The Law Applicable to Unregistered IP Rights After Rome II

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Until a few years ago, the conflict of laws problems of intellectual property rights have rarely been thoroughly treated. For conflict of laws people IP law was a remote special subject, and the IP people believed that they need not bother with the arcana of conflicts law because the territoriality principle and the international conventions supposedly provided all the necessary rules. This mistake has been pointed out, at the latest, by the internet. Today the transborder use and infringement of IP rights is most common and legal proceedings are long since brought not only in the country for which protection is sought. More and more often the country of origin, the protecting country and the forum state are not identical, and one action — apart from actions for injunctive relief — asserts IP infringements in several protecting countries. That holds true in particular for unregistered and for Community-wide IP rights the reach of which not necessarily coincides with the national borders of a registering state.

In the last years, however, the German and foreign literature on the law applicable to IP rights has been swelling very much. Of late, even the European legislator has tried its hand with a first partial rule in this field of conflicts law. The Regulation (EC) No. 864/2007 of the European Parliament and of the Council on the law applicable to non-contractual obligations (“Rome II”) of 11 July 2007 provides in art. 8 under the heading

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“infringement of intellectual property rights”:

“(1) The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.

(2) In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.”

The exact scope of this provision is unclear. Its interpretation requires a reflection of the fundamentals of conflicts law.

I. Fundamentals of private international law

Like real property intellectual property rights are absolute (operating erga omnes), subjective rights (individual entitlements). As such they must be related with a legal subject and the rights’ content must be defined. As subjective rights they can be the object of contractual agreements; as absolute rights they may be violated by third parties. The validity and the consequences of a breach of the contract are governed by the chosen contract law, while the conditions and consequences of a tortious act are governed in principle by the law of the place of the tort (lex loci delicti).

From this main issue of the applicable law of contract or of tort incidental questions must be carefully distinguished. They arise if elements of an applicable rule of conflicts or substantive law may fall under a different conflicts rule. Such an incidental question is, e.g., the ownership of a thing in case of its sale or damage. The incidental question of ownership is governed by the law of the situs (lex rei sitae) in the relevant moment when the property right is acquired. No matter whether incidental questions should be governed by the conflict rules of the forum or by those of the lex causae which governs the main issue, it is most important to separate the incidental question of ownership from the main issue.

That goes without saying for personal property, but is still denied by many IP lawyers


[Art. 40 EGBGB. As of 11 January 2009 also art. 4 Rome II Regulation.]


[Art. 43 EGBGB (Introductory Code to the German Civil Code).]
who rely on the territoriality principle and the allegedly comprehensive scope of the law of the protecting country (lex loci protectionis). This undifferentiated connection to the law of the country for which protection is sought, may have been convenient in former times when the protecting country coincided almost always with the forum state. In the meantime that has changed dramatically. Since IP relevant goods and services are marketed on a world-wide scale the independent connection of incidental questions, especially as to the first ownership of the rights, has become a pressing problem.

Like tangible personal property intellectual property rights are objects of transborder legal trade detached from the person of their owner. Here legal certainty and foreseeability of the governing law are of first order for all parties involved. Subjective rights which, like the general personality right, have only a defensive function may safely be absorbed by the main issue of the applicable tort law: It is exclusively the law of the place of the tort as the common legal environment which determines what somebody is allowed to do or say and the other has to tolerate. IP rights, however, go well beyond a negative function as they contain positive rights to use that may in whole or in part be transferred to some other person. There is no doubt about who the bearer is of the general personality right or of the right of not being bodily harmed. But with IP rights the dispute very often is about this very question of the ownership of the right. As conflict lawyers long know, the questions of ownership of the right, content of the right and the consequences of its infringement must be strictly separated, in the IP as in other fields.

II. Statutory conflict rules in the field of IP law

Special statutory conflict rules for IP rights are still very rare. The German legislator has not included any special rules on IP rights in its statutory reform of 21 May 1999 of the law applicable to non-contractual obligations and to property rights. As to the applicable tort law such rules were seen as “unnecessary in view of the common recognition of the country-of-protection principle”, and in regard of the rest the legislator wanted to leave it to the courts “whether in the particular case incidental IP questions might be governed by some other law than that of the country of protection”. 

