

Conference: «The New European Contract Law: From the Rome Convention to the “Rome I” Regulation»

An international symposium on **Rome I Proposal** is organised on **March 23th and 24th in Bari** by the **Fondazione Italiana per il Notariato** (Italian Notary Public Foundation) and the **University of Bari** (Department of International Law and EU Law):

More than fifteen years after the Rome Convention on the law applicable to contractual obligations took effect, there are several reasons to open a new public debate on the private international law provisions for one of the most crucial areas in the notarial practice.

First of all, the development of specific contract-related rules, both at Community and international level, frequently clashes with the discipline set by the Convention. Moreover, delicate problems arise both from the possibility to choose, as the applicable law, not only national statutes, but also non binding codes (for example the UNIDROIT principles) and from the progressive development of a core of mandatory Community rules applicable to intra-Community cases.

The application of the Convention meets further challenges in the rise of new issues (such as e-contracting and its influence on the rules concerning contract completion; consumers' contracts); and in the development of new legal issues, such as the agreements that govern non-matrimonial relationships.

This led the European Commission to submit a draft regulation (so-called Rome I), which not only introduces our subject into the communitarisation process of Private International Law, but which also modifies its content on important aspects. This conference represents, therefore, a special opportunity for a de iure condito discussion of the results achieved, and of problems still to be solved, and for an evaluation of possible solutions to be adopted de iure condendo.

Here's the programme:

FRIDAY 23 MARCH - MORNING SESSION

Chair: *Bruno Volpe* (Consiglio Nazionale del Notariato)

- Welcome speech - *Giovanni Cellamare* (University of Bari)
- Introductory address - *Giuseppe Gargani* (Chairman of the European Parliament Legal Affairs Committee)
- The Communitarization of Private International Law: Role and Prospects of Private Autonomy - *Sergio Maria Carbone* (University of Genoa)
- Delimiting the Scope of Application of Community Conflict Rules on Contractual Obligations: in particular, Gifts and Conventions Governing Non-matrimonial Relationships - *Giovanni Liotta* (Consiglio Nazionale del Notariato)
- Delimiting the Scope of Application of Community Conflict Rules on Contractual Obligations: in particular, Shareholders' Agreements - *Stefania Bariatti* (University of Milan)
- The Law Applicable in the Absence of Choice: Difference between the Old and New Discipline - *Ugo Villani* ("Luiss-Guido Carli" University of Rome)
- Freedom of Choice of the Applicable Law - *Gabriella Carella* (scientific coordinator of the conference, University of Bari)

FRIDAY 23 MARCH - AFTERNOON SESSION

Chair: *Fausto Pocar* (University of Milan - President of the ICTY)

- Choosing as Applicable Law «the Principles and Rules of the Substantive Law of Contract Recognised Internationally or in the Community »: Examples and Impact on Contracts' Practice - *Olivier Tell* (European Commission, DG for Freedom, Security and Justice)
- Drafting the Choice-of-law Clauses - *Alfredo Maria Becchetti* (Consiglio Nazionale del Notariato)
- Internally, Community and Internationally Mandatory Rules - *Nerina Boschiero* (University of Milan)
- Consumer Contracts Concluded by Remote Communication Techniques - *Cyril Nourissat* ("Jean Moulin" University - Lyon 3)
- The Law Applicable to Agency - *David Ockl* (Consiglio Nazionale del Notariato)

- Matters Governed by Lex Contractus and the Law Applicable to the Effects of Contract as Against Third Parties - *Domenico Damascelli* (scientific coordinator of the conference, Consiglio Nazionale del Notariato)

SATURDAY 24 MARCH - MORNING SESSION


Chair: *Federico Tassinari* (Consiglio Nazionale del Notariato)

- The Law Applicable to the Form of Contracts; in particular, Contracts Relating to a Right *in Rem* or Right of User in Immovable Property - *Tito Ballarino* (University of Padua) and *Paolo Pasqualis* (Consiglio Nazionale del Notariato)
- The Law Applicable to Voluntary Assignment: Delimiting the Competence among Laws to Take into Account - *Andrea Bonomi* (University of Lausanne)
- The Impact of the “Rome I” Regulation on Italian Private International Law - *Francesco Salerno* (University of Ferrara)
- Draft Regulations Relationship with other Provisions of Community Law and with International Conventions - *Andrea Cannone* (University of Bari)
- Coordinating the “Rome I” and “Rome II” Draft Regulations - *Luciano Garofalo* (University of Taranto)

Simultaneous interpreting in English and French will be provided.

