Swedish Supreme Court on Legal Basis for Jurisdiction

The Swedish Supreme Court (Högsta Domstolen) recently rendered a decision on the legal basis for its international adjudicatory authority in civil matters when the Council Regulation no 44/2001 of 22 December 2000 (hereinafter "the Brussels I Regulation") is inapplicable. The decision rendered 15 June 2007 with case no. Ö 494-06 can be retrieved here.

Parties, facts, contentions before the court

The plaintiff, BIG, a company domiciled in Sweden, served the defendant, Isle of Man Assurance Limited (IOMA), an insurance company domiciled in Isle of Man, with a subpoena in a Swedish court, asking that court to force IOMA to pay BIG 48 million Swedish Kroner on the basis of BIG having acquired the rights and obligations of the original policyholders´ insurance agreement with IOMA entered into in November 1991. The background for that agreement was allegedly that BIG in 1991-92 had offered goods to customers while issuing certificates promising to repay customers the sum of the purchase price 10 years after purchase. BIG contended IOMA in accordance with an insurance agreement had promised to recompense BIG for the sum equivalent to that of the sum claimed in accordance with the said certificates. The judgment of the First Instance was appealed to the Swedish Court of Second Instance (Hovrätten för Övre Norrland) whose judgment was appealed to the Swedish Supreme Court.

Ratio decidendi of the Swedish Supreme Court

First, the Swedish Supreme Court questioned whether there was legal basis for attributing adjudicatory authority to Swedish courts.

Second, the Swedish Supreme Court stated that Swedish law did not have any general rules for determining Swedish adjudicatory authority in international civil and commercial disputes, which, by contrast exist in the Brussels I Regulation and the Lugano Convention. The former is, within its scope of application, directly applicable in Sweden and is applicable in disputes involving parties domiciled in the EU, whereas the latter is adopted and implemented by incorporation as law in Sweden and is applicable in international civil and commercial matters between

persons domiciled within EFTA-States, and between persons domiciled in an EFTA-State and an EU-State.

Third, the Swedish Supreme Court asserted that in accordance with the Brussels I Regulation and the Lugano Convention, when the defendant is domiciled in a Member State or Contracting State, the plaintiff may, in accordance with the main rule of jurisdiction in Article 2, sue the defendant at the place of the defendant's domicile. By contrast, if the defendant is not domiciled in a Member State or Contracting State, the international adjudicatory authority is as a main rule to be determined by national law, including also disputes relating to insurance. Since the defendant, IOMA, was domiciled in Isle of Man where IOMA pursued its business activities, and Isle of Man neither is a Member of the EU nor is a contracting State to the Lugano Convention, it follows that the question of international adjudicatory of Swedish courts must be determined by national Swedish rules.

Fourth, the Swedish Supreme Court stated there did not exist any particular rules in Swedish national law determining international adjudicatory authority of Swedish courts. Under such circumstances, the Court reasoned, this question is to begin with determined by analogical application of the forum-rules in Chapter 10 of "Rättegångsbalken", which in this case did not support the attribution of adjudicatory authority to Swedish courts.

Fifth, BIG contended that Swedish courts were competent to adjudicate, insisting, first, that the insurer, in accordance with Brussels I Regulation (and the relevant provisions in the Lugano Convention) may be sued not only in the courts of the State where the insurer is domiciled (Article 9.1.a), but also, in case of actions brought by the policyholder, the insured or a beneficiary, in the courts for the place where the plaintiff is domiciled (Article 9.1.b), and, second, that the insurer, in accordance with Brussels I Regulation Article 10 (and the relevant provisions in the Lugano Convention) may be sued in the courts for the place where the harmful event occurred. Further, BIG contended – with reference to the Swedish Supreme Court decision in NJA 1994 p. 81, where the Court had stated that "the Lugano Convention must be seen as expressing international accepted principles on conflicts of competence between courts of different States" – that the rules of the Brussels I Regulation and the Lugano Convention should be applicable in order to attribute adjudicatory authority to Swedish courts regardless of the said regulations not being directly applicable. In answering those contentions, the

