

Return of the anti-suit injunction: parallel European proceedings and English forum selection clauses

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In two recent English cases, the High Court has granted injunctive relief to restrain European proceedings in breach of English forum selection clauses. This article compares the position on anti-suit injunctive relief under the Brussels I Regulation Recast and the English common law rules, and the operation of the latter in a post-Brexit landscape. It considers whether anti-suit injunctions to protect forum selection clauses will become the new norm, and suggests that there is Supreme Court authority militating against the grant of such injunctive relief as a matter of course. Finally, it speculates as to the European response to this new English practice. In particular, it questions whether the nascent European caselaw on anti anti-suit injunctions foreshadows novel forms of order designed to protect European proceedings.

Anti-suit injunctions under the Brussels I Regulation Recast

In proceedings commenced in the English courts before 1 January 2021, it is not possible to obtain an anti-suit injunction to restrain proceedings in other EU Member States.

In Case 159/02 *Turner v Grovit* [2004] ECR I-3565, the Full Court of the European Court of Justice found that it was inconsistent with the Brussels I Regulation to issue an anti-suit injunction to restrain proceedings in another Convention country. That is so even where that party is acting in bad faith in order to frustrate existing proceedings. The Court stated that the Brussels I Regulation enacted a compulsory system of jurisdiction based on mutual trust of Contracting

States in one another's legal systems and judicial institutions:

It is inherent in that principle of mutual trust that, within the scope of the Convention, the rules on jurisdiction that it lays down, which are common to all the courts of the Contracting States, may be interpreted and applied with the same authority by each of them... Any injunction prohibiting a claimant from bringing such an action must be seen as constituting interference with the jurisdiction of the foreign court which, as such, is incompatible with the system of the Convention.

In the subsequent Case 185/07 Allianz v West Tankers [2009] ECR I-00663, the question arose as to whether it was inconsistent with the Brussels I Regulation to issue an anti-suit injunction to restrain proceedings in another Convention country on the basis that such proceedings would be contrary to an English arbitration agreement. In its decision, the Grand Chamber of the European Court of Justice found that notwithstanding that Article 1(2)(d) excludes arbitration from the scope of the Brussels I Regulation, an anti-suit injunction may have consequences which undermine the effectiveness of that regime. An anti-suit injunction operates to prevent the court of another Contracting State from exercising the jurisdiction conferred on it by the Brussels I Regulation, including its exclusive jurisdiction to determine the very applicability of that regime to the dispute. The decision in Allianz v West Tankers represents an extension of Turner v Grovit insofar as it prohibits the issue of anti-suit injunctions in support of English arbitration as well as jurisdiction agreements.

Anti-suit injunctions under the common law rules

The Brussels I Regulation Recast rules govern proceedings commenced in the English courts before 1 January 2021. The regime governing jurisdiction in proceedings commenced after 1 January 2021 comprises the Hague Choice of Court Convention and, more pertinently for present purposes, the common law rules.

At common law, a more flexible approach to parallel proceedings is taken. Anti-suit injunctions may be deployed to ensure the dispute is heard in only one venue. Section 37 of the Senior Courts Act 1981 empowers courts to grant an anti-suit injunction where it appears just and convenient to do so. The ordinary

justification for injunctive relief is protection of the private rights of the applicant by preventing a breach of contract. Where parties have agreed to a forum selection clause, either in the form of a jurisdiction or arbitration agreement, anti-suit injunctions may be available to prevent a breach of contract.

In two recent cases, the English courts have granted injunctive relief to restrain European proceedings in breach of English forum selection clauses. These cases demonstrate clearly the change of position as compared with *Allianz v West Tankers* and *Turner v Grovit*, respectively.

Proceedings in violation of English arbitration agreement

In *QBE Europe SA/NV v Generali España de Seguros Y Reaseguros* [2022] EWHC 2062 (Comm), a yacht allegedly caused damage to an underwater power cable which resulted in hydrocarbon pollution. The claimant had issued a liability insurance policy to the owners in respect of the yacht. That policy contained a multi-faceted dispute resolution and choice of law clause, which provided *inter alia* that any dispute arising between the insurer and the assured was to be referred to arbitration in London.

The defendant had issued a property damage and civil liability insurance policy with the owners of the underwater power cable. The defendant brought a direct claim against the claimant in the Spanish courts under a Spanish statute. The claimant responded by issuing proceedings in England, and applied for an anti-suit injunction in respect of the Spanish proceedings brought by the defendant.

The court found that the claims advanced by the defendant in the Spanish proceedings were contractual in nature, as the Spanish statute provided the defendant with a right to directly enforce the contractual promise of indemnity created by the insurance contract. The matter therefore concerned a so-called 'quasi-contractual' anti-suit injunction application, as the defendant was not a party to the contractual choice of jurisdiction in issue. Nevertheless, the right which the defendant purported to assert before the Spanish court arose from an obligation under a contract (the claimant's liability insurance policy) to which the arbitration agreement is ancillary, such that the obligation sued upon is said to be 'conditioned' by the arbitration agreement.

That the defendant was seeking to advance contractual claims without respecting the arbitration agreement ancillary to that contract provided grounds for granting

an anti-suit injunction. As such, the position under English conflict of laws rules is that the court will ordinarily exercise its discretion to restrain proceedings brought in breach of an arbitration agreement unless the defendant can show strong reasons to refuse the relief (see *Donohue v Armco Inc* [2001] UKHL 64). The defendant advanced several arguments, which were dismissed as failing to amount to strong reasons against the grant of relief. Therefore, the court found that it was appropriate to grant the claimant an anti-suit injunction restraining Spanish proceedings brought by the defendants.

Proceedings in violation of exclusive English jurisdiction agreement

In *Ebury Partners Belgium SA/NV v Technical Touch BV* [2022] EWHC 2927 (Comm), the defendants were interested in receiving foreign exchange currency services from the claimant company. The claimant submitted that the parties had entered into two agreements in early 2021.

The first agreement was a relationship agreement entered into by the second defendant Mr Berthels as director of the first defendant Technical Touch BV. Mr Berthels completed an online application form for currency services, agreeing to the claimant's terms and conditions. These terms and conditions were available for download and accessible via hyperlink to a PDF document, though in the event Mr Berthels did not access the terms and conditions by either method. The terms and conditions included an exclusive jurisdiction agreement in favour of the English courts.

The second agreement was a personal guarantee and indemnity given by Mr Berthels in respect of the defendant company's obligations to the claimant. This guarantee also included an exclusive English jurisdiction agreement.

When a dispute arose in April 2021 as to the first defendant's failure to pay a margin call made by the claimant under the terms of the relationship agreement, the defendants initiated proceedings in Belgium seeking negative declaratory relief and challenging the validity of the two agreements under Belgian law. The claimant responded by issuing proceedings in England, and applied for an interim anti-suit injunction in respect of Belgian proceedings brought by the defendants. The claimant submitted that the Belgian proceedings were in breach of exclusive jurisdiction agreements in favour of the English court.

An issue arose as to whether there was a high degree of probability that the English jurisdiction agreement was incorporated into the relationship agreement, and which law governed the issue of incorporation. It is not within the scope of this article to consider this choice of law issue in depth. For present purposes, it is sufficient to note that the court decided that it was not unreasonable to apply English law to the issue of incorporation, and that on this basis, there was a high degree of probability that the clause was incorporated into the relationship agreement.

As in *QBE Europe*, the court approached the discretion to award injunctive relief on the basis that the court will ordinarily restrain proceedings brought in breach of a jurisdiction agreement unless the defendant can show strong reasons to refuse the relief. No sufficiently strong reasons were shown. Therefore, the court found that it was appropriate to grant the claimant an anti-suit injunction restraining the Belgian proceedings.

Anti-suit injunctions to protect forum selection clauses: the new norm?

It is plainly important to the status of London as a litigation hub in Europe that English forum selection clauses maintain their security and enforceability. The Brussels I Regulation Recast provided one means of managing parallel proceedings contrived to circumvent such clauses. Absent the framework provided by the Brussels I Regulation Recast; the English courts appear to be employing anti-suit injunctions as an alternative means of protecting English forum selection clauses. This ensures that litigants are still equipped to resist parallel proceedings brought to ‘torpedo’ English proceedings.

Proceedings in which there is an exclusive English forum selection clause represent among the most compelling circumstances in which the court might grant an anti-suit injunction. In those circumstances, the court is likely to grant injunctive relief to protect the substantive contractual rights of the applicant. The presence of an exclusive forum selection clause is a powerful ground for relief which tends to overcome arguments as to comity and respect for foreign courts. As noted in the joint judgment of Lord Hamblen and Lord Leggatt (with whom Lord Kerr agreed) in *Enka Insaat Ve Sanayi A.S. v OOO Insurance Company Chubb* [2020] UKSC 38, citing Millett LJ in *Aggeliki Charis Cia Maritima SA v Pagnan SpA (The Angelic Grace)* [1995] 1 Lloyd’s Rep 87, a foreign court is unlikely to be offended by the grant of an injunction to restrain a party from

invoking a jurisdiction which he had promised not to invoke and which it was its own duty to decline.

Nevertheless, it is not to be assumed that injunctive relief will always be granted to enforce English forum selection clauses. As Lord Mance (with whom Lord Neuberger, Lord Clarke, Lord Sumption and Lord Toulson agreed) stated in *Ust-Kamenogorsk Hydropower Plant JSC v AES Ust-Kamenogorsk Hydropower Plant LLP* [2013] UKSC 35, at paragraph [61]:

In some cases where foreign proceedings are brought in breach of an arbitration clause or exclusive choice of court agreement, the appropriate course will be to leave it to the foreign court to recognise and enforce the parties' agreement on forum. But in the present case the foreign court has refused to do so, and done this on a basis which the English courts are not bound to recognise and on grounds which are unsustainable under English law which is accepted to govern the arbitration agreement. In these circumstances, there was every reason for the English courts to intervene to protect the *prima facie* right of AESUK to enforce the negative aspect of its arbitration agreement with JSC.

It is too early to say whether anti-suit injunctions will be granted as a matter of course in circumstances such as those in *QBE Europe* and *Ebury Partners*. The judgment of Lord Mance indicates that there is a residual role for comity and respect for foreign courts even in cases of breach of a forum selection clause. The English court should not necessarily assume that its own view as to the validity, scope and interpretation of a forum selection clause is the only one. In some instances, it will be appropriate to allow a foreign court to come to its own conclusion, and consequently to refuse injunctive relief. [see Mukarrum Ahmed, *Brexit and the Future of Private International Law in English Courts* (OUP 2022) 117-124] It is clear, at least, that anti-suit injunctions have returned to the toolbox.

The European response: anti anti-suit injunctions?

It seems likely that English anti-suit injunctions will be met with resistance by European courts who find their proceedings obstructed by such orders. As a matter of theory, it is now possible for European courts to issue anti-suit injunctions to restrain English proceedings: the inapplicability of *Allianz v West*

Tankers and Turner v Grovit vis-à-vis England cuts both ways. However continental European legal systems have traditionally regarded anti-suit injunctions as being contrary to international law on the basis that they operate extraterritorially and impinge on the sovereignty of the State whose legal proceedings are restrained.

It is more plausible that European courts would deploy anti anti-suit injunctions to unwind offending English orders. [see Mukarrum Ahmed, *Brexit and the Future of Private International Law in English Courts* (OUP 2022) 50] Assuming that the grant of anti-suit injunctions becomes a regular practice of the English courts in these circumstances, this could provide the impetus for legal developments in this direction across the Channel. In recent years both French and German courts have issued orders of this kind in the context of patent violation. In a December 2019 judgment, the Higher Regional Court of Munich issued an anti anti-suit injunction to prevent a German company from making an application in US proceedings for an anti-suit injunction (see *Continental v Nokia*, No. 6 U 5042/19). In a March 2020 judgment, the Court of Appeal of Paris issued an anti anti-suit injunction ordering various companies of the Lenovo and Motorola groups to withdraw an application for an anti-suit injunction in US proceedings (see *IPCom v Lenovo*, No. RG 19/21426).

