Choice of Law and Intellectual Property Rights

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ABSTRACT
An increased number of intellectual property rights infringements challenges modern society and its legal institutions. The development is enhanced by digitalisation, following in the footsteps of the emerging information society and the ease by which intellectual property rights can be shared. The fact that sharing is a borderless activity has made it crucial to find solutions to a growing number of cross-border disputes. The development unfolds in two ways: the enhancement of legal initiatives as regards substantive intellectual property protection, and an increasing interest in private international law.

In this article, this development is discussed with a specific focus on choice-of-law issues that arise in cross-border infringement cases. The solution of applying the law of the protecting country as a principle rule that is found in Article 8 in the Rome II Regulation is thoroughly analysed, and some alternative ways to solve 'choice of law' issues are presented in light of the development of a new choice-of-law regime in Norway.

Key words
Intellectual property, choice of law, Rome II Regulation
1. INTRODUCTION

Intellectual property (IP) is a peculiar creation. It aims at providing protection for immaterial intellectual efforts of different kinds, and the object of protection is complex to define. Legal regulation in the area of intellectual property rights (IPRs) is therefore specific and detailed in a way that distinguishes legislation in this area from legislation as regards other property rights. It may be stated that IP is a kind of collective good that has been made private by detailed legislation, which suggests that this property is easily shared and hard to uphold with exclusivity.¹

With the development of the information society, this imbedded feature – the ease by which IP can be shared – has increasingly given rise to difficulties, and the fact that sharing is a borderless activity has made it crucial to find solutions to a growing number of cross-border disputes. The development unfolds in two ways: the enhancement of legal initiatives as regards substantive IP protection, and an increasing interest in private international law.²

The immaterial nature of IPRs is of certain relevance since private international law is devoted to jurisdiction and choice of law, and the mission to find courts and legal regimes that are closely connected to potential disputes. Traditionally that mission is accomplished by the use of physical connecting factors. A dispute regarding a physical object may usually be solved by courts where that object is actually situated, under the law applying in that country. As regards immaterial IPRs, such physical connecting factors may be lacking,³ which leads to a more complex assessment.

For that kind of assessment to operate properly, it is necessary to take account of the prevailing justification for the existence of IPRs. There is general agreement that promoting creative and innovative activities is a matter of general interest. As an incentive, it is deemed appropriate to provide a certain period of market exclusivity so as to allow for the recoupment of investments made by those engaging in the relevant activities. For copyright, that essentially utilitarian objective is complemented by personal rights-based considerations mandating protection of droit moral in addition to economic rights. The protection thus granted is meant to encourage fair trade that will supposedly contribute to both economic and social development.⁴ However, in order to achieve that goal, attention must be paid to the parallel need for the public to get access to the subject matter protected by those rights. Hence the core objective of IP law is to provide a fair balance between the (private) exclusive rights on the one hand, and the need for (public) access on the other.

¹ A more developed discussion as regards the rationales behind intellectual property law may be found in Annette Kur and Thomas Dreier, European Intellectual Property Law (1st ed, Edward Elgar 2013) 5.
² The growing interest in both IP law and private international law is thoroughly described by James J Fawcett and Paul Torremans, Intellectual Property and Private International Law (2nd ed, Oxford University Press 2011).
³ Of course, in intellectual property law as well, physical aspects exist, such as the presence of persons acting or infringing items located in particular territories. However, due to the immaterial nature of the rights, legally relevant effects may also occur elsewhere. In that respect, IP has much in common with violation of personality rights.
IPRs may thus be framed as property rights informed by a combination of public and private interests. During the last century, and most conspicuously since the 1950s, the developments were strongly focused on IPRs under the aspect of private rather than public interests. This development – the continuous enhancement of the private aspect of intellectual property rights – is important, not least in relation to discussions regarding party autonomy and agreements regarding IPRs.

Another common feature that separates IPRs from other property rights is the fact that the legal protection from the outset was framed by way of an international collaboration. It is generally acknowledged that the development of modern intellectual property law began with the adoption of the Paris and Berne Conventions at the end of the 19th century. This is important for several reasons. IPRs are regarded as territorial national rights – and the principle of territoriality is reinforced by the Conventions – but the Conventions provide a common framework within which national legal initiatives are allowed to develop. As the different national legal regimes have a common background, there was (and still is) a natural legal harmonisation among the States adhering to the Conventions. In the first years subsequent to the adoption of the Conventions the harmonisation effect was rather negligible, but as time went by the Member States moved closer to each other in relation to their different (but more and more similar) substantive laws. Expressed in different terms, the Conventions establish a common legal language from which further collaborations evolved. A related aspect is that the Member States – with the successful adoption of the Paris and Berne Conventions – became prepared to engage in further international collaborations. Proof of this last aspect is the large number of conventions and international instruments that exists in the field of IP law, a fact that underlines that IPRs are a global concern despite the fact that territoriality continues to be a prevailing principle.

This paper is primarily concerned with choice of law in relation to cross-border conflicts regarding IPRs. In the following, we will thus focus particularly on relevant aspects of choice of law, first in relation to the Conventions, and secondly in relation to relevant EU instruments. The specific immaterial character of IPRs is of general relevance in this regard.

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5. In this regard a focus on the private aspects of IPRs implies that IP is to be regarded as objects (rather than creations of the mind) and that IPRs are rights with strong economic connotations. The development toward an objectification of IPRs is described and developed by Brad Sherman and Lionel Bently, The Making of Modern Intellectual Property Law: The British Experience, 1760–1911 (1st ed, Cambridge University Press 1999) 173–193. See also Peter Drahos, A Philosophy of Intellectual Property (1st ed, Ashgate 1996) 119–140, in which he describes an occurring shift from State interest to private (or self-) interest.

6. An insightful discussion as regards early bilateral conventions in the fields of private international law, and an acknowledgment as regards the importance of the Paris and Berne Conventions, may be found in Lydia Lundstedt, Territoriality in Intellectual Property Law (Stockholm University 2016) 84–104. See also Kur and Dreier (n 1) 10, 24.

7. The development toward an increased substantive harmonisation was enhanced by later Conventions (eg the WIPO Copyright Treaty, WCT, from 1996) and is further emphasised by the TRIPS Agreement. See further Lundstedt (n 6) 92, 93.

