THE INCREASING COMPLEXITY OF INTERNATIONAL INTELLECTUAL PROPERTY: CROSS-BORDER CONFLICTS OF LAW IN COPYRIGHT

Written by **Atreya Mathur**

3rd Year BBA LLB Student, Christ University, Bangalore

Abstract

Intellectual property has become an increasingly valuable, but complex commodity, especially with regard to international transactions. The Internet itself has become one of the most powerful information expressways in the world due to the modern age of continuous information sharing and the never-ending hype of social media. People across the world are publishing stories, poetry, songs, mixing music, uploading photographs and exhibiting their art over the Internet. There are even virtual exhibits being offered by some of the most renowned museums around the globe.[1] Users of the Internet have universal access to all such publications from across the world. Through the Internet, one can subscribe to a French magazine, listen to a Dutch broadcast or even purchase a Norwegian Video from an Indian store. The question that often arises and which is significantly difficult to answer is that which law should govern such international transactions in the area of copyright

I. Introduction

As the complexity and value of Intellectual property increases, the importance of protecting such rights arising from Intellectual Property also increases. The ever so increasing presence of the Internet and media through which Intellectual Property is published, has made it pertinent

[1] See Le Louvre - Virtual Visit, http://www.louvre.fr/en/visites-en-ligne (last visited Feb. 12, 2018) (offering a virtual tour of select art collections); MoMa - The Collection, http://www.moma.org/ collection/browse (last visited Feb. 12, 2018) (offering over 46,000 photographs of the museum's art collection, accompanied by written commentary as well as an audio tour).

to resolve disputes in relation to the same. Jurisdiction and the conflict of laws is of major concern in so deciding which law is to govern international transactions in the most effective way while ensuring there is no infringement on the fair use doctrine of Copyright Law.

So, what approaches should we take to choice of law in copyright cases? The starting point, historically, is the principle of territoriality that undergirds the Berne Convention and, indeed, all of international intellectual property law. The problem with territoriality as a dominant principle of international copyright law is that, especially in the online context, it offers an excess of prescriptive authority in resolving a multinational dispute.[2]

II. Territorial Framework

Each nation has its own law with regard to Intellectual Property. National law has been asserted as sovereign within the territorial bounds of a state.

Copyright law can be understood, as a creation of law that is pertinent to each country, therefore there is no scope for an international copyright law. Nearly 180 countries have ratified the Berne Convention. The World Intellectual Property Organization has administered this Convention, which sets minimum standards to be adhered to in order to ensure protection of the rights of creators of works that have been copyrighted around the world.

The default position of a national author would be relatively simple. The law of the State would govern the copyright claims when there is a case of infringement within the country. An issue would arise if there were a foreign author who files for infringement asserting treaty-based claims. The principle laid down in the Berne Convention and the TRIPS (Trade-related Aspect of Intellectual Property) Agreement would set a constraint with respect to the choice of copyright laws as are applicable to the claims made. To assure there is consonance with the treaty, the court is to apply domestic law of the treaty country but this would negate the entire

[2] Graeme B. Dinwoodie, Conflicts And International Copyright Litigation: The Role Of International Norms, Chicago-Kent College of Law (2005), Available at <http://www.kentlaw.edu/depts/ipp/publications/MaxPlanck2004-05.pdf>

point of national treatment. To maintain a global balance there has to be picking and choosing of favorable national laws which makes the decision tougher to make.

Intellectual Property laws are therefore territorial in nature, which means that there is scope of ambiguity in the international field and the ambiguity only increases with the increasing efficacy of technology and media.

International copyright law does not seem to provide a consistent resolution to decide which law would apply to such issues or what would be the jurisdiction of such a matter. This is largely as territoriality limits the application of copyright law to national law.

Some U.S. case law already expressly defers to the treaty regime in considering whether to apply U.S. copyright law or, by implication, foreign copyright laws to cross-border cases.