However, neither decision endorses the general availability of anti anti-suit injunctions outside of the specific circumstances in which relief was sought in those cases. It remains to be seen whether European courts will be willing to utilise anti anti-suit injunctions in circumstances wherein parties have agreed to English forum selection clauses. At this stage, it can only be said that there is a possibility of an undesirable tussle of anti-suit injunctions and anti anti-suit injunctions. This would expose litigants to increased litigation costs, wasted time and trouble, uncertainty as to which court will ultimately hear their case, and the spectre of coercive consequences in the event of non-compliance. Furthermore, a move towards relief of this kind would have a profound impact on the security of English jurisdiction and arbitration agreements. Developments in this area should be watched with interest.

The “Event Giving Rise to the Damage” under Art. 7 Rome II Regulation in CO₂ Reduction Claims - A break through an empty Shell?

Written by Madeleine Petersen Weiner/Marc-Philippe Weller

In this article, we critically assess the question of where to locate the “event giving rise to the damage” under Art. 7 Rome II in CO₂ reduction claims. This controversial – but often overlooked – question has recently been given new grounds for discussion in the much discussed “*Milieudefensie et al. v. Shell*” case before the Dutch district court in The Hague. In this judgment, the court had to determine the law applicable to an NGO’s climate reduction claim against *Royal Dutch Shell*. The court ruled that Dutch law was applicable as the law of the place where the damage occurred under Art. 4 (1) Rome II and the law of the event giving rise to the damage under Art. 7 Rome II as the place where the business decision was made, *i.e.*, at the Dutch headquarters. Since according to the district court both options – the place of the event where the damage occurred and the event giving rise to the damage – pointed to Dutch law, this question was ultimately not decisive.

However, we argue that it is worth taking a closer look at the question of where to locate the event giving rise to the damage for two reasons: First, in doing so, the court has departed from the practice of interpreting the event giving rise to the damage under Art. 7 Rome II in jurisprudence and scholarship to date. Second, we propose another approach that we deem to be more appropriate regarding the general principles of proximity and legal certainty in choice of law.

1. *Shell* – the judgment that set the ball rolling (again)

The Dutch environmental NGO *Milieudefensie* and others, which had standing under Dutch law before national courts for the protection of environmental damage claims, made a claim against the *Shell* group’s parent company based in

the Netherlands with the aim of obliging *Shell* to reduce its CO₂ emissions. According to the plaintiffs, *Shell's* CO₂ emissions constituted an unlawful act. The Dutch district court agreed with this line of reasoning, assuming tortious responsibility of *Shell* for having breached its duty of care. The court construed the duty of care as an overall assessment of *Shell's* obligations by, among other things, international standards like the UN Guiding Principles of Human Rights Responsibilities of Businesses, the right to respect for the private and family life under Art. 8 ECHR of the residents of the Wadden region, *Shell's* control over the group's CO₂ emissions, and the state's and society's climate responsibility etc. This led the district court to ruling in favor of the plaintiffs and ordering *Shell* to reduce its greenhouse gas emissions by 45% compared to 2019.

In terms of the applicable law, the court ruled that Dutch law was applicable to the claim. The court based its choice of law analysis on Art. 7 Rome II as the relevant provision. Under Art. 7 Rome II, the plaintiff can choose to apply the law of the event giving rise to the damage rather than the law of the place where the damage occurred as per the general rule in Art. 4 (1) Rome II. The court started its analysis by stating that "climate change, whether dangerous or otherwise, due to CO₂ emissions constitutes environmental damage in the sense of Article 7 Rome II", thus accepting without further contemplation the substantive scope of application of Art. 7 Rome II.

The court went on to find that the adoption of the business policy, as asserted by the plaintiffs, was in fact "an independent cause of the damage, which may contribute to environmental damage and imminent environmental damage with respect to Dutch residents and the inhabitants of the Wadden region". The court thereby declined *Shell's* argument that *Milieudefensie's* choice pointed to the law of the place where the actual CO₂ emissions occurred, which would lead to a myriad of legal systems due to the many different locations of emitting plants operated by *Shell*.

2. The enigma that is "the event giving rise to the damage" to date

This line of reasoning marks a shift in the way "the event giving rise to the damage" in the sense of Art. 7 Rome II has been interpreted thus far. To date, there have been four main approaches: A broad approach, a narrower one, one that locates the event giving rise to the damage at the focal point of several

places, and one that allows the plaintiff to choose between several laws of events which gave rise to the damage.

(1.) The Dutch district court's location of the event giving rise to the damage fits into the broad approach. Under this broad approach, the place where the business decision is made to adopt a policy can qualify as a relevant event giving rise to the damage. As a result, this place will usually be that of the effective headquarters of the group. On the one hand, this may lead to a high standard of environmental protection as prescribed by recital 25 of the Rome II Regulation, as was the case before the Dutch district court, which applied the general tort clause Art. 6:162 BW. On the other hand, this may go against the practice of identifying a *physical* action which *directly* leads to the damage in question, rather than a purely internal process, such as the adoption of a business policy.

(2.) Pursuant to a narrower approach, the place where the direct cause of the violation of the legal interest was set shall be the event giving rise to the damage. In the case of CO₂ reduction claims, like *Milieudefensie et al. v. Shell*, that place would be located (only) at the location of the emitting plants. This approach – while dogmatically stringent – may make it harder to determine responsibility in climate actions as it cannot necessarily be determined which plant led to the environmental damage, but rather the emission as a whole results in air pollution.

(3.) Therefore, some scholars are in favor of a focal point approach, according to which the event giving rise to the damage would be located at the place which led to the damage in the most predominant way by choosing one focal point out of several events that may have given rise to the damage. This approach is in line with the prevailing opinion regarding jurisdiction in international environmental damage claims under Art. 7 Nr. 2 Brussels I-bis Regulation. In practice, however, it may sometimes prove difficult to identify one focal point out of several locations of emitting plants.

(4.) Lastly, one could permit the victim to choose between the laws of several places where the events giving rise to the damage took place. However, if the victim were given the option of choosing a law, for example, of a place that was only loosely connected to the emissions and resulting damages, Art. 7 Rome II may lead to significantly less predictability.

3. Four-step-test: A possible way forward?

Bearing in mind these legal considerations, we propose the following interpretation of the event giving rise to the damage under Art. 7 Rome II:

First, as a starting point, the laws of the emitting plants which *directly* lead to the damage should be considered. However, in order to adequately mirror the legal and the factual situations, the laws of the emitting plants should only be given effect insofar as they are responsible for the total damage.

If there are several emitting plants, some of which are more responsible for greenhouse gas emissions than others, these laws should only be invoked under Art. 7 Rome II for the *portion of their responsibility regarding the entire claim*. This leads to a *mosaic approach* as adopted by the CJEU in terms of jurisdiction for claims of personality rights. This would give an exact picture of contributions to the environmental damage in question and would be reflected in the applicable law.

Second, in order not to give effect to a myriad of legal systems, this mosaic approach should be slightly moderated in the sense that courts are given the opportunity to make estimations of proportions of liability in order not to impose rigid calculation methods. For example, if a company operates emitting plants all over the world, the court should be able to roughly define the proportions of each plant's contribution, so as to prevent potentially a hundred legal systems from coming into play to account for a percentile of the total emissions.

Third, as a fall-back mechanism, should the court not be able to accurately determine each plant's own percentage of responsibility for the total climate output, the court should identify the central place of action in terms of the company's environmental tort responsibility. This will usually be at the location of the emitting plant which emits the most CO₂ for the longest period of time, and which has the most direct impact on the environmental damage resulting from climate change as proclaimed in the statement of claim.

Fourth, only as a *last resort*, should it not be possible to calculate the contributions to the pollution of each emitting plant, and to identify one central place of action out of several emitting plants, the event giving rise to the damage under Art. 7 Rome II should be located at the place where the *business decisions* are taken.

This proposal is discussed in further detail in the upcoming Volume 24 of the Yearbook of Private International Law.

A few developments on the modernisation of the service of judicial and extrajudicial documents and the taking of evidence in the European Union

Written by Mayela Celis

This year has been marked by the high number of EU instruments that have been adopted (and entered into force) or that have started to apply in the European Union, which are directly or indirectly related to the modernisation of the service of judicial and extrajudicial documents and the taking of evidence in civil or commercial matters.

These developments include three (full-fledged) *regulations* and two *Commission implementing regulations*. In addition, two *Commission implementing decisions* were adopted on 20 December 2022 concerning a related topic (*i.e.* e-CODEX). We have previously reported on this [here](#) and [here](#). While the great number of EU instruments in this field and their interrelationship can be daunting to a non-European, they seem to provide a smooth and flexible way forward for EU Member States.

Undoubtedly, such legislative efforts attest to the commitment of EU institutions to modernise this area of Private International Law, in particular by making the electronic transmission of requests for service and the taking of evidence, as well as other communications, a reality at least from 2025 onwards (for more information, see below).

In my view, this goes beyond anything that currently exists among States (at any level) regarding judicial cooperation as the electronic transmission of requests for both service and the taking of evidence is usually done in a piecemeal approach or lacks the necessary security safeguards, including data protection. Having said that, and in the context of cross-border recovery of maintenance obligations, there exists a state-of-the-art electronic case management and secure communication system that is coordinated by the Permanent Bureau of the HCCH: iSupport.

On 1 July 2022 **two recast Regulations** started to apply in the European Union:

1. Regulation (EU) 2020/1784 of the European Parliament and of the Council of 25 November 2020 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents) (recast). See, in particular, Articles 5 (means of communication), 6, 19 (electronic service), 25, 27 and 28;
2. Regulation (EU) 2020/1783 of the European Parliament and of the Council of 25 November 2020 on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matters (taking of evidence) (recast). See, in particular, Articles 7 (transmission), 8, 12(4), 19 (direct taking of evidence), 20 (videoconferencing), 25, 27 and 28.

These two regulations modernise this field in **two distinctive ways**.

First and foremost these regulations contain provisions dealing with the means of communication to be used by transmitting agencies, receiving agencies, courts and central bodies through a **secure and reliable decentralised IT system**. This primarily intends to replace the cumbersome paper transmission of requests and other documents and in this way, speed up proceedings.

For those of you who are wondering what a “decentralised IT system” is, please note that it has been defined in both recast versions as a “network of national IT systems and interoperable access points, operating under the individual responsibility and management of each Member State, that enables the secure and reliable cross-border exchange of information between national IT systems”.

Secondly, these regulations provide for the **actual service by electronic means and the taking of evidence by videoconferencing** or other distance communications technology. The Service Regulation has included a provision

regarding electronic service of documents by allowing this to take place by means of qualified electronic registered delivery services (see EU Regulation (EU) 910/2014) or by email, both requiring (thankfully and rightfully, I must note) the prior express consent of the addressee; on the other hand, the Evidence Regulation provides for the direct taking of evidence by videoconferencing or other distance communication technology.

With respect to the implementation of the decentralised IT system, **two Commission Implementing Regulations** were adopted and entered into force in 2022:

1. Commission Implementing Regulation (EU) 2022/423 of 14 March 2022 laying down the technical specifications, measures and other requirements for the implementation of the decentralised IT system referred to in Regulation (EU) 2020/1784 of the European Parliament and of the Council;
2. Commission Implementing Regulation (EU) 2022/422 of 14 March 2022 laying down the technical specifications, measures and other requirements for the implementation of the decentralised IT system referred to in Regulation (EU) 2020/1783 of the European Parliament and of the Council.