Swedish Supreme Court pointed out, first, that the Court had stated that cited phrase in a dispute between two Swedes in relation to a better right to foreign patent claims, and, second, that the cited phrase was occasioned by the circumstance that the Lugano Convention on exclusive jurisdiction in proceedings concerned with certain patent claims did not give better rights for the seeking of a patent invention, and by consequence was not an argument for the lack of Swedish adjudicatory authority. Further, the Swedish Supreme Court pointed out that the reasoning in NJA 1994 p. 81 – that Swedish courts in that case had adjudicatory authority in accordance with the main principle that defendants shall be sued in the courts of the State where they are domiciled – was not to be conceived as an expression of a general principle so that the rules of the Brussels I Regulation (and the Lugano Convention) were applicable by analogy in cases where the question of adjudicatory authority is to be determined in accordance with national law. Furthermore, in support of such lack of a general principle, the Swedish Supreme Court referred to NJA 2001 p. 800.

Sixth, having concluded that the Brussels I Regulation and the Lugano Convention neither were expressions of general principles, nor were applicable by analogy, the Swedish Supreme Court emphasized that those regulations nevertheless could serve as an important basis for the assessment of whether there should be sufficient ground to attribute adjudicatory authority to Swedish courts even in situations when these regulations were not directly applicable.

Seventh, in recognizing that the Brussels I Regulation and the Lugano Convention expressly are based on the main principle that defendants shall be sued in the courts of the State where they are domiciled, the Swedish Supreme Court stated that one consequence thereof is that exceptions to the main rule are to be interpreted restrictively, also including the rules of jurisdiction in matters of insurance. Further, the Court stated that if the Brussels I Regulation and the Lugano Convention were to serve as legal basis for adjudicatory authority in accordance with Swedish law, it had to be required that adjudicatory authority could have been attributed to Swedish courts if the Brussels I Regulation and the Lugano Convention were applicable.

Eighth, responding to BIG´s contention that Article 10 of the Brussels I Regulation attributed adjudicatory authority to Swedish courts, the Swedish Supreme Court stated, first, that liability insurance is in general considered as an insurance covering responsibility of damage in relation to a third party, and,

second, that the insurance at hand in this case could not be qualified to count as liability insurance. Consequently, the Court reasoned, the Brussels I Regulation Article 10 is inapplicable and could therefore not serve as legal basis for attributing adjudicatory authority to Swedish courts.

Ninth, responding to BIG´s contention that Article 9.1.b of the Brussels I Regulation attributed adjudicatory authority to Swedish courts, the Swedish Supreme Court stated, first, that Article 9.1.b presupposes either the policyholder, the insured or a beneficiary to serve the defendant with a subpoena and start court proceedings, which was not the circumstances of the case since the insurance agreement was not entered into between the plaintiff, BIG, and the defendant, IOMA, but was rather an insurance agreement where BIG had acquired the rights and obligations of the original policyholders. Therefore, the Swedish Supreme Court doubted that BIG could be qualified to count as "insurer" within the meaning of Article 9.1.b of the Brussels I Regulation. Having regard to the purpose of that Article, which is to protect the weaker party to the agreement (referring to point 13 of the Preamble of the Brussels I Regulation), its primary purpose is usual standard types of insurance agreements, which in the case at hand deviated there from. Against this background, the Swedish Supreme Court concluded that the Brussels I Regulation Article 9.1.b would not be a strong argument for attributing adjudicatory authority to Swedish courts (referring in parenthesis to the European Court of Justice, Judgment of 13 July 2000, Group Josi Reinsurance Company vs Universal Insurance Company).

Tenth, the Swedish Supreme Court went on to comment, that in determining how and to what extent the Brussels I Regulation and the Lugano Convention should and could be legal basis for attributing adjudicatory authority to Swedish courts in accordance with Swedish national law, the Court stated that both regulations also contain rules on recognition and enforcement of judgements, and that the rules on jurisdiction had been formed in relation to the obligations following from the rules on recognition and enforcement of judgements (and with a view to a common legal market), which especially was the case with insurance disputes.

