Contents

Chapter I: Party Autonomy and Restrictions upon it in Private International Law

Introduction	on		67	
Section 1:	Historica	Historical Overview		
Section 2:	Termino Autonor	ological and Theoretical Aspects of Party ny	73	
	2.1	Party autonomy as a general principle of private international law	73	
	2.2	'Subjectivism' and 'objectivism'	73	
	2.3	'Proper law' and applicable law	75	
	2.4	'International' and 'internal' contracts	76	
	2.5	'Universalism' and 'particularism'	77	
Section 3:	Justificat	tions For and Arguments Against Party		
	Autonor	ny	79	
	3.1	Freedom of contract	79	
	3.2	Certainty in international transactions and commercial convenience	81	
	3.3	Predictability and fulfilment of expectations of parties	83	
	3.4	More favourable and suitable law	83	
	3.5	Uniformity	84	
	3.6	Suitable for growth of international trade	85	
	3.7	Benefit for developed countries	85	
	3.8	Choice of law of dominant State on market	85	
	3.9	Neutral law	85	
	3.10	Familiarity or similarity	85	
Section 4:	Party Au	itonomy and Conventions	86	
	4.1	Party autonomy: basic dominant rule of		
		conventions ústřední knihovna	87	
		právnické fakulty MU Brno	xvii	

	4.2	Express or implied choice of law	88
	4.3	Dépeçage (dismemberment)	91
	4.4	Posterior choice of law	93
Section 5:	Restricti	ons on Party Autonomy	95
	5.1	Background to the development of restrictions	96
	5.1.1	Inequality of bargaining power	97
	5.1.2	Economic legislation	98
	5.1.3	International standard codifications	99
	5.2	Restrictions in conventions	99
	5.2.1	Mandatory rules	99
	5.2.2	Public policy/ordre public	100
	5.2.3	Evasion of law/fraude à la loi	100
Conclusion	n		100

Chapter II: Applicable Law in the Absence of Choice

Introduction	on		104
Section 1:	Doctrine of Article	of 'Most Close Connection': Basic Principle	105
		Article 4(1) of the Rome Convention	108
		Supervening (post contract) events	109
		Dépeçage (severability of contract)	110
		'Law of country' rather than 'system of law'?	111
		Critical evaluation of Article 4(1)	114
Section 2:	Rebuttab	le Presumptions of 'Characteristic Performanc	e'
		Indefined Innovation of Article 4(2)	115
		Notion and function of undefined innovation of 'characteristic performance'	117
	2.2	General presumptions	122
	2.2.1	Habitual residence in case of natural persons (outside a trade or profession)	122
	2.2.2	Law of place of central administration in case of bodies corporate or unincorporate	124
	2.2.3	Two different applicable laws in case of party's trade or profession	125
	2.2.3.1	Law of principal place of business	125
		Law of another place of business through which contract performed	126
	2.3	Special consideration in the sale of goods (buyer or seller?)	126
	2.4	Critical evaluation of Article 4(2)	128
Section 3:	Special P	resumptions for Two Types of Contract	130
	3.1	Immovable property	130
	3.2	Contract of carriage	131

Section 4:	Non-Ap	plicability of Presumptions	132
	4.1	Where 'characteristic performance' of a contract cannot be determined	133
	4.2	Where contract is more closely connected with another country	134
	4.3	Critical evaluation of Article 4(5)	135
Section 5:	General	Evaluation and Suggestions	137
	5.1	Evaluation of Article 4	137
	5.1.1	Advantages of the 'characteristic performance' presumption	137
	5.1.2	'Objectivity' or 'subjectivity' of the test in the absence of choice?	138
	5.1.3	Two opposite approaches	139
	5.2	Suggestions	140
Conclusion	n		142

