CONTENTS

Preface ........................................................................................................................................... v
Abbreviations ............................................................................................................................... xix

GENERAL INTRODUCTION

The Punitive Damages Debate in Continental Europe: Food for Thought
Lotte Meurkens ............................................................ 3
1. The Punitive Damages Phenomenon and its (Law of) Attraction in Europe  . . . . . . . . . . . . . 3
2. American Punitive Damages Law: in a Nutshell ................................................................. 4
   2.1. Nature and Theory ................................................................. 4
   2.2. Purposes ........................................................................... 5
   2.3. Incidence and Size of Punitive Damages Awards ......................... 7
   2.4. Grounds for Awarding ......................................................... 8
   2.5. Assessment by Judge or Jury ................................................. 10
   2.6. Concluding Remarks .......................................................... 12
3. Why Is Continental Europe Unfamiliar with the Phenomenon of Punitive Damages? .......... 13
   3.1. Punitive Damages in European Civil Law Systems: Traditional
       'Fundamental Rejection' ......................................................... 13
   3.2. There Is the Traditional Function of Tort Law ......................... 13
   3.3. The Strict(er) Division between Private Law and Criminal Law .... 16
   3.4. The Role of Government ...................................................... 20
      3.4.1. The Role of the American Government and Private
          Enforcement .................................................................... 20
      3.4.2. The Influence of Safety Regulation on Tort Litigation .......... 22
      3.4.3. The Influence of Other Compensation Mechanisms on Tort
          Litigation ........................................................................ 25
      3.4.4. The Influence of Procedural Aspects on Tort Litigation ......... 27
4. Opposition from Private International Law Perspective Slowly Loses Ground ............... 29
5. The Growing European Attention for Punitive Damages ............................................... 31
   5.1. An Immediate and a Contributory Cause ..................................... 32
6. Private Enforcement: How It All Started .................................................. 33
  6.1. Private Enforcement in Europe ......................................................... 35
  6.2. The European Court of Justice Takes the Lead .................................. 36
  6.3. ...And the European Commission Carries the Work Forward .......... 39
7. Changing Perspectives on the Functions of Tort Law .......................... 41
  7.1. Punitive Damages in Specific Tort Situations: Pressurize Wrongdoers? 41
  7.2. Compensation is Still the Primary Function ...................................... 43
  7.3. But... the Economic Analysis of Tort Law Steps In ............................ 44
  7.4. Prevention in 'European' Tort Law .................................................. 45
8. The Status Quo and the Road Ahead ...................................................... 47

PART I. PUNITIVE DAMAGES FROM A COMMON LAWYER'S PERSPECTIVE

Understanding and Solving the Multiple Punishments Problem
Jim Gash ................................................................. 65

1. Introduction ................................................................. 65
2. The Multiple Punishments Problem .................................................. 69
  2.1. The Birth of Products Liability and Mass Torts ................................. 70
  2.2. The Breadth of the Problem ......................................................... 72
  2.3. Courts' Response to the Problem ................................................... 75
  2.4. State Legislative Response to the Problem ....................................... 80
        2.4.1. Georgia ................................................................. 80
        2.4.2. Missouri ............................................................... 81
        2.4.3. Florida ................................................................. 82
        2.4.4. Connecticut ......................................................... 83
        2.4.5. Minnesota ............................................................. 83
        2.4.6. Oregon ................................................................. 84
  2.5. Failed Federal Legislation ........................................................... 85
  2.6. Commentators' Response to the Problem .......................................... 88
        2.6.1. Class Actions ............................................................ 88
        2.6.2. Judicial Reformation of Common Law ..................................... 89
        2.6.3. Other Proposals ......................................................... 90
        2.6.4. Limit Punitive Awards to only Private Wrongs ......................... 90
  2.6.5. The Supreme Court's Final (Partial) Solution to the Multiple
       Punishments Problem .......................................................... 91
        2.6.5.1. Before the United States Supreme Court ............................ 92
        2.6.5.2. The Majority Opinion ............................................. 94
3. A Proposal to Fully Solve the Multiple Punishments Problem ................. 97
  3.1. Post-Judgment Certification .......................................................... 97
  3.2. National Punitive Damages Registry ............................................... 98
4. Conclusion ................................................................. 99

