

# **INTERNATIONAL JURISDICTION AND THE LAW APPLICABLE TO DISPUTES ARISING FROM INFRINGEMENT OF THE RIGHT TO A TRADE NAME AS AN INDUSTRIAL PROPERTY RIGHT**

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*Abstract: This article answers the following questions: (i) In the courts of which state may the injured trader whose right to a trade name has been infringed sue the infringers? (ii) May the injured trader sue the infringer for damages in their entirety (even in the part originating in the territory of other states)? (iii) What law is applicable to disputes arising from infringement of (or threat to) the right to a trade name in non-contractual obligations? (iv) May a choice be made of the law applicable to the disputes? (v) How may a number of applicable legal systems in the case of an infringement of the right to a trade name affecting the territory of more than one country be dealt with? In particular, the article discusses the various criteria contained in the Brussels I bis Regulation, the Rome II Regulation, Czech private international law (outside the mentioned regulations), and CJEU case law in this area, while emphasising the nature of the right to a trade name as an unregistered industrial property right. Finally, the article focuses on the issue of the qualification problem of the factual situation in international law.*

*Keywords: right to a trade name, non-contractual obligation, international jurisdiction, applicable law, dépeçage.*

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## 1 Introduction

Building a good trade name<sup>1</sup> (the name under which a trader carries out his business in a given area)<sup>2</sup> costs the trader effort, time, and money. Parasitism on this designation is thus unwelcome to its holders, and in a situation where the trader's rights to a trade name are being infringed, it is important to know (i) in the courts of which state the injured trader may seek protection if he operates in the territory of several Member States of the EU, (ii) whether the designated court may decide on the claim for damages in full (ie also on damages incurred in the territory of other states), and (iii) which law will be used for assessing the eligibility of claims under non-contractual<sup>3</sup> obligations.

These issues are discussed mainly in terms of the Brussels I bis Regulation, the Rome II Regulation, and Czech private international law<sup>4</sup> (outside the mentioned regulations).<sup>5</sup> The criteria given here relevant to proceedings for infringement of (or threat to) the right to a trade name in non-contractual obligations are interpreted in the light of CJEU case law.

In addition, this article is prefaced by a general consideration of the importance of classifying the conduct in question under the category of non-contractual obligations arising from infringement of the right to a trade name as an industrial property right. This is crucial for the correct determination of the internationally competent courts of a particular state to enforce the rights of the injured party and the law applicable to these proceedings.

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<sup>1</sup> For this article, the right to a trade name means the right to the designation of a trader, regardless of whether or not he is registered in a public (official) registry. In the context of Czech law, this is the right to the designation of trader according to Sec 8 of Act no 513/1991 Coll. Commercial Code, as amended until 31 December 2000 (see below). See also the interpretation of 'trade name' in Martin Boháček, 'Trade Name' in Dušan Hendrych et al (eds) *Právníký slovník* (CH Beck 2009). However, there is no absolute agreement on the definition of the term 'trade name' and this term is thus subject to interpretation under the law of the country in which protection is sought (*lex fori*). See Pierre Jean Pointet, 'Der internationale Schutz des berühmten Handelsnamens' (1961) 10(8-9) GRUR International 393; Yves Saint-Gal, 'Der internationale Schutz des Handelsnamens' (1964) 13(6) GRUR International 289; Georg Hendrik Christiaan Bodenhausen, *Guide to the Application of the Paris Convention of Industrial Property: As revised at Stockholm in 1967* (BIRPI 1968) 23, 133.

<sup>2</sup> See Case C-17/06 *Céline SARL v Céline SA* ECLI:EU:C:2007:497, para 21. In relation to trade name in the context of Czech law, see also Case *TENERGO Brno, a s v Team ENERGO*, s r o ECLI:CZ:NS:2017:31.CDO.3375.2015.1.

<sup>3</sup> The issues arising in cases of contractual infringement of the right to a trade name are not addressed in the article.

<sup>4</sup> Which will be used, for example, in the cases where the defendant is not domiciled in the EU, and in a hypothetical case where the Czech courts, as an internationally competent court for hearing and deciding the dispute, would determine the applicable law not according to the Rome II regulation. See also n 8.

<sup>5</sup> For the absence of regulation by legal rules with direct method of regulation.

## 2 Classification of an infringed right as an industrial property right

It is necessary to realise that by jurisprudence<sup>6</sup> the right to a trade name is seen as an (absolute) right to industrial property and not a right to a legal entity name or a right to a natural person's name (when their meaning and purpose are to designate a person not only in relation to their business), although the designations to which these rights may apply in certain cases may be identical. Distinguishing this is very important with respect to the issues we examine (see below).

First, if any right is infringed, it is necessary to legally classify<sup>7</sup> this unlawful factual situation according to the method of qualification preferred by the legal system in the context of which we address this issue.

However, in most cases<sup>8</sup> we will not use the rules of private international law of the majority of Member States for the purposes of determining the internationally competent court and the law applicable to the set of disputes we are considering. The aforementioned area of law is governed by EU regulations that have normative effect (Article 288 of the Treaty on the Functioning of the European Union (TFEU))<sup>9</sup> and whose basic feature is priority of application<sup>10</sup> over national legislation. At the same time, the terms mentioned in these regulations must be interpreted autonomously,<sup>11</sup> ie without 'encumbrance' by the manner of interpretation of the terms according to the law of a specific Member State.<sup>12</sup>

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<sup>6</sup> See Tereza Kyselovská and Pavel Koukal, *Mezinárodní právo soukromé a právo duševního vlastnictví – kolizní otázky* (Masaryk University 2019) 222; Johann Neethling, 'Personality Rights: A Comparative Overview' (2005) 38(2) *The Comparative and International Law Journal of Southern Africa* 241; Paul Lange (ed), *International Trade Mark and Signs Protection: A Handbook* (CH Beck 2010); Carlos Maria Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement* (OUP 2007) 33–34, 487; Case C-17/06 *Céline SARL v Céline SA* ECLI:EU:C:2007:497, para 21; Art 2, point viii) of the Convention Establishing the World Intellectual Property Organization; United International Bureaux for the Protection of Intellectual Property, *Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition* (BIRPI 1967) Section 1, 47–48.

<sup>7</sup> Naděžda Rozehnalová et al, *Úvod do mezinárodního práva soukromého* (Wolters Kluwer 2017) 86–88.

<sup>8</sup> For the question of determining the internationally competent court, this will mainly concern situations where the defendant is not domiciled in the EU, and for the question of determining the law applicable to a dispute, it will mainly concern situations where the qualified unlawful act took place before the entry into force of the Rome II Regulation for the EU state dealing with this question. For exceptions to the application of EU regulations, see also below.

<sup>9</sup> See also Michal Tomášek et al, *Právo evropské unie* (Leges 2017) 94–95, 107–108.

<sup>10</sup> See Case C-6/64 *Flaminio Costa v ENEL* ECLI:EU:C:1964:66.

<sup>11</sup> For an interpretation of the EU regulations, see Ulrich Magnus and Peter Mankowski (eds), *Rome II Regulation (European Commentaries on Private International Law)* (Sellier 2019) 22–30.