Chapter III: Public Policy/Ordre Public Exception and Mandatory Rules

Introduction	on		145		
Section 1:	Historical Overview of Notion of Public Policy/ Ordre Public Exception				
		Roman law	147147		
		Continental law	148		
		Common law	148		
		English law	148		
		American law	150		
		Post-war private international law	151		
Section 2:	Terminol Ordre Pub	logical and Theoretical Aspects of Public Policy	153		
	2.1	Public policy/ordre public as a 'general principle of law' in private international law	153		
	2.2	Public policy/ordre public in various legal systems	154		
	2.3	Different approaches to notion of public policy/ ordre public	156		
		Public policy/ordre public as an exception to choice of law rules	156		
		Public policy/ordre public as an alternative application of choice of law rules	156		
	2.3.3	Public policy/ordre public as a matter of international concept	156		
	2.4	Definition or non-definition of public policy/ ordre public?	157		
	2.4.1	Definitions of public policy/ordre public	157		
	2.4.2	Non-definition of public policy/ordre public	159		
	2.4.3	Identification via precedent illustrations	160		
	2.4.3.1	Contracts that involve trading with the enemy	161		
	2.4.3.2	Deliberate violation of foreign law, in particular a friendly foreign country's law	161		
	2.4.3.3	Champertous contracts	163		

	2.4.3.4	Contracts in restraint of trade	163
	2.4.3.5	Cases against fundamental notions of justice and	
		morality	163
	2.4.3.6	Contract contrary to foreign legislation which is discriminatory or oppressive	164
	2.4.3.7	Contract to deceive a third party	165
	2.5	Public policy and ordre public: different connotation	1,
		or just interchangeable use?	165
Section 3:	The Dile	mma of Positivity and/or Negativity of	
		g Public Policy/Ordre Public	167
Section 4:	Grounds	and Purposes of Application of Public Policy/	
	Ordre Pui	blic	170
	4.1	Bases and grounds of application of public policy/ ordre public	170
	4.1.1	Sovereignty of forum	170
	4.1.2	Familiarity with national legal system	171
	4.1.3	Political perspective	171
	4.1.4	Implementation of justice	171
	4.2	Purposes of application of public policy/ ordre public	171
	4.2.1	Protection of national public interest	171
		Protection of basic values of the forum state	172
		Protection of justice and morality	172
		Protection of its own international coherence	172
Section 5:	Public Po	olicy/Ordre Public and Comity	172
Section 6:	Problems	s of the Notion of Public Policy/ Ordre Public	175
	6.1	No established criteria for public policy/ ordre public	176
	6.2	Variety with lack of certainty based on individual opinion	176
	6.3	Variety and relativity of public policy/ordre public in space and time	177
	6.3.1	Variety and relativity in space	177
		Variety and relativity in time	177
	6.4	Public policy/ordre public as an obstacle to	
		uniformity	178
	6.5	Critical evaluation	179

Caction 7:	Ordre Pub	lic Interne, Ordre Public International and	
Section .	Réal Ordre	e Public International	179
	7.1	Ordre public interne	180
	7.2	Ordre public international	181
	7.3	Réal ordre public international (transnational	
		public policy)	184
Section 8:	Relations	hip between Public Policy/ Ordre Public and	
	Mandato		188
	8.1	Types and purposes of rules	188
	8.2	Distinction between mandatory rules and public policy/ordre public	189
Section 9:	Public Po	olicy/ Ordre Public and Private International Law	7
	Conventi		194
	9.1	Public policy/ordre public and conventions	194
	9.2	Public policy/ordre public in Article 16 of the	
		Rome Convention	196
	9.2.1	Language of Article 16 of the Rome Convention	196
	9.2.1.1	'The application of a rule of law'	197
	9.2.1.2	'may be refused if only'	199
	9.2.1.3	'manifestly incompatible'	199
	9.2.1.4	Contrary to 'the public policy of the forum'	202
	9.2.1.5	Adoption of both terms public policy and ordre public	203
	9.2.2	Relationship between Article 7 and Article 16	204
	9.2.2.1	What is the distinction between Article 16 and Article 7(2)?	204
	9.2.2.2	Is it necessary to enact both Articles 7(2) and 16?	204
		What is a proper solution in case of conflict between Article 16 and Article 7(1)?	205
	9.2.3	Two main points in the application of Article 16	206
Section 10	: Evaluatio	n and Suggestions	206
Conclusion	n		214

