

CONFLICTS AND INTERNATIONAL COPYRIGHT LITIGATION: THE ROLE OF INTERNATIONAL NORMS

Graeme B. Dinwoodie*

Questions of private international law that arise in copyright disputes, and in particular the law applicable to claims of copyright infringement in multinational settings, typically implicate questions of *national* law. Indeed, even the international conventions that address copyright law rest firmly on the proposition that copyright law operates territorially. The creation of an original work gives rise to separate copyrights under the laws of each copyright-recognizing country. Multinational copyright disputes require courts to localize any allegedly infringing acts and measure them against the applicable national law.

Of course, the analysis required to perform such localization is not simple, and has been rendered more difficult still by the advent of the internet. Thus, several papers in this symposium have already addressed the different ways by which courts might determine the applicable law in copyright litigation (and in intellectual property litigation more generally). This paper will comment on many of the options that have been suggested, but will also approach the question from a slightly different angle, namely, by asking what should be the role of international norms in resolving these dilemmas?¹ From my analysis of that question, I will defend a proposition that I have previously advanced in some detail, namely, that national courts confronted with an international copyright dispute should consider using what the late Fritz Juenger called the substantive law method.

I. Some comments on the conventional private international law of intellectual property

Some of what I would like to suggest might seem heretical both to private international lawyers used to localizing international conduct so as to apply national law and to intellectual

* Professor of Law and Norman & Edna Freehling Scholar, Director, Program in Intellectual Property Law, Chicago-Kent College of Law. This paper is based on remarks delivered at the Max Planck Institute for Foreign Private Law and Private International Law, Symposium on Intellectual Property in the Conflict of Laws, Hamburg, in March 2004. Thanks to Axel Metzger, Annette Kur and Josef Drexler for the invitation, and to all the participants at that event for comments and criticisms. I am grateful also to Brian Havel for comments on an earlier draft of the paper.

¹If international norms are to be found primarily in international conventions – a conventional premise, to be sure – I am really asking what use private international lawyers can make of public international law. But one of the most intriguing aspects of the internationalization of copyright norms that has occurred of late is that international norms arguably are being generated and embodied in a variety of instruments, some of which are neither public nor (formally) sources of law. See Graeme B. Dinwoodie, *Private Ordering and the Creation of International Copyright Norms: The Role of Public Structuring*, 160 JOURNAL OF INSTITUTIONAL AND THEORETICAL ECONOMICS 161 (2004). Thus, while I concern myself primarily with public international laws, I do not mean to confine my use of the term “international norms.”

property lawyers in whom the principle of territoriality has been firmly ingrained (if perhaps without full contemplation of the different dimensions to that proposition).² Thus, in this part of the paper, I will engage with the conventional debate by commenting on the analysis offered in other papers, which I hope will also set the scene for my suggested approach.

A. The central issues in copyright law

A principal point of contention during the symposium discussion has been the extent to which any rules of private international law in this field must have horizontal effect. That is, should the approach to copyright law be the same as that adopted in the areas of industrial property, primarily patent and trademark, law? Catherine Kessedjian discussed this question in her paper under the rubric of *depeçage*.³

Why might we have a different focus, and different rules, for copyright law? Several commentators found this problematic, or at least demanded a persuasive rationale for departing from a more trans-substantive approach. And this is a fair demand. The subject matter of different intellectual property regimes is converging, and claims are often asserted based upon two or more intellectual property rights. Radically different approaches to the applicable law may substantially reduce the certainty necessary to encourage investment, and at the very least may threaten the consolidation gains that might otherwise be generated by the development of a common international approach to applicable law.

In rebutting the argument for consistency among the different intellectual property rights, however, I am reminded of Ralph Waldo Emerson's apothegm that "a foolish consistency is the hobgoblin of little minds."⁴ That is, the rules should be different because the intellectual property rights are different in important respects. Most notably, many (though by no means all)

²See Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law From the Nation-State*, 41 HOUS. L. REV. __ (2004) (forthcoming).

³See Catherine Kessedjian, *Current International Developments in Choice of Law -- An Analysis of the ALI Draft*, at 3 [in this volume]. Professor Kessedjian appears to be using this term in its French sense of "dismembering" one part of the law from another. In U.S. conflicts parlance, the term has a slightly narrower meaning. There, the doctrine of *depeçage* permits courts to apply the law of one state to one issue in a litigation before it and the law of another state to a separate issue in the same litigation. It thus recasts the choice of law exercise as an effort to select the law applicable to decide an issue rather than a case. See Willis Reese, *Depeçage: A Common Phenomenon in Choice of Law*, 73 COLUM. L. REV. 58, 58 (1973). The doctrine has been applied by U.S. courts in copyright cases. See, e.g., *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998) (applying Russian law to ownership question and U.S. law to infringement question); see also *The Bridgeman Art Library Ltd. v. Corel Corp.*, 25 F.Supp.2d 421 (S.D.N.Y. 1998), *aff'd on reconsideration*, 36 F.Supp.2d 191 (S.D.N.Y. 1999).

⁴See RALPH WALDO EMERSON, SELF-RELIANCE in RALPH WALDO EMERSON, ESSAYS: FIRST AND SECOND SERIES 35 (Vintage Press ed. 1990).

industrial property rights are acquired by registration.⁵ As a result, we might mitigate the conflicts dilemmas of territorial rights in a global market by constructing alternative acquisition or right-definition mechanisms. These may take the form of unitary supranational rights (such as the Community Trademark,⁶ the proposed Community Patent,⁷ or the Registered Community Design),⁸ or centralized mechanisms (such as the European Patent Convention,⁹ the Patent Cooperation Treaty,¹⁰ or the Madrid Protocol)¹¹ for granting, searching or examining applications. Although the latter maintain the basic premise of territorial rights, they tend to unify or at least cause the convergence of national definitions of the property right in question.