<sup>12</sup> See Case C-327/82 *Ekro BV Vee- en Vleeshandel v Produktschap voor Vee en Vlees* ECLI:EU:C:1984:11, para 11; Case C-287/98 *Grand Duchy of Luxemburg v Berthe Linster, Aloyse Linster and Yvonne Linster* ECLI:EU:C:2000:468, para 43.

The autonomous qualification of infringement within the framework of the rules of EU law thus takes precedence over the qualification according to the rules of the substantive law of a Member State. This means that even in those cases where a certain illegal act would be qualified according to the substantive law of a Member State as an act not infringing the 'right to a trade name' of a trader, because such a right is not recognised by the legal order of that Member State, we will still use for the question of determining the internationally competent court and of the law applicable to a dispute arising from a violation of 'this right' the rules of EU law dealing with cases of infringement of intellectual property rights.<sup>13</sup> According to the autonomous interpretation of the term 'right to a trade name', we will come to the conclusion that the right to a trade name is perceived by the EU legislator as the right to industrial property.<sup>14</sup> However, the specific content of this right is determined by the national legal systems of Member States with regard to the territoriality principle of intellectual property rights.

In order to illustrate the consequences of the incorrect classification of an infringement in individual national legal systems, let us leave aside for the moment the existence of EU regulation in this area and treat the legal systems of Member States in the model case below as the legal systems of non-Member States.

To be able to classify the factual situation, we must determine the probable courts of the state for resolving this dispute according to the subsumption of the factual situation under the relevant rules of private international law of the state within whose territory an action for the protection of the infringed right should be brought. *De facto*, it is necessary to carry out an initial (working) qualification of the factual situation (eg from the perspective of the law of the injured party's statutory seat) and to determine which courts have jurisdiction for such qualified (illegal) conduct. The conclusion reached in this way (about the jurisdiction of the courts of a certain state) is then verified in the context of the legal order of the state whose courts we have determined to be internationally competent, whether our initial qualification was correct (ie whether the state's *lex fori* law views the infringer's conduct as conduct infringing the right to a trade name as well).<sup>15</sup> In other words, whether the courts of that state have jurisdiction under *lex fori* rules.

<sup>13</sup> In other words, even in situations where Czech law does not grant the 'right to a trade name' to an unregistered trader as the right to industrial property to his subject designation, we will use the rules of EU law to determine the internationally competent court and the law applicable to a dispute over the violation of 'this right' that deals with cases of infringement of intellectual property rights.

<sup>14</sup> See Case C-245/02 *Anheuser-Busch Inc v Budějovický Budvar, národní podnik* ECLI:EU:C:2004:717, para 91; Case C-112/21 *X BV v Classic Coach Company vof and Others* ECLI:EU:C:2022:428, paras 37, 41; and n 62.

<sup>15</sup> Catherine Kessedjian, 'Current International Developments in Choice of Law: An Analysis of the ALI Draft' in Jürgen Basedow et al (eds), *Intellectual Property in the Conflict of Law* (Mohr Siebeck 2005) 24; Michal Malacka and Lukáš Ryšavý, *Mezinárodní právo soukromé: zásady obecné a zvláštní části* (Leges 2019) 43–44.

There may be several problems in the outlined (reasoning) procedure. Let us take a model case:

In the territory of Poland, the right to the trade name of a Slovak trader is affected by the unauthorised use of the designation 'Peter Čiko - Čičí koffi' by a Czech trader (from the perspective of Slovak law). The Slovak trader wants to seek protection of his right and brings a negative and restitutive action against the Czech trader in the Czech Republic (in the courts of the country in which the infringer is domiciled). However, when bringing the action, the Slovak trader is unpleasantly surprised, because according to Czech law (the law applicable to the final qualification, although the law applicable to assessing the validity of the claims would be Polish law according to the *lex loci protectionis* rule) he has no trade-name right to the designation 'Peter Čiko - Čičí koffi' as an unregistered designation in the Czech Commercial Register, as such a right is not recognised by Czech law.<sup>16</sup> His claim will therefore be qualified by the Czech court as a claim for infringement of unfair competition rules. It is irrelevant whether or not the trade name of a foreign trader enjoys protection in the country of origin.<sup>17</sup> This fact could lead to a different conclusion on the jurisdiction of the courts of the state if, according to Czech private international law, the courts of the state in whose territory the competition was affected were competent to decide disputes arising from unfair competition rules. However, this is not the case, and the Czech court is entitled to hear and decide the dispute.

This case is intended to demonstrate a situation where, in terms of initial qualification, we can conclude that it is a non-contractual infringement of an industrial property right, but from the perspective of the subsequent qualification according to *lex fori* rules (or according to the qualification method of the determined court) it is possible that that jurisdiction does not prove that the state and the plaintiff will be referred to the courts of another state. Similarly, a situation may arise where, from the point of view of initial qualification, we conclude that there has (only) been a violation of unfair competition rules, but in terms of the qualification according to *lex fori* rules, we finally conclude that this is an infringement of an unregistered industrial property right and the court will state that it has no jurisdiction to decide on the matter.

<sup>16</sup> The term 'trade name' was used in Czech law until 1 January 2001 when it was replaced by 'corporate name' in Sec 8 of the Commercial Code. Currently, the protection of the right to a trade name is narrowed in the territory of the Czech Republic because this right (as with the right to a corporate name) was newly granted only to traders registered in the Commercial Register and not to all traders (for the current legislation, see Sec 423 et seq of Act no 89/2012 Coll, Civil Code, as amended). It follows that the term 'right to a trade name' is a broader term in Czech law than the term 'right to a corporate name', as it includes the right to the designation of traders both registered and unregistered in the Commercial Register. See Helena Pullmannová, 'Právo k obchodnímu jménu zahraničního podnikatele na území České republiky v mezinárodních souvislostech' (2020) 28(6) Právní rozhledy 216.

<sup>17</sup> Karl-Heinz Fezer, 'PVÜ Art 8 Handelsname' in Karl-Heinz Fezer, *Markenrecht. Kommentar zum Markengesetz, zur Pariser Verbandsübereinkunft und zum Madrider Markenabkommen* (CH Beck 2009).

It follows from the above that it is important to be aware of the non-binding nature of the working qualification and the decisive influence of the (final) qualification according to *lex fori* rules in resolving the question in the courts of which state the injured trader is to seek protection. Moreover, in classifying a specific infringement to bring it within the scope of the rules of EU law, we must also take into account the need for an autonomous interpretation of the terms contained in those rules.<sup>18</sup>

Similarly, the qualification of the factual situation also plays a key role in determining the law applicable to disputes arising from non-contractual infringements of the right to a trade name. To determine the applicable law, according to which the foreign trader can claim the protection of the right to a trade name (and thus also to determine what claims the foreign trader has at his disposal),<sup>19</sup> it is decisive whether, in classifying the law in question, we conclude that it is a 'trade name right' within the meaning of the (absolute) industrial right under *lex fori* rules (the law under which we qualify),<sup>20</sup> or whether only unfair competition rules were violated, as according to this legal order the designation of a trader is provided with protection only through the legal regulation of unfair competition.<sup>21</sup> This is because the conclusion on the classification of the infringed right is crucial for the correct determination of the conflict rule referring to the law applicable to the dispute, and the connecting factors of these conflict rules do not have to be the same, nor do they have to lead to the same applicable law.