8. For examples as regards the Treaties that are presently administered by WIPO, see <www.wipo.int/treaties/en/>. Even larger, and still growing, is the number of bilateral agreements (Free Trade or Bilateral Investment Treaties), which regularly include a chapter on IPRs.
2. CONVENTIONS RELATING TO INTELLECTUAL PROPERTY

2.1 The Paris and Berne Conventions

2.1.1 Introduction

The Paris Convention was adopted in 1883 and the Berne Convention in 1886. Both Conventions were children of their time, and thus characterised by industrialisation, liberalisation and emerging internationalisation. Due to increased efficiency in manufacturing, national markets turned out to be insufficient for large-scale production, resulting in a pressure to develop means that could facilitate cross-border trade. In that increasingly international atmosphere, it was possible to agree on a common framework for the protection of IPRs. This occurred first in relation to so-called industrial property rights (the Paris Convention) and thereafter copyright (the Berne Convention).9

The Conventions build on the principle of national treatment and they introduce a minimum level of protection.10 Neither of these core features expressly deals with private international law, but they affect – in different ways – how private international law issues may be solved.

2.1.2 National treatment

The principle of national treatment is fundamental for international collaboration in the field of IP law. Its history precedes the Conventions.11 In brief terms, the principle states that foreigners are to be treated as if they were nationals in relation to the different forms of IP protection that exist in each Member State. The principle is expressed in both the Paris and Berne Conventions, establishing a non-discrimination principle that prevents Member States from maintaining rules in the field of IP law that favour national citizens.12 Nevertheless, national treatment allows for the Member States to uphold their different national legal systems. National treatment may thus be described as a compromise in a situation when it evidently was impossible to agree on full harmonisation between a substantive law approach that would have made national treatment unnecessary, and, at a time when it was out of the question to agree on common principles regarding private international law, a conflict of law approach that would have solved the problem of facilitating foreseeable and fair cross border use of intellectual property rights in a different way.13

The principle of national treatment confirms that IPRs are to be regulated on a national basis. The principle acknowledges that IPRs are territorial and that protection in each Member State is territorial in so far as it is limited to the borders of the protecting State.14

10. For a more elaborate discussion as regards the Conventions, see eg Kur and Dreier (n 1) 18, 24. See also Levin (n 9) 42, 53.
11. See Lundstedt (n 6) 84, 86.
12. See eg Paris Convention for the Protection of Industrial Property article 4 bis and 6; Berne Convention for the Protection of Literary and Artistic Works article 5.
13. See Lundstedt (n 6) 87.
14. See further Kur and Dreier (n 1) 10, 15. See also Fawcett and Torremans (n 2) 678, 679.
In that regard the principle of national treatment is imperative for the understanding of private international law solutions in this field, without actually being a private international law rule.

2.1.3 Minimum level of protection

As regards the second feature – the introduction of a minimum level of protection – both Conventions include some substantive rules. All Member States must adhere to this minimum level of protection but they are allowed to frame the rules of protection on a national level and to provide stronger protection. This is evident in particular in relation to different exceptions from protection. As was indicated above, IP law is essentially a balancing act in which proprietary interests in a strong legal protection are to be weighed against the interests of the public to get access to the protected subject matter. Substantive harmonisation within the Paris and Berne Conventions deals more with proprietary interest than with access, or – put in different terms – the minimum level of protection primarily relates to formation of rights, not access. As regards the latter, more flexibility is allowed for the Member States to frame exceptions from the protection that facilitates access.\(^\text{15}\) In relation to the overall impact of the substantive rules in the Conventions, it must be stressed that those provisions, in combination with the principle of national treatment, imply a rather insignificant harmonisation effect.\(^\text{16}\) The importance of the minimum level of protection that is found in the Conventions is, rather, that substantive harmonisation is established as an integral part of international collaboration in the field of IPRs and that it introduces a common platform for further collaboration with the emergence of a common global language for IP law.

As regards the Conventions’ influence on private international law, it may be stated that substantive harmonisation is the opposite of conflict of laws in so far as choice of law becomes a non-issue between States with fully harmonised legislation. And yes, a development towards full substantive harmonisation on a global level will inevitably lead to a diminished interest in private international law. Such a development is not realistic though, and there will be no full substantive harmonisation – at least not outside the realm of the EU – in the foreseeable future. Thus, choice of law will still be an issue. Substantive harmonisation is still important though, not the least in relation to the level of autonomy that may be allowed in agreements regarding IPRs.

2.2 The TRIPs Agreement

The Paris and Berne Conventions have been revised on several occasions. Since 1968, the task of organising such revisions has rested with the World Intellectual Property Organization (WIPO). However, since the 1970s, due to an increasing divide between groups of countries with diverging interests, any attempt at revision of the two Conventions has been unsuccessful. Faced with a stalemate at WIPO, the industrialised countries introduced IPRs

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15. See eg Berne Convention (n 12) article 2 bis, 10 and 10 bis.
16. See further Lundstedt (n 6) 92, 93.
into the Uruguay round of trade negotiations under the General Agreement on Tariffs and Trade (GATT), which led to the foundation of the World Trade Organisation (WTO) in 1994, with an Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) being concluded as an Annex.\textsuperscript{17} The TRIPS agreement highlights the growing importance of IPRs and it finally confirms that IPRs are commodities for world trade and as such constitute property rights with strong economic connotations. The TRIPS Agreement, briefly put, stipulates full compliance with the Paris and Berne Conventions in their latest versions, and it acknowledges the principle of national treatment, alongside the trade policy principle of Most Favoured Nation treatment (MFN). In addition, however, there are some novel features that emphasise the increased value of IPRs. In particular, TRIPS enhances the minimum level of protection, and substantive harmonisation is moved to a new level that also includes mandatory principles regarding enforcement of IPRs.\textsuperscript{18}

As such, the TRIPS agreement reinforces territoriality as the main principle in international collaboration in the field of IP law. As to the Agreement’s potential impact on private international law, it can only be said that by raising the level of harmonisation and by focusing on the economic aspects of IPRs, it is further confirmed that IPRs are increasingly regarded as rights similar to other forms of private property rights.

