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Copyright Infringement in the Internet Age - Primetime for Harmonized Conflict-of-Laws Rules?

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Anita B. Frohlich

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COPYRIGHT INFRINGEMENT IN THE INTERNET AGE - PRIMETIME FOR HARMONIZED CONFLICT-OF-LAWS RULES?

*Anita B. Frohlich**

The traditionally national nature of law endangers its very raison d'être in today's interconnected and borderless world. Conflict-of-laws methodology may prove to represent an adequate means to maintain relevance of national legal tradition in presence of the increasingly international nature of legal disputes. Here, I propose that only a harmonized conflict-of-laws framework can achieve this goal. Specifically, I focus on international copyright law since (1) the current national jurisprudence in this field is unsatisfactory and disparate, (2) international intellectual property law has so far mostly failed to cross-fertilize with the field of conflict of laws, and (3) there have been recent attempts to harmonize conflict-of-laws rules with regard to international copyright infringement.

In my Article, I contrast the choice-of-law rules concerning to multinational copyright infringements in the United States, Great Britain, Germany, France, and Belgium. My analysis reveals a family of disparate approaches that manifest themselves in inconsistent and unsatisfactory jurisprudence. Based thereon, I derive an important need for harmonized choice-of-law rules and examine the two key novel developments in this area: the Regulation of the European Parliament and of the Council on the law applicable to non-contractual obligations (Rome II) and Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes (ALI Principles). While both instruments have overlapping goals, I show that the ALI Principles have the better potential to close the gap between today's global world and yesterday's national copyright laws.

I. INTRODUCTION

The staggering number of copyright infringements in the internet has exposed a fundamental limitation of current international copyright law. A single act of unauthorized uploading of copyright protected material can result in manifold copyright infringements by numerous internet users in various countries, as the following hypothetical shows.

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*Bill, a United States citizen who resides in Great Britain, uploads from his residence digitalized copies of the work of Françoise, a French citizen who lives in Belgium. Françoise has published her work solely in France and holds a French copyright. Bill has not obtained permission to publish Françoise's work. The infringing material is then downloaded in Germany, the United States and Great Britain. Françoise sues Bill in Belgium for damages.*¹

Which law shall be applied to this case? French law because Françoise is a French citizen holding a French copyright for work published in France? Belgian law as Françoise lives in Belgium and sues Bill in a Belgian court? British law as the law of Bill's country of residence and of the place where Françoise's work was both uploaded without permission and subsequently downloaded by internet users? United States' law because Bill is a US citizen and the infringing work was downloaded in the United States? Or even German law as the work was also downloaded there?

International copyright law does not provide a satisfactory resolution for such an international case since the main pillar of intellectual property law, the principle of territoriality, implies nationally limited application of copyright law. Accordingly, a copyright can only be exercised within the borders of a given country.² This national limitation of copyrights is in pronounced contrast to the universal validity of other rights (e.g. contractual rights).³

In order to decide the above described case, one cannot content oneself to copyright law, but has to resort to conflict-of-laws methods. Traditionally, however, there has been little exchange between conflict of laws and intellectual property scholars.⁴ This mutual ignorance is mainly due to the fact that intellectual property law used to reflect the prototypical expression of sovereign or national interests and therefore lead to the exclusive application of domestic law. As

¹ Inspired by ALEXANDER PEINZE, INTERNATIONALES URHEBERRECHT IN DEUTSCHLAND UND ENGLAND 119 (2002).

² See Richard Fentiman, *Choice of Law and Intellectual Property*, in INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW: HEADING FOR THE FUTURE 129, 137 (Josef Drexl & Annette Kur eds., 2005).

³ See RICHARD KROPHOLLER, INTERNATIONALES PRIVATRECHT 535 (2004); Fentiman, *supra* note 2, at 138.

⁴ See Graeme B. Dinwoodie, *International Intellectual Property Litigation: A Vehicle for Resurgent Comparativist Thought?*, 49 AM. J. COMP. L. 429, 429 (2001)[hereafter *Dinwoodie 2001*].

a result of the growing distribution of copyrighted work through the internet, however, intellectual property scholars have to increasingly concern themselves with conflict-of-laws issues. In this Article, I establish some common ground for the previously distinct fields of conflict of laws and international intellectual property law. Specifically, I show how to apply conflict-of-laws theory to international copyright cases while making allowances for the special character of international intellectual property law.

As the above hypothetical shows, there are many laws that could possibly apply to cases of copyright infringement over the internet. In this context, the following choice-of-law tools are available: the *lex fori* rule, the *lex loci delicti* rule, and the *lex protectionis* rule. The *lex fori* rule postulates application of the law of the country where the court deciding the infringement case is situated (law of the forum).⁵ Application of this rule inevitably leads to the court applying its own law. In contrast, the *lex loci delicti* rule provides for application of the law of the country where the infringing conduct has occurred (place of the wrong).⁶ Application of the *lex loci delicti* may result in a court having to apply foreign law in cases where courts assume international jurisdiction with regard to infringements of foreign rights.⁷ Finally, the *lex protectionis* rule puts forward the application of the law of the country for which protection is sought.⁸ Other than the *lex fori* rule, the *lex protectionis* rule may give rise to the application of a foreign law.⁹ In comparison to the *lex loci delicti*, the *lex protectionis* rule often brings about the same result. In general, however, the *lex protectionis* rule tends to be broader, governing many different aspects of copyright law, not necessarily restricted to issues of infringement.¹⁰ My aim

⁵ See BLACK'S LAW DICTIONARY 760 (abridged 8th ed. 2005).

⁶ Id.

⁷ See EUGEN ULMER, INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS 11 (trans. ed. 1978).

⁸ See, e.g., MIREILLE VAN EECHOU, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS 105 (2003).

⁹ See ULMER, *supra* note 7, at 11.

¹⁰ See EECHOU, *supra* note 8, at 105.

in this Article is to analyze how the ever-increasing problem of which law to apply to cases of multi-national copyright infringement in the internet can be best approached.

The importance of choice-of-law considerations in copyright has long been dismissed. Some have cited the existence of international intellectual property agreements as negating the need for further choice-of-law considerations.¹¹ Others emphasize that there is no need for harmonizing choice-of-law rules in international intellectual property law as there is already consensus on which law to apply in practice.¹² In my Article, I will establish the flippancy of such arguments especially in the light of the emerging distribution of copyright infringing content over the internet and thereby emphasize the importance to focus on the intersection of conflict-of-laws and intellectual property law. For this purpose, Part I analyzes the *status quo* of conflict-of-laws rules in international copyright law. I reveal a portfolio of approaches on the national, regional, and international plane and illustrate the short-comings of the current legal situation on the basis of the above-introduced hypothetical, in particular when it comes to multi-national copyright infringement in the internet. Part II will then examine recent and still pending harmonization efforts in the area of choice of law and intellectual property law, evaluate their value for resolving choice-of-law issues in multi-national internet infringement cases, and pave the way for the successful cross-fertilization of these two previously distinct fields.

II. CHOICE OF LAW AND COPYRIGHT INFRINGEMENT: A PORTFOLIO OF APPROACHES

Harmonization and streamlining efforts aside, United States and European courts tend to approach the issue of conflict of laws in copyright law differently. Even within Europe, there

¹¹ See Dinwoodie 2001, *supra* note 4, at 435.

¹² See Josef Drexl, *The Proposed Rome II Regulation: European Choice of Law in the Field of Intellectual Property*, in *INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW: HEADING FOR THE FUTURE* 151, 152 (Josef Drexl & Annette Kur eds., 2005).

exist remarkable differences. This part of the Article presents the current portfolio of different approaches within the United States and Europe.

A. THE SITUATION IN THE UNITED STATES

In the United States, copyright of published and unpublished works is strictly protected and part of the body of federal law.¹³ On the international plane, however, the United States joined the Berne Convention for the Protection of Literary and Artistic Works,¹⁴ an international instrument setting minimum standards for copyright protection, not until 1989.¹⁵ This long hesitation was due to the fact that Congress considered U.S. copyright law as sacrosanct, taboo for regulation by international law.¹⁶ A similar attitude is reflected in United States jurisprudence. At the beginning of the 20th century, the United States Supreme Court determined that copyright law was strictly territorial.¹⁷ As a consequence, common law courts were inclined to invoke *forum non conveniens* when foreign copyright law was involved.¹⁸ The accession of the United States to the Berne Convention initiated a gradual reconsideration of international copyright law while, at the same time, it created new challenges in situations where foreign copyright law was involved. The following two cases shall illustrate the *status quo* in post-Berne United States case law on the question of choice of law in the area of copyright infringement.

¹³ See U.S. CONST. art. 1, § 8, cl. 8.

¹⁴ See Berne Convention for the Protection of Literary and Artistic Works (1971 Paris text), 1161 U.N.T.S. 3 (first concluded in 1886) [hereafter *Berne Convention*].

¹⁵ See WIPO Treaties Database, http://www.wipo.int/treaties/en/Remarks.jsp?cnty_id=1045C (last visited May 6, 2008).

¹⁶ See David E. Miller, *Finding A Conflicts Issue in International Copyright Litigation: Did the Second Circuit Misinterpret the Berne Convention in Itar-Tass?*, 8 CARDOZO J. INT'L & COMP. L. 239, 244 (2000).

¹⁷ See, e.g., *United Dictionaries Co. v. G&C Merriam Co.*, 208 U.S. 260 (1908).

¹⁸ See, e.g., *Subafilms, Ltd. v. MGM-Pathé Commc'ns Co.*, 24 F.3d 1088 (9th Cir. 1994) [hereafter *Subafilms*].

1. The Ninth Circuit Approach

In *Subafilms Ltd. v. MGM-Pathe Communications Co. (Subafilms)*,¹⁹ the United States Court of Appeals for the Ninth Circuit (Ninth Circuit) had to decide whether United States copyright law applied to a case where the authorization of acts that would lead to copyright infringements abroad occurred in the United States. The court held *en banc* that the U.S. Copyright Act did not apply to such cases of secondary infringement in the form of authorizing possible infringing acts abroad, even if the acts constituted infringement if done in the United States.²⁰ The *Subafilms* decision is thus characterized by a strict understanding of the principle of territoriality.²¹ The Ninth Circuit based its strict interpretation of territoriality on the importance of comity in international copyright relations. In particular, the Court emphasized that the extraterritorial application of U.S. copyright law impaired comity because it imposed application of United States copyright law on issues that would otherwise fall within the sovereignty of another state.²² In summary, the Ninth Circuit rejects to decide the case on the grounds of *forum non conveniens*.

Such a restrictive approach to conflict-of-laws issues in copyright law will often prove detrimental for the copyright holder as it may bar him from bringing a lawsuit in a country where the copyright infringer has his assets. Thus, in the above-introduced hypothetical, assuming that all the courts involved adopt an interpretation similar to the Ninth Circuit, Françoise will not be able to sue Bill in either his home country (United States) or his country of residence (Great Britain). Rather, Françoise will be limited to seeking redress in a French court that will then (conveniently) apply its own law. In the case that Françoise wins her lawsuit, she will have to

¹⁹ See *Subafilms*, *supra* note 18, at 1088.

²⁰ *Id.* at 1095.

²¹ *Id.* at 1095-1096.

²² *Id.* at 1097.

enforce the French judgment. Such enforcement may be time-consuming and burdensome if Bill has no assets in France.

From a conflict-of-laws perspective, the reasoning of the Ninth Circuit in *Subafilms* is flawed because it interfuses questions of jurisdiction and choice of law. The Court based its denial of the claim on the inappropriateness to apply U.S. copyright law extraterritorially.²³ This argument, however, already implies that the assumption of subject-matter jurisdiction would inevitably result in application of *lex fori*. Such an approach ignores the two-step analysis fundamental to conflict-of-laws cases. According to conflict-of-laws theory, the questions of jurisdiction and choice of law have to be decided subsequently.²⁴ If a court has subject-matter jurisdiction, this does not mean that forum law automatically applies to the case. Rather, after assuming jurisdiction, the determination of the applicable law is another separate issue.²⁵

Consequently, by asserting *forum non conveniens* due to the lack of extraterritorial application of U.S. copyright law without first determining whether such law would be applicable in the first place, *Subafilms* lacks a clear-cut distinction between jurisdiction and choice of law and, as a result thereof, is inconsistent with conflict-of-laws standards. In other words, “to say that each country is authorized to legislate its own copyright, and that, therefore, it cannot by definition be applied beyond its borders, is to negate the existence of private international law, or less drastically: to reduce it to the maxim that all courts should always apply their own law.”²⁶

²³ *Id.* at 1097-1098.

²⁴ See EUGENE SCOLES, *CONFLICT OF LAWS* 3 (2000).

²⁵ *Id.*

²⁶ See ECHOUD, *supra* note 8, at 97.

In addition, the Ninth Circuit seems to suggest that article 5(1) of the Berne Convention, which postulates the principle of national treatment, points to a choice-of-law rule.²⁷ Thus, in *Subafilms*, the Court states that “[a]lthough the treaties do not expressly discuss choice-of-law issues, it is commonly acknowledged that the national treatment principle *implicates* a rule of territoriality.”²⁸ This statement indicates that the Court considered the national treatment principle to have choice-of-law implications leading to application of the *lex fori* as the most territorial choice-of-law rule.

