Basic information

2005/0261(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I **Subject** 7.40.02 Judicial cooperation in civil and commercial matters	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
JURI Legal Affairs	DUMITRESCU Cristian (PSE)	23/02/2006

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	ANDERSSON Jan (PSE)	19/04/2006
LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	2838	2007-12-06
Justice and Home Affairs (JHA)	2709	2006-02-21
Justice and Home Affairs (JHA)	2783	2008-06-05
Justice and Home Affairs (JHA)	2794	2007-04-19

European Commission

Commission DG	Commissioner
Justice and Consumers	BARROT Jacques

Key events

Date	Event	Reference	Summary
15/12/2005	Legislative proposal published	COM(2005)0650	Summary

16/02/2006	Committee referral announced in Parliament, 1st reading		
21/02/2006	Debate in Council		
19/04/2007	Debate in Council		Summary
20/11/2007	Vote in committee, 1st reading		Summary
21/11/2007	Committee report tabled for plenary, 1st reading	A6-0450/2007	
29/11/2007	Decision by Parliament, 1st reading	T6-0560/2007	Summary
29/11/2007	Results of vote in Parliament		
29/11/2007	Debate in Parliament		
05/06/2008	Act adopted by Council after Parliament's 1st reading		Summary
17/06/2008	Final act signed		
17/06/2008	End of procedure in Parliament		
04/07/2008	Final act published in Official Journal		

Technical information

Procedure reference	2005/0261(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 067-p5 EC Treaty (after Amsterdam) EC 061-
Stage reached in procedure	Procedure completed
Committee dossier	JURI/6/32901

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE374.427	22/08/2006	
Committee opinion	EMPL	PE374.323	14/09/2006	
Amendments tabled in committee		PE382.371	07/12/2006	
Amendments tabled in committee		PE386.328	05/03/2007	
Amendments tabled in committee		PE390.396	22/05/2007	
Amendments tabled in committee		PE393.856	28/08/2007	
Committee report tabled for plenary, 1st reading/single reading		A6-0450/2007	21/11/2007	
Text adopted by Parliament, 1st reading/single reading		T6-0560/2007	29/11/2007	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03691/2007/LEX	17/06/2008	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2005)0650	15/12/2005	Summary
Commission response to text adopted in plenary	SP(2007)6527	18/12/2007	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1153/2006	13/09/2006	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32008R0593R(01)
OJ L 309 24.11.2009, p. 0087 Summary

Regulation 2008/0593
OJ L 177 04.07.2008, p. 0006 Summary

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 19/04/2007

The Council reached an agreement on a number of issues concerning this proposal, among which the following should be highlighted:

Principle of choice of law by the parties to the contract (Article 3): as in the Rome Convention, the basic rule for the law applicable to a contract is the choice of the law of a country by the parties. This rule respects party autonomy and is particularly appropriate in the area of contractual obligations which are created and governed by the parties to the contract (Article 3). However, where all other elements relevant to the situation are located in a country other than the country whose law has been chosen, the choice of law does not allow parties to avoid the application of provisions of the law of that country which cannot be derogated from by agreement (Article 3(4)). Concerning rules of Community law which cannot be derogated from by agreement, the Commission proposed that those rules should prevail wherever they would be applicable to the case. However, since the majority of delegations took the view that it would be appropriate to treat rules of national law and of Community law which cannot be derogated from by agreement on an equal footing, as in the Council Common position on the Rome II-Regulation, the Council agreed to follow this approach.

Law applicable in the absence of choice (Article 4): in the absence of a choice of law by the parties, Article 4 provides essentially for two connecting factors: the habitual residence of the party who is required to effect the characteristic performance, if such performance can be determined (Article 4(1) and (2)), or otherwise the closest connection of the contract with a specific country (Article 4(4)).

Delegations agreed that in order to achieve more legal certainty, some of the most typical contracts should be explicitly mentioned in Article 4(1). Where the contract does not fall under Article 4(1), in particular if it does not fall within the scope of one of the typical contracts listed in that paragraph, the court has to apply Article 4(2). Member States also recognised the need for an "escape clause" allowing for flexibility where the connecting factors in Article 4(1) or (2) would exceptionally lead to an unsatisfactory result because it is clear from all the circumstances of the case that the contract is manifestly more closely connected with another country.