With regard to trade name rights, it is important to mention Article 8 of the Paris Convention for the Protection of Industrial Property (Paris Convention), which obliges the Contracting States<sup>22</sup> (ie most countries<sup>23</sup>) of this multilateral international treaty to provide protection in their territory to the trade names of foreign traders<sup>24</sup> in a manner at least iden-

<sup>18</sup> Rozehnalová et al (n 7) 93–95.

<sup>19</sup> Kyselovská and Koukal (n 6) 166–169, 236–237.

<sup>20</sup> For the conclusion on majority choice of the mentioned method of qualification as the primary method in (especially continental) legal systems, see Malacka and Ryšavý (n 15) 43–44; Kessedjian (n 15) 24.

<sup>21</sup> See Malacka and Ryšavý (n 15) 47–48.

<sup>22</sup> The basis of the members of the Paris Convention represents only a part of the states to which its (substantive) Articles 1–12 and 19 are binding, because these articles are also the content of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which is Annex 1C to the Agreement Establishing the World Trade Organization. At the same time, every state that is a member of the World Trade Organization is obliged to comply with the above articles of the Paris Convention. The European Union has also been a member of the World Trade Organization since 1 January 1995.

<sup>23</sup> For the list of contracting states to the Paris Convention itself, see 'WIPO-Administered Treaties. Contracting Parties – Paris Convention' <[https://wipolex.wipo.int/en/treaties/ShowResults?search\\_what=C&treaty\\_id=2](https://wipolex.wipo.int/en/treaties/ShowResults?search_what=C&treaty_id=2)> accessed 15 May 2022.

<sup>24</sup> Those who are nationals of Contracting States to the Paris Convention (or the TRIPS) or have their domicile or establishment (based on personnel) in the territory of those countries (Art 3 of the Paris Convention). See Karl-Heinz Fezer, 'PVÜ Art 3 Erweiterung sed Schutzbereichs' in Karl-Heinz Fezer, *Markenrecht. Kommentar zum Markengesetz, zur Pariser Verbandsübereinkunft und zum Madrider Markenabkommen* (CH Beck 2009).



tical<sup>25</sup> to that which provides protection for the rights to trade names of (similar)<sup>26</sup> domestic traders (Article 2(1)). It is irrelevant whether or not the trade name of a foreign trader in the country of origin enjoys protection.<sup>27</sup> Conclusions by jurisprudence (and others)<sup>28</sup> vary on the question as to whether this protection should be based on the granting of the absolute (industrial) right to the trade name (of the foreign trader), or whether it is sufficient only to protect these assets (designations used in business relations by traders) through unfair competition rules.<sup>29</sup>

However, based on a systematic and historical-teleological interpretation of the Paris Convention, it can be concluded that the intention of the parties to the Paris Convention was to protect the right to a trade name of (foreign) traders with industrial property rights and not only by prohibiting unfair competition.<sup>30</sup> Article 8 has been part of the Paris Convention since its inception and has not changed throughout its existence. The Paris Convention itself contains an obligation elsewhere to (also) protect industrial property rights in the territory of its Contracting States with unfair competition rules (Articles 1(2), 9, and 10bis). If we conclude that the right to a trade name is sufficiently protected even if it is granted protection under unfair competition rules, we could say straightaway that Article 8 of the Paris Convention is superfluous; in other words, there would be no real reason for its existence. Moreover, in the case of Article 5quinquies and Article 6sexies of the Paris Convention, which are similar in wording to Article 8, it is beyond doubt that the intangible assets referred to here are to be protected by industrial property rights.

<sup>25</sup> On the national (assimilation) principle of treatment, see Kyselovská and Koukal (n 6) 127–128.

<sup>26</sup> On the question of the qualification of a foreign person as a ‘trader’ from the point of view of the substantive rules of *lex fori* law, see *mutatis mutandis* Franz Jürgen Säcker et al, *Münchener Kommentar zum Bürgerlichen Gesetzbuch. Band 13. Teil 10. Internationales Handels- und Gesellschaftsrecht [Kaufleute, Juristische Personen und Gesellschaften]* (CH Beck 2021) 159–164.

<sup>27</sup> Fezer (n 24).

<sup>28</sup> To illustrate the significance of this issue, it can be stated that in Slovakia (Sections 8 and 12 of Act no 513/1991 Coll, Commercial Code, as amended; Decision of the Supreme Court of Slovakia of 13 December 2019, 1 Ndob 12/2019) and Germany (Art 5 and 15 Gesetzes über den Schutz von Marken und sonstigen Kennzeichen (Markengesetz); BGBl. I S 3082) protection is provided for the rights to trade names of foreign traders as industrial property rights, which, however, does not preclude simultaneously seeking protection through unfair competition rules, or through the protection of personal rights. *Vice versa* in Switzerland (Art 157 Abs 2 Bundesgesetzes über das Internationale Privatrecht (IPRG); AS 1988 1776) and Austria (Art 34 Abs 1 Bundesgesetzes über das internationale Privatrecht (IPR-Gesetz); BGBl Nr 304/1978 and Art 9 Bundesgesetzes gegen den unlauteren Wettbewerb 1984 – UWG; BGBl Nr 448/1984) these rights are protected only through unfair competition rules or through the protection of personal rights if they are not registered in the Commercial Register.

<sup>29</sup> In favour of protection as an industrial property right, see José Oliveira Ascensao ‘Die Anwendung von Art 8 der Pariser Verbandsübereinkunft auf Länder, in denen der Handelsname eintragungspflichtig ist’ (1996) 45(4) GRUR International 413. In contrast, see Decision of the Federal Supreme Court of Switzerland of 1 January 1953, 79 II 305; A Troller, ‘Der Schutz des ausländischen Handelsnames nach schweizerischem Recht’ (1957) 6(8–9) GRUR International 336.

<sup>30</sup> Similarly, Ascensao (n 29).

Based on this, the author makes a presumption at this point that the right to a trade name is protected in the territory of the place of *forum* by an industrial property right.<sup>31</sup> For this reason, in the following text, significantly less attention is paid to the conflict-of-law rules determining the internationally competent courts and the applicable law for disputes arising from the violation of unfair competition rules.

However, it is true that in disputes concerning the infringement of the injured party, the trader often asserts both claims arising from the infringement of his industrial property rights (if any) and from the infringement of unfair competition rules. Thus, for the sake of completeness, in some places this article also briefly refers to the conflict-of-law legislation dealing with issues of violating unfair competition rules, but does not discuss it in detail. It should be borne in mind that the conflict-of-law rules under which we classify the potential infringements of the plaintiff's rights may lead us to conclude that, for part of the action (to the extent to which the plaintiff claims infringement of his right to the trade name), the courts of State A may be internationally competent and the law of State X can be applicable; however, for another part of the action (to the extent that the plaintiff claims infringement of unfair competition rules), the courts of State B may be internationally competent and the law of State Y can be applicable. It is necessary to assess those parts of the action (claims) separately.