The character of the national treatment principle, however, has been subject to debate.²⁹ Some see the issue of national treatment as a precursor to the question of the applicable law.³⁰ Others interpret the national treatment principle to constitute a proper choice-of-law rule.³¹ The latter assertion is partially reflected by case law. In *Murray v. British Broadcasting Corp.* (*Murray*),³² the Second Circuit citing *Creative Technology v. Aztech Sys. PTE*,³³ another Ninth Circuit case, held that the national treatment principle in Berne was a choice-of-law rule.³⁴ Another group of intellectual property scholars, however, contend that the national treatment principle merely stipulates a principle of non-discrimination and has limited or even no choice-of-law implications at all.³⁵ These opponents of a choice-of-law character of the national treatment principle get support from their conflict-of-laws colleagues.³⁶ According to general

²⁷ See Graeme W. Austin, *Symposium Review: Importing Kazaa - Exporting Grokster*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 577, 595 n.76 (2006).

²⁸ *Subafilms*, *supra* note 18, at 1097 (emphasis added, citations omitted).

²⁹ See Drexl, *supra* note 12, at 165.

³⁰ *Id.* at 165 n.64 (referring to Koumantos).

³¹ *Id.* at 166.

³² See *Murray v. British Broadcasting Corp.*, 81 F.3d 287 (2nd Cir. 1996)[hereafter *Murray*].

³³ See *Creative Technology v. Aztech Sys. Pte*, 61 F.3d 696, 700 (9th Cir. 1995).

³⁴ See *Murray*, *supra* note 32, at 290.

³⁵ See PAUL GOLDSTEIN, *INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE* 89 (2001) and EECHOUD, *supra* note 8, at 107 (limited choice-of-law implications); William Patry, *Choice of Law and International Copyright*, 48 AM. J. COMP. L. 383, 405 (2000) (no choice-of-law implications).

³⁶ See P. L. C. Torremans, *Intellectual Property and Private International Law: Heading for the Future*, 5 EUR. INTELL. PROP. REV. 312, 469 (2006).

conflict-of-laws theory, choice-of-law rules determine, *inter alia*, which *law* to apply.³⁷ The national treatment principle of the Berne Convention, however, stipulates that each member state should accord foreign authors “[...] the *rights* which their respective laws do now or may hereafter grant to their nationals.”³⁸ As a result of this difference, the national treatment principle would only come to play once a suitable choice-of-law rule has determined the applicable law in the first place.

Historical evidence also points away from considering the national treatment principle as a choice-of-law rule.³⁹ At the time when Berne was negotiated, neither the proper classification of copyright as part of public or private law was already ascertained, nor did a uniform approach to conflict of laws exist.⁴⁰ Furthermore, the Berne Convention was drafted in view of a harmonization of international copyright which strongly suggests that the drafters of the Berne Convention did not focus on conflict issues, as the whole system of conflict of laws is based on the diversity of laws.⁴¹

There is also a logical argument against applying the national treatment principle as a choice-of-law rule. According to Article 5 (1) of the Berne Convention, national treatment is only accorded to foreigners not nationals of the country of origin.⁴² National treatment, however, means that foreigners shall be treated equally to nationals.⁴³ Say country x has conflicts rule x for its nationals with regards to the law applicable to copyright infringement. An interpretation of the national treatment principle, however, would lead to conflicts rule y. Provided that both

³⁷ *Id.*

³⁸ Berne Convention, *supra* note 14, art. 5(1) (emphasis added).

³⁹ See ECHOUD, *supra* note 8, at 92.

⁴⁰ *Id.* at 92-93.

⁴¹ *Id.* at 93.

⁴² See Berne Convention, *supra* note 14, art. 5(1).

⁴³ *Cf. id.*: “Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, *the rights which their respective laws do now or may hereafter grant to their nationals* [...]” (emphasis added).

conflict rules conform with the minimum standards set by the Berne Convention, the above-described situation would result in unequal treatment of nationals and foreigners in country x and thus conflict with the idea underlying the national treatment principle.⁴⁴ Based on the above, there are strong arguments against seeing the national treatment principle as a choice-of-law rule, yet courts sometimes decided this question differently.⁴⁵

Even if the national treatment principle is considered to be a choice-of-law rule, the question of the exact nature of the rule is not yet solved. This problem becomes clear in *Subafilms*. Although the Ninth Circuit states that “the national treatment principle implicates a rule of territoriality”, it is unclear what “rule of territoriality” means for conflicts purposes.⁴⁶ Some argue that such a view leads to application of the *lex protectionis*.⁴⁷ Others find that territoriality inevitably implies the *lex loci delicti*, the generally accepted choice-of-law rule for torts.⁴⁸ A third interpretation of the national treatment principle would, in turn, lead to the *lex fori*.⁴⁹ The above-described ambiguity further supports the argument against the choice-of-law character of the national treatment principle. In sum, arguments against a choice-of-law interpretation of the national treatment principle contained in the Berne Convention outbalance those for such an interpretation. As we will see in the following section, this result is further strengthened by subsequent case law within the Second Circuit.

⁴⁴ See ECHOUD, *supra* note 8, at 127.

⁴⁵ See, e.g., *Subafilms*, *supra* note 18.

⁴⁶ Cf. ECHOUD, *supra* note 8, at 96 (on the basis to Dutch case law).

⁴⁷ See Drexl, *supra* note 12, at 166.

⁴⁸ See Kaspar Spöndlin, *Der internationale Schutz des Urhebers*, 107 UFITA 11, 17 (1988).

⁴⁹ See *Subafilms*, *supra* note 18.

2. The Second Circuit Approach

Originally, the Second Circuit assumed an approach similar to *Subafilms*. In *Murray*, the Second Circuit stated that national treatment was a choice-of-law rule.⁵⁰ Yet, in contrast to the Ninth Circuit in *Subafilms*, the Second Circuit in *Murray* clearly stated that a choice-of-law rule of national treatment resulted in application of the *lex loci delicti*.⁵¹ The definite approach by the Second Circuit was therefore less ambiguous than the Ninth Circuit's decision in *Subafilms*, but only with regard to infringement.

The interpretation by the Second Circuit of the national treatment principle changed remarkably with its decision in *Itar-Tass News Agency v. Russian Kurier (Itar-Tass)*.⁵² *Itar-Tass* can still be seen as the leading case in the United States relating to choice-of-law issues in copyright law.⁵³ The case involved the unauthorized distribution of newspaper articles in New York that were originally published in Russia. In contrast to the Ninth Circuit in *Subafilms*, the Second Circuit in *Itar-Tass* extensively examined the issue of applicable law. Based on its assessment of the existing federal and state law at that time, the court stressed the lack of a choice-of-law rule for copyright infringement cases and, therefore, created its own rules.⁵⁴ This result also implies that the court did not consider the national treatment principle to be a valid choice-of-law rule. Rather, the court found that the “principle of national treatment simply assure[d] that if the law of the country of infringement applie[d] to the scope of substantive copyright protection, that law [would] be applied uniformly to foreign and domestic authors.”⁵⁵

⁵⁰ See *Murray*, *supra* note 32, at 290.

⁵¹ *Id.* at 290&293.

⁵² *Itar-Tass News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2nd Cir. 1998)[hereafter *Itar-Tass*].

⁵³ See Graeme Dinwoodie, *Resolution through Conflict of Laws: Remarks by Graeme Dinwoodie*, 30 BROOK. J. INT'L L. 885, 890 (2005) [hereafter *Dinwoodie 2005*].

⁵⁴ See *Itar-Tass*, *supra* note 52, at 90.

⁵⁵ *Id.* at 89.

The court then proceeded to state that different issues warranted different choice-of-law rules.⁵⁶ Such *depeçage*, i.e. the separation of one comprehensive legal relationship to several legal issues to which different choice-of-law rules are applied, is not uncontested among American conflict-of-laws scholars.⁵⁷ Nevertheless, the Second Circuit distinguished between issues of ownership and infringement for choice-of-law purposes. With regard to the issue of copyright infringement (which is the focus of this article), the court applied the *lex loci delicti*.⁵⁸ Interestingly the court embedded its application of the *lex loci delicti* in a broader interest analysis. Thus, the court acknowledged the choice of the *lex loci delicti* as being part of a “broader ‘interest’ approach”.⁵⁹ This approach by the Second Circuit is problematic in two ways.

First, the overall reliance on the interest analysis to determine the applicable law poses a problem. Consideration of state interests in conflict of laws is indeed quite frequent in U.S. courts.⁶⁰ Yet, basing the determination of the law applicable to a certain issue on an evaluation of the interests involved may lead to legal indeterminacy or even to forum favoritism.⁶¹ For instance, the Second Circuit in the *Itar-Tass* decision stated that “United States law would still apply to infringement issues, since not only is this country the place of the tort, but also the defendant is a United States corporation.”⁶² Yet, what if the defendant was not a United States corporation, but was domiciled in Belarus? Assuming that the Second Circuit would still have jurisdiction, which law would it then apply to the case? Would the court still apply New York law because the infringement took effect in New York? Or, would it apply Belarus law or

⁵⁶ *Id.* at 90.

⁵⁷ See SYMEON SYMEONIDES, *THE AMERICAN CHOICE-OF-LAW REVOLUTION: PAST, PRESENT AND FUTURE* 31-33 (2006).

⁵⁸ See *Itar-Tass*, *supra* note 52, at 91. For the question of copyright ownership, the court determined the law of the country of origin of the copyright to be applicable in this specific case.

⁵⁹ *Id.* at 91.

⁶⁰ See SYMEONIDES, *supra* note 57, at 373.

⁶¹ See Klaus Schurig, *Interessenjurisprudenz contra Interessenjurisprudenz im IPR - Anmerkungen zu Flessners Thesen*, 59 *RABELS ZEITSCHRIFT FUER AUSLAENDISCHES UND INTERNATIONALES PRIVATRECHT* 229, 242 (1995).

⁶² *Itar-Tass*, *supra* note 52, at 91.

Russian law, depending on the interest involved? As this illustration shows, the outcome of an interest analysis is often in limbo.

Second, the application of the *lex loci delicti* does not always lead to an acceptable solution. Depending on the way it is perceived, the *lex loci delicti* could lead to a multitude of applicable laws.⁶³ This difficulty is best illustrated by applying the *lex loci delicti* to the hypothetical that was presented in the introduction. One problem regarding the *lex loci delicti* in the case of Françoise and Bill is the determination of the place of the infringement. On the one hand, the place of infringement could be where the infringing act was committed. In the hypothetical, this interpretation would lead to application of British law because Bill uploaded the unauthorized copies in Great Britain. With this approach, however, the law applicable to an infringement would depend on the place the infringer chose to upload the infringing work. As a result, the infringer could possibly escape liability by choosing a country with lax copyright regulation for his conduct. On the other hand, the law applicable to infringement cases could be determined by the place where the infringement had its effect. Yet, in the hypothetical such an approach could lead to application of German, United States and British law or the law of any other country where Françoise's work was downloaded. As a result, the trial would become lengthy and costly.

3. Summary

So far, this Article has analyzed and evaluated two important U.S. decisions relating to choice-of-law issues in copyright infringement cases. While in *Subafilms* the Ninth Circuit referred to the Berne Convention, the Second Circuit developed its choice-of-law rule in *Itar-Tass* based on general conflict-of-laws theory without seeking inspiration from the Berne

⁶³ See Dinwoodie 2001, *supra* note 4, at 440.

Convention. It therefore seems that there are two main approaches: either applying general conflict-of-laws rules to intellectual property cases or deriving a special conflict-of-laws rule for intellectual property cases from the Berne Convention. The following section will examine where the European member states stand regarding this bifurcation.

B. THE SITUATION IN EUROPE

Currently, the courts of the twenty-seven member states of the European Union still apply their respective national conflict-of-laws rules to copyright infringement cases.⁶⁴ Consequently, for cases involving European Union member states, one has to resort to the conflict-of-laws regimes relating to copyright infringement cases of the individual member states. This section will examine the conflict-of-laws approaches of three major players in the European Union - Great Britain, Germany, and France - as well as of Belgium, a member state that stands out by recent legislative regulation of conflict of laws in intellectual property.

1. Great Britain

In Great Britain, case law pertaining to copyright infringement cases shows strong similarities with the legal situation in the United States. From a choice-of-law perspective, one can discern two phases: the situations prior and after the introduction of the Private International Law (Miscellaneous Provisions) Act 1995 (PIL).

Situation before Introduction of the Private International Law (Miscellaneous Provisions) Act 1995

Before 1995, British courts usually combined questions of jurisdiction and choice of law when it came to the possible application of foreign law. It is therefore indispensable to briefly

⁶⁴ This situation is bound to change: The Regulation of the European Parliament and of the Council on the Law Applicable to Non-Contractual Obligations ("Rome II") will be applied after January 11, 2009 to cases that have arisen after August 20, 2007.

summarize the pertinent case law in Britain regarding jurisdiction in torts, despite the focus of this Article on choice-of-law issues.