[[Schack, Die grenzüberschreitende Verletzung allgemeiner und Urheberpersönlichkeitsrechte, UFITA 108 (1988) 51 2, 55 et seq.; Kropholler (supra note 6), § 53 V 4, p. 541; Rolf Wagner, Das deutsche IPR bei Persönlichkeitsrechtsverletzungen, 1986, pp. 59, 98 et seq. — The EC legislator has shirked regulating infringements on personality rights, cf. artt. 1 II lit. g, 30 II Rome II Regulation, the declaration of the Commission, O. J. EU 2007 L 199, p. 49; and the justified critique of Leible/Lehmann RIW 2007, 723 et seq.; G. Wagner IPRax 2008, 10.]
[[BGBl. 1999 I 1026, introducing artt. 38 et seq., into the EGBGB.]
[[Government statement of reasons BTDr. 14/343, pp. 10 and 14.]]
1. EC Law

a) This hot problem is now tackled by art. 8 subsection 1 of the Rome II Regulation: a non-contractual obligation arising from an infringement of an intellectual property right is submitted to the law of the protecting country so that the universally acknowledged principle of the lex loci protectionis should be preserved as is said in recital 26 of the Regulation. The conflicts rule is universally acknowledged, however, only for registered industrial IP rights and for the content of IP rights (see infra IV 1). Apart from that the legal literature, court decisions and national legislations present a very heterogeneous picture. While according to the conflict-of-laws statutes of Austria, Italy, Belgium and Bulgaria, but also of Switzerland and Liechtenstein, all IP rights shall be governed by the law of the protecting country, other countries like Greece, Portugal and Romania submit the copyright to the law of the country of origin. Therefore, the premise of the EC legislator is correct only if the scope of application of art. 8 subsection 1 of the Rome II Regulation is construed narrowly. The norm relates only to the consequences arising from an infringement of IP rights, i.e. in its narrow interpretation not even to the content of the IP right itself and certainly not to the incidental question as to the owner of the IP right. In accordance with the legislative aim of the Regulation on non-contractual obligations art. 8 subsection 1 clearly means only the applicable law of torts. This law is determined by the lex loci protectionis in order to prevent from the start any frictions with the traditional conflicts rule of the law of the protecting country.

The Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights (O. J. EU 2004 L 195, p. 16) leads to an assimilation of sanctions, but is mute on the conflict of laws; art. 2 subsection 3 lit. b leaves TRIPs unaffected.


According to art. 67 subsection 3 sent. 1 of the Greek Copyright Act of 1993 the lex originis applies (wrongly) even to the content of the copyright and neighbouring rights.

References at Schack, UrhR, marg. no. 887; to the same effect for the first ownership of copyright the case law in France and the USA.

Baetzgen, Internationales Wettbewerbs- und Immaterialgüterrecht im EG-Binnenmarkt, 2007, marg. nos. 84, 749; Staudinger-Fetz/Koos (supra note 2), marg. no. 829; Leible/Lehmann RIW 2007, 731; Heiss/Loacker JB1. 2007, 636. The limited scope of art. 8 subsection 1 as not being an all encompassing conflicts rule is well recognized also in the EC Commission, see Hahn/Tell, in Basedow (supra note 2), pp. 7, 15.

Art. 15 lit. a Rome II Regulation also covers only “the basis and extent of liability” and not of the right itself (unjustly doubting Obergfell, Das Schutzlandprinzip und “Rom II”. IPRax 2005, 93, 12 et seq.). Taking copyright as an example: The Rome II Regulation governs the claims under §§ 97 et seq., but not the content of the rights granted in §§ 12 et seq. of the German Copyright Act (UrhG). As to the CTMR see infra at note 29.

Wrong Basedow/Metzger, Lex loci protectionis europea, in FS Boguslavskij 2004, pp. 153; 172, 162 to the proposal of 22 July 2003; unaware of the problem Angelika Fuchs GPR 2003/04, 100, 103: for the “existence and protection”.

That is why the EC legislator has in this context also excluded a choice of law by the parties after the event (art. 8 subsection 3) and equally any kind of renvoi (art. 24). To cut off any possibility of a parties’ choice of law for the consequences of an infringement is, however, in the interest of neither the parties nor the court if it has to rule on infringements in several protecting countries at the same time. The opportunity to choose one of these laws, especially that of the forum state, in any case makes more sense than the otherwise unavoidable distributive application of multiple laws. Such a choice of law would not contradict the territoriality principle because this is imperative only for the content of the IP right, but not for the consequences of its infringement.