In the case of Equal Employment Opportunity Commission v. Arabian American Oil Co.[3], the United States Supreme Court, held that federal statutes are not to be construed to apply to conduct abroad absent clear congressional intent to that effect. Thus, courts are generally reluctant to apply copyright laws to infringing activities abroad unless there is direct infringement within the United States. Commentators have attributed this reluctance to the territorial nature of copyright laws, the principle of national sovereignty, concerns about international comity, and considerations for separation of powers. [4]

In the case of Subafilms, Ltd. v. MGM-Pathe Communications Co.,[5] Subafilms and Hearst Corporation sued MGM/UA for unauthorized distribution abroad of The Beatles's "Yellow Submarine." Interpreting the U.S. Copyright Act as conferring rights no further than the national border, the U.S. Court of Appeals for the Ninth Circuit held that merely authorizing infringing acts within the United States did not violate domestic copyright law. After Subafilms, however, several courts declined to follow the Ninth Circuit's decision, maintaining that the court had ignored economic reality and the incentive scheme created by the copyright clause of the U.S. Constitution. On the one hand, extraterritorial application of domestic copyright law could create more incentives by effectively protecting U.S. copyrighted works

[3] 499 U.S. 244 (1991)
[4] Peter K. Yu, Conflict Of Laws Issues In International Copyright Cases
[5] 24 F.3d 1088 (9th Cir. 1994)

abroad. On the other hand, such application would enable courts to remove loopholes in the U.S. Copyright Act.[6]

The Berne Convention and the TRIPs (Trade Related Aspects of Intellectual property Rights) Agreement attempt to consolidate and harmonize the laws relating to copyright around the world but there is no uniform regime for Intellectual Property under which member countries have copyright laws that are identical in nature.

III. Intellectual Property Treaties

A. The Berne Convention

As in accordance with the Summaries of Conventions, Treaties and Agreements Administered by WIPO[7], the Berne Convention deals with the protection of works and the rights of their authors. It is based on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries that want to make use of them.

The three basic principles are the following: 1. Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of "national treatment"). 2. Protection must not be conditional upon compliance with any formality (principle of "automatic" protection) 3. Protection is independent of the existence of protection in the country of origin of the work (principle of "independence" of protection). If, however, a Contracting State provides for a longer term of protection than the minimum prescribed by the Convention and the work ceases to be protected in the country of origin, protection may be denied once protection in the country of origin ceases. [8]

[6] Peter K. Yu, Conflict Of Laws Issues In International Copyright Cases
[7] Available at <www.wipo.int/treaties>

[8] Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the principles of national treatment, automatic protection and independence of protection also bind those World Trade Organization (WTO) Members not party to the Berne Convention. In addition, the TRIPS Agreement

B. The Rome Convention

As given in the Summaries of Conventions, Treaties and Agreements Administered by WIPO[9], the Rome Convention secures protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organizations. 1. Performers (actors, singers, musicians, dancers and those who perform literary or artistic works) are protected against certain acts to which they have not consented, such as the broadcasting and communication to the public of a live performance; the fixation of the live performance; the reproduction of the fixation if the original fixation was made without the performer's consent or if the reproduction was made for purposes different from those for which consent was given. 2. Producers of phonograms have the right to authorize or prohibit the direct or indirect reproduction of their phonograms. In the Rome Convention, "phonograms" means

any exclusively aural fixation of sounds of a performance or of other sounds. Where a phonogram published for commercial purposes gives rise to secondary uses (such as broadcasting or communication to the public in any form), a single equitable

remuneration must be paid by the user to the performers, to the producers of the phonograms, or to both. Contracting States are free, however, not to apply this rule or to limit its application. 3. Broadcasting organizations have the right to authorize or prohibit certain acts, namely the rebroadcasting of their broadcasts; the fixation of their broadcasts; the reproduction of such fixations; the communication to the public of their television broadcasts if such communication is made in places accessible to the public against payment of an entrance fee.

