2012

Law – Made in Germany: Global Standort or Global Standard?

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Recommended Citation
Law – Made in Germany: Global Standort or Global Standard?, in Deutsche Beratung bei Rechts- und Justizreformen im Ausland - 20 Jahre Deutsche Stiftung für Internationale Rechtliche Zusammenarbeit (Stefan Hülshörster, Dirk Mirow (eds. 2012)

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Law – Made in Germany: 
Global Standort or Global Standard?

By James R. Maxeiner

Earlier this year the Federal Ministry of Justice released the second edition of the brochure, *Law – Made in Germany.*¹ For those readers who do not know the brochure, it is the product of an umbrella group of German professional organizations known as the *Bündnis für das deutsche Recht.* A purpose of the *Bündnis,* as stated at its founding in 2008, and of the brochure, is to improve the position of German law in the “international competition of legal systems” (*internationalen Wettbewerb der Rechtsordnungen*). Catalyst for the founding of the *Bündnis* and for the publication of *Law – Made in Germany* was the 2007 publication by The Law Society of England and Wales of the brochure *England and Wales: The jurisdiction of choice—dispute resolution.*²

The issue of the second edition of *Law – Made in Germany* is an appropriate moment to consider what improving the position of German law in international competition means. I see at least two different, but not mutually exclusive, goals. The one stems from the brochure’s origin as counterpoint to the English brochure: to encourage non-Germans to bring their commercial disputes to Germany to be decided (forum shopping) and, related to that goal, to locate their businesses in Germany (location decision). The other goal is to raise appreciation of German law abroad and thereby, perhaps, to encourage voluntary adoption, adaptation or approximation abroad of some of its elements (reception of law).

What does *Law – Made in Germany* have to do with IRZ or with me? IRZ involvement is easy to explain. The IRZ was there at the founding of the *Bündnis.* When the Federal Ministry of Justice and six partner associations of professional jurists established the *Bündnis,* they identified eleven other German organizations to help out with their newly-created league.³ IRZ was one.⁴

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My involvement is almost as easy to explain. Although I am a U.S.-American, from the start of my American legal studies in 1974, I have been attracted to what Roscoe Pound, that icon of American law, called “the wonderful mechanism of modern German judicial administration.” German law is a source of inspiration for my efforts to get Americans to reform their law. I said as much on the release of the first edition of the *Law – Made in Germany.*

What IRZ and I share in our interest in *Law – Made in Germany* is that we both are more concerned with foreign interest in German law than we are in foreign selection of a German forum or business location. Beyond that commonality, our interests diverge. I want to get Americans to think about learning from foreign law: many laymen reject the idea out-of-hand. Yet only lay interest is likely to led to real change in American law. I can use a tool such as *Law – Made in Germany* to get ordinary Americans, including American Georgians, to think about the idea. For IRZ, the brochure may be less useful. Eurasians, including Caucasian Georgians, are already receptive to

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5 *Pound*, The Causes of Popular Dissatisfaction with the Administration of Justice, ABA Rep. vol. 20/1906, pp. 395, 397, 1906. This is the most famous of all criticisms of American civil justice. My first year professor for civil procedure was the German-American Professor Rudolf B. Schlesinger. In 1977, thirty-one years before the founding of the *Bündnis*, under the direction of American comparativist, George Fletcher, I wrote my first work recommending German law to Americans: *Maxeiner*, Constitutionalizing Forfeiture Law: The German Example, Am. J. Comp. L. vol 27/1979, p. 635. In 1980 I retraced Professor Schlesinger’s footsteps back to Munich. As Humboldt Fellow at the Max Planck Institute, I took a Dr. jur. degree at the University under Professor Wolfgang Fikentscher. My *Doktorarbeit*, also published in English, is *Maxeiner*, Rechtspolitik und Methoden im deutschen und amerikanischen Kartellrecht: eine vergleichende Betrachtung, 1986.


