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# INTELLECTUAL PROPERTY POLITICS AND THE PRIVATE INTERNATIONAL LAW OF COPYRIGHT OWNERSHIP

Graeme W. Austin\*

## I. INTRODUCTION

In 1992, a leading British commentator called for the development of a “much needed private international law of intellectual property.”<sup>1</sup> Within the common law tradition, relatively little work had been done on the topic, but a few important contributions to the academic literature existed in Europe.<sup>2</sup> Path-breaking work by many distinguished scholars<sup>3</sup> has since occurred, and there is now a growing body of case law on cross-border intellectual property issues. The current American Law Institute project, *Intellectual Property: Principles Governing*

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\* J. Byron McCormick Professor of Law, Rogers College of Law, University of Arizona. This article began as a speech delivered at the Brooklyn Law School Symposium: Intellectual Property Online: The Challenge of Multi-Territorial Disputes. While this article cites other Preliminary Drafts of the ALI Principles, the Symposium discussion focused on Preliminary Draft No. 3. Thanks to Professor Rochelle Dreyfuss for her insightful comments on an earlier draft and to Professor Richard Garnett for his advice on Australian copyright law. Thanks also to Cinead Kubiak for her careful and insightful editing. Responsibility for errors remains my own.

1. P. B. Carter, *Decisions of the British Courts During 1990*, 61 BRIT. Y.B. INT'L L. 386, 402 (1991).

2. See, e.g., EUGEN ULMER, *INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS* (1978).

3. For a sample of these contributions, see Jane C. Ginsburg, *The Private International Law of Copyright*, 273 RECEUIL DES COURS 253 (1998); Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469 (2000); Rochelle Cooper Dreyfuss, *An Alert to the Intellectual Property Bar: The Hague Judgments Convention*, 2001 U. ILL. L. REV. 421 (2001); Timothy R. Hollbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701 (2004); Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505 (1997); Paul Edward Geller, *From Patchwork to Network: Strategies for International Intellectual Property in Flux*, 9 DUKE J. COMP. & INT'L L. 69 (1998). On the specific issue of copyright ownership, the topic of the present article, see Paul Edward Geller, *Conflict of Laws in Copyright Cases: Infringement and Ownership Issues*, 51 J. COPYRIGHT SOC'Y U.S.A. 351 (2004).

*Jurisdiction, Choice of Law, and Judgments in Transnational Disputes Law* (ALI Project),<sup>4</sup> is another important stage in the development of this body of doctrine and commentary.

In the last decade, we have seen the continued rise of an “intellectual property politics.”<sup>5</sup> The politics of intellectual property has many facets. Some have described aspects of the domestic politics of intellectual property as a “war”<sup>6</sup> characterized by bitter disputes over the boundary between private rights and the public interest. In the international context, we are also witnessing fierce debates over the consequences of “imposing” western intellectual property norms on developing countries.<sup>7</sup> This debate is playing out in some developed nations as well, where there is an energized concern whether national interests are well served by a “one-size-fits-all” approach to international intellectual property.<sup>8</sup> In addition, set against dominant inter-

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4. AMERICAN LAW INSTITUTE, INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES (Preliminary Draft No. 3, 2005) (on file with the Brooklyn Journal of International Law) [hereinafter ALI PRINCIPLES]; *The Role of Equivalents and Prosecution History in Defining the Scope of Patent Protection*, International Association for the Protection of Intellectual Property (IAPIP) Resolution Q175 (Oct. 27, 2003), available at [http://www.aippi.org/reports/resolutions/Q175\\_E.pdf](http://www.aippi.org/reports/resolutions/Q175_E.pdf).

5. See, e.g., Deborah Halbert, *Globalized Resistance to Intellectual Property* (Feb. 3, 2005) (paper presented at New York University's Engelberg Center Colloquium on Innovation Policy, on file with author); James Boyle, *A Politics of Intellectual Property: Environmentalism for the Net?*, 47 DUKE L.J. 87 (1997).

6. Jessica Litman, *War Stories*, 20 CARDOZO ARTS & ENT. L.J. 337, 337 (2002); Peter K. Yu, *The Escalating Copyright Wars*, 32 HOFSTRA L. REV. 907, 908 (2004).

7. See, e.g., Halbert, *supra* note 5; PETER DRAHOS & JOHN BRAITHWAITE, INFORMATION FEUDALISM: WHO OWNS THE KNOWLEDGE ECONOMY? (2002); Ruth G. Okediji, *Perspectives on Globalization from Developing States: Copyright and Public Welfare in Global Perspective*, 7 IND. J. GLOBAL LEGAL STUD. 117, 155–56 (1999); Ruth L. Gana, *The Myth of Development, The Progress of Rights: Human Rights to Intellectual Property Development*, 18 L. & POL'Y 315 (1996).