Chapter IV: Evasion of Law/Fraude à la Loi and Mandatory Rules

Introduction	on		220		
Section 1:	Concept and Elements of Evasion of Law/Fraude à la Loi in				
	Private In	iternational Law	221		
	1.1	Historical background	221		
	1.2	Concept and nature of evasion of law/fraude			
		à la loi in private international law	222		
	1.3	Elements of evasion of law/fraude à la-loi	223		
	1.3.1	Voluntary utilisation of conflict of laws rules	223		
	1.3.2	Fraudulent intention to evade law	223		
	1.3.3	Fraude must be directed against law	224		
Section 2:	Evasion	of Law/ Fraude à la Loi and Legal Systems	225		
	2.1	French law	226		
	2.2	English law	226		
	2.2.1	Party autonomy and law	226		
	2.2.2	Objectivity of law rather than subjectivity	227		
	2.2.3	Fidelity to the rule of law	227		
	2.2.4	Jurisdictional limits	227		
	2.2.5	Domicile as a connecting factor	227		
	2.2.6	Public policy/ordre public	227		
	2.3	American law	229		
	2.3.1	Contract law	230		
	2.3.2	Corporate law	231		
	2.3.3	Carriage of goods by sea	231		
	2.3.4	Marriage law	231		
	2.3.5	Divorce law	231		
Section 3:	Evasion	of Law/ Fraude à la Loi and Other Institutions	232		
	3.1	Evasion of law/fraude à la loi and good faith/			
		bona fides	232		
	3.2	Evasion of law/fraude à la loi and avoidance	235		
	3.3	Evasion of law/fraude à la loi and public policy/ ordre public	236		

Section 4:	Policy be	ehind and Justifications for Evasion of Law/	
	Fraude à l	la Loi	236
	4.1	Legal system is harmed if it is evaded	236
	4.2	Legal system has the right to defend its enactments and court orders	237
	4.3	Evasion connotes the essence of moral guilt and unfairness	237
	4.4	Legal systems have standards of justice of equal values	238
	4.5	Evasion as a source of inequality among members of society	238
	4.6	Doctrine of evasion of law/fraude à la loi protects weaker parties	238
	4.7	Doctrine of evasion of law/fraude à la loi protects public or national interests of forum	238
Section 5:	Evasion o	of Law/ Fraude à la Loi and Mandatory Rules	239
Section 6:	Evasion o	of Law/ Fraude à la Loi and Codifications	240
Section 7:	Evaluatio	on and Suggestions	242
Conclusio	ns		244

Chapter V: General Consideration of Mandatory Rules in Private International Law

Introductio)11		246
Caction 1.	Historical	and Theoretical Sketch of Mandatory Rules	248
Section 1.	1.1	Historical overview	248
	1.2	Theoretical sketch of mandatory rules	249
	1.2.1	Contribution of three scholars	249
	1.2.1.1	Wachter	249
	1.2.1.2	Savigny	250
	1.2.1.3	Mancini	252
	1.2.2	French scholars in post-war private	
	,	international law:	254
	1.2.2.1	Pillet	254
	1.2.2 2	Francescakis	255
Section 2:	Various E	Expressions and Definition of	
	Mandato		256
	2.1	Various expressions of mandatory rules	256
	2.1.1	Anglo-American terminology	256
	2.1.2	Continental terminology	257
	2.1.2.1	Règles d'application immédiate	258
	2.1.2.2	Lois de police	259
	2.2	Definition and characterisation of mandatory rules	260
Section 3:	Termino	ological Distinctions when One Deals with	
		ory Rules	263
	3.1	Jus cogens v. jus dispositivum	263
	3.2	Lois de police v. dispositions impératives	263
	3.3	Substantive law rules v. conflict of laws rules	264
	3.4	Optional rules v. mandatory rules	266
	3.5	Private interest v. public interest	267
Section 4:	Identific	ation and Determination of Mandatory Rules	268
	4.1	Express intention of legislation	269

	4.2	Nature and purposes of legislation	270
	4.3	Collective approach and the role of courts	271
Section 5:	Public/Pi	rivate Law Dichotomy and Mandatory Rules	272
	5.1	Theory of public/private law dichotomy in	
	*	civil law and common law perspectives	272
	5.2	Definition and characteristics of public and	
		private laws	274
	5.3	Public/private laws and mandatory rules	275
Section 6:	Classifica	ation and Categorisation of Mandatory Rules	277
	6.1	Mandatory rules of public interests	277
	6.1.1	Rules relating to competition	277
	6.1.2	Rules relating to antitrust law	278
	6.1.3	Rules relating to confiscation and nationalisation	278
	6.1.4	Rules relating to fiscal regulations and exchange	
		control	278
		Rules relating to taxation law	279
		Rules relating to contracts generally	280
		Rules relating to landed property	280
	6.1.8	Rules relating to penalty clauses	280
	6.1.9	Rules relating to criminal law	281
	6.2	Mandatory protective rules of private interests	281
	6.2.1	Rules relating to protection of employees	282
	6.2.2	Rules relating to protection of consumers	282
	6.2.3	Rules relating to protection of a weaker party	282
	6.3	Mandatory rules of double purposes	282
Section 7:	Statutory	Mandatory Rules in English Law	284
	7.1	Section 27(2) of the Unfair Contract Terms	
		Act, 1977	284
	7.1.1	'notwithstanding any contract term'	285
	7.1.2	'applies or purports to apply'	286
	7.1.3	'imposed wholly or mainly for the purpose of'	286
	7.1.4	'one of the parties dealt as consumer'	286
	7.1.5	'habitually resident in the United Kingdom'	287
	7.1.6	'the essential steps necessary for the making	
		of the contract'	287
	7.2	Other statutory mandatory rules	287

