

**CONFLICTS OF LAWS IN COPYRIGHT CASES:  
INFRINGEMENT AND OWNERSHIP ISSUES**

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*“Are laws of 200 different jurisdictions . . . applicable?”*  
Arpad Bogsch, WIPO World Forum, Naples, October 18, 1995

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I. INTRODUCTION

Increasingly, creative works cross borders, arguably falling under the laws of different countries. In copyright matters, conflicts of laws will arise on important issues in litigation and transactions. We shall here construct a framework to help counsel exhaustively analyze such conflicts.<sup>1</sup> On some clearly open issues we shall propose some rules of thumb to guide courts toward solutions. The international system of treaties will in any event control these solutions. In some hard cases we shall only indicate options for courts to explore.<sup>2</sup>

<sup>1</sup> For the analyses which this Article reconsolidates and refines, see Paul Edward Geller, *International Copyright: An Introduction* §§ 1[3][a], 3[1], 6, in 1 INTERNATIONAL COPYRIGHT LAW & PRACTICE (Paul Edward Geller ed., 2003) [hereinafter INT’L COPR. LAW & PRACTICE].

<sup>2</sup> For more speculative analyses, see Paul Edward Geller, *Conflicts of Laws in Cyberspace: Rethinking International Copyright*, 20 COLUM.-VLA J.L. & ARTS 571 (1996), in a more concise version in 44 J. COPR. SOC’Y 103 (1996) [hereinafter Geller, *Conflicts of Laws in Cyberspace*], and in translations in 31 UNESCO COPR. BULL., no. 1, at 1 (1997). Note that the analyses in the

Part II below will introduce tools useful for dealing with conflicts of laws in copyright cases. After that, we shall illustrate how to use these tools with regard to distinct types of copyright issues. Part III will explain how to resolve conflicts arising with regard to infringement issues in different phases of cross-border cases, from pleading to provisional remedies and then final relief. Part IV will disentangle conflicts of laws concerning ownership issues, starting with the initial vesting of rights and moving to transfers by contract and then to transfers by law.<sup>3</sup>

## II. THE CONFLICTS TOOLBOX

In cross-border cases, claimants often shop for forums. The reason is obvious: forum law normally includes the court's jurisdictional, procedural, and conflicts laws. Conflicts law, of course, determines which substantive laws invoked in a cross-border case are to be chosen to govern issues on which the case may turn. To focus our analysis on conflicts of laws, suppose that a U.S. federal district court has already properly taken jurisdiction in a cross-border copyright case.<sup>4</sup> On that premise, we shall consider how the court would or should resolve conflicts of laws in the case. However, parties cannot always control where they are brought into a suit and face judgment. We shall therefore also touch on how foreign courts approach copyright conflicts.<sup>5</sup>

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present Article differ on some points from those in this past article. *See infra* note 137 and text accompanying notes 168-72.

- <sup>3</sup> Readers may start with the methodological Part II or instead plunge into the substantive discussions that follow it in Parts III and IV and refer back to Part II as needed or as cross-references in the footnotes suggest. Also Parts III and IV, and even some subtopics within them, may be read independently of each other, depending on research needs or following cross-references set out in the footnotes.
- <sup>4</sup> *See generally* 28 U.S.C. § 1331 (2000) (according federal jurisdiction over treaty-related issues); *id.* § 1332 (over diversity cases); *id.* § 1338(a) (over U.S. copyright claims). *See, e.g.,* *Armstrong v. Virgin Records, Ltd.*, 91 F. Supp. 2d 628, 637 (S.D.N.Y. 2000) (where a composer alleged infringement by a recording of his song exploited in interrelated transactions across borders, his claim of infringement taking place in the United States allowed the U.S. federal court "to exercise pendent jurisdiction over claims arising under foreign law").
- <sup>5</sup> For other reasons for comparative analysis, *see infra* text accompanying notes 15-19. Outside the United States, comparative analysis will be focused on Continental European cases and, by implication, on conflicts analyses generally followed in civil law jurisdictions. British approaches to conflicts of laws, to the extent not subject to E.C. law, are rather peculiar and may not coincide with either U.S. or Continental European analyses. For British conflicts doctrines, such as they are, *see* DICEY AND MORRIS ON THE CONFLICT OF LAWS (Lawrence Collins ed., 13th ed. 2000).

To start, we shall survey the conflicts toolbox. This overview will introduce methods of conflicts analysis with reference to copyright cases. Part II.A below will indicate how to approach a pair of threshold questions: In what terms may a court best characterize the issues on which laws conflict? How may a court sort out “true” from “false” conflicts of laws in a copyright case? Part II.B will ask how international policies may come into play when courts resolve conflicts of laws in the field. The Berne/TRIPs regime will be seen to impose the principles that defuse policy tensions most relevant in cross-border copyright cases. Part II.C will introduce the key Berne/TRIPs principle, national treatment, as the basis for resolving conflicts of laws concerning infringement.

A. *What Issues Are Subject to Conflicts of Laws?*

In a cross-border case, issue analysis may affect adjudication from pleadings through remedies. At the threshold of the case, there is the question of characterization, what Continental Europeans call *qualification*. We shall consider this question in Part II.A.1: In what terms, those of forum law or of some other law or laws, should a court formulate the issues on which laws ostensibly conflict? Once an issue is formulated, it is necessary to ask, as we shall in Part II.A.2: Are differing laws, proposed as dispositive of this issue, truly in conflict or not?

1. *In What Terms to Characterize an Issue?*

We shall repeatedly encounter the problem of characterization. Consider a case in which copyright is allegedly infringed across borders. The court faces issues such as: In what countries is copyright protection available? In what countries do infringing acts take place? The court needs to refer to some law or laws to specify what notions such as “copyright protection” and “infringement” mean. That is, it has to characterize infringement issues in legal terms applicable to the facts of the case at bar.<sup>6</sup> The problem of characterization also arises when a court has to distinguish which issues in a case are “infringement” issues and which “ownership” issues. As we shall see, the complexity of characterization increases dramatically when chain of title to copyright has to be established, link by link, worldwide.<sup>7</sup> There are three sets of tools available for characterization: the *lex fori* method, the *lex causae* method, and the comparative method.<sup>8</sup> We shall here argue against the *lex fori* method and for moving from the *lex causae* method to the comparative method.

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<sup>6</sup> See *infra* Part III.

<sup>7</sup> See *infra* Part IV.

<sup>8</sup> Compare 1 HENRI BATIFFOL & PAUL LAGARDE, *DROIT INTERNATIONALE PRIVÉ* 338-51 *passim* (7th ed. 1981) (favoring *lex fori*, with caveats), and

Start with a method often used, both in U.S. and foreign courts: *lex fori*. We do not propose this method as a tool to use, but rather as a tool to discard. Counsel and courts, most familiar with local law, the law of the forum, habitually use its terms to characterize issues. These terms are appropriate when only domestic law applies to a case, but they can blinker analysis when foreign laws may apply. Thus, in the few jurisdictions where the courts expressly opt for the *lex fori* method, the commentary at least conditions it with complicated caveats.<sup>9</sup> Indeed, this method, used alone, risks limiting or skewing judicial consciousness with regard to foreign laws that, though possibly quite different from forum law, may well bear on a given cross-border case. Imagine, for example, a case where a jazz musician of U.S. nationality creatively improvises a composition while performing it live in the United States, but does not have this work fixed in tangible form, and at the same time another party records this composition live and communicates it to the public in France and Germany without consent. U.S. law would not accord statutory copyright in the improvisational work embodied but not fixed in the performance, while French and German laws would protect the improvisational work, even though unfixed, with full copyright.<sup>10</sup> Characterization purely in U.S. terms could lead both counsel and the court to ignore possible French and German claims.<sup>11</sup>

The more cosmopolitan *lex causae* method comes into play the moment that counsel and courts stop confining themselves to *lex fori*. The *lex causae* method is the preferred default tool in many jurisdictions for characterizing issues arguably subject to conflicts of laws. In the United States, the *Second Restatement of Conflict of Laws* contemplates construing “local law concepts and terms . . . in accordance with the law that governs the

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MARTIN WOLFF, PRIVATE INTERNATIONAL LAW 153-66 *passim* (2d ed. 1950) (favoring *lex causae*, with caveats), with 1 ERNST RABEL, THE CONFLICT OF LAWS: A COMPARATIVE STUDY 47-66 *passim* (2d ed. 1958) (favoring the comparative method).

<sup>9</sup> See, e.g., YVON LOUSSOUARN & PIERRE BOUREL, DROIT INTERNATIONAL PRIVÉ 278-99 *passim* (3d ed. 1988) (explaining the French preference for the terms of *lex fori*, subject to caveats). Cf. FERENC MAJOROS, LE DROIT INTERNATIONAL PRIVÉ 107 (3d ed. 1990) (a “flexible and difficult matter”).

<sup>10</sup> It would be misleading here to confuse copyright in the improvisational work with neighboring or anti-bootlegging rights in the mere performance. Compare André Lucas & Pascal Kamina, *France* §§ 2[1][a], 9[1][a][i], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1, and Adolf Dietz, *Germany* §§ 2[1][a], 9[1][a], in 2 INT’L COPR. LAW & PRACTICE, *supra* note 1 (explaining copyright in unfixed works and neighboring rights in live performances), with Eric Schwartz, *United States* §§ 2[1][a], 9[1][a], in 2 INT’L COPR. LAW & PRACTICE, *supra* note 1 (explaining the fixation requirement for copyright and the anti-bootlegging right).

<sup>11</sup> For a method to avoid ignoring claims, see *infra* Part III.A.

issue involved.”<sup>12</sup> For example, if infringement is alleged in France and Germany, whose copyright laws are then proposed to govern liability, infringement is to be characterized in terms of the rights recognized in the French and German copyright laws, respectively. This *lex causae* method will serve as our starting point here, most importantly because it brings to judicial attention the diverse terms of the laws that are invoked as bearing on a case.<sup>13</sup> It thus prompts a court to interpret these laws — to ask how and why they should work in the case at bar — in order to better focus on possible conflicts of laws. Often enough, such interpretation calls for reading the possibly conflicting laws in the light of their underlying policy rationales.<sup>14</sup>

The comparative method may complement the *lex causae* method. In a cross-border case, a court often has foreign laws invoked before it. Each of these laws is normally interpreted in the terms of the larger foreign

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<sup>12</sup> 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 7(3) (1988). If we cite this *Restatement*, it is as a guide to conflicts law that U.S. courts may follow. Nonetheless, U.S. courts, while often citing this *Restatement*, do not always follow it consistently. For example, we shall critique one important U.S. copyright decision that deviates from the *Restatement* methodology. See *infra* text accompanying notes 47-51 and 199-202. The American Law Institute now has a project to consider principles governing the choice of law, as well as jurisdiction and judgments, in the field of intellectual property.

<sup>13</sup> The vexed question of *renvoi* arises here: Does a reference to foreign law in conflicts analysis only include the substantive law, or reach the conflicts law, of a foreign body of law? Compare 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 8 (1988) (declining to apply the conflicts law within such “local law” as a court may choose to apply, except in very rare and exceptional cases), with MAJOROS, *supra* note 9, at 108-09 (explaining that Continental European approaches are divided on point). In the field of copyright, the answer is simple for all jurisdictions: To the extent that the Berne/TRIPs regime determines basic principles dispositive of conflicts approaches, it moots issues of *renvoi*. See ANDRÉ LUCAS & HENRI-JACQUES LUCAS, TRAITÉ DE LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 888 (2d ed. 2001). Cf. JAMES J. FAWCETT & PAUL TORREMANS, INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW 469 (1998) (coming to the same conclusion, albeit by a different analysis).

<sup>14</sup> See Brainerd Currie, *Notes on Methods and Objectives in the Conflict of Laws* (1959 DUKE L.J. 171) [hereinafter Currie, *Notes on Methods*], in SELECTED ESSAYS ON THE CONFLICT OF LAWS 177, 183-84 (1963). See also Albert A. Ehrenzweig, *Characterization in the Conflict of Laws: An Unwelcome Addition to American Doctrine*, in XXTH CENTURY COMPARATIVE AND CONFLICTS LAW: LEGAL ESSAYS IN HONOR OF HESSEL E. YNTEMA 395 (Kurt H. Nadelmann et al. eds., 1961) [hereinafter XXTH CENTURY COMPARATIVE AND CONFLICTS LAW] (explaining approaches to characterization in U.S. conflicts jurisprudence).

body of law in which it has developed.<sup>15</sup> However, in many cross-border cases, it may be possible to construe applicable laws in common terms, rather than having to consider a grand variety of diversely formulated legal systems. Whenever possible, the comparative method characterizes issues in such common terms as can be drawn from an overview of all the laws arguably applicable to the case at bar, whether these are foreign or home laws. A court may then use such common terms to make the issues and facts before it “referable indifferently to foreign as well as to [the] domestic substantive law” of the forum.<sup>16</sup>

In the field of copyright, the Berne Convention and sequel treaties have facilitated this task by requiring treaty countries to accord a growing panoply of minimum rights. For example, the Berne Convention has assured, *inter alia*, rights of translation, of reproduction and adaptation, and of performance, broadcasting, and other forms of communication to the public.<sup>17</sup> Minimum rights have been formulated in a kind of copyright *lingua franca* that provides the courts with common terms for characterizing issues in the field.<sup>18</sup> Focusing on such common terms will also help to structure conflicts analyses in line with international policies.<sup>19</sup>

## 2. *Is the Issue Subject to a True or False Conflict?*

U.S. conflicts analysis has developed a method for disentangling *true* from *false* conflicts of laws.<sup>20</sup> This method prompts the courts to look behind the verbal tenor of arguably conflicting laws and to focus on the concrete results to which these laws lead. Generally speaking, there is a true conflict if the court must choose between conflicting laws because, in the case at bar, the policies respectively motivating these laws compel reaching different results. A false conflict is said to arise if the court need not choose between the different laws invoked in a case to the extent that

<sup>15</sup> See KURT LIPSTEIN, *PRINCIPLES OF THE CONFLICT OF LAWS, NATIONAL AND INTERNATIONAL* 95-98 (1981).

<sup>16</sup> 1 RABEL, *supra* note 8, at 54-56. See also GERHARD KEGEL, *INTERNATIONALES PRIVATRECHT* 208-15 (6th ed. 1987) (adopting Rabel’s “break-through” because it allows conflicts analysis to become independent both of *lex fori* and, progressively, of *lex causae*).

<sup>17</sup> For these rights, see Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised at Paris, July 24, 1971, arts. 6*bis*-16 *passim*, 828 U.N.T.S. 221 [hereinafter Berne Convention].

<sup>18</sup> For the origins and early extension of minimum rights, see 1 STEPHEN P. LADAS, *THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY* 184-89, chs. 8-11 *passim* (1938).

<sup>19</sup> For the role of policy in conflicts analysis, see *infra* Part II.B. For key references to such policies, see *infra* Parts III.B.1 and IV.B.3. For a critical analysis, see *infra* Part V.A.

<sup>20</sup> For the seminal analysis, see Currie, *Notes on Methods*, *supra* note 14, at 181-84.

these laws, read in the light of their policies, need not lead to different results. For example, there is no true conflict, but rather only a false conflict, where the laws invoked, whatever their underlying policies, compel reaching the same result in the case at bar.<sup>21</sup>

The notions of true and false conflicts have been elaborated in the cases and commentary.<sup>22</sup> We shall limit ourselves to unpacking and applying these notions in cross-border copyright cases. For example, we shall later explain how diverse copyright laws differently define the term “author” for the purposes of some cases but not for others.<sup>23</sup> In the former cases, true conflicts must be resolved; in the latter, only false conflicts arise, and any definition of the term “author” shared by arguably applicable laws may be followed. As just noted, the Berne Convention and subsequent treaties have provided for minimum rights, and most countries have implemented such rights in domestic legislation.<sup>24</sup> Even absent such implementation, the courts in most countries may directly apply these minimum rights to treaty claimants.<sup>25</sup> Thus, on many but not all points, thanks to minimum rights, copyright laws do converge worldwide. As a result, there are often false conflicts in the field.

There is a class of conflicts that courts can make false by exercising discretion. A court often exercises discretion in applying its own procedures, notably in equitably fashioning relief. In so doing, the court may sometimes reconcile substantively diverging laws that conflicts analysis has to consider.<sup>26</sup> That is, a court may craft a remedy to accommodate the policies that motivate diverse and ostensibly conflicting laws invoked to govern a case.<sup>27</sup> For example, an injunction of blatant piracy, notably of marketing slavish copies of an entire protected work without authorization, normally lies under the most diverse copyright laws, whatever their varying tenors. We shall further illustrate this equitable approach below, as we consider infringement and then ownership issues.<sup>28</sup>

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<sup>21</sup> For further analysis, see DAVID F. CAVERS, *THE CHOICE-OF-LAW PROCESS* 89-90 (1965).

<sup>22</sup> For an overview, see Peter Kay Weston, *False Conflicts*, 55 *CAL. L. REV.* 74, 76-78 (1967).

<sup>23</sup> See *infra* text accompanying notes 195-229 *passim*.

<sup>24</sup> See *supra* text accompanying notes 17-18.

<sup>25</sup> See WILHELM NORDEMANN ET AL., *INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS LAW: COMMENTARY WITH SPECIAL EMPHASIS ON THE EUROPEAN COMMUNITY* 15-19, 20-23, 27-29 (R. Livingston trans., 1990).

<sup>26</sup> For further analysis, see OLUSOJI ELIAS, *JUDICIAL REMEDIES IN THE CONFLICT OF LAWS*, chs. 1-3 *passim* (2001).

<sup>27</sup> Cf. CAVERS, *supra* note 21, at 64 (speaking of “a reasonable accommodation of the laws’ conflicting purposes”).

<sup>28</sup> See *infra* text accompanying notes 132-35, 168-72, 227-29, 290-302, and 313.



B. *Do Policies or Categorical Rules Control Conflicts of Laws?*

Black-letter law seems to make lawyering and judging easier. However, in the United States, no such law uniformly governs conflicts of laws.<sup>29</sup> In many civil law jurisdictions, codified rules govern conflicts of laws, but these rules are often subject to a variety of caveats and exceptions.<sup>30</sup> Indeed, in many cross-border cases, no matter where these are filed, policies may be invoked to trump categorical choice-of-law rules. In Part II.B.1, we shall survey methods available for handling tensions between policies and such rules. In Part II.B.2, we shall see how, in copyright cases, these methods have us look to treaty principles.

1. *Beyond Mixed Approaches in the Cases: the Treaties*

Conflicts of laws raise the following question of method: Should the courts follow a policy-based, multi-factor analysis on a case-by-case basis? Or should the courts apply a categorical rule the same way across a range of more or less variable cases? The stakes of this option are important: on the one hand, adapting the law to a complex reality for the sake of optimizing policies; on the other hand, saving time and energy by imposing a categorical rule on that reality with predictable reliability. In the United States, there has been a growing realization that a policy-based conflicts approach is not necessarily always more complex, or less reliable, than applying categorical choice-of-law rules.<sup>31</sup>

While the policy-based and rule-based approaches to conflicts of laws differ in theory, courts follow a mix of approaches in practice. Whether, and when, courts effectively lean toward following one approach or the

<sup>29</sup> See generally *Klaxon Co. v. Stentor Elec. Mfg. Co. of N. Am.*, 313 U.S. 487 (1941) (holding that, in a diversity case, the conflicts law of the forum state governs). Cf. 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 10 (1988) (stressing that courts usually, but not always, approach interstate conflicts and international conflicts similarly). But cf. *Bickel v. Korean Air Lines Co.*, 83 F.3d 127, 130-31 (6th Cir. 1996) (not applying the conflicts law of the forum state, but rather the *Restatement* approach, where it was a matter of a federal treaty). See also Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 545-46 (2000) [hereinafter Dinwoodie, *A New Copyright Order*] (stressing federal concerns in cross-border cases).

<sup>30</sup> See, e.g., Paul Edward Geller, Book Review, *Le nouveau droit international privé suisse*, 38 AM. J. COMP. L. 409 (1990) (explaining how Switzerland, sitting astride Germanic and Latin legal cultures, enacted a conflicts code with escape clauses that allow courts to by-pass its categorical rules by referring to policies).

<sup>31</sup> See generally Currie, *Notes on Methods*, *supra* note 14, at 180-81 (noting that categorical rules may be applied “capriciously” through “escape devices,” “disingenuous characterization,” “manipulating the connecting factor,” etc.). For examples, see *infra* note 41 and Part III.A.

other depends on considerations that vary from case to case. For example, U.S. courts may find it useful, sometimes indispensable, to take account of the policies motivating laws in conflict, especially if they have to adapt “old rules to new border-line cases.”<sup>32</sup> By contrast, foreign courts, especially those following the tradition of the civil law, are more often bound to apply categorical choice-of-law rules, unless public policy — in Continental European terms, *ordre public* or a like mandatory consideration — justifies deviating from such rules.<sup>33</sup> Courts rely on differently formulated doctrines in resolving tensions between policies and rules in conflicts cases, and counsel would do well to use locally appealing doctrinal terms in arguing for this or that choice of law. We, however, shall not unpack general conflicts doctrines here, but rather proceed to the basis on which courts may best choose laws in copyright cases.

The *Second Restatement of Conflict of Laws* pulls together choice-of-law criteria within U.S. common law.<sup>34</sup> Among its general criteria, section 6 of the *Restatement* refers first to “the needs of the interstate and international systems,” inviting a court to ask whether a proposed choice of law serves such needs.<sup>35</sup> This criterion enables U.S. courts to take account of considerations that civil law courts address under the rubric of *ordre public international*, that is, compelling public policies that operate globally in a given field of law. The “international system” in the field of copyright today, its *ordre public international*, consists of the Berne Convention which is now, most importantly, supplemented in the TRIPs Agreement.<sup>36</sup> This treaty regime binds over a hundred jurisdictions that, whatever their competing policies on national levels, have to follow certain principles in their copyright relations with each other. It then behooves us to ask whether, and how, these binding principles may constrain the resolution of conflicts of laws in the field.

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<sup>32</sup> Moffatt Hancock, *Three Approaches to the Choice-of-Law Problem: the Classificatory, the Functional and the Result-Selective*, in XXTH CENTURY COMPARATIVE AND CONFLICTS LAW, *supra* note 14, at 365, 378.

<sup>33</sup> See generally Thomas G. Guedj, *The Theory of the Lois de Police, A Functional Trend in Continental Private International Law — A Comparative Analysis with Modern American Theories*, 39 AM. J. COMP. L. 661 (1991) (comparing U.S. and Continental European conflicts analyses with regard to policy-based criteria for resolving conflicts of law).

<sup>34</sup> See 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 5 (1988).

<sup>35</sup> *Id.* § 6(2)(a).

<sup>36</sup> Berne Convention, *supra* note 17; Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, Apr. 15, 1994, GATT Doc. MTN/FA II-A1C, 33 I.L.M. 81 (1994) [hereinafter TRIPs Agreement].

## 2. Taking Account of “the International [Copyright] System”

Some U.S. case law already expressly defers to the treaty regime in considering whether to apply U.S. copyright law or, by implication, foreign copyright laws to cross-border cases.<sup>37</sup> Nonetheless, we have to reconfirm this crucial reference here, if only because one prestigious U.S. court has introduced some confusion into the jurisprudence by drawing a distinction between treaty principles, notably national treatment, and conflicts analysis in copyright cases.<sup>38</sup> This distinction is misleading, if not dangerous, in that it invites counsel and the courts to lose sight of the treaty regime that bears on the choice of laws in such cases. After we elaborate a framework for considering treaty principles in the field of copyright, we shall briefly critique the misleading case law in question. Under the subsequent subtopic, we shall proceed to a more appropriate conflicts analysis of copyright cases.<sup>39</sup>

If the theoretical distinction between treaty principles and conflicts analysis made any difference in practice, the entire system of international copyright would be at risk. As already indicated, outside the field of copyright, approaches to resolving conflicts of laws differ: for example, U.S. courts may freely look to policies, while civil law courts tend to apply categorical choice-of-law rules that are only exceptionally subject to policy considerations.<sup>40</sup> If courts did not follow relevant principles in fields where treaties set such principles out, they could heed their own idiosyn-

<sup>37</sup> See, e.g., *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1097-99 (9th Cir. 1994) (en banc) (invoking the needs for “effective and harmonious copyright laws among all nations” and for a “stable international intellectual property regime” and the policy of holding to Berne principles to avoid “difficult choice-of-law problems”) (discussed *infra* text accompanying notes 144-45), *cert. denied*, 513 U.S. 1001 (1994). *But cf.* *Curb v. MCA Records*, 898 F. Supp. 586, 595-96 (M.D. Tenn. 1995) (critiquing *Subafilms* while citing ostensible needs of the international system). This Writer, cited in both of these decisions, here follows the approach of *Subafilms* on the whole and deviates from *Curb* in certain details.

<sup>38</sup> *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998) (discussed *infra* text accompanying notes 47-51 and 199-201 and notes 194 and 207). Having questioned this distinction here, at the threshold of analysis, we shall have repeated occasions to critique it in different contexts below. See *infra* text accompanying notes 40-58 *passim*, 109-19 *passim*, 136-38, and 165-67, and note 352.

<sup>39</sup> See *infra* Part II.C.

