

Publication - Electronic Consumer Contracts in the Conflict of Laws

Hart Publishing has kicked off its new Studies in Private International Law series with Zheng Sophia Tang's excellent *Electronic Consumer Contracts in the Conflict of Laws* (2009). It is based upon Sophia's PhD thesis, completed at the University of Birmingham in 2007. The blurb:

The application of private international law to electronic consumer contracts raises new, complex, and controversial questions. It is new because consumer protection was not a private international law concern until very recently and e-commerce only became an important commercial activity within the last ten years. E-consumer contracts generate original questions which have not been considered under traditional private international law theories. It is complex because it has to deal both with difficulties raised by consumer contracts and the challenges of e-commerce. Reasonable resolutions to consumer contracts may prove inappropriate in e-commerce, while effective approaches to resolving private international law problems in e-commerce may be improper for consumer contracts. It is controversial because it concerns the conflicting interests of consumers and businesses in a fast-moving commercial environment – a fair balance is therefore hard to achieve.

Without proper solutions provided by private international law, consumers will not be confident about purchasing online, and businesses will face unreasonable risk and participation costs in e-commerce. Updated and properly designed private international law rules are essential to the further development of e-commerce. This book aims to provide an answer to the urgent requirement for legal certainty, security and justice in e-consumer contracts. It is primarily concerned with existing approaches to jurisdiction and choice of law issues in e-consumer contracts in the European Community and England, but some typical approaches in other jurisdictions are also examined. Based on the analysis and the comparative study of the existing law, the book seeks to provide a proposal as to what the law should be in order to provide certainty to both parties, to provide reasonable protection to consumers, and to promote the development of e-commerce.

You can purchase it from Hart Publishing for £50.00, or from Amazon for £47.50.

Publication – Resolving International Conflicts

Peter Hay (Emory Univ. – Law), **Lajos Vékás** (ELTE – Law), **Yehuda Elkana** (Central European Univ.), & **Nenad Dimitrijevic** (Central European Univ. – Political Science) have published *Resolving International Conflicts: Liber Amicorum Tibor Várady* (Central European Univ. Press 2009). The contents:

- John J. Barceló III, Expanded judicial review of awards after Hall Street and in comparative perspective
- David J. Bederman, Tibor Várady's advocacy before the international court of justice
- Peter Behrens, From "real seat" to "legal seat": Germany's private international company law revolution
- László Burián, The impact of community law on the determination of the personal law of companies
- Richard M. Buxbaum, Public law, Ordre public and arbitration: a procedural scenario and a suggestion
- Richard D. Freer, Forging American arbitration policy: judicial interpretation of the Federal Arbitration Act
- Guy Haarscher, The decline of free thinking
- Attila Harmathy, Questions of arbitration and the case law of the European court of justice
- Peter Hay, Recognition of a recognition judgment within the European Union: "double exequatur" and the public policy barrier
- László Kecskés, European Union legislation and private international law: a view from Hungary
- János Kis, Constitutional democracy: outline of a defense
- Ferenc Mádl, The European dream and its evolution in the architecture of the treaties of integration

- Vladimir Pavič, 'Non-signatories' and the long arm of arbitral jurisdiction
- Hans-Eric Rasmussen-Bonne, The pendulum swings back: the cooperative approach of German courts to international service of process
- Kurt Siehr, Internationale schiedsgerichtsbarkeit über kulturgutstreitigkeiten
- Lajos Vékás, About the Rome II regulation: the European unification of the conflict rules to torts
- Johan D. van der Vyver, The United States and the jurisprudence of international tribunals

I cannot find the book on the CEU Press website, but here's a link to it on Amazon, where it is £30.35.

Publication: Intellectual Property and Private International Law

Happy New Year to everybody. I have not posted in a while, but am now  freed from the shackles of teaching (well, mostly) for this year, and so can devote myself to conflictolaws.net once again (not, I'm sure, that anyone noticed my absence, given the dedication of my co-editors).

In any event, a few new publications dropped into my pigeon-hole in late 2009, and here's the first: Intellectual Property and Private International Law, edited by Stefan Leible and Angsar Ohly (Mohr Siebeck, 2009). The blurb:

The relationship between intellectual property law and private international law has not always been an easy one. To many intellectual property lawyers, private international law seems like an esoteric and complicated field of law with many potential pitfalls. Hence there is a tendency to look for simple, straightforward rules such as the principle of territoriality and the lex loci protectionis rule and to solve more complex issues such as the collision of signs on the internet within substantive law. Private international lawyers, on the other hand, resent the territorial segmentation which results from the application of both

principles. The fact that both fields of law are specialist matters, difficult to penetrate for outsiders, has complicated the discourse between both legal disciplines. Nevertheless there is a growing awareness that choice of law issues in this field really matter. The importance of intellectual property rights in a knowledge-based economy is increasing steadily. At the same time, the traditional principles governing the choice of law in intellectual property disputes have come under challenge in a globalized world dominated by internet communication. Eminent American and European scholars of both fields discussed different topics concerning the relationship between intellectual property law and private international law at the Bayreuth Conference "Intellectual Property and Private International Law" (4/5 April 2008). This volume comprises the papers which were presented.