Section 8:	Extraterr	itoriality of Rules and Mandatory Rules	288
Sccus	8.1	Distinction between extraterritorial and territorial rules	288
	8.2	Extraterritorial effects of mandatory rules in	200
		American legislation	289
	8.2.1	American case law	289
	8.2.2	American Presidential Order	290
Section 9:	Domestic	c, International and Community Mandatory	
	Rules		293
	9.1	Domestic mandatory rules	294
	9.2	International/internationally mandatory rules	294
	9.3	Community mandatory rules	296
Section 10:	Which M	Iandatory Rules – Lex Fori, Lex Causae, or	
	Third Sta		297
	10.1	Forum mandatory rules: lex fori	297
	10.2	Foreign mandatory rules: lex causae or third State	298
	10.2.1	Common law and civil law considerations	298
	10.2.2	Justification of non-application of a foreign	
		mandatory rule	301
	10.2.2.	1 Uncertainty v. certainty	301
	10.2.2.	2 Party autonomy	301
	10.3	A better approach	303
Conclusion	1		304

Chapter VI: Provisions as to Mandatory Rules in the Rome Convention, 1980

Introduction	on		307
Section 1:		ry Rules Subject to the Provision of Article 3(3) me Convention	309
	1.1	The Language of Article 3(3)	310
	1.1.1	'where all the other elements relevant to the situation'	310
	1.1.2	'shall not prejudice the application of rules of the law of that country which cannot be derogated from by contract,	
	1 1 2 1	hereinafter called mandatory rules' Definition of Mandatory rules and Article 2(2)	311
		Definition of Mandatory rules under Article 3(3)	312
		'hereinafter called mandatory rules'	313
		Purely domestic or international situation	314
	1.3	Evaluation of Article 3(3)	314
Section 2:		ry Rules Subject to the Provision of Article 7(1)	
	of the Ro	me Convention	315
	2.1	Sonderstatut theory	316
	2.2	The Dutch Alnati case	317
	2.3	The Language of Article 7(1)	319
	2.3.1	'applying the law of a country'	319
	2.3.2	'effect may be given to'	320
	2.3.3	'with which the situation has a close connection'	321
	2.3.3.1	Which connection? 'Close connection', 'significant connection' or 'closest connection'?	322
	2.3.3.2	Notion of close connection	323
	2.3.4	'if under the law of the latter country, those rules must be applied whatever the law applicable to the contract'	324
	2.3.5	"regard shall be had to their nature and purpose and to the consequences of their application or non-application"	326
	2.3.5.1	Nature and purposes of rules	336
	2.3.5.2	Consequences of their application or non-application	328
	2.3.5.3	American doctrine of 'interest analysis'	329
			xxxi

