Rome I – Final Text Released

As we noted in a previous post, the agreement reached by the European Parliament and the Council on the Rome I Regulation was transposed by the EP in its amendments at first reading to the initial Commission's Proposal. Once revised by the lawyer-linguists, this modified version of the Regulation would have been adopted by the Council, ending the codecision procedure.

The text resulting from the legal and linguistic revision is now available in all languages of the EU in the Register of the Council (doc. PE-CONS 3691/07 of 31 March 2008). Given the heading of the document (European Parliament and the Council), it can be assumed that **this is the final version of the Rome I Regulation** on the law applicable to contractual obligations.

According to current schedule (see the Rome I OEIL page), the text should be approved by the JHA Council in its meeting of 17/18 April 2008. Further information will be posted as soon as it is available.

Rome I – Should the UK Opt In?

The Ministry of Justice has launched a public consultation on whether the UK should opt (back) in to the Rome I Regulation (see all Rome I entries on this site **here**.) The press release states:

> *The Rome I proposal will provide clarity over which law applies if a dispute arises over a contract made between people or businesses from different countries, allowing cross border trade to continue with confidence.*
>
> *When the European Commission first announced the proposals in 2005, the UK government took the unusual step of opting out of the proposals, as they would not have been in the interests of UK businesses. However, following intense negotiations, a substantially revised and hugely improved version has now been agreed.*

Announcing the publication of the 'Rome I – Should the UK opt in?' consultation today, Bridget Prentice, Parliamentary Under Secretary of State said:

'The government has always said that we will not opt into EU measures which are not in our national interest. The original proposal was clearly not right for Britain, but the new and much improved regulation will help to ensure that the rules in this very technical area are applied uniformly. This will ensure a level playing field for British business in Europe.'

Notes to editors

- *The 1980 Rome Convention was implemented into UK law by the Contracts (Applicable Law) Act 1990. It applies throughout the UK.*
- *The original Rome I Regulation was released by the European Commission in December 2005.*
- *The UK exercised its right not to opt in to the proposed Regulation in May 2006 [see our news item here]. This was only the second time that the UK had opted out of a Regulation under its special arrangements on Title IV of the Treaty establishing the European Community. To opt in, it will have to seek the permission of the European Commission, and agree a timetable for implementation.*
- *Negotiations on the Rome I Regulation ended with political agreement among Member States in December 2007. Jurist-linguists are presently checking the text for linguistic integrity. The Regulation will be adopted at the next meeting of the Justice and Home Affairs Council in April of June. The main provisions of the Regulation will come into force 18 months later.*
- *The UK government negotiated on behalf of all UK jurisdictions, and the consultation paper is a joint project of the Ministry of Justice and the devolved administrations.*

The conclusion in the (lengthy) consultation paper itself is that,

The Government's assessment of the Regulation as a whole is that it would be in the national interest for the UK to apply it, subject to gaining the approval of the Commission. Not only have the initial problems with the Commission's proposal generally been resolved, but also in some significant respects the Regulation represents an improvement on the Convention. Moreover, the

maintenance of a single European instrument continues to be of benefit, as it was under the Rome Convention.

The questions posed by the consultation paper are:

- Is it in the national interest for the Government, in accordance with Article 4 of the UK's Protocol on Title IV measures, to seek to opt in to the Regulation? If not, please explain why.
- Should the Rome I rules apply throughout the UK if the UK opts in to the Regulation? If not, please explain why.
- Do you agree with the Partial Impact Assessment at Annex A of the consultation paper? If not, please explain why.

Your responses need to be received by the UK Government no later than **25 June 2008**.

Guest Editorial: Muir-Watt on Reshaping Private International Law in a Changing World

April's Guest Editorial is by Professor Horatia Muir-Watt: **Reshaping Private International Law in a Changing World**.

Horatia Muir Watt is Professor of Private International and Comparative Law at the University of Paris I (Panthéon-Sorbonne). She prepared her doctorate in private international law (University of Paris 2, 1985) and was admitted to the *agrégation* in 1986. She was then appointed to the University of Tours, then the University of Paris XI, before joining Paris I in 1996. She is Deputy Director of the Comparative Law Center of Paris (UMR de Droit comparé, Paris I-CNRS) and Editor in Chief of the *Revue critique de droit international privé*, the leading law review on private international law in France. She directs the Masters program in Anglo-American Business Law and co-directs the Masters

program in Global Business law (Paris I/Institute of Political Science). She has been regular visitor to the University of Texas in Austin, where she has taught the Conflict of Laws. She lectured in July 2004 at the Hague Academy of International Law. Her course on "Aspects économiques de droit international privé" has been published in vol. 307 of the *Recueil des Cours*. She has published two other books: *Common law et tradition civiliste*, PUF 2006, with Duncan Fairgrieve (a pocket comparative study) and Droit international privé, PUF, 2007, with Dominique Bureau (a treatise in 2 volumes). She publishes numerous law review articles, contributions to Mélanges and legal encyclopedieas, case-notes and book reviews, introductions and prefaces (including, recently, The making of European Private Law: Regulatory Strategies and Governance, with Fabrizio Cafaggi, to be published, Sellier, 2008). A full list of her publications is available here.