Bibliography ................................................................. 101
Due Process and The Deterrence Rationale for Punitive Damages
Mark A. Geistfeld
107
1. Introduction 107
2. Individual Rights and Mass Markets 110
3. The Deterrence Rationale for Punitive Damages and the Constitutional Problem of Due Process 112
4. The Vindication of Individual Rights in Mass Markets 116
5. Conclusion/Recommendations 117
Bibliography 118

Punitive Damages as Restitution
David G. Owen
119
1. Introduction 119
2. ‘Compensation’ and ‘Restitution’ 120
3. Restitution for ‘Theft’ 123
4. Restitution and Oversized Awards 125
5. Conclusion 127
Bibliography 129

The U.S. Supreme Court’s Theory of Common Law Punitive Damages: An Inauspicious Start
Anthony J. Sebok
133
1. Introduction 133
2. The Different Kinds of Judicial Theories about Punitive Damages in the United States 133
3. The U.S. Supreme Court’s Constitutional Theory of Punitive Damages 136
4. The U.S. Supreme Court’s Common Law Theory of Punitive Damages 141
5. Conclusion 144
6. Recommendations for Europe 144
Bibliography 146

Punitive Damages Sensu Stricto in Australia
Danuta Mendelson
147
1. Introduction 147
2. Difference in the Law of Torts between Compensatory & Punitive Damages 148
5. Statutory Compensation and Restitution Orders under Criminal Law 154
6. Distinction between Punitive and Aggravated Damages 156
7. The Place of Common Law Punitive Damages in Contemporary Australian Jurisprudence 158
8. Conclusion .................................................................................................................. 162
Bibliography .................................................................................................................. 163

Punitive Damages in Cypriot Law
Sofia Michaelides-Mateou ................................................................. 165
1. Introduction to the Cyprus Legal System ................................................................. 165
   1.1. The National Court System .............................................................................. 166
2. Punitive Damages in Cypriot Law ........................................................................... 167
3. Punitive Damages for Trespass to Land ................................................................. 167
4. Punitive Damages for Defamation .......................................................................... 169
   4.2. Alithia Publishing Ltd. & Constantinides v. Cyprus ........................................... 171
5. Punitive Damages for Breach of Contract (Rent Agreement) .................................. 173
6. Punitive Damages in Products Liability Cases ......................................................... 174
7. Punitive Damages for Competition Law Infringements ........................................... 175
   7.1. The Legal Basis for Competition Law Infringement Actions in Cyprus ............. 175
   7.2. Competition Law Infringements: a UK perspective .......................................... 178
8. Punitive Damages in Patent Cases .......................................................................... 179
10. Conclusion ................................................................................................................. 181
Bibliography ................................................................................................................ 182

Reflections on Reforming Punitive Damages in English Law
Jonathan Morgan ......................................................................................... 183
1. Introduction .............................................................................................................. 183
2. The Common Law: Judicial Disagreement ............................................................... 184
3. The Law Commission’s Report ................................................................................. 190
4. Vicarious Liability .................................................................................................... 196
5. Liability Insurance .................................................................................................... 199
6. Costs .......................................................................................................................... 204
7. Conclusion ................................................................................................................. 205
Bibliography ................................................................................................................ 207