### 3 Decisive criteria for determining forum

In the case of using EU rules for the determination of courts in disputes arising from the infringement of industrial property rights, or in the case of the application of the Brussels I bis Regulation, the above-mentioned *qualification problem* does not arise as, in the case of disputes arising from non-contractual obligations, the Brussels I bis Regulation does not contain any special rule in this respect which should take precedence over general rules determining courts in non-contractual disputes with an international element (see below).

So, what must the trader know, or find out, in order to correctly identify the courts of the state in which he can seek protection against the infringer of his right to a trade name (such as industrial property rights)?

The territory in which a foreign trader, whose right to a trade name has been infringed (or threatened), develops his business activity is most likely not the decisive factor for determining internationally competent courts from the perspective of the law of a Member State. Instead, the de-

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<sup>31</sup> Ascensao (n 29); Pointet (n 1). However, see Bodenhausen (n 1) 134; Fritz Schönherr 'Obersten Gerichtshofs 02.12.1975 4 Ob 349/75 "Transakta"' (1976) 27(11) GRUR International 500; Decision of the Supreme Court of Austria of 8 May 1984, 4 Ob 326/84.



termining factor would be where the infringer of the said right resides.<sup>32</sup> It is a manifestation of the classic *actor sequitur forum rei* principle, ie that the plaintiff follows the defendant to his court.<sup>33</sup>

It is most likely that we will use the Brussels I bis Regulation to determine the courts with jurisdiction if the conditions for its application<sup>34</sup> are met (ie personal, material, temporal, and territorial jurisdiction; see Articles 1, 4, 25, 26, and 81).<sup>35</sup>

However, in the territory of Member States, the rules of international origin could take precedence over the Brussels I bis Regulation, which would regulate the issue we examine in a *lex specialis* position *vis-à-vis* the Brussels I bis Regulation, even if these rules were concluded exclusively between the Member States (Article 71(1)). The existence of such international agreements must always be verified on a case-by-case basis.

Other international agreements concluded between Member States and non-Member States may only be used in preference to the Brussels I bis Regulation in relations between a Member State and a non-Member State, not between two or more Member States (Article 351(1) TFEU).<sup>36</sup> Nor does the Brussels I bis Regulation affect the applicability of bilateral conventions and agreements concluded between a Member State and a non-Member State before 1 March 2002 in matters covered by the Brussels I bis Regulation (Article 73(3)).

In cases of the application of the *lex fori* rules of private international law which would not lead to the application of the Brussels I bis Regulation (for example in a situation where the infringer is not domiciled in the EU or in applying the law of a non-Member State), the premise made above can also be debated as to whether the location of the infringer is a decisive factor in determining the jurisdiction of a state. In specific cases, the relevant legal norms may also use other factors as determining criteria.

In the following parts of this paper, however, the author only deals with the Brussels I bis Regulation as a set of rules of private internation-

<sup>32</sup> See Case C-412/98 *Group Josi Reinsurance Company SA v Universal General Insurance Company (UGIC)* ECLI:EU:C:2000:399, paras 52, 55, 57, 62.

<sup>33</sup> Ulrich Magnus and Peter Mankowski (eds), *Brussels I Regulation (European Commentaries on Private International Law)* (Sellier 2007) 71, 94, 193; Toshiyuki Kono (ed), *Intellectual Property and Private International Law. Comparative Perspectives* (Hart Publishing 2012) 24–26; Naděžda Rozehnalová et al, *Mezinárodní právo soukromé Evropské unie* (2<sup>nd</sup> edn, Wolters Kluwer 2018) 181.

<sup>34</sup> In relation to Denmark, we apply the Brussels I bis Regulation according to the Agreement between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters from 2013.

<sup>35</sup> In disputes arising from non-contractual infringement of the right to a trade name as an unregistered right to industrial property, we do not assume the application of Arts 18(1), 21(2) and 24 of the Brussels I bis Regulation.

<sup>36</sup> See also Arts 64–68 of the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters from Lugano of 30 October 2007.

al law which we apply in most disputes arising from the violation of the right to a trade name occurring in the EU or, more precisely, before the courts of Member States.

The residence (domicile) criterion is set out in Article 4(1) of the Brussels I bis Regulation. The following conclusions must be considered while interpreting it.

To determine the residence of a *natural person* as the infringer, the designated court will apply the law of the state in which the natural person is domiciled (Article 62).

To determine the residence of a *legal person* as the infringer, it is necessary to proceed from an autonomous interpretation of Article 63 of the Brussels I bis Regulation, which calculates the possibilities for the legal person to be domiciled in a particular state. These are situations where the person has in the country his: (i) statutory seat (in the sense of an office stated in the registry); (ii) central administration, ie the company's key management or main governing bodies; or (iii) principal place of business, ie the centre of its economic, industrial, and commercial interests, or the place from which most of the company's business relations are managed, or the place where most of the company's employees perform their work and where its assets are located.<sup>37</sup>

It follows, *inter alia*, that the determination of the infringer's domicile falls *de facto* at the same time as the conclusion on the application of the Brussels I bis Regulation in the scope of his personal competence (ie that the defendant is domiciled in the EU) if we do not proceed on the assumption of the application of the Brussels I bis Regulation on the basis of Article 25, which regulates the possible prorogation of the parties to the dispute, and Article 26, which deals with tacit prorogation (see below).

Therefore, if we have determined the basic criterion (the residence of the infringer) for determining the state whose courts have jurisdiction to resolve the dispute, we can apply specific legal rules of the Brussels I bis Regulation determining jurisdiction to the resolution of our set of disputes.

The basic rule for determining the internationally competent courts of the Brussels I bis Regulation is Article 4(1) thereof, which reflects the basic principle of *actor sequitur forum rei*. As an alternative to this rule, the injured trader may use the rule set out in Article 7(2). However, it is up to the plaintiff to decide which of these rules he prefers when bringing an action.<sup>38</sup> He can choose between the courts of the states in which (i) the defendant is domiciled (see above), or (ii) in which a harmful event has occurred or is likely to occur – which covers the *commissi delicti* place

<sup>37</sup> Peter Stone, *Private International Law in the European Union* (Edward Elgar 2018) 101–103.

<sup>38</sup> It is a legitimate discretionary area for the plaintiff to decide which *lex fori* rules of the potential applicable jurisdictions would be more favourable to him in the event of an action being brought (*forum shopping*). See Malacka and Rysavý (n 15) 48–49.

as well as *damni infecti* places.<sup>39</sup> But the place of subsequent pecuniary damage caused by the original damage is not included in the criterion set out in the second place.<sup>40</sup>

The plaintiff may even proceed to apply the rule laid down in Article 7(2) even if the designated court has not established that the infringer – a national of a Member State – (i) would be domiciled outside the territory of the EU, and (i) would be resident in a Member State; in these cases, the infringer is treated as if he were a resident in the EU, but it is not possible to identify him precisely (and thus use the rules in Article 4(1) of the Brussels I bis Regulation).<sup>41</sup>

The concept of a harmful event, which is the (further) determining criterion of Article 7(2) in addition to the place of residence of the infringer in the EU, must be interpreted autonomously and considering the evolving CJEU case law on this issue.