2.3 Is there a Choice of Law Clause in the Conventions?

It is generally assumed that the principle of territoriality governing the international conventions translates, as a matter of course, into the conflicts rule of \textit{lex loci protectionis} (or \textit{lex protectionis} for short), that is, application of the law of the country where (or rather: for which\textsuperscript{19}) protection is sought. The close link between the two principles is indeed obvious in so far as registered IPRs are concerned: It appears self-evident that the country of registration is regularly the country of protection, and that it is the law of this country that must be applied in relation to disputes regarding IPRs registered there. Applying the law of another country – for instance the law of the country where the owner of the right is habitually resident – apparently does not make much sense, as the right may not even be registered in that other country, and even if so, the effect of the registration would be confined to the territory of that State. In spite of the close connection, however, it is important to note that the territoriality principle only operates on the level of substantive law; it is not a conflicts rule per se.\textsuperscript{20} Therefore, it does not prevent legislatures from espousing or permitting other solutions, where that is deemed appropriate and feasible.\textsuperscript{21}

\textsuperscript{17} The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) became an integral part of the WTO Agreement that was concluded in Marrakesh in 1994. See further: \texttt{<www.wto.org/english/tratop_e/trips_e/trips_e.htm#issues>}.\textsuperscript{18} For a more elaborate discussion about the TRIPS see eg Levin (n 9) 49, 52.\textsuperscript{19} The wording is important; see section 4.4 below.\textsuperscript{20} See Josef Drexl, “Teil 8 – Internationales Immaterialgüterrecht” in Roland Rixecker, Franz Jürgen Säcker (eds), \textit{Münchner Kommentar zum Bürgerlichen Gesetzbuch: Internationales Privatrecht II} (7th ed, Vol 12, CH Beck 2015) 1219, para 14, noting that this is not uncontroversial. Also, in practice that distinction is often blurred.\textsuperscript{21} For instance in multiple-state disputes or if the parties have chosen a different law; see section 4 below.
For copyright, the matter is more complex. Pursuant to article 5(2) 1st sentence Berne Convention, copyright comes into existence without any formal requirements having to be fulfilled. Thus, a book published in Australia will be given protection in Australia if Australian requirements for protection are fulfilled, but simultaneously also in the rest of the world if requirements in different national laws (e.g. in Germany, Norway or Sweden) are met, irrespective of the fact that the work has been published abroad. This is why it has been argued that copyright is ‘universal’ and ownership must therefore be determined according to a single law, namely the *lex originis*. Others argue that copyright in all its aspects, including first ownership, remains subject to the territoriality principle, which means that applying *lex protectionis* is the more suitable approach. The controversy between representatives of both theories first culminated in the 1970s when Eugen Ulmer published his work *Intellectual Property and the Conflict of Laws*, and it continues ever since. We revert to the issue in section 4 of this article.

Controversies also surround the understanding of two provisions in the Berne Convention. First, article 14bis (2) (a) sets forth that ‘Ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed’. While this seems to confirm the ‘territorialist’ approach, there are also other possible explanations, and so the matter remains inconclusive. Second, Article 5(2) 2nd sentence stipulates that:

…the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.

Again, debates have arisen about whether this is a genuine conflicts rule, or whether it only extends the principle of non-discrimination to the applicable law. Under the latter approach, Article 5(2) 2nd sentence would be met already if it is set forth in the private international law of a given country that *lex originis* applies indiscriminately to infringements for which redress is claimed before the national courts.

Regardless of that debate, there is no doubt in practice that applying *lex protectionis* offers the most appropriate solution in so far as *infringement* of copyright is concerned.

Though the link with the territoriality principle may not be as close as with registered IPRs, it exists also here: after all, the principle of territoriality is meant to preserve, within the framework established by the Conventions, the sovereignty of national legislatures wishing to enact provisions best matching their own policy prerogatives. The enjoyment of that freedom would be counteracted if the national courts would have to apply foreign law

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22. Eugen Ulmer was active at the Max Plank Institute in Munich and finished a study regarding IPR and conflict of laws that was first published in German and later – with some revisions – in English. In this paper we refer to the English version: Eugen Ulmer, *Intellectual Property and the Conflict of Laws* (Kluwer 1978).
23. See below, 4.3.
24. See Drexl (n 20) para 77 who identifies five different interpretations of Article 14th Berne Convention.
25. It is not possible in this paper to give an overview of the large number of contributions to that debate. For a full account – also covering Article 3 and 4 TRIPS – see Drexl (n 20), paras 70 – 83.
27. The situation is more complex with regard to first copyright ownership; see below section 4.3.
(e.g. *lex originis*), even if the infringement occurs in the forum State and thereby directly affects the interests of the national public. Thus, while neither the territoriality principle nor, according to a majority opinion, article 5(2) 2nd sentence Berne Convention impose any obligation under international law as regards choice of law, it is no wonder that for all kinds of IPRs, including copyright, applying *lex protectionis* conforms to a (nearly) universally observed practice, at least in infringement disputes. This is also true for the EU, where Article 8 of the Rome II Regulation stipulates the application of the law of the country for which protection is claimed.

3. THE EU INSTRUMENTS: OVERVIEW

Before embarking on a closer examination of Article 8 Rome II Regulation, it is relevant to highlight the environment in which that provision exists. In particular, two parallel developments that date back to the beginning of the establishment of the European Communities should be kept in mind, namely the increased harmonisation both of substantive IP law and of private international law.

As regards harmonisation of IP law, there are a significant number of legal initiatives that affect the entire field of IPRs. Today both trademark law and design law are almost completely harmonised and copyright and patent law are not far behind. Within the EU it is no longer appropriate to discuss individual national IP systems without referring to the underlying European IP legislation as a harmonised area of law. As stated above, substantive harmonisation is not directly relevant for private international law, but it enhances the argument that the application in one Member State of another Member State’s IP law has little impact on State interests.

As regards the development of harmonised rules in the area of private international law, it needs to be kept in mind that there existed no competence to enact legislation in this area in the original EC treaties. That status changed with the Amsterdam Treaty in 1997 and since then has been a rapid legal development. The EU has – primarily

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29. In contrast to trade mark and design law, copyright is harmonised in a piecemeal fashion – by nine directives, with another pending.

30. While there is neither a comprehensive harmonisation as in trade mark and design law, nor multiple directives as in copyright law (only exemption: Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions [1998] OJ L213/13) the national patent laws are very close to each other, as most of them were aligned with the (failed) Community Patent Convention of 1975. Further alignment will result from the coming into force of the so-called patent package, as the Agreement on the Unified Patent Court (UPCA) contains provisions on infringement and limitations that will apply in proceedings before that Court.