It should be noted that the decentralised IT system as an *obligatory* means of communication to be used for the transmission and receipt of requests, forms and other communication will start applying from **1 May 2025** (the first day of the month following the period of three years after the date of entry into force of the *Commission Implementing Regulations* above-mentioned).

Interestingly, Recital 3 of the *Commission Implementing Regulations* indicates that “[t]he decentralised IT system should be comprised of the back-end systems of Member States and interoperable access points, through which they are interconnected. **The access points of the decentralised IT system *should be based on e-CODEX.***” Designating e-CODEX as the system on which access points *should* be based is in my view a breakthrough, given the apparent ambivalent feelings of some regarding such system.

The Annexes of these *Commission Implementing Regulations* provide more information as to the specificities of the system and indicate that:

- *“The **Service of Documents (SoD)** exchange system is an e-CODEX based decentralised IT system that can carry out exchanges of documents and data related to the service of documents between the different Member States in accordance with Regulation (EU) 2020/1784. The decentralised nature of the IT system would enable data exchanges exclusively between one Member State and another, without any of the Union institutions being involved in those exchanges.”*

- *“The **Taking of Evidence (ToE)** exchange system is an e-CODEX based decentralised IT system that can carry out exchanges of documents and messages related to the taking of evidence between the different Member States in accordance with Regulation (EU) 2020/1783. The decentralised nature of the IT system would enable data exchanges exclusively between one Member State and another, without any of the Union institutions being involved in those exchanges.”*

This takes us to the new EU instruments relating to e-CODEX.

As a matter of fact, a **brand-new Regulation on e-CODEX** has entered into force this year:

- Regulation (EU) 2022/850 of the European Parliament and of the Council of 30 May 2022 on a computerised system for the cross-border electronic exchange of data in the area of judicial cooperation in civil and criminal matters (e-CODEX system), and amending Regulation (EU) 2018/1726 (Text with EEA relevance).

This regulation explains **e-CODEX** in detail and specifies that the *European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)* will take over the administration of e-CODEX.

In particular, I would like to highlight Recitals 7 and 8 of the Regulation (EU) 2022/850, which explain what e-CODEX is and which read as follows:

*“(7) The e-CODEX system is a tool specifically designed to facilitate the cross-border electronic exchange of data in the area of judicial cooperation in civil and criminal matters. In the context of increased digitalisation of proceedings in civil and criminal matters, the aim of the e-CODEX system is to improve the efficiency of cross-border communication between competent authorities and to facilitate citizens’ and businesses’ access to justice. **Until the handover of the e-CODEX system to the European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA)**, established by Regulation (EU) 2018/1726 of the European Parliament and of the Council, the e-CODEX system will be managed by a consortium of Member States and organisations with funding from Union programmes (the ‘entity managing the e-CODEX system’).”*

“(8) The e-CODEX system provides an interoperable solution for the justice sector to connect the IT systems of the competent national authorities, such as the judiciary, or other organisations. The e-CODEX system should therefore be viewed as the preferred solution for an interoperable, secure and decentralised communication network between national IT systems in the area of judicial cooperation in civil and criminal matters.”

As previously indicated, two **Commission Implementing Decisions** have been adopted this week:

- Commission implementing decision (EU) .../... of 20.12.2022 on the technical specifications and standards for the e-CODEX system, including for security and methods for integrity and authenticity verification;
- Commission implementing decision (EU) .../... of 20.12.2022 on the specific arrangements for the handover and takeover process of the e-CODEX system.

The Annexes of the *Commission Implementing Decisions* are particularly interesting as they provide all the specificities of the system and its handover.

All in all this looks very promising to the long-awaited modernisation of this field in the European Union.

Arbitration-Favored Policy Has its Boundary: Case Study and Takeaways for China

(This post is written by Chen Zhi, a Ph.D. candidate at the University of Macau, a trainee lawyer in Mainland China)

The arbitration-favored policy has been adopted by many jurisdictions across the world in recent years, as the support of arbitration by local judiciaries has been viewed as an important standard for gauging the business environment of a jurisdiction. While the decision of *Morgan v. Sundance Inc.* rendered in May 2022 by the Supreme Court of the USA illustrates that arbitration-favored policy has its boundary, this seems a trend emerging from the laws and legal trends in other jurisdictions.

Summary of the Fact

This case concerned a class action initiated by a former employee, Morgan against Sundance Incorporate (the owner of a Taco Bell franchise restaurant, hereinafter “Company”) regarding the arrear of overtime payment in the context of Federal law of the USA.

Albeit there was an arbitration agreement incorporated in the contract between Morgan and the Company, the Company failed to raise any motion about the arbitration agreement at the outset and defended as if the arbitration agreement did not exist.

Nearly 8 months after the commencement of the litigation, the company raised jurisdictional objection by invoking the omitted arbitration agreement and filed the motion to compel arbitration under the 1925 Federal Arbitration Act (hereinafter “FAA”). Morgan argued that the Company had waived the right to arbitrate. By measuring the case against the standard for the waiver as set out in the precedent of the Court of Appeal of Eighth Circuit, the court of first instance

ruled in favor of Morgan and rejected to refer the case to arbitration.

Nonetheless, the Court of Appeal of the Eighth Circuit had adopted the requirement for waiver based on the “federal policy favoring arbitration”. Under the new requirement, Morgan shall furnish the proof showing prejudice incurred by the delay, and overturns the trial court’s decision thereby.[i] The case was subsequently appealed before the Supreme Court of the USA.

Supreme Court’s Decision

It is not surprising that lower courts in the USA have been consistently adopting specific rules for arbitration in the name of the arbitration-favored policy, which is contradictory to the proposition of the Supreme Court.[ii]

In the Morgan case, the Supreme Court holds that the Appeal Court of the Eighth Circuit has erred in inventing a novel rule tailored for the arbitration agreement, and reiterates that the arbitration agreement shall be placed on the same footing as other contracts. In the unanimous opinion delivered by Justice Kagan, the Supreme Court explicitly states that:

“Accordingly, a court must hold a party to its arbitration contract just as the court would to any other kind. But a court may not devise novel rules to favor arbitration over litigation.” [iii]

In this regard, the arbitration agreement shall not be distinguished from other types of contracts in the context of Federal Law, under which the prejudice will generally not be asked about in the assessment of waiver. By Stripping off the requirement of prejudice, the Supreme Court remands the case to the Court of Eighth Circuit for reconsideration.

The Supreme Court does not delve into the jurisprudence behind arbitration-favored policy but simply states that the purpose of this policy is to make arbitration agreements as enforceable as other contracts, but not more. [iv]

The Main Concern of Morgan v. Sundance Inc.

In the context of American law, the grounds for equal treatment emerges from Section 2 of the 1925 Federal Arbitration Act, which stipulates that an arbitration agreement is valid and enforceable unless the grounds for revocation of any contract as set out in law or equity were found. Against this backdrop and in

collaboration with the drafting history of the enactment of the Federal Arbitration Act, the Supreme Court has set out the basic principle that the arbitration agreement shall be placed on the same footing as other contracts, by which the arbitration-favored policy does entitle a higher protecting standard for arbitration agreement, as stated in *Granite Rock Co. v. Teamsters*:

"[...]the 'policy' is merely an acknowledgment of the FAA's commitment to overrule the judiciary's longstanding refusal to enforce agreements to arbitrate and to place such agreements upon the same footing as other contracts."[v]

Through the decision in the *Morgan* case, the equal treatment principle is recapped and stressed, by which the arbitration-favored policy creates no new rules tailored for waiver of arbitration clauses under the legal framework of the USA.

The Complexity of Arbitration-favored Policy and the Boundary

Recent years have witnessed state courts' preference to embrace the notion of "arbitration-favored policy" or "pro-arbitration policy". Nonetheless, the arbitration-favored policy is a sophisticated and vague concept without an agreed definition worldwide. In principle, this policy flows from the well-recognized characteristics of international commercial arbitration such as autonomy, expediency, efficiency, and enforceability across the world. As per the analysis of Prof. Bremann, there are at least 12 criteria for gauging the arbitration-friendliness policy.[vi]

Likewise, Justice Mimmie Chan at the Court of the Instance of Hong Kong SAR fortifies 10 pro-arbitration principles employed by courts in Hong Kong towards enforcement of arbitration awards in the case of *KB v S and Others*, which sets up relatively high thresholds for parties to challenge arbitral awards in the enforcement stage, as the Chan J. highlights: (1) the courts' reluctance to looking to the merits of the case, (2) challenger's duty to make a prompt objection against any alleged irregularities under the bona fide principle and, (3) the court's residual discretion to enforce the award albeit the statutory grounds of rejection has been made out.[vii] Similar principles can also be extracted from decisions by courts in other jurisdictions like Singapore. [viii]

In the author's view, these considerations for arbitration-favored policy can be distilled as the following four limbs:

- (1) adherence to the parties' autonomy to the largest extent,
- (2) promoting the fairness and efficiency of commercial arbitration,
- (3) minimizing the judicial interference throughout the arbitration proceedings, including the stages before and after the issuance of the arbitral award, among others, refraining from conducting the review on the merits issue of the case unless in exceptional circumstances and nullifying arbitral award based on trivial errors,
- (4) providing legal assistance to arbitration proceedings for the promotion of fairness, expediency and efficiency (i.e., auxiliary proceedings for the enforcement of arbitration agreement and award, issuance, and execution of interim reliefs, taking of evidences).

As to the field of arbitral jurisdiction, the arbitration-favored policy always takes the form of the validation principle, where at least four scenarios are present in legal practice:

First, when confronted with the issue of the law governing arbitration agreement, and more than one laws are relevant, courts are required to apply laws that are in favor of the effectiveness of the arbitration agreement, either by virtue of statutory regulations[ix] or provided as one of the considerations in judicial practice.[x]

Second, courts are declined to intervene in the dispute over arbitral jurisdiction before the decision of the arbitration tribunal is rendered, as a result of the negative effect of the *competence - competence* principle to ensure the integrity and efficiency of arbitration proceedings.[xi]

Third, the invalidity of the matrix contract does not necessarily negate the arbitration agreement incorporated therein as per the widely-accepted separability doctrine.[xii]

Fourth, the courts will interpret in a manner that is likely to give effect to the arbitration agreement, particularly where the arbitration agreement is pathological in form or substance.[xiii]

At least one of the aforesaid scenarios emerges from legislation or judicial practices in jurisdictions featuring or advocating arbitration-favored policy, in

which courts are always inclined to refer the case to arbitration. Nonetheless, the arbitration-favored policy does not mean that the court will give effect to the arbitration agreement unconditionally. The aforesaid Morgan case demonstrates that arbitration-favored policy has boundaries in the context of American law, taking the form of the equal treatment principle.

The boundary of arbitration-favored policy also emerges from laws and legal practices in other jurisdictions, as representative examples, the BNA case by the Court of Appeal of Singapore, the Kabab-Ji case by the Supreme Court of the UK, and the Uber case by the Supreme Court of Canada will be further illustrated below:

BNA Case

In this case, at issue before Singaporean courts was the law governing arbitration agreement, where the parties had designated PRC law as the governing law of the contract and expressly set out the term “arbitration in Shanghai” in the arbitration clause. The plaintiff objected to arbitral jurisdiction after the commencement of arbitration proceedings before the tribunal and subsequently resorted to courts in Singapore for recourse against the tribunal’s decision ruling that the arbitration agreement was valid under the laws of Singapore.

The plaintiff contended that the laws of China shall be applied, while the respondent argued that the arbitration clause in dispute was alleged to be invalid under PRC law, and submitted that the Singaporean court shall apply laws that are more in favor of the effectiveness of the arbitration agreement under validation principle hence the governing law shall be the laws of Singapore. The Singapore High Court applied Singaporean law and the dispute was filed before the Court of Appeal of Singapore.