For further information and registration, see the website of the *Fondazione Italiana per il Notariato* and the downloadable leaflet (in English and French version).

Italian conference papers on ‘Rome I’ Proposal

An Italian book has been recently published which collects a number of papers dealing with old and new questions raised by the modernisation of the 

1980 Rome Convention and its conversion into a Community regulation (Rome I: see our dedicated page here).

Here's a short presentation, kindly provided by *Pietro Franzina* (University of Ferrara), editor of the volume:

*Some fourteen papers, covering a wide range of issues relating to the 2005 Commission Proposal for an EC Regulation on the law applicable to contractual obligations (Rome I), have just been published by CEDAM under the title “**La legge applicabile ai contratti nella proposta di regolamento Roma I**” (“**The law applicable to contracts according to the Rome I proposed Regulation**”), following a conference organised in 2006 by the Faculty of Law of the **University of Ferrara**.*

*Opened by an introductory paper by **Professor Francesco Salerno** (University of Ferrara) and **Professor Luca G. Radicati di Brozolo** (Catholic University of Milan), the book (in Italian) includes contributions on the following topics:*

- *the role of the European Court of Justice and the interpretation of the proposed regulation (Paolo Bertoli, University of Milan);*
- *the choice of ‘principles and rules of the substantive law of contract recognised internationally or in the Community’ as the law applicable to contractual obligations (Fabrizio Marrella, University of Venice);*
- *the law applicable to contracts in the absence of choice and the relation between the proposed regulation and international conventions bearing uniform rules (Bernardo Cortese, University of Padua);*
- *the law applicable to consumer contracts and individual employment contracts (Giuseppina Pizzolante, University of Bari, and Paolo Venturi, University of Siena, respectively);*
- *the law applicable to agency (Pietro Franzina, University of Ferrara);*
- *ordre public and mandatory rules (Giacomo Biagioni, University of Cagliari);*
- *the law applicable to voluntary assignment of rights (with two different papers, by Anna Gardella, Catholic University of Milan, and Antonio Leandro, University of Bari);*
- *consequences for the Italian system of Private International Law deriving from the conversion of the Rome Convention into a Community instrument (Fabrizio Marongiu Buonaiuti, University of Rome ‘La*

Sapienza').

Title: "La legge applicabile ai contratti nella proposta di regolamento Roma I" (P. Franzina, editor). ISBN: 978-88-13-26251-5. Pages: XII-180. Available from CEDAM.

The Debate on "Rome II" in the European Parliament

Following on from our news item on the European Parliament's adoption, in plenary session, of the proposed Regulation on the law applicable to non-contractual obligations ("**Rome II**"), the **debate that preceded the vote** has been published online. The opening by Diana Wallis MEP, the Rapporteur, is worth reproducing in full, for Ms Wallis appeals as much to the MEPs' collective conscience as she does to their sense of what is legally correct, and viable:

Madam President, Commissioner, ROME II has been a long journey for us all and, whilst we might have hoped that this was the end, it seems likely that we are just at another staging post.

Let me start by saying that we appreciate that the common position took on board some of our ideas from the first reading. Commissioner, I also want to emphasise the importance that we attach to this regulation, providing, as it will, the ground plan, or roadmap, which will provide clarity and certainty for the basis of civil law claims across Europe. We need this, and we, here in Parliament, want to get it done, but it has to be done in the right way. This has to fit the aspirations and needs of those we represent. This is not just some theoretical academic exercise; we are making political choices about balancing the rights and expectations of parties before civil courts.

I am sorry that we have not reached an agreement at this stage. I still believe that it could have been possible, with more engagement and assistance.

Perhaps it is because both the other institutions are not used to Parliament having codecision in this particular area - I am sorry, but you will have to get used to it!

I also want to thank all my colleagues in the political groups in the Committee on Legal Affairs, who have stuck together with me on this long journey and supported a common view, which, subject to sufficient presence in this Chamber today, will be clearly shown in our vote.

