JURISDICTION IN DISPUTES ABOUT INFRINGEMENTS OF INTELLECTUAL PROPERTY RIGHTS ON THE INTERNET IN VIEW OF RECENT ECJ CASE LAW

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This paper discusses the recent case law of the Court of Justice of the European Union (the ECJ), in particular the Wintersteiger Case, concerning jurisdiction pursuant to Article 5(3) of the EC Brussels I Regulation in disputes arising out of alleged intellectual property rights infringements committed by means of content placed on the Internet.

KEYWORDS

Brussels I Regulation, copyright, forum delicti, intellectual property, Internet, jurisdiction, private international law, trademarks

The ECJ has recently rendered an impatiently awaited judgment concerning jurisdiction in a dispute dealing with an intellectual property infringement allegedly committed by means of content placed on an Internet website. The cross-border nature of the Internet, where websites are normally accessible from practically all countries, gives rise to the question whether such accessibility itself suffices to give effect to Article 5(3) of the EC Brussels I Regulation, No 44/2001 of 22 December 2000 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, which provides that a person domiciled in a Member State may, in another Member State, be sued “in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur” (the

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so-called *forum delicti*). Article 5(3) applies both to actions for compensation for damage that has already arisen and actions asking for preventive injunctions. It follows from ECJ case law\(^2\) that the formulation “the courts for the place where the harmful event occurred or may occur” gives the plaintiff normally the choice between suing in the Member State of the harmful act and the Member State of the ensuing direct and immediate\(^3\) damage (without prejudice to the possibility of bringing action in the courts of the Member State where the defendant is domiciled pursuant to the Regulation’s main jurisdictional rule in Article 2). In contrast to the court of the defendant’s domicile and the court of the harmful event, the jurisdiction of the courts in the Member State of the damage is, however, limited to the damage caused in the territory of the Member State of the forum. Except in the cases where the plaintiff’s assertion that such “local” damage has arisen is manifestly unfounded, it is normally sufficient for jurisdiction that the plaintiff demands compensation for it; the question of whether in fact there is damage falls in principle within the scope of the examination of the substance of the action that the court, having established its jurisdiction, will undertake in light of the applicable substantive law.

While the country of the domicile of the defendant and the place of the harmful event are usually not disputed, the place of the damage causes particular interpretation problems in the Internet context, due to the above-mentioned omnipresence of the Internet content.

Article 5(3) is, however, not the only provision of the Brussels I Regulation where the ubiquity of the Internet has caused problems. Pursuant to Article 15(1)(c), the special consumer-friendly jurisdictional rules for consumer disputes presuppose, in some situations, that the businessman involved “directs” his activities to the Member State of the consumer’s domicile or to several States including that Member State. In the joint cases of

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1. Official Journal of the European Communities 2001 L 12 p. 1. This Regulation will in 2015 be replaced by a new Regulation (No 1215/2012 of 12 December 2012, Official Journal of the European Union 2012 L 351 p. 1), but the provisions discussed in this paper will not be affected by the change, except with regard to the numbering of articles (Article 5(3) of the current Regulation will in the new one be replaced by Article 7(2)). The ECJ judgments concerning the Brussels I Regulation, and to a large extent also the case law concerning its predecessor, the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, are considered to be relevant also for the understanding of the corresponding provisions of the new Regulation.


Pammer v. Reederei Karl Schlüter and Hotel Alpenhof v. Heller,\(^4\) decided on 7 December 2010, the ECJ held that in order to consider a trader active on its website to be “directing” its activity to the Member State of the consumer’s domicile within the meaning of Article 15(1)(c), it is not sufficient that the website can be accessed from that country. Instead, it must be ascertained whether it is apparent from the website and the trader’s overall activity that the trader was envisaging doing business with consumers domiciled there, as evidenced by such factors as the international nature of the trader’s activity, mention of itineraries from other Member States for going to the place where the trader is established, use of a language, a currency or a top-level domain name other than the language, currency or top-level domain name generally used in the Member State in which the trader is established, mention of telephone numbers with an international code, mention of an international clientele, etc. The ECJ reasoned that while the classic forms of advertising normally demonstrate an intention of the trader to direct its activity to a particular country, that intention is not always present in the case of advertising by means of the Internet. As this method of communicating inherently has a worldwide reach, advertising on a website by a trader is in principle accessible in all countries irrespective of the intention of the trader to target or not to target consumers outside of the territory of the Member State in which it is established. The words “directs such activities to” a certain country cannot thus be interpreted as relating to a website’s merely being accessible from there. The ECJ left it, however, open whether this reasoning can be transposed to the interpretation of the place of the damage in the context of forum delicti in Article 5(3).