ISBN 978-3-16-150055-8. Price: € 59.00. Purchase it direct from the Mohr website.

French Conference on Breach of Jurisdiction Agreements

The Master of arbitration and international commercial law of the university of Versailles Saint-Quentin will organize a conference on January 19th on *Damages for Breach of Jurisdiction and Arbitration Agreement*. 

The speaker will be professor Koji Takahashi, from Doshisha University (Kyoto, Japan). Prof. Takahashi has published several articles on the topic, both in Japanese and in English. In particular, he has published an article on Damages for Breach of Choice of Court Agreements at the 2008 Yearbook of Private Int'l Law.

The conference will begin at 5 pm and will be held in English. It is free of charge.

Details can be obtained from Ms Chantal Bionne, Tél. : 01 39 25 52 55 ou courriel: chantal.bionne@uvsq.fr

Approach to Jurisdiction under the CJPTA

The British Columbia Court of Appeal's decision in *Stanway v. Wyeth Pharmaceuticals Inc.*, 2009 BCCA 592 ([available here](#)) is an important contribution to the developing Canadian jurisprudence on the Civil Jurisdiction and Proceedings Transfer Act, a statute governing the taking of jurisdiction that has been adopted in several provinces.

A leading common law approach to the question of whether there is a real and substantial connection between a dispute and the forum (the test for jurisdiction) is that outlined in the Court of Appeal for Ontario's decision in *Muscutt v. Courcelles* ([available here](#)). There is an ongoing controversy about the extent to which that approach has any relevance after a province has adopted the CJPTA. This is because the statute sets out an open-ended list of situations in which a real and substantial connection is presumed to exist (s. 10). However, it remains open to a plaintiff (under s. 3) to otherwise establish such a connection, and on one view the approach in *Muscutt* is relevant to that analysis. See in Nova Scotia the decision in *Bouch v. Penny* ([available here](#)).

In *Stanway* the court expresses considerable hostility towards the *Muscutt* approach. It references academic and judicial criticism of the decision, while selectively omitting any reference to the competing academic and judicial support for it. It makes clear that it has no application in cases that are caught by s. 10. It does not indicate what should happen in cases outside that section, but the overall tone suggests that it would not welcome using *Muscutt* in such cases.

My own view is that the *Muscutt* analysis should remain relevant to cases that are not caught by the statutory presumptions - cases which the statute has deliberately chosen to leave governed by the open-ended language of the real and substantial connection test.

Some might find it interesting that despite the difference in analysis between the appellate court and the motions court judge in *Stanway*, this is one of many cases

where the two competing analyses reach the same conclusion (here that the court of British Columbia has jurisdiction).

The approach in *Muscutt* is the dominant one in Ontario, which has not enacted the CJPTA. However, last October the Court of Appeal for Ontario heard submissions about whether that approach should be modified. The decision in those appeals is eagerly awaited.

Private International Law Dispute before the ICJ (Belgium v. Switzerland on the Interpretation and Application of the Lugano Convention)

The increasing intertwining between private international law and public international law has been once again and very recently proved. The International Court of Justice will indeed be the theatre of a promising interesting debate between Belgium and Switzerland in respect of the Lugano Convention.

On 21 December 2009, Belgium initiated proceedings against Switzerland in respect of a dispute concerning the interpretation and application of the Lugano Convention on jurisdiction and the enforcement of judgments in civil and commercial matters (see the Press Release).

The dispute has arisen out of the pursuit of parallel judicial proceedings in Belgium and Switzerland concerning the alleged misconduct of the Swiss shareholders in Sabena, the former Belgian airline now in bankruptcy. The Swiss shareholders SAirgroup (formerly Swissair) and its subsidiary SAirLines, also now in bankruptcy, and the Belgian shareholders (the Belgian State and three companies directly or indirectly held by the Belgian State) in Sabena entered into

different contracts between 1995 and 2001 for among other things the financing and joint management of Sabena. These contracts provided for the exclusive jurisdiction of the Brussels courts and for the application of Belgian Law.