Reshaping Private International Law in a Changing World

The past few decades have witnessed profound changes in the world order – changes affecting the nature of sovereignty or the significance of territory – which require measuring the methodological impact of political and technological transformations on traditional ways of thinking about allocation of prescriptive and adjudicatory authority as between states. Myriads of issues arise in this respect within the new global environment, such as the extraterritorial reach of regulatory law, the decline of the private/public divide in the international field, the renewed foundations of adjudicatory jurisdiction (particularly in cyberspace), the implications of individual and collective access to justice in the international sphere, the impact of fundamental rights on choice of law, the ability of parties to cross regulatory frontiers and the subsequent transformation of the relationship between law and market. Indeed, one of the most important issues raised by globalization from a private international law perspective is the extent to which private economic actors are now achieving "lift-off" ((As Robert Wai has so aptly put it, in "Transnational lift-off and Juridical Touchdown: The Regulatory Function of Private International Law in a Global Age", 40 *Colum. J. Transnat*. L 209 (2002).)) from the sway of territorial legal systems. To some extent, traditional rules on jurisdiction, choice of law and recognition/enforcement of judgments and arbitral awards have favored the undermining of law's (geographical) empire, which is already threatened by the increasing transparency of national barriers to cross-border trade and investment. Party mobility through choice of law and forum induces a worldwide supply and demand for legal products. When such a

market is unregulated, the consequences of such legislative competition may be disastrous.

An excellent illustration of the way in which rules on choice of law and forum, combined with a liberal regime relating to enforcement of foreign judgments, allow private confiscation of the governing law can be found in the circumstances which gave rise to the notorious Lloyd's litigation. ((Among many: *Bonny v. Society of Lloyd's* (3 F.3d 156, 7th Circuit, 1993) ; *The Society of Lloyd's v. Ashenden* (233 F.3d 473, 7th Circuit 2000).)) Here, securities offerings accompanied by inadequate disclosure on the American market managed to slip through the net of the federal Securities Acts. This example shows how "barrier-crossing" – escaping the sway of mandatory provisions by opting out of a legal system, and *de facto* redefining jurisdictional boundaries to suit oneself ((W. Bratton & J. McCahery, "The New Economics of Jurisdictional Competition: Devolutionary Federalism in a Second Best World", 86 *Georgetown L J* 201 (1997).)) – through the mobility conferred by unfettered choice of forum alters the status of *lois de police* or internationally mandatory laws, which become merely "semi-mandatory" ((L. Radicati di Brozolo, "Mondialisation, jurisdiction, arbitrage: vers des règles d'application semi-nécessaires?", *Rev crit DIP* 2003.1.)) before the chosen foreign forum. Other well-known examples can be found in the field of tort, where the use of *forum non conveniens* to prevent access by the victims of accidents linked to delocalized industrial activities, to justice in the country of the (parent) corporate defendant, seals the downward spiral in which developing counties are trapped when economically dependant upon versatile foreign capital; lowering the cost of security, environmental protection, or social legislation will attract investment, but will maintain any liability incurred within the limits designed by the low standards of the *lex loci delicti* as applied by local courts. ((As the *Nike* case shows, the powerful market leverage of consumer arbitrage in the defendant's home country may contribute to remedy the problem through consumer refusal to buy products manufactured by means of child labour, etc: see *Nike Inc. v. Kasky* 539 US 654 (2003).)) Here, rules of jurisdiction and choice of law contribute to the "global tragedy of the commons", where in the absence of a central regulator or universally accepted standards of conduct, nothing prevents a state from abetting the exportation by its private sector of industrial costs (pollution, economies on social protection, etc) in the direction of the global community.

Insofar that it is felt desirable to ensure the "touch-down" of economic actors in this context, private international methodology may require considerable reshaping, so as to harness it to the new need for strong yet adjusted regulation of the consequences of private mobility and the inter-jurisdictional competition which it inevitably generates. Approaches developed in a world where the prescriptive authority of State was coextensive with territory are clearly no longer adapted to this function; this is particularly true of the methods inspired by the private interest paradigm on which continental Europe doctrine thrived throughout the second half of the twentieth century and is loath even today to abandon. ((On this point, I express courteous disagreement with Pierre Mayer, who has devoted a chapter of his excellent Hague lectures to challenging the relevance of the changes discussed here: "Le phénomène de la coordination des rdres juridiques étatiques en droit privé", RCADI t327 (2007).)) The message of this editorial is to the effect that private international law should adjust to the stakes involved in real world conflicts of laws, which do not, or do no longer, implicate purely private interests playing out on a closed field, ((This is the "unilateralists' complaint": see P. Gothot, "Le renouveau de la tendance unilatéraliste", *Rev crit DIP* 1971.1; D. Boden, *L'ordre public : limite et condition de la tolérance (essai sur le pluralisme juridique).*)) but involve strong state policies or substantive values perceived as fundamental by the global community; in turn, it is mistaken and indeed harmful to continue to represent the rules designed to respond to these conflicts as being "neutral", since this leads to underestimate the needs generated by the novel ways in which national laws inter-relate in a global setting and prevents private international law from being fully invested with an appropriate regulatory function. ((There is nothing particularly surprising in the emergence of new needs in this field, insofar as they mirror those which increasingly affect the role and content of private law as a whole: see Cafaggi & Muir Watt, "The making of European Private Law: Regulatory Strategies and Governance", Sellier, forthcoming 2008.)) Just three examples (among many more) will serve to draw attention to the tectonic upheavals currently occurring and to the pressing need to devote further thought to the reshaping of traditional methods and approaches.

1. *Choice of law and economic due*

process.