Until 1995, British case law in conflict-of-laws cases relating to torts in general was decisively coined by the principle of “double actionability.”⁶⁵ According to this principle,

“[...] an act done in a foreign country is a tort and actionable as such in England, only if it is both (a) actionable as a tort according to English law, or in other words is an act which, if done, in England, would be a tort; *and* (b) actionable according to the law of the foreign country where it was done. [...]”⁶⁶

In the area of copyright law, the principle of “double actionability” together with the strictly territorial character of intellectual property rights has resulted in a general tendency among British courts to apply domestic law.⁶⁷ For example, in *Def Lepp Music v. Stuart* (*Def Lepp Music*), the Chancery Division of the High Court had to decide on an alleged infringement of a British copyright by acts committed in Luxembourg and the Netherlands.⁶⁸ The court found for the defendants. In denying to award damages, the court merged the questions of jurisdiction and choice of law. It first considered the question of applicability of the British Copyright Act and held that the territorial nature of the act resulted in its application only within Britain. Furthermore, the judges stressed that only infringement committed in Britain would be actionable under the act. As a consequence, the court then proceeded to the issue of jurisdiction and stated that “acts done outside the United Kingdom cannot be the subject matter of an action for infringement in the English courts.”⁶⁹ On the issue of choice of law, the court referred to the

⁶⁵ See W. R. Cornish, *Intellectual Property Infringement and Private International Law: Changing the Common Law Approach*, 4 GRUR. INT. 285, 286 (1996).

⁶⁶ ALBERT V. DICEY, JOHN H. C. MORRIS & LAWRENCE A. COLLINS, DICEY AND MORRIS ON THE CONFLICT OF LAWS R. 203 (1993)(emphasis added) [hereafter *Dicey*]. The principle was originally formulated in *Phillips v. Eyre*, (1870) 6 L.R.Q.B. 1(Exch.).

⁶⁷ See *Def Lepp Music v. Stuart-Brown*, [1986] R.P.C. 273 (Ch.) [hereafter *Def Lepp Music*] (referring to the Copyright Act 1956).

⁶⁸ *Id.*

⁶⁹ *Id.*

principle of “double actionability” as defined in Dicey and Morris and held that it would generally give “effect to the substantive law of England (*lex fori*) as opposed to the law of the place where the act is committed (*lex loci delicti*).”⁷⁰

Application of the *lex fori* can be very tempting, as the above-introduced hypothetical will show. Françoise brings her case against Bill in a Belgian court. If the Belgian court (provided it has jurisdiction) adopted an approach similar to the court in Def Lepp Music, it would resort to its own law. Certainly this is the most convenient and probably also most cost-effective solution. In order to decide the case, the court will not have to investigate and interpret foreign law. Furthermore, in internet infringement cases, the *lex fori* approach will have the additional advantage of only leading to the application of one single law as opposed to the application of multiple laws under a *lex loci delicti* approach.⁷¹ Yet, the *lex fori* solution also comes with a big disadvantage for the defendant. Generally, the plaintiff will pick the court. In the hypothetical, Françoise decides to consolidate the case in her home country by choice, i.e. Belgium. Belgium, however, has nothing to do with the copyrights in question. Say, for example, Belgium had an extremely strict copyright law as compared to France and Great Britain. The fact that Françoise incidentally chose to live and sue in Belgium would result in a major disadvantage for Bill. In other words, “[the] negative consequences [of the *lex fori*] to the defendant must be taken very seriously.”⁷²

Generally, the parallel between Def Lepp Music and Subafilms is striking. In both cases, the courts discuss issues of choice of law under the guise of jurisdiction and territoriality. Similarly to the Ninth Circuit in Subafilms, the Chancery Division of the High Court in Def

⁷⁰ *Id.*

⁷¹ See *supra* Part I.

⁷² Annette Kur, *Applicable Law: An Alternative Proposal for International Regulation - The Max-Planck Project on International Jurisdiction and Choice of Law*, 30 BROOK. J. INT’L L. 951, 977-978.

Lepp Music resumes to the principle of territoriality in order to determine the *lex fori* as applicable law. Yet, while the court in *Subafilms* explicitly refers to the Berne Convention as a source of a choice-of-law rule, the court in *Def Lepp Music* vehemently denies any such direct effect of the Berne Convention. In fact, according to the *Def Lepp Music* court, the direct application of the Berne Convention to copyright cases is “contrary to the common law mind.”⁷³

In a nutshell, the British approach to conflict-of-laws issues in cases of copyright infringement before the introduction of the PIL in 1995 was as follows: On the one hand, for infringements of a United Kingdom copyright abroad, courts would resort to the territoriality principle and, thus, refuse to handle the case as there was no extraterritorial protection of U.K. copyrights.⁷⁴ On the other hand, for infringements of a foreign copyright in the United Kingdom, the U.K. copyright law would not provide protection.⁷⁵ Such a situation is unsatisfactory as it leaves a *protection vacuum* in cases with some foreign element. As cases involving foreign countries became more prevalent, this situation had to be addressed.

The Private International Law (Miscellaneous Provisions) Act 1995 and its Implementation by the British Courts

Part III of the PIL has brought about several major changes to the conflict-of-laws regime relating to copyright infringement cases. In particular, section 10 of the PIL explicitly abolishes the “double actionability” rule.⁷⁶ Consequently, a common justification for applying the *lex fori* has been taken away.⁷⁷ Indeed, Section 11(1) of the PIL provides for the general application of

⁷³ Cornish, *supra* note 65, at 287 n.26.

⁷⁴ See DICEY, *supra* note 66, at 1908-1909; *Def Lepp Music*, *supra* note 67.

⁷⁵ See Copyright, Designs and Patents Act, 1988, c. 48; DICEY, *supra* note 66, at 1908-1909.

⁷⁶ See Private International (Miscellaneous Provisions) Act [hereafter *PIL*], 1995, c. 42, § 10: “The rules of the common law, in so far as they - (a) require actionability under both the law of the forum and the law of another country for the purpose of determining whether a tort or delict is actionable [...], are hereby abolished so far as they apply to any claim in tort or delict which is not excluded from the operation of this Part by section 13 below.”

⁷⁷ See discussion *supra* p. 16.

the *lex loci delicti* in torts.⁷⁸ The previous case law in the area of torts in general and copyright infringement in particular therefore has to be revisited.

One particular problem is the applicability of Section 11(1) PIL to torts involving multiple countries, as for example in internet infringement cases. As already mentioned earlier, the *lex loci delicti* would result in the application of numerous laws and, therefore, make any decision difficult and costly.⁷⁹ For such cases of multi-national torts, Section 11(2) PIL provides a special rule.

Where elements of those events occur in different countries, the applicable law under the general rule is to be taken as being—

- (a) for a cause of action in respect of personal injury caused to an individual or death resulting from personal injury, the law of the country where the individual was when he sustained the injury;
- (b) for a cause of action in respect of damage to property, the law of the country where the property was when it was damaged; and
- (c) in any other case, the law of the country in which the most significant element or elements of those events occurred.⁸⁰

However, the British legislators seem to have excluded intellectual property rights from the application of Section 11(2) PIL.⁸¹ Yet, some scholars advocate application of Section 11(2)(c) PIL to intellectual property infringement cases involving multiple countries.⁸² In such a case, the judge would have to determine the country of the most significant element of infringement and, then, apply the law of this particular country. It remains to be seen whether the English courts will apply this provision to intellectual property law cases in the first place. If yes, there needs to be determined what act proves to imply the most significant element in a case of copyright infringement on the internet.

⁷⁸ See PIL, *supra* note 76, § 11(1): “The general rule is that the applicable law is the law of the country in which the events constituting the tort or delict in question occur. [...]”

⁷⁹ See discussion *supra* at pp. 12-13.

⁸⁰ PIL, *supra* note 76, § 11(2).

⁸¹ See PEINZE, *supra* note 1, at 350.

⁸² See J.J. FAWCETT & PAUL TORREMANS, INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW 621 (1998).

Further exceptions to the *lex loci delicti* may come from Section 12 and Section 14(4) of the PIL. Section 12 applies to situations where the application of a different law is “substantially more appropriate.”⁸³ It is, however, unlikely that this exception will come into play in copyright infringement cases.⁸⁴ Another exception to the general rule may prove more successful: Section 14 (4) of the PIL provides that it shall not modify “the rules of private international law that would otherwise be so applicable.”⁸⁵ The territorial nature of copyrights could trigger the application of this exception.⁸⁶ In fact, due to the territorial limitation of substantive intellectual property rules, they could be interpreted as mandatory rules of the forum.⁸⁷ Such mandatory rules of the forum are defined as rules of substantive law that “are regarded as so important that as a matter of construction or policy they must apply in any action before a court of the forum, even where the issues are in principle governed by a foreign law selected by choice of law rule.”⁸⁸ Mandatory rules of the forum most likely do play a role in infringement cases, but the extent of their role is unclear.⁸⁹ The definitive decision remains, however, with the courts.

Determining the impact of the PIL on cases of copyright infringement poses a challenge to British courts. A major British treatise on conflict of laws finds that “[t]he precise relationship between the protection of intellectual property rights and Pt III of the 1995 Act is not without difficulty.”⁹⁰ This difficulty becomes clear by the apparent discrepancy in interpretation by two different courts deciding the same case.

⁸³ PIL, *supra* note 76, at § 12.

⁸⁴ See Cornish, *supra* note 65, at 287 n.25.

⁸⁵ PIL, *supra* note 76, at § 14(4).

⁸⁶ See Cornish, *supra* note 65, at 288; DICEY, *supra* note 66, at 1907-1908.

⁸⁷ See FAWCETT, *supra* note 82, at 457.

⁸⁸ *Id.* at 456-457, citing Law Commission Working Paper No 87 (1954), para 4.5.

⁸⁹ *Id.* at 600.

⁹⁰ DICEY, *supra* note 66, at 1907.

In *Pearce v. Ove*,⁹¹ the Court of Appeals provided one possible forecast for future implications of the PIL in copyright cases.⁹² The case involved a British plaintiff suing several defendants, some domiciled in Britain, others domiciled in the Netherlands. The plaintiff claimed that defendants had infringed his British copyright on architectural drawings when they constructed a building in Rotterdam (The Netherlands). In the decision, the court, *inter alia*, referred to PIL Section 11(1) – although not applicable in the case – and found that, if applicable, the Act would have led to the application of the *lex loci delicti*, thus Dutch law.⁹³

In the same case, a lower court, the Chancery Division of the High Court, suggested an application of the *lex protectionis* – in this case also leading to Dutch law.⁹⁴ Yet, the court limited its suggestion to cases where neither the rule of double actionability nor the PIL applied. In the end, the court abstained from deciding the conflict-of-laws question due to the perceived similarity of Dutch and British copyright law.⁹⁵ Such reasoning is certainly a clever way to achieve application of the *lex fori* in disguise. Overall, there only exist a small number of copyright cases in English courts where the question of the applicable law is explicitly examined. Most cases that involve foreign law are already dealt with at the jurisdiction level – and if foreign law proves decisive - denied due to lack of jurisdiction.⁹⁶ This approach to conflict of laws in copyright law still leaves us with a *protection vacuum*.⁹⁷

In a more recent case, however, the Chancery Division suggested a turn which could avoid the above-mentioned *protection vacuum*.⁹⁸ In *R. Griggs Group Ltd. v. Evans*, a British

⁹¹ See *Pearce v. Ove Arup Partnership Ltd.*, [2000] Ch. 403 (A.C. 1999) [hereafter *Pearce II*].

⁹² *Id.*

⁹³ *Id.*

⁹⁴ See *Pearce v. Ove Arup Partnership Ltd.*, [1997] Ch. 293 [hereafter *Pearce I*].

⁹⁵ *Id.*

⁹⁶ See DICEY, *supra* note 66, at 1908.

⁹⁷ See discussion on *forum non conveniens supra* PART II.A.1.

⁹⁸ See *R. Griggs Group Ltd. v. Evans*, [2004] EWHC 1088 (Ch.).

footwear company sued an Australian footwear company for infringement of its logo. The court, finding for the British company, argued that

"[i]n any case the double-actionability rule was abolished by s.10 of the Private International Law (Miscellaneous Provisions) Act 1995, with the effect that, in general, it is now enough to show that the act complained of is actionable according to the law of the country where the event took place. Hence (questions of Convention, comity and forum conveniens apart) it is now sometimes possible to sue in England for infringement of a foreign intellectual property right."⁹⁹

The court suggested that, instead of not dealing with infringement cases involving a foreign element at all, judges should apply the conflict-of-laws rules of the 1995 Act. Although this will not completely solve the problem of missing copyright protection of foreign copyrighted works in the United Kingdom, it will at least broaden the horizon by getting English courts to apply foreign law.¹⁰⁰ Such a readiness to apply foreign law has long been present among German courts.

2. Germany

Although Germany is a civil law country, German written law lacks any provision regulating the law applicable to copyright infringement cases. In other words, the German Copyright Law does only contain substantive rules on copyrights and related rights, but no choice-of-law rules.¹⁰¹ The general choice-of-law rules in Germany, however, do not apply to intellectual property cases.¹⁰² This regulatory gap is due to uncontested case law by the *Bundesgerichtshof* (Federal Court of Justice). During the last revision of the choice-of-law

⁹⁹ *Id.*

¹⁰⁰ See DICEY, *supra* note 66, at 1908-1909.

¹⁰¹ See PEINZE, *supra* note 1, at 117.