PART II. PUNITIVE DAMAGES IN EUROPE

The Protection and Enforcement of Private Interests by (the Recognition of U.S.)
Punitive Damages in Belgium: Limits and Opportunities
Evelien de Kezel ................................................................................................. 213
1. Introductory Remarks ............................................................................................... 213
Punitive Damages and German Law
Ulrich Magnus ................................................................. 245
1. Introduction .................................................................. 245
2. General Attitude of German Law towards Punitive Damages ........ 246
   2.1. General Concept of the German Law of Damages .......... 246
   2.2. Non-Pecuniary Losses .............................................. 247
   2.3. Reasons for the Rejection of Punitive Damages .......... 248
      2.3.1. Different Objectives of Criminal and Civil Law ...... 248
      2.3.2. Different Legal Principles and Methods ............... 248
      2.3.3. The Argument of Double Punishment ................. 249
      2.3.4. Principle of Proportionality ............................... 249
      2.3.5. Windfall Profit ................................................. 250
      2.3.6. Discrimination of Creditors ............................... 250
      2.3.7. Too Great Discretion ........................................ 250
      2.3.8. Different Attitudes towards the Role of Private Parties with Respect to the Enforcement of the Law .... 250
      2.3.9. Evaluation ...................................................... 251
3. Exceptions .................................................................. 251
   3.1. General Remark ..................................................... 251
   3.2. Damages for Pain and Suffering ............................... 252
   3.3. Private Penalties .................................................... 252
   3.4. Violation of the General Personality Right .................. 253
   3.5. GEMA ................................................................. 254
   3.6. Infringement of Intellectual Property Rights ............... 254
4. Conclusions ............................................................... 255
5. The European Perspective ............................................. 256
Bibliography ................................................................. 258

Punitive Damages in the Competing Reform Drafts of the French Civil Code
Chantal B.P. Mahé .............................................................. 261
1. Introduction .................................................................. 261
2. The Competing Reform Drafts – General Highlights .............. 262
   2.1. Scope of Application and General Purpose of the Reform ...... 264
   2.2. The Drafts’ Preparatory Works .................................. 264
   2.3. Punitive Damages Provisions: Main Focus and Context .... 266
3. Detailed Comparative Analysis of Competing Provisions ........ 267
   3.1. Damaging Behaviour: Lucrative Faults versus Infringement of One’s Moral Integrity ........................................ 268
      3.1.1. The Imprecision of Article 1371 Catala Draft ......... 268
      3.1.2. Article 1386–25 Béteille Proposal: a Clear Response to Article 1371’s Shortcomings .................. 269
      3.1.3. Articles 68 and 69 Terré Tort Draft: a Total Shift of Focus .... 271
3.2. The Assessment of the Punitive Award ........................................ 272
3.3. The Beneficiaries of the Award .............................................. 275
3.4. The Insurability Issue ............................................................. 277
4. Conclusion ................................................................................. 277
Bibliography .................................................................................. 279

Punitive Damages Under Spanish Law: A Subtle Recognition?
Marta Otero Crespo ................................................................. 283
1. Introduction ............................................................................... 283
   1.1. Tort Law in Spain: General Remarks .................................... 283
   1.2. The Functions of Tort Law: Compensation, Prevention and
        Punishment ........................................................................ 285
2. Punitive Damages in Spain ......................................................... 287
   2.1. General Approach .............................................................. 287
   2.2. A Subtle Presence in Substantive Law ................................ 290
       2.2.1. Article 1107 CC ......................................................... 290
       2.2.2. Patent Law, Trademark Law, Intellectual Property Law and
               Law on Legal Protection of Industrial Design .................. 291
       2.2.3. Article 123 LGSS: the Surcharge of Benefits ............... 293
       2.2.4. Article 10 LOIMH and Other Provisions for Compensation
               for Discrimination in Contract law .................................. 295
       2.2.5. Article 9 LOPHIPI ..................................................... 298
3. Conclusion ............................................................................... 300
Bibliography .................................................................................. 302