Now let me detail the points that still separate us. We have always made it clear that we prefer a general rule, with as few exceptions as possible. If we must have exceptions, they must be clearly defined. Thus, we have accepted the position on product liability. However, problems still remain in respect of unfair competition and the environment.

With unfair competition, we also face a simultaneous proposal from Commissioner Kroes. The two proposals must work together; currently they do not. We have tried to present a more acceptable formulation, which, sadly, I think is unlikely to succeed here at today's vote, and I would therefore urge colleagues to support the deletion, to allow us to return to this at conciliation and do the work properly.

It is the same with the environment. I know and deeply respect the fact that many would like a separate rule, but it should not be a rule just for the sake of a headline. It should be a rule that is clear in terms of what facts it applies to. Given that we already have several possible formulations, the safest course, again, I would urge, is the general rule. This would also allow us to delete the separate rule today and return to the definition at conciliation.

Now I come to the two big issues for this Parliament. The first is defamation. Please understand that we know only too well how difficult an issue this is. However, we managed to get a huge majority at first reading across this House, and you will likely see a similar pattern repeated here today. That the Commission decided to exclude this issue before we could consider it again was disappointing, to say the least. That it did so on the basis of a clear two-year review clause, which has now been abandoned, is unacceptable. We know the issues surrounding this area of media and communication will only increase and continue to haunt us. Maybe we cannot deal with it now, but we will soon be

looking at Brussels I again, and it is imperative that jurisdiction and applicable law remain in step. So, would we deprive ourselves of the opportunity to look at this again? Exclusion may truly be the only answer, but this Parliament wants to try a little bit more to see if we cannot resolve this.

I turn to the issue that my colleagues have been most tenacious in their support for (and I am very grateful for that): damages in road-traffic accidents. Commissioner, we have the support of insurers, the support of legal practitioners, the support of victims, the support of those we represent, but somehow we cannot transmit these concerns to the Commission or to the Council.

Even last week, I was confronted by a very senior justice ministry official who thought that what we were trying to do was the equivalent of applying German law to determine liability in respect of a road-traffic accident which had happened in the UK, where, of course, we drive on the 'wrong' side of the road. Do you really think we are that stupid? I wish people would have the courtesy to read and understand what we are suggesting: merely the accepted principle of restitutio in integrum - to put victims back in the position they were in before the incident. There should be nothing so fearful in this. Indeed, the illogical approach would be for a judge in the victim's country to be able to deal with the case by virtue of the Motor Insurance Directives and Brussels I, and then have to apply a foreign, outside law in respect of damages. This, indeed, would be illogical - and that is the situation we are currently in. Please look at what we are saying and appreciate that, given the even the greater mobility of our citizens on Europe's roads, this matter needs attention, sooner rather than later, and a four-year general review clause just will not do.


My last hope is that our debates will have brought the subject of private international law out of the dusty cupboards in justice ministries and expert committees into the glare of public, political, transparent debate. Therefore, all we ask is that you bear with us a little longer so that, together, the institutions of Europe can get this right.

Franco Frattini, Vice President of the European Commission, led the response to Ms Wallis in the ensuing debate. Other respondees include Barbara Kudrycka (PPE-DE), the Rapporteur for the Committee on Civil Liberties (LIBE) at an

earlier stage of Rome II. You can read the full debate here (set out in the original language of each speaker).

(Many thanks to Giorgio Buono, University of Rome "La Sapienza", for the link. I'm also very pleased to announce that Giorgio has taken on the role of Editor for Italy of CONFLICT OF LAWS .NET, which brings our coverage of private international law around the world up to thirteen jurisdictions. Long may the growth continue.)

European Parliament Legislative Resolution on Rome II

As we reported recently, the Committee on Legal Affairs' Recommendation  (see our summary here) for the European Parliament's second reading of the proposed regulation on the law applicable to non-contractual obligations ("Rome II") was due for adoption in plenary session today.

And adopt it they did. Most of the (controversial) amendments recommended by JURI in their draft report have been approved by the European Parliament. Here is a short summary of the European Parliament's key amendments to the Council's Common Position:

- the rules on violations of privacy and rights relating to the personality (Recital 25a and Article 7a) have been retained, which identifies the country where the most significant element(s) occur as:

the country to which the publication or broadcasting service is principally directed or, if this is not apparent, the country in which editorial control is exercised, and that country's law should be applicable. The country to which a publication or broadcast is directed should be determined in particular by the language of the publication or broadcast or by sales or audience size in a given country as a proportion of total sales or audience size or by a combination of those factors. Similar considerations should apply in respect of publication via

the Internet or other electronic networks.