A harmful event can occur due to a breach of a protected interest (in our case, the right to a trade name) on the Internet in many countries at the same time.<sup>42</sup> Here, according to CJEU case law, the courts designated as having jurisdiction in a dispute over infringement of the right to a trade name by a *delicti commissi* place could rule on the trader's claim for damages in several countries (ie the damage in its entirety), but the courts designated as competent according to the *damni infecti* place could (only) decide on the trader's claim for damages incurred in the territory of that particular state, since there is not a sufficiently close relationship in terms of the damage which has arisen elsewhere to justify a departure from the *actor sequitur forum rei* principle.<sup>43</sup>

However, since the CJEU case law in the field of intellectual property rights does not require the infringement in question to be in any way 'targeted at the territory of the state' in which the damage occurred through an infringement of the trader's right (where the *damni infecti* place is located),<sup>44</sup> there can be many such places, or, to be precise, as many as there are countries where (i) the right to a trade name belongs to the injured party, (ii) the infringement in question is available via the

<sup>39</sup> See Case C-21/76 *Handelskwekerij GJ Bier BV v Mines de potasse d'Alsace SA* ECLI:EU:C:1976:166.

<sup>40</sup> See Case C-364/93 *Antonio Marinari v Lloyds Bank plc and Zubaidi Trading Company* ECLI:EU:C:1995:289, paras 14–21; Case C-27/17 *AB 'flyLAL-Lithuanian Airlines' v Starptautiskā lidosta 'Rīga' VAS and 'Air Baltic Corporation' AS* ECLI:EU:C:2018:533, para 32.

<sup>41</sup> See Case C-292/10 *G v Cornelius de Visser* ECLI:EU:C:2012:142, paras 37–42.

<sup>42</sup> What criteria may be decisive for concluding whether a particular designation has been used in the territory of a particular state, if the designation in question is used on the Internet, is analysed in Arts 2 and 3 of the 'Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet (with Explanatory Notes)' <[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_845.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_845.pdf)> accessed 15 May 2022.

<sup>43</sup> See Case C-68/93 *Fiona Shevill, Ixora Trading Inc, Chequepoint SARL and Chequepoint International Ltd v Presse Alliance SA* ECLI:EU:C:1995:61.

<sup>44</sup> See Case C-170/12 *Peter Pinckney v KDG Mediatech AG* ECLI:EU:C:2013:635, para 43.

Internet, and (iii) damage as a result of the availability of the infringement in question has occurred.<sup>45</sup>

Claiming protection of the right to a trade name can be disproportionately time-consuming and economically demanding for the traders in these cases if they decide to go with (several) *damni infecti* places, and therefore it can be expected that if the injured trader uses the opportunity to sue the infringers pursuant to Article 7(2) of the Brussels I bis Regulation, he will prefer the designation of the court according to the *delicti commissi* place.<sup>46</sup>

Later, due to case law, the plaintiff's procedural possibilities were supplemented by other possible courts, namely the courts of the state in whose territory the injured party has a 'centre of interests', and these courts can (also) decide on the entire claim for damages – including damages caused in the territory of other states.<sup>47</sup> However, this criterion is highly unpredictable and deviates from the hitherto held view (emphasising legal certainty and restrictive interpretation of exceptions to the *actor sequitur forum rei* principle) by both the doctrine and the CJEU itself, and thus has been subject to considerable jurisprudential criticism.<sup>48</sup>

Dissent of the jurisprudence was considered by the CJEU in the *Wintersteiger* decision, stating that the 'victim's centre of interest' as the criterion would be inappropriate in disputes over infringements of registered intellectual property rights when it was created in the context of the protection of personality rights in all Member States without the need for a formal act.<sup>49</sup> However, since the right to a trade name is a right with an informal moment of origin, the author is inclined to believe that this criterion can be used in cases of the infringement of the right to a trade name as an unregistered intellectual property right.<sup>50</sup> In accordance with CJEU case law, the centre of interests of the injured party would then be understood to be the place of the plaintiff's 'main economic activity' as the injured trader.<sup>51</sup>

<sup>45</sup> See Case C-441/13 *Pez Hejduk v EnergieAgentur.NRW GmbH* ECLI:EU:C:2015:28.

<sup>46</sup> See Tobias Lutz, 'Internet Cases in EU Private International Law: Developing a Coherent Approach' (2017) 66(3) *International and Comparative Law Quarterly* 691–693.

<sup>47</sup> See Case C-509/09 *eDate Advertising GmbH and Others v X and Société MGN LIMITED* ECLI:EU:C:2011:685.

<sup>48</sup> See Jaroslav Králíček, 'Prosazování práv k duševnímu vlastnictví a pravomoc dle nařízení Brusel I' (Masaryk University 2013) 157–160, 180–182 <[https://theses.cz/id/z9cad6/?zoomy\\_is=0](https://theses.cz/id/z9cad6/?zoomy_is=0)> accessed 15 May 2022; Tereza Kyselovská, 'Mezinárodní příslušnost soudů ve sporech z porušení práv právnické osoby zveřejněním údajně nesprávných informací na internetu' (2017) 16(8) *Revue pro právo a technologie* 116 (incl literature).

<sup>49</sup> See Case C-523/10 *Wintersteiger AG v Products 4U Sondermaschinenbau GmbH* ECLI:EU:C:2012:220, paras 23–25; Case C-194/16 *Bolagsupplysningen OÜ and Ingrid Ilsjan v Svensk Handel AB* ECLI:EU:C:2017:766; Case C-800/19 *Mittelbayerischer Verlag KG v SM* ECLI:EU:C:2021:489.

<sup>50</sup> Králíček (n 48) 167–168, 182; see Case C-194/16 *Bolagsupplysningen OÜ and Ingrid Ilsjan v Svensk Handel AB* ECLI:EU:C:2017:766.

<sup>51</sup> See Case C-194/16 *Bolagsupplysningen OÜ and Ingrid Ilsjan v Svensk Handel AB* ECLI:EU:C:2017:766, para 41.

With regard to the delimitation of the application of Article 7(1) and (2) of the Brussels I bis Regulation, it may be stated that in cases where the infringer expressly undertakes an obligation, for example in a licence agreement, he does not infringe the right to a trade name in countries other than those in which he acquired the right to use the designation (thus licensed) from the other party, and the breach of this obligation may be subsumed under Article 7(1); in other cases, it will be a non-contractual obligation and we apply Article 7(2).<sup>52</sup> A third option is not given.<sup>53</sup>

As indicated above, the condition of the defendant's domicile in a Member State, for the application of the Brussels I bis Regulation, need not be met if there is a substantive (prorogation) agreement between the parties to the dispute as to which courts of a Member State will have jurisdiction to discuss and decide the dispute (Article 25 of the Brussels I bis Regulation). The substantive validity of such an agreement is assessed in accordance with the law of the state in which the dispute is to be settled (Recital 20 of the Brussels I bis Regulation). In this case, the Brussels I bis Regulation applies regardless of the place of residence of the infringer (defendant).