Instead, with copyright, which international law requires to come into being without condition of formalities,¹² all this work must occur in the courts, in the context of enforcement of rights. This, of course, has benefits (if one is a supporter of liberalized procedures for

⁵At the symposium, Professor Joanne Schmidt suggested correctly that this line cannot be drawn too brightly given the existence of unregistered trademark rights and now, throughout the European Union, unregistered design rights. Unregistered trademark rights might be seen as akin to copyright in that the lack of registration mechanisms not only obviates problems for multinational adjudication (such as act of state claims) but also precludes the availability of opportunities to resolve territoriality problems through other means (such as international acquisition mechanisms). But separate treatment might still be warranted because, for example, the validity of unregistered trademark rights depends on consumer recognition (not assessment of creativity), which may be tied more closely to national adjudicators. *Cf.* American Law Institute Project on Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes (Prelim. Draft No. 2 Jan. 20, 2004) (hereinafter ALI Draft Principles) (treating unregistered trademark rights separately from copyright, though without articulating this rationale).

⁶*See* Council Regulation 40/94 of 20 December 1993 on The Community Trademark, 1994 O.J. (L 11), reprinted in GRAEME B. DINWOODIE ET AL, INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY, DOCUMENTARY SUPPLEMENT 209 (LexisNexis 2001).

⁷*See* Proposal for a Council Regulation on the Community Patent (Aug. 1, 2000), at http://europa.eu.int/comm/internal_market/en/indprop/patent/412en.pdf

⁸*See* Council Regulation (EC) No. 6/2002 on Community Designs (Dec. 12, 2001), 2002 O.J. L 3/1, http://oami.eu.int/en/design/pdf/reg2002_6.pdf.

⁹*See* Convention on the Grant of European Patents (European Patent Convention), done at Munich Oct. 5, 1973, <http://www.european-patent-office.org/legal/epc/mal.html#CVN>, reprinted in DINWOODIE ET al, *supra* note 6, at 483.

¹⁰*See* Patent Cooperation Treaty (June 19, 1970), <http://www.wipo.int/pct/en/texts/pdf/pct.pdf>, reprinted in DINWOODIE ET al, *supra* note 6, at 373.

¹¹*See* Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (June 28, 1989), http://www.wipo.int/madrid/en/legal_texts/madrid_protocol.htm, reprinted in DINWOODIE ET al, *supra* note 6, at 159.

¹²*See* Berne Convention for The Protection of Literary and Artistic Works (1971 Paris text), 1161 U.N.T.S. 31. *See generally* SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986 (1987).

consolidation of national disputes) in that the grant of copyright is not (unlike registered rights) perceived as an “act of state”. Thus, although copyright claims historically were not (for reasons discussed below) adjudicated in courts other than the courts of the country for which protection was sought, the act of state doctrine should not at least be a barrier to the adjudication of foreign copyright claims.¹³

Before addressing the adjudication of foreign copyright claims in greater detail, however, I shall briefly comment on another group of rationales that might support differential treatment. Copyrightable works possess a greater universality than trademark or patent rights. Although we adhere to the legal fiction that the single act of creation gives rise to numerous separate national copyrights, we are in fact talking about a single work. Trademark law (which depends on consumer understandings in different countries) and patent law (which depends on claims accepted by the patent office, partly a function of relevant prior art in each country) are more relative and thus more tied to national variables. At first blush, therefore, it would seem that the copyright’s universality should lend itself more readily to international adjudication.

Contemporary copyright law may, however, alternatively be viewed merely as an instrument of national trade and investment policy, and thus no different than patent or trademark law. (Indeed, one might make that argument about copyright law historically as well.)¹⁴ This is not to deny that the natural rights of authors are not an important justification, domestically and internationally, for the existence of copyright protection. Rather, particularly as the subject matter of copyright expands, one cannot ignore the instrumentalist rationale for protection: copyright protection for software, for example, exists for many of the same reasons as patent protection of software.¹⁵

Putting aside this (still important) question of whether copyright should be treated differently from other intellectual property rights, an important variable in the litigation of transnational copyright claims is whether national courts can and should adjudicate foreign copyright infringement actions. Although most courts historically declined to adjudicate these

¹³See *London Film Prods. v. Intercontinental Comms.*, 580 F. Supp. 47, 49 (S.D.N.Y. 1984) (“But as Nimmer has noted, “[i]n adjudicating an infringement action under a foreign copyright law there is . . . no need to pass upon the validity of acts of foreign government officials,” since foreign copyright laws, by and large, do not incorporate administrative formalities which must be satisfied to create or perfect a copyright.”).

¹⁴*Cf.* Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America* in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 131 (Brad Sherman and Alain Strowel eds. 1994).

¹⁵The convergence of patentable, copyrightable and trademark subject-matter might be a practical counter argument against depeage, as we might wish all intellectual property claims on products to be litigated at once in the same court. This is a major criticism of the latest (post-symposium) draft of the Hague Convention on Jurisdiction, Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters, Work. Doc. No. 110E (Revised) (27 April 2004), at www.hcch.net/doc/jdgm_wd110_e.pdf, although the literal text of the latest draft would not appear to implement the stated aim of the most recent negotiations, namely, to exclude patent and trademark claims from the scope of the convention while including copyright.

claims,¹⁶ the arguments for such judicial self-abnegation have receded in the face of practical necessity. As I noted above, and as reflected in article 1(3) of the latest draft of the Hague Agreement on Jurisdiction and Judgments in Civil and Commercial Matters, the act of state doctrine has lesser relevance to the adjudication of foreign copyright claims than to patent or trademark claims.