<sup>40</sup> See *supra* text accompanying notes 29-33. See generally 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS, ch. 7, topic 1, Introductory Note, 412-13 (1988) (explaining these different approaches from the U.S. point of view). See also Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 104-07 (giving a brief overview of seminal conflicts doctrines in the United States and Continental Europe).

cratic conflicts approaches and end up vacillating in choosing laws.<sup>41</sup> To repeat our basic point: if a field, such as copyright, has a treaty-governed “international system,” an *ordre public international*, such as the Berne/TRIPs regime, then the principles of that system, to the extent relevant to choice of law, must serve as binding constraints on conflicts analysis in the field.<sup>42</sup> In terms of the *Second Restatement of Conflict of Laws*, reading treaty commitments into the first criterion of section 6(2)(a), “the needs of the . . . international system,” helps to meet other criteria of section 6. Because it is anchored in treaty principles, this approach enhances the “certainty, predictability and uniformity of results.”<sup>43</sup>

The *Restatement* framework sets up two levels of conflicts analysis. We have already indicated that, at a first level, section 6(2)(a) of the *Restatement* sets out a number of criteria for generally resolving conflicts of law, the first being “the needs of the . . . international system.”<sup>44</sup> The second level of analysis of the *Restatement* is found in provisions regarding specific areas of law, for example, in section 145(1), regarding the choice of laws to govern torts issues, and in section 222, regarding the choice of laws to govern ownership issues. In such instances, the *Restatement* proposes to choose the “local law” of the jurisdiction which, with respect to

<sup>41</sup> Some commentators speculate about varying permutations of “significant relationships” or “connecting factors” on which, were treaty principles somehow short-circuited, the choice of copyright laws might turn. For examples, see MIREILLE VAN EECHOUD, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS: ALTERNATIVES TO THE LEX PROTECTIONIS (2003); François Dessemontet, *Conflict of Laws for Intellectual Property in Cyberspace*, 18 J. INT’L ARB. 487 (2001) [hereinafter Dessemontet, *Conflict of Laws*]; Haimo Schack, *Internationale Urheber-, Marken- und Wettbewerbsrechtsverletzungen im Internet: Internationales Privatrecht*, 2000 MULTIMEDIA U. RECHT 59; Jane C. Ginsburg, *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted over Digital Networks (2000 update)* [hereinafter Ginsburg, *Digital Networks (2000 update)*], in WIPO Forum on Private International Law and Intellectual Property, WIPO Doc. PIL/01/2, Dec. 18, 2000, available at [http://www.wipo.int/pil-forum/en/documents/doc/pil\\_01\\_2.doc](http://www.wipo.int/pil-forum/en/documents/doc/pil_01_2.doc) (last visited Jan. 6, 2004). Other commentators consider this theoretical approach but are reluctant to follow it out to its uncertain practical consequences. For examples, see LUCAS & LUCAS, *supra* note 13, at 865-95 *passim*; FAWCETT & TORREMAN, *supra* note 13, at 460-75 *passim*. For a specific contrast with the approach taken here, see *infra* text accompanying notes 166-67.

<sup>42</sup> Cf. LIPSTEIN, *supra* note 15, at 66 (indicating that treaty obligations may limit judges in weighing competing national visions of relevant policies to resolve conflicts of laws).

<sup>43</sup> 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6, cmt. on Subsection (2), at 13 (1988). Cf. Mathias Reimann, *A New Restatement — For the International Age*, 75 IND. L.J. 575, 579-86 *passim* (2000) (regarding the *Restatement* approach as it applies to cross-border matters).

<sup>44</sup> See *supra* text accompanying notes 35-36.

the issue in question, has the “most significant relationship” to the ultimate facts of the case, but this relationship is to be determined “*under the principles stated in*” [italics added] section 6.<sup>45</sup> Thus, in resolving conflicts of laws in cross-border cases under the *Restatement*, U.S. courts are directed to attend to any relevant “international system” at the first level of analysis, in order to guide focusing on any arguable “significant relationship” adumbrated at the second level of analysis. Following the *Restatement* analysis in cross-border copyright cases, the courts should then take account of the relevant system, that is, the Berne/TRIPs regime, which the United States has implemented in the Copyright Act.<sup>46</sup>

Unfortunately, in the United States, “too many judges never actually get to” section 6 of the *Second Restatement*.<sup>47</sup> The Second Circuit provides an example: in the *Itar-Tass* case, copyright in works initially created and published in Russia had been allegedly infringed in the United States, and claimant’s standing, its very ability to exercise copyright, had been challenged.<sup>48</sup> Had the court started at section 6 and fully attended to the “international system” at the first level of the *Restatement* analysis, it would have seen that the Berne/TRIPs regime makes the “enjoyment and exercise” of copyright “independent of the existence of protection in the country of origin of the work.”<sup>49</sup> Only by short-circuiting this regime and looking only to section 222 at the second level of the *Restatement* analysis could the court have declared that “Russian law determines the . . . essential nature of the copyrights alleged to have been infringed” in the United States.<sup>50</sup> Following such broad language in the *Itar-Tass* decision, the

<sup>45</sup> 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 145, 222 (1988).

<sup>46</sup> Cf. 1 RESTATEMENT (THIRD) OF FOREIGN RELATIONS §§ 111, 114 (1987) (confirming the primacy of treaties in construing U.S. laws to avoid clashes with treaties).

<sup>47</sup> Louise Weinberg, *A Structural Revision of the Conflicts Restatement*, 75 IND. L.J. 475, 488 (2000).

<sup>48</sup> *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998).

<sup>49</sup> Berne Convention, *supra* note 17, art. 5(2). For further discussion, see EUGEN ULMER, *INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS* 7-9 (1978) [hereinafter ULMER, *CONFLICT OF LAWS*]; ALOIS TROLLER, *DAS INTERNATIONALE PRIVAT- UND ZIVILPROZEßRECHT IM GEWERBLICHEN RECHTSSCHUTZ UND URHEBERRECHT* 48-67 *passim* (1952).

<sup>50</sup> *Itar-Tass*, 153 F.3d at 84. The Second Circuit did pay lip-service to the Berne/TRIPs regime. *Id.* at 90-91. Nonetheless, the net effect of its analysis, which never systematically applied section 6 of the *Second Restatement*, was to truncate any full consideration of the relevant “international system.” Cf. Dinwoodie, *A New Copyright Order*, *supra* note 29, at 536 (critiquing this decision as “using nothing more than a barren listing of points of attachment”); 4 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 17.05[B] (2003) [hereinafter NIMMER ON COPYRIGHT] (“To some extent, the court acknowledged the hornet’s nest that it was producing.”).

Southern District of New York, in the *Bridgeman* case, vacillated between applying British or U.S. copyright law to photographs originating in the United Kingdom but allegedly infringed in the United States.<sup>51</sup> For the moment, we shall postpone further critical analysis of the *Itar-Tass* decision and turn rather to conflicts analysis in which the Berne/TRIPs regime more consistently guides the choice of law.<sup>52</sup>

### C. Applying Treaty Principles to Copyright Conflicts

A key principle of the Berne/TRIPs regime, national treatment, compels governing infringement claims by the law of the country where infringement is alleged as occurring. At first blush, this proposition may seem obvious; however, in Part II.C.1, we shall clarify its grounds, if only because, as just noted, recent U.S. case law has muddled matters.<sup>53</sup> Further, it is also important to understand just how generally this principle controls the choice of law in cross-border copyright cases. In Part II.C.2, we shall see how it comes into play when a home court has to consider infringement taking place abroad.

#### 1. Key Principle: The Law of the Protecting Country

Consider more closely the role of national treatment in the “international system” of copyright. Assume that a work qualifies for protection, say, under a treaty such as the Berne Convention. This work either has an author who is a national of a treaty country, or it satisfies some other treaty criterion of eligibility, such as first publication in a treaty country. The principle of national treatment then requires any treaty country, usually called the *protecting country*, to treat the copyright claims of any foreign author of such a protected work as if this claimant were one of its own nationals.<sup>54</sup> For example, China has to treat a French author of such a protected work like a Chinese author with regard to copyright exercised

<sup>51</sup> Compare *Bridgeman Art Library, Ltd. v. Corel Corp.*, 25 F. Supp. 2d 421 (S.D.N.Y. 1998), with *id.*, 36 F. Supp. 2d 191, 195-96 (S.D.N.Y. 1999). Cf. *Silberman v. Innovation Luggage, Inc.*, 67 U.S.P.Q.2d 1489 (S.D.N.Y. 2003) (“the infringement of the Swiss compilation copyright under United States law depends upon the contours of that right under Swiss law.”).

<sup>52</sup> Later, we shall consider how the *Itar-Tass* decision has skewed characterization and the choice of laws applicable to issues of standing, authorship, and ownership. See *infra* text accompanying notes 199-201 and notes 194 and 207.

<sup>53</sup> See *supra* text accompanying notes 47-51.

<sup>54</sup> See Berne Convention, *supra* note 17, arts. 3-5; TRIPs Agreement, *supra* note 36, arts. 1(3), 3(1). For analysis of eligibility criteria, see Paul Edward Geller, *International Copyright: An Introduction* § 4[2], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1; for analysis of national treatment, see *id.* § 5[4][b].

in China, and France has to treat a Chinese author of such a protected work like a French author as regards copyright in France.<sup>55</sup>

The default position of a national author is simple. Domestic law governs her copyright claims in any case of infringement at home. Suppose, now, that a foreign author asserts treaty-based claims for infringement occurring in a treaty country. At this point, the principle of national treatment of the Berne/TRIPs regime constrains the choice of copyright laws applicable to these claims. To assure that national and foreign authors are treated alike, the court has to apply the domestic law of the treaty country, that is, of the protecting country, to the foreign author's claims.<sup>56</sup> Now, logically, the principle of national treatment, taken out of the context of the Berne/TRIPs regime, does not preclude governing that author's claims by a law more favorable than that of the protecting country. But this logic misses the point of national treatment, which compels subjecting both the national and foreign authors' claims alike to all the rights, as well as to all the limitations and exceptions, for which the copyright law of the protecting country provides. As suggested above and explained below, the reliability of the Berne/TRIPs regime, as well as the global balance that it maintains between copyright laws, precludes picking and choosing more or less favorable national laws on this or that issue or in this or that case.<sup>57</sup> Any such piece-meal solution runs the risk of exporting, helter-skelter, the copyright policies of more protective countries into less protective countries, or *vice versa*. Thus national treatment leads to applying the entire copyright law of the protecting country to govern infringement alleged as taking place in that country. Within that perspective, an approach to localizing the place of infringement will be elaborated below.<sup>58</sup>

Before detailing this approach, let us digress a moment to dispose of some counter-arguments. One could invoke treaty exceptions to national treatment; however, to the extent such exceptions are limited by their own terms, they cannot change the analysis just set out. Such exceptions as allow for cut-backs in national treatment apply only in the cases that the treaty provisions specify for these exceptions, and not beyond these spe-

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<sup>55</sup> Note that, where an E.C. claimant asserts copyright or related rights in an E.C. country, the E.C. Treaty assures national treatment. *See* Joined Cases C-92/92 & C-326/92, *Phil Collins v. Imtrat Handelsgesellschaft mbH*, 1993 E.C.R. I-5145.

<sup>56</sup> *See* SAM RICKETSON, *THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986*, at 193-94 (1987); ULMER, *CONFLICT OF LAWS*, *supra* note 49, at 9-12.

<sup>57</sup> *See supra* text accompanying notes 41-51 *passim* and *infra* text accompanying notes 65-66, 109-19 *passim*, 136-38, 165-67, and note 352.

<sup>58</sup> *See infra* Part III.B.1.

cial cases.<sup>59</sup> Most importantly, the Berne provision for the rule of the shorter term, which may cut back the term of copyright to the “measuring term” fixed in the country of origin, expressly reconfirms that the applicable law remains “the legislation of the country where protection is claimed.”<sup>60</sup> By contrast, the treaty exceptions bolstering national treatment, effectively standards for minimum rights, tend to make results more uniform among countries, thus mooted conflicts of laws.<sup>61</sup> In fact, most countries statutorily implement minimum rights for both domestic and foreign claimants, so that national treatment in most cases results in the application of minimum rights.<sup>62</sup> The Berne/TRIPs regime then provides no excuse for complicating its otherwise simple principle: the law of the protecting country applies to the infringement of copyright.<sup>63</sup>

## 2. Raising Foreign-Based Claims in a Home Court

The foregoing analysis is confirmed in the increasingly frequent cases where the forum country and the protecting country are not identical. A copyright claimant may well bring suit in a court in one country, for example, the country where the alleged infringer is domiciled or headquartered and therefore easily enjoined, while claiming protection in another country or other countries. Wherever a copyright suit is filed and pursued, the conflicts law of the forum is subject to the considerations just raised of the “international system,” that is, in civil law terms, of *ordre public international*. Thus, in the field of copyright, a court, faced with infringement abroad, should choose between conflicting laws consistently with the Berne/TRIPs regime, that is, pursuant to national treatment.<sup>64</sup>

<sup>59</sup> For analysis of these exceptions, see Paul Edward Geller, *International Copyright: An Introduction* §§ 4[1][c][i][A], 5[2], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>60</sup> Berne Convention, *supra* note 17, art. 7(8).

<sup>61</sup> See *supra* text accompanying notes 17-25.

<sup>62</sup> Note that, in implementing the Berne ban on formalities, the United States instituted some of the only rare exceptions to this observation. See, e.g., Eric Schwartz, *United States* §§ 5[3][a], 6[4], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the exemption of some foreign claimants from registration prerequisites and the restoration of copyright in qualifying foreign works).

<sup>63</sup> It is even necessary to take account of the principle of national treatment in analyzing conflicts of laws with regard to ownership issues that may, as explained below, also be subject to differently grounded conflicts regimes. See *infra* text accompanying notes 200-10, 233-41, 274-77, 294, and 327.

<sup>64</sup> See, e.g., *Herscovici c. Sté. Karla et Sté. Krizia*, TGI (Court of First Instance), Paris (France), May 23, 1990, 146 REVUE INTERNATIONALE DU DROIT D'AUTEUR [RIDA] 325 (1990) (reasoning that the Berne principle of national treatment compelled applying the law of the countries where in-



Underlying policies confirm this approach. The Berne/TRIPs regime is intended to enhance the international conditions of protecting and exploiting works.<sup>65</sup> The principle of national treatment addresses differences among national laws that, representing diverse policy compromises, vary from country to country. National treatment assures stability among decisions in that it requires the law of any one protecting country to apply to domestic and foreign authors' claims alike, subject to the same defenses. It leads to applying different national laws, respectively, country by country: each country's copyright law, in its entirety, uniformly governs infringement alleged as taking place on that country's territory. Where suit is brought in the forum of one country for infringement occurring in another, the application of any other law, for example, of forum law, would be "illogical."<sup>66</sup> Thus, even where the suit for copyright infringement is brought in a forum outside the protecting country, the forum is to apply the law of the protecting country.

The Southern District of New York, in the *London Film* case, encountered this question in its most difficult form: Should a court respect the Berne principle of national treatment in its conflicts analysis even where the forum country does not adhere to the Berne Convention? Even though the United States was not a Berne country at the time of the suit, the court considered as a foregone conclusion that, if it took on a case of infringement alleged in various Latin American countries belonging to the Berne Union, it would apply the laws of these countries respectively to the infringement taking place in each of them, as the Berne Convention dictated.<sup>67</sup> The court could only follow Berne principles in choosing laws applicable to infringement in Berne countries if it found such a choice of law consistent with the conflicts law, and accordingly the policies, of the forum.<sup>68</sup> In its jurisdictional analysis, the *London Film* court did refer to

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fringement took place, not merely the law of France, the forum country, but of Italy as well).

<sup>65</sup> See Berne Convention, *supra* note 17, Preamble (Paris). For further analysis, see *infra* Parts III.B.1 and V.B.

<sup>66</sup> HENRI DESBOIS ET AL., LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS 153 (1976). See also Georges Koumantos, *Private International Law and the Berne Convention*, 1988 COPYRIGHT 415, 417 ("it would be against the letter and spirit of the Berne Convention" to apply only the *lex fori* in a suit for infringement outside the protecting country).

<sup>67</sup> *London Film Prods., Ltd. v. Intercontinental Communications, Inc.*, 580 F. Supp. 47 (S.D.N.Y. 1984). The Universal Copyright Convention, binding on the United States and some of the Latin American countries at the time of the case, would have also led to national treatment in these Latin American countries.

<sup>68</sup> See authorities cited *supra* note 29.

such U.S. forum policies, namely interests directed at securing compliance with the pertinent system of laws enforceable worldwide.<sup>69</sup>

The *London Film* decision teaches us that, if the prerequisites for jurisdiction are met, suit may be brought in a U.S. federal court for infringement alleged as taking place in countries abroad. In the event of such a suit, the court appropriately resolves conflicts of laws by applying the law of each of these countries to infringement localized in that country.<sup>70</sup> Such suits may be possible in foreign courts as well, although the conditions of jurisdiction tend to vary in different legal systems. Nonetheless the law of the protecting country should still apply.<sup>71</sup>

### III. INFRINGEMENT: ANALYSIS AT EACH STAGE OF SUIT

As just explained, the law of the protecting country, where infringement is alleged as occurring, should govern infringement issues.<sup>72</sup> However simple it may be, this principle can call for subtlety in application, and one should always ask: Where might infringement take place or have taken place? Unless infringement is carefully localized, there are the risks either of letting claims fall between territorial cracks or of extraterritorially applying laws.<sup>73</sup> Part III.A below will introduce a method for counsel to minimize the first risk; Part III.B will amplify this method to help the courts avoid the second risk; and Part III.C will apply the method to hard cases.

#### A. Pleading: Mapping Colorable Infringement

We propose a simple tool at the threshold of a cross-border case: Trace all colorably infringing transactions out on a world map. Such mapping will help to identify all the countries whose laws may arguably be

<sup>69</sup> See *London Film*, 580 F. Supp. at 49-50. Cf. Graeme B. Dinwoodie, *Affirmation of Territorial Limits of U.S. Copyright Protection: Two Recent Decisions*, 14 EUR. INTELL. PROP. REV. [E.I.P.R.] 136 (1992) (noting that the *London Film* decision “did not offend, and perhaps even fostered, comity”).

<sup>70</sup> See, e.g., *Armstrong v. Virgin Records, Ltd.*, 91 F. Supp. 2d 628, 637 (S.D.N.Y. 2000) (contemplating trying cross-border infringement “claims arising under foreign law[s]”). For bases of U.S. federal jurisdiction, see *supra* note 4.

<sup>71</sup> See, e.g., *SISRO c. Sté. Ampersand Software*, Cass. civ. I (Supreme Court) (France), Mar. 5, 2002, JCP 2002 II, 10082, 994, in *English translation in 34 INT'L REV. INDUS. PROP. & COPR. L. [I.I.C.] 701* (2003) (invoking Berne national treatment as the basis for applying other countries' laws to infringing acts respectively taking place in these countries). Cf. *CA* (Intermediate Court), 4e ch., Paris, Feb. 8, 2002, *Expertises 2002*, 230 (discussed *infra* text accompanying note 146).

<sup>72</sup> See *supra* Part II.C.

<sup>73</sup> For more extensive analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 3[1][b], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

invoked as the bases for infringement claims.<sup>74</sup> Indeed, the failure to plead the copyright law of each country impacted by the transactions at issue may preclude a claimant from relying on this law at a later stage of suit.<sup>75</sup> Part III.A.1 will explain mapping infringement by looking at U.S. case law. Part III.A.2 will illustrate using this tool from a comparative point of view.

1. *Don't Let Claims Fall Through the Cracks!*

It has become increasingly difficult to localize infringement as the media have progressed.<sup>76</sup> In the past, courts easily spotted where hard copies were marketed or live performances staged, on one side or the other of clear-cut borders, inside a patchwork of national markets. With the growing power of the media, protected materials are so rapidly and broadly disseminated across borders that infringing acts can occur in many places in rapid succession or all at once, for example, across a globally networked marketplace. Nonetheless, because rights still arise country by country, media transactions have to be traced across a patchwork of jurisdictions to localize infringement.<sup>77</sup>

How to give concrete meaning to the key notion here: the place of infringement? In doing so, counsel and the courts effectively start to characterize infringement itself.<sup>78</sup> In this regard, the case law has erratically localized infringement in cross-border cases. Sometimes courts have found infringement in initiating acts like the making of hard copies or the sending of telecommunication signals that carry works. Sometimes they have found infringement in intermediate acts like the importing of such copies or the relaying of such signals, and sometimes they have found infringement in consummating acts like the sales of copies or the furnishing of access to signals.<sup>79</sup> Later we shall elaborate an approach to localizing

<sup>74</sup> For foreign laws, translated into English where originally formulated in other languages, see WIPO, Collection of Laws for Electronic Access, at <http://clea.wipo.int> (last visited Jan. 6, 2004).

<sup>75</sup> See, e.g., *Mother Bertha Music, Ltd. v. Bourne Music, Ltd.*, [1997] Ent. & Media Law Rep. [E.M.L.R.] 457 (Ch. 1997) (U.K.), with extracts in 29 I.I.C. 612 (1998) (refusing to consider whether there was infringement in many European countries because the claimant had failed to plead the copyright laws of these countries).

<sup>76</sup> For a seminal analysis, see TROLLER, *supra* note 49, at 31-34.

<sup>77</sup> Cf. Paul Edward Geller, *From Patchwork to Network: Strategies for International Intellectual Property in Flux*, 9 DUKE J. INT'L & COMP. L. 69 (1998), 31 VAND. J. TRANSNAT'L L. 553 (1998) (analyzing the persistence of patchwork law in a networked world).

<sup>78</sup> For the methods of characterization generally, see *supra* Part II.A.1.

<sup>79</sup> This ambiguity has arisen out of the categorical approach to conflicts of laws which has artificially sliced up tortious transactions into acts generating damages, direct and indirect damages, etc. For examples, see the E.C. Pro-

infringement that should make findings on point more consistent both among themselves and with international policies.<sup>80</sup> To start, let us examine the state of the law, such as it is.

Consider this illustrative U.S. case. The Los Angeles News Service took videos of the Los Angeles riots of 1992. The videos were transmitted to news agencies in New York which, without authorization, copied them there and retransmitted them abroad, most notably for televising in Europe.<sup>81</sup> The trial court, after finding that the unauthorized copies made in New York were infringing in the United States, suggested that retransmission was only infringing upon reception abroad.<sup>82</sup> By contrast, the appellate court next held that, if unauthorized copies were made in the United States, then compensatory relief could be awarded under U.S. law for exploitation abroad, as if the exploitation abroad had taken place at home.<sup>83</sup> Finally, in another twist, the appellate court limited what the claimant could collect for the foreign exploitation after failing to plead foreign laws.<sup>84</sup>

Counsel may draw one lesson here: Do not waive claims or remedies by failing to localize and plead all colorable infringement. In the *Los Angeles News* case, had the claimant mapped out all colorable infringement, it would have been led across the Atlantic, where the videos were transmitted and to be received. If, in its pleadings, the claimant had invoked the laws effective abroad, it would not have reduced its options for obtaining monetary awards.<sup>85</sup> Hence the need to look beyond forum law in a cross-border case, leading us to comparative analysis.

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posal for a Regulation of the European Parliament and the Council on the Law Applicable to Non-Contractual Obligations ("Rome II"), Commission document COM(2003) 427 final (July 22, 2003), at 4-6, 11-12, 20-21, *available at* [http://europa.eu.int/eur-lex/en/com/pdf/2003/com2003\\_0427en01.pdf](http://europa.eu.int/eur-lex/en/com/pdf/2003/com2003_0427en01.pdf) (last visited Jan. 6, 2004).

<sup>80</sup> See *infra* Part III.B.1.

<sup>81</sup> *Los Angeles News Serv. v. Reuters Television Int'l*, 942 F. Supp. 1265, 1269-71 (C.D. Cal. 1996).

<sup>82</sup> *Id.* at 1269 (stating that the plaintiff "can seek a remedy . . . under the applicable foreign law" for televising the videos abroad, notably in Europe).

<sup>83</sup> *Id.*, 149 F.3d 987, 991-93 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999).

<sup>84</sup> *Id.*, 340 F.3d 926 (9th Cir. 2003) (disallowing actual damages in countries whose laws were not referenced in the pleadings).

<sup>85</sup> Why, in the *Los Angeles News* case, did the holdings vacillate so? The trial court followed newer U.S. precedents on point. See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1094-99 (9th Cir. 1994) (en banc) (discussed *infra* text accompanying notes 144-45), *cert. denied*, 513 U.S. 1001 (1994). The appellate court harkened back to an older U.S. precedent and then retrenched on this precedent. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939) (critiqued *infra* text accompanying notes 147-49).

## 2. *Examples of How Localization Can Vary*

Counsel in a cross-border copyright case is well advised to look to the copyright laws effective in any and all territories impacted by any colorably infringing transaction.<sup>86</sup> All the issues on which protection could turn may prove arguably relevant to mapping infringement: these issues concern, *inter alia*, subject matters, the nature or scope of rights, and limitations or exceptions to rights. Within international standards, the tenor of national copyright laws may vary on all such issues, affecting claims and defenses. To illustrate resulting lessons for pleading, we shall here touch on just a few examples from comparative law. After that, we shall propose a method for localizing infringement when different laws are invoked.<sup>87</sup>

Start with subject matters. Counsel may initially focus on a work or other media production. We have already indicated that different rules regarding fixation may determine whether or not a country protects a specific work.<sup>88</sup> More basically, different laws may differently distinguish “works” protected by copyright from related media productions that are protected by neighboring or other copyright-related rights.<sup>89</sup> Return, for example, to the video of news events at issue in the *Los Angeles News* case: depending on whether the video is found to constitute a creative work or a mere recording, one country may protect it by copyright, and another country may protect it by a neighboring right, if at all.<sup>90</sup> Another example is touched on below: database contents may be protected by copyright in some countries, by *sui generis* or related rights in others, or not at all in still others.<sup>91</sup> Thus, if confronted by a subject matter that falls into the penumbra of copyright, counsel should ask whether to plead copyright or related rights, or both, from country to country.<sup>92</sup>

<sup>86</sup> See *supra* Part III.A.1.

<sup>87</sup> See *infra* Part III.B.1.

<sup>88</sup> See *supra* text accompanying notes 10-11.

<sup>89</sup> For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* §§ 2[2][c], 4[1][c], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>90</sup> See *supra* text accompanying notes 81-85. See, e.g., Adolf Dietz, *Germany* §§ 6[1][c], 9[1][c], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating that German neighboring rights are accorded only to E.C. or E.E.A. producers of audiovisual productions).

<sup>91</sup> See *infra* text accompanying notes 111-13.

<sup>92</sup> Sound recordings are a notable example. For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 4[1][c][ii], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. Industrial designs constitute a special problem at the interface between copyright and industrial property. For further analysis, see *id.* § 4[1][c][i][A]; J.H. Reichman, *Design Protection and the New Technologies: The United States Experience in a Transnational Perspective*, 30 INDUS. PROP. (Part I) 220, (Part II) 257 (1991).

Other examples, also taken from comparative law, illustrate the divergence of rights pertinent to deciding where, and on what basis, to seek relief. In a Dutch case, unauthorized copies in sealed containers were transshipped through Aruba, a Dutch jurisdiction, without being made available to the public there, and the Dutch court found no infringement of Dutch copyright.<sup>93</sup> By contrast, in an Indian case, books were imported into India, albeit only for purposes of transit to Nepal where the books were to be sold, and the court held that the mere importation into India warranted seizure of the copies under Indian law.<sup>94</sup> As will be seen below, with regard to satellite-relayed broadcasts, infringing acts are sometimes localized where a broadcast is uplinked to a satellite and sometimes where the work is received.<sup>95</sup> Every time a work or related production crosses a border, counsel has to ask what rights to invoke in the jurisdiction exited, entered, or transited.