Article 26 of the Brussels I bis Regulation, which refers to 'tacit prorogation', leads to a similar result, meaning that the defendant voluntarily participates in proceedings before a court which, under other rules of the Brussels I bis Regulation, has no jurisdiction to hear and determine the case and does not object to its lack of jurisdiction.

In order to mention all the relevant rules determining the internationally competent courts in the disputes in question with an international element, it should be noted that the application of Article 24(4) of the Brussels I bis Regulation is inappropriate<sup>54</sup> as the right to a trade name arises informally<sup>55</sup> through the first public use of a designation in business relations in accordance with the law by its holder, ie without the need to grant a right to the designation by an authority of that country or to register the designation to the public list in that country. The manner of creation of the right to a trade name thus constitutes an exception to the rule of the formal origin of industrial rights to intangible

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<sup>52</sup> See Case C-189/87 *Athanasios Kalfelis v Bankhaus Schröder, Münchmeyer, Hengst and Co and others* ECLI:EU:C:1988:459; Case C-548/12 *Marc Brogssitter v Fabrication de Montres Normandes EURL and Karsten Fräβdorf* ECLI:EU:C:2014:148.

<sup>53</sup> Magnus and Mankowski (n 33) 184–186; see also Jiří Valdhans, *Právní úprava mimosmluvních závazků s mezinárodním prvkem* (CH Beck 2012) 18–41.

<sup>54</sup> Notwithstanding the fact that this exclusive jurisdiction applies only to disputes concerning the existence (validity) of intellectual property rights. See Kono (n 33) 38–39.

<sup>55</sup> Petr Hajn and Ivo Telec, 'Czech Republic' in Paul Lange (ed), *International Trade Mark and Signs Protection, A Handbook* (CH Beck 2010) 281. See also Anton Škreko, 'Priemyselné práva v informačnej a poznatkovo orientovanej spoločnosti' in Ján Švidroň (ed), *Právo duševného vlastníctva v informačnej spoločnosti a v systéme práva* (VEDA 2009) 581; Martin Boháček, 'Obchodní jméno (firemní označení)' in Martin Boháček et al, *Právo průmyslového a jiného duševního vlastníctví* (VŠE 1994) 66, 70.

assets.<sup>56</sup> Thus, in disputes of infringement of the right to a trade name, the plaintiff is not exposed to the potential ‘torpedoing’ of his efforts by (i) the objection of the non-existence (invalidity) of the plaintiff’s right to a trade name, which would have to be heard in the courts of (always one) state in which the trade name is protected; or (ii) an action being brought for the non-existence of the plaintiff’s right to a trade name in the (always one) state in which the trade name is protected.<sup>57</sup>

However, there may be situations where the infringer resides outside the territory of the Member States and there is no valid prorogation agreement in favour of the Member State. In these cases, the court<sup>58</sup> before which the trader brings an action to answer the question whether it has jurisdiction to settle the dispute applies (other) rules of its private international law – not the Brussels I bis Regulation (Article 6(1)).

In the case of the Czech Republic, this would be Section 6(1) of Act no 91/2012 Coll, Governing Private International Law (GPIL), in connection with Section 6 of Act no 221/2006 Coll, on the Enforcement of Industrial Property Rights and the Protection of Trade Secrets (EIPR) if there is no other rule enjoying priority of application over these national rules, eg in a bilateral or multilateral international agreement (Article 1(2) and Article 10 of the Constitution of the Czech Republic and Section 2 GPIL).

However, if the Czech court qualified the infringement specified in the action as a violation of unfair competition rules and not as an interference with an industrial property right (eg in the case of infringing ‘the right to a trade name’ of an unregistered trader in the Commercial Register), we would deduce the jurisdiction of the Czech courts pursuant to Section 6(1) GPIL in conjunction with Section 9(2)(h) and Section 84 et seq of Act no 99/1963 Coll, Code of Civil Procedure.

#### **4 The main criterion for determining the applicable law**

If we address the issue of determining the law applicable to disputes arising from infringement of the right to a trade name (as an industrial right) from non-contractual obligations in a court of a Member State, we apply the unified EU law settled in the Rome II Regulation.<sup>59</sup>

<sup>56</sup> One of the other exceptions that applies to the right to a trade name is the specific duration of this right, as the right to a trade name expires when its holder ceases to carry on business under that designation. In terms of time, the right to a trade name is not otherwise limited or conditional (eg by paying maintenance fees). See also Kyselovská and Koukal (n 6) 109–110.

<sup>57</sup> For more information, see Králíček (n 48) 211–262; Kono (n 33) 39–42, 100–103.

<sup>58</sup> In the case of an action brought in Switzerland, Norway, or Iceland, we would use rules basically similar to those which can be found in the Brussels I bis Regulation, due to the Lugano Treaty, because this Treaty corresponds in content to the previous ‘version’ of the Brussels I bis Regulation.

<sup>59</sup> On the application test of the Rome II Regulation, see Malacka and Ryšavý (n 15) 149–150; Kyselovská and Koukal (n 6) 204–205; Rozehnalová et al (n 33) 132–133.



According to Article 8(1) thereof, the law applicable to non-contractual<sup>60</sup> obligations arising from an infringement of or threat to (Article 2(2) of the Rome II Regulation) an intellectual property right<sup>61</sup> is the law of the country to which the protection of those rights applies, regardless of whether this is a law of a Member State or of a non-Member State (Article 3). Preserving the generally accepted *lex loci protectionis* principle in relation to an infringement of intellectual property rights is also emphasised in Recital 26 of the Rome II Regulation. That is, in a model case (for the purpose of understanding the *lex loci protectionis* principle), where an action for the infringement of a German trader's right to his trade name in Germany is brought in an internationally competent<sup>62</sup> court in Poland, as the infringer established under California law has a registered branch in Poland (as well as executable assets), will be decided under German law.<sup>63</sup>

The same rule for determining the applicable law also applies in a situation where the injured party does not bring an action for damages against the infringer, but an action for unjust enrichment, or an action for a breach of pre-contractual liability or agency without mandate, as Article 8 of the Rome II Regulation takes precedence over Articles 10 to 12 of the Rome II Regulation (Article 13). In the event of a dispute over unjust enrichment, the plaintiff may, *inter alia*, use the harmonised EU rules and sue for the issuing of up to twice the licence fee that the infringer would otherwise have to pay to the trade name holder (Article 13(1)(a) and (b) and 13(2) of Directive no 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, the content of which has been implemented in Czech law in Section 5(2) and (3) EIPR).

The applicable law thus determined cannot be avoided even by recourse to the escape clauses contained in Article 4(2) and (3) of the Rome II Regulation, since Article 8 of the Rome II Regulation is a *lex specialis* in the first place.<sup>64</sup> Similarly, Article 8 takes precedence over the application of Article 6 of the Rome II Regulation, which governs disputes arising

<sup>60</sup> On the autonomous definition of a non-contractual obligation, see Case C-189/87 *Athanasios Kalfelis v Bankhaus Schröder, Münchmeyer, Hengst and Co and others* ECLI:EU:C:1988:459; Rozehnalová et al (n 33) 134.