Proceedings were first initiated by the Belgian Shareholders before the Brussels courts for contractual liability and tort. The Brussels Court found its jurisdiction on the basis of art. 17 and 5(3) of the Lugano Convention but rejected the claims for damages brought by the Belgian shareholders. The Court of Appeal of Brussels by a partial judgment upheld the Belgian court's jurisdiction over the dispute. The proceedings on the merits are still pending before that court.

In the mean time, the Swiss shareholders (Swissair and its subsidiary) submitted to the Zurich courts an application for a debt-restructuring moratorium, which ended in the bankruptcy of the Swiss shareholders. The Belgian shareholders sought to declare their debt claims (whose existence and amount depended on the proceedings before the Brussels court) against them in these proceedings.

In a decision rendered on 30 September 2008, the Swiss Federal Court rejected the application of the Lugano Convention on this matter and declined to stay its proceedings on the basis that the Swiss courts had exclusive jurisdiction because of the territoriality principle and the procedural nature of the dispute. According to Belgium, the refusal by the Swiss Courts and more particularly the Federal Supreme Court to apply the Lugano Convention and consequently the refusal to recognize the future Belgian decision and to stay their proceedings, violate various provisions of the Lugano Convention and "the rules of general international law that govern the exercise of State authority, in particular in the judicial domain".

It is worth noticing that according to Belgium, the Lugano convention does not provide for a dispute settlement mechanism and the standing committee established by the protocol 2 on the uniform interpretation of the convention does not have jurisdiction in this matter. In its application (§48), Belgium submits also that the European Court of Justice does not have jurisdiction since the "new Lugano Convention", for which the European commission has exclusive jurisdiction, is not applicable.

Swiss Institute of Comparative Law: Conference on the EU's Proposal on Succession

✖ On Friday, 19th March 2010, the **22nd *Journée de droit international privé***, organised by the **Swiss Institute of Comparative Law** (ISDC) and the **University of Lausanne** (Center of Comparative Law, European Law and Foreign Legislations), will analyse the **Commission's Proposal on Succession**: "Droit international privé des successions – quel futur en Europe et en Suisse?".

The list of confirmed speakers includes *Prof. Andrea Bonomi* (Univ. of Lausanne), *Prof. Paul Lagarde* (Univ. of Paris I – Sorbonne) and *Prof. Oliver Remien* (Univ. of Würzburg). A detailed programme and further information will be posted as soon as available.

Publication: Reithmann/Martiny: Internationales Vertragsrecht

The 7th edition of the work

Internationales Vertragsrecht



edited by *Christoph Reithmann* and *Dieter Martiny*

has recently been published.

The new edition of this well-established book includes in particular the new Rome I Regulation (Regulation (EC) No. 593/2008) and the consequences resulting from

the transformation of the Rome Convention into a Community Regulation and encompasses all relevant types of cross-border contracts.

The work is structured into seven major parts:

The **first part** deals with the determination of the law governing the contract. Here, the process of the unification of law is described, taking into account in particular the Rome I Regulation, i. e. its historical background – and therefore also the Rome Convention – its scope of application, its relationship to other Community instruments as well as existing international conventions and its different choice of law rules. Further, this first part contains practical advice for the drafting of contracts.

The **second part** of the book is dedicated to the scope of the law governing the contract as for instance consent, material validity, the interpretation of contracts, the content of contracts, defective performance, burden of proof, limitation of actions, voluntary assignment, subrogation, multiple liability and the transfer of obligations.

The **third part** deals with non-contractual obligations and culpa in contrahendo and therefore refers to the Rome II Regulation: In particular, the book addresses the question of freedom of choice (Art. 14 Rome II) and the basic principles which are common to unjustified enrichment and negotiorum gestio such as accessory connection, common habitual residence and manifest closer connection. Further, the law applicable to unjust enrichment, negotiorum gestio and culpa in contrahendo under the Rome II Regulation is described as well as its scope (Art. 15 Rome II). In addition, this part covers also subrogation (Art. 19 Rome II) and multiple liability (Art. 20 Rome II).

The **fourth part** concerns overriding mandatory provisions (Art. 9 Rome I). Here, the first chapter is dedicated to the historical background of Art. 9 and gives an overview of this rule. The second chapter deals with the application of Art. 9 and therefore in particular with its scope, its (restrictive) interpretation and its effects. The third chapter addresses overriding mandatory provisions of the law of the forum (Art. 9 (2) Rome I), while the fourth chapter deals with mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed (Art. 9 (3) Rome I). The fifth and the sixth chapter are dedicated to foreign currency and to formalities.