Within the European Union, the appearance of a market for law is not of course a mere and perverse side-effect of other policies geared to enhancing party autonomy. Carefully designed regulatory competition in the field of goods and services ((Jukka Snell*, Goods and Services in EC Law, A Study of the relationships between the Freedoms,* OUP 2002.)) has been shown to – deliberately – overturn the very concept of "monopolistic states", even in the field of public law and services. ((Ch. Kerber, Interjurisdctional Competition within the European Union", 23 *Fordham Int'l L J*. 217 (2000).)) Indeed, inter-jurisdictional mobility of firms, products and services is once again the means by which law is made to appear as offering on a competitive market, designed in turn to stimulate legislative reactivity and creativity. As illustrated in the global context, one of the market failures to be feared in the context of unregulated competition is the exporting of costs or externalities linked to legislative choices of which the consequences may affect other communities. However, in an integrated legal system, these risks are restricted by the existence of a central regulator, armed with tools such as approximation of substantive rules, or, where diversity is deemed to be desirable, constitutional instruments designed to discipline the various States in their mutual dealings. ((In the US, these are the Commerce Clause, Due Process, Full Faith and Credit)) Here, as recent conflicts of laws implicating both economic freedoms and workers' rights have shown, the Court of justice is invested with an important balancing function which clearly overflows into the political sphere. ((*Viking* aff. C-438/05, *Laval* aff. C-341/05))

This is where uniform choice of law rules come in, as tools of governance designed to fulfill the requirements of economic due process on a Community level. Economic due process, which is now thought to explain the requirements of the Commerce Clause in the US federal Constitution, ((In the field of cyber torts, see J. Goldsmith & A Sykes, "The Internet and the Dormant Commerce Clause", 110 Yale L J 785 (2001).)) ensures that a given community does not impose costs on out of state interests which were not represented in its decision-making process. Thus, for instance, the cost of a law providing for lax standards of environmental protection should not be exported towards a neighbouring state with different priorities: in cases of cross-border pollution, environmental damage caused in the the latter state by firms legally using low standards of protection on the other side of the frontier must be internalized by application of the more

protective rule. Posting workers employed under lax labor standards to a host state with higher social protection in order to benefit from the competitive advantage of low cost labor requires application of local law for the duration of the posting in order to avoid unhealthy distorsions of competiton between firms. To a large extent, recent choice of law provisions have integrated this change. ((See article 7 of the new Rome II Regulation for environmental torts and, in the field of employment relationships, the conflict of law provisions of the 1996 Posted Workers Directive.)) Typically, the recitals introducing Rome II attribute virtues to the determination of the applicable law which are far removed from the traditional private interest paradigm. There is still room for further improvement, however. Scrutinizing Rome II through the lenses governmental interest analysis, Symeon Symeonides has shown that in many cases, it would be desirable, as in the field of environmental pollution, to take account of true conduct-regulating conflicts, and to give effect if necessary to the prohibitive rules of the state of the place of conduct if its interest in regulating a given conduct is greater than the that of the state where the harm occurs, when it provides for a laxer standard of care. ((“Tort Conflicts and Rome II: A View from Across”, *Festschrift Ehrich Jayme*, Sellier, Munich, 2004, p. 935.)) For the moment, this result is only possible through article 16. ((Article 17 does not seem intended to be interpreted bilaterally, and the escape clause of article 4-3 does not appear to allow an issue by issue approach.))

2. *The “new unilateralism”*

The requirements of human rights in cross-border cases are also bringing about profound methodological changes whenever the continuity of an enduring personal or family relationship requires the host state to refrain from refusing recognition under its own private international law rules. Thus, the progressive appearance of a “unilateral method of recognition of foreign situations”, implemented both by the European Court of Justice, the European Court of Human Rights, and subsequently by national courts ((See CA Paris, 25th October 2007, not yet published, but a commentary posted by G. Cuniberti is available on this website.)) , ousts traditional bilateral choice of law rules and favors the cross-border validity of what look very like vested rights in fields such as adoption, other parent/child relationships, marriage, same-sex partnerships, etc. Grounds for such change have been discovered in fundamental rights and European

citizenship, heralding an adjustment of the philosophical foundations of the conflict of laws to the ideology of recognition and identity which also forms the basis of contemporary European substantive law. ((See for instance, S. Rodota, *Dal soggetto alla persona*, Editoriale Scientifica, Rome, 2007))

Although the objective of recognizing existing personal or family relationships in cross-border situations is entirely legitimate, its implementation certainly requires further thought. Indeed, the common thread which seems to run through the case-law is the principle of non-discrimination. This principle appears both as a fundamental value in itself and, in a Community context, as an essential component of European citizenship. The implication of the new recourse to non-discrimination as a foundation for choice of law is that the traditional use of nationality or domicile as connecting factor generates unjustified discrepancies in the field of personal status. This may in itself suggest that non-discrimination as conflict of laws methodology is totally misguided. Among the most notorious illustrations of judicial use of this principle is the European Court of Justice's judgment in the *Garcia Avello* case. ((ECJ *Garcia Avello*, C-148/02, 2003.)) It was held to be discriminatory for a Belgian court to apply choice of law rules on personal status which lead to the name of a Belgo-Spanish child residing in Belgium being governed by Belgian law, as if he was in the same situation as a child whose parents are both Belgian. The principle of non-discrimination, inherent in the concept of European citizenship, mandates that he benefit from the rules of Spanish law on this point. The Spanish perspective on the determination of the name of a Spanish child must be recognized in Belgium on the basis of non-discrimination. This reasoning is flawed. The Garcia-Weber child had been born and was still resident in Belgium, which might have provided additional credit to the claim of Belgian law to regulate his family name. By deciding the contrary, and thereby allowing the child to benefit from whichever set of rules he chose to invoke, the Court of justice seems to imply that the sole fact of possessing dual citizenship suffices to differentiate a child from those who possess only the nationality of the country of his or her domicile. Of course, a child with strong personal connections to two different communities may well encounter difficulties in as far as the coherence of his or her personal status is concerned, if each adopts a different stance (whether on name, validity of marriage, adoption, etc). Avoiding limping personal status in this sort of situation is one of the principal policies behind many choice of law rules. But here, the Court's reasoning is distorted because it purported to resolve a difficulty linked to