31. See eg Kur and Dreier (n 1) 1.
by way of enacting directly applicable regulations – proved to be an eager legislator in the field of private international law. The development aims at complete harmonisation and it encompasses the entire field of private law, eg commercial law, family law, insolvency law and the law of succession. The Rome II Regulation, together with the Brussels Regulation\textsuperscript{32} and the Rome I Regulation,\textsuperscript{33} forms a complete set of rules as regards jurisdiction, recognition, enforcement and choice of law in the area of commercial law (which includes disputes regarding IPRs). Choice-of-law issues are dealt with in the two Rome Regulations, contractual issues in Rome I and non-contractual in Rome II. It should be kept in mind that disputes in the area of IP law can be both contractual, eg a dispute regarding a license agreement, and non-contractual, ie infringement. It may prove to be difficult to classify a dispute as contractual or non-contractual, eg a dispute regarding a license could be framed as a breach of contract, but likely also as an infringement. Choice of law in this area is thus subjective in the sense that it is dependent of how the plaintiff chooses to formulate his or her claims.\textsuperscript{34} In the following, we presuppose that the claim is based on infringements, which leads to the conclusion that choice of law issues in this area are to be solved by the Rome II Regulation, specifically by Article 8.

4. ARTICLE 8 ROME II

4.1 Legal History

Unlike in the field of contractual obligations, where the applicable law prior to the Rome II Regulation was determined by the Rome Convention of 1980, there was no preceding agreement among the Member States as regards choice of law in the area of IPR infringements. However, due to the largely homogeneous practice developed on the basis of the territoriality principle and its anchoring in international conventions, the issue did not seem to be so urgent. Indeed, the issue even seems to have been overlooked in the first preliminary draft submitted by the Directorate-General for Justice and Home Affairs in May 2002,\textsuperscript{35} which did not contain any provision on IP infringement. As infringements were not exempted either, the consequence would have been to submit them to the general provisions. This would have meant for example that if the holder and infringer of a patent are domiciled in country A, the law of that country would apply, even though the patent were only protected in country B.\textsuperscript{36} A provision filling the gap was proposed – together with

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\item\textsuperscript{34} See eg Michael Hellner, \textit{Rom II-Förordningen: tillämplig lag för utomobligatoriska förpliktelser} (1\textsuperscript{st} ed, Norstedts Juridik 2014) 182.
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other suggestions for the Rome II project – by the ‘Hamburg Group of Private International Law’.37 The relevant provision – Article 6a of the Hamburg Group proposal – distinguishes between national rights and ‘Community industrial property rights’. While the former are governed by the lex loci protectionis, the law applicable to the latter was declared to be ‘the law of the Member State where the infringement affects the right’. That binary structure was adopted also in the Commission proposal of 2003: The provision had two paragraphs, addressing national IPRs and unitary rights respectively, with the difference vis-à-vis the Hamburg group proposal that the law applying to the latter was said to be the ‘law of the Member State in which the act of infringement is committed’.38 The structure and content of those provisions remained uncontested throughout the otherwise somewhat rough and lengthy legislative process preceding the enactment of the Rome II Regulation39; it is reflected today in Article 8(1) and (2).

More contentious than that is Article 8(3) Rome II, which excludes any choice of law. In line with the Hamburg Group proposal,40 the Commission obviously considered the exclusion of choice as a consequence of the territoriality of IPRs; a corresponding provision was therefore already contained in Article 10 of the 2003 proposal (the predecessor of current Article 14 Rome II). This is briefly commented in the Explanatory Memorandum by pointing out that ‘[f]reedom of will is not accepted, however, for intellectual property, where it would not be appropriate.’ That view was challenged in a report by the European Parliament’s Legal Committee (amendment 25), stating that there ‘seems to be no reason why such agreements cannot be concluded in relation to intellectual property’.41 The proposed amendment was, however, rejected on that point by the Commission without a reason being given.42

37. Composed of scholars affiliated with the Max Planck Institute for Foreign Private and Private International Law (Jürgen Basedow [coord.], Felix Blobel, Jana Essebier, Jan von Hein, Axel Metzger, Ralf Michaels, Hans-Jurgen Puttfarken, Jurgen Samtleben, Judith Schnier, Simon Schwarz) and with the Seminar of Foreign Private and Private International Law of the Faculty of Law of the University of Hamburg (Ulrich Magnus, Peter Mankowski).
39. The most contested aspect of the legislation was the provision on personality rights, which ultimately proved impossible to be regulated in a uniform fashion, and thus does not form part of Rome II in its current form.
40. See Article 11 of the Hamburg Group proposal (n 36). Furthermore, the Hamburg Group suggested that the same be applied to Article 6 and 8 (competition law and environmental damage). In the latter aspects the Commission did not follow that suggestion.
41. European Parliament, A6-0211/2005 Report of Committee on Legal Affairs. Other elements in the proposed Amendment 25 concerned the location of the choice-of-law provision within the Regulation, and the possibility to choose the law, under specific circumstances, even before the event giving rise to the damage actually occurred.
42. See Amended proposal for a European Parliament and Council Regulation on the law applicable to non-contractual obligations (“Rome II”) (n 38) 3.2. The Commission did accept proposed Amendment 25 (only) as regards the possibility to make an ex-ante choice; see Article 14(1)(b) Rome II.
4.2 CONTENTS OF ARTICLE 8 ROME II – INTRODUCTION

Adopting *lex protectionis* as the dominant rule was an obvious choice for the EU legislature. As pointed out in the Explanatory Memorandum, the Commission even assumed that the principle of territoriality automatically translates into a conflicts-of-law rule.\(^4^3\) That view is mistaken, however. While it is true that applying the *lex loci protectionis* is generally accepted as presenting the best mode of reflecting the territoriality principle in regards to conflict of laws, this is neither mandatory under international law,\(^4^4\) nor does it provide the most appropriate solution in all conceivable cases. In that sense, the regulation set forth in Article 8 Rome II appears as somewhat oversimplified and under-reasoned.

