect in Sweden sufficient to make Article 5(3) of the *Brussels I Regulation* applicable. However, the Svea Court of Appeals reached a different conclusion. In assessing the case the Appeals Court argued that the existence of Swedish subscribers indicated use in Sweden. Copyright protection for the photo in Sweden incontrovertibly exists, and the photo has been made available in Sweden through the online publication. The fact that the web-based news service was primarily directed to Norwegian users did not change the fact that direct damage could have occurred in Sweden, and the existence of subscribers in Sweden strengthened that conclusion. The Appeals Court reached the conclusion that there was sufficient infringing effect for Article 5(3) to come into play, resulting in establishment of jurisdiction in Sweden to try the damage that occurred in Sweden.

In partial parallel with the above-mentioned case, another dispute regarding the same photo was adjudicated by Swedish courts. However, in this latter dispute (the *Tylden* case), the question was appealed all the way to the Swedish Supreme Court, and during the time of the proceedings the ECJ delivered its decision in the *eDate* case.

<sup>30</sup> The Swedish case is further commented in U. Maunsbach 'En effektiv hantering av tvister rörande parallella intrång? Kommentar till NJA 2007 s 287' [Efficient handling of disputes about parallel infringements? A commentary on NJA 2007 p 287], NIR 2008 p. 79.

### 9.5.2. ... and after *eDate*

Consequently, the Swedish Supreme Court had the possibility to take *eDate* into account when, on 4 July 2012, the Court rendered its decision in the case of *Micael Engström v Tylden & Co AS* (Norway).<sup>31</sup> In the case the previously mentioned photograph was used to market the music CD in a web-based Norwegian music store ([www.musiconline.no](http://www.musiconline.no)). The photographer (Engström), who was a Swedish national, filed an action in Sweden seeking compensation for damages caused when the photo was available online. The defendant (Tylden) argued, *inter alia*, that Swedish courts did not have jurisdiction to hear an online copyright infringement dispute against a Norwegian defendant.

Both the District Court and the Court of Appeals reached the conclusion that there was no jurisdiction in Sweden under Article 5(3).<sup>32</sup> In this case, the use of the photo on a website in Norway did not amount to direct infringement in Sweden. For obvious reasons the Appeals Court did refer to its previous judgments (in case RH 2008:4), and the Appeals Court noted the difference in a statement regarding actual manifested use in Sweden. In the first case, there were actual subscribers in Sweden, but in the latter case there was no proof that any records had been sold to users in Sweden and no proof that users from Sweden, to any notable extent, had visited the Norwegian website.

When the case was finally adjudicated by the Swedish Supreme Court, the facts of the *Tylden* case were assessed and reviewed in the light of the *eDate* case. In particular, the Supreme Court noted that Article 5(3) is based on the idea that typically, a particularly close connection exists between the dispute and the court of the place where the injury occurred; therefore, judicial proceedings before those courts can be more efficient and provide good conditions for the administration of justice. The Court

31 NJA 2012 s 483. The case is further commented in U. Maunsbach 'Exensiv tolkning av undantagsregler—lösningen på domsrättsproblem vid gränsöverskridande intrång: Kommentar till Högsta domstolens beslut den 4 juli 2012 (Tylden) [Extensive Interpretation of Exception Rules—the Solution of Jurisdiction Problems in Transborder Infringements? A Comment to the Decision by the Swedish Supreme Court of 4. July 2012 (Tylden)]', NIR 2012 s 449.

32 See the decision from the Svea Court of Appeals of 23 March 2010 in case no. 4891-09. As to the District Court see the decision from the Stockholm District Court of 29 May in case no. T 13367-08.

then turned once again to the practice of the ECJ and decided that the approach adopted in the *eDate* case could be applied *mutatis mutandis* to infringement of copyright by the content on a website. With regard to Engström's claims, the Court noted that the rights holder has not only economic rights in exploiting a protected work, but also moral rights (e.g. the right of respect). By separating the infringement claim into one that relates to the economic aspects of Copyright and one that relates to the moral aspects, the Swedish Supreme Court managed to determine its competence by using two different grounds of jurisdiction.

In relation to the claim for compensation for the infringement of moral rights, the Supreme Court noted that this compensation is aimed *inter alia* to protect authors against violations of their reputation. Thus, it is similar to the compensation for the violation of personal rights considered by the ECJ in the *eDate* case. Based on these considerations, the Swedish Supreme Court decided that it was possible to apply the principles of the *eDate* case when deciding the question of international jurisdiction in connection with hearing Engström's claim for compensation for moral damage. Since Engström lived in Stockholm and had his place of business there, his centre of interest was located in Sweden. Accordingly, the Court found that Swedish courts had jurisdiction with respect to compensation for moral losses in their entirety.

As to the infringement of economic rights it was briefly concluded that there was jurisdiction in Sweden to hear claims related to the infringement of economic rights, but in this case the competence was limited to damages that occurred in Sweden (applying the general limitation of the effect forum in line with the *Shevill* case). The Supreme Court did not address the arguments presented by the lower courts regarding the possibility to limit the effect forum further in relation to damages arising from actions on the Internet (with ubiquitous effect). In this respect it may be regarded as unfortunate that the ECJ decision in the *Dataco* case was not delivered prior to this judgment; there was no possibility to apply the criterion that, for information to be regarded as sufficient in relation to jurisdiction, there is supposed to be an intention to direct the information. Consequently, the question remains as to if and how this criterion may be used.

## 9.6. Concluding remarks

I introduced this paper by stating that my intentions were to briefly describe the position of the ECJ in relation to jurisdiction in online cross-border cases, with a special emphasis on ICT issues. My concluding remark in this case is this: Article 5(3) has proved to function quite well in relation to questions of jurisdiction in online cross-border cases, and the ECJ has proved willing to adopt this rule in relation to technological developments.

I also indicated that my intention was to try to illustrate the complexity in this field of Law. My conclusion in this respect—and one of the main points in this paper—is that there is much more to the Law than the visible Code. Several aspects of how Article 5(3) is to be interpreted have been discussed and developed, and several questions have been referred to the ECJ. Although the answers from the ECJ occasionally leave room for further speculation, it may be concluded—if we return to the metaphor I used in the beginning of this paper—that the underwater world appears with increasing clarity, even if some areas remain unexplored and others need to be examined more carefully.

Having said all this, I would like to conclude my paper with a statement of a different (although related) kind, addressing a presumed audience interested in legal informatics. I hope that I have convincingly proven that it might be difficult to understand the full breadth of the Law to be applied; this is a general statement that applies not only in relation to Article 5(3). The learning exercise embraces a thorough study of related sources, and not just a reading of the Code. As to the relevance of different sources of law, there are as many opinions as there are lawyers, but one thing might be regarded as commonly accepted: case law matters. Accordingly, one important task in completing one's understanding of Law is to find and analyse relevant case law. In a situation where an increasing amount of national legislation is derived from the legislative bodies of EU, case law is not only national but international, meaning that we need to be aware of the developments within the ECJ, while also being aware of national developments. Without well-functioning access to searchable case law databases, it is almost impossible to facilitate preconditions for such an in-depth understanding of the Law.

Sweden is perhaps a pioneer in several areas, but in terms of access to electronic databases containing case law—in particular decisions from

lower courts—I must regrettably conclude that Sweden is a developing country. Indeed, this sad state of affairs exists in other EU Member States as well. My concluding wish, therefore, is that we could witness immediate improvement in this regard—so actors have the preconditions they need to look beyond the Code and see the Law.