the impact of cross-border mobility on individual status, whereas in fact, there was no such mobility under the facts of the case other than the dual citizenship of the child. It was not unreasonable in the present case that Belgium, which was the country of both citizenship and domicile, sought to regulate the child's name in the same way as that of other purely Belgian children living in Belgium. It would therefore have been far more satisfactory to look towards other principles which, mindful of identity and the protection of persons, have significant implications as far as choice of law is concerned, such as the fundamental right to protection of one's personal and family life under article 8 of the ECHR. Of course, one the proper basis for full faith and credit due to foreign situations is determined, the task for the future will be to define its precise requirements in this respect in practice.

3. *Conflicts of public law*

Is it still true, that, as is so often asserted, the conflict of laws is limited to the field of private law? It has been apparent for some time that the some of the most significant evolutions, for private international law purposes, induced by the new quasi-federal environment in Europe, concern public, administrative or regulatory law. Such law is given extraterritorial effect, through mutual recognition; independant regulatory authorities appear, with a duty to cooperate transnationally; elaborate schemes allocate regulatory authority among the Member States. In particular, in the field of securities regulation, the 2001 Lamfalussy Report provided considerable impetus for transnational cooperation between regulatory agencies. Thus, borrowing on the Admission Directive, ((Consolidated Directive 2001/34 EC coodinating the condtions for admission of securities to official stock exchange listing.)) which has served as a model for securities regulation as a whole, the Community has established a complete system of decentralised supervision and enforcement of the harmonised regime, supported by cooperation between administrative authorities. ((See Niamh Moloney, *EC Securities regulation Oxford EC Law Library*, 2002, p.100.)) The interesting point is that the administrative duty to cooperate, which justifies negotiation and dialogue when it comes to deciding upon the shared exercise of regulatory authority, may also lead to administrative bodies having to apply foreign regulatory law, which means in turn that conflict of laws principles will need to extend, with certain adjustments, to the field of public law. For an

academic discipline which was epistemologically harnassed to the public/private divide – or rather, the public law taboo – this is all something of a landslide. However, it is also remarkable that even before the courts, where traditional approaches tends to linger, there are signs that transnational litigation in regulatory fields is throwing up evidence of shared state interests – so much so that one author has suggested that such litigation, albeit subject to domestic economic law, may bring substantive regulatory benefits to the international community. ((Hannah Buxbaum, Transnational Regulatory litigation, 48 Va J Int'l L 251 (2006).))

Here again, however, there is room for debate as to the appropriate approach to public or regulatory conflicts. An academic proposal on the regulation of global capital markets through interjurisdictional competition, ((S. Choi & A. Guzman, « Portable reciprocity : Rethinking the International reach of Securities Regulation », 71 S. Cal. L. Rev. 903 (1998).)) building on the mutual recognition theme, rejects administrative cooperation as insufficient, time-consuming and overly costly in terms of monitoring compliance. Free choice by issuers and investors as to how, or according to which national rules, they should be regulated (a choice which would then be "mutually" recognised by all states participating in the market according to a system of "portable reciprocity") would supposedly enhance competition across the board and ensure a wide range of legal products catering for risk-takers and risk averse alike. Although this proposal will no doubt meet some scepticism on this side of the Atlantic, where there is less faith in the regulatory virtues of party freedom, it is extremely interesting, first, because it emphasises once again the radical change in the relationship (or at least in the perception of this relationship) between law and market in a global environment, where party mobility (whether through free choice or exit from the sway of mandatory rules) is already a reality. Second, because it includes in this reversal the activity of regulatory agencies, which to some extent would be functioning on a delocalised basis. If one links these ideas to equally intriguing recent proposals to delocalise the adjudicatory activity of the courts in order to enhance global efficiency with the cooperative consent of states, ((It has even been suggested that accessing the courts of a chosen jurisdiction can be seen as an "after-sale service" bundled with the choice of the applicable law in the field of contracts or corporate charters, so that such access should also be available extraterritorially in the form of delocalized courts, in the context of a competitive global market for legal services: see H. Hansmann "Extraterritorial Courts for Corporate Law", *Yale*

Law School Faculty Scholarship Papers, 2005, Paper 3.)) the vision of the global world it projects is quite startling. Clearly, private international law needs be ready to meet the challenge of its new regulatory rôle.

Flashairlines and Declaratory Relief Under French Law

Emmanuel Jeuland is a professor of law at Paris I University (Panthéon-Sorbonne) and a specialist of civil procedure.

In this post, I would like to offer some brief thoughts on the Paris Court of appeal's judgment of the 6th of March 2008. It is my opinion that the legal foundation of the judgement as far as victims' right to sue is concerned is questionable and is not consistent with the French procedural system.

