

Commission's Proposal for Amending the Insolvency Regulation

The European Commission released on December 12 its Proposal for amending the 1346/2000 Regulation on Insolvency Proceedings.

The Commission summarizes its Proposal as follows:

- *Scope: The proposal extends the scope of the Regulation by revising the definition of insolvency proceedings to include hybrid and pre-insolvency proceedings as well as debt discharge proceedings and other insolvency proceedings for natural persons which currently do not fit the definition;*
- *Jurisdiction: The proposal clarifies the jurisdiction rules and improves the procedural framework for determining jurisdiction;*
- *Secondary proceedings: the proposal provides for a more efficient administration of insolvency proceedings by enabling the court to refuse the opening of secondary proceedings if this is not necessary to protect the interests of local creditors, by abolishing the requirement that secondary proceedings must be winding-up proceedings and by improving the cooperation between main and secondary proceedings, in particular by extending the cooperation requirements to the courts involved;*
- *Publicity of proceedings and lodging of claims: The proposal requires Member States to publish the relevant court decisions in cross-border insolvency cases in a publicly accessible electronic register and provides for the interconnection of national insolvency registers. It also introduces standard forms for the lodging of claims;*
- *Groups of companies: The proposal provides for a coordination of the insolvency proceedings concerning different members of the same group of companies by obliging the liquidators and courts involved in the different main proceedings to cooperate and communicate with each other; in addition, it gives the liquidators involved in such proceedings the*

procedural tools to request a stay of the respective other proceedings and to propose a rescue plan for the members of the group subject to insolvency proceedings.

Burbank on Outsourcing the Treaty Function

Stephen Burbank (University of Pennsylvania Law School) has posted *Whose Regulatory Interests? Outsourcing the Treaty Function* on SSRN.

In this article I describe the status quo in the area of foreign judgment recognition, with attention to the tension between domestic interests and international cooperation. Precisely because the future of the status quo is in doubt, I then consider current proposals for change, particularly the effort to implement the Hague Choice of Court Convention in the United States. Prominent among the normative questions raised by my account is whose interests, in addition to the litigants' interests, are at stake – those of the United States, those of the several states, or those of interest groups waving a federal or state flag. A related question is whether, if the uniformity we seek is to be found in state rather than federal law, we can be, and be seen by other countries to be, serious about international cooperation. I describe in some detail the sequence of events that led to the Uniform Law Commissioners (“ULC”) becoming involved in the process of drafting legislation to implement the Choice of Court Convention. I also explore reasons why the ULC has been successful in securing the lion’s share of attention for its preferred approach to implementation, which the ULC calls “cooperative federalism,” but which has come to resemble cooperative redundancy. Recounting how, and offering suggestions why, the ULC ultimately rejected a package of compromises proposed by the State Department’s Legal Adviser, even though almost all compromises were in favor of the ULC, I conclude with observations about the ULC’s ambitions in the international arena. My argument is that, if the ULC

were successful in taking over the negotiation or implementation of private international law treaties, international cooperation would be if not a fortuity, then not a priority, because we would have regressed to a position of privileging not just federal but state law uniformity over international uniformity. And the state law we privileged would be anything but “indigenous.”

The article is forthcoming in the *New York University Journal of International Law and Politics* in 2013.

London Conference on the Brussels I Recast

Reed Smith LLP will host a conference organized by the *Journal of Private International Law* on the Brussels I Regulation Recast on February 7th in London.