Punitive Damages: How Do They Look Like When Seen From Abroad?
Marta Requejo Isidro ................................................................. 311
1. Introductory Remarks ............................................................... 311
2. Service of Process Abroad ......................................................... 312
   2.1. What's New in Germany? ...................................................... 312
   2.2. Service of Process Request within the EU ........................... 314
3. Applicable Law ........................................................................... 315
   3.1. Characterisation .................................................................. 315
   3.2. What Would Be the Law Applicable under the Rome II Regulation? .... 317
   3.3. Meaning of 'Excessive' ......................................................... 320
4. Request for Recognition and Enforcement .................................... 323
   4.1. Introduction ......................................................................... 323
   4.2. Recognition and Enforcement in a Community Framework ....... 324
   4.3. The Conventional Framework ............................................. 325
   4.4. The National Framework .................................................... 325
5. Conclusive Remarks ................................................................... 329
Bibliography .................................................................................. 331
Punitive Damages and European Law: Quo Vademus?
Cedric Vanleenhove ......................................................... 337

1. The Concept of Punitive Damages .................................. 337
2. Punitive Damages in European Law. .............................. 338
   2.1. Drafting History of the Rome II Regulation ................. 338
   2.2. Other Legislative Sources .................................. 340
3. Punitive Damages in the Case Law of the ECJ ................... 342
   3.1. Von Colson .................................................. 342
   3.2. The Post Von Colson Case Law .............................. 345
   3.3. Punitive Damages through the Backdoor via the Principle of
        Equivalence ................................................ 346
4. EU Proposals in the Pipeline ....................................... 347
5. Soft Law Instruments .............................................. 349
6. Conclusion and Recommendations ............................... 349
Bibliography .......................................................... 351

PART III. SPECIAL THEMES

Punitive Damages for Certain Categories of Breaches of Contract?
Robert Hardy ............................................................. 357

1. Introduction ....................................................... 357
2. The Economic Theory of Contracts .............................. 358
4. Some Arguments Against and in Favour of Punitive Damages as Remedy
   for Breach of Contract .......................................... 363
   4.1. Arguments Against ......................................... 363
       4.1.1. General Arguments Against Punitive Damages .... 363
       4.1.2. The Theory of Efficient Breach ...................... 364
       4.1.3. Post-breach Negotiation Costs ...................... 366
   4.2. Arguments in Favour of Punitive Damages ................. 370
       4.2.1. General Arguments in Favour of Punitive Damages 370
       4.2.2. The Under-compensatory Effect of Expectation Damages 371
5. Conclusion: Punitive Damages for Certain Types of Breaches of Contract .... 374
   5.1. Categories of Breaches ..................................... 374
   5.2. No Punitive Damages for Involuntary Breaches ............ 374
   5.3. Punitive Damages for Opportunistic Breaches of Contract ..... 375
Bibliography .......................................................... 377

Enforcement in Family Law by Means of Private Penalties
Sara Matthé ............................................................. 381

1. Abstract ........................................................... 381
2. Introduction ....................................................... 382