Other historical objections, such as those rooted in the expertise necessary to decide copyright cases, have also faded.¹⁷ The notion that copyright law is so specialized that only national experts could deal with its intricacies has finally and rightfully been found attributable solely to the arrogance of copyright scholars (and lawyers).¹⁸ And the notion of copyright as a tool of national cultural and innovation policy – while undoubtedly true – has been tempered by the restricted ability of a nation state to effectuate such policies and by the realization that tort and contract law may lay equally as important a claim. Thus, in recent years, both U.S. and EU courts have increasingly permitted the adjudication of claims under foreign copyright law.¹⁹

¹⁶See Graeme W. Austin, *The Infringement of Foreign Intellectual Property Rights*, 113 LAW Q. REV. 321 (1997).

¹⁷To my mind, these arguments are of equally little merit in patent and trademark law. See Graeme B. Dinwoodie, *Private International Aspects of the Protection of Trademarks*, WIPO Doc. No. WIPO/PIL/01/4 (2001). But the expertise argument has proven more resilient in that context.

¹⁸The raw information necessary to develop expertise has been made more accessible by electronic retrieval systems, WIPO's collection of national laws, and the TRIPS Council's questionnaires on national laws. And if judges now converse among themselves in more significant ways, as is clearly the case among specialist intellectual property judges and perhaps the bench as a whole, the currency of that information and the understanding necessary to see its nuances will likewise increase.

¹⁹See, e.g., *Boosey & Hawkes Music Pubs. v. The Walt Disney Co.*, 145 F.3d 481 (2d Cir. 1998); *London Film Prods. v. Intercontinental Comms.*, 580 F. Supp. 47 (S.D.N.Y. 1984); *Carrell v. The Shubert Organization Inc.*, 104 F.Supp.2d 236 (S.D.N.Y. 2000) (permitting claims based on foreign copyright laws to proceed notwithstanding the plaintiff's failure to specify in her complaint the particular countries under whose laws the claims were made); *Armstrong v. Virgin Records*, 91 F. Supp.2d 628, 637-38 (S.D.N.Y. 2000) (entertaining claims based on unspecified foreign copyright laws on the basis of diversity jurisdiction and pendent jurisdiction); *Frink America, Inc., v. Champion Road Machinery, Ltd.*, 961 F. Supp. 398, 404 (N.D.N.Y. 1997) (declining to dismiss claim under Canadian copyright law). *Contra* *ITSI T.V. Prods, Inc. v. California Authority of Racing Fairs*, 785 F.Supp. 854 (N.D. Cal. 1992), *rev'd on other grounds*, 3 F.3d 1289 (9th Cir. 1993) (declining to enter the "bramble bush" of foreign copyright law). The English courts have recognized that certain foreign copyrights claim might be adjudicated before them. See *Pearce v. Ove Arup Partnership*, [1999] 1 All E.R. 769 (Ct. Appeal, 1999) (Eng.). This is a consequence of U.K. membership of the Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, see *Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters*, Sept. 27, 1968, 1972 O.J. (L 299) 32, reprinted in 8 I.L.M. 229 (1969), as amended by 1990 O.J. (C 189) 1, reprinted as amended in 29 I.L.M. 1413 (1990), the basic tenets of which have been repeated in the Brussels Regulation. See *Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters*, O.J. Jan. 16, 2001 (L 12/1). Unlike the EU, the U.S. courts have not been so inclined with patent and trademark law. The scope of cross-border jurisdiction in patent cases within the EU is, however, currently before the European Court of Justice. See *Roche Nederland B.V. v. Primus and Goldenberg*, Case C-593/03.

More important than this development in and of itself, however, is the concomitant trend that adjudication of foreign copyright claims has facilitated, namely, the replacement of serial country-by-country litigation by consolidated litigation of numerous claims under different national laws. Most notable in this regard is perhaps the litigation between Boosey & Hawkes and Disney²⁰ in New York of claims under eighteen national laws; a global settlement of claims was reached as soon as the Court of Appeals for the Second Circuit permitted the case to proceed. Indeed, the consolidation of national litigation is one of the driving forces behind the ALI project²¹ (although not so of the Hague negotiations, even when broader) and was apparently a leading sentiment underlying the AIPPI resolution on private international law at Lucerne.²²

These recent developments have not, however, solved all the principal concerns of international copyright litigation. None of these developments resolves outstanding and troubling choice of law problems. Nor are plaintiffs *obliged* to consolidate their numerous national claims. Thus, in the battle over the legitimacy of peer-to-peer networks, the recording industry is simultaneously pursuing copyright infringement claims (under U.S. law) in federal court in California and (under Australian law) in the Australian courts. Indeed, efforts by Kazaa to stay the Australian proceedings pending the U.S. decision have failed.²³

Thus, in considering proposals to reform choice of law rules in copyright law or procedural rules regarding consolidated international litigation, one must make the proper comparison. The comparison is not to an ideal system, but to a system where parties in litigation are currently seeking to exploit for their advantage the weaknesses of an international system where there is an unstructured excess of adjudicatory and prescriptive authority – and this phenomenon is only likely to increase with the upsurge in internet-based claims.²⁴

B. Existing and Proposed Approaches to Choice of Law in Copyright Cases

In fashioning a choice of law solution for copyright law, we are not working with a clean

²⁰Boosey & Hawkes Music Pubs. v. The Walt Disney Co., 145 F.3d 481 (2d Cir. 1998).