The **fifth part**, constituting the main part of the work, is dedicated to the different types of contracts: contracts of sale (including CISG); different types of contracts on the provision of services such as for instance contracts for work and services, leasing, guarantees, loans and brokerage agreements; further contracts on immovable property (here in particular the sale of land and ground lease); contracts on intellectual property; franchise contracts; commercial agency contracts and distribution agreements; contracts concerning the financial market; contracts of carriage; consumer contracts; transactions such as share and asset deals and joint ventures; insurance contracts and employment contracts.

The **sixth part** deals with questions of agency and power of disposal. Therefore, the book contains inter alia chapters on the law applicable to agency, the power of disposition of insolvency administrators as well as different kinds of restrictions of the power of disposal.

The **seventh** and last **part** of the book covers choice of court as well as arbitration agreements.

More information on this book can be found on the publisher's website, where it can be ordered as well.

The Enforceability of Forum Selection Clauses: Federal or State Law?

The Supreme Court has long-extolled a federal policy favoring liberal enforcement of forum selection clauses and has held that such clauses “should control absent a strong showing that [they] should be set aside.” *Carnival Cruise Lines, Inc. v. Shute*, 499 U.S. 585, 587, 591 (1991); *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 10, 15 (1972). Despite this federal policy, however, when federal courts derive their jurisdiction from diversity, the familiar *Erie* doctrine requires those courts to apply state—and not federal—law to determine the enforceability of all

contracts. The United States Court of Appeals for the Sixth Circuit is the most recent federal court to grapple with a question at the intersection of these concepts: When sitting in diversity, is the enforceability of a forum selection clause in an international contract determined by reference to state or federal law? A deep split of federal authority on this issue has been acknowledged for over fifteen years. *See, e.g., Lambert v. Kysar*, 983 F.2d 1110, 1116 n.10 (1st Cir. 1993) (citing conflicting authority, and calling the resolution a “daunting question”).

In *Wong v. PartyGaming Ltd.*, No. 09-cv-0432 (6th Cir., Dec. 21, 2009), the Defendant—a Gibraltar-based company—earned a dismissal of the lawsuit filed against it in Ohio on the basis of forum non conveniens. One of the private factors that guided that determination was the existence of a forum selection clause favoring Gibraltar in the parties’ contract. On review, the court of appeals had to consider the enforceability of that clause. Noting the divergences between Ohio and federal law, however, it first had to confront the choice of law issue. Looking at the law of other Circuits, the court noted that “six Circuits have held that the enforceability of a forum selection clause implicates federal procedure and should therefore be governed by federal law.” On the other hand, at least two circuits have considered the question to be substantive, and thus determined under state law, while two others remain plagued by intra-circuit conflicts on the issue. The Sixth Circuit found “persuasive the law used in the majority of circuits,” and held that “[g]iven the possibility of diverging state and federal law on an issue of great economic consequence, the risk of inconsistent decisions in diversity cases, and the strong federal interest in procedural matters in federal court,” federal law should govern the question. The clause was deemed valid, and the decision affirmed.

Judge Lynch in the Southern District of New York noted nearly a decade-ago that this “question may become increasingly academic, as more and more states adopt the federal rule on forum-selection clauses. At one time, American jurisdictions generally rejected their validity. Today, a clear majority of the states have reversed this stand, and, in agreement with the federal rule of *The Bremen*, will enforce forum-selection clauses unless they create injustice or were imposed by fraud.” *Licensed Practical Nurses, Technicians & Healthcare Workers v. Ulysses Cruises*, 131 F. Supp. 2d 393 (S.D.N.Y. 2000). Still, as Ohio law illustrates, the problem remains a practical concern. This question will certainly keep arising in

forum non conveniens cases, and in cases seeking to enforce the forum selection clauses at the outset of a case. At least when those clauses underlie a foreign judgment that is submitted for recognition in the United States, however, the legislation implementing the Hague Choice of Courts Convention should force some much-needed harmony into the field.

English Book on the Rome I Regulation



Will the new Rome I Regulation meet its goals

- to improve the predictability of the outcome of litigation?
- to bring certainty as to the law applicable and the free movement of judgments?
- to designate the same national law irrespective of the country of the court in which an action is brought?

Edited by Prof. S. Leible (University of Bayreuth) and F. Ferrari (University of Verona), the joint-first English book on the Rome I Regulation is conceived to address these issues. To do so it collects the papers submitted to the conference “The Rome I Regulation”, held in Verona on March 2009 (see post by Martin George), where the most important features of the Rome Regulation (party autonomy; contracts concerning intellectual property rights; contracts of carriage; consumer contracts; employment contracts; set off; mandatory rules; public policy...) were outlined and discussed by distinguished legal experts all over Europe and beyond.

You can view pricing and the table of contents on the Sellier website.