Eleventh, having regard to the foregoing considerations, the Swedish Supreme Court concluded that without legal support in Swedish law in general, it was out of the question to attribute adjudicatory authority to Swedish courts in insurance disputes as the Brussels I Regulation, independent of the object of the insurance agreement, who the policyholder or insured is, or where the insurer is domiciled

or has his place of business. Such special circumstances, which could occasion the attribution of adjudicatory authority to Swedish courts in the present case had not been presented to the Court. Hence, the Swedish Supreme Court concluded that Swedish courts lacked adjudicatory authority.

Third Issue of 2007's Journal du Droit International

The last issue of the *Journal du Droit International* contains three articles dealing with conflict issues. They are all written in French.

The first is authored by Cecile Legros, who lectures at the Faculty of Law of Rouen. It deals with Conflicts of Norms in the Field of International Contracts for Carriage of Goods ("*Les conflits de normes en matière de contrats de transport internationaux de marchandises*"). The English abstract reads:

> *The originality of the international conventions in the field of international transport contracts comes from their comprising, in addition to rules regarding the international transport contract concerned, provisions on jurisdictional competence, arbitration, and sometimes even on recognition and enforcement. The present study aims at analysing these original provisions as well as their links with other international instruments. Could the existence of competence, enforcement and arbitration rules in different sources turn to a conflict of regulations or can such rules coexist? Such are the questions discussed in this study.*
>
> *The first part of this essay will analyse these orginal rules on competence and enforcement, in order to afterwards be able to consider their relation to European Union instruments. The second part of this article will be published in the next issue of the Journal.*

The second article with conflict implications is authored by Professor Manlio

Frigo, who teaches at the University of Milan. The article studies The Role of Rules of Conduct Between Art Law and Regulation ("*Le role des règles de déontologie entre droit de l'art et régulation du marché*"). The English abstract reads:

> *In the field of international protection of cultural property, and of rules applicable to art work trading, beside the norms contained in international agreements, in the last years one can witness a proliferation of spontaneous or quasi-spontaneous rules that may be approximately classified in the category of rules of conduct. Whether we are dealing with rules capable of creating obligations at least of contractual nature, or with rules lacking true binding nature, we can nonetheless acknowledge a meaningfull likeness with the rules having developed in the commercial domain also by means of the lex mercatoria. In both cases indeed we are faced with a group of rules of conduct created by the same subjects to which they are addressed, functionning as instruments by which professionals milieux and categories involved self-regulate themselves. This study takes into account the main codes of conduct drafted by international organisations, international institutions and national institutions, both public and private, federations and associations, in order to attempt a first survey of their influence on international commerce as instruments of art market regulation.*

Finally, Professor Yasuhiro Okuda, of Chuo University in Tokyo, offers a survey of the recent reform of international private law in Japan ("*Aspects de la réforme du droit international privé au Japon*"). The English abstract reads:

> *The Japanese statute on private international law that was well known as the Horei has been largely revised in 2006 and newly retitled as Act on the general rules on the application of laws. The new Act came into force on January 1st, 2007 and brings major changes in the field of contractual and non contractual obligations. This article deals with the comparison of these revised provisions and European laws, as well as the interpretation to be discussed before Japanese courts in the future. The text of this Act is translated in French as an appendix to this article.*

An English translation of the Act by Professor Okuda can be found here.

Articles appearing in the *Journal du droit international* cannot be downloaded.

Proskauer on International Litigation and Arbitration: A Review

Proskauer Rose LLP has just announced the release of its new E-Guide: "Proskauer on International Litigation and Arbitration: Managing, Resolving and Avoiding Cross-Border Business and Regulatory Disputes." It is a welcome compendium of information for all sorts of practitioners – both litigation-centered and transactional – and brings together a wide array of topics under the common heading of cross-border legal issues.

To cover these issues, the E-Guide is divided into three sections dedicated to "International Litigation," "International Arbitration," and "International Issues in Select Substantive Areas." The litigation section is broad and comprehensive, tackling matters that arise at the outset of a suit (e.g., securing U.S jurisdiction, venue and service outside the U.S.), and during the prosecution of a suit (e.g., choice of law, discovery, and trial), but also issues that are not commonly discussed in the traditional model if private international law texts. The chapters on government investigations and government immunity, U.S. abstention doctrine, the role of comity in U.S. courts, and anti-suit injunctions are particularly helpful to the practitioner aiming, in the authors' words, to "present clients with strategic choices." Later chapters on litigation ancillary to arbitration, and fighting to compel *or* avoid arbitration, have a similar practical focus.