²¹ALI Draft Principles, *supra* note 5, at 19, 61.

²²See AIPPI Resolution on Question 174, Jurisdiction and applicable law in the case of cross-border infringement (infringing acts) of intellectual property rights, recital (a) (Oct. 26, 2003).

²³See Universal Music Australia Pty Ltd. v. Sharman License Holdings Ltd [2004] FCA 183 (Fed Ct. Mar. 4, 2004) (Aus.). The problem is not unique to copyright law, of course. A similar phenomenon, with similar attachment to serial national litigation, can be seen in the ongoing dispute between Lindows and Microsoft regarding the trademark WINDOWS for software. After the U.S. court declined to issue an antisuit injunction against Microsoft pursuing its foreign litigation, *see* Microsoft Corp. v. Lindows.com, Inc., Case No. CO1-2115C, (W.D. Wash. Apr. 2, 2004) (copy of memorandum and order on file with author), and decisions in Europe favorable to Microsoft, Lindows decided to change its name (mostly only overseas, but with some effect in the United States).

²⁴See Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 536-37 (2000).

slate, however. Many scholars have suggested that Article 5 of the Berne Convention (and Article 5(2) in particular) mandates the *lex loci protectionis* as the applicable rule, at least for questions of infringement. Catherine Kessedjian has intimated that she does not feel bound by Article 5, but wanted instead to look at this question afresh. Neither do I feel bound by Article 5 to reach a particular choice of law rule. As the Second Circuit suggested in *Itar-Tass*, and as Mireille Van Echoud demonstrates in her superb book on choice of law in copyright,²⁵ it is by no means clear that Article 5 of the Berne Convention requires a particular choice of law rule. To be sure, the national treatment obligation of the Berne Convention suggests that foreign nationality should not result in lesser rights, and thus suggests that some notion of “place” (rather than nationality) should be controlling. But even if this hint were meant to operate as a choice of law rule, it is not clear which “place” is the most relevant.²⁶

Thus, relatively liberated from the constraints of international treaties, let me turn to possible choice of law rules. Before sketching the alternatives, however, let me suggest two ways in which *substantive* treaty law might in fact affect the equation. First, substantive rules (whether in treaties or joint recommendations of the WIPO and Paris Union Assemblies) might infuse and give content to conflicts rules. This is most evident in the context of trademark law. There, the restricted meaning of “use” operates as a subsidiary conflicts rule, modifying (or defining) the notion of territoriality.²⁷ So too, in copyright law, rules in the Berne Convention defining the “place of publication”²⁸ will confine our options if the place of publication is selected as the dominant connecting factor.²⁹ The definition of “act of communication to the public” promulgated in the Cable and Satellite Directive likewise operates as a choice of law rule.³⁰ Yet, these rules achieve effects comparable to rules contained in explicit choice of law

²⁵See MIREILLE VAN ECHOU, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS: ALTERNATIVES TO THE LEX LOCI PROTECTIONIS (2003).

²⁶Indeed, the lack of clarity is such that, although Article 8(1) of the proposed Rome II Regulation comports with the conventional wisdom regarding choice of law in copyright law, it is not clear that Article 3(1) of the Rome II Regulation – the general provision governing tort liability – would, depending upon judicial interpretation, necessarily be inconsistent with the Berne Convention. See Proposal of the European Parliament and the Council on the Law Applicable to Non-contractual Obligations (“Rome II”), Doc. COM(2003) 427 final, 2003/0168 (COD) (July 22, 2003). That said, Article 8(1) makes EU compliance with Berne certain (even if the provision is bedeviled by the same uncertainty of meaning).

²⁷See Dinwoodie, *supra* note 17, at 45-49; see Joint Recommendation Concerning the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet, adopted by the Assembly of the Paris Union and the General Assembly of WIPO, WIPO Doc. No. 845 (Sept. 2001) (commenting on the remedies in online trademark disputes).

²⁸See Berne Convention, *supra* note 12, art. 5.

²⁹*Cf. Itar-Tass*, 153 F.3d at 90-91.

³⁰See Council Directive 93/83/EEC of 27 September 1993 on The Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission, 1993 O.J. (L 248), art. 1(2).

provisions, such as proposals to limit the possible *lex causae* to places of “significant impact” (as in the draft ALI Principles rule on exceptions from territoriality)³¹ or to the place of “effective use” (as proposed by Mireille van Echoud).³²

A second way in which substantive international copyright law might be relevant is in the sense that, with growing harmonization of copyright laws, especially as (perhaps atypically) regards issues not yet fully vetted at the national level, there is what Jane Ginsburg has called an emerging “supranational copyright code.”³³ This “code” has greater potential to supply rules of decision than when the Berne Convention was limited to backwards codification of agreed-upon norms.³⁴

So, what approaches should we take to choice of law in copyright cases? The starting point, historically, is the principle of territoriality that undergirds the Berne Convention and, indeed, all of international intellectual property law. The problem with territoriality as a dominant principle of international copyright law is that, especially in the online context, it offers an excess of prescriptive authority in resolving a multinational dispute. Thus, although the draft ALI Principles start by reaffirming territoriality and describing departures therefrom as the “exception,” I was interested to hear Francois Dessemontet suggest that in practice those departures were not likely to be all that exceptional.