Individual employment contracts (Article 6): delegations agreed that, as in the Rome Convention, a special rule should provide for the appropriate connecting factors concerning individual contracts of employment in the absence of a choice of law. However, where a choice of law is made by the parties, the employee should not lose the protection given to him by the rules of the law of the country whose law would have been applicable in the absence of the choice and which cannot be derogated from by agreement. The Council agreed on a provision on individual employment contracts which aims at balancing the interests of employees and those of employers.

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 17/06/2008 - Corrigendum to final act

PURPOSE: **Corrigendum** to Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I) *(Regulation initially published in the Official Journal to the European Union L 177 of 4 July 2008).*

CONTENT: on page 16, Article 28, 'Application in time':

- for: 'This Regulation shall apply to contracts concluded after 17 December 2009.',
- read: 'This Regulation shall apply to contracts concluded as from 17 December 2009.'.

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 15/12/2005 - Legislative proposal

PURPOSE : to convert the law applicable to contractual obligations (Rome I) into a Community Regulation and to modernise certain of its rules.

PROPOSED ACT : Regulation of the European Parliament and of the Council.

CONTENT : in 1980, Member States signed the Rome Convention on the law applicable to contractual obligations. Following the impetus which the Amsterdam Treaty gave to private international law of Community origin, the Commission proposes to transform the Rome Convention into a Community instrument. Hitherto, it is the only Community private international law instrument that remains in international treaty form. The Commission describes the adoption of the "Brussels I" Regulation to replace the Brussels Convention of 1968 in relations between Member States, and also discusses the proposal for a Regulation on the law applicable to non-contractual obligations (Rome II). It points out that Brussels I, Rome II and the Rome Convention of 1980 form an indissoluble set of Community rules of private international law relating to contractual and non-contractual obligations civil and commercial matters.

The proposal is based on the importance of compatibility between conflict-of-laws rules for achieving the objective of mutual recognition of judicial decisions. In addition, harmonisation of the conflict of- laws rules relating to contractual obligations is necessary for the proper functioning of the internal market. It does not set out to establish a new set of legal rules but to convert an existing convention into a Community instrument. Some of the amendments made will help to modernise certain provisions of the Rome Convention. The main points are as follows:

Scope: the proposed changes seek to align the scope of the future Rome I instrument on that of the

Brussels I Regulation and to reflect the work done by the Council and the European Parliament on the proposed Rome II Regulation. Arbitration agreements and agreements on the choice of court will be excluded from the scope. Also excluded are questions governed by company law and the law relating to other bodies corporate or unincorporated.

Freedom of choice: the text requires the courts to ascertain the true tacit will of the parties rather than a purely hypothetical will: they suggest that the parties' conduct be taken into account and seek to clarify the impact of the choice of court, so as to reinforce the foreseeability of the law. To further boost the impact of the parties' will, a key principle of the Convention authorises the parties to choose as the applicable law a non-State body of law. The form of words used would authorise the choice of the UNIDROIT principles, the *Principles of European Contract Law* or a possible future optional

Community instrument, while excluding the *lex mercatoria*, which is not precise enough, or private codifications not adequately recognised by the international community. The text shows what action should be taken when certain aspects of the law of contract are not expressly settled by the relevant body of non-State law. It also deals with the issue of fraudulent evasion of the law.

Applicable law in the absence of choice: The rule in the Convention, whereby the applicable law is the law of the place where the party performing the service characterising the contract has his habitual residence, is preserved, but the changes seek to enhance certainty as to the law by converting mere presumptions into fixed rules and abolishing the exception clause. Since the cornerstone of the instrument is freedom of choice, the rules applicable in the absence of a choice should be as precise and foreseeable as possible so that the parties can decide whether or not to exercise their choice. It should be noted that with regard to franchise and distribution contracts, both types of contract shall be governed by the law of the country in which the franchised person/distributor has his habitual residence.