- Recital 29(a) and Article 21a, on quantifying damages, are retained:

It is appropriate to make it clear that, in quantifying damages in personal injury cases, the court seised should apply the principle of restitutio in integrum having regard to the victim's actual circumstances in his country of habitual residence. This should include, in particular, the actual cost of after-care and medical attention.

- Article 6, on unfair competition and acts restricting free competition, is deleted
- the seemingly procedural rules on the pleading and proof of foreign law have been kept, albeit in slightly more flexible form:

Any litigant making a claim or counterclaim before a national court or tribunal which falls within the scope of this Regulation may give consideration to any issues of applicable law raised by his claim or counterclaim and accordingly where appropriate notify the court or tribunal and any other parties of the law or laws which that litigant maintains are applicable to all or any parts of his claim (Recital 29b).

As in the Rome Convention, the principle of 'iura novit curia' applies. The court itself should of its own motion establish the foreign law. For the purposes of establishing the foreign law the parties should be permitted to assist the court and the court should also be able to ask the parties to provide assistance (Recital 30a).

The accompanying articles from the original draft report, however, have been removed (Articles 15a and 15b), and it is therefore somewhat unclear what the inclusion of the recitals *only* is meant to signify. Numerous minor amendments suggested by JURI were, in the event, rejected by the European Parliament. Details of the votes in plenary session, amendment by amendment, can be found here. You can find all of the proposed amendments to the Common Position of the Council by the European Parliament in this document, on pages 45-53.

A new draft of Rome II, based upon the results of today's discussion and votes,

will almost certainly make its way to a Conciliation Committee. That Committee, it would seem, have an awful lot of work to do if Rome II is going to be acceptable to the Council and, ultimately, the Member States.

Update: Diana Wallis MEP, Rapporteur for Rome II, has posted this on her website:

The European Parliament adopted the second reading report with an overwhelming majority on Thursday 18 January. MEPs have decided again to underline their support for the original first reading position, again putting back in the Articles relating to defamation and road traffic accidents which had been excluded in the Member States Common Position. There will almost certainly have to be a conciliation process to iron out the final difficulties between the European law-making institutions.

Many thanks to Giorgio Buono, University of Rome "La Sapienza", for his initial tip-off and for hunting down some of the documents referred to above.

The Regime for the Circulation of Judgments under the EC Insolvency Regulation

Ettore Consalvi (*University of Rome*) has published an article in the latest issue of *International Insolvency Review* on "**The regime for circulation of judgements under the EC regulation on insolvency proceedings**" (Vol. 15, Issue 3, 2006, p. 147-162). Here's the abstract:

The regime for recognition and enforcement of judgements under the EC Regulation 1346/00 on insolvency proceedings raises several issues due to gaps in its provisions (Chapter II). This article analyses these rules and suggests solutions to its principal shortcomings particularly focusing on the prohibition

against reviewing decisions as to their merits and conflicts between judgements opening main insolvency proceedings in different member states. This analysis draws on the European Court of Justice's interpretation of the 1968 Brussels Convention in preliminary rulings, which is a valuable tool for dealing with problems concerning recognition and enforcement of judgements as the Regulation is based on a similar framework.

The full article is available on the *International Insolvency Review* website.

European Parliament Legal Affairs Committee Adopts "Rome II"

Initial reports this morning suggested that the **European Parliament Legal Affairs Committee (JURI)** had **adopted the second reading report** (as amended) of the proposed **"Rome II" Regulation** on the law applicable to non-contractual obligations, and this has subsequently been confirmed on the MEP Rapporteur's website. Diana Wallis states:

On Wednesday 20 December 2006, the Legal Affairs Committee adopted the second reading report, reinserting the Articles relating to defamation and road traffic accidents which had been excluded in the Council Common Position. The report will be adopted in plenary session on 18 January 2006.

The original draft second report of the European Parliament was produced on 8th November 2006 (see our news item on the substance of the report **here**), with the amendments to the draft report being published on 30th November 2006.