Art. 13 of the Rome II Regulation carries the petrified connection to the one or several laws of the protecting countries over to the claims in artt. 10-12 arising out of unjust enrichment, negotiorum gestio and culpa in contrahendo. This mandatory connection to the lex loci protectionis is equally misguided insofar as it renders impossible the common and reasonable accessory connection to the law governing a pre-existing relationship between the parties. The legislator’s mistake of art. 13 Rome II Regulation should therefore be repaired as quickly as possible.

b) For Community-wide unitary IP rights art. 8 subsection 2 Rome II Regulation provides a special rule intended to fill the gaps left by the relevant Community instruments. At present, the Regulations on the Community trademark, on Community designs and on Community plant variety rights are pertinent. Art. 8 subsection 2 of the Rome II Regulation fills the gap with “the law of the country in which the act of infringement was committed”, i.e. the place of the tortious act. The reason for this is that the connection in subsection 1 to the law of the protecting country is of no help with Community-wide IP rights as in their case the protecting “country” is the entire European Union. Therefore a subconnection is needed for all questions not directly governed by Community law. Again, however, art. 8 of the Rome II Regulation offers only a partial solution because subsection 2 like subsection 1 refers only to “a non-contractual obligation arising from an infringement” of Community-wide IP rights.
It is striking that art. 8 subsection 2—in contrast to the general torts rule in art. 4 subsection 1 of the Rome II Regulation—calls not for the law of the country “in which the damage occurs”, but for “the law of the country in which the event giving rise to the damage occurred”, i.e. the place of the act. That is correct as IP rights can only be infringed by actions in the protecting country as only such actions are covered by the content of the IP right. As to infringements of IP rights the country in which the damage occurs can never deviate from the country in which the defendant did the tortious acts. Besides that, the EC legislator has modelled art. 8 subsection 2 of the Rome II Regulation on already existing gap-filling rules, notably on art. 98 subsection 2 CTMR. The latter calls for the application of “the law of the Member State to which the acts of infringement . . . were committed, including the private international law” for all sanctions with the only exception of claims for injunctive relief which have been regulated autonomously in subsection 1.

The model of art. 98 CTMR is instructive in several respects. First, the conflicts rule in subsection 2 clearly concerns only the sanctions, i.e. the consequences of an infringement and not the content of the infringed right, the latter having found a unitary definition in artt. 9 et seqq. CTMR. Accordingly there is no need for a conflicts rule on the content of a Community trademark.

More complicated and somewhat inconsistent is the approach of the EC legislator to the doctrine of renvoi (in the form of remission or transmission). While the general gap-filling rule in art. 97 subsection 2 CTMR refers to the conflict rules of the forum state, art. 98 subsection 2 CTMR as lex specialis for the sanctions calls for application of the law of the country to which the infringing act was committed, expressly including the conflict rules of that country thus permitting a remission or transmission to some other law. Art. 8 subsection 3 sent. 1 CPVRR must be interpreted in this sense.

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[1] As to this core of the territoriality principle see BGHZ 126, 252, 256—Folgerecht bei Auslandsbezug; Schack, UrhR, marg. no. 802; Katzenberger, in: Schricker (ed.), Urheberrecht Kommentar, 3rd ed. 2006, vor § 120 UrhG marg. no. 123.

[2] Cf. Schack, UrhR, marg. no. 721 with further references concerning the international jurisdiction in art. 5 no. 3 of the Brussels I Regulation and § 32 of the German Code of Civil Procedure. The wording “in the courts for the place where the harmful event occurred” in art. 101 subsection 3 sent. 1 CPVRR must be interpreted in this sense.

[3] Parallel rule in art. 89 subsection lit. d CDR. More advanced are the comprehensive sanctions in artt. 94 et seqq. CPVRR; only claims for unjust enrichment are referred to the conflict rules of the forum state in art. 97 subsection 1 CPVRR.


subsection 2 Rome II Regulation, in contrast, calls for application of the substantive law of the country in which the act of infringement was committed, as art. 24 categorically excludes any renvoi. That doesn’t fit with art. 98 subsection 2 CTMR. This contradiction will have to be resolved by giving precedence to the more special regulation, i.e. to the CTMR and CDR with their more complicated and conceptionally misguided provisions. As these two Community IP rights are not covered by art. 8 subsection 2 of the Rome II Regulation the latter’s immediate scope of application currently tends towards zero — if one doesn’t fall back on the trick of regarding subsection 2 as the new national conflicts rule in the meaning of art. 98 subsection 2 CTMR.