The following presentation first addresses the scope, and then discusses the individual paragraphs of Article 8 Rome II in turn. Furthermore, where that is of interest, the presentation will refer to academic proposals for international regulation of the matter that were elaborated in the EU, the USA, and Asia.\(^4^5\) These are the proposals elaborated by the Max Planck Group for Conflict of Laws in Intellectual Property (‘CLIP’),\(^4^6\) the principles adopted in the framework of a project launched by the American Law Institute (‘ALI principles’),\(^4^7\) the Japanese Transparency project,\(^4^8\) and a joint project undertaken by scholars at Waseda University, Japan, with colleagues in Korea (‘Joint Waseda/Korean project’).\(^4^9\)

4.3 The Relevant Scope: Article 8 in Conjunction with Article 15 Rome II

While the law applicable to non-contractual obligations is governed by Article 8, Article 15 determines the scope of application of the law thus determined. Apart from the legal basis for liability, this includes inter alia limitations, remedies and other legal measures to prevent damage and secure compensation, transfer of claims, and ways in which the claim is extinguished, for instance by prescription. From the perspective of IP, the items included

\(^4^3\) This is reflected in the suggestion that making reference to international conventions would be equivalent to including a specific provision based on the principle of *lex loci protectionis*.

\(^4^4\) See above section 2.3.

\(^4^5\) Summaries and comparisons of these proposals or particular aspects of them are available in several books and articles. See in particular Rita Matulionyte, *Law Applicable to Copyright – A Comparison of the ALI and CLIP proposals* (1st ed, Edward Elgar 2011); see also the comparative texts produced for a meeting of the International Law Association (ILA) in Lisbon, reproduced in Journal of Intellectual Property, Information Technology and E-Commerce Law, 3 *JIPITEC* (2012) <https://www.jipitec.eu/issues/jipitec-3-3-2012> accessed 20 January 2019. Also, the CLIP volume (n 46) contains comprehensive notes comparing the CLIP proposals with those of the other projects.


in that list are less remarkable than what it does not include, namely a reference to (first) ownership.\textsuperscript{50}

The issue is without much relevance for (registered) industrial property rights, where ownership is determined by registration, which is necessarily territorial. Copyright, on the other hand, comes into existence by an act of creation that has manifested itself in some way. Following that act, the work is protected in all WTO Member States, subject to the requirements, scope and remedies set forth in the national laws.\textsuperscript{51} Copyright is thus universal and territorial at the same time. Before that backdrop, a controversy between ‘universalists’ and ‘territorialists’ has arisen: pursuant to proponents of the first theory, the law applying to copyright ownership is the law of the country where the right to the work came into existence (\textit{lex originis}), whereas advocates of the latter theory insist on applying \textit{lex loci protectionis} to initial ownership as well.\textsuperscript{52} A thorough investigation of both theories shows, however, that the arguments proffered on both sides are inconclusive.\textsuperscript{53} For instance, application of \textit{lex originis} is obviously advantageous in a situation when worldwide licenses are acquired, while under \textit{lex protectionis} the licensee cannot be sure that he or she has contracted with the person actually holding the right under the various national laws for which the license shall be valid. On the other hand, determining the \textit{lex originis} itself may be difficult and create uncertainties, as there is no uniform concept of ‘origin’, and as specific problems may arise in the case of multiple creators\textsuperscript{54}. Lastly, it must be added that the determination of the initial owner in practice is only the first step in a chain of exploitation, which in its subsequent stages necessarily falls under the rule of \textit{lex protectionis}. That applies in particular to infringement, but also the transferability of rights is regularly considered as being subject to \textit{lex protectionis}.\textsuperscript{55} Choosing \textit{lex originis} for the determination of initial ownership will therefore inevitably lead to \textit{dépeçage} when it comes to adjudicating actual disputes.

\textsuperscript{50} It must be added here that it is (or has been) contentious, at least in the German literature, as to whether Article 15 litra f Rome II (‘person entitled to compensation for damages sustained personally’) does not encompass initial ownership, thus making application of \textit{lex loci protectionis} mandatory (see eg Michael Grünberger, ‘Das Urheberrechtsstatut nach der Rom II-VO’ (2009) 2 ZYgRewiss 134, 157–163). However, that view is hardly sustainable and was given up even by previous proponents; see eg Axel Metzger, ‘Perspektiven des internationalen Urheberrechts – Zwischen Territorialität und Ubiquität’ (2010) 65 (19) JZ 929, 933. For more details and comprehensive references see Josef Drexl, CLIP (n 46) Article 3:201 Note 04, fn 22.

\textsuperscript{51} See section 2.3 above.

\textsuperscript{52} For an extensive discussion of those theories, their strengths, drawbacks, and practical consequences, see Drexl, CLIP (n 46) Article 3:201, Note 01 et seq (p 241 et seq); Drexl (n 20) paras 70 – 83.

\textsuperscript{53} See Drexl, CLIP (n 46) Article 3:201, Note 13 (p 247).

\textsuperscript{54} Regulating \textit{lex originis} in the case of multiple creators can be quite complicated; see § 313(1) of the ALI Principles (n 47); the governing law is the law of one of the creators’ residences, as designated by contract between the creators, or, if no contract resolves the matter, the law of the State in which the majority of the creators resided at the time of the creation, or if they all resided in different States, the State with the closest connection to the first exploitation. Furthermore, if it should occur that the designated country of origin does not recognise protection for the particular subject matter, Sec 313(2) refers to the law of the State where the subject matter is first exploited and the right is recognised. The cascade of default rules shows that the principle of \textit{lex originis} does not always fulfil its promise of enhancing the clarity and efficiency of author identification.

\textsuperscript{55} This is also true for the international projects that have espoused \textit{lex originis} as the rule applying to first copyright ownership; see Article 309(1) of the Joint Japanese/Korean proposal (n 49) and § 314 of the ALI Principles (n 47).
This brief comparison of arguments shows that it does not matter so much whether a universalist or a territorialist approach is chosen, as both have certain flaws and merits. The important aspect is only that the matter is firmly settled in one or the other way. It is true that ownership is just an incidental matter with regard to torts, but one that can be highly relevant. For a national legislature such as the Norwegian, it would be therefore highly recommendable to add a relevant clarification.