Once the report has been adopted by the European Parliament, the likelihood is that the conciliation phase of the codecision procedure will go ahead (on the basis that the Council will not be best pleased with the reappearance of provisions that they rejected on first reading, and several new amendments put forth by JURI.) Twenty-five members of the Council and an equal number of EP

representatives will have to sit down and, over a period of 6 to 8 weeks, devise a “joint text” on Rome II. If they fail, or the joint text is not approved by Parliament or Council, then Rome II will not make it any further. Details on the conciliation phase can be found [here](#).

(Many thanks to Andrew Dickinson for the tip-off.)

Federal Council of Germany adopts Resolution on Rome III Proposal

The Federal Council of Germany (*Bundesrat*) has adopted a resolution on the Proposal for a Council Regulation amending Regulation (EC) No 2201/2003 as regards jurisdiction and introducing rules concerning applicable law in matrimonial matters (“**Rome III**”).

The Federal Council adopts - in contrast to the UK and Ireland (see our older post) - in principle a positive attitude towards the proposal and welcomes the harmonisation of choice of law rules on divorce. However, the Federal Council makes also some reservations concerning the concrete approach. In particular there are criticisms that the proposal did not facilitate sufficiently a synchronism between jurisdiction and choice of law rules. Such a synchronism, which should be achieved by choosing the same connecting factors as well as the same hierarchy with regard to jurisdiction rules as well as choice of law rules, is regarded as a possibility to enhance the quality of judicature since then the *lex fori* would be applied in all cases which would lead to a speeding up of proceedings due to the fact that expert opinions would not be necessary anymore.

With regard to the individual provisions of the proposal the Federal Council took *inter alia* the following points of view:

1.) Art. 1 (2) Proposal (Art. 3a (1) new Regulation)

- The possibility of choice of court agreements is welcomed.
- With regard to the possibility to choose a court of the place which has been the spouses' last common habitual residence for a minimum period of three years it is remarked critically that in some cases a sufficient link to the present situation of the spouses might be lacking.
- In general Art. 3a (1) is criticised for not facilitating a sufficient synchronism with the rules on jurisdiction.

2.) Art. 1 (2) Proposal (Art. 3a (2) new Regulation)

- The possibility to conclude a jurisdiction agreement simply in written form is criticised. For the sake of legal certainty and the protection of the weaker party a notarial documentation of the choice of court agreement is suggested.

3.) Art. 1 (7) Proposal (Art. 20a (1) new Regulation)

- The possibility of choice of law agreements is welcomed.
- The importance of a synchronism between jurisdiction rules and choice of law rules is stressed.
- Art. 20a (1) (d): Since the applicable law was unclear if the spouses choose the law of the Member State "where the application is lodged" at the beginning of their marriage, the possibility to choose the law of this State should be restricted to a specified time.

4.) Art. 1 (7) Proposal (Art. 20b new Regulation)

- According to the Federal Council, priority should be given to "nationality" as the connecting factor since it was more stable than "habitual residence" and easier to ascertain - in particular in view of the increasing international mobility.
- Further it is noted critically that, according to the wording of Art. 20b, the applicable law is mutable - even after the divorce proceeding has been instituted - which was contrary to legal certainty. Therefore it is suggested that the applicable law should be immutable as soon as the divorce proceeding has been instituted. Concerning the question when a

court shall be deemed to be seised a reference to Art. 16 Brussels II *bis* is suggested.

5.) Art. 1 (7) Proposal (Art. 20e new Regulation)

- The inclusion of a public policy reservation is supported.

The full resolution (Drs. 531/06) of 3 November 2006 is available [here](#).

Rome II: Draft Recommendation for EP Second Reading

Diana Wallis MEP and the Committee on Legal Affairs have published the Draft Recommendation for the European Parliament's Second Reading, following the Council's Common Position, on adopting a regulation on the law applicable to non-contractual obligations (Rome II).

Much that was removed by the Commission and Council has been reinserted by the Rapporteur; she has, for example, "decided to continue to press for inclusion" of rules relating to road traffic accidents and violations of privacy and rights relating to the personality. For the latter, new Recital 25a identifies the country where the most significant element(s) occur as:

the country to which the publication or broadcasting service is principally directed or, if this is not apparent, the country in which editorial control is exercised, and that country's law should be applicable. The country to which a publication or broadcast is directed should be determined in particular by the language of the publication or broadcast or by sales or audience size in a given country as a proportion of total sales or audience size or by a combination of those factors. Similar considerations should apply in respect of publication via the Internet or other electronic networks.

