

Private International Law of Employment: The Connecting Factor

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This article will shed light on the difference between three connecting factors (Domicile, Nationality, Habitual Residence) which are of crucial importance when assessing an employment case having a foreign element.

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TAGS: Domicile, Nationality, Habitual Residence

The concept of transnational employment within Europe changes the traditional Private International Law (PIL) norms, especially with the European Union regulations laying down rules within the internal market.

The European Union PIL rules of employment are laid down in regulations dealing with issues of civil and commercial matters. Matters touching jurisdiction of employment contracts within the European Union are regulated by the Brussels I Recast Regulation (EU) No 1215/2012 whilst issues related to the choice of law are regulated by the Rome I Regulation (EC) No 593/2008. The aforementioned regulations are complimented by the Posted Workers Directive 96/71/EC. On the other hand the Court of Justice of the European Union (CJEU) plays a crucial role in the interpretation of such regulations.

In the European Union labour migration is one of the pillars of the internal market function. Both temporary posting of employees and permanent migration of workers are protected by the Treaty on the Functioning of the European Union (TFEU). However, the regulations dealing with labour migration can be considered as key characteristics of sovereignty.

The Brussels I Recast Regulation explains that when an employee is employed with by an employer who is not domiciled in the European Union, however the employer having a branch, agency or other establishment in any the Member States shall be deemed to be domiciled in that Member State, ergo fictionally considered to be within the European Union.

Law, with the subsequent signing of the Lisbon Treaty making the Charter an integral part of EU Law.

Article 37¹ of the Treaty mentions environmental protection as a fundamental right; the concept has also been mentioned in European Human Rights Court decisions, under the confines of Article 8 of the ECtHR. In the Lopez Ostra v. Spain² decision, the Court ruled that: "*Naturally, severe environmental pollution may affect individuals' wellbeing and prevent them enjoying their homes in such a way as to affect their private and family life adversely, without however seriously endangering their health*"³. There is not a mentioned right to This implies that an employer having no branch, agency or other establishment in

1 Article 37: *A high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development*

2 Decided by the European Court of Human rights on the 9th December 1994 -Application no. 16798/90. The ECHR found the State responsible for violating the right to respect for the home and private life, since serious pollution can impact an individual's well-being and prevent him or her from enjoying his or her home in such a way that his or her private and family life is damaged.

3 See also ECtHR Decisions, Taşkın v. Turkey, 10 November 2004; Dubetska and Others v. Ukraine, 10 February 2011.

any the Member States would be subject to the traditional PIL rules, therefore in such case which connecting factor would apply?

Domicile, Nationality & Habitual Residence?

It is an accepted principle that issues affecting the status of a human being must be decided on the basis of one system of law, regardless of where the person is, or where the facts giving rise to the dispute arise. There is also disagreement as to which connecting factor must be used, hence whether one shall apply the doctrine of domicile, nationality or habitual residence.

The Maltese legal system developed over the years having the original Roman Law domicile doctrine applied to understand which legal system shall be applied of a particular case having a foreign element. In 1923 the Maltese Courts shifted towards the Common Law approach to domicile in the case of *A. Warrington vs E. Carter* *noe* , where the court opined that the fact that an individual changed country, even if this was together with his family, this did not imply change or prove of the fact that the person's animus was to never returning to once domicile of origin.

The *Warrington* (*supra*) case introduced the animus, this the Maltese Courts started adopting the Common law approach to domicile. Therefore, the shift from a more tolerant interpretation of the doctrine of domicile which merely required a simple residence, even if merely for commercial matters, to a more stringent approach directed and based on the intention of the individual. The latter is a vital element to the Common law interpretation of the doctrine.

In the case of *Loreto Camilleri vs Avv. Dr. George DeGiorgio et. ne*, the court held that:

'Kull persuna għandha jkollha domicilju, u għandha d-domicilju tagħha malli titwieled, li huwa dak ta' l-origini, u li ma jista' qatt jigi abbandunat imma biss pozitivamente soppjantat favur ta' domicilju ieħor li jkun id-domicilju tal-għażla. U l-ebda persuna ma jista' jkollha aktar minn domicilju wieħed simultaneament.'

The abovementioned *Camilleri* case the Court listed five principles regulating the notion of domicile. Firstly, no person shall be without a domicile. To give effect to this, at birth one is assigned a domicile of origin. Secondly, no person can have more than one domicile at the same time. Thirdly, domicile connects a person to a territorial system of law. Fourthly, there is a presumption in favour of continuing existence of a domicile. Thus, a change in domicile must be proved by person alleging the change. Lastly, the Court held that we are to adopt the English approach to domicile.

The two requisites of domicile are residence and *animus manendi*. Although they must both exist, they must not come into being at the same time. The *animus manendi* may precede or come after the residence.

A distinction must be made between the domicile of origins and domicile of choice. The first is acquired *ex-lege*, the second is acquired by choice. The nature of the domicile of origin is different to the domicile of choice. The former is stronger and it is very difficult to renounce to, as seen in the English case of *Winans vs AG*.

A similar Maltese case is *Saviour Chircop et vs Avv. Dottor Rene` Frendo Randon* nomine the court held that mere abandonment, or removal from a country with the intention not to return suffices to prove abandonment of domicile of choice.