IV. Copyright Law in Europe vs. the United States

It can be noted that Europe and the United States have historically taken different approaches to the issue of the conflicts of law with respect to copyright related matters. Regardless of the

imposes an obligation of "most-favored-nation treatment", under which advantages accorded by a WTO Member to the nationals of any other country must also be accorded to the nationals of all WTO Members. It is to be noted that the possibility of delayed application of the TRIPS Agreement does not apply to national treatment and most-favored obligations.

[9] Available at <www.wipo.int/treaties>

adoption of a civil law system in Europe and a common law system in the United States, Europe had several approaches within the continent itself.

A. Copyright Law in Europe

Before the onset of harmonization in the late 1980s, the Intellectual Property law of the Member States was affected by EC law to a fairly limited extent only, through the EC treaties' rules on competition and free movement of goods, rules that are central to the realization of the internal market. [10] European concern with copyright and Intellectual Property generally grew steadily as information became more significant as an economic commodity. It has resulted in a respectable body of case law on Intellectual Property in relation to the free inter-community trade in goods and services, and in relation to the EC Treaty (TEC) rules on competition. Seven directives specifically harmonize various aspects of copyright and related rights, and copyright and related rights are also covered by the Enforcement Directive.[11]

B. Copyright Law in the United States

In accordance with the Copyright Act of 1976, the U.S. law protects any and all "original works of authorship fixed in any tangible medium of expression, now known or later developed." All literary, pictorial, graphic, sculptural and sound recording works are offered protection under the federal statute. However, requirement with regard to the fixation differentiates works that are suitable to receive federal statutory protection from those which are only afforded state common law copyright protection.

C. Differences between the systems of Copyright Protection

[10] Articles 28/30 (free movement of goods), Arts 49–55 (free movement of services), and Arts 81–89 EC Treaty (rules on competition).
[11] Eechoud, M, et al. Harmonizing European Copyright Law: The Challenges of Better Lawmaking, Information Law Series, Volume 19 (2009).

The United States lays great emphasis on the economic rights that have been given to a copyright owner which is unlike in the case of Europe. Moral rights, though enacted by the United States as implied from the signing of the Berne Convention, are not featured in the law itself.

i) Combatting Infringement in Europe

In order to combat online infringement, the Commission of European Communities Green Paper "Copyright And related Rights in the Information Society" has been issued as a directive by the European Council. To increase copyright author protection on the Internet, the option of realization of one multi-purpose body was proposed to educate copyright holders about licensing fee and management of works integrated into multimedia designs. However, the European Community has not implemented any of the proposals mentioned in the Green Paper.

ii) Combatting Infringement in the United States

The United States has been very effective in combatting online infringement through the Digital Millennium Copyright Act of 1998 which provided for stringent protection for the owners of a copyright while upholding the fair use doctrine to ensure that there would be no harm caused to students for scholarly purposes in furtherance of education.

V. Choice of Legal Regimes

Through the analysis of various legal systems it can be seen that when it comes to online copyright infringement, private international law is brought into the picture. Most countries are signature to the Berne Convention which gives a framework for determination of which national law should control cross-border copyright disputes, there is very little guidance that is truly provided as the Convention merely states that the owner of a copyright would receive the

full extent of protection and recourse of the laws of the country in which the protection for the same had been claimed.

A. Issues

- There is a lack of clarity in the language that has been used in the Berne Convention where it states "laws of the country where protection is claimed" as it leads to misinterpretation as to how issues of conflicts-of-laws is to be dealt with.

- Rome II which is a European Union regulation binding on member states. It also deals with the concept of *lex loci protection* which means that the law of the country in which protection is sought, is the law which is applicable in case of infringement. However, although this gives more clarity than the Berne Convention, it's flawed as the country of forum may not necessarily be related to the issue and a court may have only been selected as the owner may have assets in the state.

- Where neither the Berne Convention or Rome II are suitable legal regimes, countries implement and follow the national law creating a loop in which for international issues there is once again ambiguity and vagueness in dealing with cases of copyright.