The court of appeal held:

> *le juge français n'est pas saisi par voie d'exception de sa compétence internationale mais par voie d'action ce qui rend inopérant le disposition de l'article 75 CPC… l'action ayant pour objet l'obtention d'une décision sur la compétence internationale française est inséparable du contexte judiciaire dans lequel la demande s'insère et qu'elle n'est pas contradictoire avec la saisine du juge pour qu'il se prononce …*
>
> *le juge français ne peut être le seul à être exclu du débat sur sa compétence internationale dès lors que la question s'inscrit dans un contexte de confiance mutuelle qui appelle à une coopération et une coordination des systèmes judiciaires …*
>
> *les victimes ont un intérêt légitime et actuel à obtenir une décision française sur la compétence internationale en raison de la décision du juge californien .*

This statement means that the issue of international jurisdiction in *Flash Airlines*

is not referred to the French judge by way of defence but by way of action, so that article 75 CPC which deals with the defence of lack of jurisdiction is not applicable. Article 75 states that "*where it is alleged that the court seized lacks jurisdiction, the party who shall proffer the plea shall have, under penalty of it otherwise being inadmissible, to provide reasons thereof and to indicate, at all event, court before which the matter should be brought*".

Nevertheless the *Cour de cassation* has held that an action claiming that the court lacks jurisdiction is not admissible since article 75 CPC indicates that the lack of jurisdiction is a matter of defence, not of action:

> *les exceptions d'incompétence figurant au nombre des moyens de défense, le demandeur n'est pas recevable à contester la compétence territoriale de la juridiction qu'il a lui-même saisie (Cass. 2° Civ., 7 December 2000, Bull. n°163).*

This sentence means that the issue of jurisdiction is a means of defence, therefore the claimant is not admissible to challenge the territorial jurisdiction of the court to which he submitted his case. The international jurisdiction is so close to the territorial jurisdiction, that rules of territorial jurisdiction are usually extended to international matter in French international litigation.

This case of the 7th of December 2000 is not a formalistic decision. The code of civil procedure is consistent. There are actions and defences. An action is defined by article 30: "*an action is the right, in relation to the originator of a claim, to be heard on the merits of the same in order that the judge shall pronounce it well or ill-founded*". An action deals with the main issue on the merits whereas the defences may be on the merits, on admissibility or on jurisdiction. Several scholars and judges wrote the code of procedural law with great attention (Motulsky, Cornu, Parodi, etc.). A defence of lack of jurisdiction has to be argued in limine litis (before the claim of non admissibility and before the defences on the merits).

An action is admissible if the claimant has a legitimate and present interest. It is why the declaratory action is not admissible, in principle, under French law. There are some rare exceptions especially in private international law but on the merits of the case not on procedural grounds. But the court of appeal does not consider that it is a declaratory judgment. The victim has a legitimate and present interest to sue. This interest to sue is the likeliness to obtain damages for the

victims. Yet they don’t claim damages, they submit a case to a judge in order to obtain from this judge that he refuses the case. The court of appeal indicates that there is no contradiction to declare admissible an action seeking that the court has no jurisdiction. It seems to me that it is not sufficient to say that there is no contradiction to avoid the contradiction (it looks like a “Competenz Competenz” rule or a preliminary reference to the French court). The risk is that lawyers try too often to use this new tool to determine jurisdiction. Courts would become on this point legal consultants.

The word “legitimate interest” is rarely used in case law. It used to be applied to prevent concubine to seek damages when her concubine had been killed in a traffic accident. This case law was reversed in 1970. The condition of legitimate interest is a moral condition. In fact the court of appeal takes perhaps into account the victims’ interest to bring their action in California (because of discovery, punitive damages etc.). The equilibrium, the consistency and the integrity of French civil procedure is endangered by the court of appeal judgment.

The mutual trust and international cooperation is invoked by the court of appeal to justify its decision. But good willing does not make good decision. As a matter of fact the court of appeal does not like to be excluded of the debate concerning its own jurisdiction but that is a feeling, not a rule. There are other fields where the international cooperation and trust have not been taken into account (e. g. evidence matter in application of the Hague convention of 1970 in American and French case law etc.). The court of appeal’s judgment is more or less a unilateral disarmament. There is a need for an international convention which may be the new Lugano convention of the 30th October 2007 (JOUE n° L. 339, 21 déc. 2007, p. 3 ; Procédures 2008, n° 43, obs. Nourissat) which may be ratified by non European countries ! (nevertheless this convention is a copy of the Brussel regulation and so a European text).

Related posts:

Flashairlines – Online symposium
French court declines jurisdiction to transfer dispute back to U.S. court

Flashairlines – Online Symposium

In a recent post, I reported how the Paris Court of appeal accepted to decline jurisdiction in order to meet the jurisdictional criteria of a U.S. court and enable plaintiffs, most of whom were French, to get back to California and resume proceedings there.

The *Flashairlines* litigation raises many fascinating issues. Here are just a few of them: were each of the courts calling for or even engaging into international judicial cooperation? Where does this case, that none of the courts initially wanted, belong? Should French (and more generally civil law) civil procedure be twisted in some of its most basic principles (availability of declaratory relief, conveniens analysis) in order to reach jurisdictional purposes, and which one?

In the days to come, *Conflictoflaws* would like to organise an online symposium on the case. We hope that many European and American scholars will want to share with us their thoughts on the issues it raises. If you are interested in participating, feel free to post comments or to contact us.