The question remains how to localise the place where the infringing act was committed in the meaning of art. 8 subsection 2 Rome II Regulation and art. 98 subsection 2 CTMR. While the national conflicts legislator (e.g. in the frame of artt. 97 subsection 2, 98 subsection 2 CTMR) would in theory be free to apply the law of the marketplace where the unitary Community right is affected, the EC legislator in art. 8 subsection 2 Rome II Regulation — in contrast to the law applicable to unfair competition (art. 6 subsection 1) — did not follow the effects principle but refers exclusively to the place where the infringing act was committed. This plain solution has among others the advantage that the acts constituting an infringement (lege causae) are much easier to localise than their effects on possibly several national markets inside the Common Market. By this means, the situations resulting in a mosaic-like distributive application of several laws are considerably reduced, although not totally excluded.

The problem are not infringing acts committed outside the EU because a Community IP right not recognised there cannot be infringed there. Problematic are rather acts committed in several Member States which each by themselves constitute an infringement of the IP right. A classic example for this situation is the production of an infringing article in Germany which is distributed in France and advertised all over Europe in the TV or in the internet and thereby offered for sale to the public. All these acts committed at different places are covered by the content of the Community IP right.

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Cf. Art. 27 Rome II Regulation and the justified critique of MünchKomm-Drexl (supra note 2), marg. no. 113.

As do Basedow/Metzger (supra note 17), p. 168; and Staudinger-Fezer/Koos (supra note 2), marg. no. 946.

Correspondingly in the context of Artt. 88 subsection 2, 89 subsection 1 lit. d CDR.


Besides, the synchronization with the international jurisdiction in Art. 93 subsection 5 CTMR, Art. 82 subsection 5 CDR is most welcome.

See supra at note 25 and infra IV 2. Wrong Ebner (supra note 28), pp. 259 et seq., 266; and basically also Schaper (supra note 30), pp. 209 et seq.

Cf. Staudinger-Fezer/Koos (supra note 2), marg. no. 942.

Cf. art. 9 subsection 2 CTMR, art. 19 subsection 1 CDR, art. 13 subsection 2 CPVRR.
To this problem there are four possible solutions, one of which the European Court of Justice will eventually have to choose. One could either leave it with the distributive application of all the countries’ laws where infringing acts have been committed, or one looks for the most significant relationship to one of these places or one applies the law at the seat of the defendant or the lex fori, provided that at least some infringing act occurred in the seat or forum state.

The first solution, the distributive application of several conflict laws, is very cumbersome, especially if combined with a substantive law fragmentation following the (bad) example of the Shevill decision of the ECJ. In any case, this solution does not permit (beyond claims for injunctive relief) the efficient enforcement of Community IP rights.

The second solution, in turn, suffers from considerable legal uncertainty if economic investigations had to be made in order to determine the place of the infringing act that has the most significant relationship to the Community IP right. Conflict rules which can only be applied after extensive facts have been established are on principle unfit and to be avoided.

For the center of gravity solution at the seat of the defendant argues the parallel to international jurisdiction. And the lex fori as the fourth possible solution has the advantage of the less costly and more convenient application of a familiar law and the interlocking of the substantive law sanctions with the law of procedure. The serious disadvantage of the lex fori as a conflicts rule, however, is that it encourages forum shopping and thus fails the aim of art. 8 subsection 2 Rome II Regulation of unifying the choice of law rules.

Ultimately, the relatively best solution to the problem of the applicable torts law for Community IP rights is to assume the seat of the defendant as the relevant place of the

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OLG Hamburg GRUR-RR 2005, 251, 255—The Home Depot (EU-wide use of a Community trademark directed by the German branch of the Swiss Bauhaus AG).
In the end favoured by Metzger, Community IP Rights and Conflict of Laws, in Drexel/Kur (supra note 2), pp. 215-225, 222 et seq.
Metzger (preceding note), p. 220.
ECJ 7 March 1995, ECR 1995, I-145 paras. 28 et seqq. —Shevill/Press Alliance SA, for the international jurisdiction in art. 5 no. 3 of the Brussels I Regulation. See the critique among others of Schack, Internationales Zivilverfahrensrecht, 4th ed. 2006, marg. no. 306; Sebastian Kubis, Internationale Zuständigkeit bei Persönlichkeits- und Immaterialgüterrechtsverletzungen, 1999, pp. 134 et seqq. —Like the ECJ for the international jurisdiction art. 94 subsection 2 CTMR, art. 83 subsection 2 CDR, and art. 101 subsection 3 sent. 2 CPVRR.
Metzger (supra note 41), p. 221.
Generally on the importance of legal certainty in the conflict of laws Kropholler (supra note 6), § 14 II, p. 113; Klaus Schurig, Kollisionsnorm und Sachrecht, 1981, pp. 176 et seqq., 305.
See art. 93 subsection 1 CTMR, art. 82 subsection 1 CDR.
tort (and as subsidiary connecting factors those used in art. 92 subsections 1 to 3 CTMR). Most of the time the defendant’s seat will coincide with the center of gravity of the infringing acts or at least with the central office from where they are directed. This connecting factor is easy to ascertain and leads to the application of a single law for all consequences of an infringement.