The text of the E-guide is presented simply and and effectively, grazing the surface to focus more detailed research when necessary, and providing necessary details itself when appropriate. The authors believe that Proskauer on International Litigation and Arbitration is a "useful tool in . . . efforts to confront,

resolve, and even avoid the issues that arise when a commercial or regulatory dispute jumps – or should jump – national borders." A useful tool it certainly is.

It is available in its entirety here.

General Motors Corp v Royal & Sun Alliance Insurance Group

General Motors Corporation v Royal & Sun Alliance Insurance (2007) EWHC 2206 (Comm) is a rather convoluted case on whether a consent order, in the circumstances of the case, amounted to an exclusive jurisdiction agreement in favour of the English courts, and whether an application for an anti-suit injunction could therefore be granted. Here's the Lawtel summary for the details:

The applicant insurers (R) applied for an anti-suit injunction to restrain the respondent Delaware corporation (G) from pursuing proceedings in Delaware. A large number of claims for alleged asbestos related injury and environmental liability had been made against G in the United States. G contended that its liability for claims and defence costs was covered by insurance policies issued by a US insurer (U), formerly a subsidiary of R, and that R were also liable as the alter ego of U or because R had tortiously interfered with the contracts between U and G. G commenced proceedings in Michigan, where its principal place of business was, against U and R. The Michigan proceedings were then split with the coverage issues to be decided first. G also commenced English proceedings against R. By a consent order the English proceedings were stayed pending the outcome of the coverage claims in Michigan. R then withdrew its motion to dismiss the Michigan proceedings on grounds of forum non conveniens and G's claim in those proceedings was voluntarily dismissed as against R in favour of the English action. U then obtained summary disposition in the Michigan proceedings on grounds that the claims were time-barred. In the meantime R had proposed withdrawing from US business and had sold U. G then commenced proceedings against R in Delaware. R submitted that the consent order properly construed

reflected the parties' intention to confer exclusive jurisdiction on the English courts to determine the claims against R.

David Steel J. held, (1) In construing the consent order, the background was very important. The Michigan proceedings had been split with the claims against R being postponed and stayed and with R being given leave to renew its motion to dismiss on forum grounds if the stay was discharged. That had prompted G to commence the English proceedings. There were the added advantages from G's perspective that the claim would thereby proceed in the forum where execution could be readily achieved and further that the issue of limitation would not be exacerbated by any further delay in the US. By the same token it was advantageous to R both to obtain its release from the Michigan proceedings and to obtain G's participation in proceedings in the English courts. In the circumstances the consent order reflected a package whereby the parties intended to settle on proceedings in England as regards the claims against R in due course but to await the outcome of the Michigan proceedings and to be bound thereby. There was no apparent purpose in agreeing to be bound by the outcome of the Michigan proceedings in respect of coverage, together with withdrawal of the claims against R, save on the basis that the English courts should have exclusive jurisdiction. In the circumstances the consent order had the effect of constituting an exclusive jurisdiction agreement. (2) On the basis that there was an exclusive jurisdiction agreement G failed to show any strong reason for not restraining its Delaware proceedings and R was entitled to an anti-suit injunction, *Trafigura Beheer BV v Kookmin Bank Co* (2006) EWHC 1921 (Comm) applied. Application granted.

The full judgment is available to Lawtel subscribers.

Study on the Application of

Brussels I in the Member States Completed

The Study on the Application of the Brussels I Regulation in the Member States which has been carried out by the Institute for Private International Law at the University of Heidelberg under the direction of *Prof. Dr. Burkhard Hess, Prof. Dr. Thomas Pfeiffer* (both Heidelberg) and *Prof. Dr. Peter Schlosser* (Munich) on behalf of the European Commission has been completed now.