Limitations and exceptions to rights tend to differ from country to country. Consider, for example, the so-called first-sale or exhaustion doctrine which limits the distribution right. Broadly speaking, there are three options: domestic exhaustion, when the distribution right no longer applies to a copy after it is first sold at home; regional exhaustion, when the right is extinguished in a copy after a first sale in a specific region such as the European Community; and international exhaustion, triggered by a first sale anywhere in the world.<sup>96</sup> Exceptions to copyright vary even more: for example, fair use is only fully recognized in the United States, while narrower exceptions take on miscellaneous sizes and shapes in different systems.<sup>97</sup> Thus, even where a given act is infringing in any number of countries, counsel has to ask what substantive defenses may apply from one country to the other.

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<sup>93</sup> Supreme Court (Netherlands), Jan. 27, 1995, AMI 1995, no. 4, at 67. This decision arguably did not comply with article 16 of the Berne Convention. For this provision, see *infra* text accompanying note 139.

<sup>94</sup> *Grammophone Co. of India, Ltd. v. Pandey*, [1985] Fleet St. Rep. [F.S.R.] 136 (Supreme Court 1984) (India), with excerpts in 18 I.I.C. 139 (1987).

<sup>95</sup> See *infra* text accompanying notes 159-62.

<sup>96</sup> For the E.C. doctrine, see Ben Smulders, *The Law of the European Community and Copyright* § 2[1], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. For examples of other approaches, see Brad Sherman, *Australia* § 8[1][b][i][B], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; François Dessementet, *Switzerland* § 8[1][b][ii], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>97</sup> For differing laws on point, see the national chapters, particularly § 8[2], in INT'L COPR. LAW & PRACTICE, *supra* note 1.

B. *Where to Localize Infringement in the Course of Suit?*

The foregoing examples illustrate that the “territoriality” of copyright is quite elastic. That is why it is advisable for counsel to trace out any colorably infringing transaction on a world map before deciding which laws to plead.<sup>98</sup> But how is a court to respond when faced with pleadings of multiple laws, some possibly in conflict with others? Part III.B.1 will lay out a theoretical framework for localizing infringing transactions for conflicts purposes. This analysis will then be practically applied, in Part III.B.2, to fashioning provisional injunctive relief and, in Part III.B.3, to granting final monetary awards.

1. *Flexible Territoriality versus Extraterritoriality*

The commentary disfavors the “extraterritorial” application of “national law” to govern “acts which have taken place abroad.”<sup>99</sup> But this position, however correct, begs the very question that a court has to answer at the threshold of a case of cross-border infringement: Where do or would the allegedly infringing acts take place, inside or outside a given country? Until such acts are localized, the court cannot say whether it is to apply forum law, or other laws, to acts “inside” or “outside” its own jurisdiction. We shall here elaborate a method for localizing infringement in cross-border cases.<sup>100</sup>

Recall that the U.S. *Second Restatement of Conflict of Laws* addresses “the needs of the . . . international system,” while Continental European doctrine respects *ordre public international*.<sup>101</sup> Both approaches then lead courts to construe key legal notions, such as the place of infringement, consistently with the public policies that motivate the relevant international treaty regime.<sup>102</sup> The Berne Convention posits the overall aim of

<sup>98</sup> See *supra* Part III.A.

<sup>99</sup> ULMER, CONFLICT OF LAWS, *supra* note 49, at 10. See also Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505 (1997) (critiquing the extraterritorial application of U.S. laws).

<sup>100</sup> For a more theoretically elaborate form of this approach, see Paul Edward Geller, *International Intellectual Property, Conflicts of Laws, and Internet Remedies*, 22 E.I.P.R. 125 (2000), in *French translation in 12 CAHIERS PROP. INTELL. [C.P.I.] 227* (1999), and in *German translation in 2000 GEWERBLICHER RECHTSSCHUTZ U. URHEBERRECHT [GRUR] — INTERNATIONALER TEIL [INT.] 659*.

<sup>101</sup> See *supra* text accompanying notes 35-46 *passim*.

<sup>102</sup> See generally IAN BROWNLIE, *PRINCIPLES OF INTERNATIONAL LAW* 36 (4th ed. 1990) (“there is a general duty to bring internal law into conformity with obligations under international law”); MAJOROS, *supra* note 9, at 14-17 (arguing in favor of interpreting and prioritizing laws and treaties consistently with optimizing their aims). See also Paul Edward Geller, *International Copyright: An Introduction* § 3[4][a], in 1 INT'L COPR. LAW & PRACTICE,

protecting copyright “in as effective and uniform a manner as possible”; the TRIPs Agreement contemplates “effective and appropriate means for . . . enforcement” worldwide, while “taking into account differences in national legal systems.”<sup>103</sup> On the one hand, the Berne aim of “effective and uniform” protection, like the TRIPs aim of “effective and appropriate . . . enforcement,” calls for a globally seamless fabric of remedies that stops infringement from spreading, especially from pirate havens.<sup>104</sup> On the other hand, the TRIPs aim of “taking into account differences in national legal systems” implies a globally coherent fabric of remedies in which different national laws do not interfere with each other.<sup>105</sup>

How can infringement be localized consistently with these aims? It does not suffice to refer to the statutory definitions of “infringing acts” country by country. Such a piece-meal approach risks losing sight of the big picture, namely the policy rationale of the treaty regime, its *ordre public international*.<sup>106</sup> Rather than focusing on isolated acts, we propose to consider entire cross-border transactions and to distinguish between *incoming* and *outgoing* transactions relative to any given country. Generally speaking, a transaction is incoming relative to a given country if it tends to impact the market or audience in that country, and it is outgoing if, starting in that country, it tends to impact the market or audience in another country.<sup>107</sup> In an incoming transaction, an initiating act, for example, the authorizing or organizing of copying, the making of copies, or the transmitting of signals, takes place outside the country in question. To complete the incoming transaction, a consummating act, for example, the sale

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*supra* note 1 (illustrating the interpretation of domestic copyright laws in accord with treaty obligations).

<sup>103</sup> Berne Convention, *supra* note 17, Preamble; TRIPs Agreement, *supra* note 36, Preamble. See also WIPO Copyright Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/94, art. 14 [hereinafter W.C.T.]; WIPO Performances and Phonograms Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/95, art. 23 [hereinafter W.P.P.T.] (contemplating “effective action” and “expeditious remedies” to protect markets against pirates in cyberspace as well).

<sup>104</sup> See, e.g., Berne Convention, *supra* note 17, art. 16; TRIPs Agreement, *supra* note 36, arts. 51-60 (providing for seizures of infringing copies to stop them from crossing borders to reach markets in geographical space) (discussed *infra* text accompanying note 139).

<sup>105</sup> For further policy analysis, see *infra* Part V.B.

<sup>106</sup> We here reach the limits of the *lex causae* method of characterization. For this method and the comparative method to which we propose shifting, see *supra* Part II.A.1.

<sup>107</sup> See generally Max Planck Institute, *Stellungnahme des Max-Planck-Instituts für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht zum Entwurf eines Gesetzes zur Ergänzung des internationalen Privatrechts (außervertragliche Schuldverhältnisse und Sachen)* [hereinafter Max Planck Institute, *Stellungnahme*], 1985 GRUR INT. 104, 105-07 (elaborating this distinction in applying it to hypothetical cases).



of copies or the furnishing of access to signals, occurs, or is about to occur, inside the country in question. By contrast, in an outgoing transaction, the initiating act takes place in the country in question, and the consummating act occurs, or is about to occur, in another country or in other countries.<sup>108</sup> Here is our rule of thumb on point: *Localize any allegedly infringing act in a given country only if the transaction including that act is incoming relative to that country.*

Return to the metaphor of a patchwork of jurisdictions. The approach just proposed avoids the extraterritorial imposition of any one law across part or all of this patchwork. Normally, any national copyright law is intended to govern the home market and audience for informational and cultural goods. That law appropriately governs transactions that threaten, prejudice, or usurp rightholders' protected interests in this home market or audience. Indeed, localizing an infringing act in a country for which the relevant transaction is outgoing would run the risk of unreliably exporting that country's purely local copyright policies into other countries whose markets and audiences are not impacted by the transaction.<sup>109</sup> Suppose, for example, that country A provides less protection than country B in a given case: applying A's law to outgoing transactions that target B's market would impose standards of protection on B lower than B's legislature intended for its home market in that case, just as applying B's law to outgoing transactions that target A's market would have the opposite effect in A. To preserve global balance, infringement is then to be localized in a country if the transaction in question targets the market, or addresses the audience, in that country.<sup>110</sup>

<sup>108</sup> The country here, relative to which a transaction is outgoing, may be, but is not necessarily, the "country of origin" within the meaning of the Berne notion, which serves only very special functions in international copyright. See Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>109</sup> It has been argued that legal certainty would be served by applying the law of the country for which any transaction at issue would effectively be outgoing. For such a position, see Schack, *supra* note 41, at 62-63. Unfortunately, in the Internet cases which this position addresses, a supposed originating or source country, for which a transaction would be outgoing, could be arbitrarily chosen or uncertain. For analysis to this effect, see *infra* text accompanying notes 165, 208, 217-18, and 224-29.

<sup>110</sup> See *supra* text accompanying notes 40-58 *passim* and 65-66 and *infra* text accompanying notes 111-19 *passim*, 136-38, and 166-67, and note 352. Cf. PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE 67-70, 106-07 (2001) (apparently favoring application of the law of the country with the targeted market out of "respect for national economic decisions" that motivated that country's copyright legislation, but then suggesting that the U.S. doctrine of fair use may be applied in any "infringement action arising in the United States"); Wendy Adams, *Intellec-*

Consider a hypothetical case that would fall into the penumbra between copyright and related laws. Suppose that, in a U.S. court, the French producer of a database sues a party who, while headquartered in the United States, sells access to non-creative contents of that database on the Internet.<sup>111</sup> European laws impose liability for taking database contents; a few jurisdictions accord copyright in database contents merely compiled with “skill and labor,” but others provide only limited relief against the misappropriation of such contents.<sup>112</sup> If the court applied European data-protection laws, for example, to access given in the United States or China, where such protection may not be available, it would effectively export European policies into countries that have not implemented such policies. If the court indiscriminately applied, say, U.S. copyright law, which does not protect non-creative database contents, it could short-change the claimant in European markets where laws protect data more extensively. In this hypothetical case, the court would then face very real conflicts of laws, given the varying laws that concern database contents worldwide.<sup>113</sup> Following the analysis proposed here, the court would apply European data laws only to transactions incoming relative to European countries.

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*tual Property Infringement in Global Networks: The Implications of Protection Ahead of the Curve*, 10 INT’L J. L. & INFO. TECH. 71, 85-86 (2002) (critiquing any localization that has “unanticipated spillover effects”).

<sup>111</sup> Note that this case may not, strictly speaking, implicate copyright treaties in countries that do not protect the database contents at issue with copyright. However, the overlap with the field of copyright allows for arguing that the principles of the Berne/TRIPs regime should apply.

<sup>112</sup> Compare Ben Smulders, *The Law of the European Community and Copyright* § 4[2][f][ii], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1 (presenting the directive which mandates E.C. member-states to institute *sui generis* rights in raw data), and Brad Sherman, *Australia* § 2[1][b], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1 (indicating that, in Australia, copyright is accorded in telephone directories and, by extension, in databases made with “skill and labour”), with Xue Hong, *China* § 2[1][b], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1 (explaining Chinese case law which only protects raw data with limited tort remedies for unfair competition), and Eric Schwartz, *United States* § 9[1][d], in 2 INT’L COPR. LAW & PRACTICE, *supra* note 1 (explaining U.S. case law which limits the protection of raw data to relief against misappropriating “hot news”).

<sup>113</sup> Cf. J.H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51 (1997) (critiquing the E.C. directive and other initiatives and presenting policy arguments against granting property rights in raw data).

Moral rights also dramatize the question of territoriality.<sup>114</sup> Moral rights vary considerably among different national copyright laws.<sup>115</sup> For example, based on a conception of authors' very personal interests in controlling the fate of their works, French law recognizes strong moral rights in very broad terms.<sup>116</sup> By contrast, based on legislative compromises within a delicately balanced federal scheme, U.S. statutory copyright law grants more limited moral rights, specifically in works of the visual arts.<sup>117</sup> It would be inappropriate to export the French approach into the United States by imposing remedies for French moral rights that, for example, empowered an author to control how her works were received by the U.S. audience any more than she could under U.S. law.<sup>118</sup> By the same token, it was inappropriate to apply the Israeli law of moral rights in the case of the literary reconstruction of the Dead Sea Scrolls to the extent that the alleged infringing acts were incoming relative to the United States.<sup>119</sup>

The foregoing analysis does not merely lead back to the old tort choice-of-law rule which applies the law of the jurisdiction at the *situs* of the harm. The policies of the Berne/TRIPs regime motivating our analysis

<sup>114</sup> Note that, to allow the localization criteria proposed here to apply to the infringement both of economic and of moral rights, these criteria refer both to the "market" targeted for economic rights and to the "audience" addressed for moral rights. There will be rare cases where the market and the audience do not coincide. For example, a book written in French is bought inside France, but read and enjoyed by a French-speaking Swiss resident inside Switzerland. The market is France, but the audience, at least in the case of this reader, is in Switzerland.

<sup>115</sup> For differing laws on point, see the national chapters, particularly § 7, in INT'L COPR. LAW & PRACTICE, *supra* note 1. For a seminal comparative analysis, see STIG STRÖMHOLM, LE DROIT MORAL DE L'AUTEUR EN DROIT ALLEMAND, FRANÇAIS ET SCANDINAVE AVEC UN APERÇU DE L'ÉVOLUTION INTERNATIONALE: ÉTUDE DE DROIT COMPARÉ (1966 [vol. 1], 1973 [vol. 2]).

<sup>116</sup> See France, Code de la Propriété Intellectuelle (Intellectual Property Code, as last amended by the Law of June 18, 2003), art. L. 121-1, available at <http://www3.cci.fr/irpi/code-propriete> (last visited Jan. 14, 2004). Cf. BERNARD EDELMAN, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 35-53 *passim* (3d ed. 1999) (giving an overview of the French theory and practice of moral rights).

<sup>117</sup> See U.S. Copyright Act, 17 U.S.C. § 106A (2000). Cf. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S. Ct. 2041 (2003) (limiting the range of cases in which the federal law of unfair competition may serve as a basis for remedies akin to those for moral rights).

<sup>118</sup> For an Internet hypothetical on point, see *infra* text accompanying notes 168-72.

<sup>119</sup> *Shanks v. Kimron*, C.A. 2811/93, 54(3) P.D. 817 (Supreme Court) (Israel), in *English translation in* [2001] *Eur. Copr. & Design Rep.* [E.C.D.R.] 73. For further analysis, see Neil Wilkof, *Copyright, Moral Rights and the Choice of Law: Where Did the Dead Sea Scrolls Court Go Wrong?*, 38 *HOUS. L. REV.* 463 (2001).

may come to bear differently in different circumstances, thus precluding full reliance on any such categorical rule. As we shall see immediately below, the analysis is likely to apply somewhat differently at different stages of a law suit because of different remedial exigencies that make themselves felt at the start and at the end of the suit.<sup>120</sup> Further, there can be exceptional cases, explained below, in which a treaty or legislative text may call for applying the law of a country, or of a group of countries, independently of whether the transaction at issue is incoming or outgoing.<sup>121</sup>

## 2. *Provisional Injunctive Relief: Where to Stop Infringement?*

At the start of a suit for infringement, a claimant often seeks injunctive orders, for example, to cease and desist, to seize copies, etc. At that point, petitioned on short notice to stop a cross-border transaction, the court might have precious little time to study all possibly applicable laws. The case law is sparse, if only because the summary proceedings that address conflicts of laws for purposes of granting provisional remedies leave scant traces on the public record. The Berne/TRIPS policy of weaving a globally seamless fabric of remedies may guide choosing laws to serve as bases for provisional relief in cross-border cases.<sup>122</sup> For this purpose, courts may apply such laws as are shared in most of the overall marketplace threatened by incoming transactions.<sup>123</sup>

Copyright cases can come to a head as soon as injunctive relief is sought against infringement. It is then only normal for a court to look to forum law when the home market is threatened by an incoming transaction. For example, U.S. courts, faced with copies made abroad but infringing under U.S. law, have applied U.S. law as the basis for enjoining the transactions abroad that resulted in the copies coming into the United States.<sup>124</sup> As a comparative example, consider the case of recordings law-

<sup>120</sup> See *infra* Parts III.B.2 and III.B.3.

<sup>121</sup> See *infra* text accompanying notes 139-40.

<sup>122</sup> See *supra* text accompanying notes 102-04.

<sup>123</sup> For problems arising in fashioning final injunctive relief, see *infra* text accompanying notes 168-72 and Part V.B.

<sup>124</sup> Compare *Liberty Toy Co. v. Fred Silber Co.*, 149 F.3d 1183 (6th Cir. 1998), reported in full at 1998 U.S. App. LEXIS 14866 (overturning dismissal, after a restraining order had been granted, where infringing toys were bought in China and completed in Canada, but title held until they reached the U.S. market, and holding that this transaction supported applying U.S. law as a basis for relief), and *Spindelfabrik Suessen-Schurr v. Schubert & Salzer*, 903 F.2d 1568, 1577-78 (Fed. Cir. 1990) (enjoining preparatory acts in Germany for uses that would infringe a patent in the United States), with *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93-94 (2d Cir. 1981) (reversing an order to turn over films susceptible of exploitation abroad).

fully made in Luxembourg after rights had lapsed in that country: the court applied German law to preclude the distribution of the recordings into Germany, where rights were still effective.<sup>125</sup> Admittedly, matters become more difficult when a transaction is incoming relative to many countries, notably when, as in Internet cases, the transaction targets the markets or addresses the audiences in each of these countries, respectively.<sup>126</sup> In theory, according to the analysis just proposed, the court in such a case would have to fashion its injunctive relief in the light of the laws of each of these protecting countries.<sup>127</sup> In practice, this burden may be lightened at the start of the suit by taking into account the conditions for granting provisional relief.

Imagine this hypothetical variation on the *Los Angeles News* case explained above.<sup>128</sup> A party in the United States is on the verge of inputting an audiovisual work into a global telecommunication network without consent. The claimant, not knowing just where reception will take place, at once sues this U.S. party and petitions to have him enjoined from disseminating the work anywhere in the world. At the start of suit, the court might lack the time to research fully the respective laws of all the various countries whose laws may be invoked in the case, given allegations of impending damages worldwide. The court could summarily characterize this as an easy case by rebuttably presuming that, if the work is about to be released from within the United States, then the U.S. market is being targeted and at least U.S. law applies. However, for the sake of testing our approach to localization for purposes of provisional relief, consider *arguendo* only the risk of unauthorized dissemination anywhere else in world.<sup>129</sup> If, in the easy case of home reception, it sufficed to make a showing under forum law, what should suffice in the hard case of multi-country reception, where the laws of other countries come into play? Of course, the claimant has to fulfill certain conditions to obtain an injunc-

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<sup>125</sup> The *Doors* decision, BGH (Federal Court of Justice) (Germany), Feb. 18, 1993, 1993 GRUR 550, 1993 GRUR INT. 699, and in English translation in 26 I.I.C. 305 (1995). Cf. *ABKCO Music & Records, Inc. v. Music Collection Int'l, Ltd.*, [1995] Rep. Pat. Cases [R.P.C.] 657 (C.A. 1994) (U.K.), partially reprinted in 27 I.I.C. 895 (1996) (applying U.K. law to preliminary acts in Denmark leading to infringement in the United Kingdom).

<sup>126</sup> See *infra* Part III.C.2.

<sup>127</sup> See *supra* Parts II.C and III.B.1.

<sup>128</sup> *Los Angeles News Serv. v. Reuters Television Int'l*, 942 F. Supp. 1265 (C.D. Cal. 1996), in pertinent part *rev'd*, 149 F.3d 987 (9th Cir. 1998), cert. denied, 525 U.S. 1141 (1999) (discussed *supra* text accompanying notes 81-85).

<sup>129</sup> The *Los Angeles News* case came close to this hypothetical, in that the claimant there had admittedly consented to N.B.C.'s exploitation of the videos at issue within the United States, but not to foreign exploitation. *Los Angeles News*, 942 F. Supp. at 1267-68.

tion: most importantly, for our purposes, it must show, factually, the imminent threat of irreparable harm and, legally, the probable validity of its claims.<sup>130</sup> At this point, at the start of suit, the court may exercise its discretion, sorting out evidentiary burdens and tailoring provisional relief with an eye to specific circumstances, especially respective burdens on the parties, and to general policies.

In our hypothetical case, the claimant may ask the court to base an injunction on such laws as are effective in the lion's share of the markets or audiences at risk. To that end, it may appeal to the Berne/TRIPs policy which supports providing seamless remedies that stop infringement from spreading across borders.<sup>131</sup> Suppose, for example, that the court makes the following pair of findings: factually, damages difficult to compensate are likely to be incurred in major markets and audiences, say, in Brazil, China, France, Germany, India, Japan, and the United Kingdom; legally, the transaction at issue is infringing under the copyright laws of these jurisdictions. The court then has both factual and legal bases for an injunction with respect to much of the global marketplace and may, in its discretion, consider provisionally enjoining the transaction altogether.<sup>132</sup> The claimant may also, in appropriate cases, invoke minimum Berne/TRIPs rights that so apply to some transactions that, under most or all relevant laws, there is no real conflict of laws.<sup>133</sup> Consider the case of a clearly creative work about to be slavishly imitated and marketed for profit without authorization in many countries at once. Standards common to diversely formulated copyright laws may treat the impending taking as infringing, thus supporting a territorially broad injunction.<sup>134</sup> Subsequent counter-show-

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<sup>130</sup> See generally 2 PAUL GOLDSTEIN, COPYRIGHT § 11.1 *passim* (2003) [hereinafter GOLDSTEIN, COPYRIGHT] (explaining conditions, in the United States, of temporary restraining orders and preliminary injunctions). See also LUCAS & LUCAS, *supra* note 13, at 570-86 *passim*, 607-08 (explaining conditions, in France, of judicially ordered injunctions and of police and judicial seizures).

<sup>131</sup> See *supra* text accompanying notes 102-04.

<sup>132</sup> Cf. *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 939 F. Supp. 1032 (S.D.N.Y. 1996) (enjoining a party from disseminating a trademark on the World Wide Web, after this party's use of the mark had already been held to be infringing in the United States, as well as in foreign countries with major markets).

<sup>133</sup> For the analysis of true and false conflicts, see *supra* Part II.A.2.

<sup>134</sup> Cf. *Applied Research Sys. Holding N.V. v. Organon*, Court of Appeals, The Hague (Netherlands), Feb. 3, 1994, in *English translation in* 28 I.I.C. 558 (1997) (applying, in principle, the laws of protecting countries respectively to infringement alleged in each of them but, given incomplete showings of these laws, presuming that these conform to E.C. norms).

ings, based on limitations or exceptions effective in specific countries, could later lead the court to tailor relief more closely.<sup>135</sup>

Our approach allows legal standards common to many countries to form bases for provisional relief in cross-border cases.<sup>136</sup> It is tempting to simplify matters by applying only one law — according to some hopeful analyses, the most appropriate or most protective law — to justify such relief in a given case.<sup>137</sup> Any proposal to fasten on one such law, however, would not only invite the courts to apply that law extraterritorially, but also encounter uncertainties about what the “most appropriate” or “most protective” law might mean from case to case.<sup>138</sup> Nonetheless, there may be exceptional cases in which an express treaty or legislative text would compel applying the law of a given country to transactions that are not fully incoming relative to the market or audience of that country. Consider the case in which copies that are illicit under the law of one country transit that country’s territory on their way to another country which allows the marketing of the copies. Special treaty provisions may require applying the law of the country of transit to stop these copies even if they

<sup>135</sup> For example, a short quote, indispensable for illustrative or like purposes, might be excused under most laws, and a parody under many laws. For differing laws on point, see the national chapters, particularly § 8[2], in INT’L COPR. LAW & PRACTICE, *supra* note 1. At some point, applying some exceptions, such as that for parody, shades into infringement analysis which, itself, shares many methods among otherwise differing laws. See Paul Edward Geller, *Hiroshige v. Van Gogh: Resolving the Dilemma of Copyright Scope in Remediating Infringement*, 46 J. COPR. SOC’Y 39, 45-53 (1998) [hereinafter Geller, *Hiroshige v. Van Gogh*].

<sup>136</sup> See *supra* Part III.B.1.

<sup>137</sup> Compare Dinwoodie, *A New Copyright Order*, *supra* note 29, at 547-52 (looking to the most appropriate law case by case), with François Dessemontet, *Internet, le droit d’auteur et le droit international privé*, 1996 REV. SUISSE DE JURISPRUDENCE 285 (looking to the most protective law). In this Journal over five years ago, this Writer argued in favor of applying the most protective law in certain cases but now, in this Article, revises this position. For this prior position, see Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 111-14.