xiv
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Presentation of the Question</td>
<td>383</td>
</tr>
<tr>
<td>4</td>
<td>Enforcement in Family Law by means of Private Penalties: a Case Study</td>
<td>385</td>
</tr>
<tr>
<td>4.1</td>
<td>Public Enforcement of the Parents' Right to Contact by means of Criminal Sanctions</td>
<td>385</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Article 8 of the European Convention on Human Rights</td>
<td>385</td>
</tr>
<tr>
<td>4.1.2</td>
<td>The Ineffectiveness of Criminal Sanctions</td>
<td>386</td>
</tr>
<tr>
<td>4.2</td>
<td>Enforcement of the Parents' Right to Contact by means of Private Penalties</td>
<td>388</td>
</tr>
<tr>
<td>4.2.1</td>
<td>The Civil Judicial Penalty Payment (Astreinte)</td>
<td>389</td>
</tr>
<tr>
<td>4.2.1.1</td>
<td>Not a Criminal Charge</td>
<td>390</td>
</tr>
<tr>
<td>4.2.1.2</td>
<td>A Private Penalty</td>
<td>391</td>
</tr>
<tr>
<td>4.2.1.3</td>
<td>The Penalty Payment and the Enforcement of the Parents' Right to Contact</td>
<td>392</td>
</tr>
<tr>
<td>4.2.2</td>
<td>The Modification of the Violated Decision to the Advantage of the Victimized Parent</td>
<td>393</td>
</tr>
<tr>
<td>4.2.3</td>
<td>The Reduction or Dismissal of the Recalcitrant Parent's Maintenance</td>
<td>394</td>
</tr>
<tr>
<td>4.3</td>
<td>Desirability to Expand the Use of Private Penalties as a means of Enforcing the Parents' Right to Contact</td>
<td>395</td>
</tr>
<tr>
<td>4.3.1</td>
<td>The Penalty Clause</td>
<td>395</td>
</tr>
<tr>
<td>4.3.1.1</td>
<td>Definition and Functions</td>
<td>395</td>
</tr>
<tr>
<td>4.3.1.2</td>
<td>Divergence between the Belgian and the Dutch System</td>
<td>396</td>
</tr>
<tr>
<td>4.3.1.3</td>
<td>Refutation of the Belgian Arguments against a Penalty Clause's Coercive Function</td>
<td>398</td>
</tr>
<tr>
<td>4.3.1.4</td>
<td>The Desired Penalty Clause in Private Law in General</td>
<td>400</td>
</tr>
<tr>
<td>4.3.1.5</td>
<td>The Penalty Clause in Family Law</td>
<td>401</td>
</tr>
<tr>
<td>5</td>
<td>Conclusion on the Enforcement in Family Law by means of Private Penalties</td>
<td></td>
</tr>
</tbody>
</table>

The Insurability of Punitive Damages Under Belgian Law
Emily Nordin and Daily Wuyts 415

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>415</td>
</tr>
<tr>
<td>2</td>
<td>The Concept of Punitive Damages in the Common Law</td>
<td>416</td>
</tr>
<tr>
<td>3</td>
<td>The Insurability of Punitive Damages</td>
<td>418</td>
</tr>
<tr>
<td>3.1</td>
<td>Public Policy and Insurability</td>
<td>418</td>
</tr>
<tr>
<td>3.1.1</td>
<td>Legal Status of Punitive Damages</td>
<td>419</td>
</tr>
<tr>
<td>3.1.2</td>
<td>The Effect of the Insurance on the Functions of Punitive Damages</td>
<td>421</td>
</tr>
<tr>
<td>3.1.3</td>
<td>Sanctity of Contract</td>
<td>424</td>
</tr>
<tr>
<td>3.1.4</td>
<td>Public Policy and the Insurability of Vicarious Liability</td>
<td>426</td>
</tr>
<tr>
<td>Contents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2. Non-Public Policy Related Objections</td>
<td>426</td>
<td></td>
</tr>
<tr>
<td>3.3. Contractual Regulation</td>
<td>428</td>
<td></td>
</tr>
<tr>
<td>4. Conclusion</td>
<td>430</td>
<td></td>
</tr>
<tr>
<td>Bibliography</td>
<td>432</td>
<td></td>
</tr>
</tbody>
</table>

Punitive Damages for Cartel Infringements: Why Didn't The Commission Grasp The Opportunity?  
Angela Ortega González  
1. Introduction  
2. Developments in Europe Leading to the White Paper  
2.1. Specifics in the EU Context  
2.2. The CJEU Case Law  
2.2.1. The Courage Case  
2.2.2. The Manfredi Case  
2.3. The Commission's Initiatives  
2.3.1. The Modernisation Package  
2.3.2. The Ashurst Report  
2.3.3. The Green Paper  
2.3.4. The White Paper  
3. Punitive Damages for Antitrust Violations  
3.1. The Commission's Proposals  
3.1.1. The Green Paper: Double Damages in Horizontal Cartel Cases  
3.1.2. The White Paper: Single Damages and Interest  
3.2. The U.S. Model: Treble Damages for Antitrust Infringements  
4. Justifying the Commission's Approach  
4.1. The Nature of Cartels  
4.2. Enforcement Priorities and the Role of Punitive Damages  
4.2.1. Evolving Policy Goals  
4.2.2. The Role of Punitive Damages in Context  
4.2.2.1. Deterrence  
4.2.2.2. Compensation  
4.2.2.3. Incentive to Sue  
4.3. The Legal Traditions of the Member States  
4.4. Influence on the Effectiveness of Public Enforcement  
5. Did the Commission Make the Right Choice?  
Bibliography  