8 When I was in private practice in New York City, my self-interest was just the opposite: selection of a U.S. forum.

the idea of learning from foreign legal systems. IRZ may be interested in more subtle literature. Translations of German laws and texts come to mind. Here are points that I address:

1. **Competition of legal systems** means law is a product;

2. **England and Wales: The jurisdiction of choice** is advertisement for forum shopping;

3. **Law – Made in Germany** is a promotion in reaction to The jurisdiction of choice;

4. **Law – Made in Germany** is criticized as ineffective advertisement for a German Standort;

5. **Law – Made in Germany** is important in setting a Global Standard.

1. **Competition of legal systems** means law is product. Competition among legal systems is not new. In the later years of the nineteenth century Japan shopped the world for an entire legal system on which to base its new legal order. In Germany one can think of the reception of Roman law; for centuries Roman law competed with local law. Competition of legal systems is not always voluntary. In the first years of the nineteenth century Napoleon imposed his codes in the Rhineland. When he withdrew, the German states did not, however, reject the foreign transplants. Good law is good law. After the Second World War, the re-founded German state found inspiration in American law in crafting its own forms of judicial review and antitrust law. Today, German law competes in harmonization of law in the European Union.

The current debate has a different origin: it is a defense of German law against perceived impositions by English law. It has since broadened out into an affirmative counter-attack by proponents of Continental legal systems on perceptions of superiority of Anglo-American common law. If the word “attack” seems too bellicose, it is


11 Besides being stated as an objective of the Bündnis, Wettbewerb der Rechtsordnungen was the title of Seminar 115122 of the Evangelische Akademie Arnoldshain held May 5 and 6, 2011.

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language consistent with language that some of the proponents of continental law use, who speak of Kampf rather than of Wettbewerb.\textsuperscript{13} That language hearkens back to the last third of the twentieth century when the German and other legal systems engaged in a Justizkonflikt\textsuperscript{14} with the United States over what were seen as impermissible applications of American public and procedural law on events in Europe.

The Justizkonflikt was based on a different kind of competition. Competition was not over which law to adopt as legal system, but about which law should govern a particular transaction. A Justizkonflikt arose because Americans sought to assert authority over unwilling Europeans. More generally, however, selection of law is a matter for the study of conflicts of law, as it is known in the United States, or private international law, as it is known elsewhere. Under its tenets, in most matters party-autonomy prevails. Parties may choose in their contracts which law to apply to their relationship. When disputes arise, if they haven’t made a choice in their contracts, the party suing can choose the forum of its preference (“forum shopping”). This also is not new.\textsuperscript{15} Sometimes, a forum adjusts its laws to facilitate choice of its laws or forums to govern.

Competition between states to be chosen as the state of governing law or as the forum of dispute resolution is different from a competition of legal systems. It is sometimes called Rechtswettbewerb (competition of law) to distinguish it from Systemwettbewerb (competition of systems).\textsuperscript{16} Besides a choice of law or forum, this kind of competition includes substantive law. A notable early example is choice of jurisdiction for incorporation and dissolution of businesses.\textsuperscript{17} Delaware leads the United States in this kind of choice. With increasing mobility of business, this kind of Rechtswettbewerb has been promoted as a form of intergovernmental organization, “competitive

\begin{itemize}
\item \textsuperscript{13} Triebel, Der Kampf ums anwendbare Recht. Offener Brief eines Anwalts an die Bundesjustizministerin, Anwaltsblatt Jahrgang 58, 5/2008, pp. 305–308; Eidenmüller, Kampf um die Ware Recht, in Frankfurter Allgemeine Zeitung of 26 March 2009, p. 8.
\item \textsuperscript{14} E.g., Der Justizkonflikt mit den Vereinigten Staaten von Amerika, edited by Habscheid, 1986.
\item \textsuperscript{15} Kötz, Deutsches Recht und Common Law im Wettbewerb, Law – Made in Germany: Wirklich ein Vorteil für Unternehmen?, Anwaltsblatt 2010, p. 1.
\item \textsuperscript{17} Eidenmüller, Recht als Produkt, p. 644-47.
\end{itemize}
federalism.”18 Under this view, businesses should emigrate to get the laws they like.19 States will “improve” their laws to keep businesses from leaving.20

2. **England and Wales: The Jurisdiction of Choice**

is advertisement for forum shopping.