<sup>138</sup> See *supra* text accompanying notes 40-58 *passim* and 109-19 *passim* and *infra* text accompanying notes 165-67 and note 352. See also André Lucas, *Private International Law Aspects of the Protection of Works and of the Subject Matter of Related Rights Transmitted over Digital Networks* ¶¶ 91-94, in WIPO Forum on Private International Law and Intellectual Property, WIPO Doc. PIL/01/1 Prov., Dec. 17, 2000 [hereinafter Lucas, *Digital Networks*], available at [http://www.wipo.int/pil-forum/en/documents/doc/pil\\_01\\_1p.doc](http://www.wipo.int/pil-forum/en/documents/doc/pil_01_1p.doc) (last visited Jan. 6, 2004) (doubting that any method would reliably help to select the most appropriate or protective law). Cf. Max Planck Institute, *Stellungnahme*, *supra* note 107, at 105-07 (critiquing a German project to codify application of the most protective law in cases of cross-border infringement).

are not necessarily protected in the country of destination.<sup>139</sup> Comparable statutory provisions may also, in exceptional cases, support enjoining specific outgoing transactions.<sup>140</sup>

### 3. *Final Monetary Relief: Where Has Infringement Occurred?*

At the end of a suit for infringement, a claimant normally seeks damages and, where possible, other monetary awards. By this point, even in a cross-border case, the court has had the time to study ultimate liability under all colorably applicable laws. But the case law worldwide is not fully settled about how to resolve conflicts of laws that bear on attributing monetary liability. The Berne/TRIPs policy of maintaining a globally coherent fabric of remedies should guide choosing laws to serve as bases for imposing awards across borders.<sup>141</sup> For this purpose, courts best apply such laws as are respectively effective in the countries whose markets or audiences have been impacted by incoming transactions.<sup>142</sup>

Courts tend to localize infringing acts at home if markets or audiences are prejudiced or usurped within their own jurisdictions.<sup>143</sup> By parity of reasoning, courts ought not base awards on their home laws for damages incurred or profits realized abroad, that is, outside their respective juris-

<sup>139</sup> See Berne Convention, *supra* note 17, art. 16; TRIPs Agreement, *supra* note 36, arts. 51-60. Note that, where the treaty provision is not self-executing, domestic implementing legislation has to be construed to give it appropriate effect. See, e.g., *Grammophone Co. of India, Ltd. v. Pandey*, [1985] F.S.R. 136 (Supreme Court 1984) (India), *with excerpts in* 18 I.I.C. 139 (1987) (also giving priority to the Berne Convention over other treaties in thus construing domestic law) (discussed *supra* text accompanying note 94).

<sup>140</sup> See, e.g., *B.B.C. Enters., Ltd. v. Hi-Tech Xtravision, Ltd.*, [1992] R.P.C. 195 (H.L. 1991) (U.K.) (holding that, where the B.B.C. relayed encrypted broadcasts across the English Channel and obtained remuneration from the sale of authorized decoders in Continental Europe, section 298 of the U.K. Copyright, Designs and Patents Act supported relief against the illicit marketing of decoders abroad). Cf. U.S. Copyright Act, 17 U.S.C. § 512(j)(1)(B)(ii) (2000) (authorizing orders to block access to a work stored on an off-shore server, but without specifying whether such an injunction predicates any showing that a U.S. audience would access the work).

<sup>141</sup> See *supra* text accompanying notes 102-05.

<sup>142</sup> For the problem of differing approaches to measuring damages, see *infra* note 353.

<sup>143</sup> See, e.g., *Blue Ribbon Pet Prods., Inc. v. Rolf C. Hagen (USA) Corp.*, 66 F. Supp. 2d 454, 462-64 (E.D.N.Y. 1999) (holding that a party may be contributorily liable for monetary awards under U.S. law for having had copies made abroad with *scienter* that such copies might be infringing under U.S. law and sold in the United States); *Herscovici c. Sté. Karla et Sté. Krizia*, TGI (Court of First Instance), Paris (France), May 23, 1990, 146 RIDA 325 (1990) (localizing illicit copying in Italy and illicit sales in France and awarding damages under French law for the sales).



dictions. For example, in a U.S. case, the Ninth Circuit had to review an award of about two million dollars, about half attributable to marketing the Beatles' *Yellow Submarine* in the United States and about half to marketing that work abroad.<sup>144</sup> The appellate court held that U.S. copyright law could not support the latter half of the award because only authorization, but no predicate act such as marketing, had been alleged as occurring inside the United States, leaving that part of the award attributable to foreign exploitation without any basis in the pleadings.<sup>145</sup> Comparably, a French court rejected the argument that French law should apply to imposing damages just because the claimant was headquartered in France, and it rather applied Swedish, Dutch, and British laws, respectively, to award damages incurred in each of these countries.<sup>146</sup> Unfortunately, the courts have not always consistently chosen laws to serve as bases for awarding monetary relief in cross-border cases. Aberrant decisions on point will here be critiqued, and a more coherent approach elaborated.

One old precedent in the United States has allowed U.S. courts to apply U.S. law when imposing monetary liability for infringing copies made in the United States but exploited in other countries.<sup>147</sup> Such precedents invite courts on opposite sides of a border to make overlapping or diverging cross-border awards: on one side, a court could apply its law as a basis for recompensing claims for copies made at home but outgoing into another country; on the other side, a court in that other country could apply its law as a basis for recompensing claims for sales of these copies incoming into its own jurisdiction. For example, in the case of a book published in Canada but sold in the United States, a Canadian court, applying only Canadian copyright law, while distinguishing U.S. precedents on fair use, awarded monies for both Canadian sales and U.S. sales.<sup>148</sup> By

<sup>144</sup> *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1089-90 (9th Cir. 1994) (en banc), *cert. denied*, 513 U.S. 1001 (1994).

<sup>145</sup> *Id.* at 1094-98. *See also* *Micro Data Base Sys., Inc. v. State Bank of India*, 177 F. Supp. 2d 881, 886-87 (N.D. Ind. 2001) (limiting damages under U.S. copyright law to the use of unlicensed software in the United States, while granting contract damages for uses abroad).

<sup>146</sup> *SISRO c. Sté. Ampersand Software, CA* (Intermediate Court), 4e ch., Paris (France), Feb. 8, 2002, *Expertises* 2002, 230. *Cf.* *Cass. civ. I* (Supreme Court), Mar. 5, 2002, *JCP* 2002 II, 10082, 994, *in English translation in* 34 *I.I.C.* 701 (2003) (explained *supra* note 71).

<sup>147</sup> *See Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939) (equitably allowing domestic law to form the basis for attributing liability for transactions commenced by copying at home, but consummated by marketing abroad, because "plaintiffs made no proof of foreign law"). *See also* *Update Art v. Modiin Publ'g*, 843 F.2d 67, 73 (2d Cir. 1988) (following *Sheldon*).

<sup>148</sup> *Hager v. ECW Press, Ltd.*, [1999] 2 F.C. 287, 312-19 *passim*, 323 (Fed. Ct. 1998) (Canada) ("I do not accept the argument that non-Canadian revenues

contrast, on these facts, a U.S. court could have applied U.S. law, at least with regard to the U.S. sales, imposing either duplicative monetary relief or none at all had the U.S. precedents excused liability for the U.S. sales. Such a pattern of decisions would contravene the Berne/TRIPs policy which requires assuring coherent remedies, including monetary awards that correspond consistently to acts of infringement across borders.<sup>149</sup> The principle of national treatment, assuming localization as proposed here, leads to basing monetary liability on the laws of the countries whose markets and audiences are respectively prejudiced or usurped.<sup>150</sup> It requires a court to apply the law of each such country in determining liability for any damages incurred, or profits realized, in that country. The court would thus defuse tensions between different laws with regard to monetary relief.<sup>151</sup>

Our approach leads to imposing monetary liability under the law of each of the countries for which a cross-border transaction is incoming and actionable.<sup>152</sup> But note that, in civil suits, many jurisdictions exceptionally impose statutory or other special monetary awards, notably for particularly egregious infringement or for damages difficult to measure.<sup>153</sup> Such awards may be justified by invoking the international public policy that prompts the TRIPs Agreement to call for “remedies which constitute a deterrent to further infringements.”<sup>154</sup> There is only sparse case law which extraterritorially imposes such special awards under the law of a single country in order to adjust monetary liability for prejudices incurred

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should not be included. The books were published in Canada, sent from Canada for sale abroad and the revenues were paid to the defendants.”)

<sup>149</sup> Interestingly, Canadian case law has recognized that, absent the correct localization of cross-border transactions, there is a “potential” for “double” recovery. See the *Tariff 22* decision, *SOCAN v. Canadian Assoc. of Internet Providers*, (2002) 19 Can. Pat. Rep. [C.P.R.] (4th) 289, ¶ 181 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (also explained *infra* note 164).

<sup>150</sup> See *supra* text accompanying notes 106-13.

<sup>151</sup> The approach proposed here would also defuse tensions within domestic law on point. Compare *Los Angeles News Serv. v. Reuters Television Int'l*, 149 F.3d 987, 991-93 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999), *with id.*, 340 F.3d 926 (9th Cir. 2003) (discussed *supra* text accompanying notes 81-84).

<sup>152</sup> See *supra* Part III.B.1 and text accompanying notes 143-50.

<sup>153</sup> For differing laws on point, see the national chapters, particularly § 8[4][a], in *INT'L COPR. LAW & PRACTICE*, *supra* note 1.

<sup>154</sup> TRIPs Agreement, *supra* note 36, art. 41(1). For further analysis of the relevant provisions, see Thomas Dreier, *TRIPs and the Enforcement of Intellectual Property Rights*, in *FROM GATT TO TRIPs* 248 (Friedrich-Karl Beier & Gerhard Schricker eds., 1996).

in other countries.<sup>155</sup> Rather, a court should impose any special award under one country's law by looking only to the impact of the transaction at issue in that country. Where special awards apply country by country in cross-border cases, they may cumulate, with globally deterrent effects.<sup>156</sup> This entire analysis takes on another complexion in criminal cases where, typically, courts impose sanctions only under their own laws.<sup>157</sup>

C. *What Laws Apply in Hard Cases, Notably Internet Cases?*

New media stretch the notion of territoriality to the breaking point. They can disseminate works across many national borders instantaneously. In one type of case, broadcasting crosses borders, sometimes relayed via satellite throughout a footprint covering many countries. In other cases, works are communicated through the Internet, which interactively links computer terminals, ultimately on a global scale. We propose, in Part III.C.1, to distinguish more closely between broadcast and Internet cases and, in Part III.C.2, to test the foregoing approach to localization by applying it to Internet cases.<sup>158</sup>

1. *Distinguishing Broadcast from Internet Cases*

The courts have circled around the question: Should infringement by a cross-border broadcast be localized where the broadcast originates or where it is to be received? The U.S. Supreme Court has declined to review the divergence between important courts of appeal on this question.<sup>159</sup> European courts have found themselves caught between the

<sup>155</sup> See, e.g., *Nat'l Football League v. PrimeTime 24 Joint Venture*, 131 F. Supp. 2d 458, 479 (S.D.N.Y. 2001) (finding that infringement by capturing work-carrying signals in the United States and transmitting the works abroad was "knowing or at least reckless" and awarding statutory damages for such acts under U.S. law), *on remand from* 211 F.3d 10 (2d Cir. 2000), *cert. denied*, 532 U.S. 941 (2001).

<sup>156</sup> By parity of reasoning, we would not follow the commentary that contemplates attenuating monetary liability by applying the law of the home country of an infringer who, on the basis of that law and comparable laws elsewhere, could not have reasonably foreseen that his acts would have constituted infringement abroad. See *Lucas, Digital Networks*, *supra* note 138, ¶¶ 89-90, 101.

<sup>157</sup> Cf. *Regina v. AFC Soccer*, 22 C.P.R. (4th) 369 (Man. Prov. Ct. 2002) (Canada) (assessing a fine under domestic law by taking account, *inter alia*, of the extent of illicit sales abroad, some via the Internet). For further analysis, see *BROWNIE*, *supra* note 102, at 300-11 *passim*.

<sup>158</sup> For this approach, see *supra* Part III.B.1.

<sup>159</sup> Compare *Allarcom Pay Television, Ltd. v. General Instrument Corp.*, 69 F.3d 381, 387 (9th Cir. 1995) (holding that U.S. copyright law does not apply to the unauthorized unscrambling of satellite transmissions only received in Canada), with *Nat'l Football League v. PrimeTime 24 Joint Venture*, 211

traditional and E.C. approaches to localizing satellite-relayed broadcasts. The traditional approach localizes a broadcast in the country receiving it; the E.C. Satellite Directive localizes a satellite-relayed broadcast in the originating country.<sup>160</sup> The Satellite Directive defines the “act of communication” via a satellite-relayed broadcast as taking place in the E.C. member-state from which the works are transmitted by “an uninterrupted chain of communication leading to the satellite and down towards the earth.”<sup>161</sup> However, the Directive suggests that compensatory liability should be considered by taking into account the impact of a broadcast on markets and audiences in the receiving countries.<sup>162</sup> Thus, while in theory the Directive deviates from the approach suggested here, in practice it converges with this approach.

There is, in any event, little analogy between broadcasts, or even cablecasts, and Internet transmissions.<sup>163</sup> In the former case, one broad-

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F.3d 10 (2d Cir. 2000), *cert. denied*, 532 U.S. 941 (2001) (applying U.S. law to the capture and retransmission of signals in the United States, even though reception only takes place in Canada). *See also* C.A.P.A.C., Ltd. v. Int'l Good Music, Inc., [1963] S.C.R. 136 (Canada) (holding Canadian law applicable to the case of a broadcast originating in the United States, but reaching a Canadian audience with largely Canadian advertising).

<sup>160</sup> Compare the *Tele-Uno II* decision, OGH (Supreme Court) (Austria), May 28, 1991, 1991 GRUR INT. 920, in *English translation* in 23 I.I.C. 703, 707 (1992) (“alongside the law of the country of emission, in addition the copyright provisions of all those countries must be applied, which are situated at least to a considerable extent within the regular reception scope of such broadcasts”), with the *Felsberg* decision, BGH (Federal Court of Justice) (Germany), Nov. 7, 2002, 2003 GRUR 328 (applying German law to a broadcast made from Germany, but addressed to a French public and possibly received by some Germans, on the basis that “control” of the broadcast was exercised at the point of broadcasting in Germany) (also explained *infra* note 162).

<sup>161</sup> E.C. Council Directive 93/83 of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, art. 2.2(a), 1993 O.J. (L 248/15). The Directive applies this definition only to broadcasts that have originated in the European area or where relevant laws are harmonized to E.C. levels. *Id.* art. 2.2(d).

<sup>162</sup> *Id.* Recital 17 (“in arriving at the amount of the payment,” account should be taken of “the actual audience, the potential audience,” etc.). *Cf.* the *Felsberg* decision, *supra* note 160, at 331 (mandating the court on remand to assess royalty claims in the light of the legal situation in France, where much of the audience was located) (also explained *supra* note 160).

<sup>163</sup> *See* Thomas Dreier, *The Cable and Satellite Analogy*, in *THE FUTURE OF COPYRIGHT IN A DIGITAL ENVIRONMENT* 57, 59-63 (P. Bernt Hugenholtz ed., 1996) [hereinafter *THE FUTURE OF COPYRIGHT*]. Compare ROBERTO MASTROIANNI, *DIRITTO INTERNAZIONALE E DIRITTO D'AUTORE* 413-25 (1997) (attempting to reconcile alternative approaches in satellite-relay and online cases), with JEAN-SYLVESTRE BERGÉ, *LA PROTECTION INTERNATIONALE ET*

caster or cablecaster alone decides whether to communicate a work from any one country to multiple points all at once. In the latter case, telecommunication is interactively effectuated among multiple and possibly mobile points in cyberspace. In this fluid situation, the courts have not yet consistently localized possibly infringing transactions prior to choosing applicable laws.<sup>164</sup> However, relative to both the cases of broadcasting and of Internet dissemination, the public policies of the Berne/TRIPs regime would be undercut if infringement were quite simply localized in some supposed originating or source country. On that basis, a party could be headquartered in or operate from a pirate haven and, thus, on the Internet, “upload [works] from the least protective country possible.”<sup>165</sup> The E.C. Satellite Directive eliminates that risk by harmonizing the pertinent laws within the European Community and thus moots conflicts of laws on point in the region. However, no such instrument does the same job in global cyberspace.

Internet cases illustrate a clear choice between conflicts methods. On the one hand, confronting such cases, some commentators would have the courts choose the law of some country with a “significant relationship” or special “connecting factor” to infringement that the Berne/TRIPs regime

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COMMUNAUTAIRE DU DROIT D’AUTEUR: ESSAI D’UNE ANALYSE CONFLICTUELLE 221-26, 300-01, 394-98 (1996) (distinguishing approaches applied to these cases).

<sup>164</sup> Compare *Twentieth Century Fox Film Corp. v. iCraveTV*, 53 U.S.P.Q.2d 1831 (W.D. Pa. 2000) (enjoining the streaming of copyright-protected programming into the United States via any Internet site, even from abroad), and *Menashe Business Mercantile, Ltd. v. William Hill Org., Ltd.*, [2003] 1 All E.R. 279 (C.A. 2003) (U.K.) (finding patent infringement in the United Kingdom because the patented computer system was interactively used there, that is, the end-users worked the system in the United Kingdom, even though the server was abroad), with *Quantitative Fin. Software, Ltd. v. Infinity Fin. Tech., Inc.*, 47 U.S.P.Q.2d 1764 (S.D.N.Y. 1998) (refusing to localize infringement in the United States where, ostensibly from off-shore, a foreign software module “will control huge volumes of trades” in New York City), and the *Tariff 22* decision, *SOCAN v. Canadian Assoc. of Internet Providers*, 19 C.P.R. (4th) 289, ¶ 192 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (applying Canadian law “to protect copyright in the Canadian market” if the “end user” is located there, but not giving up the option of applying Canadian law to Canadian servers, caches, etc., wherever reception occurs) (also explained *supra* note 149).

<sup>165</sup> Jane C. Ginsburg, *Global Use/Territorial Rights: Private International Law Questions of the Global Information Infrastructure*, 42 J. COPR. SOC’Y 318, 322-23 (1995). See also Peter Schonning, *Internet and the Applicable Copyright Law: A Scandinavian Perspective*, 21 E.I.P.R. 45 (1999) (favoring application of the law of the country of access or reception).

does not necessarily contemplate.<sup>166</sup> On the other hand, we have here explained how courts, in exercising their inherent judicial functions, such as characterization and tailoring remedies, may fully respect treaty principles and policies in applying copyright laws to cross-border cases. As here argued, any deviation from these principles runs the risk, not only of destabilizing the global balance between copyright laws, but of prompting new and unpredictable patterns of decisions.<sup>167</sup> Let us then test our treaty-bound approach in Internet cases.

## 2. *Resolving Copyright Conflicts in Internet Cases*

Imagine an Internet case in which a work is protected in one country but not in another.<sup>168</sup> Posit, hypothetically, the following acts undertaken without due consent: an online service colorizes Buster Keaton's silent-film classic *The General*, stores it in a computerized database in the United States, and allows end-users to download the work on demand through a global network; end-users receive the work at their private terminals worldwide. However, while this work is in the public domain in the United States, it is still protected by copyright in Germany and, though unprotected by economic rights in France, still protected by moral rights there.<sup>169</sup> To the extent that these transactions are incoming relative to Germany and France, infringement would be localized there. The laws of these countries would provide bases for any provisional injunction, for example, to exclude access in Germany and France. Optimally, the court would confine reception of colorized versions to countries like the United States where the work is not protected.

Admittedly, the judge could confront a Solomonic dilemma in finalizing an injunction in such a case. Suppose that it were not feasible for the service to block or filter transmissions territorially or according to content. On the one hand, injunctive relief prohibiting reception generally on the

<sup>166</sup> For examples, see Dessemontet, *Conflict of Laws*, *supra* note 41, at 489-91, 502-07; Ginsburg, *Digital Networks (2000 update)*, *supra* note 41, ¶¶ 22-27.

<sup>167</sup> See *supra* text accompanying notes 45-58 *passim*, 109-19, and 136-38 and *infra* note 352.

<sup>168</sup> For a different analysis of this hypothetical, see Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 103-04.

<sup>169</sup> For the German case protecting Keaton's films after U.S. copyright had lapsed, see BGH (Federal Court of Justice), Jan. 27, 1978, 1979 GRUR INT. 50, in *English translation in* 10 I.I.C. 358 (1979). For the French case holding that economic rights in Keaton's films had lapsed in France, see S.A. Galba Films c. M. Friedman, CA (Intermediate Court), Paris, 1re ch., Apr. 24, 1974, 83 RIDA 106 (1975), in *English translation in* 7 I.I.C. 130 (1976), *aff'd*, Cass. civ. I (Supreme Court), Dec. 15, 1975, 88 RIDA 115 (1976). For the French provision recognizing the "perpetual" protection of moral rights, see France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1.

Internet, without regard to territory or content, would run the risk of applying laws extraterritorially across the global expanse of cyberspace; on the other, abstaining from injunctive relief could leave rights in specific jurisdictions without remedy.<sup>170</sup> There seems no choice in such cases but to try to fashion relief on the basis of copyright standards common to most of the jurisdictions impacted by the transactions at issue. But such standards may not converge decisively in a given case, throwing the judge back on her own equitable ingenuity to accommodate diverse laws.<sup>171</sup> For example, the court could limit itself to requiring, in response to moral-right claims, that the poster of the colorized version refer end-users, via a hyperlink, back to the original version. Such relief would reduce the risk that posting the colorized version might somehow distort audience appreciation of the original version.<sup>172</sup>

Further conflicts questions may arise in connection with the collection of copyright royalties for online uses. Collecting societies have traditionally collected royalties on behalf of claimants for uses within national jurisdictions. Complex issues already arise, altogether outside cyberspace, with regard to how such royalties may satisfy the claims of foreign rightholders.<sup>173</sup> Most importantly, the rates and allocation of royalties for claimants who are not nationals of the country of collection must conform to treaty principles, notably national treatment.<sup>174</sup> Now imagine another hypothetical case in cyberspace: factually, a work is input into the Internet, and the resulting dissemination worldwide is licensed at the point of input. Legally, assuming the conflicts analysis proposed here, the laws of the countries for which the dissemination is incoming should respectively gov-

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<sup>170</sup> For further analysis, see Lawrence Solum & Minn Chung, *The Layers Principle: Internet Architecture and the Law*, 79 NOTRE DAME L. REV. 815 (2004), available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=416263](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=416263) (last visited Jan. 6, 2004).

<sup>171</sup> For other instances of judicial accommodation, see *supra* text accompanying notes 132-35 and *infra* text accompanying notes 227-29, 290-302, and 313. For further analysis of moral rights and contracts, see *infra* Part V.B.

<sup>172</sup> For this moral "right to reference" by hyperlinking, see Paul Edward Geller, *Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?*, in OF AUTHORS AND ORIGINS: ESSAYS IN COPYRIGHT LAW 159, 196-97 (Brad Sherman & Alain Strowel eds., 1994), in more concise form in Paul Edward Geller, *Toward an Overriding Norm in Copyright: Sign Wealth*, 159 RIDA 3, 81-83 (1994).

<sup>173</sup> For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 5[5][a], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>174</sup> Cf. *GEMA/Austro-Mechana* decision, OGH (Supreme Court) (Austria), July 14, 1987, 1988 GRUR INT. 365 (imposing national treatment to preclude domestic retention of blank-tape royalties attributable to foreign claims).

ern liability for reception.<sup>175</sup> That analysis would preclude imposing rates effective in a single country of input, from which dissemination is outgoing, to remunerate reception in multiple countries abroad.<sup>176</sup>

Finally, other conflicts of laws could arise with regard to indirect infringement online. To start, laws may differ with regard to enjoining, or to attributing liability to, Internet intermediaries or end-users for involvement in such infringement.<sup>177</sup> There is some consensus that the WIPO Treaty provisions, or implementing statutes on point, are to be applied against dealings in devices or services that have no other function but that of circumventing schemes of digital-rights management.<sup>178</sup> But there is no

<sup>175</sup> See, e.g., Commission Decision 2003/300/EC of 8 October 2002 relating to a proceeding under Article 81 of the EC Treaty and Article 53 of the EEA Agreement (Case no. COMP/C2/38.014 - IFPI "Simulcasting"), 2003 O.J. (L 107) (approving a standard "multi-territorial licence," subject to "tariffs applied in the territories into which the user simulcasts its services"). It remains unclear to what extent claimants will eventually authorize Internet uses by collective or private contracts. For different analyses, see Ferdinand Melichar, *Collective Administration of Electronic Rights: A Realistic Option?*, in *THE FUTURE OF COPYRIGHT*, *supra* note 163, at 147; Mark Stefik, *Shifting the Possible: How Trusted Systems and Digital Property Rights Challenge Us to Rethink Digital Publishing*, 12 *BERKELEY TECH. L.J.* 137 (1997).

<sup>176</sup> See *supra* note 109 and text accompanying notes 165-67. Inextricable consequences would also arise out of applying some other single law, for example, the law of the country where the collecting society is headquartered. In a pair of cases, courts have stopped short of imposing local remuneration schemes on uses abroad. See the *Tariff 22* decision, *SOCAN v. Canadian Assoc. of Internet Providers*, 19 C.P.R. (4th) 289, ¶ 192 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (explained *supra* notes 149 and 164); the *Felsberg* decision, BGH (Federal Court of Justice) (Germany), Nov. 7, 2002, 2003 GRUR 328 (explained *supra* notes 160 and 162).

<sup>177</sup> See generally Kamiel J. Koelman, *Online Intermediary Liability*, in *COPYRIGHT AND ELECTRONIC COMMERCE: LEGAL ASPECTS OF COPYRIGHT MANAGEMENT 7* (P. Bernt Hugenholtz ed., 2000) (comparing diverse laws applicable to Internet intermediaries). See, e.g., Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, arts. 12-14, 2000 O.J. (L 178) (allowing injunctions, but excusing monetary liability, against Internet intermediaries in specified cases of acting as a "mere conduit," of "caching," and of "hosting"). For further analysis, see *infra* text accompanying notes 347-48.

<sup>178</sup> W.C.T., *supra* note 103, arts. 11-12; W.P.P.T., *supra* note 103, arts. 18-19. See MIHÁLY FICSOR, *THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION* 549-56, 563-66 (2002) [hereinafter FICSOR, *THE 1996 WIPO TREATIES*]. See, e.g., *BBC Enters., Ltd. v. Hi-Tech Xtravision, Ltd.*, [1992] R.P.C. 195 (H.L. 1991) (U.K.) (confirming cross-border relief against dealings in unauthorized decoders) (further explained *supra* note 140).



full consensus with regard to attributing liability to end-users, for example, for using such devices or services as might serve legitimate purposes pursuant to limitations or exceptions to copyright under national laws.<sup>179</sup> Where laws conflict on point, it may not be appropriate to apply the provisions of a more stringent regime extraterritorially to end-users located in countries whose laws would excuse the activities at issue.<sup>180</sup>

#### IV. OWNERSHIP: ANALYSIS ALONG THE CHAIN OF TITLE

Copyright transfers constitute what is often called a “chain of title.” This metaphor is more suitably employed in the field of real property than in copyright. Title to real property pertains to but one tangible thing fixed in space and, normally, in both Anglo-American and Continental European jurisdictions, is governed by the law effective at the *situs* where the property is located.<sup>181</sup> By contrast, copyright arises in an intangible work that can be generated and disseminated across borders.