The Court of Appeal opines that the validation principle can only be taken into consideration when there are other laws that can compete with PRC law to be the governing law of arbitration clause,[xiv] as all factors point to China as the proper law and Singapore was not the seat in the context of Article 10 of International Arbitration Act, this case shall be given to Chinese courts to decide.[xv] Therefore, the Appeal Court overturned the controversial decision by the Singapore High Court which determined Singapore as the seat by twisting the meaning of arbitral seat.[xvi]

Per the decision in the BNA case, the validation principle is only applicable where some prerequisites are met. While parties expressly reach an intention likely to negate the arbitration agreement without other competing factors, the court shall not rewrite the contract to nakedly validate the arbitration agreement.

Kabab-Ji Case

In this case, a Paris seated tribunal decided to extend the arbitration agreement to Kout, the parent company to the signatory which had been actively engaging in performance and re-negotiation of the contract in dispute, while not being a signatory to the contract. The tribunal's decision was under the scrutiny of judiciaries in the UK at the enforcement stage.

Unlike the scenario in the BNA case, there were two competing factors regarding the determination of the proper law of arbitration agreement in Kabab-Ji: laws of England as the designated laws governing the main contract and the laws of France as the *lex arbitri* fixed in the contract. While the French laws turn out to be more in favor of the effectiveness of the arbitration clause, the Supreme Court of the UK rejected enforcing the arbitral award for lack of valid arbitration agreement via the application of English law as the proper law of arbitration clause. The court stresses in the decision that the validation principle does not apply to issues concerning the formation of a contract, and hence this principle was not relevant in deciding the issue of non-signatory.[xvii] And departing from the validation principle as set out in its precedent.

Per the decision of the Supreme Court of the UK, the extension of the arbitration agreement to non-signatory pertains to the formation of an arbitration agreement rather than the interpretation of the contract, which is contrary to the approach employed by French courts over the same case scenario. The decision in the Kabab-Ji case has given rise to controversies, as a commentator pointed out, the English court may be criticized for stepping over the line.[xviii] Nonetheless, the decision of Kabab-Ji is to some extent in line with the stringent attitude toward the non-signatory issue of arbitration agreement that judiciaries in England have consistently taken.[xix]

Uber Case

The dispute arose out of the putative employment relationship between Heller, a delivery driver, and UberEATS, a Toronto-based subsidiary of Uber. During the

litigation, UberEATS filed a motion to compel arbitration by invoking the arbitration clause embedded in the boilerplate service agreement between Uber and all drivers who sign in for service of Uber.

The Supreme Court of Canada finds the arbitration clause unconscionable based on two main findings: (1) inequality of bargaining power between Heller and Uber, (2) improvidence produced by the underlying arbitration clause. The court stresses the fact that according to the arbitration clause, arbitration proceedings shall be administered under the Rules of Arbitration of the International Chamber of Commerce, which requires US\$14,500 in up-front administrative fees for the commencement of the putative arbitration proceedings. Also, Amsterdam shall be the place of arbitration per the arbitration clause, hence further fees for traveling and accommodation will be incurred thereby. The court ruled that the arbitration clause was invalid and rejected to compel arbitration.[xx]

The judgment also discusses the arbitration-favored policy contention, stating that arbitration is respected based on it being a cost-effective and efficient method of resolving disputes.[xxi] By this logic, arbitration clauses creating a hurdle toward cost-effective and efficient resolution of disputes will not be safeguarded albeit the arbitration-favored policy is applicable.

The Uber case illustrates that different values may at odds with each other in the application of arbitration-favored policy, hence trade-offs will be presented before decision-makers. As discussed by Prof. Bremann, one given policy or practice may be pro-arbitration in some respects while anti-arbitration in other respects, further, the implication of arbitration-favored policy may also be detrimental to policies extrinsic to arbitration.[xxii] In the Uber case, two kinds of conflict are present simultaneously, first, upholding the effectiveness of the underlying arbitration clause may be detrimental to the policy for the protection of those who are vulnerable(trade-off between arbitration-friendly policy and extrinsic policies), second the enforcement of alleged parties' autonomy taking the form of "arbitration administered by ICC in Netherland" is likely to be detrimental to the expediency and efficiency nature of arbitration(trade-off between arbitration-favored policy and extrinsic).

The answer to the said trade-offs remains unresolved, as there is no agreed standard by far, and courts in different jurisdictions can be divergent on this issue. As a prime example, while there is a discrepancy regarding the number of

tribunal members between the rules of the arbitration institution and the arbitration clause, where the former provides a mandatory sole-arbitrator regulation for consideration of expedition and efficiency, the latter had designated a three-member-tribunal, the court of Singapore upheld the preemption of arbitration rules over the arbitration clause,[xxiii] while Chinese court once ruled in favor of the arbitration clause and rejected to enforce the award rendered by the sole arbitrator.[xxiv]

Takeaways for China

The arbitration-favored policy is a complicated notion that includes a myriad of separate and to some extent, conflicting considerations. In a general sense, courts embracing arbitration-favored policy are reluctant to negate the arbitration agreement. However, there are some exceptional instances where:

(1) the vindication of the arbitration agreement will produce prejudice to other values that are extrinsic to arbitration, such as the rule of law principle, the consistency of legal practice, policies for the protection of vulnerable parties, etc., like the situations in Morgan case and Uber case, and,

(2) the interpretation or implementation of the arbitration clause will undermine other considerations among the arbitration-favored policy, for instance, while the enforcement of the arbitration clause can be low-efficient and costly, or the validation principle may be contrary to the parties' true intention, like the situations in BNA case and Kabab-Ji case.

Therefore, every jurisdiction shall tailor the arbitration-favored policy for its legal system and meet its own needs, instead of employing a dogmatic understanding of the policy.

Like other rising economic bodies like India,[xxv] China is also moving toward a jurisdiction that is "arbitration-favored" under the Belt and Road imitative and the blueprint for the construction of the Guangdong- Hong Kong- Macao Greater Bay Area. Against this backdrop, judiciaries are taking more liberal approaches that are tended to give effect to arbitration agreements that are likely to be considered invalid previously, particularly in disputes regarding the choice of law issue and the substance of the arbitration agreement. [xxvi]As to the formal requirement of arbitration agreement, the Supreme People's Court also made a great leap in dispensing with the stringent approach by acknowledging the

effectiveness of an arbitration clause as set out in a draft contract not being signed by neither party, based on the findings that the parties have discussed and finalized the arbitration clause in the draft of the contract during the negotiating phase.[xxvii]

Moreover, the Draft Revised Arbitration Law released in late July 2021 provides more liberal approaches for the validity of arbitration agreements, which includes:

- (1) the recognition of *ad hoc* arbitration agreement in foreign-related disputes,
- (2) the relaxing requirement for a valid arbitration agreement, where parties' failure to designate a sole arbitration institution does not negate the arbitration agreement,
- (3) the promulgation of extension of the arbitration agreement to non-signatories in some types of disputes, and
- (4) the adoption of a new framework of *competence-competence* principle that is more in line with the international framework as set out in UNCITRAL Model Law.[xxviii]

These attempts have been heatedly debated and are by and large arbitration-favored and laudable by lifting the unreasonable hurdles for the autonomy, expediency, and efficiency of arbitration. Nonetheless, recognizing the validity of arbitration agreement is not the sole consideration, lawmakers, judiciaries, and other participants in commercial arbitration of Mainland China will confront trade-offs during the law-making and implementation of the rules under the arbitration-favored policy. As a corollary, an arbitration agreement can be safeguarded to the extent it is in line with the basic principles that are placed at a higher level.

[i] *Morgan v. Sundance, Inc.* 596 U. S. ____ (2022) (Supreme Court of USA, decided on 23 May 2022).

[ii] Amicus brief of Law Professors in *Morgan v. Sundance, Inc.*, 596 U.S. ____ (2022), pp. 11-12, available at https://www.supremecourt.gov/DocketPDF/21/21-328/207550/20220106140817376_Morgan%20amicus%20brief%20final.pdf last visited on 21 November 2022.

[iii] *Morgan v. Sundance, Inc.* 596 U. S. ____ (2022) (Supreme Court of USA, decided on 23 May 2022).

[iv] *Ibid.*

[v] *Volt Information Sciences, Inc. v. Board of Trustees of Leland Stanford Junior Univ.*, 489 U. S. 487(1989), as quoted in *Granite Rock Co. v. Teamsters*, 561 U. S. 287, 302 (2010) (Supreme Court of USA, decided on 24 June 2010).

5 These considerations are: (1) to what extent does it render international arbitration economical in term of time or cost? (2) to what extent does it ensure consent to arbitrate and enhance the scope for party autonomy? (3) to what extent does it effectuate the likely intentions or expectations of the parties? (4) to what extent is it consistent with the *lex arbitri* or the institutional rules chosen by the parties? (5) to what extent does it, consistent with party intent, enable the tribunal to exercise sound discretion and flexibility on matters of arbitral procedure? (6) to what extent does it ensure the independence and impartiality of arbitrators? (7) to what extent does it protect a party's right to be heard? (8) to what extent does it promote accuracy in the administration of justice? (9) to what extent does it minimize, to the fullest extent reasonably possible, the intervention of national courts in the arbitral process? (10) to what extent does it help ensure that the resulting award will be an effective one? (11) to what extent does it enable the resulting award to withstand challenges in an annulment or enforcement action? (12) to what extent does it expand the categories of legal claims treated as arbitrable? See George A. Bermann, *What Does it Mean to be 'Pro-Arbitration'?*, *Arbitration International*, Volume 34 (2018), p. 343.

[vii] *KB v S. and Others*, [2015] HKCFI 1787, para.1(Hong Kong Court of First Instance, decided on 15 September 2015).

[viii] *China Machine New Energy Corporation v Jaguar Energy Guatemala LLC*, [2020] SGCA 12, para. 87(The threshold for the finding of breach of natural breach for the purpose of vacating arbitral award is a high one and can only be crossed in exceptional cases.) (Appeal Court of Singapore, decided on 28 February 2020).

[ix] See Article 178 (2) of Private International Law of Switzerland ("As regards its substance, the arbitration agreement shall be valid if it conforms to the law chosen by the parties, or to the law applicable to the dispute, in particular the law

governing the main contract, or to Swiss law.”).

[x] *Enka Insaat Ve Sanayi AS v. OOO Insurance Company Chubb*, [2020] UKSC 38, para. 97 (Where the clause in question is an arbitration clause, because of its severable character its putative invalidity may support an inference that it was intended to be governed by a different law from the other provisions of the contract [...]) (Supreme Court of the UK, decided on 9 October 2020). See also *BCY v. BCZ*, [2016] SGHC 249, para. 74 (“[...] governing law of the main contract should only be displaced if the consequences of choosing it as the governing law of the arbitration agreement would negate the arbitration agreement even though the parties have themselves evinced a clear intention to be bound to arbitrate their disputes.”) (Singapore High Court, decided on 9 November 2016).

[xi] Article 16(1) of UNCITRAL Model Law on International Commercial Arbitration (“[...] an arbitration clause which forms part of a contract shall be treated as an agreement independent of the other terms of the contract.”)

[xii] *Tomolugen Holdings Ltd and Another v. Silica Investors Ltd and other appeals*, [2015] SGCA, para. 60 (Singapore court should adopt a *prima facie* standard of review when hearing a stay application) (Court of Appeal of Singapore, decided on 26 October 2015). *Fiona Trust & Holding Corp. v. Privalov* [2007] UKHL 40 para. 13, (Arbitration clause shall be construed in accordance with the presumption that parties are likely to have intended any dispute arising out of the underlying contract to be decided by the same body.) (House of Lords of the UK, decided on 17 October 2007).