Thus, courts and scholars have sought different ways to apply a single law to a multinational dispute. Even in the face of territoriality one can conform to the basic principle of territoriality *and* effectuate the objective of applying a single law to a worldwide dispute by designating a single point as the relevant “place”. That is, the localization sub-rule allows us to get the practical benefits of a single law without nominally departing from territoriality. In the United States, the application of a single law has been pursued both through localization devices and by an assortment of other pragmatic doctrinal devices that extrude a single (U.S.) law.

First, let’s examine the alternatives for localization of international disputes through choice of law rules (with particular reference to online disputes, where these dilemmas are most acute). One option would be to choose the place of initiation or origination of the allegedly infringing copy. This would give a single law, but because this is easily manipulable in today’s climate, this would likely lead infringers to copyright havens (technology permitting). Alternatively, one might consider localizing the infringing act in the place of receipt. This has the different problem of not providing a single law: there are too many places of receipt and

³¹See Draft ALI Principles, *supra* note 5, at 109.

³²See VAN ECHOUD, *supra* note 25, at 223.

³³See Jane C. Ginsburg, *International Copyright: From a “Bundle” of National Copyright Laws to a Supranational Code*, 47 J. COPR. SOC’Y 265 (2000).

³⁴See Dinwoodie, *supra* note 24, at 494-501.

indeed those locales may be quite fortuitous (a feature that conflicts rules typically wish to avoid in identifying the applicable law). The dispute can easily be localized in any place with jurisdiction, as the U.S. courts have done.³⁵

An alternative rule, arguably favored by the U.S. courts, would involve applying the law of the most significant relationship to the parties and transaction.³⁶ This approach, favored also by Canadian courts in online copyright disputes,³⁷ has the benefit of flexibility. But because the policy analysis underlying that approach strongly (almost presumptively) favors the *lex loci delicti*, it suffers in the internet context from the same problem as the place of receipt – two many loci delicti (places of publication). These approaches suffer from a common flaw, in that they seek to identify a single “place” rather than a single “law”.

Before elaborating on possible choice of law rules, however, an alternative set of devices used by U.S. courts to extrude U.S. law globally is worth noting. First, several U.S. courts have suggested that they will exercise jurisdiction over acts abroad where there exists a “predicate act” in the United States that facilitates infringement abroad (and, implicitly, apply U.S. law to determine the legality of those acts).³⁸ Second, if an act abroad is alleged to have contributed

³⁵See *National Football League v. TVRadioNow Corp.*, 53 U.S.P.Q.2d 1831, 1834-35 (E.D. Pa. 2000) (holding that where defendants originated the streaming of copyrighted programming over the internet from a web site in Canada, public performances occurred in the United States because users in the United States could access the web site and receive and view the defendants’ streaming of the copyrighted material).

³⁶In *Itar-Tass*, the Court of Appeals for the Second Circuit applied the law of the place of infringement, the *lex loci delicti* to determine the question of infringement, but it was unclear whether the court was articulating a strict First Restatement-based rule of *lex loci delicti*, or was intimating that, as a matter of interest analysis more typical of the Second Restatement, the law of the most significant relationship would result in the application of the law of the place of infringement.

³⁷See *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers (Tariff 22)*, 2002 FCA 166 (Federal Court of Appeal 2002) (Canada) (holding that Canadian copyright law could be applied to any communications that had a “real and substantial connection” with Canada and was not restricted to communications from a host server located in Canada). The Canadian Supreme Court recently handed down its opinion in the *Tariff 22* appeal and does not depart radically from the lower court’s approach to choice of law. See *Canadian Association of Internet Providers v. Society of Composers, Authors and Music Publishers of Canada (Tariff 22)*, 2004 SSC 45 (Supreme Court of Canada) (June 30, 2004). The majority endorsed the proposition that Canadian law could apply where there was a “real and substantial connection”, see *id.* at ¶¶ 54-78, regardless of where the host server was located, and identified several factors (situs of the content provider, host server, intermediaries and end users) that would be relevant connecting factors. See *id.* at ¶ 61. The Court did however conduct a separate analysis of whether the Canadian Parliament had exercised this prescriptive authority in the relevant statutory enactment.

³⁸See, e.g., *Los Angeles News Serv. v. Reuters T.V. Int’l Limited*, 149 F.3d 987 (9th Cir. 1998) (unauthorized transmission and copy of work made in the United States and then further transmitted to Europe and Africa); *Update Art, Inc. v. Modiin Publishing, Ltd.*, 843 F. 2d 67, 72-73 (2d Cir. 1988) (unauthorized copy of plaintiff’s poster made in the United States and then further copied and distributed in Israel); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir.1939) (awarding plaintiff profits from both U.S. and Canadian exhibition of infringing motion picture where a copy of the motion picture had been made in the United States and

towards an infringement in the United States, the U.S. courts will exercise jurisdiction over the foreign acts.³⁹ Finally, in some (but not all) courts, the authorization in the United States of allegedly infringing acts abroad will be sufficient to give rise to a cause of action under U.S. law.⁴⁰

These devices might be seen (favorably) as driven by the same efficiency and security objectives that drive consolidation efforts. Indeed they avoid some of the problems of consolidation, such as how to try cases under eighteen foreign copyright laws (which may weaken claims of efficiency in preference to serial national litigation).⁴¹ But they might also be seen as efforts by U.S. courts to extrude their laws extraterritorially. If I may paraphrase Paul Torremans, the U.S. courts have moved not so much from dodging the bullets to biting them, but onward still to actively seeking them.⁴²

II. The Role/Demise of Territoriality in Choice of Law

In looking for other alternatives, it is worth having a clear view of national claims of prescriptive authority in the online environment. First, let me emphasize that I am not what Jack

then shipped to Canada for exhibition), *aff'd*, 309 U.S. 390 (1940).