Programme:

Chair: Professor Trevor Hartley, LSE

1.30 pm – 2.00 pm: Overview of the revision of the Brussels I Regulation

- Oliver Parker, Legal Adviser, UK Ministry of Justice

2.00 pm – 2.30pm: Choice of Court Agreements: Reversal of *Gasser*, etc

- Alex Layton QC, 20 Essex Court Chambers, London

2.30 pm – 3.00 pm: The Relationship between Arbitration and Brussels I Revised

- Dr George Panagopoulos, Reed Smith, Piraeus and London

3.00 pm – 3.30 pm: Question and answer and discussion of the first three talks

3.30 pm – 4.00 pm: Coffee/Tea Break

Chair: David Warne, Partner, Reed Smith LLP

4.00 pm – 4.30pm: The Abolition of Procedural Exequatur and Retention of Public Policy

- Professor Paul Beaumont, University of Aberdeen

4.30 pm – 5.00 pm: Conflicts of Jurisdiction with Third States

- Professor Jonathan Harris, Serle Court; King's College London

5.00 pm – 5.30 pm: Extension of Jurisdiction to Third State Defendants and other changes to Brussels I

- Dr Karen Vandekerckhove, European Union Commission

5.30 pm – 6.00 pm: Question and answer and discussion of the last three talks

6.00 pm: Drinks Reception

Registration: The event is free but has a limited number of places and therefore you need to register in advance to guarantee a place on a first come first served basis. Please email events@reedsmith.com to register, including the event title "The Brussels I Regulation Recast" in the subject line of the email. **Update: the limit has been reached, any new registrant will be put on the waiting list.**

Location: Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2RS

ECJ Rules on Secondary Insolvency Proceedings

On November 22nd, the European Court of Justice delivered its judgment in *Bank Handlowy w Warszawie SA v. Christianapol sp. z o.o.* (Case C-116/11).

The reference was made in the context of proceedings relating to the opening of insolvency proceedings, in Poland, further to an application made by Bank Handlowy w Warszawie SA and PPHU 'ADAX'/Ryszard Adamiak, in respect of Christianapol sp. z o.o., a company governed by Polish law in respect of which rescue proceedings (*procédure de sauvegarde*) had previously been opened in France.

The main proceedings opened in France had a protective purpose. Article 3(3) of the Insolvency Regulation provides that any secondary proceedings opened subsequently must be winding-up proceedings. This raised two problems.

Do protective proceedings preclude winding-up secondary proceedings?

The first was whether it would be logical to allow the opening of secondary liquidation proceedings when insolvency officials are trying to rescue the business in the country of the main proceedings. Should it follow that, in such a case, the opening of main proceedings precludes the opening of secondary proceedings?

The ECJ rules that neither Article 27, nor Article 3(3) makes any distinction according to the purpose of the main proceedings, and that therefore secondary proceedings may always be opened. They are to be liquidation proceedings, but the Regulation affords various tools allowing the insolvency official appointed in the main proceedings to influence the evolution of the secondary proceedings.

The European lawmaker is currently considering reforming the Insolvency Regulation and allowing secondary proceedings, whenever opened, to be protective in character.

What if the main proceedings are pre-insolvency proceedings?

The second issue was that the French proceedings were not technically speaking insolvency proceedings. They were pre-insolvency proceedings. *La procédure de sauvegarde* is available if the business meets financial difficulties, but the debtor needs not be insolvent.

A preliminary issue was whether such proceedings fell within the scope of the Regulation. France has put them on the Annex. The Court underlines it, but insists that the merits of the inclusion in the Annex were not the subject matter of any question referred to the Court. As a consequence, it is to be considered that *Sauvegarde* was an insolvency proceedings in the meaning of the Regulation.

The problem, however, was that the French court had not, by definition, ruled on whether the business was insolvent. Could the Polish court rule on the issue, then? The ECJ decides that it may not.

Holding:

1. *Article 4(2)(j) of Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings, as amended by Council Regulation (EC) No 788/2008 of 24 July 2008, must be interpreted as meaning that it is for the national law of the Member State in which insolvency proceedings have been opened to determine at which moment the closure of those proceedings occurs.*
2. *Article 27 of Regulation No 1346/2000, as amended by Regulation No 788/2008, must be interpreted as meaning that it permits the opening of secondary insolvency proceedings in the Member State in which the debtor has an establishment, where the main proceedings have a protective purpose. It is for the court having jurisdiction to open secondary proceedings to have regard to the objectives of the main proceedings and to take account of the scheme of the Regulation, in keeping with the principle of sincere cooperation.*
3. *Article 27 of Regulation No 1346/2000, as amended by Regulation No 788/2008, must be interpreted as meaning that the court before which an application to have secondary insolvency proceedings opened has been made cannot examine the insolvency of a debtor against which main proceedings have been opened in another Member State, even where the latter proceedings have a protective purpose.*

HCCH Family Law Briefings, September and November 2012

The *International Family Law Briefings* of the Hague Conference are quarterly updates provided by its Permanent Bureau regarding the work of the Hague Conference in this field.