[xiii] “[W]here the parties have evinced a clear intention to settle any dispute by arbitration, the court should give effect to such intention, even if certain aspects of the agreement may be ambiguous, inconsistent, incomplete or lacking in certain particulars...” *Insigma Technology Co Ltd v Alstom Technology Ltd* [2009] 3 SLR(R) 936, para. 31, as quoted in *HKL Group Co Ltd v Rizq International Holdings Pte Ltd*, [2013] SGHCR 5, para. 13 (Singapore High Court, decided on 19 February 2013). See also ?????? and ??? v. *Ace Lead Profits Ltd and another*, [2022] HKCFI 3342? para. 53 (Arbitration clause is not nullified by the non-existence of putative arbitration institution) (Hong Kong Court of First Instance, decided on 4 November 2022).

[xiv] *BNA v. BNB and another*, [2019] SGCA 84, para. 95. (Court of Appeal of

Singapore, decided on 27 December 2019).

[xv] *Ibid.*, at para. 102.

[xvi] See *BNA v. BNB*, [2019] SGHC 142, para. 101 (agreement referring to Shanghai instead of PRC is not a reference to seat) (Singapore High Court, decided on 1 July 2019). Ironically, contrary to the plaintiff's assertion and the Singapore court's wariness, the validity arbitration clause at issue was subsequently confirmed by the Chinese court following the conclusion of judicial review proceedings before the Singapore Court of Appeal, as set out in *Daesung Industrial Gases Co Ltd v. Praxair (China) Investment Co Ltd* (2020) Hu 01 Min Te No.83 (Shanghai No.1 Intermediate People's Court, decided on 29 June 2020). See also José-Antonio Maurellet, Helen Shi, et al., *PRC Court Confirms Validity of "SIAC-Shanghai" Clause*, available at <https://dvc.hk/en/news/cases-detail/prc-court-confirms-validity-of-siac-shanghai-clause/> last visited on 21 November 2022.

[xvii] *Kabab-Ji SAL v. Kout Food Group*, [2021] UKSC 48, para. 51 ([Validation principle] is not a principle relating to the formation of contracts which can be invoked to create an agreement which would not otherwise exist.) (Supreme Court of UK, decided on 27 October 2021).

[xviii] Andrew Tweeddale, *The Validation Principle and Arbitration Agreements: Difficult Cases Make Bad Law*, *The International Journal of Arbitration, Mediation and Dispute Management*, Volume 88, Issue 2 (2022), p. 248.

[xix] The restrictive approach emerges from the *Peterson Farms v. CM Farming Ltd.*, [2004] EWHC 121, as cited in Andrea Marco Steingruber, *Consent in International Arbitration* (UK: Oxford University Press, 2012), p. 156.

[xx] *Uber Technologies Inc. v. Heller*, 2020 SCC 16, paras. 93 – 94 (Federal Supreme Court of Canada, decided on 26 June, 2020).

[xxi] *Ibid.*, at para. 97.

[xxii] George A. Bermann, *What Does it Mean to be 'Pro-Arbitration'?*, *Arbitration International*, Volume 34 (2018), pp. 343-353.

[xxiii] *AQZ v. ARA*, [2015] SGHC 49 (2015) (Singapore High Court, decided on 13 February 2015).

[xxiv] Noble Resources International Pte Ltd v. Good Credit International Trade Co Ltd, (2016) Hu 01 Xie Wai Ren No. 1 (Shanghai No.1 Intermediate People's Court, decided on 11 August 2017).

[xxv] Like India, see Aditya Singh Chauhan and Aryan Yashpal, *Change to Improve, Not to Unhinge—A Critique of the Indian Approach to International Arbitration*, Indian Journal of Arbitration Law, Volume X, Issue 2 (2021), pp. 1-11.

[xxvi] See Helen Shi, *Have Chinese Courts Adopted an Arbitration- Friendly Approach Towards International Arbitration?*, in Neil Kaplan, Michael Pryles, et al. (eds), *International Arbitration: When East Meets West: Liber Amicorum Michael Moser* (Netherlands: Kluwer Law International, 2020), pp. 235-244.

[xxvii] Luck Treat Limited v. Zhongyuancheng Co, Ltd, 2019 Zui Gao Fa Min Te No.1 (Supreme People's Court of China, decided on 18 September 2019).

[xxviii] Terence Wong et al, *China: Draft Revised Arbitration Law of PRC Published for Comments*, available at <https://www.mondaq.com/china/arbitration-dispute-resolution/1104356/draft-revised-arbitration-law-of-prc-published-for-comments> last visited on 4 December 2022. See also Weina Ye et al, *Key Changes under Revised Draft of PRC Arbitration Law*, available at <https://hsfnotes.com/arbitration/2021/08/11/key-changes-under-revised-draft-of-prc-arbitration-law/>, last visited on 4 December 2022.

European Commission Proposal for a Regulation on Private International Law Rules Relating

to Parenthood

This piece was written by Helga Luku, PhD researcher at the University of Antwerp

On 7 December 2022, the European Commission adopted a Proposal for a Regulation which aims to harmonize at the EU level the rules of private international law with regard to parenthood. This proposal aims to provide legal certainty and predictability for families in cross-border situations. They currently face administrative burdens when they travel, move or reside in another Member State (for family or professional reasons), and seek to have parenthood recognised in this other Member State. The proposal follows on a declaration two years ago by the Commission President von der Leyen in her State of the Union address that **“If you are a parent in one country, you are a parent in every country”**.

How will this proposal change the current situation?

In line with the case law of the Court of Justice of the EU, Member States are required to recognise parenthood for the purpose of the rights that the child derives from Union law, permitting a child who is a Union citizen, to exercise without impediment, with each parent, the right to move and reside freely within the territory of Member States. Thus, parenthood established in one Member State should be recognised in other Member States for some (limited) purposes. There is currently no specific EU legislation that requires Member States to recognise parenthood established in other Member States for all purposes.

Different substantive and conflict-of-law rules of Member States on the establishment and recognition of parenthood can lead to a denial of the rights that children derive from national law, such as their succession or maintenance rights, or their right to have any one of their parents act as their legal representative in another Member State on matters such as medical treatment or schooling. Thus, the proposal aims to protect the fundamental rights of children and as it is claimed by the Commission, to be in full compliance with the UN Convention on the Rights of the Child. Through the proposed Regulation, the Commission intends to enable children, who move within the Union to benefit from the rights that derive from national law, **regardless of:**

- **the nationality of the children or the parents** (on the condition that the document that establishes or proves the parenthood is issued in a Member State);
- **how the child was conceived or born** (thus including conception with assisted reproductive technology);
- **the type of family of the child** (including e.g. the recognition of same-sex parenthood or parenthood established through adoption).

In principle, the proposal does not interfere with substantive national law in matters related to parenthood, which are and will remain under the competence of Member States. However, by putting the children's rights and best interests in the spotlight of the proposal, the Commission is requiring Member States to disregard their reluctance toward the recognition of some types of parenthood.

As the Union aspires an area of freedom and justice, in which the free movement of persons, access to justice and full respect of fundamental rights are guaranteed, the Commission proposes the adoption of Union rules on international jurisdiction and applicable law in order to facilitate the recognition of parenthood among the Member States. It covers not only the recognition of judgments but also the recognition and acceptance of authentic instruments. In this sense, the proposal covers the three main pillars of private international law and it will also introduce a European Certificate on Parenthood.

The main aspects of this proposal include:

- **Jurisdiction:** jurisdiction shall lie alternatively with the Member State of habitual residence of the child, of the nationality of the child, of the habitual residence of the respondent (e.g. the person in respect of whom the child claims parenthood), of the habitual residence of any one of the parents, of the nationality of any one of the parents, or of the birth of the child. Party autonomy is excluded. (Chapter II, articles 6-15)
- **The applicable law:** as a rule, the law applicable to the establishment of parenthood should be the law of the State of the habitual residence of the person giving birth. If the habitual residence of the person giving birth cannot be established, then the law of the State of the birth of the child should apply. Exceptions are foreseen for the situation where the parenthood of a second person cannot be established under the applicable law. (Chapter III, articles 16-23).

- **Recognition:** the proposal provides for the recognition of court decisions and authentic instruments with binding legal effects, which establish parenthood, without any special procedure being required. However, if one of the limited grounds for refusal is found to exist, competent authorities of Member States can refuse the recognition of parenthood established by a court decision or an authentic instrument with binding effects. (Chapter IV, articles 24-43)
- **Acceptance:** the proposal also provides for the acceptance of authentic instruments with no binding legal effect. These instruments do not have a binding legal effect because they do not establish parenthood, but they refer to its prior establishment by other means or to other facts, thereby having only evidentiary effects. It may be a birth certificate, a parenthood certificate, an extract of birth from the register or any other form. The acceptance of these instruments with evidentiary effects can be refused only on public policy grounds. (Chapter V, articles 44-45)
- **Creation of a European Certificate of Parenthood:** children or their legal representatives can request it from the Member State in which the parenthood was established. This Certificate will be issued in a uniform standard form and will be available in all Union languages. It is not mandatory but children or their legal representatives have the right to request it and have it recognised in all Member States (chapter VI, articles 46-57).

What is next?

Since the current proposal concerns family law issues with cross-border implications, under Article 81(3) of the Treaty on the Functioning of the European Union, the Council shall act unanimously via a special legislative procedure after consulting the European Parliament. Besides the sensitive area the proposal regulates, it also adopts a pro-diversity and non-discrimination policy, including the recognition of same-sex parenthood and surrogacy. Thus, considering the different approaches and national identities of Member States, often associated with their more conservative or liberal convictions, unanimity will not be easy to reach. However, if unanimity cannot be reached, a number of Member States can still adopt the proposal in enhanced cooperation (see: Article 20 Treaty on European Union). This is not an uncommon procedure for Member States when they have to adopt legislation that concerns family law issues, e.g. Regulation

1259/2010 on the law applicable to divorce and legal separation (Rome III) and Regulation 2016/1103 on jurisdiction, applicable law and the recognition and enforcement of decisions in matters of matrimonial property regimes. However, if it happens that the proposal is adopted in enhanced cooperation, it is doubtful whether its objective to provide the same rights for all children is truly achieved. Additionally, the participating Member States will probably include those that did not impose very restrictive requirements with regard to the recognition of parenthood in their national laws, even before the adoption of the Regulation in enhanced cooperation.

First strike in a Dutch TikTok class action on privacy violation: court accepts international jurisdiction

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Introduction

On 9 November 2022 the District Court Amsterdam accepted international jurisdiction in an interim judgment in a collective action brought against TikTok (DC Amsterdam, 9 November 2022, ECLI:NL:RBAMS:2022:6488; *in Dutch*). The claim is brought by three Dutch-based representative organisations; the Foundation for Market Information Research (*Stichting Onderzoek Marktinformatie*, SOMI), the Foundation Take Back Your Privacy (TBYP) and the *Stichting Massaschade en Consument* (Foundation on Mass Damage and Consumers). It concerns a collective action brought under the Dutch collective

action act (WAMCA) for the infringement of privacy rights of children (all foundations) and adults and children (Foundation on Mass Damage and Consumers). In total, seven TikTok entities are sued, located in Ireland, the United Kingdom, California, Singapore, the Cayman Islands and China. The claims are for the court to order that an effective system is implemented for age registration, parental permission and control, and measures to ensure that commercial communication can be identified and that TikTok complies with the Code of Conduct of the Dutch Media Act and the GDPR.

After an overview of the application of the WAMCA, which has been introduced in a different context on this blog earlier, we will discuss how the Court assessed the question of international jurisdiction.

