

# The ECJ on the notions of “damage” and “indirect consequences of the tort or delict” for the purposes of the Rome II Regulation

In *Florin Lazar*, a judgment rendered on 10 December 2015 (C-350/14), the ECJ clarified the interpretation of Article 4(1) of Regulation (EC) No 864/2007 on the law applicable to non-contractual obligations (Rome II).

Pursuant to this provision, the law applicable to a non-contractual obligation arising out of a tort is “the law of the country in which the damage occurs irrespective of the country in which the event giving rise to the damage occurred and irrespective of the country or countries in which the indirect consequences of that event occur”.

The case concerned a traffic accident occurred in Italy, which resulted in the death of a woman. Some close relatives of the victim, not directly involved in the crash, had brought proceedings in Italy seeking reparation of pecuniary and non-pecuniary losses personally suffered by them as a consequence of the death of the woman, ie the moral suffering for the loss of a loved person and the loss of a source of maintenance. Among the claimants, all of them of Romanian nationality, some were habitually resident in Italy, others in Romania.

In these circumstances, the issue arose of whether, in order to determine the applicable law under the Rome II Regulation, one should look at the damage claimed by the relatives in their own right (possibly to be localised in Romania) or only at the damage suffered by the woman as the immediate victim of the accident. Put otherwise, whether the prejudice for which the claimants were seeking reparation could be characterised as a “direct damage” within the meaning of Article 4(1), or rather as an “indirect consequence” of the event, with no bearing on the identification of the applicable law.

In its judgment, the Court held that the damage related to the death of a person

in an accident which took place in the Member State of the court seised and sustained by the close relatives of that person who reside in another Member State must be classified as “indirect consequences” of that accident, within the meaning of Article 4(1).

To reach this conclusion, the ECJ began by observing that, according to Article 2 of the Rome II Regulation, “damage shall cover any consequence arising out of tort/delict”. The Court added that, as stated in Recital 16, the uniform conflict-of-laws provisions laid down in the Regulation purport to “enhance the foreseeability of court decisions” and to “ensure a reasonable balance between the interests of the person claimed to be liable and the person who has sustained damage”, and that “a connection with the country where the *direct* damage occurred ... strikes a fair balance between the interests of the person claimed to be liable and the person sustaining the damage”.

The Court also noted that Recital 17 of the Regulation makes clear that “in cases of personal injury or damage to property, the country in which the damage occurs should be the country where the injury was sustained or the property was damaged respectively”.

It follows that, where it is possible to identify the occurrence of direct damage, the place where the *direct* damage occurred is the relevant connecting factor for the determination of the applicable law, regardless of the indirect consequences of the tort. In the case of a road traffic accident, the damage is constituted by the injuries suffered by the direct victim, while the damage sustained by the close relatives of the latter must be regarded as indirect consequences of the accident.

In the Court’s view, this interpretation is confirmed by Article 15(f) of the Regulation which confers on the applicable law the task of determining which are the persons entitled to claim damages, including, as the case may be, the close relatives of the victim.

Having regard to the *travaux préparatoires* of the Regulation, the ECJ asserted that the law specified by the provisions of the Regulation also determines the persons entitled to compensation for damage they have sustained personally. That concept covers, in particular, whether a person other than the direct victim may obtain compensation “by ricochet”, following damage sustained by the victim. That damage may be psychological, for example, the suffering

caused by the death of a close relative, or financial, sustained for example by the children or spouse of a deceased person.

This reading, the Court added, contributes to the objective set out in Recital 16 to ensure the foreseeability of the applicable law, while avoiding the risk that the tort or delict is broken up in to several elements, each subject to a different law according to the places where the persons other than the direct victim have sustained a damage.