2. International treaties

The international IP treaties are insignificant as a source of conflict rules. The territoriality principle as their historical basis only operates on the level of the law relating to aliens in denying them IP protection. The territoriality principle does not answer the question of which law is applicable to a foreign IP right if an international treaty binds the forum state to grant protection. Therefore the territoriality principle as such does not contain a conflicts rule. This principle is not a value in itself as if it would guarantee the independence of strictly national IP rights, but rather an outdated and unjustified principle, at least for unregistered IP rights (see infra III 2).

The international treaties only dismantle the national law relating to aliens by requiring the contracting states to grant national treatment and by supplementing it with some minimum rights, i.e. with rules of substantive uniform law. According to the prevailing and correct opinion the national treatment principle, too, does not contain a conflicts rule. It only prohibits the contracting states to treat foreign nationals less

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Cf. Schack, UrhR, marg. no. 802.

Overwhelming opinion, all with further references Schack, UrhR, marg. nos. 805, 890; von Welser, in: Wandtke/Bullinger (eds.), Praxiskommentar zum Urheberrecht, 3rd ed. Munich 2009, vor § 120 UrhG marg. no. 5; MünchKomm-Drexl (supra note 2), marg. no. 13; Zweigert/Puttfarken, Zum Kollisionsrecht der Leistungsschutzrechte, GRUR Int. 1973, 573 §78, 574. Confusing Staudinger-Fezer/Koos (supra note 2), marg. nos. 869, 851; contra Schricker/Katzenberger (supra note 25), vor § 120 UrhG marg. no. 120.


Schack, UrhR, marg. no. 891 with further references and in more detail idem (supra note 1), pp. 28 et seqq.; Carsten Intveen, Internationales Urheberrecht und Internet, Baden-Baden 1999, pp. 113 et seqq.; Eva Inês Obergfell, Filmverträge im deutschen materiellen und internationalen Privatrecht, Cologne 2001, pp. 204 et seqq.; Peinze (supra note 50), pp. 135 et seqq.; Mireille van Eechoud, Choice of Law in Copyright and Related Rights, The Hague 2002, pp. 107 et seqq.; Ropohl (supra note 50), pp. 31 et seqq. (as to art. 2 subsection 1 of the Paris Convention); contra Ulmer (supra note 1), nos. 1, 16; Schricker/Katzenberger (supra note 25), vor § 120 UrhG marg. no. 125; MünchKomm-Drexl (supra note 2), marg. nos. 50 et seqq.; cf. also Staudinger-Fezer/Koos (supra note 2), marg. nos. 844 §47.
favourably than their own citizens in the formation and application of their substantive or
conflicts legal rules. The principle of national treatment was intended as the most elegant
means to obviate any interference with the national legal orders about which the
contracting states just could not reach an agreement. With the national treatment principle
they rather trust in that every state will in its own interest protect its citizens sufficiently
and according to a national law that seems adequate. This law does not need to be
necessarily that of the forum state or that of the protecting country.

The principle of national treatment therefore leaves it to the contracting states to
make their own decisions on the applicable law as long as they do it in an undiscriminating
manner. The way is thus free for the national as well as for the European conflicts
legislator. The central switch is the distinction between registered and unregistered IP
rights.

III. Registered and unregistered IP rights

1. Registered IP rights

Registered IP rights, like the patent, the (industrial) design and the registered
trademark owe their existence to their registration in a state-run register. The registration
occurs on the basis of an administrative act after a more or less detailed examination of the
prerequisites of protection. The administrative agency may be bound in its decision, but
it is nevertheless the administrative act that creates the property right. Therefore,
registered IP rights are from the start limited to the territory of the granting state,
irrespective of their aim to foster the own national economy. Granting state is the country
for the territory of which the protection is granted. As to Community-wide registered IP
rights like the Community trademark this is the whole territory of the European Union by
virtue of the administrative act of the Office for Harmonization in the Internal Market
according to art. 45 CTMR.