The class action under the Dutch WAMCA

Following case law of the Dutch Supreme Court in the 1980s concerning legal standing of representative organisations, the possibility to start a collective action was laid down in Article 3:305a of the Dutch Civil Code (DCC) in 1994. However, this was limited to declaratory and injunctive relief. Redress for compensation in mass damage cases was only introduced in 2005 with the enactment of the Collective Settlement of Mass Claims Act (*Wet collectieve afwikkeling massaschade*, WCAM). This collective settlement scheme enables parties to jointly request the Amsterdam Court of Appeal to declare a settlement agreement binding on an opt-out basis. The legislative gap remained as a collective action for compensation was not possible and such mass settlement agreement relies on the willingness of an allegedly liable party to settle.

This gap was closed when in 2019, after a lengthy legislative process, the Act on Redress of Mass Damages in a Collective Action (*Wet afwikkeling massaschade in collectieve actie*, WAMCA) was adopted. The WAMCA entered into force on 1 January 2020 and applies to mass events that occurred on or after 15 November 2016. The WAMCA expanded the collective action contained in Article 3:305a DCC to include actions for compensation of damage (Tillema, 2022; Tzankova and Kramer, 2021). While the WAMCA Act generally operates on an opt-out basis for beneficiaries represented by the representative organisation(s), there are exemptions, including for parties domiciled or habitually resident outside the Netherlands. In addition, the standing and admissibility requirements are relatively strict, and also include a scope rule requiring a close connection to the

Netherlands. Collective actions are registered in a central register (the WAMCA register) and from the time of registration a three-months period starts to run (to be extended to maximum six months), enabling other claim organisations to bring a claim, as only one representative action can be brought for the same event(s). If no settlement is reached, an exclusive representative will be appointed by the court. Since its applicability as of 1 January 2020, 61 collective actions have been registered out of which 8 cases have been concluded to date; only a very few cases have been successful so far. These collective actions involve different cases, including consumer cases, privacy violations, environmental and human rights cases, intellectual property rights, and cases against the government. Over one-third of the cases are cross-border cases and thus raise questions of international jurisdiction and the applicable law.

As mentioned above, in the TikTok case eventually three Dutch representative foundations initiated a collective action against, in total, seven TikTok entities, including parent company Bytedance Ltd. (in the first action, the claim is only brought against the Irish entity; in the other two actions, respectively, six and seven entities are defendants). These are TikTok Technology Limited (Ireland), TikTok Information Technology Limited (UK), TikTok Inc. (California), TikTok PTE Limited (Singapore), Bytedance Ltd. (Cayman Islands), Beijing Bytedance Technology Co. Ltd. (China) and TikTok Ltd. (also Cayman Islands). The claim is, in essence, that these entities are responsible for the violation of fundamental rights of children and adults. The way in which the personal data of TikTok users is processed and shared with third parties violates the GDPR as well as the Dutch Telecommunications Act and Media Act. It is also claimed that TikTok's terms and conditions violate the Unfair Contract Terms Directive (UCTD - 93/13/EEC) and the relevant provisions of the Dutch Civil Code.

International jurisdiction of the Amsterdam District Court

The first stage of the proceedings, leading up to this interim judgment, deals with the international jurisdiction of the District Court of Amsterdam, as the TikTok entities challenge its international jurisdiction. TikTok requested the Court to refer preliminary questions to the CJEU but the Court refused this request, stating that the questions on (a) how the GDPR and Brussels I-bis Regulation regimes interact and (b) the applicability of Article 79(2) GDPR were deemed resolved.

Relevant jurisdiction rules

Considering the domicile of the defendant(s) and the alleged violation of the GDPR, both EU and Dutch domestic jurisdiction rules come into the picture. TikTok alleges that the Dutch courts do not have jurisdiction over this case under Article 79(2) GDPR. Moreover, TikTok alleges that, since Article 79(2) GDPR is a *lex specialis* in relation to the Brussels I-bis Regulation, the latter cannot be applied to override the jurisdictional rules set out in the GDPR. The three representative organisations argue that the Dutch courts have jurisdiction under both EU private international law rules and the Dutch Code of Civil Procedure (DCCP). Before delving into how the District Court of Amsterdam construed the interaction between the legislations concerned, we will describe the applicable rules on international jurisdiction for privacy violations. The alleged violations occurred, or the claims relate to violations occurring, after 25 May 2018, that is, after the entry into force of the GDPR. TikTok Ireland is a data controller subject to the GDPR. Under Article 79(2) GDPR the “data subjects” (those whose rights are protected by the GDPR) shall bring an action for the violation of their rights in either the courts of the Member State in which the data controller or processor is established or of the Member State in which the data subject has its habitual residence. Furthermore, Article 80(1) GDPR provides for the possibility of data subjects to mandate a representative body which has been properly constituted under the law of that Member State, has statutory objectives which are in the public interest, and is active in the field of the protection of data subjects’ rights and freedoms to file actions on their behalf under Article 79 GDPR.

The case also deals with non-GDPR-related claims, which triggers the application of the Brussels I-bis Regulation, at least as far as the entities domiciled in the EU are concerned. Article 7(1)(a) Brussels I-bis states that, for contractual matters, jurisdiction is vested in the Member State in which the contract is to be performed. More importantly for this case, with regards to torts, Article 7(2) provides jurisdiction for the courts of the place where the harmful event occurred or may occur. Finally, in relation to the TikTok entities that are not domiciled in the EU, the international jurisdiction rules of the Dutch Code of Civil Procedure (Articles 1-14 DCCP) apply. This is the case regarding both GDPR and non-GDPR-related claims. These Dutch rules are largely based on those of the Brussels I-bis Regulation and also include a rule on multiple defendants in Article 7 DCCP.

The claims against TikTok Ireland

The Amsterdam District Court starts its reasoning by addressing whether it has jurisdiction over TikTok Technology Limited, domiciled in Ireland, the entity that is sued by all three representative organisations. The Court states that Article 80(1) GDPR does not distinguish between substantive and procedural rights in granting the possibility for data subjects to mandate a representative body to file actions on their behalf under Article 79 GDPR. Therefore, actions brought under Article 80(1) GDPR can rely on the jurisdictional rule set out in Article 79(2) GDPR which allows for the bringing of actions before the courts of the Member State in which the data subject has its habitual residence. The Court further reasons that the word ‘choice’ enshrined in Recital 145 GDPR, when mentioning actions for redress, allows for the interpretation that it is up to the data subject to decide where she prefers to file her claim. In the case at hand, since the data subjects concerned reside in the Netherlands, they can mandate a representative body to file claims before the Dutch courts.

As to the non-GDPR-related claims and GDPR violations that also qualify as tortious conduct, the District Court considered first whether the case concerned contractual matters, to decide whether Article 7(1) or Article 7(2) Brussels I-bis Regulation applies. For this purpose, the District Court relied on the rule established by the CJEU in *Wikinghof v. Booking.com* (Case C-59/19, ECLI:EU:C:2020:95), according to which a claim comes under Article 7(2) when contractual terms as such and their interpretation are not at stake, but rather the application of legal rules triggered by the commercial practices concerned – or, in other words, contractual “interpretation being necessary, at most, in order to establish that those practices actually occur”. Given that, in this case, the question is whether TikTok’s terms and conditions are abusive under both the UCTD and the DCC, the claim was deemed to fall under Article 7(2) Brussels I-bis Regulation.

Next, the District Court assesses whether the criteria for establishing jurisdiction under Article 7(2) are met. For this purpose it refers to the CJEU ruling in *eDate Advertising and Others* (Case C-509/09, ECLI:EU:C:2011:685). In this case the CJEU ruled that, when it comes to “publication of information on the internet” that triggers an “adverse effect on personality rights”, the habitual residence of the victim being his centre of interests can be regarded as the place in which the damage occurred. The District Court rightfully ruled that since the rights of TikTok users that have their habitual residence in the Netherlands had been

violated through online means, the Netherlands can be regarded as the place in which the damage occurred.

The Court confronts TikTok's argument that, since Article 79(2) GDPR is a *lex specialis* in relation to the Brussels I-bis Regulation, the latter cannot be applied to override the jurisdictional rules set out in the GDPR. As per the Court, the rules on conflict of jurisdiction established by the Brussels I-bis Regulation are general in nature and, as such, cannot be derogated from other than by explicit rules. Hence, the Court interprets Recital 147 GDPR - which states that the application of the Brussels I-bis Regulation should be without prejudice to the application of the GDPR - as being unable to strip away the applicability of the Brussels I-bis Regulation. In the Court's understanding, Recital 147 GDPR points to the complementarity of the GDPR in relation to the Brussels I-bis Regulation, and both regimes coexist without hierarchy. Therefore, according to the Court, the GDPR is not a *lex specialis* in relation to the Brussels I-bis Regulation. Furthermore, the Court notes that, under Article 67 Brussels I-bis Regulation, its regime is without prejudice to specific jurisdictional rules contained in EU legislation on specific matters. While the relationship between the jurisdiction rules of the GDPR and the Brussels I-bis Regulation is not wholly undisputed, in the present case the provisions do not contradict each other, while at the same time in this case also non-GDPR issues are at stake.

The claims against non-EU based TikTok entities

Having established international jurisdiction in the case against TikTok Ireland, the Amsterdam District Court rules on its international jurisdiction in relation to the other TikTok entities sued by two of the foundations. As no EU rules or international convention applies, the Dutch jurisdiction rules laid down in Articles 1-14 DCCP apply. Article 7(1) DCCP contains a rule for multiple defendants and connected claims similar to that in Article 8(1) Brussels I-bis. The Court considers that both legal and factual aspects are closely intertwined in this case. The claims concern several different services, not only the processing of data, and all defendants are involved in the provision of these services. The claims are therefore so closely connected that it is expedient that they are dealt with in the same proceedings.

Outlook

TikTok attempted to appeal this interim judgment on international jurisdiction. Under Article 337(2) DCCP, it is at the court's discretion to grant leave to appeal interim decisions when the appeal is not filed against the final judgment at the same time. In this case, the Court did not find sufficient reasons to allow for such appeal. The case will now proceed on other preliminary matters, including the admissibility of the claim under the WAMCA, and (if admissible) the appointment of the exclusive representative. For this purpose, at the end of its judgment the Court orders parties to provide security as to the financing of the case, which requires submitting to the Court a finance agreement with the third-party financier. After that, assuming that no settlement will be reached, the case will proceed on the merits. It may well be that either of the parties will appeal the final judgment, and that on that occasion TikTok will raise the jurisdictional question again.

To be continued.

GEDIP's Recommendation on the Proposal for a Directive on Corporate Sustainability Due Diligence

Written by Hans van Loon, former Secretary General of the HCCH and Honorary Professor of the University of Edinburgh Law School

As reported in this blog before (see CSDD and PIL: Some Remarks on the Directive Proposal), the European Commission on 23 February 2022 adopted a proposal for a Directive on corporate sustainability due diligence.

Earlier, at its annual meeting in 2021, the European Group for Private International Law (GEDIP) had adopted a Recommendation to the EU Commission concerning the PIL aspects of corporate due diligence and corporate

accountability, and this blog reported on this Recommendation too, see GEDIP Recommendation to the European Commission on the private international law aspects of the future EU instrument on corporate due diligence and accountability.

While some of the recommendations proposed by GEDIP last year are reflected in the Draft Directive, the Draft fails to follow up on several crucial recommendations concerning judicial jurisdiction and applicable law. This will detract from its effectiveness.