Related posts:

French court declines jurisdiction to transfer dispute back to U.S. court

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The American Revolution and the European Evolution in Choice of Law: Reciprocal Lessons

Symeon Symeonides (*Williamette*) has posted "**The American Revolution and the European Evolution in Choice of Law: Reciprocal Lessons**" on SSRN (forthcoming in *Tulane Law Review, Vol. 82, No. 5, 2008*.) Here's the abstract:

> *This Article is an invited contribution to a symposium held at Duke University*

Law School under the title "The New European Choice-of-Law Revolution: Lessons for the United States?" [see here] The Article disputes part of this title by contending that, unlike its American counterpart, European private international law (PIL) has rejected the route of revolution and has instead opted for a quiet and continuing evolution. Nevertheless, this evolution has produced statutory rules and exceptions that resolve several categories of tort conflicts in the same way as American courts after four decades of "revolution," experimentation, and reinventing the wheel in each case. The quality and efficiency of these rules suggest that revolution is not necessarily the most productive nor quickest route to renewal and improvement. The Article concludes that the European experience can help American conflicts law overcome its innate anti-rule syndrome and develop its own rules without surrendering the methodological or substantive gains of the choice-of-law revolution. Thus, the Article answers affirmatively the question posed by the Symposium's subtitle.

The Article also turns the Symposium's question in the opposite direction by asking whether the American conflicts experience holds any lessons for Europe. The Article concludes that a discerning examination of this experience can help European PIL in several ways, including fine-tuning its own choice-of-law rules, allowing more flexible exceptions, overcoming its own phobias against issue-by-issue analysis and depecage, and recognizing and appropriately resolving certain false conflicts

Download the paper from SSRN.

New Book: Japanese and European Private International Law in

Comparative Perspective

A very interesting volume, collecting the contributions presented by prominent European and Japanese scholars at a conference organised in 2007 by the Max Planck Institute for Private Law in Hamburg, has been recently published by Mohr Siebeck: **Japanese and European Private International Law in Comparative Perspective**. A presentation of the book, and the TOC, are available on the MPI's website:

> *Edited by Jürgen Basedow, Harald Baum und Yuko Nishitani, this conference volume is based on a symposium of the same name that was held in March 2007 at the MPI for Private Law in Hamburg and represents the first comprehensive analysis of the new Japanese private international law in any western language.*
>
> *The idea of national codification is advancing on a global scale in conflict of laws. A large number of legislative projects dealing with codifying and modernizing private international law, both on the national and the supranational level, have been launched in the past few years. Among such recent initiatives, the advances taken by the European and the Japanese legislators are particularly reflecting these developments. On January 1, 2007, the new Japanese 'Act on General Rules for Application of Laws' entered into force replacing the outdated conflict of laws statute of 1898. This major reform finds its parallels in the current efforts of the European Union to create a modern private international law regime for its member states.*
>
> *This volume presents the first comprehensive analysis of the new Japanese private international law available in any western language and contrasts it with corresponding European developments. Most of the contributors from Japan are scholars who were actively involved in and responsible for preparing the new Act. All of them are renowned experts in the field of private international law. Leading European experts in the conflict of laws supplement the Japanese analyses with comparative contributions reflecting the pertinent discussion of parallel endeavours in the EU. To guarantee better understanding, English translations of both the present and the former Japanese statutes have been added.*
>
> ***Table of Contents:***

I. General Introduction

Jürgen Basedow: The Recent Development of the Conflict of Laws – Trevor C Hartley: The Brussels Regulation and Non-Community States – Masato Dogauchi: Historical Development of Japanese Private International Law – Hironori Wanami: Background and Outline of the Modernization of Japanese Private International Law

II. Contractual Obligations

Yuko Nishitani: Party Autonomy and Its Restrictions by Mandatory Rules in Japanese Private International Law – Catherine Kessedjian: Party Autonomy and Characteristic Performance in the Rome Convention and the Rome I Proposal – Fausto Pocar: Protection of Weaker Parties in the Rome Convention and the Rome I Proposal

III. Assignment of Receivables

Aki Kitazawa: Law Applicable to the Assignment of Receivables in Japan (Nihon ni okeru saiken jôto no junkyo-hô) – Eva-Maria Kieninger: General Principles on the Law Applicable to the Assignment of Receivables in Europe

IV. International Company Law

Dai Yokomizo: International Company Law in Japan – Sylvaine Poillot-Peruzzetto: International Company Law in the ECJ Decisions – Daniel Zimmer: The Proposal of the Deutscher Rat für Internationales Privatrecht

V. Non-Contractual Obligations

Toshiyuki Kono: Critical and Comparative Analysis of the Rome II Regulation on Applicable Laws to Non-contractual Obligations and the New Private International Law in Japan – Thomas Kadner Graziano: General Principles of Private International Law of Tort in Europe – Marc Fallon: The Law Applicable to Specific Torts in Europe

VI. International Family Law

Yasuhiro Okuda: Divorce, Protection of Minors, and Child Abduction in Japan's Private International Law – Maarit Jänterä-Jareborg: Jurisdiction and Applicable Law in Cross-Border Divorce Cases in Europe – Alegría Borrás: Protection of Minors and Child Abduction under the Hague Conventions and the Brussels II bis Regulation

VII. International Civil Procedure Law

Yoshihisa Hayakawa: International Adjudicative Jurisdiction in Japan – Dieter Martiny: Recognition and Enforcement of Foreign Judgments in Germany and Europe

Annex I
Major European Community Legislation in Private International Law

Annex II
Japanese Legislation in Private International Law

Title: **Japanese and European Private International Law in Comparative Perspective**, edited by *Jürgen Basedow*, *Harald Baum*, and *Yuko Nishitani*, Mohr Siebeck (Materialien zum ausländischen und internationalen Privatrecht/48), Tübingen, March 2008, XVIII + 434 pages.

