

Injunction against foreign director for IP infringement based on Dutch law on directors' liability

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In preliminary proceedings, The Hague District Court recently assessed whether an injunction could be granted against an Irish director of a company based in Ireland in relation to a copyright infringement in The Netherlands. **(1)**

Facts

Jami BV (a Dutch company), active in the production and sale of design furniture, filed suit against various parties – including Dominidesign Furniture Ltd and a director of said company, both domiciled in Ireland – which it suspected were behind websites offering infringing chairs and had in addition infringed trademark rights in the process.

The claimant proved sufficiently that it was entitled to enforce copyright for a chair originally designed in Italy in 1960. The infringement was clear cut: the chair offered by Dominidesign was (nearly) identical and also offered under a trademark held by the claimant (Orange Slice). However, the international dimension of the case raised a number of interesting questions.

Decision

As the websites in question were accessible in the Netherlands, The Hague District Court held that it had jurisdiction to hear the matter in accordance with Article 7(2) of the recast EU Brussels Regulation (1215/2012), which stipulates that a national court has jurisdiction if it has jurisdiction where the event giving rise to damage takes place (*locus actus*) or where the damage occurs (*locus damni*). The authorisation of the court where the damage occurs (*locus damni*) is restricted to that jurisdiction. The court of the *locus actus* can issue a cross-border injunction.

The claimant argued that the district court could also issue a cross-border injunction (the chairs were also offered in other EU jurisdictions), as the delivery address of the infringing chairs should be considered as the place where the event that gave rise to the damage took place. The district court rejected this argument.

The district court explained that, in IP rights cases, if an infringement occurs via an offering on the Internet, the *locus actus* is the place where the company which offers the product is domiciled because the decision as to the infringing act is taken in that jurisdiction.

As to the applicable law, it was clear that Dutch law applied in this instance, as copyright protection was sought in the Netherlands (*lex loci protectionis*) (Article 5(1) of the Berne Convention).

Claims of Jami – an injunction and obligation to provide information – were also directed towards one of the (Irish) directors of the Ireland-based Dominidesign. The district court ruled that the director's liability should also be governed by Dutch law because a director's liability is based on tort law. The applicable law follows from Article 4(1) of the EU Rome II Regulation (864/2007) (the law applicable to non-contractual obligation):

- directly if it can be assumed that the relevant director's liability can be regarded as an external liability separate from (that of) the company; or
- indirectly based on a safety net provision in the Dutch Civil Code which stipulates that obligations that can be qualified as tortious acts (but which would not be covered by the EU Rome II Regulation or any other treaties) will still be governed by the EU Rome II Regulation.

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Hence, Dutch law governed the Irish director's liability. In accordance with Supreme Court case law, liability can arise where a party (either a natural person or a company):

- plays a substantial part in unlawful company policy; and
- acts as if they were a director of the company.

Specifically, in relation to IP infringements, the Supreme Court has held that provisional measures can be taken against directors if:

- they were or should have been aware of an infringement; and
- it was in their power to prevent or halt an infringement, but took no measures in this regard.

In the case at hand the district court ruled that the injunction (ie, a prohibition to offer and sell the infringing chair and an obligation to provide information on the infringement such as the amount of sales) could also be granted against the director. As such, the district court considered the following circumstances important:

- Dominidesign's specific business model – its website stipulated as follows: "About Us – Our furniture is based on designs of top designers. Because the patents of these designs are lapsed, we are able to use these designs for our own furniture";
- the director had been aware (or had to have been aware) of the business model and the infringement – the director's defence that copyright protection in Ireland only lasted 25 years could not hold. Such a shortened protection span was in contravention of EU Directive 93/98/EEC on harmonising the term of protection of copyright and certain related rights. In addition, the director referred to a specific article in Irish law (in which the 25-year period would be stipulated) which, according to the district court, appeared non-existent (it can also be argued that the legal situation in Ireland is not that relevant given that it concerns an infringing act in the Netherlands); and
- the argument that there was another director was irrelevant – what mattered was the fact that the director had been aware of the infringement and could have prevented it in their capacity as co-director.

Comment

This judgment is a useful reminder that company directors who are not domiciled in the Netherlands can be liable under Dutch law on directors' liability when offering infringing products in the Netherlands. It is important to realise that the Dutch standards for director liability may be lower (or higher) than the country where the director is domiciled. This is especially relevant where a 'foreign' director wants to offer products in the Netherlands.

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Endnotes

(1) The Hague District Court, 11 February 2020 (ECLI:NL:RBDHA:2020:1088) (Orange Slice).

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