B. Possible Choice of Legal Rules

Without there being a constraint of the treaties that have to be adhered to, there are two ways in which substantive law might help the entire equation with regard to the conflict of laws. Substantive rules would give content to conflict rules . They would achieve effects comparable to rules contained in explicit choice of law provisions, such as

proposals to limit the possible lex causae to places of significant impact or to the place of effective use.[12]

Another way in which substantive international law could be relevant is with the increasing harmonization of copyright laws there is an emerging "supranational copyright code"[13] Which would have more potential to supply rules of decision as in comparison to the Berne convention.

VI. Global Harmonization

To ensure global harmonization there have been a number of legislative proposals including the ALI Principles, Japanese Transparency Proposal, Waseda Proposal, Korean KOPILA Principles and CLIP Principles that were drafted with an underlying vision to help in the facilitation of cooperation between courts to increase efficiency of adjudication. The Hague Convention on choice of court also threw light in relation to international intellectual property law instruments and private international law.

A. The American Law Institute Principles

The American Legal Institute's (ALI) recent project, Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes (ALI Principles) [14] provides an important jumping-off point in the discourse on the need for private international law on intellectual

[12] Graeme B. Dinwoodie, Conflicts And International Copyright Litigation: The Role Of International Norms, Chicago-Kent College of Law (2005), Available at <http://www.kentlaw.edu/depts/ipp/publications/MaxPlanck2004-05.pdf>

[13] See Jane C. Ginsburg, International Copyright: From A "Bundle" Of National Copyright Laws To A Supranational Code, 47 J. Copr. Soc'y 265 (2000).

[14] American Law Institute, Intellectual Property: Principles

property rights (IPR).

These are a set of principles concerning the jurisdiction, recognition of judgments and applicability of law when in case of transnational Intellectual Property disputes. The main aim here is to ensure a balance between civil and common law approaches. The objective is to enhance both substantive and procedural fairness. They recommend bases of authority that are appropriate with regard to transnational disputes. The ALI principles cover all types of intellectual properties including the less travelled areas like trade secrets and unfair competitions. It is the first set of principles to consider the significance of the internet and the need to sustain the growth of the whole economy by offering avenues to facilitate the administration of worldwide intellectual property portfolio. ALI principles are more interesting and unique compared to its counter parts as developed in the other parts of the world, as it allows broader jurisdiction, suggests mechanism for consolidation of claims in a single forum for the purpose of promoting efficiency and whittles out better ways for recognition and enforcement of foreign judgments. Furthermore it was approved after a wide range of reviews by judges, practicing lawyers and academicians within the American Law Institute and a thorough examination by advisors from the five continents. From the methodological point of view it combines both European as well as American approach to conflicts. From European perspective it addresses the conflict by giving solutions as to the applicable law by general rules defining whole categories of cases and assuring predictability and the practical American approach to jurisdiction is also considered.[15]

B. Japanese Transparency Proposal

There have been several legislative proposals which concern cross-border exploitation of Intellectual Property prepared by practioners and academics. One of these proposals is that of the "Transparency Principles" as part of the Transparency Project.[16] These

Governing Jurisdiction, Choice Of Law, And Judgments In Transnational Disputes (Preliminary Draft No. 2, 2004). The Brooklyn Law School Symposium Focused On Preliminary Draft No. 3, Which Was Made Available To The Participants In October 2004.

[15] See Jurisdictional Issues in Trademark Violation: Aspects of Private International Law, Chapter 3, page 86.
[16] Available at: <tomeika.jur.kyushu-u-a.c.jp/ip/proposal.htm> accessed Feb.14.18.

principles aimed at the preparation of a set of rules that would help in the facilitation of adjudication of multi-state Intellectual Property disputes. This would lead to an advancement of legal framework and would invigorate the law-making bodies to ensure that a more efficiency-oriented approach is followed. These contain a compilation of rules that address topics that range from determining court jurisdiction to the establishment of applicable law as well as ensuring the recognition and enforcement of judgments. The recognition and enforcement regime is based on the following conditions- i) the convenience of the parties, ii) prevention of incompatible judgments, ii) the judicial economy and iv) maintenance of public policy.[17]

These principles allows for the recognition of both monetary and non-monetary judgments; declaratory judgments and judgments which order affirmative relief; judgments which are rendered in default of the defendant and judgments issued in relation to the summary proceedings. This in turn means that the Principles would allow the recognition and enforcement of judgments that were issued by administrative authorities such as patent offices.