Consumer contracts:the general rule is thatconsumer contracts shall be governed by the law of the Member State in which the consumer has his habitual residence. This shall apply to contracts concluded by a natural person, the consumer, who has his habitual residence in a Member State for a purpose which can be regarded as being outside his trade or profession with another person, the professional, acting in the exercise of his trade or profession. The proposal discusses the targeted activitycriterion, already present in Article 15 of the Brussels I Regulation to take account of developments in distance selling techniques without substantially changing the scope of the special rule.

Individual employment contracts: Notwithstanding the principle of freedom of choice, in a contract of employment a choice of law made by the parties shall not have the result of depriving the employee of the protection afforded him by the mandatory rules of the law which would be applicable in the absence of choice. A contract of employment shall, in the absence of choice be governed by the law of the country in or from which the employee habitually carries out his work in performance of the contract. The paper discusses the interpretation of the habitual place of work.

Contracts concluded by an agent: Among the three legal relationships that arise from a contract concluded by an agent –between principal and agent, between agent and third party and between principal and third party – only the first two are covered by the Convention. The question of the agent's powers is excluded, due to the diversity of the national conflict rules when the Convention was negotiated. The exclusion is no longer warranted. The proposal brings together in a single Article all the rules governing legal relationship arising from agency contracts.

Mandatory provisions:there isa definition of international mandatory provisions which is inspired by the Court of Justice's judgment in Arblade. The fact that national rules are categorised as mandatory provisions legislation does not mean that they are exempt from compliance with the provisions of the

Treaty. The text specifies the criteria that may be used by the courts to decide whether it should apply the mandatory provisions of another Member State.

Formal validity: Given the growing frequency of distance contracts, the rules in the Convention governing formal validity of contracts are now clearly too restrictive. To facilitate the formal validity of contracts or unilateral acts, further alternative connecting factors are introduced.

Voluntary assignment and contractual subrogation: theseperform a similar economic function and are now covered by a single Article. The text introduces a new conflict rule relating to the possibility of pleading an assignment of a claim against a third party.

Statutory subrogation:this applies, for instance, where an insurer who has compensated a person who has suffered a loss is subrogated to the victim's rights against the person who caused the loss. The amendment reflects the work done by the Council and the European Parliament on the Rome II proposal to explain this mechanism, unknown in certain legal systems, in terms that are easier to understand.

Assimilation to habitual residence: like the Rome II proposal, the text contains a definition of "habitual residence", in particular for legal persons.

States with more than one legal system: where a State consists of several territorial units each with its own substantive law of contractual obligations, this Regulation must also apply to conflicts of laws between those territorial units so as to ensure foreseeability and certainty on the law and the uniform application of European rules to all conflict situations.

Relationship with other provisions of Community law: this Articlecovers the conflict-of-laws rules in instruments of Community secondary legislation in the specific subject-areas listed in Annex 1. It also aims to secure consistency with a possible optional instrument in the context of the European Contract Law project.

Relationship with existing international conventions: the purpose of the proposed amendments is to strike a balance between compliance with the Member States' international commitments and the objective of establishing a genuine European judicial area while enhancing the transparency of the body of law in force by publishing the conventions to which the Member States are Parties. The text sets out the basic rule that international conventions take precedence over the proposed Regulation. But there is an exception where at the time of conclusion of the contract all material aspects of the situation are located in one or more Member States. The co-existence of two parallel schemes – application of conventions rules for Member States which have ratified and application of the proposed regulation elsewhere – would be contrary to the smooth operation of the internal market.

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 29/11/2007 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a report drawn up by Cristian **DUMITRESCU** (PES, RO), and the proposal for a regulation on the law applicable to contractual obligations (Rome I).