³⁹*See, e.g.*, GB Mktg. USA Inc. v. Gerolsteiner Brunnen GmbH & CO., 782 F. Supp. 763 (W.D.N.Y. 1991 (contributory infringement)); Armstrong v. Virgin Records, 91 F. Supp.2d 628, 635-36 (S.D.N.Y. 2000) (finding that jurisdiction may exist over defendant's foreign acts to the extent that the defendants could be liable contributory or vicariously for subsequent infringement within the United States); Blue Ribbon Pet Prods., Inc., v. Rolf C. Hagen (USA) Corp., 66 F. Supp.2d 454, 461-63 (E.D.N.Y. 1999); ITSI T.V. Prods, Inc. v. California Authority of Racing Fairs, 785 F.Supp. 854, 864 (E.D. Cal. 1992), *rev'd on other grounds*, 3 F.3d 1289 (9th Cir. 1993); *see also* Metzke v. The May Department Stores Company, 878 F. Supp. 756 (W.D. Pa. 1995) (defendant can be liable where it supplied copy of design to copier in Taiwan if it knew or should have known that unauthorized copies made in Taiwan would be distributed in the United States).

⁴⁰*See* Expeditors Int'l of Wash., Inc. v. Direct Line Cargo Mgt. Servs., Inc., 995 F.Supp. 468, 477 (D.N.J.1998) and Curb v. MCA Records, Inc. 898 F. Supp. 586 (M.D. Tenn. 1995). *Contra* Subafilms, Ltd. v. MGM-Pathe Comms. Co., 24 F.3d 1088, 1095 (9th Cir. 1994) (en banc) (mere authorization in the United States of foreign infringing conduct cannot be actionable under U.S. copyright law because the direct act of infringement abroad was not actionable in the United States); Fun-Damental Too v. Gemmy Indus., 41 U.S.P.Q.2d 1427 (S.D.N.Y. 1996) (following *Subafilms*) and Armstrong v. Virgin Records, 91 F. Supp.2d 628, 634 (S.D.N.Y. 2000).

⁴¹This may not be quite as significant a hurdle as it might first appear. In practice, in an era characterized by numerous harmonization pressures, most national laws can be grouped together under a relatively small number of different approaches. Thus, the trial may involve the application of several paradigmatic rules. Indeed, one concern of critics who support consolidation for (inter alia) its efficiency gains but fear universal rules for other normative reasons, *see* Graeme W. Austin, *Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation*, 23 COLUM.-V.L.A. J. L. & ARTS 1 (1999), might be that the application of a single law (most likely, the forum law) might effectively occur as courts, in the setting of a trial that appears to involve a single work, subconsciously pursue the convenience of a smaller number of rules.

⁴²*See* Paul Torremans, *Jurisdiction and Choice of Law issues in United States Intellectual Property Cases: From Dodging the Bullet to Biting It*, 3 INTEL. PROP. Q. 372 (1999).

Goldsmith called a “regulation skeptic”;⁴³ online conduct clearly affects national interests offline and nation states have a claim to prescribe conduct notwithstanding its online character.⁴⁴ By the same token, because online conduct is likely to affect any number of other claimants, that authority must be seen as diluted or shared.⁴⁵

In that light, it is therefore useful to re-assess our focus on territoriality. The resort to the principle of territoriality in the Berne Convention has to be seen as progress when viewed in its historical context. It was a departure from anti-foreigner discrimination that characterized pre-1886 copyright relations, and a vehicle for the harmonization and development of authors’ rights on an international scale. We are now at a different historical point in time, where it might be advisable to rethink territoriality as the defining feature of international copyright law. “Place” may not be as appealing a sole connecting factor pragmatically when “place” is not so fixed, nor so normatively compelling if place is less central to the ability of the citizenry to participate in the democratic process and less tied to the felt obligations of a community.

The arguments for such a radical departure from prevailing approaches can be grounded in conflicts concerns or in broader questions about the potential of the substantive law method to contribute to international lawmaking. I first argued for using the substantive law method in international copyright litigation because of what I saw as advantages for the international copyright system.⁴⁶ For present purposes, I focus on conflicts rationales, and thus turn to the different ways in which public international copyright norms might be relevant to conflicts.

III. The Role of International Norms in National Choice of Law Analyses

The conventional view of public international norms, as embodied in treaties, was that they stood as an *alternative* to conflicts methodology. That is, if we effected substantial harmonization then conflicts would be minimized. For a variety of obvious reasons I won’t detail here, harmonization will not avoid the need for rules of private international law (even if it might lessen them).

A second use for international norms is in *identifying* acceptable *lex causae*. In Jane Ginsburg’s early work, she used the notion of “TRIPS-compliant laws” to exclude certain

⁴³See Jack L. Goldsmith, *The Internet and the Abiding Significance of Territorial Sovereignty*, 5 IND. J. GLOBAL LEGAL STUD. 475, 484-85 (1998).

⁴⁴See Dinwoodie, *supra* note 24, at 541 n.224.

⁴⁵See *id.* at 551 n.252.