In particular:

- The Proposal, while extending to third country companies lacks a provision on judicial jurisdiction in respect of such companies;
- The Proposal, while extending a company's liability to the activities of its subsidiaries and to value chain co-operations carried out by entities "with which the company has a well-established business relationship", lacks a provision dealing with the limitation of the provision on co-defendants in the Brussels I bis Regulation (Article 8(1)) to those domiciled in the EU;
- The Proposal lacks a provision allowing a victim of a violation of human rights to also invoke, similar to a victim of environmental damage under Article 7 of Regulation 864/2007 (Rome II), the law of the country in which the event giving rise to the damage occurred, and does not prevent companies from invoking a less strict rule of safety or conduct within the meaning of Article 17 of Rome II;
- The provision of the Proposal on the mandatory nature of the provisions of national law transposing the Directive (Article 22 (5)) is insufficient because (i) the words "in cases where the law applicable to actions for damages to this effect is not that of a Member State" are redundant and (ii) all these provisions of national law transposing the Directive should apply irrespective of the law applicable to companies, contractual obligations or non-contractual obligations.

GEDIP therefore, on the occasion of its meeting in Oslo, 9-11 September 2022 adopted a Recommendation concerning the Proposal for a directive of 23 February 2022 on Corporate Sustainability Due Diligence, following up on its Recommendation to the Commission of 8 October 2021. The text of the Recommendation can be found [here](#).

[This post is cross-posted at the EAPIL blog]

Chinese Case Law Collection Adds to the CISG's Jurisconsultorium: Reflections on the United Nations Convention on Contracts for the International Sale of Goods and its Domestic Implementations

Dr Benjamin Hayward*

The *United Nations Convention on Contracts for the International Sale of Goods* ('CISG'), currently adopted by 95 States, is a treaty intended to harmonise the laws governing cross-border goods trade: and thereby promote trade itself. So much is made clear in its Preamble:

The States Parties to this Convention, ...

Being of the opinion that the adoption of uniform rules which govern contracts for the international sale of goods and take into account the different social, economic and legal systems would contribute to the removal of legal barriers in international trade and promote the development of international trade,

Have agreed as follows: ...

Art. 7(1) CISG's instruction for interpreters to have regard 'to its international character and to the need to promote uniformity in its application and the

observance of good faith in international trade' establishes a requirement of autonomous interpretation. This, in turn, facilitates the *CISG's* global jurisconsultorium: whereby courts, arbitrators, lawyers, academics, and other interested stakeholders can influence and receive influence in relation to the *CISG's* uniform interpretation. A recent publication edited by Peng Guo, Haicong Zuo and Shu Zhang, titled *Selected Chinese Cases on the UN Sales Convention (CISG) Vol 1*, makes an important contribution to this interpretative framework: presenting abstracts and commentaries addressing 48 Chinese *CISG* cases spanning 1993 to 2005, that may previously have been less accessible to wider international audiences.

A review of this case law collection discloses an interesting phenomenon affecting the *CISG's* Chinese application: at least, until very recently. Pursuant to Art. 142(2) *General Principles of the Civil Law* (which was effective in the People's Republic of China until repealed as of 1 January 2021):

[I]f any international treaty concluded or acceded to by the People's Republic of China contains provisions differing from those in the civil laws of the People's Republic of China, the provisions of the international treaty shall apply, unless the provisions are ones on which the People's Republic of China has announced reservations.

(Translation via Jie Luo.)

Numerous contributions to Guo, Zuo and Zhang's volume – including by Wang, Guo and Zhang; Luo; Luo again; Wang; and Xu and Li – observe that some Chinese courts have interpreted this provision to require the *CISG's* application only where it is inconsistent with non-harmonised Chinese law. Whilst this approach to the *CISG's* application is noteworthy for its inconsistency with international understandings of the treaty, it is arguably more noteworthy for highlighting that national law itself is often 'where the relationship between the convention and national law is regulated'.^[1] Scholarship has given much attention to the success (or otherwise) of Art. 7(1) *CISG* in securing the treaty's autonomous interpretation. However, machinery provisions giving the *CISG* local effect in any given legal system (themselves being matters of 'local legislative judgment') have an apparently-underappreciated role to play, too.

Wang's contribution quotes Han as writing that the Chinese inconsistency

concept's effective implementation of a reverse burden of proof in establishing the *CISG*'s application is a situation that 'I am afraid ... is unique in the world'. On the contrary, and not unlike China's former Art. 142(2) *General Principles of the Civil Law*, Australia's *CISG* implementing Acts still ostensibly frame the treaty's local application in terms of inconsistency. The *Sale of Goods (Vienna Convention) Act 1986* (NSW) s 6 is representative of provisions found across the Australian state and territory jurisdictions: '[t]he provisions of the *Convention* prevail over any other law in force in New South Wales to the extent of any inconsistency'. Case law from Victoria and from Western Australia has read those jurisdictions' equivalent inconsistency provisions as implying the *CISG*'s piecemeal application, only where particular provisions are inconsistent with local law. Looking even further afield, Australia's own use of the *inconsistency* device is far from unique. Singaporean and Canadian legislation make use of the inconsistency concept, as does Hong Kong's recently-promulgated *CISG* Ordinance. In the latter case, the statutory interpretation risks associated with the adoption of an inconsistency provision were drawn to the Hong Kong Department of Justice's attention. However, Australia's statutory model prevailed, perhaps in part because it has previously been put forward as a model for Commonwealth jurisdictions looking to implement the *CISG*.

At the risk of being slightly controversial, at least some scholarship addressing the failings of national *CISG* interpretations may have been asking the wrong question: or at least, missing an important additional question. Instead of asking why any given court has failed to apply and respect Art. 7(1) *CISG*'s interpretative directive, we might instead (or also) usefully ask whether that given State's *CISG* implementation legislation has been drafted so as to invite the local law comparisons that have then been made. Some responsibility for problematic *CISG* interpretations might lie with the legislature, in addition to the judiciary.

In Australia, the *Playcorp* decision – Victoria's inconsistency case referred to above – has been taken by subsequent cases in both the Federal Court and in the Full Federal Court of Australia as authority for the proposition that Art. 35 *CISG*'s conformity requirements equate to the implied terms contained in the non-harmonised *Goods Act 1958* (Vic) s 19. The Federal Court's first-instance decision was itself then cited in New South Wales for that same proposition: leading to a problematic *CISG* interpretation that is now entrenched under multiple layers of precedent. Whilst the equation being made here is rightly

criticised in itself, it has Australia's inconsistency provisions – *in addition to* our courts' failures to apply Art. 7(1) CISG – resting at its core.

Guo, Zuo and Zhang's *Selected Chinese Cases on the UN Sales Convention (CISG) Vol 1* thereby makes a valuable contribution to the *Convention's* jurisconsultorium: first, by virtue of its very existence, but secondly, by its additional disclosure of China's former inconsistency struggles to the wider scholarly community.

[1] Bruno Zeller, 'The CISG in Australasia: An Overview' in Franco Ferrari (ed), *Quo Vadis CISG? Celebrating the 25th Anniversary of the United Nations Convention on Contracts for the International Sale of Goods* (Bruylant, 2005) 293, 299.

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Disclosure: The author is a confirmed contributor to the forthcoming *Selected Chinese Cases on the UN Sales Convention (CISG) Vol 3*.

Special Commission on the Hague Adults Convention: Five Takeaways from its First Meeting

This post was written by Pietro Franzina and Thalia Kruger, and is being published simultaneously on Conflictoflaws.net and on the [EAPIL](http://EAPIL.org) blog.

The delegations of more than thirty Member States of the Hague Conference on Private International Law attended the first meeting of the Special Commission charged with reviewing the operation of the Hague Convention of 13 January 2000 on the international protection of adults. The meeting took place in The Hague and online from 9 to 11 November 2022 (for a presentation of the meeting, see this post on [Conflictsoflaw.net](https://www.conflictsoflaw.net) and this one on the EAPIL blog). A dozen organisations, governmental and non-governmental (including the Council of the Notariats of the European Union, the Groupe Européen de Droit International Privé and the European Association of Private International Law), were also in attendance.

The discussion covered a broad range of topics, leading to the conclusions and recommendations that can be found on the website of the Hague Conference. The main takeaways from the meeting, as the authors of this post see them, are as follows.

The Hague Adults Convention Works Well in Practice

To begin with, the Special Commission affirmed that the Convention works well in practice. No major difficulties have been reported either by central authorities instituted under the Convention itself or by practitioners.

Doubts occasionally appear with respect to some provisions. Article 22 for example provides that measures of protection taken by the authorities of a Contracting State “shall be recognised by operation of law in all other Contracting States”, unless a ground for refusal among those listed in the same provisions arises. A declaration of enforceability, as stipulated in Article 25, is only necessary where measures “require enforcement” in a Contracting State other than the State of origin.

Apparently, some authorities and private entities (e.g., banks) are reluctant to give effect to measures of protection that clearly do not require enforcement, such as a judicial measure under which a person is appointed to assist and represent the adult, unless that measure has been declared enforceable in the State where the powers of the appointed person are relied upon. The Special Commission’s conclusions and recommendations address some of these hesitations, so that they should now prove easier to overcome.

Regarding *exequatur*, see para. 33, noting that “measures for the protection of an adult only exceptionally require enforcement under Article 25”, adding that this may occur, for instance, “where a decision is taken by a competent authority to place the adult in an establishment or to authorise a specific intervention by health care practitioners or medical staff”, such as tests or treatments. Other doubts are dealt with in the practical handbook prepared by the Working Group created within the Hague Conference in view of the meeting of the Special Commission. The draft handbook (first version publicly available), which the Special Commission has approved “in principle”, will be reviewed in the coming weeks in light of the exchanges that occurred at the meeting, and submitted to the Council on the General Affairs and Policy of the Conference for endorsement in March 2023).

Situations Exist in the Field of Adults’ Protection that Are Not (Fully) Regulated by the Convention

The Convention deals with measures of protection taken by judicial and administrative authorities, and with powers of representation conferred by an adult, either by contract or by a unilateral act, in contemplation of incapacity. By contrast, nothing is said in the Convention concerning *ex lege* powers of representation. These are powers of representation that the law of some States (Germany, Austria and Switzerland, for example) confers on the spouse of the adult or a close relative or family member, for the purpose of protecting the adult. Their operation is generally confined to situations for which no measures have been taken and no powers of representation have been conferred by the adult.

The Special Commission acknowledged that *ex lege* powers of representation fall under the general scope of the Convention, but noted that no provision is found in the Convention that deals specifically with such powers. In practice, *ex lege* powers of representation may be the subject of cooperation between the authorities of Contracting Parties (notably as provided for under Chapter V), but, where the issue arises of the existence, the extent and the exercise of such powers, the courts and other authorities of Contracting States will rely on their own law, including, where appropriate, their conflict-of-laws rules.

There is yet another gap that the Special Commission discussed. The Commission observed that instructions given and wishes made by an adult in anticipation of a future impairment of their personal faculties (e.g., in the form of advance

directives), similarly fall within the general scope of the Convention and are subject, as such, to the cooperation provisions in Chapter V. Whether or not a particular anticipatory act constitutes a power of representation for the purposes of Articles 15 and 16, on powers of representation conferred by the adult, is to be determined on a case-by-case basis. Some unilateral acts plainly come within the purview of Articles 15 and 16, as they actually include a conferral of powers on other persons. Others do not, and may accordingly be dealt with by each Contracting State in conformity with their own law.

States Do Not Currently See an Interest in Modifying the Convention

The question has been raised in preparation of the Special Commission whether the Convention ought to be amended, namely by a protocol to be negotiated and adopted in the framework of the Hague Conference on Private International Law. In principle, a protocol would have provided the States with the opportunity to fill the gaps described above, and address other concerns. However, under international law only those Contracting States that ratify the protocol would be bound by the modifications.

The Special Commission witnessed that, at this stage, no State appears to see an amendment as necessary.