Catalyst for the present imbroglio was the release in 2007 by The Law Society of England and Wales of the brochure *England and Wales: The jurisdiction of choice—dispute resolution*.21 In the Foreword Jack Straw, the British Lord Chancellor writes: “This brochure sets out the reasons for our success and lets people know why it is in their own interests to use English law to settle their disputes here.” Hereafter in this remark I refer to the brochure as *The jurisdiction of choice*.

*The jurisdiction of choice* is an unapologetic advertisement that tells businesses, come to England to get an advantage in settling your disputes. That should be no surprise: that is what forum shopping is all about.22 The brochure fights off the Americans by minimizing the role of discovery in English law and trumpeting the loser pays rule for attorneys’ costs.23 It heads off the Continentals by pointing to the absence of a career judiciary [!], touting that the language of proceedings is English, pointing to the restricted right of appeal [!], and asserting that Continental systems rely on “a more rigid and prescriptive civil code.”24 The Lord Chancellor himself states what he thinks is the most persuasive reason to choose English law and English courts over their American and Continental counterparts: “the ability to require exact performance and the absence of any general duty of good faith.”25 Cynics might read that to mean that they

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19 Eidenmüller, Recht als Produkt, p. 642.

20 Kötz reports the idea is being presented in the European Union as an alternative to unification of law. Kötz, “Deutsches Recht und Common Law im Wettbewerb”, p. 2.


22 Maxeiner, Failures of American Civil Justice, pp. 65, 75–77. Forum shopping has a negative connotation among people who believe, as most Continentals do, that civil dispute resolution is about determining rights and not about staging contests. Rights should be the same in every court.

23 The jurisdiction of choice, pp. 10, 13.

24 The jurisdiction of choice, pp. 8–9, 13.

25 The jurisdiction of choice, p. 5.
can make draconian contracts and implement them ruthlessly, without having to worry about pesky rules designed to do justice in individual cases, e.g., unfair and standard terms controls and good faith requirements.26 Such cynics can buttress their interpretation by pointing to the note that “England has a fairly light touch regulatory system that many companies prefer.”27

To be fair, a lot of what The jurisdiction of choice hails as virtues are indeed regarded as virtues most everywhere, e.g., predictability of outcome, judicial integrity, expedition in handling matters, and so on. Whether English conditions compare favorably with those elsewhere in the world is another issue.28 Would most people think, as the brochure suggests, that a thirty-two week wait for two days of hearings is expeditious?29

The frequent comparison to competing systems is not the only feature that marks The jurisdiction of choice as an advertising vehicle. The thirty-two page brochure has nine testimonials (called “case studies”) in separate colored boxes. It stresses the reputation of English justice as much as it speaks to the reality. Comparisons, testimonials and reputation claims are tools advertisers commonly use to close deals, avoid buyer’s remorse and keep choices of underlings in corporations from being questioned.30

3. **Law – Made in Germany is promotion in reaction to The jurisdiction of choice.**

Release of The jurisdiction of choice led to an amazing activity on the Continent. Leading the charge was Dr. Triebel in an open letter to the German Federal Minister of Justice published in the *Anwaltsblatt*. Triebel pulled no punches. In the second sentence of the letter he said of the English action that it “verfolgt nicht Gerechtigkeitsziele, sondern vor allem kommerzielle Interessen.” He called the English brochure nothing other than comparative advertising that is “captivating” (bestechend) at first but “misleading” (irreführend) on closer evaluation. He dismissed it examples with a reference to the Scholastics: “Exempla illustrant non probant.”31 He then went systematically

28 See Triebel, Der Kampf ums anwendbare Recht, pp. 306–08.
29 The jurisdiction of choice, p. 12.
31 Triebel, p. 305.
through *The jurisdiction of choice* challenging the validity of eighteen of its theses.\(^3\) Less than six months after publication of *Triebel’s* letter in the *Anwaltsblatt* the Federal Ministry of Justice announced the foundation of the *Bündnis* and released *Law – Made in Germany*.\(^3\) That’s the speed of light in just about any government.