¹⁰² See, e.g., Bundesgerichtshof [BGH][Federal Court of Justice] Nov. 7, 2002, 152 Entscheidungen des Bundesgerichtshofes in Zivilsachen [BGHZ] 317 (F.R.G.), available at www.bundesgerichtshof.de (follow "Entscheidungen", then go to "Dokumentensuche" and search for "Aktenzeichen" I ZR 175/00 [hereafter *Sender Felsberg*]).

regulations in torts, the *Deutsche Bundestag* (Federal Diet) considered a regulation of the conflict-of-laws in copyright infringement cases not necessary due to the overall validity of the so-called *Schutzlandsprinzip* in the area of intellectual property law.¹⁰³ As a result of this lack of codification, we have to turn to German case law, in particular copyright infringement cases decided by the *Bundesgerichtshof*.

In 1992, the *Bundesgerichtshof* had to decide a case on copyright infringement by sub-licensing.¹⁰⁴ In this case, the creator of the stuffed animal Alf had ceded all his rights on Alf to plaintiff, a US corporation. Plaintiff had sub-licensed distribution of the stuffed animal. In the *Bundesgerichtshof*, plaintiff challenged the distribution in Germany of the stuffed animal *Tapir* that was produced in East Asia and resembled Alf considerably.¹⁰⁵ The *Bundesgerichtshof* found for the plaintiff.¹⁰⁶

In Alf, the *Bundesgerichtshof* defined the *Schutzlandsprinzip*. According to the court, the *Schutzlandsprinzip* is founded on article 5 (2) of the Berne Convention.¹⁰⁷ Article 5 (2) of the Berne Convention reads as follows:

“The enjoyment and the exercise of these rights shall not be subject to any formality; such enjoyment and such exercise shall be independent of the existence of protection in the country of origin of the work. Consequently, apart from the provisions of this Convention, the extent of protection, as well as the means of redress afforded to the author to protect his rights, *shall be governed exclusively by the laws of the country where protection is claimed.*¹⁰⁸

¹⁰³ See BTDrucks 14/343 at 10, available at <http://dip.bundestag.de/parfors/parfors.htm>.

¹⁰⁴ Bundesgerichtshof [BGH][Federal Court of Justice] June 17, 1992, 118 Entscheidungen des Bundesgerichtshofes in Zivilsachen [BGHZ] 394 (F.R.G.) [hereafter *Alf*].

¹⁰⁵ *Id.* at 395.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.* at 397.

¹⁰⁸ See Berne Convention, *supra* note 14, art. 5(2) [emphasis added].

It has been suggested that this article 5 (2) of the Berne Convention points to the *lex protectionis*, i.e. the law of the country for which protection is sought.¹⁰⁹ It remains, however, unclear which law the *lex protectionis* exactly determines to be applicable and which aspects of the copyright law the *lex protectionis* governs.

With regards to the law applicable under the *lex protectionis*, it has been contended that in infringement cases this would correspond to application of the *lex loci delicti* which, in the light of the principle of territoriality would also correspond with the *lex fori*.¹¹⁰ Yet, a study of German case law indicates that the *Bundesgerichtshof* does endorse neither of the two interpretations. In a 1997 case, the court applied foreign copyright law as the *lex protectionis* and, therefore, negated any efforts that would assimilate the *lex protectionis* to the *lex fori*.¹¹¹ Furthermore, in 2002 the court explicitly stated that the ordinary choice-of-law rules do not apply to intellectual property cases.¹¹² This statement excludes any assimilation of the *lex protectionis* with the *lex loci delicti*, given that the *lex loci delicti* is the standard approach in general choice of law cases involving torts.

The extensive application of the *lex protectionis* further corroborates the difference between the *lex loci delicti* and the *lex protectionis*. According to the court, the *lex protectionis* shall govern the extent of a given intellectual property right as well as possible infringement

¹⁰⁹ See, e.g., Alf, *supra* note 104, at 397.

¹¹⁰ See K. Lipstein, *Intellectual Property: Parallel Choice of Law Rules*, 64(3) C.L.J. 593, 607 (2005). See also. EECHOUD, *supra* note 8, at 105 (“*lex protectionis* and *lex loci delicti* often used interchangeably”).

¹¹¹ See Bundesgerichtshof [BGH][Federal Court of Justice] 1997, 136 Entscheidungen des Bundesgerichtshofes in Zivilsachen [BGHZ] 380, 385: “Das Berufungsgericht hat die Klageansprüche rechtsfehlerhaft allein nach deutschem Recht beurteilt. [...] Die Klägerin hat ihre Ansprüche nur darauf gestützt, dass die Beklagte ausschliessliche Fernsehauswertungsrechte an dem Spielfilm 'Spielbankaffäre', die ihr für das Gebiet von Luxemburg zustuenden, verletzt habe. Schutzland ist hier demgemäss Luxemburg. Die Klägerin behauptet nicht, auch für das Gebiet der Bundesrepublik Deutschland Fernsehauswertungsrechte zu besitzen.”

¹¹² See Sender Felsberg, *supra* note 102, at 7 (internet source).

claims.¹¹³ Furthermore, the court held the *lex protectionis* also applicable in cases of copyright exploitation.¹¹⁴ Such broad interpretation of the *lex protectionis* emphasizes its role as a special choice-of-law rule in intellectual property cases.¹¹⁵ In contrast, the *lex loci delicti* is more restrictive and only applies to torts. Thus, German case law implicates a major discrepancy between the *lex protectionis* and the *lex loci delicti*.

Application of the *lex protectionis*, however, does not provide an optimal solution for cases of internet infringement. In the above-introduced hypothetical, a court endorsing the *lex protectionis* approach would have to apply the respective laws of the countries where Françoise's work was downloaded. Such an approach would lead to the application of numerous laws and, therefore, cost time and money. The ubiquitous nature of copyright infringement committed through the internet thus requires resort to a single connecting factor in order to streamline judicial procedures. Such rationalization in cases of internet infringement of copyrights has yet to be introduced into German law. Maybe German courts can take decisions by their French neighbors as source of inspiration.

3. France

France has a long tradition of intellectual property protection.¹¹⁶ Originally, protection in France was limited to works published in France by French authors.¹¹⁷ This strictly territorial application of French copyright law was gradually removed. A decree mentioned the assimilation of

¹¹³ See Alf, *supra* note 104, at 397-398.

¹¹⁴ Sender Felsberg, *supra* note 102, at 7 (internet source): "Das Recht des Schutzlandes bestimmt, welche Handlungen als Verwertungshandlungen unter ein von ihm anerkanntes Schutzrecht fallen."

¹¹⁵ Such a broad perception of the *lex protectionis*, however, is problematic in view of the wording of article 5 (2) of the Berne Convention as well as other provisions in the Convention that indicate different laws applicable to different issues of copyright. See SAM RICKETSON & JANE C. GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS: THE BERNE CONVENTION AND BEYOND 1299 (2006).

¹¹⁶ See A. LUCAS & H.-L. LUCAS, TRAITE DE LA PROPRIETE INTELLECTUELLE 785 (2006); A. Chambellan, *France, in* INTELLECTUAL PROPERTY LAWS OF EUROPE 145, 147 (George Metaxas-Maranghidis ed., 1995).

¹¹⁷ See LUCAS, *supra* note 116, at 785.

reproduction rights of foreign authors to those of their French colleagues for the first time in 1810.¹¹⁸ This alignment was gradually extended to other aspects of copyright.¹¹⁹ In 1852, the French government adopted a decree that should extend copyright protection to works of foreign authors published abroad.¹²⁰ Interestingly, the French case law in the area of copyright protection lagged behind the statutory development and first consisted of narrow criminal law decisions, before involving civil law issues, including choice of law.¹²¹

The French courts implemented the assimilation of foreign authors to French authors in a restrictive way by limiting application of the 1852 decree to reproduction rights.¹²² For example, in the Verdi case, the French *Cour de cassation* denied the famous Italian composer copyright protection in France.¹²³ The court held that in order to be protected in France, first publication of a work by a foreign author had to be in France. Otherwise there could be no assimilation to French authors.¹²⁴ In 1887, the Grus case further defined the conditions for protection of a foreign work in France. According to the court, a foreign work had to fulfill the requirement of *double protection* in order to be protected in France: i.e. a foreign work was only protected in France if it was also protected abroad.¹²⁵ This *double protection* condition has striking similarities with the British “double actionability” rule.

Further progress in protecting foreign copyrights was made at the beginning of the twentieth century. At that point, France endorsed the principle of reciprocity. This principle made copyright protection of foreign works contingent upon the protection of French works

¹¹⁸ *Id.* at 736.

¹¹⁹ *Id.*

¹²⁰ *Id.* at 786-787.

¹²¹ *Id.* at 785.

¹²² *Id.* at 786 and 787.

¹²³ See *Cour de Cassation* [Cass.][highest court of ordinary jurisdiction], 1857, DP 1858, report Ferey (Fr.).

¹²⁴ *Id.*

¹²⁵ See *Cour de Cassation* [Cass.][highest court of ordinary jurisdiction], 1887, DP 1888, note Sarrut (Fr.).

abroad.¹²⁶ Simultaneously, the *Cour de cassation* in the Leduc case shifted the attention away from international criminal law aspects and, for the first time, adopted a conflict-of-laws approach.¹²⁷ First instance courts further substantiated this new direction by holding choice-of-law rules – in particular the *lex loci delicti* - applicable in copyright infringement cases.¹²⁸

In 1959, the French *Cour de cassation* rendered a landmark decision on the issue of protection in France against infringement of a foreign copyright held by a foreign national.¹²⁹ The case involved a Russian copyright that was infringed in France by Fox-USA and Fox-Europe. The court had to decide whether the Russian authors could receive damages based on French law. It answered the question in the affirmative emphasizing that foreigners generally enjoy the same individual rights (*droits privés*) as domestic copyright holders, unless application to foreigners is explicitly excluded.¹³⁰ As a result, the court applied French law to the infringement of the Russian copyright in France.¹³¹

Yet, in the Fox decision, the *Cour de cassation* reaches application of French law without determining the exact choice-of-law rule applicable to copyright infringement cases. In fact, application of French law in the above case could be the result of choosing the *lex fori*, the *lex loci delicti*, or the *lex protectionis*. The French literature interpreted the approach by the *Cour de cassation* in this case as pointing towards the *lex fori*, which most scholars erroneously equated with the *lex loci delicti*.¹³²

¹²⁶ See LUCAS, *supra* note 116, at 788.

¹²⁷ *Id.*

¹²⁸ *Id.* at 788-789.

¹²⁹ See Cour de Cassation [Cass. 1^o civ.][highest court of ordinary jurisdiction], Dec. 22, 1959, 1960 REV. CRIT. DE DROIT INT. PRIV. 361 (Fr.).

¹³⁰ *Id.* at 361.

¹³¹ *Id.* at 362.

¹³² See LUCAS, *supra* note 116, at 813. For an explanation of the difference between *lex fori* and *lex loci delicti*, see *supra* Part I.

First instance judges, however, tended to lean more and more to exclusive application of the *lex loci delicti*.¹³³ Recently, the *Cour de cassation* straightened out its position.¹³⁴ In *Sisro*, the court upheld a holding by the Paris court of appeals. Based on the general choice-of-law rules for torts, this court had applied foreign laws to infringements committed abroad and French law to infringements committed in France.¹³⁵ By upholding this judgment, the *Cour de cassation* thus adopts a *lex loci delicti* approach.¹³⁶ Interestingly, the court referred in its opinion to article 5(2) of the Berne Convention.¹³⁷ The *Sisro* case therefore establishes a patent discrepancy between French and German case law in the area of copyright. While the *Cour de cassation* drew upon article 5 (2) of the Berne Convention to justify application of the general choice-of-law rule for torts, the *Bundesverfassungsgericht* created a special choice-of-law rule for copyright cases based on the same provision.

The determination of the law applicable to internet infringement cases still seems to be an open question. Scholars in France have come forward with differing approaches.¹³⁸ Some have proposed to apply the law of the country where the victim lives to internet infringement cases.¹³⁹ In the above-introduced hypothetical, this solution would lead to application of Belgian law as Françoise chose Belgium as her place of living. Application of the law of the country where the victim lives avoids applicability of multiple laws, yet runs counter the still prevailing choice-of-law rules for infringement cases. Thus, in the hypothetical, Belgium has no link to the case other than the fact that Françoise decided to live there. Françoise has published her work in France where she holds a copyright. The work was downloaded in Germany, the United States and

¹³³ See LUCAS, *supra* note 116, at 871.

¹³⁴ See *Cour de cassation* [Cass. 1^e civ.][highest court of ordinary jurisdiction], March 5, 2002, Bull. Civ. I, No. 75.

¹³⁵ *Id.*

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ See LUCAS, *supra* note 116, at 827-828.

¹³⁹ *Id.* at 827.

Great Britain. Dogma and intuition seem to suggest that the French, German, United States, or British law are more closely related to the case than Belgian law. Therefore, connecting the applicable law to the plaintiff's place of residence is not a viable solution.