ISBN: 978-3-16-149547-2. Price: euro 89.

French Court Declines Jurisdiction to Transfer Dispute Back to U.S. Court

On March 6th 2008, the Paris Court of Appeal agreed to decline jurisdiction in order to enable the plaintiffs to go back to California and resume the proceedings that they had initiated there. The U.S. Court had (almost) declined jurisdiction on the ground of forum non conveniens, but had fortunately made its decision conditional upon French courts retaining jurisdiction. Under French law, however, French courts did not have jurisdiction over the dispute, but it was hard to see how they could rule so without being petitioned by the defendants, who had no interest to do so. It seemed logical that the plaintiffs would apply to French courts for a declaration of lack of jurisdiction, but declaratory relief is traditionnally unavailable under French civil procedure.

The dispute arose after a Boeing 737-300 crashed in the Red Sea a few minutes after leaving Egypt for Paris. All 135 passengers, most of whom were French (and who included leading arbitration scholar Philippe Fouchard and many members of his family), and the 13 crew members, died. This was on January 4th, 2004.

The airline (Flash airlines) was Egyptian, and so was its insurer. The aircraft was owned by Californian corporation International Lease Finance. The manufacturer of the aircraft was obviously American (Boeing), and so were a variety of its subcontractors: Honeywell International, Parker Hannifin.

Hundreds of plaintiffs decided to bring legal proceedings. A first group of 646 plaintiffs sued Flash Airlines and its insurer before French courts. A second group of 281 plaintiffs, some of whom also belong to the first group, sued the American parties before the U.S. District Court of the Central District of California.

In a judgment of 28 June 2005, the U.S. Court declared itself forum non conveniens. It held, however, that it would only decline jurisdiction if either the defendants were to agree to submit to the jurisdiction of French courts, or if French courts were to retain jurisdiction over the dispute.

The second group of plaintiffs decided to petition French courts to obtain a judgment declining jurisdiction. But this is a kind of declaratory relief that has traditionnally been unavailable under French civil procedure. If you want a court not to retain jurisdiction, the received wisdom goes, you do not petition it in the first place. So the French first instance court held in a judgment of 27 June 2006 that the action was inadmissible.

The plaintiffs appealed to the Paris Court of Appeal which agreed to rule on its jurisdiction.

- It first ruled on the admissibility of the action and held that, because of the context of the action, an action seeking declaratory relief was admissible. The traditional rule is that parties may not ask courts to rule on issues if it is not immediately necessary for the resolution of the dispute. However, as the point of the action was to secure the jurisdiction of a foreign court which had made it conditional upon the decision of the French court, knowing whether French courts had jurisdiction was immediately necessary for the resolution of the dispute.

The Court went on to rule that it did not have jurisdiction over the dispute between the second group of plaintiffs and the American defendants. As the defendants were US based, the European law of jurisdiction did not apply and submitting to the jurisdiction of French courts was irrelevant, as it is only a head of jurisdiction under European law. The French common law of jurisdiction provides that French courts have jurisdiction in tort cases when either the domicile of the defendant or the accident took place in France, which was not the case here. Finally, article 14 of the Civil code provides that French courts have jurisdiction over disputes involving French plaintiffs, but this jurisdictional priviledge can be waived by suing abroad and failing to challenge the jurisdiction of the foreign court, which is what had happened (indeed, the French plaintiffs had initiated the American proceedings and argued that U.S. courts had jurisdiction).

Interestingly enough, in an obiter dictum, the French court insists that the American court was the most appropriate court, as some of the witnesses reside "mostly" in the U.S., the evidence related to the plane is to be found in the U.S., and pre-trial discovery is available under U.S. civil procedure. The substance of the dictum might be questionable. But the mere fact that the judgment discusses which court is the most appropriate is truly remarkable, because the jurisdiction of French courts is mandatory. French courts have no discretion in this respect, and whether the foreign court is the forum conveniens is meant to be irrelevant for the purpose of retaining or declining jurisdiction. Well, not completely irrelevant it seems.

French Judgment on Article 5(1) of the Brussels I Regulation, Part IV

On March 5, 2008, the French supreme court for private matters (*Cour de cassation*) confirmed its previous case law characterizing exclusive distribution agreements as contracts which are neither sales nor provisions of services for the purposes of article 5(1) of the Brussels I Regulation.

In this case, German company Wolman had awarded French company Cecil the exclusive distribution of its products (wood) in France. After Wolman terminated the contract in 2002, Cecil sued before a French commercial court in Isère.

The Court of Appeal of Grenoble ruled in a judgment of November 16, 2006 that French courts had jurisdiction over the dispute, as the distribution contract ought to be characterized as a provision of service, which had taken place in France.

The *Cour de cassation* reversed. It held that it was no provision of service for the purpose of article 5, and that the lower courts ought to have identified the obligation in question and found where it was meant to be performed according to the law governing the contract.

As usual, no reasons are given by the *Cour de cassation* in support of its solution.