The French bar was not far behind and established its own foundation. In a demonstration of exemplary Continental solidarity the French bar called their organization the *Fondation du le Droit Continental* and collaborated with the German *Bündnis* to produce a joint brochure *Continental law – global – predictable – flexible – cost-effective*.\(^4\) This brochure shares the look and feel of *Law – Made in Germany* with, however, coverage of both the French and German legal systems.

Why did the English brochure create such a stir on the Continent? English and American declarations of common law superiority over the civil law are legion. They date back famously to Blackstone and still beyond that. There’s nothing new here. Or maybe there is. This time the English attacked foreign courts and arbitral tribunals as places to litigate cases. That meant lawyers interested in international matters could see the English snatching away their most lucrative cases taken from them. That’s a commercial explanation.

I would like to think, however, that there is something more to Continental reaction than commercial concerns. For half-a-century German and other European lawyers have been studying in England and the United States. They have seen the common law up close and personal. The claims of superiority for the common law are, for them, preposterous.\(^5\) Jack Straw broke the camel’s back.

Have German and French jurists been seething for fifty years waiting to tell the Americans and the English off? Until now, did the shadow of the Nazis and the preeminent power of the United States hold their tongues in check? The last German that I know of who directly instructed Americans how they might improve their legal system wrote nearly a century ago in a Carnegie Foundation report released in 1915 weeks before the sinking of the Lusitania.\(^6\) As recently as 2002, German Minister of Jus-

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32 *Triebel*, p. 305.
33 The brochure is bilingual, German and English.
34 Available in the English-German edition at http://www.kontinentalesrecht.de/tl_files/kontinentalsrecht_de/Broschüre_DE.PDF. The brochure is in two bilingual versions: one is French-English, the other is German-English. They were released at concurrent releases at the French Embassy in Berlin and the German Embassy in Paris in 2011.
Däubler-Gmelin lost her post when she dared to describe the American legal system as “lousy.”37

In fewer pages the scope of Law – Made in Germany is vaster than its English counterpart.38 It is not limited to the jurisdiction of choice for dispute resolution. It promotes the German legal system as a good reason to choose Germany as an investment location.39 It provides informative and instructive introductions to several aspects of German law, i.e., German legal methods of codification, contract law, company law, public registers, and financing before it turns to the central theme of opposing England and Wales: The jurisdiction of choice. In six pages it gives a concise description of how and why German courts work well. From that description readers can begin to understand the basis of German claims for efficiency.40

Triebel, we noted, describes The jurisdiction of choice as pursuing commercial interests and not justice interests. Law – Made in Germany certainly minds commercial interests, but promotes more the interest in a just and rational order. Throughout it speaks to the reliability of German law. The introduction to the first edition underscores the role of justice in the German legal order. Minister Zypries wrote explicitly: “Our legislation balances the various interests in a fair and equitable manner, ensuring just solutions. Everyone has access to law and justice, independent of their financial means.”41 Her successor, Minister Leutheusser-Schnarrenberger wrote in the introduction to the second edition: “Our laws protect private property and civil liberties, they guarantee social harmony and economic success.” She likewise concluded her introduction to the Continental Law brochure: “Wer sich heute in aller Welt für kontinentales Recht entscheidet, trifft eine gute Wahl, denn dieses Recht ist ein Garant für wirtschaftlichen Erfolg, gesellschaftlichen Frieden und bürgerliche Freiheit.”42

Continental Law is cast in the same mold as Law – Made in Germany; it stresses the virtues of Continental law. It highlights the “equitable solutions” of continental law.


38 Both brochures are thirty-two pages (including covers) in length, but the German brochure is in parallel German and English texts, thus effectively making it half the size of the English counterpart.

39 Law – Made in Germany, 2nd ed., p.5.

40 If only there were a citation to my book, Maxeiner, Failures of American Civil Justice, readers could understand even better!

41 Law – Made in Germany, 1st ed., p. 3.

42 Continental Law, p. 1. The forward is published in both bi-lingual editions in German and French, but not in English.
contract law. It values, rather than denigrates, good faith, not only in German contract law, but in Continental law generally. It specifically mentions not only Greece and Switzerland, but the two sole Continental law jurisdictions in North America, Louisiana and Québec. It speaks directly in a separate section to “The Social Dimension of the Rule of Law.”