The Briefings for September and November are now available:

Content September 2012

- Introduction
- Meeting of the Council on General Affairs and Policy of the Hague Conference on Private International Law, 17 to 20 April 2012
- Publication of the Guide to Good Practice on Mediation under the 1980 Hague Child Abduction Convention
- An update from the Hague Conference's Regional Office in Latin America
- A seminar on the work of the Hague Conference on Private International Law and its relevance for the Caribbean Region and Bermuda, 21 to 24 May 2012
- Intercountry Adoption in Africa: an update
- The Hague Children's Conventions: status update

Contents November 2012

- Introduction
 - The Emerging Guidance regarding the development of the International Hague Network of Judges and General Principles or Judicial Communications
 - Intercountry adoption update
 - Meeting of an expert group on the financial aspects of intercountry adoption (8-9 October 2012)
 - ICATAP: an update
 - The Third International Family Justice Judicial Conference for Common Law and Commonwealth States (China (Hong Kong SAR), 28-31 August 2012)
 - Second Meeting of the Central American Judicial Council (CJC), (Antigua, Guatemala, 26-27 June 2012)
 - The Hague Children's Conventions: Status Update
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International Conference

Maintenance

Recovery of Maintenance in the EU and worldwide

International Conference Heidelberg | 5 - 8 March 2013

✖ Maintenance Regulation (EC) No 4/2009, the 2007 Hague Protocol and the 2007 Hague Maintenance Convention have given rise to exciting developments in the international recovery of maintenance. Make sure to be there when speakers such as Prof. Frédérique Ferrand, Prof. Nadia de Araújo, Prof. Dr. Erik Jayme, William Duncan, Prof. Paul Beaumont, Robert Keith and Prof. Dr. Burkhard Hess present and discuss this topic. Within the framework of the conference, there will be the possibility to enter into an exchange and to establish a network with all the persons working in this field.

For more information, please visit ***www.heidelberg-conference2013.de***.

Vicki Turetsky, Prof. Andrea Bonomi, William Duncan, Philippe Lortie, Prof. Paul Beaumont, Prof. Dr. Burkhard Hess, Chris Beresford, Hannah Roots, Maja Groff, Dr. Matthias Heger, Dr. Thomas Meysen, Mary Dahlberg, Gary Caswell, Martina Heller, Dr. Richard Frimpong Oppong, Robert Keith, David Stillman, Prof. Nadia de Araújo and Dr. James Ding, Katja Lenzing, Lis Ripke and Jessica Pearson will present the following topics, among others:

Cultural dimension of maintenance from an international law perspective

- From complexity to simplicity, from chaos to Hague Convention 2007
- Presentation of “highly functional administrative systems”, including IT solutions
- EU Maintenance Regulation: The devil’s in the details
- Applicability and application of foreign law
- Effective cooperation of the Central Authorities
- Good practice for caseworkers: the rocky pathways to the recovery of maintenance
- Perspectives of Asian, American, African and Latin American states
- Children in focus: poverty and maintenance

- Successful alternative dispute resolution

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Online registration at:

[**www.heidelberg-conference2013.de/registration/?page=1&lng=en**](http://www.heidelberg-conference2013.de/registration/?page=1&lng=en).