The Brussels I Recast Regulation embraces the concept of domicile. The latter regulation makes the distinction between domicile of natural persons, and domicile of legal persons. Whereas for the former, Article 62 of the Brussels I Recast Regulation holds that the courts of Member States are allowed to determine the domicile of natural persons, accordingly to its national rules, Article 63 holds that the domicile of a legal person is determined by where it has its statutory seat, central management or principal place of business.

On the other hand, Nationality refers to the state to which a person owes his political allegiance.

Therefore, nationality is closely linked to parentage at birth. It follows that a person may have a different nationality than his domicile. By way of example one can have a non-Maltese (being or not Third Country National) who acquired Citizenship in Malta following a successful Individual Investors Programme (IIP) application. In such case the nationality will be Maltese, nevertheless if applicant's *animus* is not to relocate for good to Malta his domicile of origin may still not change.

Nationality has been used as a connecting factor by the Maltese Courts in a number of cases for example, it is the nationality of the father at the time of marriage that is to determine the law which governs parental authority. In the case of the Marriage Act it prescribes that the personal connecting factors for the recognition for a foreign decision is the link between either (not both) of the parties and his/her domicile or citizenship.

Although the use of nationality may be beneficial as it is easily ascertainable, there are a number of disadvantages of using nationality over domicile. One such disadvantage is that by using nationality as a connecting factor, a person may be tied to a system of law of a particular state with which he has a weak connection, or no connection at all. Another disadvantage is that nationality may be weak. The doctrine of domicile holds that a person shall always have a domicile, and no person can have more than one domicile at the same time. In the case of nationality, as seen in the case of an IIP applicant, a person may have two or more nationalities or even none at all. One can therefore opine that this may give rise to difficulties.

On the other hand, the habitual residence doctrine allows one to elect which law would apply according to the geographical place which can be considered 'home' for a reasonable period of time. This notion was also introduced, and survives together with the domicile doctrine, under the Brussels I Recast Regulation in situations dealing with the jurisdiction of the courts in matters touching cross-border employment. Notwithstanding the fact that the doctrine of domicile is applied for analysing if an employer is domiciled in the European Union, according to the Brussels I Recast Regulation an employer may be sued in a court where the employee habitually carries out his work. In *First Hall Civil Court in the case of VistaJet Limited vs Silvia Pusceddu* held that:

'Il-Qorti tirrileva illi n-notifika mis-soċjetà attriċi lil-konvenuta fil-fatt saret f' Sardeġna. Dan jidher li kien u għadu ddomicilju oriġinali tal-konvenuta u ma hemmx prova li ġie mibdul. I-Qorti tqis illi minn dawn il-fatti mhux kontradetti Malta mhix id-domicilju talkonvenuta u b'hekk l-eċċezzjoni tal-konvenuta hi ben fondata u għandha tintlaqa.'

The CJEU in *Petrus Wilhelmus Rutten vs Cross Medical Ltd* held that habitual place of work:

'must be understood to refer to the place where the employee has established the effective centre of his working activities and where, or from which, he in fact performs the essential part of his duties vis-à-vis his employer.'

When considering that the labour migration is one of the fundamental driving forces in the continuous development of the internal market project the above blended mythology adopted by the legislator in the Brussels I Recast Regulation to ascertain jurisdiction of courts in employment matters can be argued to be ideal.

When analysing the difference between domicile and habitual residence it transpires that like nationality the variance lies in the animus. Whereas in domicile one must have an intention to reside permanently which intention shall

also refer to the future, in habitual residence the present intention suffices. On the other hand, nationality is acquired at birth through parentage, or marriage or nationalisation.

Rome I Regulation dealing with contractual obligations in Civil and Commercial matters, uses the concept of habitual residence to determine the applicable law. In the situation of employment agreements the choice of law is considered according to the habitual place of work.

The CJEU in *Herbert Weber vs Universal Ogden Services Ltd* held that:

‘where an employee performs the obligations arising under his contract of employment in several Contracting States the place where he habitually works, within the meaning of that provision, is the place where, or from which, taking account of all the circumstances of the case, he in fact performs the essential part of his duties vis-à-vis his employer’

The concept of habitual residence can also be traced in chapter 12 of the Laws of Malta the Code of Organization and Civil Procedure (COCP). In *Catharina Harvey vs Dr Peter Caruana Galizia* nominee the wife claimed maintenance from the husband, the defendant claimed that he was not liable to pay as he was not domiciled nor habitually resident, nor present in Malta as required Article 742(1)(b) of the COCP. The Court, however, found that he was habitually resident and was therefore bound to pay. Thus, it can be opined that the introduction of habitual residence has extended the jurisdiction of the Maltese Courts.

In the words of Cheshire domicile still remains relevant, despite the rise of habitual residence, as in some cases, the connecting factor of the habitual residence is not strong enough to justify a person being regulated by the law of the state of his habitual residence all the time.

In conclusion, it can be argued that limiting a legal system solely to domicile would be a fallacy, however, domicile can be complemented with other connecting factors so to avoid possible prejudicial erroneous results.