Only one issue remains to be decided in this respect, namely whether the Convention should be modified in such a way as to include a REIO clause, that is, a clause aimed at enabling organisations of regional economic integration, such as the European Union, to join the Convention in their own right. The matter will be discussed at the Council on the General Affairs and Policy of the Conference of March 2023.

The decision lies, in fact, in the hands of the Union and its Member States, as this is currently the only Regional Economic Integration Organisation concerned by such a clause. Their decision will likely be affected by the approach that should be taken in the coming weeks concerning the proposal for a regulation on the protection of adults that the Commission is expected to present in the first half of 2023.

Efforts Should Now Be Deployed Towards Increasing the Number of Contracting Parties

The main problem with the Convention lies in the fact that only relatively few States (fourteen, to be precise) have joined it, so far. Several States stressed the importance of further promoting ratification of, or accession to, the Convention.

It is worth emphasising in this respect that the Hague Adults Convention builds, to a very large extent, on cooperation between Contracting States. This means that a State cannot fully benefit from the advantages of the Convention by simply copying the rules of the Convention into its own legislation, or by relying on such rules on grounds of judicial discretion (as it occurs in the Netherlands and to a large extent in England and Wales), but should rather become a party to it.

Various States expressed an interest in the Convention. The responses to the questionnaires circulated in preparation of the meeting of the Special Commission suggest that at least five States are actively contemplating ratification (Hungary, Italy, Luxembourg, Mexico and Sweden), and that others have considered ratification (Slovakia) or are considering it (Argentina). For its part, Malta signed the Convention on the occasion of the meeting of the Special Commission, and will likely ratify it in the not too distant future.

Tools to Enhance the Successful Operation of the Convention

Some of the practitioners present drew the participants' attention to practical difficulties in the cross-border protection of adults. To minimise practical difficulties, the Permanent Bureau, in some instances together with the Working Group on the Adults Convention, developed a number of tools.

The first is an extensive country profile, to be completed by Contracting States and made available on the website of the Hague Conference. This profile includes various matters of national law, such as names and content of measures of protection, jurisdiction of courts or other authorities to issue these measures, transfer of jurisdiction, and names, forms and extent of powers of representation.

The second is a toolkit on powers of representation, which contains detailed information about the national laws of States that provided responses, on for instance who can be granted powers of representation, how this granting must take place, and the permitted extent of the representation.

Concluding remarks

All in all, the issue of the cross-border protection of Adults has rightly gained attention over the past ten years. While States amend their domestic legislation to be in conformity with the UN Convention on the Rights of Persons with Disabilities, they seem to be increasingly aware of the importance of ensuring cross-border continuity. This includes continuity of measures of protection issued by authorities such as courts, as well as the powers of representation granted by adults themselves. These matters of private international law require dialogue on the international and European Union level, more States to join the Convention, and tools to assist practice.

Report from the 2022 Hague Academy Summer Course in PIL



Written by Martina Ticic, University of Rijeka, Faculty of Law; Croatian Science Foundation (HRZZ) doctoral student

For anyone interested in the area of private international law, the Hague Academy of International Law and its Summer Courses on Private International Law have been one of the must-do's ever since the Academy opened its doors in 1923. Each year, hundreds of students, academics and practitioners attend the courses given by renowned lecturers, while the Academy also offers multiple social and embassy visits, an access to the famous Peace Palace Library, as well as ample opportunities for discussion between the attendees who all come from different backgrounds. It seems that this report comes in quite timely as the programme for the 2023 Summer Course has just been announced.

The 2022 edition once again proved the immense value that the Summer Courses offer. From 1 to 19 August, the Academy hosted the attendees of over 60 different

nationalities, providing them with lectures and seminars on various relevant topics, some time for research and visits to many of the Hague's international organisations, but also an opportunity for exchange of ideas, networking and creating friendships. As such, the Academy was truly a place to be this summer for everyone wanting to learn more on the matters of private international law, as well as to connect with others who share the same or similar interests.

After the welcome speech by prof. **Jean-Marc Thouvenin**, Secretary-General of the Academy, this year's inaugural lecture was given by Dominique Hascher, judge at the Supreme Judicial Court of France. Judge Hascher opened the Summer Courses with the lecture on 'The Role of International Law in the Review of Awards'.

The General Course was given by **Louis d'Avout**, a professor of private international law at the Université Paris II Panthéon-Assas. Titled 'Towards Worldwide Law Consistency', the course provided the attendees with an overview of the core idea on which the discipline of conflict of laws was built upon: the coherence of rules of individual conduct on the global level. By analysing the sole definition of private international law, coordination mechanisms, the concept of legal relativity, connecting rules and factors, transnational cooperation and vertical disciplines in the regional context, prof. d'Avout offered a holistic view on the discipline of private international law itself, making the course a necessity for anyone wishing to excel in this area of law, either as a practitioner or as an academic. Through his lecture, prof. d'Avout invited all of the participants, particularly the younger generation of lawyers, to work towards the global coherence of law, as the desirable state of the system of law in general is that of a 'social construction' which guarantees predictability and security for its subjects that are faced with various sources of law and modes of conflict resolution. The course lasted for two weeks, which meant that there was plenty of time for participants to acquaint themselves with the matter at hand. Two of the seminars on the chosen topics were also held in the course of the two weeks.

Prof. **Arnaud Nuyts**, from the Université Libre de Bruxelles, held a Special Course on 'The Forum for Cyber-Torts', which is an excellent topic in today's day and age. He highlighted the diversity of civil cyber-torts, as well as the challenges of locating the torts that are committed on-line. The course also touched particularly upon European legal framework and the guiding principles of its case law, while also analysing the 'trichotomy' of the forum for cyber-torts: the forum

for the place of the causal event, the forum for the place of accessibility of the website and the forum for the centre of interests of the victim.

Prof. **Ulla Liukkunen**, from the University of Helsinki, presented her Special Course on 'Mandatory Rules in International Labour Law', another important topic considering the rising number of cross-border workers. As labour law is often connected to domestic rules, it is interesting to observe more closely the relationship between labour law and private international law. Throughout the course, the special nature of cross-border employment was acknowledged and the participants were acquainted with the concepts of triangular contracts, weaker-party protection, International Labour Organisation, the 'decent work' objective, etc. Prof. Liukkunen particularly highlighted the pluralism of regulatory sources in international labour law, and pointed to the fact that labour rights-based approach to decent work in developing regulatory private international law would advance the necessary protection for workers and ensure decent work for all.

Prof. **Tiong Min Yeo**, from the Singapore Management University, held a Special Course titled 'Common Law, Equity, and Statute: Effect of Juridical Sources on Choice of Law Methodology'. The course offered insight into the topic of choice of law methodology and the analysis that must be done in order to select the applicable law rules. It presented three juridical sources in hierarchy: statute, equity and common law. The analysis of various case law served to explain the effects that these sources have on the choice of law methodology.

Prof. **Kermit Roosevelt III**, from the University of Pennsylvania Carey Law School, presented the topic of 'The Third Restatement of Conflict of Laws'. Throughout this Special Course, the history of American choice of law was examined so as to better understand the context of the Third Restatement of Conflict of Laws, a current project of the American Law Institute. From the beginnings of American choice of law characterised by territorialist approach in the First Restatement and the Second Restatement as a 'transitional document', to the goals and framework of the Third Restatement, the course portrayed the full picture of the American choice of law rules. One of the core ideas that prof. Roosevelt developed throughout the course is that there are two different sets of values that a choice of law system should promote: so-called 'right answer' values and 'systemic' values. While the former one relates to selecting the law of the state with the best claim to regulatory authority, the latter relates to the certainty, predictability, uniformity and ease of application of the system.

Prof. **João Bosco Lee**, from the Universidade Positivo Brazil, presented an arbitration-related topic titled 'The Application of International Conventions by Arbitrators in International Trade Disputes'. On the one hand, this Special Course examined the application of international conventions pertaining to the law applicable to the merits of the dispute in international commercial arbitration, either according to the choice of the parties or by the effect of determination of the *lex cause* by the arbitrator(s). On the other hand, the participants got the chance to study the cases in which international conventions could intervene in the resolution of international commercial arbitration without being the applicable law on the merits.

Prof. **Marco Frigessi di Rattalma**, from the Brescia University, held a Special Course on the 'New Trends in the Private International Law of Insurance Contracts'. By focusing on the specific cases that emerged in the recent years in the field of private insurance, the attendees of the course were immersed in diversity of topics relating to jurisdiction and applicable law in the matters of insurance contracts, the specific types of insurance contracts, compulsory insurance against civil liability in respect of the use of motor vehicles, as well as the impact of fundamental rights on such matters. Prof. Frigessi di Rattalma posed various important questions during his analysis of the relevant issues, e.g. what can characterise as an insurance contract; whether EU law may permit derogation from the equal treatment of men and women provided by insurance contracts in accordance with the applicable national law to persist indefinitely; what exactly falls under the notion of 'use of vehicles' in regards to Directive 2009/103 on the insurance against civil liability in respect of the use of motor vehicles; etc.

Additionally, *special lectures were given in tribute to the late Professor Emmanuel Gaillard* who was originally meant to hold the General Course at the 2022 Summer Courses. These lectures were held by **Yas Banifatemi**, **Diego P. Fernandez Arroyo**, **Dominique Hascher**, **Horatia Muir Watt** and **Luca Radicati di Brozolo** respectively, each of them focusing on a particular issue related to arbitration, the topic most dear to prof. Gaillard, as well as familiarising the attendees with the persona of Emmanuel Gaillard.

In the afternoons, participants could attend seminars and some of the lectures on specific topics which were organised each week, e.g. Lecture on the Permanent Court of Arbitration by Brooks Daly, Lecture on the use of the Library by Candice

Alihusain, Lecture on the International Court of Justice by Florence Zaoui, Lecture on 'Fighting Human Trafficking: the Dutch Approach' by Warner ten Kate, Lecture on the Hague Conference on Private International Law by Philippe Lortie, and 'International Commercial Arbitration: the Role of Private International Law in the Lifespan of an Arbitral Procedure' by Gerard Meijer and Camilla Perera-de Wit. For those eager to learn more, two extra short courses were held in addition: one on the law of the European Union held in the span of the first week and given by dr. Thomas Vandamme, and the other on the matters of Comparative Law, held on Saturday of the first week and given by dr. Brooke Marshall.

The participants were also given an opportunity of visiting some of the international organisations that are stationed in the Hague. For this year's session, the Academy planned visits to the Hague Conference on Private International Law, the International Criminal Court, the Kosovo Specialist Chambers, the Organisation for the Prohibition of Chemical Weapons and the Residual Special Court for Sierra Leone. By visiting various organisations that deal with such variety of matters, the attendees got a truly immersive experience. Besides the international organisations, visits to multiple embassies were organised, so the participants also got the feel of diplomacy. Various other activities were also held, e.g. a reception at the City Hall, Beach Party, Grotius Peace Palace Library Tour and a visit of the extraordinary Peace Palace itself.

During the Courses, the most advanced attendees had the opportunity to attend the Directed Studies sessions which delved deep into many intricate questions of private international law. An even smaller fraction of those students in the end got the chance to participate in the prestigious Diploma Exam of the Academy. In this year's Private International Law session, one Diploma by the Academy was awarded to Ms. Madeleine Elisabeth Petersen Weiner.

As it is obvious from the overview presented above, the 2022 Summer Courses on Private International Law were, as always, a huge success. Over 200 participants from all over the world and from various professional backgrounds got the experience of a lifetime thanks to the Academy, its Summer Courses and all the additional benefits that come with it. For anyone still doubting whether the Summer Courses, or perhaps the newer addition of the Winter Courses, are worth to attend, this post can serve as a clear answer and affirmative one at that.