The aim of the study has been to prepare a report of the Commission according to Art. 73 Brussels I. For this purpose, for the first time since the entry into force of the Brussels I Regulation, statistical, empirical and legal data on the application of the Regulation has been collected in all former 25 Member States (with the exception of Denmark). The comprehensive survey has been executed with the assistance of national reporters from the respective Member States by means of numerous personal interviews with lawyers, judges and other legal practitioners, written consultations as well as an extensive evaluation of case law on the basis of questionnaires elaborated by the general reporters.

Based on the information submitted by the national reporters, a report has been drawn up by the general reporters which gives an overview of the experiences made with the Regulation in the Member States, examines problems and contains several suggestions for future amendments of the Regulation.

This general report has now been published on the website of the European Commission. The individual national reports will be publicly available in the near future as well.

See regarding the study also our previous post which can be found here.

Swedish Supreme Court on Jurisdiction and Trademark Infringements

The Swedish Supreme Court (Högsta Domstolen) recently rendered a decision on rejection to refer a case to the ECJ for a preliminary ruling on the proper interpretation of Article 5.3 of the Council Regulation no 44/2001 of 22 December 2000 (hereinafter "the Brussels I Regulation"). The decision rendered 27 April 2007 with case no. Ö 210-07 can be retrieved here.

Parties, facts, conclusions, legal basis for appeal, contentions before the court

The plaintiff, Aredal Foam Systems HB, a company domiciled in Sweden, served the defendant, MSR Dosiertechnik GmbH, a company domiciled in Germany, with a subpoena in a Swedish court of First Instance (tingsrätten), asking that Court to force the defendant to discontinue infringing the plaintiff´s trademark "FireDos" in Sweden, Spain, Great Britain, the Benelux-countries and France, where the plaintiff had the exclusive right to that trademark, and furthermore, to recompense the economic loss occurred in those States. The judgment of the First Instance was appealed to the Swedish Court of Second Instance (Svea Hovrätt), who attributed adjudicatory authority to Swedish courts, but only to the extent the defendant had infringed the plaintiff´s Swedish trademark. The judgement of the Court of Second Instance prompted the plaintiff to appeal to the Swedish Supreme Court (Högsta Domstolen). Before the Swedish Supreme Court, the plaintiff´s object of action was to ask that Court, first, to refer the case to a new trial before the Court of First Instance based on the contention that Swedish courts were competent to adjudicate claims of the plaintiff relating to infringement and economic loss in all the said States, second, to refer the case to the ECJ for a preliminary ruling on the proper interpretation of Article 5.3 of the Brussels I Regulation, and, third, to render a decision that the defendant pay the plaintiff´s procedural costs before the Swedish Supreme Court. This case note will solely venture into the question of adjudicatory authority.

Ratio decidendi of the Swedish Supreme Court

First, the Swedish Supreme Court identified the legal basis for conferring, delimiting and thus both attribute and exclude adjudicatory authority to Swedish courts. Since the defendant was domiciled in an EU State, the legal basis for determining the attribution of jurisdiction to Swedish courts was the Brussels I Regulation.

Second, the Swedish Supreme Court identified the relevant provisions for the case, which were the main rule of jurisdiction in Article 2 and the exception to the main rule contained in Article 5.3 of the Brussels I Regulation.

Third, the Swedish Supreme Court identified the legal question in issue. With reference to the wording of the Brussels I Regulation Article 5.3, the Swedish Supreme Court stated that the plaintiff can sue the defendant "at the place where the harmful event occurred or may occur". That wording was according to the Swedish Supreme Court, with reference to the case law of the ECJ, to be understood as meaning the place giving rise to the damage as well as the place where the damage occurred, where upon the place where the damage occurred does not encompass the place where the plaintiff alleges to have suffered an economic loss as a consequence of a direct damage initially suffered and occurred in another Member State. Therefore, the Swedish Supreme Court reasoned, the legal question in issue was where the place of the event initially causing tortious, delictual or quasi-delictual liability to incurr directly produced its harmful effects upon the person who is the victim of that event.