With those caveats, the metaphor of chain of title will be used here. The conflicts of law that arise all along the chain of title to copyright, as it crosses borders, are complex and, in the case law, resolved inconsistently.<sup>182</sup> It will nonetheless here be argued that, often enough, such conflicts may be best resolved by applying, wherever permissible, the law which effectuates the consensus of the parties to the transaction at issue. In that light, Part IV.A below will focus on determining the “author,” *inter alia*, as the initial vestee of copyright. Part IV.B will ask what laws best govern transfers of copyright by contract. Part IV.C will ask what laws may apply to transfers of copyright by law.

##### A. Which Initial Owner Anchors Chain of Title?

As a rule, copyright initially vests in the author of the work at issue. However, in hard cases, that general rule hides a multitude of difficulties. These difficulties have to be resolved to anchor chain of title reliably in

<sup>179</sup> Compare FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 556-63 (regarding the interface between anticircumvention measures and limitations or exceptions), with Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369, 409-18 (1997) (pointing out diplomatic compromises that allowed for the consensus on point but that left margins of the consensus uncertain).

<sup>180</sup> Cf. Éric Labbé, *L'accès aux dispositifs de neutralisation des oeuvres verouillées: une condition nécessaire à l'exercice d'exceptions au droit d'auteur*, 14 C.P.I. 741 (2002) (comparing differing national laws on point).

<sup>181</sup> See JOHN G. COLLIER, CONFLICT OF LAWS 241-43, 266, 274 (2d ed. 1994); LOUSSOUARN & BOUREL, *supra* note 9, at 645-46, 649-52, 655-56.

<sup>182</sup> For more extensive analyses, see Paul Edward Geller, *International Copyright: An Introduction* §§ 6[2], 6[3], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

initial owners worldwide. Part IV.A.1 will reopen the conflicts toolbox to sharpen up the method of characterization to be used in resolving ownership issues. Part IV.A.2 will sort out the purposes for which the term “author” may be defined and theoretically settle on choosing law to define this term for all purposes. Part IV.A.3 will then focus on hard cases, for which it will propose a practical approach to initially allocating rights.

### 1. *Back to the Conflicts Toolbox: Dépeçage*

In the prior analysis, we considered conflicts of laws with regard to infringement issues.<sup>183</sup> Moving from conflicts analysis in pure infringement cases to conflicts analysis in chain-of-title cases is like moving from two- to three-dimensional chess. Ownership issues themselves may be characterized in various ways, for example, as issues of vesting, of transfer by contract, or of transfer by law. We shall see that, while the conflicts of laws that arise with regard to infringement issues are controlled by the Berne/TRIPs regime, conflicts concerning many ownership issues often call for resolution by reference to other, very different conflicts regimes. Indeed, different policies are often at stake in infringement issues than in ownership issues.<sup>184</sup>

Mischaracterizing issues could lead to applying inappropriate laws at various points along the chain of title to copyright worldwide. To keep things simple for the moment, stick to disentangling issues of infringement from issues of contractual transfer.<sup>185</sup> Consider, for example, a contract made in California which purports to transfer copyrights worldwide in a motion picture made in the United States. To what extent should the effects of this contract depend on diverse rules drawn from copyright laws worldwide? For example, when does the French rule against the contractual alienation of moral rights apply? Could such a rule restrict the transferee's options for adapting the work for French showings?<sup>186</sup> Suppose

<sup>183</sup> See *supra* Part III.B.

<sup>184</sup> For the role of policies in conflicts analysis generally, see *supra* Part II.B.1; in infringement cases, see *supra* Part III.B.1 and *infra* Part V.B; and, in transfers by contract, see *infra* Parts IV.B.3 and V.C.

<sup>185</sup> For the conflicts analysis of transfers by law, see *infra* Part IV.C.

<sup>186</sup> See, e.g., the *Asphalt Jungle* decision, *Huston c. Turner Entm't*, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), in *English translation in* 23 I.I.C. 702 (1992), followed on remand, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (holding that French moral rights preclude the showing in France of a colorized, U.S.-made motion picture, notwithstanding a U.S. production contract to contrary effect). For commentary, see Bernard Edelman, *Applicable Legislation Regarding Exploitation of Colourized U.S. Films in France: The “John Huston” Case*, 23 I.I.C. 629 (1992); Paul Edward Geller, *French High Court Remands Huston Colorization Case*, 39 J. COPR. Soc'y 252 (1992). For fur-

that the contract states that California law is to govern its effects. To what extent do California contract rules then apply?<sup>187</sup>

Quite different principles come into play here. On the one hand, the principle of national treatment compels applying the copyright law of a given country to infringement in that country. Accordingly, copyright laws are applied to rights available country by country, depending on where exploitation is localized.<sup>188</sup> On the other hand, altogether different principles, notably freedom of contract, lead to governing a contract by the law that the contractual parties choose or by the law consistent with their consensus. Thus many rules governing copyright contracts are applied contract by contract, absent overriding considerations.<sup>189</sup> As a result, very different conflicts regimes may well control the choice of laws applicable to distinct types of issues on which a copyright contract — and, ultimately, chain of title — may depend. Consider an actual French case in which a ghost writer petitioned a French court to apply French rules to a U.S.-made contract.<sup>190</sup> The court characterized the alienation of moral rights as a copyright issue and applied the French rule which disallows the alienation of French moral rights. By contrast, it characterized the reformation of payment terms as a contract issue and let such terms stand in the U.S. contract, which it held to be governed by U.S. contract law.<sup>191</sup>

Cases of copyright contracts thus illustrate the need for issue analysis which, in conflicts parlance, is called “problem selection” or *dépeçage*, a

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ther analysis of moral rights and contracts, see *infra* text accompanying notes 287-302.

<sup>187</sup> It may be asked whether the federal character of U.S. intellectual property laws does not, at points, lead to overriding state contract laws. See, e.g., *Lear, Inc. v. Adkins*, 395 U.S. 653, 670-74 (1975) (overturning a California contract ruling insofar as it validated a clause in a patent license which expanded the statutory monopoly beyond the limits implicit in the U.S. constitutional mandate for copyright and patent law); *Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255, 268-70 (5th Cir. 1988) (holding state law on software licensing to be preempted by U.S. copyright law).

<sup>188</sup> See *supra* Parts II.C and III.B.

<sup>189</sup> For further analysis, see CHRISTOPHER WADLOW, ENFORCEMENT OF INTELLECTUAL PROPERTY IN EUROPEAN AND INTERNATIONAL LAW, ch. 7 (1998); JACQUES RAYNARD, DROIT D'AUTEUR ET CONFLITS DE LOIS 517-666 *passim* (1990); NIKOLA KLEINE, URHEBERRECHTSVERTRÄGE IM INTERNATIONALEN PRIVATRECHT 52-155 *passim* (1986); Mario Fabiani, *Conflicts of Law in International Copyright Assignment Contracts*, 9 ENT. L. REV. 157 (1998); Reuben Stone, *Problems of International Film Distribution: Assignment and Licensing of Copyright and the Conflict of Laws*, 7 ENT. L. REV. 62 (1996).

<sup>190</sup> *Bragance c. Michel de Grèce, CA* (Intermediate Court), 1e ch., Paris (France), Feb. 1, 1989, 142 RIDA 301 (1989).

<sup>191</sup> For commentary, see Bernard Edelman, Note, 1989 J. DU DROIT INT'L 1012.

term which may be roughly translated as “separating out.”<sup>192</sup> Such issue analysis is part and parcel of the more general phase of conflicts analysis called “characterization” — or, again resorting to the French term, *qualification* — which has already been discussed above.<sup>193</sup> Generally speaking, whether an issue is characterized as an “infringement” issue or as an “ownership” issue determines whether, respectively, either the copyright-conflicts regime or the contract-conflicts or another, related regime governs choosing the law dispositive of the issue.<sup>194</sup> In disentangling such diverse issues all along the chain of title, starting with the initial vesting of rights, we shall continue to formulate issues both from a comparative point of view and with due regard for the treaties.

## 2. Determining the “Author” for Distinct Purposes

It is often easy to anchor the chain of title to copyright. In most cases, copyright initially vests in the author of a work. Sometimes, however, different laws define the term “author” differently from each other, and conflicts approaches may vary on point. We shall here disentangle the purposes for which the term “author” is defined and the conflicts approaches used for these purposes. It will be argued that the law of the protecting country best defines the term “author” for the purpose of initially vesting copyright. The reason is simple: since such law defines the term “author” for most other purposes, it most consistently defines it for the purpose of vesting as well. However, as explained below, whatever the choice of law to define this term in hard cases, the initial allocation of rights may be made subject to the consensus of the parties to creation.<sup>195</sup>

To start, it may not be necessary to prove full chain of title to obtain standing to assert copyright.<sup>196</sup> The Berne Convention provides that, when

<sup>192</sup> Compare 1 ALBERT A. EHRENZWEIG & ERIK JAYME, PRIVATE INTERNATIONAL LAW 119-21 (1972 [vol. 1], 1973 [vol. 2], 1977 [vol. 3]) (noting acceptance of such analysis in the United States under modern views), and 2 BATIFFOL & LAGARDE, *supra* note 8, at 595 (noting such analysis as traditional in Continental Europe).

<sup>193</sup> See *supra* Part II.A.1.

<sup>194</sup> The *Itar-Tass* court recognized this problem. *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 91 (2d Cir. 1998) (“The division of issues, for conflicts purposes, between ownership and infringement issues will not always be as easily made as the above discussion implies.”). We, however, have critiqued, and shall further critique, the methodological foundations of this case. See *supra* text accompanying notes 47-51 and *infra* text accompanying notes 199-201 and note 207. We shall therefore not rely on it for any model of issue analysis.

<sup>195</sup> See *infra* Part IV.A.3.

<sup>196</sup> It is unsettled whether standing to sue on copyright is a procedural issue, typically subject to the law of the forum, or a substantive issue, subject to the law of the protecting country. See generally 1 RESTATEMENT (SECOND) OF

a person's name appears as the author's on a "work in the usual manner," that person is presumed to be that author with standing to sue.<sup>197</sup> Under the same Berne provision, if the author is not so identified, the "publisher whose name appears on the work" is presumed, absent proof to the contrary, "to represent the author" in suing.<sup>198</sup> However, if a court treats standing and ownership indiscriminately, it risks riding roughshod over the "needs of the international system" that these Berne presumptions of standing help to meet. For example, in the *Itar-Tass* case, the Second Circuit effectively denied standing to a Russian publisher to sue for the infringement of U.S. copyright because, under a convoluted conflicts analysis, the publisher did not prove copyright ownership.<sup>199</sup>

Turn to the further issue of defining the term "author" where protection is sought under domestic law. Normally, if such law applies, whether to protect a work unilaterally or to implement treaty obligations, it defines the term "author" at the same time. For example, the U.S. Copyright Act sets forth the criteria that qualify foreign works for U.S. protection, including an author's nationality.<sup>200</sup> Nonetheless, counsel has to attend to vary-

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CONFLICT OF LAWS § 125 (1988) ("The local law of the forum determines who may and who must be parties to a proceeding unless the substantial rights and duties of the parties would be affected by the determination of this issue."). Compare the *Scientology* decision, District Court The Hague (Netherlands), June 9, 1999, AMI 1999, no. 7, at 110, note Kamiel J. Koelman, in *English translation in* [2000] E.C.D.R. 83 (applying Dutch law to determine standing to sue, while applying U.S. law to a U.S.-made license), and the *Alf* decision, BGH (Federal Court of Justice) (Germany), June 17, 1992, 1992 GRUR 697, in *English translation in* 24 I.I.C. 539 (1993) (applying German law to determine standing).

<sup>197</sup> Berne Convention, *supra* note 17, art. 15(1). See, e.g., the *Bora Bora* decision, BGH (Federal Court of Justice) (Germany), July 10, 1986, 1986 GRUR 887, in *English translation in* 19 I.I.C. 411 (1988) (holding that the mention of names on the printed copies of a song apart from a copyright notice, without specifying contributions to the song by each named party and after first publication of the song, sufficed to trigger Berne standing).

<sup>198</sup> Berne Convention, *supra* note 17, art. 15(3). Some laws provide for presumptions of entitlement that arise out of national registrations. See, e.g., *Circle Film Enters., Inc. v. Can. Broad. Corp.*, [1959] S.C.R. 602 (Canada) (holding that a domestic copyright certificate raises presumptions of entitlement overriding the Berne presumptions implemented in domestic legislation).

<sup>199</sup> *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998). The court never thought of construing and applying U.S. law to fulfill the treaty goals motivating the Berne presumptions of standing. For a critique of the *Itar-Tass* methodology, see *supra* text accompanying notes 47-51, note 194 itself, and *infra* text accompanying note 201 and note 207 itself.

<sup>200</sup> U.S. Copyright Act, 17 U.S.C. § 104(b)(1), (6) (2000). But cf. *id.* § 104A(a)(1)(A) (providing that copyright in a so-called restored work "vests initially in the author or initial rightholder of the work as determined

ing conflicts approaches that the courts may take to determining the “author” in this context. While Anglo-American precedents have tended to apply domestic definitions of the term “author” in protecting foreign works, in the *Itar-Tass* case the Second Circuit applied a different law to find the initial “owner” of copyright.<sup>201</sup> Continental European jurisprudence may also vary on point: still, in the *Huston* case, French law, not any treaty, provided the grounds for protecting the moral rights of a U.S. film director and of a U.S. screen writer, and French law considered these film contributors as authors.<sup>202</sup>

Unfortunately, neither the Berne Convention nor any other copyright treaty, including the TRIPs Agreement, expressly defines the term “author.”<sup>203</sup> Furthermore, the courts and commentators vacillate between three distinct approaches to choosing the law which defines the term “author”: the law of the country of origin, the law of the protecting country, and the law implicit in the treaty text.<sup>204</sup> The first option seems implausible for the simple reason that the Berne Convention and other copyright treaties include references to the law of the country of origin only in expressly limited exceptions and, in all other cases, require national treat-

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by the law of the source country”). *See, e.g.*, *Alameda Films v. Authors Rights Restoration Corp.*, 331 F.2d 472 (5th Cir. 2003) (applying Mexican law, ostensibly to define a corporate “author” of films).

<sup>201</sup> *See, e.g.*, *Autoskill, Inc. v. Nat’l Educ. Support Sys., Inc.*, 994 F.2d 1476, 1487-90 (10th Cir. 1993) (applying U.S. law in favor of a Canadian corporation as the author of a work for hire in a case of U.S. infringement); *Syigma Photo News, Inc. v. Globe Int’l, Inc.*, 616 F. Supp. 1153, 1156 (S.D.N.Y. 1985) (applying U.S. law to find that a British photographer was the author of the work at issue in a case of U.S. infringement); *Pro Arts v. Campus Crafts Holdings, Ltd.*, 110 D.L.R. 3d 366, 370-73 (Ont. Ct. of Justice 1980) (Canada) (applying Canadian law to determine authorship and ownership of a U.S.-made poster in a case of Canadian infringement). *But see* *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 89-94 (2d Cir. 1998) (applying Russian law to the issue of ownership of a Russian work in a case of U.S. infringement) (also discussed *supra* text accompanying notes 47-51, note 194 itself, and text accompanying note 199, and *infra* note 207).

<sup>202</sup> The *Asphalt Jungle* decision, *Huston c. Turner Entm’t*, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), in *English translation* in 23 I.I.C. 702 (1992), followed on remand, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (cited with commentary *supra* note 186). French jurisprudence, however, is far from consistent in choosing law to determine authorship or initial ownership. *See* LUCAS & LUCAS, *supra* note 13, at 767-808 *passim*.

<sup>203</sup> Cf. CLAUDE MASOUYÉ, GUIDE TO THE BERNE CONVENTION 11 (WIPO, 1978) (noting that this gap in the Berne text avoids a confrontation between countries with opposing provisions on point).

<sup>204</sup> For a systematic review of these positions, see Paul Edward Geller, *International Copyright: An Introduction* § 4[2][a][ii], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1.

ment subject to minimum rights; the definition of the term “author” is not included among those exceptional issues for which the law of the country of origin is dispositive.<sup>205</sup> By parity of reasoning, not only does the key treaty principle of national treatment weigh in favor of applying the law of the protecting country to define the term “author,” but this choice of law has the advantage of coinciding with the rule normally followed when domestic provisions form grounds for protection.<sup>206</sup> Thus it assures a consistent approach — one which minimizes conflicts problems — with regard to the definition of the “author” within the international system.<sup>207</sup>

Now we come to the question critical for anchoring chain of title: How to determine the “author” as the party in whom copyright initially vests? On the one hand, in cases such as international coproductions and the collaboration of creators through global networks, discussed below, it can be hard to locate any single originating or source country, whose law could uniformly define an initial vestee.<sup>208</sup> On the other hand, in other hard cases, also explained below, the laws of different protecting countries can determine different initial vestees of rights in the same work, for example, the same joint or audiovisual work.<sup>209</sup> Nonetheless, in theory, it seems preferable, to the extent that these various difficulties balance out, to follow the simplest and most consistent approach of defining the term “author” by the same law for most purposes, that is, by the law of the protecting country.<sup>210</sup> In practice, whatever laws are applied, they do not often conflict: the same party ends up defined as the “author” vested with copyright. Only in hard cases, where true conflicts arise, is it necessary to proceed to the next step of analysis.

### 3. *Initial Owners in Hard Cases: Team/Employees’ Works*

Copyright generally first vests in the author or authors of the work at issue. Under all copyright laws, the “author” of a work is most often the

<sup>205</sup> See RICKETSON, *supra* note 56, at 157-59.

<sup>206</sup> See *supra* text accompanying notes 200-02. See also *supra* note 55 (noting that the E.C. Treaty imposes national treatment for E.C. claimants in any E.C. country, ostensibly compelling the application of the national definition of “author”).

<sup>207</sup> *Inter alia*, this approach minimizes the problem of *dépeçage* which plagued the *Itar-Tass* court, as cited *supra* note 194. For a comparable approach, see Adolf Dietz, *The Concept of Author under the Berne Convention*, 155 RIDA 2 (1993).

<sup>208</sup> See *infra* text accompanying notes 217-18 and 224-29. Other, rather technical difficulties could also arise in determining the Berne “country of origin.” See Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1.

<sup>209</sup> See *infra* text accompanying notes 212-15.

<sup>210</sup> See *supra* text accompanying notes 200-07.

natural person who actually creates something that copyright protects: the writer of text; the composer of music; both in the case of a song; and so on. In most cases, then, to the extent that all arguably applicable laws initially vest copyright in such a flesh-and-blood creator, there are only false conflicts of laws with regard to such vesting. As explained above, in cases of false conflicts, courts need only reach the same result as the arguably applicable laws dictate, so that, here, chain of title to copyright may be anchored in the flesh-and-blood creator that such laws designate as the author.<sup>211</sup> In hard cases, however, conflicts of laws do arise, notably when these laws do not initially vest rights in the same flesh-and-blood creators or when they vest rights in other parties, for example, in producers or employers.

Hard cases arise with regard to initial vesting only when the work at issue originates out of actual relationships among two or more parties. Either the work originates out of the activities of many creators, who collaborate with each other, or the work originates out of activities that one or many creators undertake as agents in relations with a principal, such as a producer or employer. Consider, first, *joint* or *collaborative works*: in theory, rights initially vest in the coauthors who together contribute creative materials to such a work. However, in practice, different laws may identify these coauthors differently to the extent that they apply different criteria of joint or collaborative works.<sup>212</sup> Second, there are *collective* and *audiovisual works*, in which the laws of some, but not all, countries initially vest rights in a principal, such as the publisher or producer of the work at issue.<sup>213</sup> The laws of some countries, however, vest rights in audiovisual works in members of a creative team, such as the director, screenwriter, etc., and some laws vest such rights in both creators and the producer.<sup>214</sup>

<sup>211</sup> See *supra* Part II.A.2.

<sup>212</sup> See, e.g., Alberto Musso, *Italy* § 4[1][a], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the Italian criterion of the inseparability of contributions and special criteria for particular kinds of joint works, like operas, ballets, etc.); Adolf Dietz, *Germany* § 4[1][a], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that the German criterion of joint works requires inseparable contributions at the level of exploitation); Eric Schwartz, *United States* § 4[1][a][i], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that, under U.S. law, collaboration must occur with the intent to merge contributions).

<sup>213</sup> See, e.g., André Lucas & Pascal Kamina, *France* § 4[2][b][i][A], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Mihály Ficsor, *Hungary* § 4[2][b], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Alberto Bercovitz & German Bercovitz, *Spain* § 4[2][b][i], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (all explaining that these laws vest rights in collective works in the publisher or other principal).

<sup>214</sup> For the U.S. law on point, treating audiovisual works either as joint works or as works for hire, see F. Jay Dougherty, *Not a Spike Lee Joint? Issues in the*



Third, there are *works made on the job*, in which different laws variously vest rights of use, or outright ownership, in flesh-and-blood creators or employers.<sup>215</sup>

In such hard cases, different courts, even within the same jurisdiction, might apply different choice-of-law rules to determine first vesting.<sup>216</sup> On the one hand, some courts apply the vesting rules of some supposed country of origin or source country; on the other, some apply the vesting rules of the protecting country. However, to apply the law of a country of origin or source country consistently, courts would need a stable criterion for identifying that country, but no such criterion seems available in many cases.<sup>217</sup> We shall, in a moment, consider the examples of an audiovisual work coproduced in a pair of countries, with a producer headquartered in each, and of creation undertaken across the Internet, where there just is no singular point of origin or source.<sup>218</sup> It has here been proposed to apply the law of the protecting country to define the term “author,” if only to avoid splitting the cluster of issues of rights normally subject to such law, especially for purposes of protecting a foreign work.<sup>219</sup> For hard cases where vesting rules conflict, we propose the rule of thumb: *However rights vest, initially allocate the rights consistently with the consensus of the parties to the transactions leading to the creation of the work.*

Return to our hard cases: joint works, collective and audiovisual works, and works made on the job. Such works are made either by many

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*Authorship of Motion Pictures under U.S. Copyright Law*, 49 UCLA L. REV. 225 (2001); for European laws on point, now somewhat harmonized, see PASCAL KAMINA, *FILM COPYRIGHT IN THE EUROPEAN UNION*, ch. 4 (2002).

<sup>215</sup> See, e.g., Xue Hong, *China* § 4[1][b], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining Chinese rules for different cases of works made on the job); Herman Cohen Jehoram, *Netherlands* § 4[1][b], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the Dutch mix of different rules and definitions on point).

<sup>216</sup> See, e.g., André Lucas & Pascal Kamina, *France* § 6[1][b][i], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Eric Schwartz, *United States* § 4[1][b][i], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (both indicating that courts vacillate in choosing laws for purposes of vesting rights).

<sup>217</sup> See Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating difficulties in determining the Berne “country of origin”). Cf. Jane C. Ginsburg, *International Copyright: From a “Bundle” of National Copyright Laws to a Supranational Code?*, 47 J. COPR. SOC'Y 265, 283-85 (2000) [hereinafter Ginsburg, *Supranational Code*] (vacillating with regard to the “country of origin,” admitting that this Berne notion is difficult to apply in Internet cases, and then invoking the open-ended notion of the country with “the most significant relationship” to creation).

<sup>218</sup> See *infra* text accompanying notes 224-29.

<sup>219</sup> See *supra* text accompanying notes 200-10.

contributing creators, often in agency relations with a principal, or by a single author working for a principal. The moment that such parties come together to produce a work, they most often have some prior agreement or consensus regarding their respective rights in this work. Suppose that this agreement allocates rights in the projected work — either, in the case of a joint work, among its multiple creators or, in the other cases, between the creator or creators and any principal. This agreement, if enforceable under the law applicable to it, should govern which parties initially hold which rights in the work, for the simple reason that this consensual solution would most reliably effectuate the parties' expectations.<sup>220</sup> By the same token, to the extent that no agreement may be reasonably read into the parties' transactions, whatever law would have properly governed such an agreement, had it existed, would reliably control the initial allocation of rights. This approach applies across the board to all the hard cases canvassed here, without the need for different rules for analytically distinct, but often-overlapping, categories of works, such as collective or audiovisual works and works made on the job.

To test this approach, consider a work made on the job. Under German law, copyright in such a work vests in its flesh-and-blood creator, subject to such employer's claims as flow from the employment relationship; by contrast, U.S. law vests copyright in the employer, who is defined as the "author."<sup>221</sup> For a theoretical moment, the approach proposed here would initially vest different national rights in this work made on the job, and in all works of whatever category, under the laws of the protecting countries respectively granting the rights. For example, copyright would vest according to German law for purposes of German exploitation, according to U.S. law for purposes of U.S. exploitation, and indeed according to the laws of hundreds of countries, right by right. But in practice, this approach would subject the allocation of rights in the work created in Germany to any German agreement between the parties or, absent their clear consensus, to German law on point.<sup>222</sup> Recall our argument: the au-

<sup>220</sup> For the laws applicable to copyright contracts, see *infra* Part IV.B.

<sup>221</sup> Compare Germany, Gesetz über Urheberrecht und verwandte Schutzrechte (Law dealing with Copyright and Related Rights, as last amended by the Law of Sept. 10, 2003), § 43, available at <http://bundesrecht.juris.de/bundesrecht/urhg> (last visited Jan. 14, 2004) (vesting rights in an employed author "provided nothing to the contrary transpires from the terms or nature of the contract of employment"), with U.S. Copyright Act, 17 U.S.C. § 101 (2000) (defining "work made for hire," with the proviso that the work fall "within the scope of [the creator's] employment").

<sup>222</sup> As indicated below, rules of form for copyright contracts, especially requirements of a written contractual instrument, are normally subject to the contract-conflicts regime. See *infra* text accompanying notes 257-60. Thus, an oral German agreement could apply in conformity with German law with-

thor and employer on the spot in Germany, where the work was created, could have reasonably expected such an agreement or corresponding German law to govern the allocation of rights. However, this approach would have a different result in the case of a work made by a U.S. employee within the scope of U.S. employment. If there were no agreement to the contrary, the employer would obtain U.S. copyright in that work and all corresponding rights worldwide.<sup>223</sup>

What if the transactions leading to the creation of a work are not centered in one jurisdiction? Such a case could and increasingly often does arise, for example, when a film work is coproduced in different countries, say, by producers headquartered in these different countries. Of course, in such a case, the approach vesting copyright under the law of a supposed “country of origin” or “source country” would tend simply to ignore any contractual processes that brought together the creators and producers of the work.<sup>224</sup> Consistently with the approach proposed here, article 14*bis* of the Berne Convention provides that “[o]wnership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed.” Nonetheless, whatever the initial vesting of copyright in our hypothetical film work in one protecting country or another, the allocation of copyright is subject to any contractual arrangement between the parties participating in the creation of the work.<sup>225</sup> It thus has to be asked whether the coproduction contracts for such a cosmopolitan work included any valid choice-of-law clause, and the

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out conflicting with the requirement in U.S. law of a “written instrument” to effectuate any U.S. allocation of rights in certain cases of specially ordered or commissioned works. See U.S. Copyright Act, 17 U.S.C. § 101 (2000) (“work made for hire”).

