British Columbia Court has Jurisdiction over Claim for Tobacco Damages

The latest decision in the attempt by the government of British Columbia to sue several tobacco companies for damages and health care costs is *British Columbia v Imperial Tobacco Canada Ltd* [2006] BCJ No 2080 (CA) (available here). The decision provides a good review of the enacting of the *Tobacco Damages and Health Care Costs Recovery Act* by the government and the litigation thereunder. The British Columbia Court of Appeal rejects several jurisdictional challenges by the defendants and also rejects a motion for a stay based on *forum non conveniens*.

Court of Appeal for Ontario Refuses to Enforce American Letter of Request

In *Re Presbytarian Church of Sudan*, released September 26, 2006 (available here) the Court of Appeal for Ontario held that a letter of request from the United States District Court could not be enforced in Ontario. Residents and former residents of Sudan sued Talisman Energy Inc, a Canadian company, in the United States for acts of genocide, torture and other human rights violations, relying on the *Alien Tort Claims Act* for jurisdiction. Despite the government of Canada having formally expressed its concerns about the litigation proceeding in the United States, through a diplomatic note, the court held that the letter of request was not contrary to the public policy of Canada. However, the court refused the request on the basis that the evidence in support – an affidavit from New York counsel – was insufficient to establish that the evidence sought was relevant,

necessary and not otherwise obtainable. The court described the affidavit as containing only "bald assertions" on these important elements of the test for giving effect to a foreign letter of request.

Council Adopts a Common Position on Rome II

After their general agreement on the text of the **draft Regulation on the law applicable to non-contractual obligations ("Rome II")** on 1-2 June 2006, the Council of the European Union has adopted a common position on 25 September 2006 under the co-decision procedure (by a qualified majority).

The Council's common position responds both to the Commission's original proposal in 2003, as modified by their proposal on 22 February 2006, and the amendments suggested by the European Parliament on 6 July 2005.

The draft statement of the Council's reasons can be found here. **The complete text of the draft Regulation proposed by the Council in their common position can be downloaded from here.**

All comments on the various acceptances and rejections contained therein are welcome.

Conceptualizing Yahoo v L.C.R.A.: Private Law, Constitutional Review

and International Conflict of Laws

Ariel L. Bendor (*University of Haifa – Faculty of Law*) and Ayelet Ben-Ezer (*Interdisciplinary Center Herzliyah – Radzyner School of Law*) have posted an article on SSRN entitled, "**Conceptualizing Yahoo! v. L.C.R.A.: Private Law, Constitutional Review and International Conflict of Laws**". The abstract reads as follows:

> *The Article deals with a topic that, despite its increasing importance, largely has been ignored in American case law and legal literature: the power of a court to review the constitutionality of foreign legal rules. The question arises in two contexts. The Court may be asked to review the constitutionality of enforcing the foreign law or judgment under the forum country's constitution, or it may be asked to do so under the foreign country's constitution. The United States District Court for the Northern District of California recently addressed these issues in Yahoo v. L.C.R.A. (169 F. Supp. 2d 1181 (2001)), which illustrates many of the difficulties courts encounter when faced with both constitutional issues and questions of international conflicts of law. The Article argues that despite numerous conceptual and pragmatic difficulties there is a strong policy justification for forum courts' constitutional review, and possible nullification, of foreign laws and judgments, at least in certain circumstances. This is since constitutional review, when carefully and appropriately limited, is an integral part of private international law that should allow for the disqualification of foreign laws and judgments only when the basic interests or other meta-principles of the forum dictate such a result. The Article, against the background of Yahoo v. L.C.R.A, attempts to conceptualize and provide a theoretical framework for the discussion and solution of problems relating to the conflux of constitutional review and international conflict of laws. The Article suggests that the central goals of private international law can still be accomplished within the framework of constitutional review. This can be achieved by fundamentally restricting the scope of constitutional review, especially when it involves "aggressive" measures such as the invalidation of foreign laws because of incompatibility with the foreign constitution. The thrust of this proposal is that forum courts should almost never apply foreign constitutional provisions that threaten to invalidate or otherwise nullify foreign laws, because they are not the appropriate place for such review, which is best*

left to the domestic courts of the relevant country. This principle is not absolute, however, and the Article suggests a few exceptions.

The full article can be downloaded from here.

Some Fundamental Jurisdictional Conceptions as Applied in Judgment Conventions

It looks like Ralf Michaels (*Duke University*) has been busy recently! As well as his "EU Law as Private International Law" article, Ralf Michaels has also posted "**Some Fundamental Jurisdictional Conceptions as Applied in Judgment Conventions**" on SSRN. The abstract states:

The law of jurisdiction and of the recognition and enforcement of foreign judgments is confused. So is the debate about it. Basic concepts, even that of jurisdiction, have ambiguous meaning. Misunderstandings, most prominent in the failure to conclude a worldwide judgments convention at the Hague, are the consequence. This article tries to bring conceptual clarity to the field through an analysis of concepts and relations. The article first shows that jurisdiction as a requirement for the rendering of a decision (direct jurisdiction) and jurisdiction as a requirement for the decision's enforceability elsewhere (indirect jurisdiction), are logically independent from each other. It goes on to show that the three possible values of deontic logic – obligatory, optional, and impermissible conduct – are reflected in three possible statuses that jurisdictional bases can have: such bases may be required, excluded, or permitted. A combination of both distinctions leads to nine different possible combinations of direct and indirect jurisdiction. The article analyzes each of these nine in detail.

Such an analysis is crucial for the drafting of judgment conventions. Traditionally, a distinction existed between so-called single conventions that

regulate only enforcement of foreign judgments, and double conventions that regulate also direct jurisdiction. Arthur von Mehren, for whose memorial volume this article is written, developed a third category, the so-called mixed convention. Although it represented a considerable improvement, the exact structure of mixed convention never became fully clear. This article proposes a new typology that is both richer and more exact.