The Rapporteur is not put off by its removal in both the amended Commission

proposal and the Council's Common Position; indeed, it is suggested that "this issue should not be shirked".

Perhaps even more controversially, provisions have been introduced that would seem to be procedural rules on the pleading and proof of foreign law: new Article 15a states that:

*Any litigant making a claim or counterclaim before a national court or tribunal which falls within the scope of this Regulation **shall notify** the court or tribunal and any other parties by statement of claim or other equivalent originating document of the law or laws which that litigant maintains are applicable to all or any parts of his claim.*

New Article 15b requires the court seised to

*establish the content of the foreign law **of its own motion**. To this end, the parties' collaboration may be required.*

The icing on the cake, however, comes with new Article 21a, innocently entitled "Damages". It states that:

*In **quantifying damages in personal injury cases**, the court seised shall apply the principle of restitutio in integrum, having regard to the victim's actual circumstances in his country of habitual residence.*

The Rapporteur admits, in new Recital 29a, that the amendments to the damages provisions that have been drafted seek the same result as those contained in Parliament's first-reading amendments, but simply by different means. The reintroduction is justified on the basis that:

...it is vital to take account of the circumstances in which the victim will find him or herself in his or her country of habitual residence: the actual cost of nursing and carers, medical aftercare and so on. This provision will assist in making free movement of persons within the internal market more attractive for citizens, while showing an awareness of citizens' concerns. It will also avoid placing an unfair burden on the social security and assistance schemes of the country of habitual residence of an accident victim.

The full draft recommendation, with all of the amendments, can be found [here](#).

Rome II - All Change?

There is a short note in the new issue of the New Law Journal by Stephen Turner (*Beachcroft LLP*) entitled "**Rome II - all change?**" The abstract reads:

*Considers the UK law as it applies to torts committed overseas, with reference to the House of Lords ruling in *Harding v Wealands*, where a road traffic accident had occurred in Australia. Examines the provisions of the Private International Law (Miscellaneous Provisions) Act 1995 on how to deal with international disputes and how the provisions of the Proposal for a Regulation of the European Parliament and the Council on the law applicable to non-contractual obligations (Rome II) will change how the appropriate jurisdiction is determined, considering if any exception should be made for product liability claims.*

Ref: *New Law Journal N.L.J.* (2006) Vol.156 No.7247 Pages 1666-1667. Available on Lawtel.

Commission's Response to Council's Common Position on Rome II

In the wake of the **Council's common position** on the proposed adoption of a Regulation of the European Parliament and of the Council on the law applicable to non-contractual obligations ("Rome II") (see our news item on the common

position here), the **European Commission have published their Communication to the European Parliament**, pursuant to Art 251(2) of the EC Treaty.

The Communication discusses the common position's points of departure from both the Commission's modified proposal on 21 February 2006, and the amendments made by the European Parliament on 6 July 2005 (which were reflected in the Commission's modified proposal.) One point in particular may be of interest:

*Article 16 departs from Article 13 of the Commission's amended proposal which contained an additional paragraph dealing with the possibility for the court to give effect to overriding mandatory rules of another country than the country whose law is applicable under the rules of the instrument. This provision in the Commission's proposal did not reflect any particular Community interest; it was aiming at consistency as it was inspired by a similar provision in the 1980 Rome Convention on the Law Applicable to Contractual Obligations. **The Commission has accepted this deletion.***

Whilst the Commission states overall that it, "accepts the common position in the light of the fact that it includes the key elements included in its initial proposal and Parliament's amendments as incorporated into its amended proposal", there are nevertheless some strong indicators of its displeasure over the common position in the text. For example:

The Commission continues to regret the approach in the common position which provides for a rather complex system of cascade application of connecting factors. It remains persuaded that its original solution offered an equally balanced solution for the interests at stake, while expressed in much simpler drafting.

The word "regret", in fact, appears no less than *four* times in the six-page document. It will be interesting to see what the European Parliament makes of it all; the second reading has been scheduled by the DG of the Presidency for 12 December 2006.

The Commission's Communication to the European Parliament can

be downloaded from here (PDF). All comments welcome.