The administrative act as foundation of the registered IP rights necessarily limits their
territorial reach: As long as a State does not renounce or contractually restrict its
sovereignty foreign administrative acts can have no effect on its territory. This sovereignty
concept is the foundation of all registered IP rights and of the multilateral treaties,
including the European Patent Convention, so that registered IP rights attached to one
intangible good are conceivable only as a bundle of separate national IP rights—as long as

The same is true for the misleading wording (“country where protection is claimed”) in artt. 5
subsection 2 sent. 2, 14bis subsection 2a Berne Convention; cf. Schack, UrhR, marg. nos. 891 et seq.
Very clear for the patent §§ 49 subsection 1, 58 subsection 1 of the German Patent Act and art. 97
Correspondingly for the registered Community design art. 48 CDR.
Cf. RGZ 118, 76, 81 et seq. — Hengstenberg (departing from the universality principle in trademark
law).
one doesn’t want to give up the concept of sovereign state action. The result for the
conflict of laws is that registered IP rights are invariably governed by the law of the
protecting country.

2. Unregistered IP rights
That is totally different with unregistered IP rights. They come into being by
immediate operation of law with the creation of a literary or artistic work or with the
performance of an act giving rise to some neighbouring right, with the commercial use of a
sign which has gained secondary meaning as a trademark (§ 4 no. 2 MarkenG), or with
the fame of a well-known trademark under art. 6bis of the Paris Convention. To be
added are business marks which are acquired through simple use and other business signs
in the meaning of § 5 MarkenG. Special emphasis deserves the unregistered Community
design in art. 11 CDR with its three-year protection as it is until now the sole unregistered
Community IP right. It comes into being by immediate operation of law as soon as the
design “was first made available to the public within the Community”.

Where the IP rights are not granted by an administrative act their territoriality cannot
be justified by the sovereignty concept anymore. The need for the legislator to specify
the content of unregistered IP rights (like that of any other absolute rights) is no reason for
the territorial limitation either, because the national legislator does not grant these absolute
rights but recognises them as soon as the prerequisites of the substantive law are
fulfilled. Like the property in physical things which is recognised and protected in several
countries according to their respective lex rei sitae (art. 43 EGBGB) an unregistered IP
right, though intangible, is by its nature a unitary object of protection however that object
may be treated in the conflict of laws (see infra IV). The “bundle theory” is the result
only of the predicament that state sovereignty has territorial limits, but totally unjustified
for unregisterd IP rights. Considering the ever growing uniform economic areas and the
necessity of an economically efficient and discrimination-free legislation the bundle theory
is an anachronism. Such small-state ideas of single-handed regulation must be overcome in
the medium term for registered IP rights as well, as it happens increasingly in the
European Union with the introduction of Community-wide IP rights. For unregistered IP

Ropohl (supra note 50), pp. 41 et seqq., 47, 55; Baetzgen (supra note 15), marg. no. 160.
§ 4 no. 3 MarkenG. This variant is practically meaningless besides § 4 no. 2 MarkenG, as it is
hardly conceivable that a trademark not used in the domestic market is nevertheless well-known there,
cf. Ingerl/Rohne, Markengesetz, 2nd ed. 2003, § 4 marg. no. 27.
For that it must have “been published, exhibited, used in trade or otherwise disclosed in such a way
that, in the normal course of business, these events could reasonably have become known to the circles
specialised in the sector concerned, operating within the Community, art. 11 subsection 2 CDR.
Ropohl (supra note 50), p. 56. And neither as a souvereign organization of the state’s economic
order; contra Baetzgen (supra note 15), marg. no. 183.
Cf. Schack (supra note 1), pp. 23 et seq.; idem, UrhR, marg. no. 801; Andreas Wille, Die Verfügung
rights, however, such ideas are wrong from the outset. Unregistered IP rights are a modern achievement which must not be burdened with the ballast of sovereign privileges of bygone centuries.

IV. The law governing unregistered IP rights

Apart from copyright, the conflicts law of unregistered IP rights has hardly ever been discussed. Most common is the unitary application of the law of the protecting country (lex loci protectionis) to all IP rights. That this simplifying view will not bear a closer examination under a conflict of laws analysis is most obvious for the copyright with its components of, at the same time, personality and property rights. Here lately and especially in view of the internet the opinion is gaining ground that at least some incidental questions, mostly the first ownership of copyright, must receive a unitary answer by applying the law of the country of origin. This reasoning has been extended to the connection of unregistered trademarks. As we have seen, neither the territoriality principle nor the principle of national treatment contravene such a result. The same is true for the unregistered Community design for which the comprehensive application of the lex loci protectionis is therefore not at all inescapable.