4.4 Article 8(1) Rome II – the Rule of lex loci protectionis

As pointed out above, applying lex loci protectionis to IPR infringement is a ‘natural’ but neither an ‘automatic’ nor strictly compelling consequence of the territoriality principle. Thus, in contrast to what the EU Commission seems to have assumed, the international conventions do not contain a binding choice-of-law rule. It was only by adopting in Article 8(1) Rome II closely similar wording to that used in Article 5(2) 2nd sentence of the Berne Convention, that the EU legislature deliberately turned that concept into a genuine conflicts rule. It is worth noting in this context that the deviation in the wording of the respective provisions is slight but significant: Article 8(1) Rome II designates the law of the country ‘for which’ protection is claimed, instead of ‘where’, as in Article 5(2) 2nd sentence of the Berne Convention. Thus the potential (mis)understanding is excluded that the applicable law is the law of the country where proceedings are brought.

By referring to the country ‘for which’ protection is claimed, Article 8(1) Rome II basically makes it a matter for the plaintiff to choose the applicable law. This could be considered as potentially dangerous as it might lead to ‘law-shopping’, with the plaintiff selecting the national law that is most favourable to his claim. However, making an arbitrary choice will not benefit the interests of the right holder: if he designates the law of a country where the right is not protected, or where the defendant has not acted in an infringing manner, the claim is rejected and the litigation lost. Depending on the national law in the forum State, the right holder could even be subject to (counter)claims for harassment or unfair competition. Inter alia, for those reasons Article 8(1) Rome II is rarely, if ever, misused in practice.

In traditional infringement scenarios, the country for which protection is claimed can be easily identified from the plaintiff’s statement of facts. If a trademark or patent right exists in country A and the plaintiff seeks to prohibit the defendant from selling allegedly infringing goods in that country, the matter is clear without the plaintiff expressly referring to the fact that protection is claimed for – and must therefore be decided under the law of – country A. Things are more difficult when potentially infringing acts extend over several

56. In addition to the strictly legal arguments, it must be added that the issue has certain policy implications, deriving from a fundamental split dividing the copyright universe: While according to continental European traditions the initial owner of copyright can only be a natural person – the creator – this is different eg under US copyright, were the right can accrue to a company due to the doctrine of ‘work made for hire’. Countries applying lex originis to copyright ownership thus may have to accept that the personal author cannot claim any rights in a work created by him or her, while their own law – the lex protectionis – would definitely exclude such findings.
countries, and the same or parallel rights are protected in all of them. In those scenarios, identifying the applicable law(s) and abiding by the principle of *lex loci protectionis* may become burdensome or, in extreme cases, even unfeasible. Article 8(1) Rome II neither addresses nor offers a way out of such situations. This is different from the adjacent area of competition (antitrust), where Article 6(3)(b) Rome II allows the application of a single law for calculating the damages ensuing from anti-competitive behaviour in more than one EU Member State.57

For a more in-depth analysis, a distinction must be drawn between industrial property on the one hand and copyright on the other; furthermore, one must distinguish between intra- and extra-EU matters. In industrial property, a need to apply several different laws arises whenever an infringement extends over one or several national border(s). When the Rome II Regulation was promulgated, no specific redress was considered necessary,58 and indeed, at least within the EU, there is not much to worry about. Entrepreneurs regularly engaging in cross-border business are well-advised to acquire unitary rights (where they exist), ie EU trademarks,59 Community designs,60 Community plant variety rights61 and – if plans proceed as envisaged – European patents with unitary effect.62 That way, uniform law applies instead of different national laws.63 This is different, however, if the infringement extends to non-EU countries. While ‘mass infringements’ of parallel industrial property rights existing in a large number of countries (in and) outside the EU may not be very frequent at this date, their number is likely to increase as international registration systems make acquisition of parallel rights easier, and potentially infringing communication is disseminated over the internet.64

57. The choice is up to the plaintiff, but it is restricted in its scope: the claim must be brought in the defendant’s forum, and only the law of the forum can be chosen, provided that the market of the forum State is among those which are substantially affected. In case of a claim brought against several defendants sued in the same forum, the law of the forum can only be chosen if the alleged anti-competitive behaviour of each defendant substantially affects the market of the forum State.

58. The Explanatory Memorandum to the Commission proposal of 2003 (n 38) shows that the legislature was conscious of *lex loci protectionis* leading to a multiplication of applicable laws in case of multi-state infringement, without specifically addressing the problems potentially arising therefrom.


63. Due to the Nintendo decision (Joined cases C-24/16 and C-25/16, *Nintendo Co. Ltd v BigBen Interactive GmbH* [2017] OJ C402/3), this also applies to issues that were left unregulated in the respective legal acts; see below.

64. Issues arising from trade marks or other distinctive signs being displayed on the internet and thereby creating a risk of infringing rights existing in other territories were addressed in the Joint Recommendation Concerning
Things are again more complex in copyright. There is no ‘unitary copyright’ in the EU that would alleviate the burden of pleading infringement of different laws in case of intra-EU cross-border infringement. And if content is disseminated over the internet, the geographic scope of infringement is broader anyhow – at least theoretically, it may result in copyright infringement in as many countries as are members of the WTO (and thus are bound to observe the TRIPs Agreement, with its imbedded reference to the Berne Convention). Claims that such ubiquitous communication must be ceased altogether, and that damages are to be paid for the entire harm done, therefore effectively translate into a claim for worldwide protection. Under a strict understanding of Article 8(1) Rome II, this would trigger an obligation to apply 180-plus national laws. It is obvious that this is no realistic prospect.