Fourth, in answering that question, the Swedish Supreme Court stated, with reference to legal theory, when a trademark is infringed, the direct damage occurs (beyond doubt) in the State where the trademark is registered or incorporated (lex loci protectionis). Against this background, and with the legal relationship not involving claims that MSR in Sweden had acted so that the foreign trademarks of Aredal had been infringed, the Swedish Supreme Court concluded it could not attribute and extend the adjudicatory authority of Swedish courts more than the Swedish Court of Second Instance could ground Swedish jurisdiction in accordance with the Brussels I Regulation Article 5.3. By consequence, the Swedish Supreme Court established there was no legal ground to send the case to the ECJ for a preliminary ruling on the proper interpretation of the Brussels I Regulation Article 5.3.

Christian Schulze, ‘The 2005 Hague Convention on Choice of Court Agreements’, (2007) 19 SA Merc LJ 140-150

The article discusses the 2005 Hague Convention’s rules on jurisdiction (of the chosen and not-chosen courts) and the recognition and enforcement of resulting judgments. It then goes on to examine the role of the new convention in comparison to other conventions and to the Brussels I Regulation. Reference is made to the different objectives of these international instruments and to the more limited scope of the Hague Convention. The article also discusses jurisdiction agreements in general, pointing out that they are common in international commercial contracts and may be regarded as a prudent step for parties to take. The author describes the distinction between exclusive and non-exclusive choice of court agreements. He concludes by stating that this convention makes litigation a more viable alternative to arbitration since it ensures the enforcement of choice of court agreements in the same fashion as the New York Convention (1958) does for arbitration agreements. He then expresses the hope that the new convention would draw as much interest as the New York Convention.

Mexico First State to Join Hague Choice of Court Convention of

2005

According to recent news published on the website of the Hague Conference on Private International Law (HCCH), on Wednesday, 26 September 2007, Mexico deposited its instrument of accession to the Hague Convention of 30 June 2005 on Choice of Court Agreements. Pursuant to its Art. 31, one more ratification or accession will suffice to bring the Convention, which is open to all States, into force.

Further information on the Convention (status table, explanatory report and preliminary documents, translations and bibliography) can be found on the related section of the HCCH website.

(Many thanks to Pietro Franzina, University of Ferrara, for the tip-off)

Conference: PIL and Protection of Foreign Investors

University of Montenegro Faculty of Law in Podgorica, with the support of the GTZ organize the Fifth Annual Conference: "Private International Law and Protection of Foreign Investors" (*Me?unarodno privatno pravo i zaštita stranih investitora*).

The program includes the following speakers and topics:

Maja Stanivukovi?: Clause Concerning the Observation of All Commitments which the State Assumes Towards the Foreign Investor (the Umbrella Clause) in Bilateral Investment Protection Treaties (*Klauzula o ispunjenju svih obaveza koje je država preuzela prema stranom ulaga?u (kišobran klauzula) u dvostranim ugovorima o zaštiti investicija*)

?or?e Krivokapi?: Some Modern Clauses in Investment Agreements (*Neke moderne klauzule u investicionim ugovorima*)

Uglješa Gruši?: Effects of Choice of Court Clauses in European, English and Serbian Law (*Dejstvo prorogacionih sporazuma u evropskom, engleskom i srpskom pravu*)

Mirela Župan: Widening Party Autonomy to Non-State Law (*Širenje strana?ke autonomije na izbor ne državnog prava*)

Ivana Kunda: Internationally Mandatory Rules: Defining their Notion in European Private International Law (*Me?unarodno prisilna pravila: odre?enje pojma u europskom ugovornom me?unarodnom privatnom pravu*)

Bernadet Bordaš: Certain Issues of Resolving Investment Disputes as an Investor Protection Instrument (*Neka pitanja rešavanja investicionih sporova kao instrumenta zaštite investitora*)

Vesna Lazi?: Suitability of the UNCITRAL Arbitration Rules for the Settlement of Investment Disputes

Michael Wietzorek: Arbitration of Investment Disputes

Toni Deskoski: The Importance of the Right to be Heard in International Arbitration Proceedings

Vladimir Savkovi?: Internet Arbitrations as a Model for Resolving Disputes Arising Out of the Electronic Contracts – Pros and Cons (*Internet arbitraže kao model za rješavanje sporova proizašlih iz elektronskih ugovora – pro et contra*)

Christa Jessel Holst: The Directive 2005/56/EC of 26 October 2005 on Cross-Border Mergers of Limited Liability Companies and Its Implementation in Member-States with Restrictions in the Legal Transactions of the Real Properties