	2.4	Right of reservation on Article 7(1)	331
	2.4.1	Germany's reservation on Article 7(1)	332
	2.4.2	The United Kingdom's reservation on Article 7(1)	332
	2.4.3	Article 7(1) in practice: reservation or acceptance?	333
	2.5	Problems and shortcomings of Article 7(1)	336
	2.5.1	Difficult to find and determine foreign mandatory rules	336
	2.5.2	Conflict of interests and various mandatory rules	337
	2.5.3	Vagueness and uncertainty	338
	2.5.4	Inconsistency and non-uniformity of results	338
	2.5.5	No security for parties	339
	2.5.6	A heavy and daunting task for judges	340
	2.6	Some justifications for the provision of Article 7(1)	342
	2.7	Evaluation of and suggestions concerning Article 7(1)	344
	2.7.1	Suggestions	344
	2.8	Evaluation of Article 7(1)	346
Section 3:		ory Rules Subject to the Provision of (2) of the Rome Convention	347
	3.1	The Language of Article 7(2)	348
	3.2	Mandatory rules subject to Article 7(2)	349
	3.3	The necessity of Article 7(2)'s enactment	350
	3.4	Article 7(2) and choice of law rules of the Convention	352
	3.5	Relationship between Article 7(2) and Article 7(1)	352
	3.6	Evaluation of and suggestions concerning Article 7(2)	354
Section 4:		ory Rules Subject to Article 9(6) of the onvention	356
Section 5:		nd Private Law Dichotomy and the onvention	358
C			
section 6:		ory Rules in Private International Law tions and National Legal Systems	361
	6.1	Mandatory rules in regional and international	501
	0.1	conventions	362
	6.2	Mandatory rules in national legal systems	367
	6.2.1	Anglo-American law	367

	6.2.1.1 English law		367		
	6.2.1.2 American law		370		
	6.2.2 Continental law		372		
	6.2.2.1 Swiss law		372		
	6.2.2.2 German law		373		
	6.2.2.3 Danish law		373		
Section 7:	Final Evaluation and Suggestions on Provisions as to				
	Mandatory Rules in the Rome Convention	1	374		
Conclusio	ns		377		

Chapter VII: Mandatory Protective Rules under the Rome Convention, 1980

Introduction	on		381
Section 1:	Overview	of Conventions	382
Section 2:	Mandato	ry Protective Rules on Consumer Contracts	384
	2.1	Article 5 of the Rome Convention on 'certain consumer contracts'	384
	2.2	Definition of consumer contracts in private international law conventions	385
	2.3	Matters which are covered by Article 5	390
	2.3.1	Contracts for the supply of services and goods	390
	2.3.2	Provision of credit in relation to contracts with such objects	392
	2.3.3	Package tours	392
	2.4	Matters which are excluded from Article 5	393
	2.4.1	Contracts made by traders, manufacturers or persons in their professional role	393
	2.4.2	Unknown circumstances in a transaction	394
	2.4.3	Contracts of carriage	394
	2.4.4	Supply of services in a country other than consumer's habitual residence	395
	2.5	Consumer contracts and limitation of freedom of choice	396
	2.5.1	Requirements of limitation of freedom of choice in consumer contracts	396
	2.5.1.1	First requirement	396
	2.5.1.2	Second requirement	399
	2.5.1.3	Third requirement	400
	2.6	Consumer contracts and mandatory protective rules	401
	2.7	Consumer contracts and habitual residence	402
	2.8	Applicable law in the absence of choice	405

Section 3:	Mandatory Protective Rules on Employment Contracts 406			
	3.1	Article 6 of the Rome Convention on 'individual employment contracts'	406	
	3.2	Definition and subject matter of individual employment contracts	407	
	3.3	Individual employment contracts and collective agreements	410	
	3.4	Employment contracts and mandatory protective rules	411	
	3.5	Employment contracts and habitual place of work	414	
Section 4:	Relationship between Choice of Law and Mandatory Protective Rules			
	4.1	Chosen law is strictly inconsistent with mandatory protective rules	420	
	4.1.1	Chosen law is less protective	420	
	4.1.2	Chosen law is more protective	420	
	4.2	Chosen law is not strictly inconsistent with mandatory protective rules	421	
	4.2.1	Application of mandatory protective rules	422	
	4.2.2	Application of chosen law	423	
	4.2.3	Application of a cumulative approach	423	
	4.2.4	Application of most favourable approach	425	
	4.2.5	Final evaluation	425	
Section 5:	Relation	ship between Mandatory Protective Rules and		
	other M	andatory Rules of the Rome Convention	426	
	5.1	Relationship between Articles 5 and 6 and Article 3	3 426	
	5.2	Relationship between Articles 5 and 6 of the Rome Convention	426	
	5.3	Relationship between Articles 5 and 6 and Article 7(1)	427	
	5.4	Relationship between Articles 5 and 6 and Article 7(2)	429	
Section 6:	Evaluation and Suggestions		431	
	6.1	Shortcomings	431	
	6.2	Suggestions for the future	433	
Conclusion			436	

General Conclusion		439
Selected Bibliography		44.