<sup>223</sup> But the U.S. work-for-hire provisions need only vest in employers those types of foreign rights akin to those restrictively enumerated inside the U.S. copyright “bundle,” leaving open the allocation of foreign rights that fall outside that enumeration, notably moral rights.

<sup>224</sup> Vesting copyright in the “author” by referring to the definition of that term in any “country of origin” would be circular to the extent that such a country would be determined by any author’s nationality. Referring to the definition in the country where the producer is headquartered would be impossible if there were joint producers, each headquartered in a different country. Reference to definitions turning on other factors, such as first publication, would not necessarily have any relation to underlying contracts. See Berne Convention, *supra* note 17, art. 5(4). For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1.

<sup>225</sup> See, e.g., the *Spielbankaffaire* decision, BGH (Federal Court of Justice) (Germany), Oct. 2, 1997, 1999 GRUR 152, and in *English translation* in 30 I.I.C. 227 (1999) (holding that the laws of the protecting countries respectively determine the initial vestees of copyright in an audiovisual work, while considering that this vesting may be subject to subsequent contractual alloca-

contracts would govern the allocation of rights, subject to any validly chosen law. This approach would also respect any provision in a contract which anchored chain of title in the work by clearly allocating to one party rights arguably vested in creators under diverse laws.<sup>226</sup>

Suppose that colleagues from the four corners of the earth, via the Internet, collaboratively created a work and then posted the work on the Internet. In such a case, as in the case of the coproduced film work just considered, it would be futile to look for any single originating or source country whose law could sensibly govern the initial allocation of rights in the work.<sup>227</sup> A court would, as in the case of the coproduced film, respect the creators' expectations more closely by asking how the consensus bringing the creators together would most reasonably control the allocation of copyright in the work. What if there were no decisive evidence of the parties' understanding regarding that allocation of rights, much less of the law that they would have reasonably expected to have applied to their agreement? In such a hard case, the court could only apply common standards regarding the allocation of rights among the creators and any eventual principal.<sup>228</sup> That is, the court would have to accommodate diverse laws common to the relevant parties in working out an allocation appropriate to the case.<sup>229</sup>

#### *B. What Rules Apply to Transfers by Contract?*

Assume that chain of title is anchored in an initial owner of copyright. Assume, too, that this owner undertakes to transfer rights worldwide by contract. Confronted by a purported transfer of copyright by contract, a court has to ask: On which issues do the effects of the transfer turn — on copyright or contract issues?<sup>230</sup> In Part IV.B.1, we shall consider issues subject to the copyright-conflicts regime and, in Part IV.B.2, issues subject

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tion), *on remand*, OLG (Intermediate Court), Munich, Jan. 10, 2002, 2003 ZEITSCHRIFT FÜR URHEBER- U. MEDIENRECHT 141.

<sup>226</sup> Note that this result would affect the allocation of rights in the coproduced audiovisual work, not criteria of eligibility such as an author's national status or a producer's habitual residence or headquarters, on the basis of which the work may be protected internationally. See *supra* text accompanying notes 200-07.

<sup>227</sup> See *supra* text accompanying notes 208, 217-18, and 224.

<sup>228</sup> Cf. *Micro Star v. FormGen, Inc.*, 154 F.3d 1107 (9th Cir. 1998) (holding the manufacturer to be the author of an original videogame underlying derivative videogames that end-users created on the basis of the original work and posted on the manufacturer's website).

<sup>229</sup> For other instances of judicial accommodation, see *supra* text accompanying notes 132-35 and 168-72 and *infra* text accompanying notes 290-302 and 313.

<sup>230</sup> See *supra* Part IV.A.1. For more extensive analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 6[2], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

to the contract-conflicts regime. After that, in Part IV.B.3, we shall deal with hard cases arising from tensions between the regimes themselves.

### 1. *The Copyright Regime: Author-Protective Rules*

The copyright-conflicts regime dictates that *the law of the protecting country* governs rights exploited within that country. Return to our hypothetical contract which purports to transfer rights worldwide in a U.S.-made motion picture: the law of each protecting country governs a bundle of domestic rights subject to the transfer.<sup>231</sup> Suppose, for example, that Buster Keaton had authored the motion picture in our transfer: economic rights in his works, which date back to the silent-film era, are still protected by German law, but no longer by French law.<sup>232</sup> Any transfer of economic rights worldwide would convey rights still effective under German law, but have no effect for economic rights lapsed in France. Similarly, whether there are other national rights available for transfer depends on the law of each country under which the rights are claimed. To what extent should the further effects of the contract itself also be subject to a multiplicity of laws, country by country?

To reiterate a point made above, the principle of national treatment, at the heart of the copyright-conflicts regime, dictates a country-by-country approach to rights.<sup>233</sup> For each country, we have to ask: Does the bundle of rights recognized by the national copyright law include any contract-relevant rule that affects whether or how such rights may be transferred? If it does, then, pursuant to the principle of national treatment, just as a national author may assert the right comprising that contract-relevant rule, so may a foreign author ask to have the same rule applied.<sup>234</sup> Thus, in theory, if a substantive author's right, falling within the scope of copyright, were so defined in a country's law that it necessarily entailed applying a contract-relevant rule in favor of any national author in all cases, that rule would apply to protect a foreign author who enjoyed national treatment in the country. Let us proceed directly to some practical examples: most dramatically, there is the rule that precludes the contractual waiver of moral

<sup>231</sup> See *supra* text accompanying notes 186-87.

<sup>232</sup> Compare the German *Keaton* decision, BGH (Federal Court of Justice), Jan. 27, 1978, 1979 GRUR INT. 50, in *English translation in* 10 I.I.C. 358 (1979), with the French *Keaton* decision, S.A. Galba Films c. M. Friedman, CA (Intermediate Court), Paris, 1re ch., Apr. 24, 1974, 83 RIDA 106 (1975), in *English translation in* 7 I.I.C. 130 (1976), *aff'd*, Cass. civ. I (Supreme Court), Dec. 15, 1975, 88 RIDA 115 (1976) (both referenced *supra* note 169).

<sup>233</sup> See *supra* Parts II.C and III.B.

<sup>234</sup> See *supra* text accompanying notes 54-57.

rights, with which we shall deal at length below.<sup>235</sup> Consider, for now, other examples of author-protective rules.

For example, reversionary interests in copyright sometimes resist contractual transfer. Under the U.K. Copyright Act of 1911, an author could not assign rights in most works for the term which extended beyond twenty-five years after the author's death. Consequently, British copyright assigned by an author to a third party reverted back into the author's estate once the twenty-five-year *post mortem* period lapsed.<sup>236</sup> In one case, the French composer Ravel had contractually transferred all rights worldwide in his orchestration of Mussorgsky's *Pictures at an Exhibition*, and a French court later applied the reversionary British provisions to the British rights, holding these to be vested in the composer's estate.<sup>237</sup> The British *Redwood* cases held that, even though New York contract law governed certain agreements at issue in these cases, British copyright law required that an author's estate conclude an "express agreement" after the passing of the 1911 Act to convey the reversionary right to a third party.<sup>238</sup> Here the national law formulating the right subject to the contract was critical in determining the transferability of the right.<sup>239</sup> Similar issues

<sup>235</sup> See *infra* text accompanying notes 287-302.

<sup>236</sup> U.K. Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, §§ 5(2), 24(1) (Eng.), as presently effective pursuant to Copyright, Designs and Patents Act, 1988, c. 48, sched. 1 ¶¶ 27, 28 (Eng.), available at <http://www.patent.gov.uk/copy/legislation/copylaw.htm>. Generally, the 1911 provisions concerning reversionary rights continue to have effect by virtue of still-operative rules in Canada and of transitional provisions elsewhere where the 1911 Act once applied. See Brad Sherman, *Australia* § 4[3][e], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Ysolde Gendreau, *Canada* § 4[3][b], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Lionel Bently, *United Kingdom* § 4[3][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1. For a comparative analysis focusing on a variety of practical problems, see Rosina Harris, *Reversionary Rights in the United Kingdom and Canada*, 30 J. COPR. SOC'Y 544 (1983).

<sup>237</sup> Sté. Boosey & Hawkes, Ltd. c. Taverne, Trib. civ., Bayonne (France), May 16, 1972 (unreported), as commented by Henri Desbois, Note, 25 REV. TRIM. DROIT COMMERCIAL 624 (1972).

<sup>238</sup> *Redwood Music, Ltd. v. B. Feldman & Co., Ltd.*, [1979] R.P.C. 385, 395-406 (C.A. 1979) (U.K.) (refusing to imply a transfer of the U.K. twenty-five-year interest from a contract referring to U.S. renewal rights, but allowing transfer by language referring to worldwide rights), *aff'd sub nom.*, *Chappell & Co., Ltd. v. Redwood Music, Ltd.*, [1981] R.P.C. 337 (H.L. 1980) (U.K.). See also *Peer Int'l Corp. v. Termidor Music Publishers, Ltd.*, [2003] E.C.D.R. 221, 240-43 (Ch. 2002) (U.K.) (giving effect to agreements by heirs to transfer reversionary interests).

<sup>239</sup> *Cf. Campbell Connelly & Co., Ltd. v. Noble*, [1963] 1 All E.R. 237 (Ch. 1962) (U.K.) (referring to U.S. law to ascertain "the precise nature [italics added] of that to which it [the contract] is claimed to apply," in determining whether U.S. renewal rights were susceptible of transfer). For further analysis, see Stone, *supra* note 189, at 65-73.

have arisen with regard to the reversion of analogous rights under other laws.<sup>240</sup>

Unfortunately, it is not always easy to discern which contract-relevant rules follow from the very definition of copyright. More particularly, it is not always clear when a national law so tightly includes such a rule within a given copyright bundle of rights that national treatment compels applying this rule whenever that national law is applied. One noted commentator would have us look to “the legal nature of the right as imprinted by the law of the protecting country” in determining the extent to which any right under copyright may be contractually transferred.<sup>241</sup> But, in specific jurisdictions, the theories of “the legal nature” of this or that right are often mixed up in practical policy decisions, especially when law-makers formulate contract-relevant rules to defuse local tensions between authors’ interests and commercial needs.<sup>242</sup> The following rough-and-ready test may begin inquiry to sort out issues as those subject to copyright rules applicable pursuant to national treatment: Does the rule in question necessarily apply the same way to foreign and domestic claimants? If not, the foreign claimant may not necessarily receive the same treatment as a domestic claimant, and national treatment may not be, strictly speaking, available.

Consider, for example, rules that purport to override the actual provisions of contracts. For example, Germany has recently instituted such rules, which are intended to assure authors of “equitable” remuneration.<sup>243</sup> Also, the E.C. Rental Directive introduced the rule that, where an author has transferred his rental right to a producer, that author retains an

<sup>240</sup> For U.S. termination provisions, see U.S. Copyright Act, 17 U.S.C. §§ 203, 304(c), (d) (2000). For analysis of one cross-border case, in which the transfer of U.S. renewal rights was at issue, see *infra* text accompanying notes 283-86. Analogous issues may arise, albeit rarely, in other systems with regard to the effects that transfers may have on entitlements to benefit from term extensions. Compare the *Ave Maria* decision, Cass. civ. I (Supreme Court) (France), June 21, 1961, 33 RIDA 108 (1961) (holding that a contract could convey copyright with an extended term from the author to assignee), with the *Colette* decision, CA (Intermediate Court), 4e ch., Paris (France), Apr. 12, 2002, 194 RIDA 315 (2002) (applying laws of the protecting countries to determine whether rights in extended terms subsequently instituted in different countries, respectively, benefit authors, their heirs, or contractual transferees).

<sup>241</sup> ULMER, CONFLICT OF LAWS, *supra* note 49, at 46.

<sup>242</sup> Compare György Boytha, *National Legislation on Authors’ Contracts in Countries Following Continental European Legal Traditions*, 1991 COPYRIGHT 198, 200-02 [hereinafter Boytha, *Authors’ Contracts*] (explaining that the Continental European approach favors authors), with Denis de Freitas, *Copyright Contracts*, 1991 COPYRIGHT 222, 258 (giving the Anglo-American view, for which commerce determines suitable terms).

<sup>243</sup> Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, §§ 32, 32a. For further analysis, see Wilhelm Nordemann, *A Revolu-*

unwaivable right to obtain an “equitable” remuneration for rentals.<sup>244</sup> Following our analysis, we have to ask: Are the standards determining the “equity” of remuneration such that the rule in question necessarily applies the same way to foreign and domestic authors? Such standards arise out of the situation of the parties to the contract at issue, for example, out of considerations varying from party expectations to trade practices, as well as out of local law conditioning such expectations and practices.<sup>245</sup> In evaluating “equity” in this context, a court, looking to such locally differing considerations, may apply the rules of remuneration quite differently to foreign and domestic authors. This variation would disqualify the issue of the “equity” of remuneration for strict national treatment country by country.<sup>246</sup>

## 2. *The Contract Regime: Form; Interpretation; Mandatory Terms*

The contract-conflicts regime determines *the law of the contract*. As a general rule, this regime tends to favor applying one contract law to purely contract issues raised by a given agreement. Recall our hypothetical contract which purports to transfer copyright worldwide in a motion picture: it contains a choice-of-law clause which would have California contract law apply to it.<sup>247</sup> If enforced, this clause would apply this single law to issues characterized as contract issues, for example, typically, formalities, interpretation, performance, etc. Thus, on such issues, the contract would optimally be subject to the law of one jurisdiction, the so-called law of the contract, irrespective of the panoply of diverse national rights that it trans-

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*tion of Copyright in Germany*, 49 J. COPR. SOC'Y 1041 (2002). For analysis of analogous French rules, see *infra* text accompanying notes 266-69.

<sup>244</sup> Directive 92/100/EEC on the rental right, the lending right, and on certain rights related to copyright, art. 4, 1992 O.J. (L 346). For a critical analysis of one example of implementation, see Juan José García & Carolina Pina, *Rental Rights and Lending Rights in Spain*, 17 E.I.P.R. 449, 451-52 (1995).

<sup>245</sup> A standard of equity possibly different than that of forum law is not a rule of law dispositive of any issue, but only serves as a *datum* in the case, that is, as a predicate for a dispositive rule. See Brainerd Currie, *On the Displacement of the Law of the Forum* (58 COLUM. L. REV. 964 [1958]), in *SELECTED ESSAYS ON THE CONFLICT OF LAWS* 3, 69-74 (1963). See also 1 EHRENZWEIG & JAYME, *supra* note 192, at 83-85; 3 *id.* at 9-11 (observing that a foreign standard of equity may be noticed by a court).

<sup>246</sup> Note that German law purports to make these rules mandatory relative to German exploitation. See Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 32b. *But cf.* Reto M. Hilty & Alexander Peukert, *Das neue deutsche Urhebervertragsrecht im internationalen Kontext*, 2002 GRUR INT. 643 (critiquing the attempt to apply these German rules to foreign contracts).

<sup>247</sup> See *supra* text accompanying notes 185-87.



ferred.<sup>248</sup> It is thus critical to ask: What effects of a copyright contract should turn on purely contract rules?

The *Second Restatement of Conflict of Laws* recapitulates U.S. criteria for the choice of contract law.<sup>249</sup> In Europe, the Rome Contracts Convention most notably codifies principles and rules that are to guide choosing such law.<sup>250</sup> While their styles differ, these authoritative texts tend to confirm applying the choice of law freely agreed upon by the parties to any given contract. Absent an effective choice of law by the parties, the contract-conflicts regime most often dictates applying the contract rules of whatever jurisdiction is local to the contractual parties or, in some cases, to the underlying transactions or performance.<sup>251</sup> This gravitation towards the law of the *situs* of the contractual process seems to rest on the premise that, absent an express choice of law, the parties would have reasonably expected such local law to apply to their contract. Thus it reconfirms the larger principle that the parties should, absent overriding considerations, be free to choose the law applicable to the contract.<sup>252</sup>

While the contract-conflicts regime generally favors the freedom and reliability of consensual transactions, it sometimes takes account of more

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<sup>248</sup> It is generally preferable to apply the law of one jurisdiction to all contract issues raised by a given agreement, for the simple reason that a multiplication of laws governing any one agreement could undermine the reliability of the contractual process. Compare 1 RABEL, *supra* note 8, at 100-01 (arguing in favor of applying “one convenient law” to entire contract “so far as feasible” and warning that “a contract should not be split on *a priori* grounds”), with 1 EHRENZWEIG & JAYME, *supra* note 192, at 119-21, and 3 *id.* at 9 (grouping issues by what he calls *compécage* or what might be translated as “aggregative problem situation,” but at the same time expressing reservations toward positions such as Rabel’s and that of the U.S. Uniform Commercial Code, which seek one law “applicable to the entire transaction”).

<sup>249</sup> See 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 186, 187 (1988).

<sup>250</sup> E.C. Convention of June 19, 1980, on the Law applicable to Contractual Obligations, arts. 3, 8, 9, 11 [hereinafter Rome Contracts Convention], 1998 O.J. (C 1027/34). For a seminal study with reference to intellectual property generally, see ULMER, CONFLICT OF LAWS, *supra* note 49, at 1-53 *passim*; for recent commentary, see WADLOW, *supra* note 189, ch. 7.

<sup>251</sup> What “local” might mean here may vary. The U.S. *Restatement* sets out flexible criteria. See 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 188 (1988). The Rome Contracts Convention in appropriate cases applies the law of the country of the party who is to render the “characteristic performance” under the contract. See Rome Contracts Convention, *supra* note 250, art. 4.

<sup>252</sup> See generally 3 EHRENZWEIG & JAYME, *supra* note 192, at 30-33 (confirming the trend in the common and civil laws to apply such contract rules as validate the agreements of the parties); WADLOW, *supra* note 189, 425-26 (analyzing the Rome Contracts Convention relative to intellectual property, starting with the application of the law freely chosen by the parties).

specific public policies.<sup>253</sup> A miscellany of policies may variously bear on the choice of law for copyright contracts: these range from protecting authors to facilitating media commerce. However, it can often be difficult to discern the cross-border relevance of such policies, if only because lawmakers have historically tended to be provincial in this field. More often than not, they have remained focused on largely local parties and interests in developing contract-relevant rules for copyright matters.<sup>254</sup> A court may find some guidance, when disentangling contract from copyright issues, by looking to the source of the rules in question. In a common-law system, one may ask whether the type of rule in question usually arises out of the common law of contracts. In a civil law system, one may ask whether the type of rule is to be found in the contractual provisions of a civil or commercial code.<sup>255</sup> But even where the rules invoked bear traces of contractual sources, there may still be copyright policies to consider in particular cases. The burden lies with the party seeking to undo a contractual transaction to show that such countervailing policies should prevail.<sup>256</sup>

Consider formalities. Should a transfer of copyright be in writing? Should the contract specifically mention the rights to be transferred? Following the approach just proposed, the contract-conflicts regime applies the law of the contract to such issues. That would be, most notably, the law consistent with the choice of the parties or, absent such choice, that of the jurisdiction local to the contractual process.<sup>257</sup> Rules of form may be

<sup>253</sup> Compare 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 187(2)(b) (1988) (conditioning party choice of law by reference to matters of “fundamental policy”), with Rome Contracts Convention, *supra* note 250, arts. 3(3), 5-6, 7, 16 (setting out complex provisions determining when considerations of public policy, including *ordre public*, as well as so-called mandatory rules of law codifying such policy, may override normally applicable contract law).

<sup>254</sup> Cf. ADOLF DIETZ, COPYRIGHT LAW IN THE EUROPEAN COMMUNITY: A COMPARATIVE INVESTIGATION OF NATIONAL COPYRIGHT LEGISLATION, WITH SPECIAL REFERENCE TO THE PROVISIONS OF THE TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY 190-212 *passim* (1978) (outlining European rules that often represent nationally specific compromises between conflicting interests of authors, media entrepreneurs, and the public).

<sup>255</sup> For a comparative analysis distinguishing general contract rules from contract-relevant rules specific to the field of copyright, see EHRHARD E. LIEBRECHT, DIE ZWECKÜBERTRAGUNGSLEHRE IM AUSLÄNDISCHEN URHEBERRECHT: DEUTSCHSPRACHIGE LÄNDER UND EUROPÄISCHE GEMEINSCHAFT (1983).

<sup>256</sup> Compare Melville B. Nimmer, *Who is the Copyright Owner When Laws Conflict?*, 5 I.I.C. 62 (1974) (favoring enforcing agreements), with Paul Katzenberger, *Protection of the Author as the Weaker Party to a Contract under International Copyright Contract Law*, 19 I.I.C. 731 (1988) (favoring author-protective policies).

<sup>257</sup> See *supra* text accompanying notes 249-52.

intended to keep authors from making hasty and ill-considered transfers or to protect authors as weaker partners bargaining with producers or media enterprises. Nonetheless, most courts subject the form of copyright contracts to the law of the contract, even when a rule of form is invoked to protect an author who is a party to the transactions at issue.<sup>258</sup> Very rarely, courts or commentators may draw a distinction between procedural and contract rules that effectively require agreements to be reduced to writing. A rule characterized as procedural, for example, a rule requiring a writing as competent evidence of an agreement, could be made subject to forum law.<sup>259</sup> But under the analysis broached here, a contract rule, predicating the enforceability of an agreement on a writing, would be subject to the law of the contract. One U.S. decision which imposed such a writing requirement under forum law must be disapproved for failing to inquire into the law of the contract.<sup>260</sup>

Issues of form may shade into issues of interpretation. Consider this hypothetical example: A U.S. national writes a hit song. Then, in a contract concluded in the United States, she assigns copyright in the song worldwide to a U.S. publisher, irrevocably for all media, known or unknown. Different countries may have rules that would, or could, lead to invalidating this open-ended transfer relative to local rights, or to all rights, to exploit the hit in unknown media. On the one hand, German copyright law now codifies the rule that an author's contract is not enforceable to grant rights for media that were unknown at the time of contracting.<sup>261</sup> One noted German commentator suggests that this is a

<sup>258</sup> See, e.g., *Wegman c. Sté. Elsevier Science, CA* (Intermediate Court), 4e ch., Paris (France), June 2, 1999, 183 RIDA 302 (2000) (holding that U.K. law governed the form of the alleged contract, for which the characteristic performance was to take place in the United Kingdom); *I.P.C. Magazines, Ltd. et Sté. Syndication Int'l c. Guy Mouminoux, CA* (Intermediate Court), 1e ch., Lyon (France), Mar. 16, 1989, 144 RIDA 227 (1990) (applying the British rule to a contract between a French author and the British agency to allow a grant to subsequent parties of the rights in French second editions, even though the French rule required the contract to mention such rights expressly).

<sup>259</sup> For an overview of this characterization problem in U.S. law, see 73 AM. JUR. 2D §§ 493-496 (2003). However, the authorities disfavor treating writing requirements as procedural for conflicts purposes. See 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 141 (1988); 1 RABEL, *supra* note 8, at 50-52.

<sup>260</sup> *Radio Television Espanola S.A. v. New World Entm't, Ltd.*, 183 F.3d 922 (9th Cir. 1999). Strangely, the court failed to understand that Spanish, not U.S. rights, were being licensed, leaving performance in Spain and thus tipping the scale in favor of applying Spanish law to the contract. See *id.* at 926 n.3.

<sup>261</sup> Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 31(4). See EUGEN ULMER, URHEBER UND VERLAGSRECHT 363-64 (3d ed. 1980). French law, by contrast, conditions any such transfer by requiring it to be made in an express clause which provides for profit sharing.

copyright rule, not a contract rule, so that a court following his approach would apply the German rule to our hypothetical contract, precluding it from conveying German rights relative to unknown media.<sup>262</sup> On the other hand, many laws have rules of restrictive construction, under which an author's contract is rebuttably presumed not to transfer her rights to exploit works in given media if the contract does not expressly specify the rights relative to the media at issue.<sup>263</sup> If a court treats construction as a contract issue, it may apply U.S. law to our hypothetical contract, since U.S. parties concluded the contract locally: then whatever U.S. rule governed contractually unspecified rights and media would apply to transferring such rights worldwide.<sup>264</sup> In such cases of open-ended contractual terms of transfer, counsel should ask whether all arguably applicable laws, to the extent that they include rules of restrictive construction, do not enter into false conflicts.<sup>265</sup>

The matter becomes more complex where mandatory terms are required in contracts. Consider, for example, French terms entitling authors to share in negotiated but equitable proportions of the revenues generated

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*See* France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 131-6. But such conditions are not necessarily applicable to foreign contracts. *See supra* text accompanying notes 257-58 and *infra* text accompanying notes 267-70.

<sup>262</sup> *See* ULMER, CONFLICT OF LAWS, *supra* note 49, at 39, 46. The purportedly mandatory character of this rule seems to flow from the very definition of German copyright, and the rule seems to apply the same way to foreign and domestic authors. *See* Adolf Dietz, *Germany* §§ 4[2][a], 4[3][a][i], 7, in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1. The requirement of an express term may apply to transfers of specific rights, for example, termination or renewal rights. *See supra* text accompanying note 238 and *infra* text accompanying note 284.

<sup>263</sup> *See, e.g.,* André Lucas & Pascal Kamina, *France* §4[3][a][i], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that courts are free to interpret ambiguous contractual language in the light of party intent); Alberto Musso, *Italy* § 4[3][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that restrictive construction is largely, but not entirely, a contractual matter).

<sup>264</sup> *Compare* Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481, 487 (2d Cir. 1998) (favoring "neutral principles of contract interpretation rather than solicitude for either party"), with *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 854 (9th Cir. 1988) (stating that "the license must be construed in accordance with the purpose underlying federal copyright law.").