Searching for the “correct”, fair and just conflicts rule for IP rights one must extricate oneself from the national perspective of economic advantages. In principle, the conflict rules are applied without looking beforehand into the substance of the applicable law; Raape has called that “a leap into the dark”. Methodically inadmissible are arguments squinting at a desired result, like the argument that a unitary connection to the law of the country of origin or of the country where the most significant effects are felt would only favour the USA.

Due to the limited time and space, only the most important guidelines for a
differentiated connection of unregistered IP rights may be discussed here. Special attention is to be paid at the delimitation of the law applicable to the IP right as such from the applicable torts and contracts law, i.e. at the conflict of laws problem of characterization.

1. Content, exceptions and duration of the IP right

For the content, exceptions and duration of any IP right the application of the lex loci protectionis is imperative. Only the law of the protecting country can tell in how far IP rights as absolute rights have to be respected by everybody. The domestic commercial and private users of IP rights must be able to know what they are allowed to do and what is prohibited. The scope of acts protected by the IP right is therefore exclusively defined by the law of the protecting country. The content of the absolute right thus defined is not at the disposal of the parties—in contrast to the applicable torts law which at least until now may be chosen by the parties after the event (see supra II 1 a).

2. Formation of the IP right

In the recognition of unregistered IP rights there are still big differences between the national laws. That concerns such basic questions as: What kind of creations may be protected under copyright? What kind of achievements shall give rise to neighbouring rights? What kind of signs may be protected as a trademark? And what kind of industrial IP rights actually should be acquired without registration? These questions give rise to other difficult questions as to the necessary degree of creativity, the distinctiveness and the acquisition of secondary meaning. If the law of the protecting country does not know such unregistered IP rights and if it is not bound by an international treaty like art. 6bis of the Paris Convention for well-known trademarks to recognise them their scope of protection in such a country is zero. Such an intangible good may then be freely used in that country.

In practice the circle of the copyright protected works regularly results from the enumeration in art. 2 subsection 1 of the Berne Convention or for the most important neighbouring rights from the Rome Convention of 1961. As the standard of protection is very high in Germany, cases in which the law of the country of origin draws an even wider circle of goods eligible for protection will be extremely rare. Such rare cases may be countered with the German public policy exception (art. 6 EGBGB) if protection is not anyway denied under the law relating to aliens. The latter like all other limitations (see supra 1) are governed by the lex loci protectionis. The same is true in the end for the

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For the copyright BGH GRUR 2007, 691, 692 with further references—Staatsgeschenk; Schack, UrhR, marg. nos. 920, 925.

Same for the group of signs eligible for trademark protection in art. 1 subsection 2 Paris Convention and art. 15 subsection 1 TRIPs; Ropohl (supra note 50), p. 77.

Cf. Schack, UrhR, marg. no. 905; Ropohl (supra note 50), p. 78.

Schack, UrhR, marg. no. 922 with examples.
required degree of creativity in § 2 subsection 2 UrhG.

With unregistered industrial IP rights the situation is different insofar as in this field there are no explicit alienage limitations anymore. But the formation of all unregistered industrial IP rights known at this time depends on circumstances which must have happened in the protecting country: Thus the unregistered Community design must have been “first made available to the public within the Community” and the secondary meaning in § 4 no. 2 MarkenG always and only relates to a concrete, territorially limited market.

3. First owner of the IP right

Where that is not the case, like in the field of copyright and neighbouring rights, the question is which country’s law should decide on the first owner of the IP right. This incidental question is of eminent importance in the fields of torts and contracts (see supra I) and it is the pivotal point for all dispositions over the IP right (see infra 4). At the root of this problem are the different systems of copyright and of authors’ rights. The German and the law of many other countries start from the creator principle according to which the copyright owner is always the natural person who has actually created the work (§ 7 UrhG). The USA, Japan and many other laws, however, follow the “work made for hire” principle which grants the copyright in works created under an employment contract directly to the employer. The problem vanishes if IP rights for business activities are granted directly to phonogram producers, broadcasting organisations or film producers (§§ 85, 87, 94 UrhG); and the problem is aggravated where IP rights cannot be fully transferred, like the copyright in Germany.

The still prevailing opinion in Germany which subjects the incidental question of first ownership to the respective lex loci protectionis has to examine the legal standing again and again, beginning with the creation of the work, under different laws and with possibly different results. This not only makes dispositions on a world-wide level extremely difficult but it also ignores the natural-law core of copyright. Copyright like physical property must as a matter of principle be recognised and must not be called into question in each protecting country anew. At least the person of the first owner of copyright must be decided once and for all by the law of the country of origin.