Related posts:
French Judgment on Article 5(1) of the Brussels I Regulation, Part I
French Judgment on Article 5(1) of the Brussels I Regulation, Part II
French Judgment on Article 5(1) of the Brussels I Regulation, Part III

Conferences: Organized by ERA Spring/Summer 2008

The Academy of European Law (ERA) organizes a number of private international law related conferences, seminars and courses during the spring and summer of 2008:

3rd European Forum for In-house Counsel, *Brussels, 24-25 Apr 2008*

- Description from the ERA website: For the third consecutive year, ERA and ECLA are organising the European Forum for In-House Counsel, combining the pragmatism of an in-house lawyer association with the expertise of a first-class European training institute. The European Forum

for In-House Counsel provides a forum for the exchange of practical experience, knowledge and views between all in-house counsel and other lawyers involved in business affairs. The aim is to provide in-house counsel, through expert input, with a comprehensive overview of and a practical insight into issues of European Community law with which an in-house counsel is confronted. The latest developments and the recent relevant case law of the Community courts in areas such as European competition law, European company law, European private law, as well as the topic of legal privilege, will be analysed during the forum. Interaction among participants will be encouraged through periods of discussion and case studies.

- Target audience: In-house counsel and lawyers specialised in business affairs

Cross-Border Debt Recovery, *Trier, 15-16 May 2008*

- Description from the ERA website: Dr Angelika Fuchs (ERA) and Professor Burkhard Hess (University of Heidelberg) are organizing a conference on Cross-Border Debt Recovery. Freezing or "attaching" a debtor's bank account(s) is a very effective way for creditors to recover the amount owed to them. Most Member States have legislation, which provides for the attachment of bank accounts. Debtors can, however, transfer funds very quickly to other accounts that the creditor may not know about. The creditor is often not able to block such movements of funds as quickly and therefore loses a powerful weapon against recalcitrant debtors. The European Commission feels that problems of cross-border debt recovery are an obstacle to the free movement of payment orders within the European Union and to the proper functioning of the internal market. Late payment and non-payment are a risk for businesses and consumers alike. The Commission therefore proposes the creation of a European system for the attachment of bank accounts. The consultation process initiated by the Green Paper on the attachment of bank accounts has inspired a vivid debate among practitioners, governments and academics. Furthermore, a second Green Paper on measures enhancing the transparency of the debtor's assets will be published soon.

- Target audience: Lawyers in private practice, in-house lawyers, stakeholders, representatives of national authorities and academics specialised in civil procedure and banking law

Recent Developments in Private International Law and Business Law, *Trier, 5-6 Jun 2008*

- Description from the ERA website: Dr Angelika Fuchs, ERA, organizes a seminar on recent developments in private international law and business law. Private international law and business law continue to be characterised by growing Europeanisation. The purpose of this seminar will be to present the latest developments in both legislation and jurisprudence in the following areas: Brussels I Regulation and anti-suit injunctions; Intellectual property and conflict of laws; New Regulation (EC) No. 1393/2007 on the service of documents; New Directive on certain aspects of mediation in civil and commercial matters; New Regulation (EC) on the law applicable to contractual obligations ("Rome I"); New Regulation (EC) No. 864/2007 on the law applicable to non?contractual obligations ("Rome II"); Trends in European company law: from Daily Mail to Sevic and Cartesio; Major decisions on cross-border insolvency.
- Target audience: Lawyers in private practice, in-house counsel in companies, associations, ministries and other public authorities, judges, notaries, academics

Summer Course: European Company Law, *Trier, 18-20 Jun 2008*

- Description from the ERA website: Tomasz Kramer, ERA, organizes a summer course on European company law. For the second time European company law will feature in ERA's series of summer courses in Trier. The impact of enlargement and globalisation on the internal market creates a special context for individuals and companies that operate across borders. The European Commission has launched a wide-ranging strategy to adapt and harmonise European company law to meet these new challenges. European law has considerably influenced the shape of modern company law in EU member states. Directives and the case law of the European Court of Justice have helped to harmonise national laws and regulations have introduced new legal forms for businesses. The 'Europeanisation' of

company law continues apace. This course will offer an introduction to the principles and framework of European company law. It will provide a comprehensive overview of subjects including the formation of different types of companies, corporate governance and management options, capital requirements, shareholders' rights and insolvency. In addition, topics such as corporate restructuring and mobility as well as the characteristics of transnational financial vehicles will be addressed, albeit taking into consideration national particularities. The course will address current challenges and the latest legislative proposals. The analysis of ECJ case law will be an essential element of the course. Participants will have the opportunity to take a preparatory online e-learning module.

- Target audience: Young lawyers in private practice, public administration or in-house counsel, as well as advanced or postgraduate students, academics, economists or auditors seeking a detailed introduction to European company law

Summer Course: European Private Law, *Trier, 30 Jun-4 Jul 2008*

- Description from the ERA website: Nuno Epifânio, ERA, organizes a summer course on European private law. The purpose of this course is to introduce lawyers to European private law. Among the areas covered during the seminar will be: European Civil Procedure; Private International Law; Contract Law; Insolvency Law; Financial Services; Consumer Protection. This course should prove of particular interest to lawyers who wish to specialise in or acquire an in-depth knowledge of European private law. A general knowledge of EU law is suitable but no previous knowledge or experience in European Private Law is required to attend this course. Participants will be able to deepen their knowledge through case-studies and workshops. The course includes a visit to the European Court of Justice in Luxembourg. Participants will have the opportunity to take a preparatory onlinee-learning module.

- Target audience: Lawyers in private practice, in-house counsel, representatives of national authorities and academics