In practice, courts faced with disputes over infringing internet communication tend to apply their domestic law without addressing the issue of potential worldwide infringement at all. However, simply ignoring the cross-border effects such judgments may have does not seem to present an appropriate solution. It is true that until now, proposals made in that context have not been implemented anywhere. This does not mean, however, that looking for adequate solutions in cases of ubiquitous or multi-state infringements is a futile effort. In particular where, as in Norway, national legislatures are free to ‘experiment’ with novel concepts, the challenge can be met more easily than within a supranational body such as the EU, or even on a worldwide basis. And such ‘experiments’ would not have to start from scratch: model solutions have been elaborated, and were thoroughly discussed, in the framework of the academic projects in IP and private international law that were mentioned before. Without going into details, all those proposals coincide in their basic concept, namely that when, in ubiquitous or multi-state infringements, application of lex protectionis becomes too burdensome or unfeasible, a single law – the law of closest connection with the dispute in its entirety – should be applied, with a list of factors guiding the analysis. Apart from that, three of the projects provide an option for the parties to prove

65. See section 2.2 above for more details about the TRIPS Agreement.
66. See eg the Swedish Pirate Bay case from the Svea Court of Appeals, RH 2013:27.
67. For an overview of such proposals see Annette Kur, CLIP (n 46) Article 3:603, Note 6 and 7 et seq (p 323).
68. For the solution espoused by the CLIP Principles see Kur, CLIP (n 46) Article 3:603, Comments (p.315 et seq), with an overview the other international projects being given at Note 18 et seq (p 324 et seq).
69. See CLIP (n 46) Article 3:603(1); ‘In disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court may apply the law of the State having the closest connection with the infringement, if the infringement arguably takes place in every State in which the signals can be received. This rule also applies to existence, duration, limitations and scope to the extent that these questions arise as incidental question in infringement proceedings.’ Similarly, Article 306(1) of the Waseda/Korean proposal (n 49) stipulates that that the law of closest connection applies if an infringement occurs in ‘indefinite and multiple countries’. Pursuant to § 321(1) of the ALI principles (n 47) a court may apply a single law ‘when the infringement is ubiquitous and the laws of multiple States are pleaded’. The Japanese Transparency proposal (n 48) likewise stipulates in Article 306(1) that in case of ubiquitous infringement, a single law may be applied.
70. See CLIP (n 46) Article 3:603(2); Article 306 of the Waseda/Korean proposal (n 49); § 321 ALI Principles (n 47).
that the law of a specific country (or countries) differs from the applicable law in certain aspects. In that case, the court must fashion a solution that takes account of the other law as well.\textsuperscript{71} Irrespective of the differences in detail, all those projects thereby try to establish a balanced solution that ensures that the interests of both parties as well as the interests of the public underlying the different national laws are duly respected.

4.5 Article 8(2) Rome II – Unitary Rights

If a unitary right such as an EU trade mark (EUTM) or a Community design is infringed, the applicable law is that set forth in the legal instrument by which that right has been created. Thus, in so far as matters covered by the respective regulations, identifying the applicable law does not pose any problems. This is different only where gaps are left in the regulations, such as with regard to so-called ancillary sanctions (damages, third-party information, etc.). For instance Article 130 of the EU Trade Mark Regulation (Reg. (EU) 2017/1001, EUTMR) only prescribes that in case of infringement, national courts acting as EU trade mark courts must ‘issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the EU trade mark.’ In all other matters, national law applies. Somewhat more explicitly, Article 89 of the Community design regulation (Reg. (EG) 2002/6, CDR) stipulates that in addition to issuing prohibitory injunctions, national courts acting as Community design courts can order the seizure and destruction of goods. In all other regards, national law applies, either on the basis of Article 89(1) lit. d or Article 88(2) CDR.\textsuperscript{72}

The references in Article 130 EUTMR and Article 88(2) and 89(1) lit. d CDR to national law also include the private international law. As national private international law has been replaced by the Rome II Regulation, the substantive national law governing ancillary sanctions that are not set forth in the EUTMR and the CDR respectively is the law designated by Article 8(2) Rome II, that is, the ‘law of the country in which the act of infringement was committed.’ It has been contentious for some time whether the formulation was to be understood as compelling a so-called mosaic approach – meaning that the law of all Member States must be applied where the right was affected by the infringement – or whether a single connecting factor could be identified. In Nintendo,\textsuperscript{73} the CJEU answered the question in the latter sense, declaring that the court seised must identify ‘the law applicable by using a single connecting factor linked to the place where the act of infringement at the origin of several acts alleged against a defendant was committed or threatened’,\textsuperscript{74}

\textsuperscript{71} See CLIP (n 46) Article 3:603(3): ‘Notwithstanding the law applicable pursuant to paragraphs 1 and 2, any party may prove that the rules applying in a State or States covered by the dispute differ from the law applicable to the dispute in aspects which are essential for the decision. The court shall apply the different national laws unless this leads to inconsistent results, in which case the differences shall be taken into account in fashioning the remedy’. Corresponding rules are found in Article 306 of the Waseda/Korean proposal (n 49); § 321(2) ALI Principles (n 47); Article 306(4) of the Japanese Transparency project (n 48).

\textsuperscript{72} See Case C-479/12 Gautsch v Duna [2014] OJ C93/12 paras 52 and 53.

\textsuperscript{73} Joined cases C-24/16 and C-25/16 (n 63).

\textsuperscript{74} ibid, para 104.
with the determination of that law being based on an overall assessment of the defendant’s conduct.

For courts outside the EU – such as Norwegian courts – it is certainly appropriate to apply the Nintendo principles to infringing conduct initiated in the EU. For instance if a Norwegian company is sued in Norway for EUTM infringement, with the goods being produced and disseminated throughout the EU from the company’s establishment located eg in Sweden, computation of damages could – and should – proceed on the basis of Swedish law. But what if production took place in Norway? For courts within the EU the Nintendo principles would become inapplicable, as the right – the EUTM – does not exist in Norway. This has the consequence that the law of each EU Member State must be applied where an individual act of infringement has been committed – ie where infringing goods were offered and sold (mosaic approach). Depending on the geographic scope of activities in the EU, identifying and applying the individual national laws under the mosaic approach can be very burdensome. It is true that sanctions have been harmonised at a minimum level by the IP Enforcement Directive (IPRED); however, there are still a lot of differences when it comes to the details.

One could therefore question whether courts in Norway are necessarily tied to the same principles that must be observed by courts in the EU. In other words, is it really so that application of national (Norwegian) law is necessarily excluded if infringements of unitary rights are committed from the Norwegian territory? After all, as an EEA member, Norway has fully implemented the EU Acquis including sanctions. From that perspective, no harm would be done in principle if the Nintendo doctrine were extended so as to cover acts undertaken within Norway that cause infringements in the EU. Arguably, the principle of lex loci protectionis would advise against applying the law of a non-protecting country, even if only ancillary sanctions or other accessory matters are concerned.75 On the other hand, as we have seen, applying lex protectionis is not compelling in the sense that any deviation would clash with overarching international obligations. Although this is therefore a matter to be decided by the Norwegian lawmaker, a recommendable, prudent solution would be to refrain from an extra-EU extension of the Nintendo principles and limit their application to intra-EU acts. There may be other, less problematic ways to alleviate the burden resulting in practice from the mosaic approach applied to sanctions. One of those is to broaden the possibility for choosing the applicable law, as is pointed out below.