Some Tentative Thoughts on Punitive Damages in Case of Bad Faith Claim Handling by Insurers  
Lodewijk Smeehuijzen  
1. Introduction  
2. Punitive Damages versus Consequential Damages in the Context of Bad Faith  

xvi
3. Shortcomings of Compensation ........................................... 462
4. The Utility of Punitive Damages ........................................ 463
5. ‘Bad Faith Settlement’: an Exclusive Criterion ..................... 465
6. The Limited Potential of Punitive Damages in Promoting Neutral Claim
   Assessment by Insurers; the Need for Additional Instruments ......... 467
7. Conclusion ................................................................. 468
Bibliography ................................................................. 469

The Law and Economics of Punitive Damages
Louis Visscher ............................................................... 471
1. Introduction ............................................................... 471
2. The Economics of Tort Law and the Law of Damages ............... 473
   2.1. Deterrence and Risk Distribution/Spreading ..................... 473
   2.2. Punishment ........................................................... 474
   2.3. Conclusion ........................................................... 475
3. The Economics of Punitive Damages in Tort Law ..................... 475
   3.1. Introduction ........................................................... 475
   3.2. Too Low Probability of Being Held Liable ....................... 476
   3.3. Too Low Compensatory Damages ................................ 478
   3.4. Socially Illicit Costs or Benefits ................................ 478
   3.5. Stimulating Voluntary Transfers ................................ 480
   3.6. Punishment ........................................................... 481
4. Specific Topics on Punitive Damages in Tort Law ..................... 483
   4.1. Intentional Torts ..................................................... 483
   4.2. Liability Based on Gains Rather Than on Losses ............... 483
   4.3. Insurability of Punitive Damages ................................ 484
5. Punitive Damages in Contract Law ...................................... 485
   5.1. The Economic Functions of Contract Law ......................... 485
   5.2. Damages, Specific Performance and Efficient Breach .......... 487
   5.3. Punitive Damages for Deliberate Breach ......................... 488
6. Conclusions ............................................................... 490
Bibliography ................................................................. 491

Punitive Damages in the Armoury of Human Rights Arbiters
Vanessa Wilcox ............................................................. 499
1. Introduction ............................................................... 499
2. The European Court’s Approach to Punitive Damages ............... 500
3. Impact of the European Court’s Stance on Domestic Courts ........ 503
   3.1. England and Wales .................................................. 503
   3.2. Ireland ............................................................... 507
4. Vindicatory Damages as Constitutional Redress in the Commonwealth
   Caribbean ................................................................. 509
5. Assessing the Nature of Vindicatory Damages ......................... 512
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Conclusion</td>
<td>517</td>
</tr>
<tr>
<td>7. Recommendations</td>
<td>518</td>
</tr>
<tr>
<td>Bibliography</td>
<td>519</td>
</tr>
<tr>
<td>Epilogue</td>
<td>523</td>
</tr>
<tr>
<td>Lotte Meurkens</td>
<td></td>
</tr>
<tr>
<td>1. The Power of Punitive Damages...?</td>
<td>523</td>
</tr>
<tr>
<td>1.1. Reluctance</td>
<td>524</td>
</tr>
<tr>
<td>1.2. Neutrality or ‘Positive’ Prudence</td>
<td>525</td>
</tr>
<tr>
<td>1.3. Curiosity and Enthusiasm</td>
<td>527</td>
</tr>
<tr>
<td>2. ... Is Europe missing out?</td>
<td>529</td>
</tr>
</tbody>
</table>