The main amendments were as follows:

Scope (Article 1): the regulation will not apply to the question of whether an agent is able to bind a principal or an organ to bind a company or body corporate or unincorporated, in relation to a third party; nor will they apply to obligations arising out of dealings prior to the conclusion of a contract. The Regulation will also not apply to insurance contracts arising out of operations carried out by organisations other than undertakings referred to in Article 2 of Directive 2002/83/EC concerning life assurance the object of which is to provide benefits for employed or self-employed persons belonging to an undertaking or group of undertakings, or a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity, or of sickness related to work or accidents at work .

Choice of proper law (Article 3): Parliament stipulated that the choice shall be made expressly or clearly demonstrated by the terms of the contract or the circumstances of the case, rather than “demonstrated with reasonable certainty” as the Commission had proposed. Parliament also stipulated that where all other elements relevant to the situation at the time of the choice are located in a country other than a country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that country which cannot be derogated from by agreement. However, it deleted the Commission’s concept of “mandatory rules”, which is referred to later in the text as “overriding mandatory provisions.” Where all other elements relevant to the situation at the time of the choice are located in one or more Member States, the parties' choice of applicable law other that that of a Member State shall not prejudice the application of provisions of Community law, where appropriate, as implemented in the Member State of the forum, which cannot be derogated from by agreement.

In the absence of choice (Article 4): to the extent that the law applicable to the contract has not been chosen, Parliament made some amendments to the Commission’s proposal on the law applicable. It added that:

- a contract for the sale of goods by auction shall be governed by the law of the country where the auction takes place, if such a place can be determined;

- a contract concluded within a multilateral system which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments, as defined by Article 4(1), point (17) of Directive 2004/39/EC, in accordance with non-discretionary rules and governed by a single law, shall be governed by that law;

- where the case in point is not covered by Article 4, the contract shall be governed by the law of the country where the party who is required to effect the performance of the contract which is characteristic of the contract has his habitual residence;

- where it is clear from all the circumstances of the case that the contract is manifestly more closely connected with a country other than that indicated according to the above criteria, the law of that other country shall apply;

- where the law applicable cannot be determined pursuant to these criteria, the contract shall be governed by the law of the country with which it is most closely connected.

Contracts of carriage (new Article 5): Parliament introduced a new clause stating that To the extent that the law applicable to a contract for the carriage of goods has not been chosen in accordance with Article 3, the law applicable to such contracts shall be the law of the country of the habitual residence of the carrier, provided that the place of receipt or the place of delivery or the habitual residence of the consignor is also situated in that country. If those requirements are not met, the law of the country where the place of delivery as agreed by the parties is situated shall apply. To the extent that the law applicable to a contract for the carriage of passengers has not been chosen by the parties in accordance with the above, the law applicable shall be the law of the country where the passenger has his habitual residence, provided that either the place of departure or the place of destination is situated in that country. If these requirements are not met, the law of the place where the carrier has his habitual residence shall apply. The parties may choose as the law applicable to the contract for the carriage of passengers in accordance with Article 3 only the law of a country which is closely connected to the circumstances, and these are stipulated in the text.

Consumer contracts (Article 6): Parliament amended the Commission’s proposal and stated that a contract concluded by a natural person for a purpose which can be regarded as being outside his trade or profession ("the consumer"), with another person acting in the exercise of his trade of profession ("the professional") shall be governed by the law of the country where the consumer has his or her habitual residence provided that: a) the professional pursues his commercial or professional activities in the country where the consumer has his habitual residence, or (b) by any means, directs such activities to that country or to several countries including that country, and the contract falls within the scope of such activities. Notwithstanding this, the parties may choose the law applicable to a contract to which this Article applies in accordance with Article 3. Such a choice may not, however, have the result of depriving the consumer of the protection afforded to him by such provisions that cannot be derogated from by contract by virtue of the law which, in the absence of choice, would have been applicable on the basis of the above criteria.

These general rules will not apply to, inter alia :

- rights and obligations which constitute a financial instrument and rights and obligations constituting the terms and conditions governing the issuance or offer to the public and take-over bids of transferable securities and the subscription and redemption of units in collective investment undertakings in so far as these do not constitute provision of a financial service;

- a contract concluded within the type of system falling within the scope of Article 4(1)(h) of the Regulation (contract concluded within a multilateral system which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments.)