Another suggestion has therefore been to link the choice-of-law situation to jurisdiction. According to this view, the victim could choose whether it wanted to bring her case either in a court of the country where the infringing content was posted on the internet or in a court of the country where the infringing content was downloaded. The court in charge would then apply its own law (*lex fori* approach).¹⁴⁰ In our hypothetical, under this approach, Françoise may choose whether she would like to bring her case to a French, German, United States, or British court. Françoise would probably settle on the court with the most advantageous law for her case. Such *forum shopping*, however, may prove detrimental to the defendant and therefore should be avoided. In addition, the linking of jurisdiction and choice of law is contrary to basic principles of conflict of laws.

Finally, it has been suggested that internet infringement cases be assimilated to broadcasting infringement cases.¹⁴¹ The latter are regulated by the French Intellectual Property Code.¹⁴² The pertinent rules focus on the transmission of a work to a satellite.¹⁴³ Applied to the case of internet infringement of copyrights, such assimilation to broadcasting cases would lead to application of an adapted *lex loci delicti* approach, meaning that the law of the country where the infringing content was put on the internet would be applicable.¹⁴⁴ In the hypothetical, this approach would lead to application of British law because Bill uploaded the infringing content in

¹⁴⁰ *Id.* at 828.

¹⁴¹ *Id.* at 831.

¹⁴² See C. PROP. INT. L. 122-2, available at http://www.legifrance.gouv.fr/html/codes_traduits/cpialtext.htm [English version].

¹⁴³ *Id.* at L. 122-2, L. 122-2-1, L. 122-2-2.

¹⁴⁴ See LUCAS, *supra* note 116, at 831.

Great Britain. Yet, Bill could have uploaded the work from anywhere and, under an adapted *lex loci delicti* approach, he would probably make sure that the country where he uploaded infringing content had lax copyright protection or even no protection at all. In other words, the adapted *lex loci delicti* approach unjustifiably favors the infringer and, therefore, does not seem to be ideal as well.

In sum, with regards to internet infringement of copyrights, the situation in France is no clearer than in Germany. A clarifying decision by the French *Cour de cassation* is still outstanding. Maybe a look at Belgium, which historically has been a French satellite state, can shed more light on how to solve the pressing issue of the law applicable to copyright infringement in the internet age.

4. Belgium

Until recently, the conflict-of-laws approach in Belgium strongly resembled that in France. In fact, the Belgian Code Civil is based on the Code Napoleon.¹⁴⁵ The latter is also the underlying source of the current version of the French Code Civil.¹⁴⁶ In both countries, art. 3 of the Code Civil was a key provision for private international law issues, but was limited in scope and had been vastly unchanged since 1804.¹⁴⁷

¹⁴⁵ See Dominique d'Ambra, *La Fonction Politique du Code Civil pour la France*, in *LE CODE CIVIL FRANÇAIS EN ALSACE, EN ALLEMAGNE ET EN BELGIQUE* 9, 10 (Dominique d'Ambra et al., eds., 2006).

¹⁴⁶ *Id.*

¹⁴⁷ The wording of art. 3 Belgian [French] C. CIV., respectively: "Les lois de police et de sûreté obligent tous ceux qui habitent le territoire. Les immeubles, même ceux possédés par des étrangers, sont régis par la loi belge [française]. Les lois concernant l'état et la capacité des personnes régissent les Belges [Français], même résidant en pays étranger." Despite such textual similarity, French and Belgian courts interpreted Code civil provisions differently (See D'Ambra, *supra* note 145, at 18). In Belgium, this provision has been recently abolished.

In Belgium, there used to be little legislative material on choice-of-law issues to complement the rather broadly formulated Code Civil.¹⁴⁸ The resulting gap was sparsely filled by jurisprudence and scholarly work.¹⁴⁹ Overall, there had been a general tendency among Belgian jurists towards applying the *lex loci protectionis* to conflict-of-laws issues of copyright infringement. Yet, there was no written law on this subject.¹⁵⁰ When the lack of codification became noticeable, preparations for a legal text regulating private international law started in Belgium.¹⁵¹

The new law, the *Code de droit international privé* (Code on Private International Law) entered into force in October 2004.¹⁵² It abolished article 3 of the Belgian Code Civil.¹⁵³ The drafters of the new Belgian Code on Private International Law drew inspiration from similar conflict-of-laws codifications in various countries in Europe.¹⁵⁴ Most remarkably, however, the Belgium Code of Private International Law includes a provision on the law applicable to intellectual property issues.¹⁵⁵

Article 93, al.1er of the Code on Private International Law sets the *lex protectionis* as the general rule for intellectual property rights infringement cases.¹⁵⁶ Furthermore, article 93 provides an exception for cases where parties have chosen a different law to be applicable, which

¹⁴⁸ See CE avis no. 2-1225/1, February 12, 2001, available at www.ipr.be. In fact, the provisions of the Code Napoléon were deliberately formulated in a broad way in order to allow for a flexible contemporary interpretation by the courts. (See D'Ambra, *supra* note 145, at 18).

¹⁴⁹ See FERDINAND VISSCHER & BENOIT MICHAUX, *PRECIS DU DROIT D'AUTEUR ET DES DROITS VOISINS* 631 (2000).
¹⁵⁰ *Id.*

¹⁵¹ See FRANÇOIS RIGAUX & MARC FALLON, *DROIT INTERNATIONAL PRIVÉ* 71 (2005).

¹⁵² See Loi portant le Code de droit international privé [law establishing the Code of private international law] of July 16, 2004, *Moniteur Belge* [Official Gazette of Belgium], July 27, 2004, p. 57344 [Law on Private International Law July 16, 2004 [hereafter: CDIP].

¹⁵³ *Id.* at art. 140 and 139, al.1.

¹⁵⁴ See RIGAUX, *supra* note 151, at 71-72.

¹⁵⁵ See CDIP, *supra* note 152, art. 93.

¹⁵⁶ *Id.*: "Les droits de propriété intellectuelle sont régis par le droit de l'Etat pour le territoire duquel la protection de la propriété est demandée. Toutefois, la détermination du titulaire originaire d'un droit de propriété industrielle est régie par le droit de l'Etat avec lequel l'activité intellectuelle présente les liens les plus étroits. Lorsque l'activité a lieu dans le cadre de relations contractuelles, il est présumé, sauf preuve contraire, que cet Etat est celui dont le droit est applicable à ces relations."

can be done by a contractual provision.¹⁵⁷ Another possible exception of the rule as provided in article 93 is the *ordre public* exception.¹⁵⁸ Based on this exception, a judge can avoid application of a foreign law on the grounds that it would run contrary to fundamental rules of Belgian intellectual property law.¹⁵⁹ It remains to be seen how likely Belgian courts will be to resort to the *ordre public* exception in order to force application of Belgian intellectual property law.

The Belgian Code on Private International Law, however, does not explicitly provide a special rule for cases of internet infringement of copyright. Application of the *lex protectionis* is problematic in these cases as this would require the copyright holder to engage in lawsuits in every single country where her right has been infringed.¹⁶⁰ Consequently, the *lex protectionis* approach would discourage copyright owners from fully enforcing their rights. Therefore, the authors of the Code on Private International Law referred to article 19 as a possible exception in cases where the *lex protectionis* proves problematic.¹⁶¹ Article 19 provides that in cases where another law is more closely connected to the case at issue than the law applicable according to the general rules of the Code on Private International Law, this “closer law” shall be applicable.¹⁶² Such a rule may avoid application of the *lex protectionis* and its detrimental effect

¹⁵⁷ *Id.*

¹⁵⁸ *Id.* at art. 21 which reads as follows: "L'application d'une disposition du droit étranger désigné par la présente loi est écartée dans la mesure où elle produirait un effet manifestement incompatible avec l'ordre public. Cette incompatibilité s'apprécie en tenant compte, notamment, de l'intensité du rattachement de la situation avec l'ordre juridique belge et de la gravité de l'effet que produirait l'application de ce droit étranger. Lorsqu'une disposition du droit étranger n'est pas appliquée en raison de cette incompatibilité, une autre disposition pertinente de ce droit ou, au besoin, du droit belge, est appliquée."

¹⁵⁹ See *Proposition de loi portant le Code de droit international privé*, 3-27/1 SE (2003) (statement by Ledouc et al.), p. 120, available at http://www.senate.be/www/?MIval=/index_senate&MENUID=25140&LANG=fr [hereafter: Proposition].

¹⁶⁰ See Fentiman, *supra* note 2, at 145. See discussion *supra* p. 24.

¹⁶¹ See Proposition, *supra* note 159, at 118.

¹⁶² Article 19 of the CDIP, *supra* note 152, reads as follows: “Le droit désigné par la présente loi n'est exceptionnellement pas applicable lorsqu'il apparaît manifestement qu'en raison de l'ensemble des circonstances, la situation n'a qu'un lien très faible avec l'Etat dont le droit est désigné, alors qu'elle présente des liens très étroits avec un autre Etat. Dans ce cas, il est fait application du droit de cet autre Etat. Lors de l'application de l'alinéa 1er, il est tenu compte notamment : - du besoin de prévisibilité du droit applicable, et - de la circonstance que la relation en

on the holders of copyrights in cases of internet infringement. It does, however, not exactly determine which rule should apply instead.

In the above-introduced hypothetical, the impending question is which law is more closely connected to the case than the *lex protectionis*? Belgian law because Françoise lives in Belgium and brings her case in front of a Belgian court? British law because Bill uploaded the infringing content while he was in Great Britain? French law because the work was (first) published in France? The exact implications of article 19 on the law applicable to internet infringement cases further needs to be determined by the Belgian courts. Prior to the 2004 Code, Belgium law tended to apply the law of the country where the infringing conduct took effect.¹⁶³

As already mentioned above, application of the law of the country where the infringing conduct has its effect can be problematic in cases where the infringing conduct occurred over the internet. In such cases, the Belgian approach would lead to a possible application of multiple laws.¹⁶⁴ Belgian scholars have argued that this is not really a problem for mainly two reasons. First, according to those scholars, plaintiffs will restrict their cases to the countries of major infringement. Second, courts would not consider a work distributed in a foreign language or otherwise not destined for the public in that particular country as infringement. Consequently, judges would refuse to apply the law of that particular country.¹⁶⁵ Even so, there is still the possibility that an infringing work is published in English and equally read in numerous countries all over the world. In such a case, the above qualifiers would not lead to a remarkable limitation of applicable laws and courts would face the tedious task to research and apply the copyright law of multiple countries.

cause a été établie régulièrement selon les règles de droit international privé des Etats avec lesquels cette relation présentait des liens au moment de son établissement.”

¹⁶³ See VISSCHER, *supra* note 149, at 636.

¹⁶⁴ See discussion *supra* p. 24.

¹⁶⁵ See VISSCHER, *supra* note 149, at 637.

5. Summary

This section of the Article has demonstrated on the basis of several European member states that in Europe opinions are divided between the *lex protectionis* and the *lex loci delicti*. This is especially true for cases of internet infringement. While some countries have not (yet) expressed the approach they are going to take (Germany, England), others have been more explicit, but with diverging results. Belgium tends towards applying the law where the infringing conduct has its effect, despite the risk that numerous laws might have to be applied. France, in turn, aims at avoiding such application of multiple laws by assimilating internet infringement cases to broadcasting infringement cases and, therefore, promotes application of the law of the country where the infringing work was uploaded. Given the staggering number of copyright infringements in the internet transcending territorial palladia, such divergence in approaches is no longer viable.

III. TOWARDS HARMONIZATION OF CONFLICT OF LAWS IN INTERNATIONAL INTELLECTUAL PROPERTY LAW

The need for convergence on the question of the law applicable to copyright infringement issues has resulted in two parallel movements to harmonize this increasingly important area of law. On the one hand, in the European Union, such efforts have been part of a larger endeavor to create a uniform choice-of-law regime for torts. The resulting “Regulation of the European Parliament and of the Council on the law applicable to non-contractual obligations” (Rome II) also provides for cases of intellectual property infringement.¹⁶⁶ On the other hand, the American Law Institute has drafted a document titled “Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes” (ALI Principles), a

¹⁶⁶ See Regulation No. 864/2007, art. 8, 2007 O.J. (L 199/40) (EC) [hereafter: Rome II].

comprehensive regulation of conflict-of-laws issues specifically focused on intellectual property rights.¹⁶⁷ This second part will analyze, evaluate, and compare both harmonization efforts.

A. ROME II – HARMONIZATION OF CHOICE-OF-LAW RULES RELATING TO TORTS

In Europe, the drafting of Rome II has taken place over a period of several years. In 2002, the European Commission first presented a preliminary draft of a regulation on choice of law in torts and thereby opened a period of discussion on the text.¹⁶⁸ During this discussion period, the extension of Rome II to intellectual property rights cases was particularly contested.¹⁶⁹ As a result, major revisions have been made in this regard.¹⁷⁰ The first sub-section of this second part of the Article examines the *travaux préparatoires* of Rome II, in particular with regards to the regime relating to intellectual property rights. An in-depth analysis of the current version of Rome II is undertaken in the second sub-section, followed by an evaluation of the current text and its implications for future copyright infringement cases.

1. Travaux Préparatoires

In May 2002, the European Commission first proposed the text for a planned regulation applicable to non-contractual obligations.¹⁷¹ The regulation was part of an effort to facilitate the free movement of persons (article 2 of the Treaty on European Union, TEU)¹⁷² by enhancing the

¹⁶⁷ See ALI, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes: Proposed Final Draft* (2007) [hereafter: ALI Principles].