<sup>61</sup> On the autonomous interpretation of the concept of intellectual property in the context of the Rome II Regulation, see Recital 26 of the Rome II Regulation; Art 2 point viii) of the Convention Establishing the World Intellectual Property Organization; Art 1(2) of the Paris Convention; Art 1(2) and Art 2(2) of the TRIPS. For more information, see Kyselovská and Koukal (n 6) 218–226; Kono (n 33) 150. On the binding nature of those international agreements for the EU, see Case C-300/98 *Parfums Christian Dior SA v TUK Consultancy BV and Assco Gerüste GmbH and Rob van Dijk v Wilhelm Layher GmbH & Co KG and Layher BV* ECLI:EU:C:2000:688.

<sup>62</sup> See above.

<sup>63</sup> The author reiterates that it is irrelevant if Polish law treats the right to a trade name as an (absolute) right to industrial property because an autonomous qualification within the framework of the EU law will be applied preferentially (see above).

<sup>64</sup> Luboš Tichý, *Nářízení č. 864/2007 o právu rozhodném pro mimosmluvní závazkové vztahy (Řím II). Komentář* (CH Beck 2018) 117–119; Stone (n 37) 566.

from infringements of unfair competition rules.<sup>65</sup>

It may also be added that if a plaintiff in a court seeks protection of the right to a trade name with effects in the territory of several states, such claims must be divided according to the territory of the infringing states (considering the territoriality principle which also applies to the right to a trade name), and always to apply another applicable law in relation to such distributed claims. This is a mosaic-like method of protection (also known as the *dépeçage* principle).<sup>66</sup>

The determined law decisive for the claim for damages or unjust enrichment is also decisive for (partial) questions related to this issue, in particular the question of the tortious capacity of the infringer, his possible exculpation, the origin of the damage, the possible claims for compensation, the possible interim measures, the transferability of the right to compensation, limitation, and prescription of the damages, the duration of time limits (Article 15 of the Rome II Regulation) and even for the question of the application of legal presumptions and the determination of the burden of proof between the parties to the dispute (Article 22(1) of the Rome II Regulation). Generally, unless a partial question<sup>67</sup> is governed separately by a conflict-of-laws rule, the law applicable to the basic question applies to it, since they together form a single factual situation and should therefore be subject to the same applicable law.<sup>68</sup> The question of the existence or validity of the intellectual property right which has been infringed could thus be subordinated (as a preliminary issue in infringement proceedings) to *lex causae* rules, ie also to the *lex loci protectionis* principle.<sup>69</sup>

However, the Rome II Regulation does not take precedence over international agreements dealing with the law applicable to non-contractual obligations arising from infringements of intellectual property rights concluded before its adoption (ie before 11 July 2007) and if at least one non-Member State is a party to those agreements (Article 28(1) of the Rome II Regulation).<sup>70</sup> On the other hand, when such an international agreement is concluded exclusively between the Member States, irrespective of the time of the conclusion of that agreement, the rules of the Rome II Regulation apply (Article 28(2) of the Rome II Regulation; Article 351(2) TFEU).

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<sup>65</sup> Tichý (n 64) 100; Claudia Hahn and Olivier Tell, 'The European Commission's Agenda: The Future "Rome I and II" Regulations' in Jürgen Basedow et al (eds), *Intellectual Property in the Conflict of Law* (Mohr Siebeck 2005) 16; Kono (n 33) 152.

<sup>66</sup> Kyselovská and Koukal (n 6) 234–235. On the view that the *dépeçage* principle is mainly the result of the inability to agree on a uniform law or a conflict-of-law rule at the political level, see Kessedjian (n 15) 23–25.

<sup>67</sup> On distinguishing a partial question from a preliminary question in relation to the basic question, see Malacka and Ryšavý (n 15) 49–51.

<sup>68</sup> Rozehnalová et al (n 33) 130–131.

<sup>69</sup> Identically, Kyselovská and Koukal (n 6) 259.

<sup>70</sup> Tichý (n 64) 244.

In the event of the non-application of the Rome II Regulation or other international treaties, in the conditions of Czech private international law (when the Czech court would have jurisdiction) we would determine the law applicable to the non-contractual obligation arising from the infringement of intellectual property rights pursuant to Section 80 GPIL, which refers us (identically) to the *lex loci protectionis* principle.<sup>71</sup> However, as this Act does not contain a rule similar to Article 22 of the Rome II Regulation (see above), it must be emphasised that the applicable law determined in this way is relevant only to substantive law issues (from the point of view of Czech systematics, ie whether there has been interference with a right, what claims the injured party can assert from this interference, whether these rights can be transferred, when these rights can be limited, etc). Procedural law issues here are fully subject to *lex fori* rules (eg rules of litigation, including the apportionment of the burden of assertion and the burden of proof).<sup>72</sup> But the situation where we would use Section 80 GPIL to determine the applicable law is quite hypothetical because the Rome II Regulation has been binding on the Czech courts since its entry into force (11 January 2009).

Furthermore, if we are dealing with the issue of applicable law in a court located in a non-Member State, we will apply the local rules of private international law.

When applying the rules of private international law of (any) state, it is also necessary to resolve the issue of remissions and transmissions. In the case of the Rome II Regulation, the remissions and transmissions contained in the rules of private international law are excluded by Article 24. If the law applicable were Czech law and the Rome II Regulation did not apply, Section 21 GPIL would address this situation, which stipulates that neither remission nor transmission is to be taken into account.

Finally, in matters related to the law applicable to the trader's infringement of his right to a trade name, mandatory rules of the legal order of the place of the court may be in play (Article 16 of the Rome II Regulation) as well as public policy rules according to the place of that court (forum). They may, for example, reverse the conclusion reached under the law applicable to the determination of the holder of that right, based on an assessment of the preliminary question: who is the holder of the right to the trade name and what is the transferability of this right (if, for

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<sup>71</sup> The scope of application of Sec 80 GPIL is wider than the scope of Art 8 of the Rome II Regulation, since Sec 80 applies not only to non-contractual obligations, but also to contractual obligations related to intellectual property rights. See Malacka and Ryšavý (n 15) 143–144.

<sup>72</sup> The Supreme Court considers the rules determining burden of proof to be the rules of procedural law. See *ABC Trepka, s r o, v SPS engineering, s r o* ECLI:CZ:NS:2020:32. CDO.1287.2018.1, regardless of whether they interfere with the substantive or procedural law problematics. On this question, see Kristýna Horková, 'Smluvní fikce doručení' (Masaryk University 2020) 44–46 <<https://is.muni.cz/th/s1u68/>> accessed 15 May 2022.

example, the licensee seeks the protection of that right)?<sup>73</sup>

## 5 Is the choice of applicable law possible?

Along with the question of determining the applicable law, it is appropriate to ask whether it is possible to change (or replace) the law determined in this way by an agreement of the parties in the dispute (choice of law). In the context of the Rome II Regulation, the answer is provided by Article 8(3), which precludes the application of Article 14 providing a choice of law where the law applicable under Article 8 and Articles 10 to 12 of the Rome II Regulation is determined.