Less than one year later, on 25 October 2011, some light on the last-mentioned question was cast by the ECJ in the joint cases of eDate v. X and Martínez v. MGN,\(^5\) concerning alleged infringements of personality rights (defamation) by means of content placed online on an Internet website. The ECJ held that the person who considers that his personality rights have been infringed has the option of bringing an action for liability, in respect of all the damage caused, either before the courts of the Member State in which the publisher of that content is established or before the courts of the Member State in which the centre of his (the plaintiff’s) interests is based; he may

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also bring his action before the courts of each Member State in the territory of which the defamatory content placed online is or has been accessible, but only in respect of the damage caused in the territory of that Member State. An important novelty introduced by the ECJ in eDate and Martinez is the concept of the victim’s centre of interest, serving as a basis for jurisdiction for all damage caused by a personality infringement and intended to neutralize the difficulties involved in giving effect, within the context of the Internet, to the more traditional criterion relating to the occurrence of damage. The ECJ pointed out that the placing online of content on a website must be distinguished from traditional distribution of media such as printed matter, because the website content may be consulted instantly by an unlimited number of Internet users throughout the world, irrespective of any intention on the part of the person who placed it there and outside of that person’s control. Moreover, the ECJ pointed out that it is not always technically possible, in the Internet context, to assess and quantify the damage caused within a particular Member State. Nevertheless, the ECJ retained also the traditional criterion relating to the occurrence of damage, even though only indirectly: according to the language of the ECJ the mere accessibility of the website suffices for jurisdiction, but “only in respect of the damage caused in the territory of the Member State of the court seised”, which means that it is the occurrence of (alleged) direct and immediate damage arising in the country of the forum, rather than mere accessibility per se of the website, that is decisive. It is also important to note that the ECJ did not, in eDate and Martinez, speak about the interpretation of Article 5(3) in matters regarding torts committed by placing content on a website in general, but limited itself to cases of infringements of personality rights. The issue regarding jurisdiction in the event of an alleged infringement of intellectual property rights by means of the Internet thus remained unsettled.

The ECJ was finally given opportunity to state its view on the last-mentioned issue in the case of Wintersteiger v. Products 4U, decided on 19 April 2012.⁶ The dispute had arisen due to the Austrian company Wintersteiger’s application to an Austrian court to prevent the German company Products 4U from using the trademark “Wintersteiger” as a keyword on the German Internet search engine website “google.de”. Products 4U advertised and sold accessories to Wintersteiger’s products. Although the accessories them-

⁶ Case C-523/10, [2012] ECR I-000.
selves were neither produced nor authorised by Wintersteiger, Products 4U advertised them as “Wintersteiger accessories”. Wintersteiger brought an action in Austria, claiming that Products 4U infringed its Austrian trade mark. Regarding the jurisdiction of Austrian courts, Wintersteiger relied on Article 5(3) of the Brussels I Regulation and argued that the “google.de” website could be accessed also from Austria and used the common language of both countries. Products 4U objected to the jurisdiction of Austrian courts on the ground that the website and the advertisement in question were directed exclusively at German users and customers. Even though the website could be accessed via the Internet from Austria, the Austrian court of first instance considered that, as Google offered its services under country-specific top-level domains and the “google.de” website was directed at Germany only, it did not confer jurisdiction on Austrian courts under Article 5(3). The court of appeal came to the opposite conclusion and held that it did have international jurisdiction. The Austrian Supreme Court (Oberster Gerichtshof) turned to the ECJ with a request for a preliminary ruling, the principal question being whether jurisdiction under Article 5(3) can be established by the mere accessibility of the website in question from the Member State of the forum.

The ECJ reminded at the outset that the forum delicti rule in Article 5(3), constituting a derogation from the principle of jurisdiction of the courts of the Member State of domicile of the defendant, is based on the existence of a particularly close connection between the dispute and the forum, justifying the attribution of jurisdiction to the forum for reasons relating to the sound administration of justice and the efficacious conduct of proceedings. The ECJ noted also that the expression “place where the harmful event occurred or may occur” in Article 5(3) is intended to cover both the place where the damage occurred and the place of the event giving rise to it, so that the defendant may be sued, at the option of the applicant, in the courts for either of those places.

As regards the place where the damage occurred, the ECJ went on saying that the option of the victim of an alleged infringement of personality rights to bring an action for liability, in respect of all the damage caused, before the courts of the Member State in which the centre of his (i.e., the plaintiff’s) interest is based (see above about the Court’s previous judgments in eDate and Martinez) does not apply to the determination of jurisdiction in respect of alleged infringements of intellectual property rights
such as trade-marks, the reason for the difference being that while personality rights are protected in all Member States, the protection afforded by the registration of a national trade-mark is, in principle, limited to the territory of the Member State in which it is registered and cannot be relied on outside that territory. Both the objective of foreseeability and that of sound administration of justice militate, according to the ECJ, in favour of conferring jurisdiction, "in respect of the damage occurred", on the courts of the Member State in which the right at issue is protected. Therefore, an action relating to an alleged infringement on a website of a trade-mark registered in a Member State may be brought before the courts of the Member State in which the trade-mark is registered.