<sup>265</sup> For true and false conflicts, see *supra* Part II.A.2. For an example, see *infra* text accompanying notes 283-86. Given the trend to construe copyright contracts restrictively, courts may gravitate toward narrowly reading such contracts made on the Internet, where the contractual process lacks any clear *situs*. *See* Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 109-10.

from the exploitation of their works.<sup>266</sup> A critical provision, however, states that lump-sum, rather than such proportional, remuneration “may also be paid for the assignment of rights by or to a person or enterprise established abroad.”<sup>267</sup> This provision suggests, *a contrario*, that the overall policy behind the rule requiring proportional remuneration is restricted to protecting only French authors involved in French transactions. In other French provisions, there is extensive and intricate statutory machinery intended to regulate copyright transfers that arise in the fields of publishing, public performances, and audiovisual production.<sup>268</sup> But this French machinery is arguably subject to the possibility of excluding the otherwise mandatory terms for proportional remuneration in cases of non-French transactions.<sup>269</sup> It may also be asked whether comparable provisions for mandatory terms in other laws may be limited to local contracts.<sup>270</sup>

### 3. Reconciling Regimes in Hard Cases: Moral vs. Contract Rights

In cases of cross-border copyright contracts, a basic tension sometimes pits the relevant conflicts regimes against each other. On the one hand, the copyright-conflicts regime applies laws country by country: for example, French law dictates the inalienability of French moral rights, U.S. law applies to the termination of transfers of U.S. rights, and so on.<sup>271</sup> Hence, as one commentator explains, this regime has centrifugal effects on a contractual transfer of copyright worldwide, tending to pull the contract apart by applying as many sets of rules as there are national rights conveyed by the transfer.<sup>272</sup> On the other hand, the contract-conflicts regime

<sup>266</sup> France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 131-4.

<sup>267</sup> *Id.* art. L. 132-6. For further analysis, see Robert Plaisant, *L'exploitation du droit d'auteur et les conflits de lois* (in the translation: *The Exploitation of the Copyright and the Conflicts of Law*), 35 RIDA 63, 99-107 *passim* (1962); DESBOIS ET AL., *supra* note 66, at 152-53.

<sup>268</sup> See France, Code de la Propriété Intellectuelle, *supra* note 116, arts. L. 131-2 through L. 132-33 *passim*. For further explanation, see André Lucas & Pascal Kamina, *France* § 4[3], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. For other examples, see Alberto Musso, *Italy* §§ 4[3][a], 4[3][b], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Alberto Bercovitz & German Bercovitz, *Spain* § 4[3][b], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>269</sup> *Cf.* Bragance c. Michel de Grèce, CA (Intermediate Court), 1e ch., Paris (France), Feb. 1, 1989, 142 RIDA 301 (1989) (discussed *supra* text accompanying notes 190-91).

<sup>270</sup> *Cf. supra* text accompanying notes 243-46 (questioning whether other rules for “equitable” remuneration apply as copyright rules, subject to national treatment).

<sup>271</sup> See *supra* Part IV.B.1.

<sup>272</sup> See Plaisant, *supra* note 267, at 101.

has centripetal effects, since it aims to enforce one central law of each contract, optimally the law freely chosen by the parties.<sup>273</sup>

This tension can lead to hard cases, notably when applicable copyright and contract rules are not easily distinguished or themselves conflict. In such cases, it will prove useful to recall the “the needs of the . . . international system,” that is, the *ordre public international* of the Berne/TRIPs regime.<sup>274</sup> In the Berne Convention, article 2(6) confirms that Berne “protection shall operate for the benefit of the author and his *successors in title*” [italics added], and the drafters of this clause recognized that, with the sole exception of moral rights and *droit de suite*, Berne-assured rights are normally transferable to contractual successors.<sup>275</sup> Significantly, *droit de suite* is the only copyright-like economic entitlement which the Berne Convention refrains from expressly subjecting to full national treatment, but which it expressly makes inalienable.<sup>276</sup> *A contrario*, one may then argue that national treatment is to be granted with all due regard for the contracts that allow authors’ successors to enjoy all the other Berne-assured economic rights.<sup>277</sup>

This argument has a basis in policy analysis. Countries promote varying policies in regulating local transactions between authors and media entrepreneurs. Some seek to protect authors by regulating these transactions closely; others seek to enhance copyright commerce by allowing more freedom of contract.<sup>278</sup> It could, however, give extraterritorial effects to a particular country’s local policies to apply its local

<sup>273</sup> See *supra* Part IV.B.2.

<sup>274</sup> See *supra* Part II.B and *infra* Part V.C.

<sup>275</sup> See Berne Convention, *supra* note 17, arts. 2(6), 6*bis*(1), 14*ter*(1). For the drafting record, see Marcel Plaisant, General Report on the Work of the Brussels Diplomatic Conference for the Revision of the Berne Convention, 1948, in WIPO, 1886 — BERNE CONVENTION CENTENARY — 1986, 179 (1986).

<sup>276</sup> Berne Convention, *supra* note 17, art. 14*ter*(2). For further analysis, see Eugen Ulmer, *The “Droit de Suite” in International Copyright Law*, 6 I.I.C. 12 (1975).

<sup>277</sup> Cf. György Boytha, *Ansätze für das Urhebervertragsrecht in der Revidierten Berner Übereinkunft*, 1987 ZEITSCHRIFT FÜR RECHTSVERGLEICHUNG 179 (finding some relevance of Berne provisions for copyright contracts).

<sup>278</sup> Compare Boytha, *Authors’ Contracts*, *supra* note 242, at 198 (Continental European approach), with de Freitas, *supra* note 242, at 222 (Anglo-American view). Other contract-relevant rules may protect end-users, for example, the rules in the E.C. software directive that preclude the contractual waiver of certain exceptions. E.C. Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, art. 9(1), 1991 O.J. (L 122). For further analysis, see Thomas Heide, *Copyright, Contract and the Legal Protection of Technological Measures — Not “The Old Fashioned Way”*: *Providing a Rationale to the “Copyright Exceptions Interface”*, 50 J. COPR. Soc’y 315, 330-38 (2003).

contract-relevant rules to foreign copyright transactions.<sup>279</sup> Berne national treatment provides a key to avoiding tensions here: such treatment does not apply to works of purely domestic origin that have purely domestic authors.<sup>280</sup> In most cases, relative to any given country, local contracts concern works by domestic authors, and foreign contracts concern works by foreign authors. It would therefore not necessarily effectuate national treatment to impose the contract-relevant rules of a given country indiscriminately on foreign copyright contracts.<sup>281</sup> Hence the rule of thumb: *In cases that do not concern domestic authors, a court should be reluctant to apply local contract-relevant rules to foreign copyright contracts.* For example, as seen above, French rules that govern contractual remuneration are not applicable to foreign contracts.<sup>282</sup>

In any case, a court may also ask: Do any ostensibly differing rules proposed to govern the contract at issue enter into a false conflict?<sup>283</sup> For example, the Brazilian composer Antonio Carlos Jobim sought to assert renewal copyrights in the United States after having assigned U.S. copyrights in certain songs to a Brazilian music publisher. A U.S. court ruled in favor of Jobim, citing U.S. case law which required express contractual terms to convey renewal rights and noting that “United States renewal copyright reflects a vital policy of United States copyright law.”<sup>284</sup> However, the court’s conflicts approach, exporting U.S. policy indiscriminately, was questionable, especially since the contract at issue had Brazilian parties and provided for submitting disputes to a Brazilian forum. Had the court looked abroad, it would have encountered the Brazilian rule of restrictive construction that, in the interest of protecting authors, would have also precluded any transfer of a specific right absent clear contractual terms to that effect.<sup>285</sup> The court could have asked whether the same re-

<sup>279</sup> See Paul Edward Geller, *The Proposed EC Rental Right: Avoiding Some Berne Incompatibilities*, 14 E.I.P.R. 4, 5-7 (1992); André Kéréver, *La règle du “traitement national” ou le principe de l’assimilation* (in the translation: *The Rule of national treatment or the principle of assimilation*), 158 RIDA 75, 89-90 (1993).

<sup>280</sup> See Berne Convention, *supra* note 17, art. 5(1), (3).

<sup>281</sup> See generally DESBOIS ET AL., *supra* note 66, at 152 (“The exploitation of rights is not to be confused with their definition. Thus, we submit, the law of the protecting country does not properly determine the term of contracts or the mode of remunerating authors; it is up to the parties, expressly or not, to choose the law they find appropriate . . .”).

<sup>282</sup> See *supra* text accompanying notes 266-69.

<sup>283</sup> For the analysis of true and false conflicts, see *supra* Part II.A.2.

<sup>284</sup> *Corcovado Music Corp. v. Hollis Music, Inc.*, 981 F.2d 679, 684-85 (2d Cir. 1993).

<sup>285</sup> See Manoel J. Pereira dos Santos, *Brazil* § 4[2][c], in 1 INT’L COPR. LAW & PRACTICE, *supra* note 1. Note that the 1973 Copyright Act in effect in Brazil at the time of this case had, as does the present law, a rule favoring the

sult could have been reached on the grounds of a false conflict, rather than rushing to apply local law without regard for the policy interests of other jurisdictions.<sup>286</sup>

Nonetheless, the rules invoked in some cases may not be easily characterized as dispositive either of copyright or of contract issues, or the rules may truly conflict. At times, then, the laws applicable pursuant to the copyright-conflicts regime and to the contract-conflicts regime can appear to be bent on a collision course. Consider the most dramatic example of such hard cases: cases where author's moral rights are invoked against contractually acquired economic rights. Some laws, like French law, categorically and unconditionally declare moral rights to be inalienable.<sup>287</sup> Article 6*bis* of the Berne Convention suggests that moral rights remain the author's after the conveyance of all economic rights, but this language does not definitively preclude moral rights from being contractually impaired.<sup>288</sup> Indeed, highly differentiated case laws qualify how the exercise of moral rights may be affected by contracts, even in countries where these rights are declared to be inalienable, as well as in other countries where the question of contractual waiver remains open.<sup>289</sup> It may at times be possible for a court to reconcile the copyright-conflicts regime and the contract-conflicts regime with regard to moral rights if it judicially accommodates such rights with contractually acquired rights.

But what does "judicial accommodation" mean in this context?<sup>290</sup> Judges have repeatedly had to defuse tensions between theoretically inalienable moral rights and the practical exigencies of contractual transac-

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restrictive construction of authors' contractual transfers of copyright. On restrictive rules of construction generally, see *supra* text accompanying notes 263-65.

<sup>286</sup> Cf. 3 NIMMER ON COPYRIGHT, *supra* note 50, § 9.06[A][2] ("it is unreasonable, in this writer's view, to subject a contract written in Portuguese, negotiated and executed in Brazil, providing that it shall be governed by local law, and by its terms intending to be all-inclusive, to an American rule of construction . . .").

<sup>287</sup> France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1. Cf. HENRI DESBOIS, LE DROIT D'AUTEUR EN FRANCE 276-77 (3d ed. 1978) (explaining that French moral rights predominate over economic rights that are alone subject to contractual transfer).

<sup>288</sup> Berne Convention, *supra* note 17, art. 6*bis*(1). Cf. 1 LADAS, *supra* note 18, at 599-600 ("the intention of the Convention was to leave this question [of waiver of moral rights under article 6*bis*] to the determination of the law of each country").

<sup>289</sup> For examples, see national chapters, particularly § 7[4], in INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>290</sup> For another example of the judicial accommodation of moral rights, see *supra* text accompanying notes 168-72. For different examples of judicial accommodation, see *supra* text accompanying notes 132-35 and 227-29.



tions.<sup>291</sup> This they have most often done by judicial accommodation, that is, by crafting remedies for violations of moral rights that minimally impair the legitimate claims of the holders of contract rights. For example, in the seminal *Whistler* case, the artist Whistler had painted a portrait of Lord Eden's wife on commission but then refused to deliver it: the French court only conditionally allowed Whistler to exercise his moral right to control disclosure of his work.<sup>292</sup> Whistler could withhold the portrait from the Edens, but he had to make the initial model unrecognizable for purposes of future displays, to make restitution of all payments received, and to pay damages for non-delivery.<sup>293</sup> If moral rights are "by nature" a creature of judge-made law, judicially accommodating them with contractually acquired rights may be considered as part and parcel of their definition. Accordingly, national treatment relative to foreign authors' moral rights would not be violated by such accommodation.<sup>294</sup>

Judicial accommodation may employ equitable devices that take account of the parties' good faith or reasonable expectations. For example, German copyright law conditions the moral right of integrity by allowing such modifications of a work as the author could not in good faith refuse.<sup>295</sup> The German Federal Court of Justice dealt differently with each of a pair of cases on point: in both, it found that the integrity of theatrical works had been impaired as a result of modified stagings. In one case, the court allowed the modifications, made a half-century after the original staging, finding them to fall within the bounds of good faith; in another case, it barred modifications reducing the original play "to a more or less meager skeleton of" itself.<sup>296</sup> Italian courts have dealt with the televising of motion pictures interrupted by "spot" advertising commercials that, Italian film creators claimed, violated their moral rights of integrity. One first-instance trial court ordered spot commercials to be timed so that both the televisor's exploitation rights and the film creators' moral rights would

<sup>291</sup> See 1 STROMHOLM, *supra* note 115, no. 1, at 118-50 *passim*, 278-96 *passim*.

<sup>292</sup> William Eden c. Whistler, Cass. (Supreme Court) (France), Mar. 14, 1900, D. 1900 I 63.

<sup>293</sup> See 1 STROMHOLM, *supra* note 115, no. 1, at 283 ("Thus the Court of Cassation tried to find a formula that allowed for safeguarding both the personal interests of the artist and the force of contracts.").

<sup>294</sup> See *supra* text accompanying notes 233-35 and 241.

<sup>295</sup> Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 39(2).

<sup>296</sup> The *Oberammergau Passion Play* decision, BGH, Oct. 13, 1988 (Germany), 1989 GRUR 106, note Ulrich Loewenheim (allowing modifications); the *Maske in Blau* decision, BGH, Apr. 29, 1970 (Germany), 1971 GRUR 35, note Eugen Ulmer, in *English translation* in 2 I.I.C. 209 (1971) (allowing, in principle, creative discretion in staging a play, but not the specific modifications which the claimants found objectionable).

be minimally impaired. It tried equitably to defuse the tension between the foreseeable “demands of commercializing a film and the respect for the unity of a work.”<sup>297</sup>

Suppose that a U.S. playwright agrees, in a contract subject to California contract law, to have his play adapted into a motion picture. But the playwright later brings suit for a violation of his German right to integrity when the motion picture, effectively a loosely adapted version, is shown in Germany. Would California or German standards apply in ascertaining whether the U.S. playwright could in “good faith” move to stop performance of the film version? There may be some equitable sense in which most judges understand the notion of “good faith,” but the core sense of that notion would still have to be particularized in the light of the laws specifically relevant to each case.<sup>298</sup> Thus, in our hypothetical case, California standards, including California contract law, may be argued to determine what “good faith” means in the context of this case, while German law governs moral rights in Germany. Note that the California law of contracts need not be considered to be in conflict with the German law of moral rights in this case, for the simple reason that each law applies to quite different aspects of the case. The California standards are relevant to judicial accommodation, while German law is legally dispositive of the playwright’s claim.<sup>299</sup>

Consider, in turn, the French moral right of integrity which, codified as inalienable, benefits foreign as well as national creators of works.<sup>300</sup> The French statute implements this right by precluding the modification of an audiovisual work once a “final version” has been made.<sup>301</sup> But such a

<sup>297</sup> The *Serafino* decision, Trib. (Court of First Instance), Rome (Italy), May 30, 1984, 56 DIRITTO DI AUTORE [DIR. AUT.] 68, 74-75 (1985), note Mario Fabiani. The court at the next level, reversing after a trial *de novo*, engaged in a more dogmatic analysis. Corte app. (Intermediate Court), Rome (Italy), Oct. 16, 1989, 61 DIR. AUT. 98 (1990).

<sup>298</sup> See Bernard Dutoit, *Good Faith and Equity in Swiss Law, in EQUITY IN THE WORLD’S LEGAL SYSTEMS: A COMPARATIVE STUDY* 307, 310-17 (Ralph A. Newman ed., 1973) (noting that “good faith” is always relative to the parties’ personal and legal relations on the spot).

<sup>299</sup> For treatment of such equitable standards as data, rather than laws in conflict, see *supra* note 245.

<sup>300</sup> France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1. See, e.g., the *Asphalt Jungle* decision, *Huston c. Turner Entm’t*, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), in *English translation in 23 I.I.C.* 702 (1992), followed on remand, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (cited with commentary *supra* note 186).

<sup>301</sup> France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-5. Cf. BERNARD EDELMAN, *DROITS D’AUTEUR, DROITS VOISINS* 59 (1993) (noting that this specific provision was written to avoid “American” procedures).

rule may be difficult to apply to audiovisual works produced outside France, where other laws or production agreements need not require any consent to a “final version” in the French manner.<sup>302</sup> In cases where the French moral right of integrity is invoked in a non-French audiovisual work, it may then be necessary to craft relief with an eye to accommodating the conditions current where the work was produced.

Moral rights remain somewhat of a wild card in the deck of rights dealt out to authors. Despite the inchoate nature of moral rights, if not the diverse theories of their relations to economic rights, conflicts of laws regarding these rights need not always lead to arbitrary results in practice. The approach just proposed allows judges more consciously and consistently to do what they often do implicitly, that is, take account of the equities of the case, including the parties’ good-faith demands and their reasonable expectations.

### C. *What Rules Apply to Transfers by Law?*

After first vesting, copyright and related interests may be transferred by contract and by law. We have already discussed the choice of law applicable to copyright transfers by contract.<sup>303</sup> Complex conflicts of laws may arise with regard to transfers made as a matter of law and with regard to priorities among transfers. We shall discuss, in Part IV.C.1, how to resolve conflicts of laws that arise when copyright is transferred by law and, in Part IV.C.2, when priorities are to be determined among copyright transfers, whether these are effectuated by contract or by law.

#### 1. *Inheritance; Marriage; Creditors’ Claims; Reorganizations*

There are many types of transfers by law. We have already discussed the termination of transfers and the reversion of residual rights.<sup>304</sup> Transfers may most notably arise as a matter of law by virtue of inheritance, upon the dissolution of a marital community, in the realization of creditors’ claims by foreclosure or in bankruptcy, or in a corporate reorganization. Whatever policies come into play in these different fields, the approaches to conflicts of laws have become fairly settled in some fields, but not in others. In such cases, as in many contract cases, economic and moral rights may be subject to different treatments. We shall here touch on conflicts questions that arise when, in cross-border cases, copyright is transferred by law.

<sup>302</sup> For further analysis, distinguishing the “director’s cut,” “final version,” etc., see John J. Dellaverson, *The Director’s Right of Final Cut — How Final is Final?*, 7 ENT. & SPORTS LAW., no. 1, at 7 (1988).

<sup>303</sup> See *supra* Part IV.B.

<sup>304</sup> See *supra* text accompanying notes 236-39.

Courts tend to give effect to the inheritance law of the jurisdiction most closely connected to the decedent.<sup>305</sup> For example, a U.S. court held that U.S. copyright in the works of the German writer Bertolt Brecht could be subject to the inheritance law of East Germany, that author's country of domicile at the time of death.<sup>306</sup> Similarly, a French court applied German law to determine that French copyright in a film devolved on the only heir of its German director once the production company originally holding rights no longer existed.<sup>307</sup> It remains controversial whether moral rights, not usually considered as fully transferable, may be inherited as such, subject to the normally applicable inheritance law.<sup>308</sup> Under another characterization, upon the death of an author, standing to assert her moral rights passes to her representatives under the law of the protecting country.<sup>309</sup> After the death of the Swiss sculptor Giacometti, standing to assert his French moral rights was held to devolve pursuant to French law.<sup>310</sup>

Consider, in turn, the marital community. Copyright interests arising during the marriage of an author may have to be allocated upon the dissolution of this marriage. Generally, the law applicable in the jurisdiction where the marital community is located applies at least to national eco-

<sup>305</sup> For a review of treaties in the field of inheritance, see Alfred E. von Overbeck, *La convention du premier août 1989 sur la loi applicable aux successions pour cause de mort*, 1989 ANNUAIRE SUISSE DE DROIT COMPARÉ 138.

<sup>306</sup> *Brecht v. Bentley*, 185 F. Supp. 890, 893 (S.D.N.Y. 1960). U.S. provisions for the reversion of copyright still leave traps for the unwary. For analysis in the context of inheritance, see Francis M. Nevins, *The Magic Kingdom of Will-Bumping: Where Estates Law and Copyright Law Collide*, 35 J. COPR. SOC'Y 77 (1988).

<sup>307</sup> *Sté. Films sans frontières c. Riehl*, Cass. civ. I (Supreme Court) (France), Mar. 20, 2001, 189 RIDA 357 (2001).

<sup>308</sup> See, e.g., the *Carmina Burana* decision, President District Court, Amsterdam (Netherlands), Feb. 24, 1992, AMI 1992, no. 6, at 112 (applying German inheritance law to decide who may exercise the Dutch moral rights of the German composer Carl Orff). But see Herman Cohen Jehoram, *Netherlands* § 7[3], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (critiquing this decision).

<sup>309</sup> See generally Berne Convention, *supra* note 17, art. 6bis(2) (providing that, after the author's death, Berne moral rights "shall be exercisable by the persons or institutions authorized by" the pertinent legislation). This provision has been construed to refer to the legislation of the protecting country. Cf. DESBOIS ET AL., *supra* note 66, at 211 (regretting that the protecting country's discretion had not been more circumscribed). For the conflicts analysis of standing in copyright cases, see *supra* text accompanying notes 196-99.

<sup>310</sup> Cass. civ. I (Supreme Court) (France), July 6, 2000, JCP éd. E. 2002, no. 8, at 224, note Henri-Jacques Lucas, *aff'g* CA (Intermediate Court), 1e ch., Paris, Sept. 23, 1997, 176 RIDA 418 (1998), *critiqued in* André Kéréver, *Chronique de Jurisprudence*, 176 RIDA 291, 313-15 (1998).

conomic rights effective there, while caveats arise concerning moral rights. In the United States, it remains unsettled how the federal law of copyright and the state laws of marital property come together to determine the allocation of U.S. copyright as such within the marital community.<sup>311</sup> Under French law, French copyright does not fully fall within the marital community: while following the theory that an author's economic rights may not be fully disentangled from her moral rights, French law in practice allocates to the community the copyright interests accruing from the economic exploitation of works during marriage.<sup>312</sup> A court, in dissolving a marital community, may equitably accommodate diverse laws in this context by allocating to the community such copyright interests worldwide.<sup>313</sup>

Foreclosures and other business-related transfers by law present comparable questions. Such transfers may be based, for example, on security interests, on other creditors' claims, or on corporate or like reorganizations.<sup>314</sup> The very possibility of thus transferring rights by law depends on how copyright is conceptualized: as a fully alienable right, notably as a property right; as distinct alienable and inalienable rights, with, notably, moral rights resisting alienation; or as some synthesis of such rights.<sup>315</sup> Foreclosure and related transfers may be possible to the extent that, as in most Anglo-American systems, the rights to which such transfers by law apply are conceptualized as alienable rights alone, although the procedures and consequences of such transfers may vary between jurisdictions, especially within federal systems.<sup>316</sup> Such transfers by law may be limited

<sup>311</sup> Compare *Rodrigue v. Rodrigue*, 218 F.3d 432 (5th Cir. 2000) (finding state law to be in "compatible combination" with federal law on point), with *In re Marriage of Worth*, 241 Cal. Rptr. 135, 136, 139-40 (Ct. App. 1987) (applying state law). For further analysis, see 1 GOLDSTEIN, COPYRIGHT, *supra* note 130, § 4.4.4.2.

<sup>312</sup> France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-9. For further analysis, see LUCAS & LUCAS, *supra* note 13, at 141-45.

<sup>313</sup> For other examples of judicial accommodation, see *supra* text accompanying notes 132-35, 168-72, 227-29, and 290-302.

<sup>314</sup> See, e.g., *Films by Jove, Inc. v. Joseph Berov*, 154 F. Supp. 2d 432 (E.D.N.Y. 2001) (sorting out how, in the breakup of the Soviet Union, copyright entitlements passed through complex reorganizations of film studios and distribution agencies).

<sup>315</sup> For these distinct conceptualizations, see Paul Edward Geller, *International Copyright: An Introduction* § 2[2][b], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. Note, too, that, independently of these theoretical considerations, specific transactions, such as transfers of rights to make derivative works and non-exclusive licenses, may, in practice, be subject to special rules.

<sup>316</sup> See, e.g., Lorin Brennan, *Financing Intellectual Property Under Federal Law: A National Imperative*, 23 COMM/ENT 195 (2001) (explaining tensions in U.S. law on point); David Vaver, *Can Intellectual Property Be Taken to Satisfy a Judgment Debt?*, 6 BANKING & FIN. L. REV. 255 (1991) (exploring varying

under many Continental European and similar laws that presuppose close ties between the alienable and inalienable components of copyright or that seek to protect authors' royalty interests necessary for their livelihoods. Such author-protective systems tend to leave secured parties or other creditors to look for satisfaction only by foreclosing on purely economic interests, such as royalty streams, and sometimes limit such recourse as well.<sup>317</sup> Where a foreclosure or a related transfer purports to have effects across borders, complex conflicts of laws may arise with regard to priorities.<sup>318</sup>

## 2. *Priorities Among Transfers by Contract and by Law*

Which party's claims prevail when different parties seek to benefit, respectively, from different transfers by contract or by law of what are purportedly the same or overlapping rights? Of course, for one contractual transfer to take priority over another, it must be effective under the proper law of the contract: thus a fraudulently made transfer, even if concluded or recorded before a valid transfer, would not take priority.<sup>319</sup> The issue of priority can become critical to chain of title where a copyright owner contractually transfers the same rights in the same work to different parties one after the other. The issue can also arise where, in proceedings such as bankruptcy, different creditors seek transfers by law of the same or overlapping rights. The conflicts arising with regard to such priority are complex, and we shall do no more here than outline them.

Assume, *arguendo*, that all countries give priority to the first transfer in time over all subsequent transfers. On that hypothesis, which is not

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approaches in Canada). See also Tasha Stanford, *Securitisation of Film Rights*, 11 ENT. L. REV. 121 (2000) (outlining procedures in the United Kingdom).