Under these principles it is also observed that a foreign judgment can be recognized and enforced if it is not contrary to the public policy of Japan.

The Transparency Principles introduce new requirements regarding recognition and enforcement. A foreign judgment can be recognized if parallel proceedings have been suspended or if it is incompatible with another judgment so delivered by a Japanese Court. But all in all, its wide ambit leads to ambiguity and especially with regard to foreign judgments there is narrow scope of harmonization.

A set of more detailed rules could be established to achieve the underlying policy objectives to make it more effective and for their to be global harmonization.

C. The Waseda Proposal

[17] T Kono, N Tada and M Shin, 'Recognition and Enforcement of Foreign Judgments Relating to IP Rights and Unfair Competition' in J Basedow, T Kono and A Metzger (eds), Intellectual Property in the Global Arena (Tubingen, Mohr Siebeck 2010)

In most of the East Asian countries the statutory legal system allows less room for discretion. Considering this very nature of the statutory legal framework, this project is aimed at creating a model law with minimum statutory influence in these countries. These principles are greatly influenced by the already developed ALI and CLIP principles. Members of the Private Law Association of Japan and Korea have developed this proposal on private international law on intellectual property rights. These principles apply to jurisdiction, choice of law and foreign judgment of transnational cases of intellectual property rights.[18]

The general rule on jurisdiction provides for the defendant's habitual residence.[19] Further a person who has a business office or other office may be sued in the State in which the person has such business office or other office only with respect to the business conducted at such business office or other office.[20] In case of jurisdiction over infringement of intellectual property rights, a person may be sued in any state in which infringement activity takes place.[21]Where injuries occur in multiple States, all the claims respecting all the injuries arising out of those activities to initiate the alleged infringement may be filed in the State in which the major part of those activities occur, which means the State in which the essential and substantive part takes place. Where an alleged infringement is directed towards a particular State, the court of that State may have international jurisdiction.[22]

It is important to note here that such provisions of centralized jurisdiction are found in the CLIP principles [23]as well. However they are applicable only to the infringement carried out through ubiquitous media. The parties under this proposal enjoy freedom to agree that a court or courts of a Sate are to have international judicial jurisdiction to

[18] The Waseda GCOE Project art 101.

[19] Ibid art 201
[20] ibid art 202
[21] ibid art 203(1)
[22] ibid art art 203(2)
[23] The CLIP Principles art 2:203(2)

settle any disputes which have arisen or may arise in connection with a particular legal relationship involving intellectual property right.

D. Principles for Conflict of Laws in Intellectual Property

The principles prepared by the European Max Planck Group are used to both interpret or supplement international and domestic law.

- ***Lex Fori***

The law applicable to procedural matters, including procurement of evidence, is the law of the State where the court seized with the proceedings is situated.[24]

- ***Lex protectionis***

The law applicable to existence, validity, registration, scope and duration of an Intellectual Property Right and all other matters concerning the right as such is the law of the State for which protection is sought.[25]

- **Freedom of choice**

Parties may choose the applicable law in the cases specified[26]-

i) **Freedom of choice for contracts**:

Transfer, license agreements and other contracts relating to an Intellectual Property Right shall be governed by the law chosen by the parties.

ii) **Employment Relationships**:

The mutual obligations of employer and employee in relation to the transfer or license of an Intellectual Property arising from employees effort.

The final version of the CLIP Principles, published in 2011 also makes a distinction between jurisdiction, applicable law, and the recognition and enforcement of judgments.

[24] The CLIP Principles art 3:101.
[25] The CLIP Principles art 3:102.
[26] The CLIP Principles art 3:103.