As regards, second, the place of the event giving rise to the damage (the harmful act), the ECJ held that the display itself of a website advertisement using a keyword identical to a trade-mark is not the event giving rise to an infringement. It is rather the activation by the advertiser of the technical process leading to the displaying, i.e. the actions of the advertiser using the search engine website service for his commercial communication, that should be considered decisive. It is true that the technical display process is activated by the advertiser on a server belonging to the operator of the search engine, but the uncertain place of establishment of that server cannot, in view of the objective of foreseeability which the jurisdictional rules must pursue, be considered to be the place of the event giving rise to the damage for the purpose of Article 5(3) of the Brussels I Regulation. The place of establishment of the advertiser, being a definite and identifiable place likely to facilitate the taking of evidence and the conduct of the proceedings, must, according to the ECJ, be held to be the place where the activation of the display process is decided and, consequently, the place of the event giving rise to the damage.

The ECJ concluded that Article 5(3) of the Brussels I Regulation must be interpreted as meaning that an action relating to an alleged infringement of a trade-mark registered in a Member State, committed by the use, by an advertiser, of a keyword identical to that trademark on a search engine website, can be brought against the advertiser either before the courts of the Member State in which the trade-mark is registered or before the courts of the Member State of the place of establishment of the advertiser.

The Wintersteiger case provides a new example of the necessity, and the ECJ’s readiness, to adapt the jurisdictional rules of the Brussels I Regulation
to the requirements of the new information technology. While formally respecting the traditional interpretation of Article 5(3), i.e. conferring jurisdiction in tort disputes, at the option of the plaintiff, on the court for the place where the damage occurred and the court for the place of the harmful event, the new interpretation means that in cases concerning alleged infringements of intellectual property by means of the Internet, the jurisdiction is vested in the courts of the Member State where the infringed right is registered (protected) and the courts of the Member State of the establishment of the alleged infringer. The latter alternative is hardly of any practical importance, as it seems to be in fact almost totally “consumed” by the general jurisdiction of the courts in the Member State of the defendant’s domicile pursuant to Article 2. Using the country of the registration of the right as corresponding to the place where the damage occurred is quite logical, as due to the territoriality of the protection it is hardly imaginable that an infringement can cause direct and immediate damage in a country other than that where the right is registered and protected. This is probably also the reason why the ECJ found it unnecessary to explicitly point out that the jurisdiction of the courts of the country of registration is limited to damage arising there. The ECJ did not give a direct answer to the question submitted by the Austrian Supreme Court about the jurisdictional relevance of the mere accessibility of the website, but it follows indirectly that the accessibility from a country other than that of the right’s registration (i.e. a country other than the country where the right is protected) is irrelevant.

It might be asked whether the Wintersteiger judgment provides guidance also for actions relating to alleged infringements on the Internet of those in intellectual property rights that need not be registered, such as a copyright.\(^7\) It is submitted that even non-registered rights are territorial. The copyright regarding the same piece of music, computer game or movie constitutes a separate property object created by the law of each country where it enjoys protection: it can in different countries belong to different owners, have different substantive content, continue to exist in one country while having expired in another, etc. Copyright infringements should for the purposes of Article 5(3) of the Brussels I Regulation be treated in a manner similar to that used in relation to registered intellectual property rights, except that the concept of country of registration must be replaced with country of pro-

\(^7\) Cf. the pending case of Pinckney v. KDG, case C-170/12.
tection. A possible modification might be reasonable for infringements of an author’s non-material, moral rights (*droit moral d’auteur*), such as his right to be named as author and his right to prevent his work being changed or presented in a form or context that would harm his literary or artistic reputation. In these cases, the courts of the Member State where the author has his centre of interests may be an appropriate additional alternative to the courts of the Member State of protection and the Member State of the infringer’s establishment. The moral rights of an author are so closely related to his personality rights that the concept of “centre of interests”, as created by the ECJ in the *eDate* and *Martinez* judgments (see above), is suitable for both situations.8

Finally, it should be stressed that the issue of jurisdiction must be distinguished from the issue of the geographical scope of application of the substantive rules on intellectual property. Suppose that Wintersteiger had sued the German company in Germany instead of in Austria. Due to Article 2 of the Brussels I Regulation the German courts would undoubtedly have jurisdiction. However, as the alleged infringement concerned an Austrian trademark, the German courts would have to examine whether the use of the mark on a foreign website accessible in Austria suffices to constitute an infringement under the applicable Austrian law (cf. para. 26 of the judgment). To the extent such geographical scope is left to be decided autonomously by the law of the country of protection, the ECJ is naturally not competent to interpret it. On the other hand, in the cases of *L’Oréal v. eBay International*9 and *Football Dataco v. Sportradar*, the ECJ made it clear, relying by analogy on its judgments in *Pammer* and *Hotel Alpenhof* (see above), that the EU Regulation on Community Trade Mark, the EU Directive 89/104 to Approximate the Laws of the Member States Relating to Trade Marks and the EU Directive 96/9 on the Legal Protection of Databases do not forbid the use of a trademark or a database on a website that does not target consumers or clients in the territory of protection and whose only connection with that territory is that the website can be accessed from there.

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8 This was confirmed by the Swedish Supreme Court in its recent decision in the case of *Engström v. Tylden*, NJA 2012 p. 483.