<sup>317</sup> See, e.g., André Lucas & Pascal Kamina, *France* §§ 4[3][c][i][A], 4[3][c][iii][A], 4[3][d], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (discussing specific French rules governing publishing and audiovisual-production contracts in bankruptcy cases and general rules excluding certain authors' interests from foreclosure); Adolf Dietz, *Germany* §§ 4[3][b][i], 4[d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating one German rule affecting publishing contracts in bankruptcy and others generally protecting authors' rights against foreclosure).

<sup>318</sup> See *infra* Part IV.C.2.

<sup>319</sup> See, e.g., *The Kid* decision, Cass. civ. I (Supreme Court) (France), May 28, 1963, 41 RIDA 134 (1963) (holding that a fraudulent transfer, though recorded first in France, did not take priority over another transfer of French rights formally valid under the U.S. contract law). Not only the overall validity of the transfer may be critical, but also the terms of the transfer under some laws. See, e.g., U.S. Copyright Act, 17 U.S.C. § 205(d) (2000) (requiring the prevailing transfer to have been taken "for valuable consideration or on the basis of a binding promise to pay royalties").

true, there would be only false conflicts of laws with regard to the priority of transfers of copyright.<sup>320</sup> All a court would have to do is to sort out the dating and scope of ostensibly conflicting transfers to prioritize them worldwide. This is the default rule with regard to priorities, but true conflicts of law may arise because some countries have different rules of priority.<sup>321</sup> Some countries choose to maintain recordation facilities for copyright transactions specifically, and some countries establish recordation facilities under general laws affecting property transfers, security interests, or corporate assets.<sup>322</sup> Given a recordation scheme, there may be a rule according to which a contractual transaction may not be asserted against third parties, and thus may not prevail against other transfers, absent proper recordation.<sup>323</sup> Other countries impose varying conditions on the default rule that the first transfer in time prevails over all subsequent transfers.<sup>324</sup> The law of each country thus has to be consulted to determine priorities of transfers, at least insofar as internal copyright commerce is concerned.<sup>325</sup>

While each country may be free to fashion a national priority rule for local transfers of its own rights, its courts ought not indiscriminately apply

<sup>320</sup> For the analysis of true and false conflicts, see *supra* Part II.A.2.

<sup>321</sup> See ULMER, CONFLICT OF LAWS, *supra* note 49, at 41-42, 47.

<sup>322</sup> For examples, see André Lucas & Pascal Kamina, *France* § 4[2][d], in 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Teruo Doi, *Japan* §§ 4[2][d], 4[3][b], 4[3][c], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Lionel Bently, *United Kingdom* § 4[2][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Eric Schwartz, *United States* § 4[2][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

<sup>323</sup> See, e.g., the *Canal Plus* decision, Cass. civ. I (Supreme Court) (France), Nov. 18 1997, JCP 1998 IV, 1026, *followed on remand*, CA (Intermediate Court), Versailles, June 20, 2000, 187 RIDA 231 (2001) (where A transferred rights in an audiovisual work to B, who in turn transferred such rights to C, and A rescinded its transfer to B without recording its rescission in the C.N.C., the French recordation facility for audiovisual works, the rescission was then not effective against C, who still held a valid chain of title to French rights in the audiovisual work).

<sup>324</sup> See, e.g., Alberto Musso, *Italy* § 4[2][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (noting that, although recordation facilities are available in Italy, the first transferee in good faith prevails against others); Lionel Bently, *United Kingdom* § 4[2][d], in 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (observing that, in the United Kingdom, recordation is necessary to secure a copyright mortgage against corporate liquidation, but the first transfer in time has priority except that a prior license will not bind a subsequent *bona fide* purchaser).

<sup>325</sup> For further information, see MELVIN SIMENSKY ET AL., THE NEW ROLE OF INTELLECTUAL PROPERTY IN COMMERCIAL TRANSACTIONS, chs. 12, 14, 15 (1998).

this priority rule to transfers of foreign rights.<sup>326</sup> Indeed, different domestic policies support rather different rules on point: for example, to protect authors, some national rules may at times preclude outright foreclosure, not only on copyright, but on authors' royalty interests.<sup>327</sup> Under commercial law, to protect the parties who provide financing, other rules may facilitate realizing security interests in copyrights, even to the point of closing out authors' rights and contractually acquired royalty interests.<sup>328</sup> Attempting to respect such diverse policy choices, a court may try to apply the priority rule of a given country only to the foreclosure of rights accorded under, or deriving from, the legislation of that country.<sup>329</sup> Still, following that territorial approach, a court could find it hard to elaborate and implement a plan sorting out the priorities between transfers of overlapping rights worldwide: to start, it would have to coordinate diverse conflicts regimes, for example, that applicable to copyright and that applicable in commercial law.<sup>330</sup> Furthermore, the court may not be able to issue orders binding on foreign recordation facilities, and it may have to seek other means to trigger the appropriate priority effects of recordation on the spot.<sup>331</sup>

<sup>326</sup> *But cf. In re AEG Acquisition Corp.*, 161 B.R. 50, 57 (9th Cir. 1993) (applying only the U.S. rule concerning the perfection of security interests, but not specifying for which rights, in a case ostensibly involving distribution rights for both the United States and Canada).

<sup>327</sup> *See supra* text accompanying note 317. *Cf. the Holzhandelsprogramm* decision, BGH (Federal Court of Justice) (Germany), Jan. 20, 1994, 1994 GRUR 363, and in *English translation* in 26 I.I.C. 720 (1995), note Michael Lehmann (explaining special problems under German law).

<sup>328</sup> *See, e.g.*, Lorin Brennan, *Financing Intellectual Property Under Revised Article 9: National and International Conflicts*, 23 COMM/ENT 313 (2001) (explaining how state-based U.S. commercial law purports to allow the claims of holders of security interests to be enforced against the owners of intellectual property and questioning whether the federal system does not preempt this scheme).

<sup>329</sup> *See* Schuyler Moore, *Entertainment Bankruptcies: The Copyright Act Meets the Bankruptcy Code*, 48 BUS. LAW. 567, 573-80 (1993).

<sup>330</sup> *See, e.g.*, UNIF. COMMERCIAL CODE (U.C.C.) §§ 9-301, 9-307 (Calif., effective July 1, 2001, subject to transitional rules) (applying local law of debtor to the perfection of security interests, but fictively localizing, in the District of Columbia, debtors actually located in jurisdictions without recordation facilities).

<sup>331</sup> *Cf. UNCITRAL Model Law on Cross-Border Insolvency*, available at <http://www.uncitral.org/en-index.htm> (last visited Jan. 6, 2004) (facilitating, to the extent implemented in different countries, communication and cooperation between a main bankruptcy proceeding in one country and related proceedings in others).



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## V. POLICY STAKES IN HARD CASES

The treaties represent binding instruments for effectuating global policies in the field of copyright. For that reason, we have followed the Berne/TRIPs regime in elaborating approaches to help courts resolve conflicts of laws in copyright cases.<sup>332</sup> We have nonetheless touched on hard cases in which treaty principles, even when read in the light of underlying policies, do not provide full guidance for resolving conflicts. Let us return to such cases, one last time, to gauge the limits of conflicts analysis in the field of copyright. We shall reconsider, in Part V.A, methodology, in Part V.B, infringement issues, and, in Part V.C, ownership issues.

### A. *The Conflicts Toolbox and Harmonization*

Part II above surveyed methods for dealing with conflicts of laws in the field of copyright. We initially asked: In terms of what laws should issues be characterized when they are subject to conflicts of laws? As a default position, we rejected the *lex fori* method and contemplated using the *lex causae* method: in any given conflict, the terms of the conflicting laws themselves are to be used to formulate issues subject to the conflict.<sup>333</sup> For example, if infringement is alleged in France and Germany, infringement is to be characterized in terms of the rights recognized in the French and German copyright laws, respectively.

We also considered a further method of characterization, the comparative method. Return to our last example: both France and Germany have participated in both Berne and European harmonization, so that their copyright laws often formulate rights in common terms. More generally, the Berne/TRIPs regime, imposing minimum rights on treaty countries, has introduced such common terms into copyright laws virtually worldwide. The Berne Convention has coordinated and set the meanings of diverse clusters of terms within copyright parlance worldwide, for example, “public performance” and “communication to the public.”<sup>334</sup> A court may use such terms as are common to conflicting laws in order to characterize the issues on which these laws conflict. Thus it may localize infringement in the light of a global view of ostensibly conflicting laws.<sup>335</sup>

Harmonization, however, has its limits. Historically, the Berne Convention started the process of harmonization by instituting minimum rights. But, as one commentator observes, minimum rights “have been added to the Convention text in a piecemeal way, usually in response to particular contemporary needs and pressures, and without any attempt at

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<sup>332</sup> See *supra* Part II.B.

<sup>333</sup> See *supra* Part II.A.1.

<sup>334</sup> See FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 155-63.

<sup>335</sup> See *supra* Part III.B.1.

systematic organization.”<sup>336</sup> In addition, diplomatic compromises sometimes can leave minimum rights open-ended: for example, the WIPO “Internet” Treaties arguably cover many minimum rights under the “umbrella” right of communication or access to the “public,” but without defining that last term.<sup>337</sup> At the same time, these WIPO Treaties now allow treaty countries to improvise with regard to devising “new exceptions and limitations that are appropriate in the digital environment,” subject only to a “three-step” test which may be interpreted in the elastic terms of economic analysis.<sup>338</sup>

Let us, then, distinguish between types of limits to harmonization. Either minimum rights are not provided with respect to a given issue, or minimum rights are formulated in open-ended terms that allow for variation. Either way, to the extent that, although harmonized, copyright laws still differ in effect, true rather than false conflicts of laws might occasionally arise. There is the hope that, when faced with conflicts of laws, courts may choose rules most appropriate to given cross-border fact situations and thus harmonize otherwise diverging copyright laws.<sup>339</sup> We have here shied away from such an activist approach to conflicts of laws, rather only arguing that, in the field of copyright, judicial accommodation, guided by

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<sup>336</sup> RICKETSON, *supra* note 56, at 367. Compare Paul Edward Geller, *Copyright History and the Future: What's Culture Got to Do With It?*, 47 J. COPYRIGHT SOC'Y 209, 245-51 (resuming the history of harmonization and its discontents) (2000), with Ginsburg, *Supranational Code*, *supra* note 217, at 289 (positing “a large common body of international norms” but regretting the “failure of political will of the drafters of multilateral instruments” to fully harmonize).

<sup>337</sup> See W.T.C., *supra* note 103, arts. 1, 3, 8; W.P.P.T., *supra* note 103, arts. 1, 10, 14. Cf. FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 500-50 *passim* (explaining the different rights that may fall under the “umbrella” right); *id.* at 496-500 (indicating that the provision for this right allows for “freedom of characterization”). Thus, as compared with the Berne Convention, the WIPO “Internet” Treaties do not provide courts with as stable a vocabulary of rights for the purpose of characterization.

<sup>338</sup> See Agreed Statements Concerning the WIPO Copyright Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/96, Statement Concerning Article 10. For analyses of a TRIPs interpretation of the “three-step” test, see Mihály Ficsor, *How Much of What? The “Three-Step Test” and its Application in Two Recent WTO Dispute-Settlement Cases*, 92 RIDA 111 (2002); Jane C. Ginsburg, *Toward supranational copyright law? The WTO Panel decision and the “three-step test” for copyright exceptions*, 187 RIDA 3 (2001); Graeme B. Dinwoodie, *The Development of International Norms in the Formation of Copyright Law*, 62 OHIO ST. L.J. 733 (2001); Lawrence R. Helfer, *World Music on a U.S. Stage: A Berne/TRIPs and Economic Analysis of the Fairness in Music Licensing Act*, 80 B.U. L. REV. 93 (2000).

<sup>339</sup> See Dinwoodie, *A New Copyright Order*, *supra* note 29, at 542-79 *passim* (2000).

treaty norms, may help to moot very particular conflicts in specific cases.<sup>340</sup> Indeed, many of these cases of accommodation may turn on injunctive remedies that, to the extent subject to discretionary decisions, are not likely to lead to binding precedents. There is still the chance that, in a rare case, a persuasive decision might be followed by courts in subsequent, similar cases.<sup>341</sup>

*B. Infringement: Dealing with Spillover Effects*

Part III above explained how to dispose of infringement issues in cross-border cases. Berne national treatment dictates applying the law of the protecting country, where infringement takes place. We proposed to localize infringement in countries whose markets or audiences are respectively threatened, prejudiced, or usurped by incoming transactions. The Berne/TRIPs policies that preclude the extraterritorial application of any given copyright law suffice to justify this approach.<sup>342</sup> Further policy analysis helps to understand how to apply the approach in the various phases of a suit for infringement.

Reconsider the complementary policies for minimum rights and for national treatment.<sup>343</sup> On the one hand, minimum rights help to make the conditions of media exploitation more reliable worldwide. We have highlighted the corresponding policy aim of a seamless fabric of injunctive remedies to stop piracy from proliferating across borders.<sup>344</sup> On the other hand, the principle of national treatment is premised on the recognition that, on points where minimum rights are no longer dispositive, national copyright laws often represent divergent policy compromises. The rationale of national treatment is then to respect national sovereignty by applying each law to infringing acts localized on national territory.<sup>345</sup> We have also highlighted the corresponding policy aim of a coherent fabric of reme-

<sup>340</sup> See *supra* text accompanying notes 26-28; for examples, see *supra* text accompanying notes 132-35, 168-72, 227-29, 290-302, and 313.

<sup>341</sup> See, e.g., the Swiss *Gold Rush* case, Federal Tribunal, Nov. 3, 1970, ATF 96 II 412, in *English translation in 2 I.I.C.* 315 (1971); the German *Gold Rush* case, BGH (Federal Court of Justice), May 19, 1972, 1973 GRUR INT. 49, in *English translation in 4 I.I.C.* 245 (1973) (citing the Swiss decision as persuasive in its construction of the Berne concept of “first publication”).

<sup>342</sup> See *supra* Part III.B.1.

<sup>343</sup> For another point of view, see Paul Edward Geller, *Legal Transplants in International Copyright: Some Questions of Method*, 13 UCLA PAC. BASIN L.J. 199, 219-29 (1994).

<sup>344</sup> See *supra* Part III.B.2.

<sup>345</sup> See generally Hans Ullrich, *Technology Protection According to TRIPs: Principles and Problems*, in FROM GATT TO TRIPs, 357, 366-69 (Friedrich-Karl Beier & Gerhard Schrickler eds., 1996) (noting that national treatment leaves countries free to fashion laws of intellectual property pursuant to national policies).

dies. Monetary liability ought not be imposable under different laws for the same act.<sup>346</sup>

Judges, exercising inherent judicial functions, such as characterization and tailoring remedies, may work out this policy tension differently at different stages of suit. At the start of a cross-border suit, in hearing and fashioning an injunction on an expedited basis, a court may not have time to examine all arguably applicable laws in a cross-border case. We have suggested that, at such a juncture, a court may provisionally apply such laws as are effective in the lion's share of the markets or audiences to be impacted by the transactions at issue.<sup>347</sup> Return to the hard case of infringement on the Internet: in a summary proceeding, a claimant may seek a provisional injunction both against parties who upload works without consent and against intermediaries whose services are used in this uploading. Unfortunately, the laws providing for relief against such intermediaries in cases of infringement are not uniform worldwide, so that the court might well not find any common standards on point, but rather face hard choices between laws of varying or unsettled tenors.<sup>348</sup> Other examples could be hypothesized, notably cases in which differing limitations and exceptions are invoked as defenses, in which moral rights are asserted but vary in tenor, or in which special monetary awards are sought.<sup>349</sup>

The metaphor of spillover effects helps to focus on the policy problems that arise in such cases. A court faced with a good showing of cross-border infringement may stop the infringement from spilling over from one country into others with a rapid and territorially broad, but provisional, injunction. However, in hard cases, a court's reliance on more rigorous laws over more permissive or unsettled laws, especially in formulating a wide-ranging injunction, could allow the former laws to spill over in their effects into markets and audiences for which they were not necessarily intended.<sup>350</sup> Given its discretion, a court may act quickly to stop the ostensible infringement from geographically spilling over but later refine its conflicts analysis and injunctive remedies as soon as possible to mini-

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<sup>346</sup> See *supra* Part III.B.3.

<sup>347</sup> See *supra* text accompanying notes 131-34.

<sup>348</sup> See *supra* text accompanying notes 177-80.

<sup>349</sup> For exceptions, see *supra* text accompanying notes 96-97, 135, 148-49, and 179-80; for moral rights, see *supra* text accompanying notes 114-19 and 287-302; for special awards, see *supra* text accompanying notes 153-54.

<sup>350</sup> The *Yahoo* case illustrates this difficulty. *UEJF c. Yahoo!*, TGI (Court of First Instance), Paris (France), Nov. 22, 2000 (ord. en référé), available, with other documents, at <http://www.juriscom.net/txt/jurisfr/cti/tgiparis20001120.htm#texte> (last visited Feb. 15, 2004). For discussion of this and similar cases, see Solum & Chung, *supra* note 170, at 76-86.

mize legal spillover.<sup>351</sup> Any attempt to complicate the simple rule of applying the law of the protecting country risks skewing this inherently judicial task of tailoring provisional remedies.<sup>352</sup> Of course, considerations falling outside any conflicts analysis may lead to such effects: for example, courts vary in quantifying damages.<sup>353</sup> Also economic factors, beyond judicial control, may result in spillovers that we leave to other analyses.<sup>354</sup>

C. *Ownership: From Public to Private Consensus*

Part IV above disentangled ownership issues subject to conflicts of laws. It started with the vesting of rights and moved on to transfers by contract. These issues are all optimally governed by the consensus of the

<sup>351</sup> In copyright cases, courts may often stop possibly infringing cross-border dissemination for short periods without, as in defamation cases, risking delays in releasing time-sensitive news. Compare Geller, *Hiroshige v. Van Gogh*, *supra* note 135, at 62-63 (arguing for tailoring injunctions in copyright cases), with Mark Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147 (1998) (arguing against injunctions in copyright cases, with an eye to free-speech considerations raised in defamation jurisprudence).

<sup>352</sup> For example, escape devices or clauses relative to the law of the protecting country could aggravate spillover. As already pointed out, a rule applying the law of some originating or source country could encourage pirates to settle in countries whose standards of protection are low. Not only would such a choice-of-law rule thus allow for the geographical spillover of infringement, but it could export the effects of one country's policy choices into other countries. Nor would it help to prompt courts to apply the law of the country with some ill-defined "most significant relationship" to the infringement or other transactions at issue. Such a pious wish would allow judges to apply laws helter-skelter or, sticking to what is familiar, to "hometown" foreign parties. See *supra* note 41 and text accompanying notes 40-58 *passim*, 109-19 *passim*, 136-38, and 165-67.

<sup>353</sup> The most dramatic difference lies between the jury trial in the United States and judicial assessments of damages in other jurisdictions. Even among common legal cultures, it remains debatable whether methods of evaluating damages and results converge as much as is sometimes supposed. See, e.g., SISRO c. Sté. Ampersand Software, CA (Intermediate Court), 4e ch., Paris (France), Feb. 8, 2002, *Expertises 2002*, 230 (awarding damages for infringement in Sweden, the Netherlands, and the United Kingdom under the laws of these countries, respectively, and noting "that the principles of liability and of compensation are the same in these three jurisdictions" as in France, the forum country) (discussed *supra* text accompanying note 146). Cf. Cass. civ. I (Supreme Court), Mar. 5, 2002, JCP 2002 II, 10082, 994, in *English translation in 34 I.I.C.* 701 (2003) (explained *supra* note 71).

<sup>354</sup> For further analysis, see Pamela Samuelson, *Intellectual Property Arbitrage: How Foreign Rules Can Affect Domestic Protections*, 71 U. CHI. L. REV. 223 (2004); Peter P. Swire, *Of Elephants, Mice, and Privacy: International Choice of Law and the Internet*, 32 INT'L LAW. 991 (1998).

parties to the relevant transactions. Part IV finally addressed transfers made as a matter of law, which are subject to still-more complex conflicts analyses. Policies favoring freedom of contract and the reliability of commerce may bear on the choice of laws to govern transfers either by contract or by law.

At this interface between copyright law and contract and related laws, harmonization is almost altogether absent. One Berne provision, article 14*bis*, instituted to harmonize provisions on the contractual allocation of rights in cinematographic works, has not had extensive effects because diplomatic drafting left it without effect in many cases.<sup>355</sup> A Treaty on the International Registration of Audiovisual Works was concluded under WIPO auspices in 1989, and it contained presumptions regarding the priority of transfers of copyright; however, neither this treaty nor the international registry, which it contemplated for ownership data, has ever been made operational.<sup>356</sup> There is a project for an UNCITRAL Convention on the Assignment of Receivables: it could harmonize rules governing the priority of security interests in copyright, but it could at the same time operate to the detriment of authors and their successors by undercutting their claims of priority to royalties.<sup>357</sup>

The policy issues here are formidable. Should public legislative decisions substitute for the private contractual decisions of authors, media enterprises, and end-users who deal with each other? In cases of team and employees' works, the issue of who is the initial vestee of copyright is often vexed: some laws always vest rights in flesh-and-blood creators as a matter of principle, and some laws sometimes vest rights in creators' principals to facilitate commerce.<sup>358</sup> With regard to copyright contracts, different legal cultures take different positions: some impose complex rules on such contracts, for example, to protect authors against media enterprises; others impose minimal rules, to allow parties to decide for themselves how to allocate rights in works among themselves.<sup>359</sup> The approach proposed here holds to the principle of national treatment, imposing only such con-

<sup>355</sup> Berne Convention, *supra* note 17, art. 14*bis*. For a critical analysis, see Georges Koumantos, *Remarques sur l'application de l'article 14bis de la Convention de Berne (Stockholm)* (in the translation: *Remarks on the Application of article 14bis of the Berne Convention (Stockholm)*), 61 RIDA 27 (1969).

<sup>356</sup> For the text of the Treaty and accompanying Regulations, see WIPO, Diplomatic Conference for the Conclusion of a Treaty on the International Registration of Audiovisual Works, 1989 Copyright 165, 176.

<sup>357</sup> Cf. the UNCITRAL Draft Convention on the Assignment of Receivables in International Trade, arts. 9(3)(b), 10(4)(b) (2001), available at <http://www.uncitral.org/en-index.htm> (last visited Jan. 6, 2004).

<sup>358</sup> See *supra* Part IV.A.3.

<sup>359</sup> See *supra* Part IV.B.3.

tract-relevant rules as necessarily derive from the prerogatives included within the copyright bundle in a given country.<sup>360</sup> Otherwise, this approach allows for freedom to transfer rights by contract, so that, absent clear law to the contrary, public consensus is not to substitute for private consensus in copyright transactions.<sup>361</sup>

Internet transactions illustrate both the advantages and limits of this approach. Such transactions can allow creators to collaborate from the four corners of the earth and to disseminate works worldwide. But the reach of such Internet transactions, being hard to localize, may well throw courts back to the consensus of private parties for rules to govern their transactions, including their choice of contract law.<sup>362</sup> But what if the terms of party consensus are not clear, as they might well not be, for example, when creators collaborate informally on the Internet? What if assent is problematic, for example, when enterprises dominating a market sector impose click-on standard terms?<sup>363</sup> We have here only touched on some of these questions.<sup>364</sup>

## VI. CONCLUSION

Conflicts of laws arise in copyright cases with regard to infringement and ownership issues. We have looked to the Berne/TRIPs principles to guide the resolution of conflicts concerning infringement issues and to provide the background for the resolution of conflicts concerning ownership issues. We have also tried to furnish counsel and the courts with tools that might ultimately help judges to respect treaty principles while performing their inherent functions of characterization, finding false conflicts, and tailoring remedies. Having just noted the limits of such an approach in exceptionally hard cases,<sup>365</sup> we shall here conclude by resuming the lessons which we have drawn for most cases that are likely to arise.

<sup>360</sup> See *supra* Part IV.B.1.

<sup>361</sup> See *supra* Part IV.B.2.

<sup>362</sup> See generally I. Trotter Hardy, *The Proper Legal Regime for "Cyberspace"*, 55 U. PITT. L. REV. 993, 1028-36 *passim* (1994) (describing the ease of resolving legal issues in networks by contract).

<sup>363</sup> Compare Alan Ragueneau, *UCITA and the Impact on European Copyright Law — A Choice of Law Analysis*, 49 J. COPR. SOC'Y 1057 (2002) (critiquing conflicts analysis that might tend to export such standard terms), with Raymond T. Nimmer, *Licensing on the Global Information Infrastructure: Disharmony in Cyberspace*, 16 NW. J. INT'L L. & BUS. 224, 235-47 *passim* (1995) (analyzing conflicts implications of attempts to govern Internet contracting with standard terms).

<sup>364</sup> See *supra* text accompanying notes 227-29 and note 265. See also Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 109-11 (further discussion on point).

<sup>365</sup> See *supra* Part V.

The principle of national treatment leads to governing infringement issues by the laws of the countries where infringement is alleged to occur.<sup>366</sup> We have argued in favor of localizing any allegedly infringing act in a country only if the transaction including that act is incoming relative to that country. We have also explained how any resulting choice of law may be implemented at the initial stage of granting provisional injunctive relief and at the final stage of determining ultimate liability for monetary awards.<sup>367</sup> At the initial stage, a court may base injunctions on the laws of the countries that make up most of the overall marketplace to be impacted by impending infringement in the case, while the court should base monetary liability on the laws of each of the countries, respectively, where infringement has taken place. In Internet cases, this approach provides a useful framework for fashioning remedies.<sup>368</sup>

Initial ownership normally arises in the author or authors of the work at issue. In hard cases, where there are conflicting laws on point, we have argued that, however rights are vested upon creation, the rights should be initially allocated consistently with the consensus of the parties to the transactions leading to the creation of the work.<sup>369</sup> Where contracts convey rights after that, there will be rare cases where national treatment requires applying the few contract-relevant rules that derive definitionally from copyright prerogatives. Nonetheless, we have suggested that a court should be reluctant to apply local rules to foreign copyright contracts in cases that do not concern domestic authors.<sup>370</sup> We have, as well, sorted out the basic conflicts issues that may arise with regard to transfers made as a matter of law.<sup>371</sup>

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<sup>366</sup> See *supra* Part II.C.

<sup>367</sup> See *supra* Part III.B.

<sup>368</sup> See *supra* Part III.C.

<sup>369</sup> See *supra* Part IV.A.3.

<sup>370</sup> See *supra* Part IV.B.3.

<sup>371</sup> See *supra* Part IV.C.