¹⁶⁸ See *Consultation on a Preliminary Draft Proposal for a Council Regulation on the Law Applicable to Non-Contractual Obligation* (May 2002), available at http://ec.europa.eu/justice_home/news/consulting_public/rome_ii/printer/news_hearing_rome2_en.htm (last visited May 21, 2008) [hereafter: Rome II Consultation].

¹⁶⁹ See *Summary and Contributions of the Consultation “Rome II”* (Oct. 2002), available at http://ec.europa.eu/justice_home/news/consulting_public/rome_ii/news_summary_rome2_en.htm (last visited May 21, 2008) [hereafter: Rome II Contributions].

¹⁷⁰ See *Commission Proposal for a Regulation of the European Parliament and the Council on the Law Applicable to Non-Contractual Obligations (“Rome II”)*, COM (2003) 427 final (July 22, 2003) [hereafter: Rome II Proposal] and following versions of the text.

¹⁷¹ See Rome II Consultation, *supra* note 168.

¹⁷² See Consolidated Version of the Treaty on European Union, Dec. 24, 2002, 2002 O.J. (C 325) 5, art. 2: “The Union shall set itself the following objectives: [...] to maintain and develop the Union as an area of freedom,

judicial cooperation in civil matters (articles 61(c) and 65(b) of the Treaty establishing the European Community, TEC).¹⁷³ The proposed preliminary draft of Rome II was a sequel to previous harmonization efforts in the area of conflict of laws, in particular the “Brussels I” Regulation¹⁷⁴ and the “Rome I” Convention.¹⁷⁵

On the subject of choice-of-law relating to intellectual property infringement, two main concerns had been brought forward that I am going to discuss subsequently: First, the applicability of Rome II to issues of intellectual property infringement had been subject to severe criticism. Second, more specifically, the proposed applicability of the general choice-of-law rule to cases of intellectual property infringement was also scathingly censured.

Inclusion of Intellectual Property in the Preliminary Draft of Rome II

The preliminary draft of Rome II did not explicitly exclude intellectual property infringement issues from coverage by the proposed regulation. Article 1 of the draft determined the scope of the regulation as follows:

1. The rules of this Regulation shall apply to non-contractual obligations in any situation involving a choice between the laws of different countries.
2. They shall not apply to:
 - (a) non-contractual obligations arising out of a family relationship or a relationship deemed to be equivalent, including maintenance obligations to the extent that they are governed by specific rules;
 - (b) non-contractual obligations governed by the law of succession;
 - (c) obligations arising under bills of exchange, cheques and promissory notes and other negotiable instruments to the extent that the obligations under such other negotiable instruments arise out of their negotiable character;

security and justice, in which the free movement of persons is assured in conjunction with appropriate measures [...].”

¹⁷³ See Consolidated Version of the Treaty Establishing the European Community, Dec. 24, 2002, 2002 O.J. (C 325) 33 [EC Treaty], art. 61(c): “In order to establish progressively an area of freedom, security and justice, the Council shall adopt [...] measures in the field of judicial cooperation in civil matters as provided for in Article 65(b) [...].” EC Treaty art. 65 reads as follows: “Measures in the field of judicial cooperation in civil matters having cross-border implications [...] shall include: [...] promoting the compatibility of the rules applicable in the Member States concerning the conflict of laws and of jurisdiction [...].”

¹⁷⁴ Council Regulation 44/2001, 2001 O.J. (L 12) 1.

¹⁷⁵ Council Convention 80/934, 1980 O.J. (L 266) 1 (EEC).

- (d) the personal liability of officers, of members, and of persons responsible for carrying out the statutory audits of accounting documents, for the obligations of a company or body incorporate or unincorporate;
- (e) liability incurred in the exercise of public authority;
- (f) non-contractual obligations among the settlers, trustees and beneficiaries of a trust;
- (g) evidence and procedure, without prejudice to Article 17.¹⁷⁶

This implicit inclusion of intellectual property infringement cases was met with criticism.¹⁷⁷ Interestingly, there seemed to be a clear line between representatives of business and scholars. While the latter generally welcomed an inclusion of intellectual property into a future Rome II regulation, businesses advocated for a separate regulation on intellectual property choice-of-law issues in general, i.e. not limited to torts.¹⁷⁸ Overall, the critics mainly argued that the area of intellectual property law was dominated by the principle of territoriality. As a consequence, this area of law should be subject to special rules, distinct from those for general choice-of-law cases.¹⁷⁹

Such reasoning does not necessarily require the exclusion of intellectual property infringement issues from the scope of the Rome II regulation. On the one hand, intellectual property law indeed disposes of special features, most notably territoriality, national treatment, as well as an inherent sovereign interest.¹⁸⁰ On the other hand, however, these special features do not necessarily have to result in the exclusion of intellectual property infringement issues from

¹⁷⁶ Rome II Consultation, *supra* note 168, art. 1.

¹⁷⁷ See Rome II Contributions, *supra* note 169.

¹⁷⁸ See, e.g., Fax from European Federation of Pharmaceutical Industries and Associations (Sept. 27, 2002) (for a separate regulation of choice of law in intellectual property cases). *But see* Erik Jayme & Thomas Pfeiffer, *Kurze Stellungnahme zu einigen zentralen Aspekten des Vorentwurfs eines Vorschlags fuer eine Verordnung des Rates ueber das auf ausservertragliche Schuldverhaeltnisse anzuwendende Recht*, Sept. 14, 2002, at 3 (pro inclusion of IIP in Rome II). Both documents are available at http://ec.europa.eu/justice_home/news/consulting_public/rome_ii/news_summary_rome2_en.htm (last visited May 22, 2008).

¹⁷⁹ *Id.*

¹⁸⁰ See FREDERICK M. ABBOTT ET AL., INTERNATIONAL INTELLECTUAL PROPERTY IN AN INTEGRATED WORLD ECONOMY 45 (2007) (national treatment) and EECHOUD, *supra* note 8, at 97 (territoriality and legislative sovereignty).

Rome II, which regulates choice-of-law issues in general. Indeed, as long as a choice-of-law provision takes into account the special nature of intellectual property rights, there is no reason to exclude those rights from a general choice-of-law instrument. Whether the proposed regulation sufficiently took this special nature of intellectual property rights into account was another point of disaccord during the consultation period for the Rome II regulation.

Inclusion of Intellectual Property in the General Choice-of-Law Clause

In the preliminary draft of Rome II, intellectual property infringement was neither excluded nor specially provided for. Consequently, choice-of-law questions on intellectual property infringement cases fell into the scope of application of the general choice-of-law provision, which read as follows:

1. The law applicable to a non-contractual obligation arising out of a tort or delict shall be the *law of the country in which the loss is sustained*, irrespective of the country or countries in which the harmful event occurred and irrespective of the country in which the indirect consequences of the harmful event are sustained, subject to paragraph 2.
2. Where the author of the tort or a delict and the injured party have their *habitual residence in the same country* when the tort or delict is committed, the applicable law shall be the law of that country.
3. However, if it appears from the circumstances as a whole that there is a *substantially closer connection with another country* and there is no significant connection between the non-contractual obligation and the country whose law would be the applicable law under paragraphs 1 and 2, the law of that other country shall be applicable.
A substantially closer connection with another country may be based in particular on a pre-existing relationship between the parties, such as a contract that is linked to the tort or delict in question.¹⁸¹

According to the above provision, choice-of-law issues arising in intellectual property infringement cases are governed by the *lex loci delicti*.¹⁸² This applicability of the *lex loci delicti*

¹⁸¹ Rome II Consultation, *supra* note 168, art. 3 (emphasis added).

¹⁸² *Id.* at art. 3(1).

to intellectual property infringement issues has been subject to major criticism, in particular from part of intellectual property and conflict-of-laws scholars. One, rather weak, argument brought forward against the *lex loci delicti* rule was that it had been common state practice to apply the *lex protectionis* to cases of intellectual property infringement.¹⁸³ Such an argumentation is flawed for two reasons. First, it does not explain why the *lex protectionis* is preferable over the *lex loci delicti*. Second, the suggested international endorsement of the *lex loci protectionis* does not exist.¹⁸⁴ This argument alone would therefore not suffice to prevent a *lex loci delicti* approach.

Another, more substantial argument against application of the *lex loci delicti* to intellectual property infringement issues is that the European Commission seemed to interpret the *lex loci delicti* as leading to the application of the law of the place where the direct damage occurred.¹⁸⁵ With this approach, the Commission apparently intended to accommodate tort victims, as the state of direct damage generally coincided with their country of residence.¹⁸⁶ Yet, for copyright infringement victims this is not at all advantageous. In fact, due to the territoriality of copyrights, direct damage would be in the country where the infringing act occurred and for which the right has been granted.¹⁸⁷ Moreover, as explained previously, application of the *lex loci delicti* to internet infringement issues would result in the application of multiple laws.¹⁸⁸

¹⁸³ See, e.g., Juergen Basedow et al., *Comments on the European Commission's Draft Proposal for a Council Regulation on the Law Applicable to Non-Contractual Obligations*, October 20, 2002, at 24-25, available at http://ec.europa.eu/justice_home/news/consulting_public/rome_ii/news_summary_rome2_en.htm (last visited May 22, 2008).

¹⁸⁴ See *supra* PART II.

¹⁸⁵ See Rome II Proposal, *supra* note 170, at 11.

¹⁸⁶ *Id.*

¹⁸⁷ See Drexl, *supra* note 12, at 154.

¹⁸⁸ See discussion *supra* p. 12.

Given these substantive disadvantages, the *lex loci delicti* approach was not advisable and was therefore abandoned in subsequent drafts of Rome II.¹⁸⁹

An arguable problem with respect to intellectual property rights was that the second section of article 3 of the preliminary draft provided for the law of the habitual residence if both parties were residents of the same place.¹⁹⁰ This rule is contradictory to the principle of territoriality which governs intellectual property law. Specifically, the underlying rationale of article 3 (2) - the balancing of the interests involved and affected - conflicts with the strictly territorial character of intellectual property rights.¹⁹¹ Yet, such a deviation from common principles of intellectual property law may be justified for reasons of a faster and streamlined lawsuit, in particular when it comes to ubiquitous infringement of copyrights in the internet.

An alternative exception from applying the general *lex loci delicti* rule to copyright infringement cases could have been provided by article 3 (3) of the preliminary draft. This section said that if a case had a substantially closer connection with a country other than the one of the *lex loci delicti*, the law of the country of the substantially closer connection would be applicable.¹⁹² One could argue that the law of the country for which protection is sought would present a “substantially closer connection” in copyright infringement cases.¹⁹³ Yet, to avoid uncertainty and differing interpretation by the courts of the European member states, the European Commission cautioned, at least in its revised 2003 proposal, that the application of section 3 should be exceptional.¹⁹⁴ Consequently, the repeated application of the *lex loci protectionis* in copyright infringement cases was not an option. Based on the above-described

¹⁸⁹ See, e.g., Rome II Proposal, *supra* note 170, art. 8(1).

¹⁹⁰ See Rome II Consultation, *supra* note 168, art. 3(2).

¹⁹¹ See Drexler, *supra* note 12, at 155.

¹⁹² See Rome II Consultation, *supra* note 168, art. 3(3).

¹⁹³ See Drexler, *supra* note 12, at 155.

¹⁹⁴ See Rome II Proposal, *supra* note 170, at 12.

points, critics demanded a specific intellectual property article that would consider the particularities of that particular area. The European Commission reacted to these criticisms by adding an article pertaining to infringement of intellectual property rights.¹⁹⁵

2. Analysis of the Current Version of Rome II

After the initial consultation phase, the European Commission revised its original proposal and incorporated many propositions made by experts and other stakeholders. As for intellectual property infringement, the Commission largely adopted one version of a specific intellectual property article as proposed by a group of experts.¹⁹⁶ Article 8 (1) of the revised Rome II Regulation provides for the *lex loci protectionis* as the law applicable to intellectual property rights infringement cases in general. Section 2 of the same article sets a special rule for community intellectual property rights and section 3 explicitly excludes party autonomy for cases of intellectual property rights infringement. The subsequent paragraphs will focus on article 8 (1) which reads as follows:

The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country *for which* protection is claimed.¹⁹⁷

The text of article 8(1) of Rome II has a slightly different wording than article 5(2) of the Berne Convention which provides

[...][T]he extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country *where* protection is claimed.¹⁹⁸

¹⁹⁵ See *id.* art. 8 and Rome II, *supra* note 166, art. 8.

¹⁹⁶ See Basedow, *supra* note 183.

¹⁹⁷ Rome II, *supra* note 166, art. 8(1) (emphasis added).

¹⁹⁸ Berne Convention, *supra* note 14, art. 5(2) (emphasis added).