However, if we determine the law applicable under the rules of private international law of a particular state or international treaties governing the determination of the law applicable to non-contractual obligations with an international element, the above rule on the exclusion of choice of law may be absent and this path could be in play. However, the answer to this question must be sought in the context of a legally binding act (in the *lex fori* law) determining the law applicable to a particular non-contractual obligation and subsequently also in the context of the applicable law itself.

However, the ban on the choice of law for intellectual property infringement disputes, which applies to all sub-questions of this issue, is criticised in the literature for its insufficient justification (eg in the Commission's proposal for the Rome II Regulation) or with reference to a simple repetition of the phrase that it is necessary to insist on the generally accepted<sup>74</sup> *lex loci protectionis* principle, sometimes even erroneously identified with the territoriality principle.<sup>75,76</sup>

## 6 The *dépeçage* principle and 'use in commerce/in the course of trade'

The mosaic-like method of determining the applicable law in cases of resolving disputes arising from the infringement of a trader's right to a trade name in several countries seems to be inflexible and, in extreme cases, completely dysfunctional. Unfortunately, this is not just a theoretical situation. Many relevant legal systems can be obvious, for example, at times when the exclusive right of a well-known trader to his designation

<sup>73</sup> Kessedjian (n 15) 27–28; Axel Metzger, 'Transfer of Rights, License Agreements, and Conflict of Law: Remarks on the Rome Conventions of 1980 and the Current ALI Draft' in Jürgen Basedow et al (eds), *Intellectual Property in the Conflict of Law* (Mohr Siebeck 2005) 66–69, 71–72; See Kyselovská and Koukal (n 6) 260–262.

<sup>74</sup> See European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP), *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary* (OUP 2013) 304–307.

<sup>75</sup> On the need to distinguish the territoriality principle from the *lex loci protectionis* principle, see Kyselovská and Koukal (n 6) 127, 131, 143–145, 212–216.

<sup>76</sup> Kyselovská and Koukal (n 6) 211–212, 247–250; Kono (n 33) 152–153.

(eg an international holding company) is infringed via the Internet.<sup>77</sup>

However, it is important to ask whether or not it is necessary to consider an infringement of the right to a trade name in so many countries (apart from the possible narrowing of the disputed matter by the plaintiff himself by defining his claim in the application). When is the right of a trader to his trade name infringed? When the damage occurs in the legal sphere of the trader concerned.

It follows from the above that it is necessary (among other things) to conclude that the infringement took place 'on the territory of a particular state'.

In 2001, the WIPO published a Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet<sup>78</sup> – a set of rules of a soft law nature, which states in Article 2 that the use of designations on the Internet represents the use of the designation in the territory of a particular WIPO Contracting State if it has a commercial effect there.

This rule is not revolutionary; it is fully applied, for example, to trademark rights. Trademark law gives its owner the exclusive right to use a particular designation in relation to the goods and services for which it has been registered (if we are not speaking about a well-known trademark or trademark with a reputation in a given state) only to the extent to which this applies to business relations (Section 8(2) to (4) of Act no 441/2003 Coll, on Trademarks; Article 9(2) to (4) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark); the commercial effect of unlawful use is thus already implicitly assumed here from the substance of the case (the content of the right to a trademark).<sup>79</sup>

The right to a trade name has a similar purpose to the right to a trademark – its aim is to distinguish traders (legal entities) from others in a given (relevant) market – and therefore the scope of trade name protection should be similarly limited as in the case of the right to a trademark, ie only for use in business relations.<sup>80</sup> Therefore, if a trade name were used in a way that has no commercial effect in the territory of a particular state, we should not consider it interfering with this right at all, and there would be no need to address the related issues (place of jurisdiction and applicable law).

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<sup>77</sup> See Tichý (n 64) 124–125.

<sup>78</sup> See above (n 42).

<sup>79</sup> In the long term, the CJEU also stays with this conclusion. See *Joined Cases Google France SARL and Google Inc v Louis Vuitton Malletier SA (C-236/08)*, *Google France SARL v Viaticum SA and Luteciel SARL (C-237/08)* and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others (C238/08)* ECLI:EU:C:2010:159, paras 50–58.

<sup>80</sup> See Annette Kur, 'Trademark Conflicts on the Internet: Territoriality Redefined?' in Jürgen Basedow et al (eds), *Intellectual Property in the Conflict of Law* (Mohr Siebeck 2005) 185–187.

However, the transposition of this principle into applicable law rests on the shoulders of individual states (not only the EU). They must accept this approach as their own and, if necessary, change their existing legislation or its interpretation, if its wording allows for it.

*Prima facie*, complicated modification of the mosaic-like method of determining the law applicable in cases of infringement of the right to a trade name on the Internet is functionally narrowed in the light of the aforementioned rule, apart from the subsequent problem that arose with this change (namely the differences in the interpretation of the term *use in commerce* or *in the course of trade*<sup>81</sup> in the context of the substantive rules of national legal systems).<sup>82</sup>

## 7 Conclusions

In the case of an internationally competent court being designated for a non-contractual infringement of the right to a trade name as an industrial property right according to the criteria contained in the Brussels I bis Regulation and CJEU case law, it can be concluded that an injured trader can sue the infringer of his right to a trade name (apart from the establishment of international jurisdiction on the basis of prorogation and tacit prorogation) in the state:

[1] where the *infringer resides*. To determine the domicile of the infringer as a natural person, the court uses the law of the state in which the person is domiciled, and in the case of the infringer as a legal person, he can be sued in the state in which he has his statutory seat, central administration, or principal place of business.

[2] where the harmful event occurred or may occur, which covers both the *delicti commissi* place and *damni infecti* places. The court which would have jurisdiction based on the *delicti commissi* place could then rule on the trader's claim for damages incurred in the territory of several countries (the damage in its entirety), while the court which would be determined as internationally competent according to the *damni infecti* place could decide (only) on the claim for damages incurred in the territory of this state.

[3] where the plaintiff (injured party) has a *centre of interests* (main economic activity). The court thus determined may then decide on the damage in its entirety.

It follows that it is advantageous for the injured trader to choose the internationally competent court ideally in the country according to the *delicti commissi* place or the *centre of interest*.

The law applicable to non-contractual infringements of the right to a trade name being an industrial property right (and related matters) is

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<sup>81</sup> See Case C-245/02 *Anheuser-Busch Inc. v Budějovický Budvar, národní podnik* ECLI:EU:C:2004:717, para 73.

<sup>82</sup> For more information, see Kur (n 80) 177–179, 182.



then, under the Rome II Regulation, the law of the country for which the protection is sought (the *lex loci protectionis* principle). The applicable law thus determined cannot be avoided either by using the escape clauses or by applying rules to disputes arising from the infringement of unfair competition rules. The choice of applicable law cannot be used in these disputes either, which is often criticised by jurisprudence.

Infringing the right to a trade name by acting with consequences within the territory of several countries is also associated with the mosaic-like method of determining the applicable law (the *dépeçage* principle), which means that several laws of the countries involved are decisive for claims, depending on the territories in which the injured party seeks protection of his right. But if we take into account only the laws of the states in which the illegal act (the infringement) has commercial effect, the problem of pluralism of many state orders will be functionally restricted.



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