⁴⁶See *id.* at 569.

information havens from potentially supplying the applicable law.⁴⁷ Indeed, the current ALI draft Principles would, when they depart from territoriality in Section 302 to find a single law applicable to a multi-territorial dispute, might have regard to TRIPS (and other international norms) in identifying that law.⁴⁸

A third ---- and presently speculative – use for international norms would be in *constituting* the applicable substantive rule. That is, some scholars, reprising efforts made in the development of the initial Berne Convention in 1886, have suggested the development of a supranational copyright code.⁴⁹ Of course, supranational codes have been used successfully to resolve the difficulties of private international law in the industrial property arena. Notable examples include the Uniform Domain Name Dispute Resolution Policy (UDRP)⁵⁰ and the Community Trademark Law (CTM). Yet, neither of these supranational codes wholly obviates the need to have regard to national laws, and thus to involve (albeit less extensively) questions of conflicts of law.⁵¹

Moreover, these models are less likely to have application in the copyright *infringement* context, where rights are not (like the CTM) dependent on a centralized acquisition procedure and are not easily sent to quasi-arbitration (like the UDRP).⁵² Moreover, even if such supranational systems were successfully installed, this might simply shift the focus of choice of

⁴⁷Jane C. Ginsburg, *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks*, WIPO Doc. GCPIC/2 (Nov. 30, 1998) at 18-19; Jane C. Ginsburg, *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks, 2000 Update*, WIPO Doc. No. PIL/01/02 (2000), available at http://wipo.int/pil-forum/en/documents/pdf/pil_01_2.pdf.

⁴⁸See ALI Draft Principles, *supra* note 5, § 302(2)(b). Even without express reference this consideration might have come to be relevant via the “public policy” safety-valve to traditional choice of law analysis.

⁴⁹See Adrian Sterling, *International Copyright Protection System*, at www.qmipri.org/icps.html

⁵⁰See Uniform Domain Name Dispute Resolution Policy (Oct. 24, 1999), at <http://www.icann.org/udrp/udrp-policy-24oct99.htm> [hereinafter UDRP]; see also Rules for Uniform Domain Name Dispute Resolution Policy (Oct. 24, 1999), at <http://www.icann.org/udrp/udrp-rules-24oct99.htm>

⁵¹See Winfried Tilmann [this volume]; Dinwoodie, *supra* note 17, at ¶¶ 117-126; see also Graeme B. Dinwoodie, *International Intellectual Property Litigation: A Vehicle for Resurgent Comparativist Thought?*, 49 AM. JOURNAL OF COMPARATIVE LAW 429, 444-45 (2001).

⁵²See Dinwoodie, *supra* note 24, at 522-528. Larry Helfer and I have tried to suggest a system whereby, through ISP contracts, a copyright parallel to the UDRP might be developed, but such a system is presently unlikely in the context of widespread copyright owner satisfaction with ISP notice and take own procedures. See Laurence R. Helfer and Graeme B. Dinwoodie, *Designing Non-National Systems: The Case of the Uniform Domain Name Dispute Resolution Policy*, 43 WM. & MARY L. REV. 141 (2001); see also Dinwoodie, *supra* note 1, at 170-74 (discussing the ways in which ISP practices might create international norms); Mark A. Lemley and R. Anthony Reese, *Reducing Digital Copyright Infringement Without Restricting Innovation*, 56 STAN. L. REV. 1345, 1410-1422 (2004) (discussing adaptation of the UDRP to copyright).

law dilemmas to “vertical” choice of law, choices between international and national norms rather than two competing national rules.⁵³

Finally, there is the use of international norms to *contribute* to the development of the applicable substantive law. What do I mean by that?⁵⁴ The basic approach would require that when confronted by an international copyright dispute, a court would consider whether the international dimension implicated policies of other states or the international copyright system,⁵⁵ and develop (and apply) a substantive rule of copyright law that best effectuated this range of policies. The approach is not without historical antecedent (although not in copyright law). In Roman law, starting around 242 B.C., this was the method by which the *praetor peregrinus* developed the *ius gentium*, applied to the increasingly frequent disputes involving non-Roman citizens that occurred with the expansion of Empire.⁵⁶ Importantly, the *ius gentium* came eventually to inform the development of law applicable to disputes between citizens. More recently, this is essentially a description of the *lex mercatoria*, which is frequently used in international commercial arbitration. And, in rare cases, national courts have resorted to analogous methods to resolve multistate disputes.⁵⁷

Modern scholarly support for such an approach to transnational disputes, most particularly that found in the writings of Arthur von Mehren, was grounded in the perceived capacity of the approach to reconcile the objectives of multilateral and unilateral conflicts methodology.⁵⁸ But, thirty years after von Mehren articulated the rationale behind *his* support of the substantive law method, and in light of the challenges currently facing international copyright law, additional justifications grounded both in pragmatism and principle can be advanced.

⁵³ See Dinwoodie, *Resurgent Comparativist Thought*, *supra* note 51 at 445, 449, 451-52.

⁵⁴For a much fuller elaboration, see Dinwoodie, *supra* note 24; see also Graeme B. Dinwoodie, *The Development and Incorporation of International Norms in the Formation of Copyright Law*, 62 OHIO ST. L. J. 733 (2001).

⁵⁵Reference to public international copyright lawmaking in adjudicating copyright cases by U.S. courts have largely been made to support deference to treaty negotiations by the executive branch and thus to limit litigation of international copyright questions. See, e.g., *Creative Technology, Ltd. v. Aztech System, Ltd.*, 61 F.3d 696, 701 (9th Cir. 1995) (referencing Berne and Universal Copyright Convention in justifying dismissal of international copyright claim on grounds of forum non conveniens); *Subafilms, Ltd. v. MGM-Pathe Comms. Co.*, 24 F.3d 1088, 1098 n.16 (9th Cir. 1994) (en banc) (noting deleterious effect of applying U.S. copyright law to domestic authorization of allegedly unauthorized acts abroad in light of Berne accession and TRIPS negotiations).