Thus, in Rome II the *where* of the Berne Convention has been replaced by *for which*. The reason for this difference is not a matter of style. Instead, with this new formulation, the drafters of Rome II intended to avoid the common confusion that resulted from an ambiguous wording of article 5(2) of the Berne Convention as choice-of-law rule. In fact, a literal interpretation of article 5(2) would point to the *lex fori*, i.e. the law of the country where the court is seized.¹⁹⁹ Yet, the country of the court seized does not necessarily have a connection with the copyright as issue. Thus, a court may have been seized merely because the defendant has assets in the forum state, while the copyright infringement occurred in some other state. There is no reason for application of the law of the forum state in such a case.²⁰⁰ Consequently, the literary interpretation of article 5(2) of the Berne Convention was largely avoided and the clause was interpreted as pointing towards application of the *lex protectionis*. Some European Member States therefore will have to reassess their approach to choice-of-law issues in intellectual property infringement cases. Yet, as already mentioned earlier, the *lex protectionis* proves to be problematic in internet infringement cases.²⁰¹

3. Evaluation of Article 8(1) of the Rome II Regulation

The fact that article 8 of Rome II does not provide a special rule for internet infringement cases is deplorable. An omission of a choice-of-law regulation of cases of internet infringement conflicts with the overall goal of Rome II, i.e. a Europe-wide harmonization of the choice-of-law rules for torts. As pointed out previously, Member States differ substantially on the issue of what law should be applied to internet infringement cases.²⁰² Some endorse the idea of making the decision of internet infringement cases more economic by choosing the application of one single

¹⁹⁹ See ECHOUD, *supra* note 5, at 103.

²⁰⁰ See discussion *supra* p. 16. See also ECHOUD, *supra* note 5, at 104.

²⁰¹ See discussion *supra* pp. 24-25.

²⁰² See *supra* Part II.B.

law to those cases – either the *lex fori* or the law of the country where the infringing act was committed (I call this *broad conception of lex protectionis*).²⁰³ Others, however, continue to apply the law of the country where the infringing act had its effect (I call this *narrow conception of lex protectionis*) even if this comes with the prize of a possible application of multiple laws by the court seized.²⁰⁴

All those approaches could possibly hold under the current article 8 of Rome II. Proponents of the *lex fori* probably have the hardest time to explain their conformity with article 8 (1) of Rome II, but could possibly argue that Rome II creates a vacuum to be filled by the most suitable law, i.e. the *lex fori*. The downside of the *lex fori*, i.e. the possible lack of real attachment with the case, has been discussed *supra*.²⁰⁵ In contrast, proponents of the broad and narrow conception of the *lex protectionis* can base their claim on article 8(1) of Rome II and its endorsement of the *lex loci protectionis* approach. Both approaches can take credit for being sufficiently connected to the tort committed. Yet, one resounding argument for application of the law of the country where the infringing content was uploaded is that it only points to the law of one country and is therefore more economic and practical for copyright infringement plaintiffs. All above-described approaches, however, could be conceivable under the current version of Rome II and considering the legal situation in the countries described above, such indeterminacy could lead to diverging jurisprudence on this matter in the various Member States, an outcome that the drafters of Rome II exactly wanted to avoid.

In addition to establishing this major flaw of the current intellectual property provision in Rome II, I would like to briefly compare Rome II with *Itar-Tass*, the prevailing approach to the

²⁰³ See *supra* Part II.B.3. (France).

²⁰⁴ See *supra* Part II.B.4. (Belgium).

²⁰⁵ See discussion *supra* p. 16.

issue of choice-of-law in intellectual property infringement in the United States.²⁰⁶ In *Itar-Tass*, the Second Circuit had negated any choice-of-law implications of Berne.²⁰⁷ The European Commission, however, asserted that the Berne Convention was based on the principle of the *lex loci protectionis*.²⁰⁸ The European Commission thus deducted its *lex loci protectionis* approach from the Berne Convention. The Second Circuit, in turn, emphasized that it was not bound to any rule that may flow out of the Berne Convention. In fact, the court resorted to general choice-of-law rules, i.e. the laws applicable to torts in general instead of rules specially developed for intellectual property. The court thus achieved application of the *lex loci delicti*.²⁰⁹

Such discrepancy in approaches between the United States and Europe is unfortunate. Contrary interpretations of the Berne Convention counteract the very essence of this treaty which is bringing the copyright regimes of the different member states on a common denominator. Therefore an alignment of the two approaches would be desirable.

B. ALI PRINCIPLES – HARMONIZATION OF CONFLICT-OF-LAWS RULES IN INTELLECTUAL PROPERTY LAW ON A GLOBAL LEVEL?

The publication of the ALI Principles could bring such an alignment of the United States and European approaches.²¹⁰ Efforts to harmonize conflict of laws with regard to intellectual property rights on an international level substantiated in 2001 when the American Law Institute (ALI) became interested in the project.²¹¹ Since then, legal scholars and other experts from the

²⁰⁶ See *supra* Part II.A.2.

²⁰⁷ See *supra* pp. 11-12.

²⁰⁸ See Rome II Proposal, *supra* note 170, at 20 (comment to art. 8).

²⁰⁹ See *Itar-Tass*, *supra* note 52.

²¹⁰ See ALI Principles, *supra* note 167.

²¹¹ See François Dessemontet, *Resolution Through Conflict of Laws: A European Point of View on the ALI Principles - Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes*, 30 BROOK. J. INT'L L. 849, 850 (2005).

United States and abroad have presented several draft proposals of the ALI Principles.²¹² In May 2007, the ALI members approved the proposed final draft of the ALI Principles. The official text has been recently published.²¹³ The following sections will first briefly explain the nature of the ALI Principles, followed by a discussion of the provisions of the ALI Principles that relate to copyright infringement. I will conclude with an evaluation of the ALI Principles.

1. Nature of the ALI Principles

In contrast to Rome II, the ALI Principles do not have a mandatory character.²¹⁴ Nor do they constitute a Restatement.²¹⁵ They merely propose a set of rules courts, scholars, and lawyers can resort to in case of any doubt regarding conflict-of-laws issues in intellectual property law. They are less aimed at changing rather than supplementing national law.²¹⁶ This voluntary element is further strengthened by the ALI Principles' vision of cooperation among courts.²¹⁷ In addition, unlike Rome II, the ALI Principles do not regulate conflict-of-laws in general, but focus on conflict-of-laws issues in intellectual property law.²¹⁸

Yet, a close cooperation during the drafting process between intellectual property scholars with conflict-of-laws scholars becomes clear in the dogmatic precision the principles are formulated. For example, the ALI Principles clearly state that they refer to the substantive law of a state and not to its choice-of-law rules.²¹⁹ Such clarification is welcome, because choice-of-law rules may possess different functional attributes: they may either refer to the substantive or to the

²¹² See Rochelle Dreyfuss, *The ALI Principles on Transnational Intellectual Property Disputes: Why Invite Conflicts?*, 30 BROOK. J. INT'L L. 819, 820 (2005).

²¹³ See The American Law Institute, <http://www.ali.org/> (last visited August 4, 2008).

²¹⁴ See Dessemontet, *supra* note 211, at 855.

²¹⁵ *Id.*

²¹⁶ *Id.* at 855-856.

²¹⁷ See ALI Principles, *supra* note 167, at 7.

²¹⁸ *Id.* at xx.

²¹⁹ *Id.* at 196. Rome II contains in Article 24 a similar provision which is, however, less remarkable as the whole regulation focused on general choice-of-law theory. Prior case law in the area of international intellectual property, largely connived in the possibility of *renvoi* - if it touched the issue of choice-of-law at all.

choice-of-law rules of a given country.²²⁰ The explicit reference of the ALI Principles to substantive law therefore advances legal certainty in conflict-of-laws cases. It also prevents *renvoi*, i.e. the referring of an issue back and forth between different choice-of-law rules.²²¹ Besides, the structure of the ALI Principles propagates a clear division between jurisdiction and choice-of-law questions by consecrating each a separate part.²²² In § 103 of the ALI Principles, the drafters explicitly emphasize the detachment of questions of jurisdictions from choice-of-law issues:

- (1) Competence to adjudicate does not imply application of the forum State's substantive law.
- (2) A court should not dismiss or suspend proceedings merely because the dispute raises questions of foreign law.

The drafters of § 103 therefore clearly reject decisions similar to *Subafilms* or *Def Lepp Music*.²²³ Instead, questions of jurisdiction and choice-of-law should be considered separately without being interrelated. Apart from this remarkable dogmatic precision, the ALI Principles also entail improvements for choice-of-law rules in copyright infringement cases that will be examined in the following section.

2. Analysis of the Final Draft of the ALI Principles

The ALI Principles build upon the territoriality principle even for complex multinational cases.²²⁴ § 301 reads as follows:

²²⁰ See RUSSELL J. WEINTRAUB, COMMENTARY ON THE CONFLICT OF LAWS 37 (2006) (illustrative case raising that issue).

²²¹ See EUGENE F. SCOLES ET AL., CONFLICT OF LAWS 134 (2000).

²²² See ALI Principles, *supra* note 167: Part II regulates jurisdiction issues and Part III provides rules for questions of applicable law.

²²³ See *supra* Parts II.A.1, II.B.1.

²²⁴ See ALI Principles, *supra* note 167, at 3 and 193-194.

- (1) Except as provided in §§ 302 and 321-323, the law applicable to determine the existence, validity, duration, attributes, and infringement of intellectual property rights and the remedies for their infringement is:

[...]

(b) for other intellectual property rights, the law of each State *for which protection is sought*

[...] ²²⁵

According to this provision, the general rule for copyright infringement cases is the *lex loci protectionis*, also with the clarified expression “for which” instead of “where”.²²⁶

Interestingly, in this regard, the drafters of the ALI Principles explicitly refer to Rome II.²²⁷ In contrast to the European Commission, however, the Reporters’ notes specify that the Berne Convention (and other international instruments) would not imply a choice-of-law rule.²²⁸

Besides, the spectrum of the *lex loci protectionis* of the ALI Principles is much broader than that of Rome II. While the latter is only concerned with infringements, § 301 applies to issues of existence, validity, duration, attributes, and infringement.²²⁹ Yet, § 301 of the ALI Principles merely provides for the general rule, the exceptions to this rule are contained in § 302 (party autonomy exception), § 321 (ubiquitous infringement exception), § 322 (*ordre public* exception), and § 323 (mandatory rules exception). The next two sections of this article will focus on two exceptions that are of particular interest in the context of copyright infringement in the internet which is the focus of this article: party autonomy and ubiquitous infringement.

²²⁵ *Id.* at Section 301 (emphasis added).

²²⁶ This wording is the same as in article 8(1) of Rome II.

²²⁷ See ALI Principles, *supra* note 167, at xx.

²²⁸ *Id.* at 208.

²²⁹ Compare *id.* at Section 301 (general rule for law applicable to existence, validity, duration, attributes, and infringement of intellectual property rights), with Rome II, *supra* note 166, art. 8(1) (determining solely law for intellectual property infringement).

Party Autonomy Exception (§ 302)

The ALI Principles allow the parties involved to determine the law applicable to their case:

(1) Subject to the other provisions of this Section, the parties may agree at any time, including after a dispute arises, to designate a law that will govern all or part of their dispute.

[...]

(3) Any choice-of-law agreement under subsection (1) may not adversely affect the rights of third parties.

[...].²³⁰

According to this rule, parties may choose the law, even after their dispute has arisen, provided they do not harm third parties with their choice. Two points warrant further discussion: Should party autonomy be allowed in intellectual property cases in the first place? And if yes, should this be extended even to *ex post* choice-of-law decisions?

The Reporters' Notes of the ALI Principles assert that allowing party autonomy "is consistent with evolving international norms."²³¹ Yet, party autonomy is a contested issue in the area of intellectual property.²³² It does not necessarily fit the concept of territoriality.²³³ Thus, Ulmer, a pioneer in the area of conflict of laws in intellectual property cases, has argued that the legal nature of intellectual property rights and their effect on third parties implicated strong national interests of the protecting country.²³⁴ As a result, those situations should be exclusively

²³⁰ ALI Principles, *supra* note 167, Section 302.

²³¹ *Id.* at 215.

²³² *See, e.g.*, article 8(3) of Rome II (expressly excludes intellectual property from party autonomy).

²³³ *See* ALI Principles, *supra* note 167, at 194.

²³⁴ *See* ULMER, *supra* note 7, at 46.

subject to the *lex loci protectionis* and should be deprived of party autonomy.²³⁵ This is to prevent that parties could arbitrarily determine the law that should apply to their case without considering aspects of territoriality. Consequently, in order to obtain an acceptable balance between state sovereignty and party autonomy, Section 302(2) contains several exceptions from party autonomy, e.g. determination of the law governing existence, attributes, transferability, and duration of rights.²³⁶ For efficiency reasons, the drafters of the ALI Principles, however, allowed for the choice of the law applicable to copyright infringements by the parties of a case.²³⁷

To leave the determination of the law applicable to copyright infringements to the parties may prove useful for cases of multi-state infringement (e.g. through the internet) as the parties could conceivably agree on one single law to be applicable on their case. Yet, in cases of copyright infringement, it is not said that the parties necessarily know each other beforehand, enter into a relationship and agree on a law that should govern their relationship. Such a relationship exists at best in cases of copyright licensing. In other cases, where some stranger infringes upon a copyright, an agreement with choice-of-law provision is unlikely to exist. For such situations, the ALI Principles allow for an *ex post* determination by the parties of the law applicable to their case.²³⁸ Thus, in the hypothetical, Françoise and Bill could agree on the application of, say, German law because the first infringing downloads happened in Germany. Yet, *ex post* party autonomy in copyright infringement cases may prove unlikely for two reasons.