Cf. Obergfell (supra note 52), p. 271; Schack, UrhR, marg. no. 907 with further references.

Art. 11 subsection 1 CDR, see supra III 2.

Ropohl (supra note 50), pp. 61 et seq., 66, accordingly construes unregistered trademark rights as market-restricted unitary rights (“marktbeschränkte Einheitsrechte”).

See Schack, UrhR, marg. no. 979, and in ZUM 1989, 267, 280 et seqq.

§ 29 subsection 1 UrhG. Performing artists, on the other hand, may transfer their economic rights completely, § 79 subsection 1 sent. 1 UrhG; Schack, UrhR, marg. no. 614.

Leading case BGHZ 136, 380, 387 — Spielsbankaffaire.


Extensive and comparative law references at Schack, UrhR, marg. no. 912; contra BGHZ 136,
by the place of the first publication, in case of unpublished works by the author’s nationality, and in case of cinematographic works by the actual seat of the film producer. If under the law of the country of origin the copyright originates in the person of the employer the employee as the actual creator of the work can only fall back upon his general personality right which is again governed by the applicable torts law.

As to neighbouring rights the decisive place is where the act giving rise to protection has been performed. For IP rights with name function it is the place where the protected sign has been first used. For unregistered trademarks (§ 4 no. 2 MarkenG) the country of origin is determined by the place of their first use, provided that the sign has acquired secondary meaning there.

4. Dispositions over IP rights

The need for legal certainty and for a unitary conflicts determination is equally evident for dispositions over IP rights. Here, remarkably, many adherents of the lex loci protectionis want to make an exception and subject the disposition to the applicable law of contract. That, however, is most inappropriate, as the latter may be freely chosen by the parties (art. 3 Rome I Convention) who thus would be in a position to circumvent any restrictive norms intended to safeguard the author or other copyright owners from the predominance of the exploitation industries. Again, the correct solution is to apply the law of the country of origin to property dispositions of IP rights. The law of the country of origin determines whether the copyright or the exploitation right may be transferred in whole or in part, whether a trademark may be transferred only together with the business or whether a licence works in rem or only in personam. In the substantive law as well as in the conflict of laws the distinction between obligation (causa) and disposition over a right is commonly accepted and there is no reason to back away from this achievement just for IP rights.

For unregistered Community designs art. 27 subsection 1 CDR contains a special rule: Dispositions over this property right are governed by the law of the member state in

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380, 387 — Spielbankaffaire. Correspondingly for unregistered trademarks Ropohl (supra note 50), pp. 79 et seq.

For details of this conflicts rule modeled on art. 5 subsection 4 of the Berne Convention see Schack, UrhR, marg. nos. 900 et seqq.

Schack, UrhR, marg. no. 910; see supra I at note 8.

This results in the actual seat of the company or branch; cf. § 5 subsection 2 sent. 1 and 2 MarkenG.

Ropohl (supra note 50), pp. 75 et seq. Cf. also Ebner (supra note 28), pp. 58 et seqq., however not mentioning unregistered trademarks.

Schack, UrhR, marg. nos. 914 et seqq. with further references, 1147; Wandtke/Bullinger-von Welser (supra note 48), vor § 120 UrhG marg. nos. 11, 22; Ropohl (supra note 50), p. 82.

As in Germany until 1992 (§ 8 of the old Trademark Act [WZG]); today § 27 MarkenG. Cf. also art. 6ter subsection 1 Paris Convention; Ropohl (supra note 50), pp. 82 et seq.

Following the example of art. 16 subsection 1 CTMR.
which “the holder has his seat or his domicile on the relevant date”. This norm must be understood as a gap-filling conflicts rule excluding any kind of renvoi.

V. Outlook

As a whole the relation of Community IP rights to the national IP and conflicts law is marked by several breaks and contradictions. Not all of these the European Court of Justice will be able to solve through troublesome interpretation. In the medium term the only possible solution in a common market is to replace all national IP rights by unitarily defined Community IP rights. In that context the trend towards recognition of other unregistered IP rights will probably get stronger. These rights are by their very nature universal. To dismember them like registered IP rights along national borders is neither imperative nor justified (see supra III 2). Devising adequate conflict rules for unregistered IP rights therefore remains an intellectual challenge for law professors, practitioners and the legislator—once the legal mind has been freed from the compulsive idea of the exclusive application of the protecting countries’ laws.