Journal of Intellectual Property, Information Technology and E- Commerce Law (JIPITEC), Third Issue 2012

Founded in 2010, JIPITEC aims at providing a forum for in-depth legal analysis of current issues of intellectual property, information technology and E-commerce law with the main focus on European law. Its intention is to develop an information platform that allows authors and users to work closer together than is the case in classical law reviews. It has been conceived as an Open Access Journal, i.e., articles are available according to the terms and conditions of the Digital Peer Publishing Licenses, and in addition, authors may permit the use  of their articles under a Creative Commons or other license. Its latest issue (2012, 3: click here to download), is devoted to PIL and intellectual property with articles from Paulius Jurcys, Benedetta Ubertazzi, Matulionytė Rita, Pedro de Miguel Asensio, and Axel Metzger.

JIPITEC is financially supported by the Deutsche Forschungsgemeinschaft (DFG).

Brussels I Recast Set in Stone

At its 3207th meeting held in Brussels, the Council of the European Union has approved the recast of the Brussels I Regulation in the form settled with the European Parliament in a first reading agreement. The accompanying press release announces as follows:

The purpose of this regulation is to make the circulation of judgments in civil and commercial matters easier and faster within the Union, in line with the principle of mutual recognition and the Stockholm Programme guidelines.

The recast regulation will substantially simplify the system put in place by “Brussels I” as it will abolish exequatur, i.e. the procedure for the declaration of enforceability of a judgment in another member state. According to the new provisions, a judgment given in a member state will be recognised in the other member states without any specific procedure and, if enforceable in the member state of origin, will be enforceable in the other member states without any declaration of enforceability.

The recast regulation will provide that no national rules of jurisdiction may be applied any longer by member states in relation to consumers and employees domiciled outside the EU. Such uniform rules of jurisdiction will also apply in relation to parties domiciled outside the EU in situations where the courts of a member state have exclusive jurisdiction under the recast regulation or where such courts have had jurisdiction conferred on them by an agreement between the parties.

Another important change will be a rule on international lis pendens which will allow the courts of a member state, on a discretionary basis, to stay the proceedings and eventually dismiss the proceedings in situations where a court of a third state has already been seized either of proceedings between the same parties or of a related action at the time the EU court is seized (sic).”

Under Art. 81, the recast Regulation (“Brussels 1a”?) will apply from a date 24

months after its entry into force, being 20 days after its publication in the Official Journal. The new rules will not, therefore, apply until early 2015, by which time their potential impact will likely have been closely scrutinised on this site and elsewhere. The UK and Ireland are taking part in the adoption of the recast Regulation, which will also be applicable to Denmark under the terms of the 2005 Agreement between that country and the EC extending the Brussels I regime.

Russian Move for Keeping Judicial Business at Home

The *Financial Times* has reported yesterday about the willingness of Russian elite to repatriate Russian judicial business back home.

Russian oligarchs have notoriously been litigating essentially Russian cases in London in the last few years. The dispute between Roman Abramovich and Boris Beresovsky heard by the English High Court was the most famous of such cases.

In a recent judgment, one of Russia's supreme court annuled a clause whereby foreign parties could avoid being sued in Russia. It is reported that the clause was a "unilateral option clause". The court stated that it had nothing to do with protectionism, which was a separate issue. It probably is.

More interestingly, Russian higher judges have stated that they were willing to fight against unfair competition from other jurisdictions. They went as far as threatening to retaliate against parties participating to such proceedings abroad, and indeed against lawyers and judges aiding and abetting.

Russian Court Strikes Down Unilateral Option Jurisdiction Clauses

The *Financial Times* has reported yesterday on a recent judgment of the Russian Arbitration Court in *Sony v. RTC* in which the court struck down a unilateral option jurisdiction clause.

The case involved two commercial companies, Sony and Russian Telephone Company (RTC). The contract included a clause which forbade the Russian party to sue in Russia while, it seems, giving much more freedom to Sony to bring proceedings. The Russian party nevertheless sued in a Russian court, which retained jurisdiction notwithstanding the jurisdiction clause.

The chief of staff of the Russian court is reported to have specifically referred to the judgment of the French supreme court which struck down a one way jurisdiction clause in September.

Update:

- A full report on the case is available [here](#).
- See also the guest post of MM Sullivan and Maynard on the Russian judgment in today's *FT*