First, parties simply may not be able to agree on a law applicable to their case because of their diverging interests. In the hypothetical, Bill might insist on application of the law of the country with the most lenient copyright law, whereas Françoise will prefer application of the law

²³⁵ *Id.*

²³⁶ *See* ALI Principles, *supra* note 167, Section 302(2).

²³⁷ *Id.* at 216.

²³⁸ *Id.* at Section 302(1).

of a country with very strong copyright protection. Given such possible conflict of interests, it has been proposed that in cases of *ex post* determination of the applicable law, the party autonomy should be limited to the *lex fori*.²³⁹ Yet, this solution does not provide parties with a deliberate choice. Rather, parties only can choose between two alternatives, i.e. the law determined by the ALI Principles or the *lex fori*. Such predefined choice does not really constitute party autonomy. Besides, such a limitation of choice would undoubtedly favor the copyright holder, as it is him or her who generally determines to which court the case will be brought.

Second, in the unlikely case that both copyright holder and infringer agree on the law applicable to their case, the ALI Principles further limit their choice. According to § 302 (3) of the ALI Principles, the parties' decision may not negatively affect the rights of third parties.²⁴⁰ Otherwise, the applicable law will still be determined by the general provisions on applicable law of Part III of the ALI Principles.²⁴¹ Overall, given this narrow framework for party autonomy, it is rather unlikely that party autonomy may prove helpful in cases of copyright infringement over the internet.

Ubiquitous Infringement Exception (§ 321)

So far, none of the above-discussed legal regimes presented a fully satisfactory solution for cases of copyright infringement in the internet. It is therefore remarkable that the ALI Principles, for the first time, provide an explicit rule for cases of ubiquitous infringement. § 321 reads as follows:

²³⁹ See Annette Kur, *Applicable Law: An Alternative Proposal for International Regulation - The Max-Planck Project on International Jurisdiction and Choice of Law*, 30 BROOK. J. INT'L L. 951, 976 (2005).

²⁴⁰ See ALI Principles, *supra* note 167, Section 302(3).

²⁴¹ *Id.* at Section 302(6).

(1) When the alleged infringing activity is ubiquitous and the laws of multiple States are pleaded, the court may choose to apply to the issues of existence, validity, duration, attributes, and infringement of intellectual property rights and remedies for their infringement, the law or laws of the State or States with close connections to the dispute, as evidenced, for example, by:

- (a) where the parties reside;
- (b) where the parties' relationship, if any, centered;
- (c) the extent of the activities and the investment of the parties; and
- (d) the principal markets toward which the parties directed their activities.²⁴²

According to this provision, the judge not the parties chooses the law applicable to a case involving multiple laws. In making such choice, the court has to determine the law with the closest connection to the case. § 321 enumerates several examples of such laws, i.e. the law of the parties' residence, the law of the country of the center of the parties' relationship, the law of the country where most of the parties' activities took place, or the law of the country of the principal market. When looking at this list, it becomes clear that the ALI Principles do not – at least primarily and explicitly – endorse the law of the country where the infringing act was uploaded (country of origin), although such an approach is taken by some countries and advocated by some scholars.²⁴³

The Reporters' Notes of the ALI Principles, however, discard this type of approach for two legitimate reasons. First, the country of origin might be hard to determine. For example, if an infringing work is uploaded through a peer-to-peer network, it may be impossible to ascertain the place where the upload actually took place.²⁴⁴ Second, application of the law of the country where the infringing work was uploaded could unduly benefit the copyright infringer. Thus, a person could choose a country where copyright protection is relatively weak (or even non-

²⁴² *Id.* at Section 321.

²⁴³ *See, e.g.,* France, *supra* Part II.B.3; William Patry, *Choice of Law and International Copyright*, 48 AM. J. COMP. L. 383, 457 et seq. (2000).

²⁴⁴ *See* ALI Principles, *supra* note 167, at 248.

existent) and upload his or her infringing work from there without being susceptible to infringement claims.²⁴⁵

Consequently, the ALI Principles endorse a different approach, namely that of the “closest connection.” In the particular case of both parties being citizens and residing in one and the same country, the court would be allowed to apply the law of this country and not that of the countries where the infringement may have had its effect. It has been argued that application of the law of the common habitual residence of the parties constituted a major deviation from the general territoriality principle. It may, however, be justified for practicability reasons.²⁴⁶

Generally, application of § 321 will probably be less an exception to the territoriality principle.²⁴⁷ In fact, it will lead to the application of either the law of the country where the infringement inflicts most harm or the law of the country where the infringing conduct originates (if at all determinable).²⁴⁸

Yet, if both of these laws differ considerably, the choice may be difficult to make and may be perceived as arbitrary.²⁴⁹ Furthermore, if the best law for the case is not determined easily, the court will probably lean towards applying its own law (*lex fori*).²⁵⁰ Application of the *lex fori*, however, would favor the copyright holder as he will most likely choose the court.²⁵¹ Overall, the current version of § 321 of the ALI Principles may not prove sufficient in some cases for copyright infringement over the internet. For such a case, the introductory note to Part III of the ALI Principles on the Applicable Law states that “the Principles endeavor to set a

²⁴⁵ *Id.*

²⁴⁶ See discussion *supra* p. 38.

²⁴⁷ See Dreyfuss, *supra* note 212, at 843-844.

²⁴⁸ See Kur, *supra* note 239, at 977.

²⁴⁹ *Id.* at 977-978.

²⁵⁰ *Id.*

²⁵¹ See discussion *supra* p. 16.

broad and open-ended framework, rather than, perhaps prematurely, devising a full repertory of specific rules.”²⁵² Thus, the provisions to ubiquitous infringement are not carved in stone.

3. Evaluation of the ALI Principles

The previous section has analyzed and discussed major provisions of the ALI Principles pertaining to the law applicable to intellectual property cases. This section will evaluate the ALI Principles, in particular the question whether they are likely to be adopted by courts. In order to decide this question, we will look at the parallels and differences between the ALI Principles and the intellectual property provision of Rome II in order to be able to subsequently discuss the question whether the ALI Principles will serve their purpose.

ALI Principles vs. Rome II

It is remarkable that 2007 has seen the adoption of two international instruments, the ALI Principles and Rome II that provide, *inter alia*, choice-of-law rules for cases of intellectual property infringement. Rome II is the long expected harmonization of European choice-of-law rules in the area of non-contractual relationships in general. It includes, however, one specific provision relating to choice-of-law issues in the area of intellectual property infringement. Rome II has the form of a European Union regulation. As a result, it is “binding in its entirety and directly applicable in the Member States in accordance with the Treaty establishing the European Community.”²⁵³ The ALI Principles, on the other hand, are a bundle of rules on the conflict-of-laws aspects of intellectual property rights in particular. They are neither binding nor

²⁵² ALI Principles, *supra* note 167, at 195.

²⁵³ Rome II, *supra* note 166, closing sentence; EC Treaty, *supra* note 173, art. 249(2).

directly applicable, but shall serve as a guide to which courts and legislators could resort when dealing with a complex issue of choice-of-laws in the area of intellectual property.²⁵⁴

As for the proper choice-of-law regime for cases of copyright infringement, the basic provisions of both Rome II and the ALI Principles do not differ at all. Article 8(1) of Rome II and § 302(1)(b) provide for application of the *lex protectionis*, in its unambiguous form.²⁵⁵ Yet, while Rome II only arranges for a special rule for community rights and explicitly excludes party autonomy, the ALI Principles provide for several exceptions to the general *lex protectionis* rule, *inter alia*, party autonomy and ubiquitous infringement.²⁵⁶ The exclusion of party autonomy by Rome II is debatable.²⁵⁷ The complete omission in Rome II of a rule on ubiquitous infringement, however, is deplorable. As for the ALI Principles, it remains to be seen how they will serve their purpose, in particular when it comes to multi-state infringement involving numerous national laws.²⁵⁸

Will the ALI Principles Serve Their Purpose?

As discussed above, the ALI Principles do not provide a definitely satisfying solution for cases of copyright infringement over the internet. The reason for this is that the drafters of the ALI Principles in the end settled down on a stricter concept of territoriality than originally envisioned.²⁵⁹ This attenuation occurred mainly for two reasons. First, adoption of a more traditional territoriality approach preserves state sovereignty interests. Second, and a more or less direct consequence of the first point, the endorsement by the ALI Principles of the territoriality principle will probably enhance the willingness of the courts to resort to the ALI Principles for

²⁵⁴ See Dessemontet, *supra* note 211, at 855.

²⁵⁵ See also discussion *supra* pp. 39-40 and p. 47.

²⁵⁶ See Rome II, *supra* note 166, art. 8(2) and ALI Principles, *supra* note 167, sections 302 & 321.

²⁵⁷ See discussion *supra* pp. 47-50.

²⁵⁸ See discussion *supra* pp. 50-52.

²⁵⁹ See Dreyfuss, *supra* note 212, at 843.

guidance.²⁶⁰ Yet, the adoption of a more traditional territorial approach came with the sacrifice of lack of clarity in cases of ubiquitous infringement, as the current version of § 321(1) only gives examples instead of definite rules.

An earlier, less territorial version of the ALI Principles endorsed a so-called “cascading” approach.²⁶¹ Its final forbearance is deplorable as the adoption of a decision cascade most likely would have entailed more definite results. With a decision cascade, courts would no longer have the opportunity to make deliberate choices, but would have to follow down step by step the connecting factors of the decision cascade. Decision cascades are quite common in general choice-of-laws regimes.²⁶² On the basis of § 321 (1) of the ALI Principles, a decision cascade for cases of ubiquitous infringement could read as follows:

- (1) When the alleged infringing activity is ubiquitous and the laws of multiple States are pleaded, the court shall apply to the issues of existence, validity, duration, attributes, and infringement of intellectual property rights and remedies for their infringement,
 - (a) the law of the common habitual residence of the parties if the parties had their habitual residence in the same State at the time of the infringement and if at least one of them still lives in that State; otherwise

²⁶⁰ *Id.*

²⁶¹ See ALI Principles, *supra* note 167, at 250.

²⁶² *On an international level, see* Convention on the Law Applicable to Traffic Accidents art. 3&4, May 4, 1971, 37 *RabelsZ* 594 (1973) *an,d to some extent, Rome II, supra* note 166, art. 3. *On a national level, see for example, Einfuehrungsgesetz zum Buergerlichen Gesetzbuch [EGBGB][Introductory Law to the Civil Code] Sept. 21, 1994, Bundesgesetzblatt [BGBl] III/FNA 400-1, as amended, art. 40.*

(b) the law of the State where a pre-existing relationship between the parties was centered if that relationship is closely connected with the infringement; alternatively

(c) the law(s) of the State(s) towards which the parties primarily directed their activities.

In the hypothetical, a court applying the proposed provision to the case of Françoise and Bill would decide the case as follows: Françoise lives in Belgium, Bill resides in Great Britain, thus they do not have a common habitual residence and the first section of the proposed rule would not apply. There is also no evidence of any prior legal relationship between Bill and Françoise (e.g. licensing agreement) that would be closely connected to the case. Consequently, the second section can also be excluded. The facts state, however, that Françoise designated her work explicitly for the French market which would lead to application of French law according to the third section of the proposed rule. A similar focus on other specific markets is not mentioned in the facts. As a result, a court would only apply French law to the case. This solution seems perfectly in accordance with general practices in copyright law as well as with common sense. The advantage of a decision cascade is that it provides courts with clear directions on how to determine the applicable law, which will most likely lead to more harmonized decisions on an international level. Any deviation from the traditional principle of territoriality seems justifiable given the limited applicability of the provision to cases of ubiquitous infringement where territorial consistency is no longer sustainable.

IV. CONCLUSION

The rapid technological progress that characterizes our current times has left the law struggling to keep pace. The recent establishment of the internet as an integral part of our daily lives has sweeping consequences for virtually all fields of law. The ease with which copyright protected material can be uploaded and thus be made instantaneously accessible to a global audience requires a revolutionary rethink of current copyright protection mechanisms. The current jurisprudence in such cases of copyright violations that span several countries is disparate and problematic as there is no agreement on the method to determine the applicable law. In this Article, I have shown that the proper application of conflict-of-laws theory is indispensable for a satisfactory resolution of international copyright infringement cases. This requires cross-fertilization of two once independently operating areas of law - intellectual property and conflict of laws. I thus predict the emergence of a novel interdisciplinary field that will require new collaborations between legal scholars of both camps.

International harmonization of conflict-of-laws rules that target international copyright infringement cases represents a crucial step to overcome the limitations of more traditional copyright law with its national orientation. My comparison and discussion of the two important recent developments in this field - the ALI Principles and the Rome II statute - have revealed that the ALI Principles appear better suited for the resolution of complex cases of copyright infringement on the internet. Nevertheless, I have shown the ALI Principles to lack specificity in key aspects that may undermine their broad consistent application. Only the future will show how successful these recent attempts of harmonization will be. It is my hope that this article provides valuable theoretical and practical guidance for a smooth transition from the current

inconsistent and scattered national jurisprudence to an era of more consistent and comprehensive international copyright protection.