⁵⁶See FRIEDRICH K. JUENGER, *CHOICE OF LAW AND MULTISTATE JUSTICE* 8-10 (1993).

⁵⁷See *In re Agent Orange Product Liability Litigation*, 580 F. Supp. 690 (E.D.N.Y. 1984) (developing “national consensus law” on manufacturer’s liability in multistate product liability class action).

⁵⁸See Arthur T. von Mehren, *Special Substantive Rules for Multistate Problems: Their Role and Significance in Contemporary Choice of Law Methodology*, 88 HARV. L. REV. 347 (1974); see also Arthur T. von Mehren, *Choice of Law and the Problem of Justice*, 41 LAW & CONTEMP. PROB. 27 (1977).

Pragmatically, the substantive law method represents an alternative avenue to the development of international norms at a time when little progress is being made in the arena of public international copyright law. And, as a matter of principle,

a method that draws its applicable rule in international cases from an amalgam of national and international norms reflects the complex and interwoven forces that govern citizens' conduct in a global society. Existing choice of law methodology fails to recognize these interacting forces by compelling courts to localize matters that are not local and to judge disputes according to a single norm where citizens do not act (or expect to be judged) according to that norm alone. A substantive law method would seek to reflect rather than to deny that reality of modern life.⁵⁹

Nor is the approach conceptually novel. In a domestic context, where no single previously announced substantive rule of decision provides an answer, a court will often articulate a new rule, likely drawing upon the extent to which the new set of facts mirrors and implicates the same concerns as existing rules. Why should courts be more constrained when the new variable is the multistate nature of the transaction?

In my 2000 article, advocating this method, I argued, “[i]f plaintiff would be awarded \$800,000 under the law of State X, and recover nothing under the law of State Y, might a cause of action implicating both State X and State Y entitle the plaintiff to recover \$400,000 (or some other intermediate amount) that reflects the interests of both states?”⁶⁰ In fact, a recent German decision reflects in a similar way the need to balance the interests of competing states. In *Sender Felsberg*,⁶¹ the defendant, a radio station situated in Germany 300 meters from the French border, transmitted French radio programs in the direction of French territory. There was no evidence of a substantial number of German listeners. The radio station was established as a subsidiary of a Paris-based parent that produced all programs and sent them to the German subsidiary for re-transmission. The plaintiff, the German collecting society for performing artists, sued for damages after the defendant stopped paying royalties in Germany in response to an action brought by the French collecting society in France. The German plaintiff held only the neighboring right in Germany. The Bundesgerichtshof created a new legal rule to solve the problem. It applied German law, but addressed the possible double payments to different right holders by limiting the amount of compensation available to the plaintiff so that it recovered for only the damage that occurred in Germany.⁶²

There are some limits to the creative anarchy that the substantive law method might

⁵⁹Dinwoodie, *supra* note 24, at 550.

⁶⁰*See id.* at 548.

⁶¹Decision of the German Bundesgerichtshof (decision of 7 November 2002, GRUR Int. 2003, 470).

⁶²I am greatly indebted to Josef Drexl for this English language summary of the case.

appear to portend. I am not suggesting that in international copyright cases there will not be cases where the prescriptive claim of a single state so dominates that the law of that state should apply. Rather, I am simply suggesting that in many cases that historical assumption may not pertain. No single national law will apply. When that is so, and the problem is truly *international* in nature, a court should look to a variety of sources: treaties, relevant national laws that will constrain the range of choices, and the norms of post-national groupings (just as commercial customs inform the *lex mercatoria*).

Such an approach is not, of course, without costs. In particular, this approach might appear to undervalue the certainty necessary to ensure a climate in which there is adequate investment in the development of creative products. But one must ask the proper question: is the level of certainty in such an approach, especially over the long-term, any less than that engendered by the current system? Others might question the legitimacy of national judges making law, especially insofar as it purports to have international import. To this, I have two responses. First, judges make law. Second, any such law is not “international law” in any Benthamite sense. It is local law addressed to an international dispute. As such, it is subject to national political controls (and reform). Finally, this court-centric approach might appear to favor systems (such as the United States) where litigation is more prevalent. But courts are always dominant in the construction of private international law, and the extra-territorial effect of domestic decisions will in part be a function of its reception in enforcing countries.

IV. Conclusion

So, you might ask, how does my proposal fit with the leading institutional projects we have been discussing in this symposium? My proposal was first advanced at a time when the U.S. courts had declared that they were obliged to create a new choice of law rule because neither treaties nor Congress had provided them with one. No copyright court has taken up my suggestion. And I doubt that the American Law Institute project will endorse the substantive law method as the approach to conflicts in copyright cases. If the current ALI draft is criticized, as it was by commentators at the symposium, as too heavy with detail in a “style typical of American lawmaking,” then this proposed approach may lean too much in the other direction. For the same reason, I doubt that the European Commission is likely to adopt such a rule in any regulation or directive any time soon.

But discussion of the substantive law method will, I hope, focus our attention on a principle that I think we too readily ignore: that is, despite the efforts of private international lawyers (throughout most of our history) to take an international dispute and localize it in a single nation state, at some point it becomes inappropriate to judge conduct that takes place on an international level and affects the interests of many states as though it had occurred in one state alone. In our internationalized world, where the nation-state has lost some of its prominence as a source of prescriptive authority, we need to attend more directly to the possibility that international conduct be judged according to international norms.