8. See e.g., Michael Geist, *Copyright Reform is Not a Spectator Sport* (Nov. 2004) (discussing Canadian copyright law reforms), at [http://www.caut.ca/en/bulletin/issues/2004\\_nov/comm\\_copyrightreform.asp](http://www.caut.ca/en/bulletin/issues/2004_nov/comm_copyrightreform.asp). The groundbreaking work currently underway by two New Zealand law professors, Geoff McLay and Susy Frankel, both of Victoria University of Wellington School of Law, provides another example. Professors McLay and Frankel are currently engaged in an exhaustive empirical analysis of the domestic impact of New

national trends is an emerging counter-discourse focused on the checks that international human rights law might impose on the seemingly inexorable rise of public international law obligations in the intellectual property context.<sup>9</sup>

This intellectual property politics forms part of the background context for initiatives such as the ALI Project. International conflict of laws might be viewed (unjustifiably) as a somewhat arcane and abstract branch of the common law, aloof from most political frays. However, in the present context, the typical traditions of conflict of laws, theorizing and cool-headed analysis, must now engage the highly politicized concerns of contemporary intellectual property law and policy. Accordingly, whatever the theoretical or logical unassailability of conflict of laws principles distilled by the ALI Project, it might be helpful if they were justifiable in ways that respond to relevant issues arising in current debates about the future shape of intellectual property law in domestic and international contexts.

In my remarks, I shall explore this point in the context of rules for copyright ownership. This is only one part of the large collection of issues addressed in the ALI Report<sup>10</sup> and in other commentary and doctrine on the interrelationship between intellectual property and private international law. It is also a tiny part of intellectual property doctrine. Nevertheless, even this narrow focus hints at some of the broader advantages of engaging conflict of laws issues in ways that are informed by intellectual property politics. Solutions to conflict of laws prob-

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Zealand's intellectual property law, focusing in particular on how well New Zealand laws actually serve the needs of industry and the commercial sector. See Geoff McLay & Susy Frankel, *Survey of Intellectual Property Use in New Zealand*, at [http://www.vuw.ac.nz/home/surveys/ip\\_survey.html](http://www.vuw.ac.nz/home/surveys/ip_survey.html) (last visited Mar. 28, 2005).

9. See generally Lawrence Helfer, *Regime Shifting: The TRIPS Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 *YALE J. INT'L L.* 1 (2004) (discussing ways that international human rights law might provide checks on the public international law of intellectual property); Audrey R. Chapman, *Approaching Intellectual Property as a Human Right: Obligations Related to Article 15(1)(c), U.N. ESCOR, 24<sup>th</sup> Sess., Agenda Item 3, U.N. Doc. E/C.12/2000/12* (2000), available at <http://documents-dds-ny.un.org/doc/UNDOC/GEN/G00/447/83/pdf/G0044783.pdf?OpenElement> (last visited Apr. 16, 2005).

10. ALI PRINCIPLES, *supra* note 4.

lems may be more likely to endure if they address the broad concerns voiced in this body of scholarship and commentary.

Not all aspects of intellectual property politics will be relevant to rules about ownership in cross-border contexts. Yet, the tension between efficient international protection of copyright on the one hand, and respect for territorial sovereignty, or comity, on the other, is likely to be particularly important to current and future debates. Efficiency-promoting ideas, which are often distilled as transnational norms,<sup>11</sup> are sometimes animated by a concern that insistence on strict territoriality can thwart robust enforcement and/or economic exploitation of intellectual property rights in cross-border contexts.<sup>12</sup> Set against efficiency claims are the principles of territoriality and comity. Territoriality and comity are common legal vehicles for expressing the political concerns embedded in the notion of sovereignty.<sup>13</sup> Territoriality taps into deep concerns about “what’s ours to regulate.” Transnational or private international rules are often *meant* to override domestic policy choices and remove at least some<sup>14</sup> of the scope that territoriality allows for expression of regulatory choices, but that does not stop people feeling resentful or angry about them. In a less emotionally freighted way, these concerns emphasize the normative connection between

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11. Transnational norms are not the only candidates for more efficient management of intellectual property issues across international borders. *See generally* Dan L. Burk, *Virtual Exit in the Global Information Economy*, 73 CHI.-KENT L. REV. 943 (1998) (exploring methods for “privatizing” intellectual property, including technological self-help and contract).

12. *See, e.g.*, Adreas P. Reindl, *Choosing Law in Cyberspace: Copyright Conflicts on Global Networks*, 19 MICH. J. INT'L L. 799 (1998); Jane C. Ginsburg, *The Cyberian Captivity of Copyright: Territoriality and Authors' Rights in a Networked World*, 15 SANTA CLARA COMPUTER & HIGH TECH. L.J. 347 (1999).