Although the article draws on rich comparative material from existing conventions, and although it emphasizes repeatedly the normative implications both of different values for jurisdictional bases and of different types of conventions, the article's prime aim is analytical, not normative. However, far from being a mere formalist exercise, such an analysis lays the indispensable prerequisites for a proper normative analysis. The definition of clear concepts does not guarantee proper policy debates, but without clear concepts policy debate is impossible. In this sense, the paper hopes to help provide new foundations for such debates.

The article can be downloaded in full from here.

EU Law as Private International Law? The Country-of-Origin Principle and Vested Rights Theory

Ralf Michaels (*Duke University*) has an interesting article forthcoming in the Journal of Private International Law, "**EU Law as Private International Law? Re-Conceptualising the Country-of-Origin Principle as Vested Rights Theory**". Here's the abstract:

One of the most pertinent issues in contemporary European conflict of laws is the tension between Community law and traditional choice of law rules. The

biggest problem comes not from the transposition of member state rules on choice of law into methodologically comparable EC Regulations, but rather from the so-called country-of-origin principle. This principle holds, broadly, that EU member states may not impose obligations on a provider of goods and services that go beyond the obligations imposed by the provider's home state. Originally conceived mainly with public law obligations in mind, the principle has an impact on choice of law insofar as it bars member states from applying their own law to the provider's conduct, even if they have the closest connections to this conduct.

The exact relationship between the so called country of origin principle, and private international law, has long puzzled scholars and courts. Yet attempts at explanation and reconciliation have so far been unsuccessful because they started from an inappropriately narrow understanding of private international law. Integrating comparative legal history, this paper proposes a broader understanding of private international law beyond the current post-Savignyan approach. Thus broader approach makes it possible to recognize how the country of origin principle is remarkably similar to an almost forgotten and universally rejected private international law approach – the vested rights theory. The article demonstrates the parallels between the country of origin principle and US, English, French and German historical versions theories of vested rights.

This insight presents an interesting challenge. The vested rights theory is now universally rejected because the criticism brought forward against it was and is felt to be irrefutable. One might think the same criticism would be able to bring the country of origin principle down, too. Indeed, the article shows how current criticism of the country of origin principle replicates to a large degree earlier criticism made against the vested rights theory. Remarkably, however, it shows also that the country of origin principle can refute the criticism.

The return of vested rights, and its regained ability to overcome seemingly irrefutable criticism, hold a broader lesson. The rise and fall (and rebirth) of private international law approaches depends less on abstract considerations and more on general ideas and ideologies of the times – in this case, economic liberalism.

Highly recommended.

German Articles on European and International Insolvency Law

The latest issue of the German legal journal "Rabels Zeitschrift" (Vol. 70 No.3, July 2006) attends to European and International Insolvency Law. These are the articles which focus on this topic:

- *Axel Flessner* (Berlin/Frankfurt (Main)), Europäisches und internationales Insolvenzrecht, Eine Einführung (European and international insolvency law – an introduction)
- *Christoph G. Paulus* (Berlin), Die ersten Jahre mit der Europäischen Insolvenzverordnung (The first years with the European Insolvency Regulation)
- *Horst Eidenmüller* (Munich), Gesellschaftsstatut und Insolvenzstatut (The law governing the company and the law governing the insolvency)
- *Daniel Girsberger* (Lucerne), Die Stellung der gesicherten Gläubiger in der internationalen Insolvenz (The position of secured creditors in the international insolvency)
- *Cecilia Carrara* (Rome), The Parmalat case
- *Alexander Trunk* (Kiel), Entwicklungslinien des Insolvenzrechts in den Transformationsländern (The development of insolvency law in transition countries)

Ontario’s Top Court Confirms Importance of Jurisdiction Agreements

In *Crown Resources Corp SA v National Iranian Oil Corp* [2006] OJ No 3345 (CA), decided August 22, 2006, the Court of Appeal for Ontario overturned a lower court decision which had not given effect to a jurisdiction clause in favour of litigation in Iran. The Court of Appeal confirmed that a "strong cause" had to be shown before the court could disregard such a clause, and that no such cause had been made out in this case. Throughout its reasons, the court stresses the importance of upholding jurisdiction agreements. The case also illustrates how related tort claims can be found to fall within the scope of the agreement. The decision is available here.

German Article on the Applicable Law concerning Maintenance Obligations

Rolf Wagner (Berlin) gives an overview on new developments concerning the law applicable regarding maintenance obligations in the German legal journal FamRZ 2006, 979 et. seq. He addresses two new measures which deal with this field of law: On the one hand the plans of the Hague Conference to draft a new Convention on Maintenance Obligations which is planned to replace the two Hague Conventions from 1958 and 1973, and on the other hand the Proposal for a Council Regulation on jurisdiction, applicable law, recognition and enforcement of decisions and cooperation in matters relating to maintenance obligations, COM(2005) 649 final. *Wagner* compares the conflict of law rules of both drafts and attends to the relationship between these two instruments.

Overseas Workers: Employment without Borders

Robin Jeffcott and Dan Peyton (Richards Butler) have published the second instalment of their summary on "**Overseas Workers: Employment without Borders**" in the *Employment Law Journal*. Here's the abstract:

> *This, the second of a two part article, examines the legal issues which can arise where employees work in other jurisdictions as well as in the UK, considering the use of choice of law provisions in employment contracts, the jurisdiction of UK courts to hear breach of contract claims, jurisdiction governing employers' proceedings against overseas employees, and the protection of employers' business interests through the use of restrictive covenants and garden leave.*

Emp. L.J. (2006) No.73 September Pages 17-19 (available on Lawtel).