With respect to the applicable law to existence, registration, validity, scope, duration and entitlement rights arising out of the registration, the lex protectionis which has been mentioned above governs. And the law applicable to infringement is also the "law of each State for which protection is sought."[27]

It can be seen as similar to the ALI Principles as it contains a rule for ubiquitous infringements. In the case where infringement has been carried out by ubiquitous media, a court may apply the "law of the State having the closest connection with the infringement, if the infringement arguably takes place in every State in which the signals can be received." [28] To determine this "closest connection", a non-exhaustive list has to be considered of several factors which include the habitual residence, principal place of business, place where substantial infringing activities took place and the place where the most harm was caused.[29]

The ALI Principles, CLIP Principles and Japanese Transparency Model provide for a balanced solution in most international intellectual property and unfair completion conflicts as well.[30] However, if strictly adherence to the territoriality would bear the oh so well-known problem of under regulation and the efforts to ensure more market oriented rules would lead to a situation of overregulation. A closer scrutiny would be necessary of the principles to ensure their efficiency.

E. The Hague Convention on Choice of Court

In order to prepare an international treaty to provide harmonized rules on international jurisdiction and recognition of foreign judgments, the first initiative was taken in 1992 known

[27] See articles 3:102, 3:201 and 3:601. For the transferability of rights and the lex loci protectionis, see article 3:301

[28] Article 3:603

[29] Article 3:603(2). For explanation of interim version, see Axel Metzger, Applicable Law Under the CLIP Principles: A Pragmatic Revaluation of Territoriality, 157,173 et seq., in Intellectual Property in the Global Arena-Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US (Jurgen Basedow et al. eds., 2010).

[30] For the ALI Principles, see, e.g., American Law Institute, Introductory Note to Part III, Applicable Law, at 118, in Intellectual property- Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes (American Law Institute ed., 2008) ("Any set of conflicts rules should be (and should be perceived to be) fair and neutral. The rules should neither favor an intellectual property owner over an alleged infringer, nor should they privilege users over owners. Moreover, the rules should put domestic and foreign law on equal footing… nor should they otherwise discriminate between local and foreign claimants.")

as 'Hague Judgments Project". This project was initiated under the auspices of Hague Conference on Private International Law[31] and was organized by the United States. The "Judgments Project" refers to the work undertaken by the Hague Conference since 1992 on two key aspects of private international law in cross-border litigation in civil and commercial matters: the international jurisdiction of courts and the recognition and enforcement of their judgments abroad.

The Convention applies to the international cases of exclusive choice of court agreements "concluded in civil or commercial matters" (Art. 1). The Convention excludes consumer and employment contracts and certain specified subject matters (Art. 2). As per article 2, the cases of infringement of intellectual property rights other than copyright and related rights, except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been brought for breach of that contract are excluded from the scope of this convention.

VII. Conclusion

With the increase in technology, media presence and Internet there will be cases in which the dispute involving Intellectual Property is international in nature. Taking into consideration the Apple and Samsung controversy, the limits of multi- state Intellectual Property Litigation was dealt with for which legislative proposals were prepared.

Courts will definitely encounter a difficult situation of conflict of laws when it comes to the field of Intellectual Property. Progress towards a more systematic code of Intellectual Property and a well established dispute resolution regime at a global level in the field would greatly help in overcoming such difficulties.

[31] The Hague Conference on private international law is an intergovernmental organisation, the purpose of which is "to work for the progressive unification of the rules of private international law. For further details see http://www.hcch.net/index_en.php?act=text.display&tid=4 (accessed 14 February 2018).

It is of extreme importance at this stage that such issues are effectively dealt with as it is the age of Internet and technology, it is the need of the hour to ensure that Property Rights are protected. Jurisdiction out of all issues can not be afforded as a hindrance to resolve the disputes. Intellectual property and the law surrounding it will play a vital role; right now, more than ever as it does seem like Intellectual Property could very well be the future.