13. *See generally* David J. Gerber, *Prescriptive Authority: Global Markets as a Challenge to National Regulatory Systems*, 26 HOUS. J. INT'L L. 287 (2004) (discussing how the modern global marketplace challenges the effectiveness of jurisdictional law).

14. *See* Graeme B. Dinwoodie & Rochelle Dreyfuss, *International Intellectual Property Law and the Public Domain of Science*, 7 J. INT'L ECON. L. 431 (2004) (exploring the scope provided by the TRIPS Agreement for domestic self-determination in the development of research policies).

domestic intellectual property laws and political accountability.<sup>15</sup>

Part II of my remarks discusses the tension and interrelationship between sovereignty and efficiency concerns in private international law doctrine in light of two recent decisions of the United States Supreme Court and the Supreme Court of Canada: *F. Hoffman-La Roche Ltd. v. Empagran*<sup>16</sup> and *SOCAN v. Canadian Association of Internet Providers*.<sup>17</sup> Part III turns to the specific issue of choice of law for copyright ownership, and examines contrasting approaches to this issue within the Anglo-American tradition. The approach adopted by U.S. courts is that the law with the closest relationship to the property and the parties determines copyright ownership.<sup>18</sup> This “single governing law” approach contrasts with that adopted by an Australian federal court, which held that questions of ownership run with the law governing infringement.<sup>19</sup> The latter approach has the potential for multiple laws to govern ownership when a copyright infringement action involves allegations of copyright infringement in multiple jurisdictions. I suggest that a single governing law approach to copyright ownership better accommodates both efficiency and sovereignty concerns than choice of law approaches that seek to apply all the various laws of the different nations in which a copyright work might be exploited without authorization. Most importantly, a single governing law approach can be justified as consistent with the concept of retaining a strong connection between the intellectual property laws that govern copyright ownership and the domestic policies of the nations for which these laws have greatest relevance. Part IV briefly concludes.

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15. See generally Lea Brilmayer & Charles Norchi, *Federal Extraterritoriality and the Fifth Amendment Due Process*, 105 HARV. L. REV. 1217 (1992) (noting the possibilities for resentment following the exportation of American legal norms).

16. 542 U.S. 155, 124 S. Ct. 2359 (2004).

17. *Society of Composers, Authors and Music Publishers of Can. v. Canadian Ass'n of Internet Providers* [2004] 2 S.C.R. 427.

18. See *infra* Part III for further discussion of U.S. judicial approaches to choice of law.

19. This case is discussed further *infra* Part III.

## II. SOVEREIGNTY AND EFFICIENCY

Two decisions last June from the highest courts of the United States and Canada illustrate some of the distinctions between “sovereignty-based” and “efficiency-promoting” approaches to international conflict of laws issues. The U.S. Supreme Court decision, *F. Hoffman-La Roche Ltd. v. Empagran*, was a decision about the extraterritorial reach of U.S. antitrust laws rather than intellectual property laws.<sup>20</sup> However, the ringing endorsement that the Court gave to “prescriptive comity” may resonate in other contexts, including intellectual property. The Supreme Court held that U.S. antitrust law could not be applied when the adverse effects of alleged anticompetitive behavior in foreign territories was distinct and separate from adverse domestic effects.<sup>21</sup> The Court reasoned that extraterritorial application of U.S. law would impede different nations’ laws “work[ing] together in harmony—a harmony particularly needed in today’s highly interdependent commercial world.”<sup>22</sup>

Given the rarity of antitrust cases in which domestic and foreign harms can be easily segregated, it is curious that the *Empagran* Court bothered to trumpet the territoriality of different nations’ commercial laws. The *Empagran* decision might be dismissed as merely an academic exercise with little practical application. The Court’s vehement championing of sovereignty interests may, however, hint at an emerging concern to confine U.S. laws within their proper territorial scope. Consider the following passage from Justice Breyer’s opinion:

Where foreign anticompetitive conduct plays a significant role and where foreign injury is independent of domestic effects, Congress might have hoped that America’s antitrust laws, so fundamental a component of our own economic system, would

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20. *Empagran*, 124 S. Ct. at 2366. *Empagran* involved allegations of a price-fixing conspiracy by vitamin sellers around the world, leading to higher prices for purchasers of vitamins in the United States and in a number of foreign territories. After the domestic purchasers settled, five foreign purchasers from the Ukraine, Australia, Ecuador and Panama continued their antitrust claims. The Supreme Court held that while a purchaser in the United States could bring a Sherman Act claim, the Foreign Trade Antitrust Improvements Act of 1982 (FTAIA) barred the respondents’ claims with respect to the higher prices paid for vitamins in the foreign markets.