4. Criticism of Law – Made in Germany as ineffective Standortkonkurrenz.

Not everyone in Germany approves of Law – Made in Germany. Dr. Peter in the Juristenzeitung argues that “die Initiative ,Law – Made in Germany’ bislang zum Scheitern verurteilt ist.” In a nutshell, Peter does not see a market for an international commercial choice of German law or forum. He largely accepts the dominance of Anglo-American law. He notes that there has been little empirical research that explains that dominance. He challenges German assumptions of the superiority of German civil justice. For example, he suggests that Americans and international business may prefer American-style discovery and trial cross-examination. He relates Anglo-American dissatisfaction with the Relationstechnik as “paternalistic” and the non-verbatim protocolling of German proceedings as unacceptable. He views the initiative as another anti-competitive move by the German bar. Peter finds little value in holding out the German model for emerging democracies, because they do not determine international commercial practice. He says, insofar as the industrialized world is concerned, Anglo-American law provides the model. For Peter, Law – Made in Germany should be all about Rechtswettbewerb and not at all about Systemwettbewerb. Perhaps the Ministry was responding to his criticisms when it inserted into the introduction of the second edition a reminder that German law has no class actions or punitive damages.

Americans are not content with their system of civil justice. American business detests discovery. Yet I do agree with Peter that it will be a Sisyphean task to wean Amer-

43 Continental Law, p. 6. Nevertheless, paralleling English claims, it states “A major strength of continental law is that it ensures strict complaints with contractual obligations and the binding nature of contract.” P. 9.
44 Continental Law, p. 8.
45 Continental Law, p. 27.
46 JZ 2011, 939. Since I am not in Germany, I am not well positioned to judge who widely spread his skepticism is.
47 See also Kötz, Deutsches Recht und Common Law im Wettbewerb, p. 1 et seq.
48 Law – Made in Germany, 2nd ed., p. 3. These are two particular favorites of American reformers.
ican businesses from a choice of American law and American forums. American lawyers have long experience in promoting American choices of law and forum.

5. **Why the world needs Law – Made in Germany and Continental Law.**

The United States and the world need Law – Made in Germany and Continental Law. They need them because there is little knowledge about foreign legal systems among populations at large. They need them further because they need descriptions of best practices upon which they can base improvements in their own systems.

In the United States we do not speak of a competition of legal systems. Why? The idea of competition of our system with other legal systems is fantastical. You might as well speak of a competition between American democracy and Soviet totalitarianism. Americans believe of their legal system as Churchill did of democracy: “the adversarial system may be the worst form of judicial procedure except for all others that have been tried from time to time.”

Few American jurists, let alone laymen, have any conception of Continental law. Those that have an idea of it are likely to have an erroneous one: detailed codes and inquisitorial procedures. German jurists know of American ignorance. Professor Höffe comments: “Dieser Öffnung Europas für das US-Recht und US-Denken steht eine sehr geringe Gegenneugier gegenüber. Wenn in seltener Ausnahme ein Richter des US-Bundesgerichts europäische Gesetze oder Argumenta berücksichtigt, erhält er sogar parlamentarische Kritik.” Elsewhere the late Dr. Stiefel and I explained the reasons why Americans are not learning from comparative law.

The development of European Union law – because it is mostly in English – holds out hope that the ignorance of American jurists will ameliorate. The knowledge deficit is so great, however, that more needs to be done.

Law – Made in Germany and of Continental Law can serve more than the mere luring to Germany of international commercial business. They can contribute to nascent multinational campaigns to improve law for everyone practically everywhere. In Continental systems, law is about justice.


its name gives everyone access to justice.\textsuperscript{53} The best of Continental systems deliver justice wholesale and not only retail. Equal justice under law is a goal to be taken seriously and earnestly striven for. A domestic brochure issued by the Ministry of Justice of North-Rhine Westphalia puts it well: \textit{Das Recht ist für alle da}.	extsuperscript{54} For nearly fifteen centuries – for almost twice the history of Anglo-American common law – the ideal of Continental systems has been:

\textit{Ius est ars boni et aequi.}

Dig. 1.1.1.