4.6 Article 8(3) Rome II – Exclusion of Choice

Pursuant to Article 14 Rome II, parties may always choose the applicable law applying to non-contractual obligations after the obligation arose, or, if both engage in commercial activities, even before the relevant event. Excluded from that rule are only claims under Article 6 (competition law) and Article 8 Rome II. As set forth under section 1 above, the motivation given for that exclusion in the travaux is rather thin; it seems that exclusion of choice was considered as a necessary consequence of the territoriality principle. That view

75. On the difference between the law applicable to the infringement as such and to remedies see section 4.6.
prevailed, though it was challenged, without success, by the Legal Committee of the European Parliament.

It is crucial for an informed discussion on the possibility of choice in IP matters to distinguish between the infringement as such and the remedies claimed. If the parties were free to derogate from *lex protectionis* in its entirety, the scope of the right, including the exceptions and limitations, would be put at their disposal, and the binding force of rules developed under national law to determine the positive and negative boundaries of the exclusive position entailed by IP protection would be negated. This is different with regard to remedies. Although they also form an important part of the IP regime, the type and dimension of remedies are *not an essential element* of the basic claim to validity of the national rules.

To some extent, the manner in which remedies are claimed in practice involves an element of choice anyhow: it is neither necessary nor usual that the entire arsenal of sanctions is claimed in a lawsuit; plaintiffs rather pick and choose among the available remedies, preferring those that they consider as most efficient and for which the requirements are least complicated to establish. If, instead of the plaintiff invoking the options available under national law in a selective manner, the parties agree on one particular law as governing the sanctions, the outcome will in all probability not be less appropriate or efficient.

The position that permitting choice of law with regard to the remedies does not disrupt fundamental principles of IPRs is also corroborated by the fact that in Swiss law, choice of law for the consequences of infringement is accepted at least to some extent.76 Article 110 (2) of the Swiss Private International Law Code stipulates that ‘in regard of claims resulting from violation of intellectual property rights, the parties may always agree, after the harmful event has occurred, that the law of the forum shall be applied’77 As is emphasised in the legal literature, the term ‘claims’ refers in this context only to the remedies, ie damages, disgorgement of profits, removal, and injunctions, whereas the issue of whether the right was actually violated – as well as the preliminary questions of its existence and validity – remain subject to *lex protectionis*.78

It is also worth noting – and hardly surprising – that the international projects referred to above endorse the option for the parties to choose the applicable law, and that they do so in a rather generous fashion.79 Three of the four projects80 accept pre- as well as post-infr-

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76. In the ALI Principles (n 47), § 302, Reporters’ notes no 2, p 133, reference is (erroneously?) made to Art 110(3) of the Swiss Private International Law Code. Further reference is made to the Belgian Code of Private International Law Art 104(2) (with regard to quasi-contractual relations). However, the Belgian law has been superseded by the Rome II Regulation, which does not accept any choice, see above.
77. ‘Für Ansprüche aus Verletzung von Immateriälgüterrechten können die Parteien nach Eintritt des schädigenden Ereignisses stets vereinbaren, dass das Recht am Gerichtsort anzuwenden ist.’
79. For details see CLIP (n 46) Article 3:606 N06 et seq, p 345.
80. CLIP (n 46) Article 3:606; ALI principles (n 47) § 302; Waseda Global COE project (n 49) § 302. Article 304 (1) of the Japanese Transparency Proposal (n 48) only applies to ex-post agreements.
ingement agreements. Two – CLIP and the Japanese Transparency project – are confined to the remedies, while the ALI principles and, to an even greater extent, the Waseda/Korean project, also allow choosing the law governing the infringement as such, with certain safeguards being imposed (in the ALI principles) with regard to arbitrary choices and (in both projects) regarding the rights of third parties. All projects further coincide in the fact that the choice of a particular law may be inferred to some extent from a pre-existing relationship between the parties.81

Some of that may appear too ambitious for a contemporary, pragmatic lawmaker. On the other hand, the unanimous support given in the projects to at least some relaxation of a total exclusion as that spelled out in Article 8(3) Rome II is a powerful sign of discontentment with the complete dominance of *lex loci protectionis* over the principle of party autonomy. In that light, it would be highly recommendable for the Norwegian legislature also to follow the Swiss example and allow for an opening, if only confined to the remedies and – if that is considered appropriate for reasons of policy – to the law of the forum.

5. CONCLUDING REMARKS

As is evident from the above, it can be concluded that there is a development towards further harmonisation within the field of IP law, and that the private/economic aspect of IPRs has been enhanced since the enactment of the TRIPs agreement in 1994. This development provides room for new solutions in situations in which new choice-of-law regimes are about to be established, as in Norway. We will not suggest that the Norwegian legislator acts regardless of existing regulations and principles, but we would like to encourage some novel initiatives. First and foremost, however, is the conclusion that the principle of territoriality still prevails and that it needs to be acknowledged that this principle, translated into *lex protectionis*, works as a perfect choice-of-law rule in a majority of cases.

As regards room for autonomous initiatives, we have identified some areas that may be further considered. First, we recommend that a relevant clarification is introduced in the Norwegian legislation as regards initial copyright ownership in order to prevent this issue from being an additional burden in infringement cases. Secondly, we recommend that the new Norwegian legislation should address the potential choice of law problems that may follow from ubiquitous infringement. This could be done by adhering to existing model solutions that allow for flexibility in cases concerning ubiquitous or multi-state infringements. Such flexibility may be obtained if it is allowed to apply one single law – the law of closest connection with the dispute in its entirety – in situations when the application of *lex protectionis* becomes too burdensome or unfeasible. Finally, we think that some relaxation of the total exclusion of party autonomy in Rome II would be highly recommended. Such relaxation would create an additional possibility to prevent problems with ubiquitous infringements, and it would turn the Norwegian legislation into a potential model law that would be of great interest for other countries where similar ideas are being considered.

81. See eg CLIP (n 46) Article 3:606(2).