Vlada ?olovi?: The Status of Foreign Investors in Domestic Insolvency Proceedings (*Položaj stranih investitora u ste?ajnom postupku na doma?oj teritoriji*)

Milena Jovanovi?-Zattila: Investor Protection on the Capital Market (*Zaštita investitora na tržištu kapitala*)

Davor Babi?: Law Applicable to Takeover of Joint Stock Companies (*Pravo mjerodavno za preuzimanje dioni?kih društava*)

Predrag Cvetkovi?: International Legal Regime for Foreign Investments: The Role of the World Trade Organisation (*Me?unarodno-pravni režim stranih ulaganja: o ulozi i zna?aju Svetske trgovinske organizacije*)

Valerija Šaula: On the Occasion of a Decision of the Constitutional Court of Bosnia and Herzegovina – The Issue of Service Being Made Abroad as a Condition for Recognition of a Foreign Judgement (*Povodom jedne odluke Ustavnog suda Bosne i Hercegovine-Problem dostavljanja u inostranstvo kao uslov za priznanje presude stranog suda*)

The conference is to be held from 18 to 20 October 2007 in the Hotel Bellevue Iberostar in Be?i?i (Montenegro). The proceeds from the conference will be published by the Faculty of Law in Podgorica.

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Opinion on first Reference for a Preliminary Ruling on Brussels II bis

On 20 September, *Advocate General Kokott* has delivered her opinion on the first reference for a preliminary ruling on the Brussels II *bis* Regulation (Regulation 2201/2003/EC) – *Applicant C*, C-435/06.

The background of the case is as follows: *Applicant C*. has lived with her two

minor children and her husband in Sweden. In February 2005, the competent Swedish authority ordered – due to investigations which had been carried out in beforehand – the immediate taking into custody of both children as well as their placement in a foster family outside the home. These protective measures are regarded as public acts in Finland and Sweden. Before the decision of the acting Swedish authority was approved by the *Länsrätt*, *C.* had moved with her children to Finland. After the approval of the decision by the *Länsrätt*, the Swedish police requested administrative assistance from the Finnish police with regard to the enforcement of the Swedish decision. Subsequently, the Finnish police ordered the immediate taking into custody of the children as well as their committal to the Swedish social authorities. After her action against the acts taken by the Finnish authorities at the *Hallinto-oikeus* had failed, the mother, *C.*, appealed to the highest administrative court in Finland, the *Korkein Hallinto-oikeus,* and claimed first to set aside the decision of the *Hallinto-oikeus,* second to revoke the order made by the police and third to bring back the children to Finland. The *Korkein Hallinto-oikeus,* however, had doubts whether the Brussels II *bis* Regulation was applicable. This was decisive since in case of the applicability of the Regulation, Finnish civil – and not administrative – courts would be competent in this case. Further, rules existing within the framework of an cooperation among the administrative authorities in the Nordic States would be superseded by the Regulation. Consequently, the *Korkein Hallinto-oikeus* referred with decision of 13 October 2006 the following questions to the ECJ for a preliminary ruling:

> *a) Does Council Regulation (EC) No 2201/2003 concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility, repealing Regulation (EC) No 1347/2000, (the Brussels 11a Regulation) [2]apply, in a case such as the present, to the enforcement of a public law decision in connection with child welfare, relating to the immediate taking into custody of a child and his or her placement in a foster family outside the home, taken as a single decision, in its entirety;*
>
> *(b) or solely to that part of the decision relating to placement outside the home in a foster family, having regard to the provision in Article 1(2)(d) of the regulation;*
>
> *(c) and, in the latter case, is the Brussels IIa Regulation applicable to a decision on placement contained in one on taking into custody, even if the decision on*

custody itself, on which the placement decision is dependent, is subject to legislation, based on the mutual recognition and enforcement of judgments and administrative decisions, that has been harmonised in cooperation between the Member States concerned? If the answer to

Question 1(a) is in the affirmative, is it possible, given that the Regulation takes no account of the legislation harmonised by the Nordic Council on the recognition and enforcement of public law decisions on custody, as described above, but solely of a corresponding private law convention, nevertheless to apply this harmonised legislation based on the direct recognition and enforcement of administrative decisions as a form of cooperation between administrative authorities to the taking into custody of a child?