Insurance contracts (Article 7): Parliament inserted a new clause on insurance contracts, the general rule being that an insurance contract covering a large risk as defined in Article 5(d) of the First Council Directive 73/239/EEC of 24 July 1973 on the coordination of laws, regulations and administrative

provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance shall be governed by the law chosen by the parties in accordance with Article 3. It makes provision in this Article for those circumstances where the general rule does not apply.

Individual employment contracts (Article 8): an individual employment contract shall be governed by the law chosen by the parties. Such a choice of law may not, however, have the result of depriving the employee of the protection afforded to him by such provisions that cannot be derogated from by contract under the law that, in the absence of choice, would have been applicable pursuant to the Regulation. To the extent that the law applicable to the individual employment contract has not been chosen by the parties, the contract shall be governed by the law of the country in which or, failing that, from which the employee habitually carries out his work in performance of the contract. The country where the work is habitually carried out shall not be deemed to have changed if he is temporarily employed in another country. Where the law applicable cannot be determined, the contract shall be governed by the law of the country where the place of business through which he was engaged is situated. Where it appears from the circumstances as a whole that the contract is more closely connected with another country, the law of that other country shall apply.

Overriding mandatory provisions (Article 9): nothing in the Regulation shall restrict the application of the overriding mandatory provisions of the law of the forum. Effect may be given to the overriding mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful.

Validity of the contract (Article 10): Members stated that a contract concluded between persons who or whose agents are in the same country at the time of conclusion is formally valid if it satisfies the formal requirements of the law which governs it in substance under the Regulation or of the law of the country where it is concluded. A contract concluded between persons who or whose agents are in different countries at the time of conclusion is formally valid if it satisfies the formal requirements of the law which governs it in substance under this Regulation, or of the law of either of the countries where either of the parties or their agent is present at the time of conclusion, or of the law of the country where either of the parties had his habitual residence at that time.

Habitual residence (Article 19): the habitual residence of companies and other bodies, corporate or unincorporated, shall be the place of central administration (and not the principal establishment as proposed by the Commission.) The habitual residence of a natural person acting in the course of his business activity shall be his principal place of business. When determining the habitual residence the relevant point of time shall be the time of the conclusion of the contract.

Rome Convention (Article 24): the Regulation shall replace the Rome Convention in the Member States, except as regards the territories of the Member States which fall within the territorial scope of that Convention and to which the Regulation does not apply pursuant to Article 299 of the Treaty.

Relation to other international conventions (Article 25): the Regulation shall not prejudice the application of international conventions to which one or more Member States are parties at the time when this Regulation is adopted and which lay down conflict-of-laws rules relating to contractual obligations. However, the Regulation shall, as between Member States, take precedence over conventions concluded exclusively between two or more of them in so far as such conventions concern matters governed by the Regulation.

Review clause: not later than 5 years after the date of application of the Regulation, the Commission shall submit a report on the application of the Regulation. If necessary, the report shall be accompanied by proposals to adapt it. The report shall include: i) a study on the law applicable to insurance contracts and an assessment of the impact of the provisions to be introduced, if any; and ii) an evaluation on the application of Article 6, in particular as regards the coherence of Community law in the field of consumer protection.

No later than 2 after the entry into force of the Regulation, the Commission shall submit a report on the question of the effectiveness of an assignment or subrogation of a claim against third parties and the priority of the assigned or subrogated claim over a right of another person. The report shall be accompanied, if appropriate, by a proposal to amend the Regulation and an assessment of the impact of the provisions to be introduced.

Lastly, the report states that the Regulation will apply to contracts concluded after its date of application.

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 05/06/2008

The Council adopted a Regulation aimed at harmonising conflict-of-law rules concerning contractual obligations, accepting all the amendments passed by the European Parliament at 1st reading (see *Council doc. 3691/07 and 7689/08 ADD 1)*.

The new Regulation will replace the 1980 Rome Convention on the law applicable to contractual obligations, while modernising some of its rules.