If the answer to Question 1(a) is in the affirmative and that to Question 2 is in the negative, does the Brussels IIa Regulation apply temporally to a case, taking account of Articles 72 and 64(2) of the regulation and the abovementioned harmonised Nordic legislation on public law decisions on custody, if in Sweden the administrative authorities took their decision both on immediate taking into custody and on placement with a family on 23.2.2005 and submitted their decision on immediate custody to the administrative court for confirmation on 25.2.2005, and that court accordingly confirmed the decision on 3.3.2005?

Of particular interest is the **first question** referred to the ECJ: With this question, the Finnish referring court basically aims to know whether a decision ordering the immediate taking into custody of a child and his or her placement outside the home falls within the scope of application of Brussels II *bis*. To answer this question, the Advocate General examines two questions: First, can the immediate taking into custody of a child and his or her placement outside home be qualified as measures concerning parental responsibility in terms of the Regulation? And secondly, do they constitute civil matters?

The first of these questions can be answered easily with regard to the placement of a child in a foster family or in institutional care, since this measure is explicitly mentioned in Art. 1 (2) (d) Brussels II *bis*. In contrast to that, the immediate taking into custody of a child is not referred to in Art. 1 (2) of the Regulation. However, the Advocate General argues – in accordance with several Member

States – that the immediate taking into custody of a child and his or her placement in a foster family or in institutional care were connected very strongly (para. 28). As Art. 1 (1) (b) Brussels II *bis* showed, matters of parental responsibility included not only measures regarding the termination or delegation of parental responsibility, but also measures concerning the excercise of parental responsiblity. Even though the parents did not lose their custody as such in case of an immediate taking into custody or in case of the placement of the child outside home, they could not exercise essential parts of it anymore (para. 30). Consequently, also the immediate taking into custody of a child constitutes, according to the Advocate General, a matter of parental responsibility.

Of particular interest are the Advocate General's remarks with regard to the second problem – namely the question whether these kind of measures can be regarded as civil matters. Regarding this question, the Swedish government argued, protective measures, such as the immediate taking into custody and the placement of a child in a foster family, did not constitute "civil matters" since they were ordered by public authorities acting in the exercise of their public powers (para. 34). Thus, the Swedish government applied the principles of delimitation which have been elaborated by the ECJ with regard to the Brussels Convention – most recently in *Lechouritou* – also with regard to Brussels II *bis*. This point of view is not shared by the Advocate General. She argues that the aims and the history of the Brussels Convention – with regard to which the delimitation between public and civil matters has been developed – did not necessarily correspond with those of the Brussels II *bis* Regulation. Consequently, the term of "civil matters" had to be interpreted independently with regard to the Brussels II *bis* Regulation (para. 38). Here the Advocate General argues that the restriction or termination of parental responsibility (Art. 1 (1) (b) Brussels II *bis*) are usually ordered by public authorities. Further, the measures explictly mentioned in Art. 1 (2) Brussels II *bis* constituted in general public protective measures. This enumeration would not make any sense, if one regarded those measures not as civil matters because a private party (parents) and a public authority are concerned (paras. 40, 41). Further, also recital No. 5 („[…] this Regulation covers all decisions on parental responsibility, including measures for the protection of the child" […]") showed that the term of "civil matters" had to be interpreted in an extensive way (para. 42). This was also the case if the measure in question is regarded as a public matter in one Member State (para. 44). Consequently, the Advocate General regards decisions on the immediate taking into custody of a

child and the placement of a child in a foster family as civil matters which concern parental responsibility and fall therefore within the scope of the Brussels II *bis* Regulation (para. 53).

With regard to the **second question** referred to the ECJ, the Advocate General holds that Finland and Sweden are – insofar as Brussels II *bis* is applicable – restrained from applying derogating national rules (para. 60).

The Opinion is not available in English yet, but can be found in several languages, inter alia in Spanish, German, Italian and French on the ECJ's website.

See also our older post regarding the reference for a preliminary ruling which can be found here.