Civil and commercial judicial cooperation: converting the Rome Convention on the law applicable to contractual obligations into a Community Regulation, Rome I

2005/0261(COD) - 17/06/2008 - Final act

PURPOSE: to convert the Rome Convention on the law applicable to contractual obligations into a Community Regulation and to modernise certain of its rules.

LEGISLATIVE ACT: Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I).

CONTENT: the Council adopted a Regulation aimed at harmonising conflict-of-law rules concerning contractual obligations, accepting all the amendments passed by the European Parliament at first reading. The new Regulation will replace the 1980 Rome Convention on the law applicable to contractual obligations, while modernising some of its rules.

The Regulation will apply, in situations involving a conflict of laws, to contractual obligations in civil and commercial matters, with a list of specified exceptions. Any law specified by the Regulation shall be applied whether or not it is the law of a Member State.

Uniform rules: in the context of the European judicial area, it is important to improve certainty as to the law applicable, the predictability of the outcome of litigation and the free movement of judgments. The new Regulation will ensure that, even though the substantive law of the Member States is different, all courts of the Member States will apply the same law – be it their own or that of another EU country – to the contract in question.

Scope of the application: this Regulation shall apply, in situations involving a conflict of laws, to contractual obligations in civil and commercial matters.

It shall not apply, in particular, to revenue, customs or administrative matters.

The following shall be excluded from the scope of this Regulation:

- questions involving the status or legal capacity of natural persons;
- obligations arising out of family relationships and relationships deemed by the law applicable to such relationships to have comparable effects, including maintenance obligations;
- obligations arising out of matrimonial property regimes, property regimes of relationships deemed by the law applicable to such relationships to have comparable effects to marriage, and wills and succession;
- obligations arising under bills of exchange, cheques and promissory notes and other negotiable instruments to the extent that the obligations under such other negotiable instruments arise out of their negotiable character;
- arbitration agreements and agreements on the choice of court;
- questions governed by the law of companies and other bodies, corporate or unincorporated, such as the creation, by registration or otherwise, legal capacity, internal organisation or winding-up of companies and other bodies, corporate or unincorporated, and the personal liability of officers and members as such for the obligations of the company or body;
- the question whether an agent is able to bind a principal, or an organ to bind a company or other body corporate or unincorporated, in relation to a third party;
- the constitution of trusts and the relationship between settlors, trustees and beneficiaries;
- obligations arising out of dealings prior to the conclusion of a contract;
- insurance contracts arising out of operations carried out by organisations other than undertakings referred to in Article 2 of Directive 2002/83 /EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance the object of which is to provide benefits for employed or self-employed persons belonging to an undertaking or group of undertakings, or to a trade or group of trades, in the event of death or survival or of discontinuance or curtailment of activity, or of sickness related to work or accidents at work.

Freedom of choice: the Regulation is based on the principle of party autonomy, i.e. in most cases the parties are free to choose the law that will govern their contract. However, in the absence of choice, the Regulation sets out clear and predictable rules to determine the law applicable to a contract. Apart from the general regime, it also contains specific conflict-of-law rules for particular cases such as consumer contracts, contracts of carriage and individual employment contracts.

Review clause: by 17 June 2013, the Commission will submit a report on the application of the Regulation. The report shall include:

(a) a study on the law applicable to insurance contracts and an assessment of the impact of the provisions to be introduced, if any; and

(b) an evaluation on the application of Article 6, (Consumer contracts)in particular as regards the coherence of Community law in the field of consumer protection.

By 17 June 2010, the Commission shall submit a report on the question of the effectiveness of an assignment or subrogation of a claim against third parties and the priority of the assigned or subrogated claim over a right of another person. The report shall be accompanied, if appropriate, by a proposal to amend this Regulation and an assessment of the impact of the provisions to be introduced.

The Regulation shall apply to contracts concluded after 17 December 2009.

Application: ENTRY INTO FORCE: 24/07/2008.

APPLICATION: from 17 December 2009 except for Article 26 (List of Conventions) which shall apply from 17 June 2009.