21. *Id.*

22. *Id.*

commend themselves to other nations as well. But, if America's antitrust policies could not win their own way in the international marketplace for such ideas, Congress, we must assume, would not have tried to impose them, in an act of legal imperialism, through legislative fiat.<sup>23</sup>

In line with these ideas, Justice Breyer distinguished earlier Supreme Court decisions<sup>24</sup> on the basis that they did not focus explicitly on whether the claim sought to cure "only independently caused foreign harm."<sup>25</sup> The *Empagran* opinion suggests that earlier cases did not clearly perceive important territorial distinctions. The Court's decision implies that we need to look at modern cross-border commercial cases differently than in the past. Concepts such as "global harm," however resonant or supportive of efficiency-promoting solutions to transnational problems, may need to give way to analysis that focuses instead on distinct, territorially-based injuries.

The *Empagran* Court's deference to the legitimate interests of foreign nations, and its determination to hold Congress to this standard, contrasts markedly with the Court's 1952 decision in *Steele v. Bulova Watch*.<sup>26</sup> In *Bulova*, the only modern Supreme Court opinion on the territorial reach of U.S. intellectual property laws, the Court adopted an expansive approach to the legislative jurisdiction provided by the Lanham Act<sup>27</sup> and held that a district court was entitled to apply the Act to the defendant's conduct in Mexico.<sup>28</sup> Congress has not, of course, entirely won

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23. *Id.* at 2369.

24. *Id.* Justice Breyer distinguished *Empagran* from *Timken Roller Bearing Co. v. United States*, 341 U.S. 593, 595 (1951), *United States v. National Lead Co.*, 332 U.S. 319, 325–28 (1947), and *United States v. American Tobacco Co.*, 221 U.S. 106, 171–72 (1911).

25. *Empagran*, 124 S. Ct. at 2370.

26. *See Steele v. Bulova Watch Co.*, 344 U.S. 280 (1952). The Supreme Court did not mention *Bulova* in *Empagran*.

27. Lanham Trade-Mark Act of 1946, 15 U.S.C. §§ 1051–1122 (2002).

28. Recently, the United States Court of Appeals for the Ninth Circuit decided the mirror image of *Bulova*. In *Group Gigante Sa De CV v. Dallo & Co., Inc.*, 391 F.3d 1088 (9th Cir. 2004), which involved a claim of trademark infringement by an established Mexican supermarket chain against a California-based chain that had adopted the same name, the Ninth Circuit established a "famous marks" exception to the territoriality principle, holding that a foreign trademark owner may have superior rights in the United States, where a substantial percentage of consumers in the relevant American market is familiar with the foreign mark. *Id.* at 1098.



over the world in the marketplace of ideas about intellectual property law; full substantive harmonization of intellectual property laws has not occurred, notwithstanding concerted efforts toward that end.<sup>29</sup> *Empagran* appears to counsel reticence when considering choice of law approaches involving application of U.S. intellectual property laws in ways that would override foreign laws, lest those approaches *also* be characterized as legislative or judicial fiat. Unlike *Empagran*, findings of fact in *Bulova* supported the conclusion that the defendants' actions adversely affected U.S. commerce.<sup>30</sup> For present purposes, however, the interest in the case lies in the central issue in *Bulova*: interpretation of an important commercial law statute that is silent on its territorial reach<sup>31</sup> to determine whether Congress intended it to apply to conduct in a foreign nation. The *Bulova* Court acknowledged that "the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears."<sup>32</sup> However, this came quite late in the opinion, after the Court emphasized that Congress, in prescribing standards of conduct for American citizens, "may project the impact of its laws beyond the territorial boundaries of the United States."<sup>33</sup>

Particularly telling are the differences between the two Courts' approaches to sovereignty interests of foreign nations. One of the key defenses mounted by Steele, the principal *Bulova* defendant, was that he had been first to secure registration of the "Bulova" trademark in Mexico. However, by the date of

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29. In this context, of course, "harmonization" is not necessarily a neutral term. Depending on the context, "harmonization" may be a proxy for the ratcheting up of intellectual property protections. Hence, some scholars refer instead to "upward harmonization." See, e.g., Keith Aoki, *Considering Multiple and Overlapping Sovereignities: Liberalism, Libertarianism, National Sovereignty, 'Global' Intellectual Property, and the Internet*, 5 IND. J. GLOBAL LEGAL STUD. 443, 461 (1998).

30. *Bulova*, 344 U.S. at 284–86 (finding *inter alia* that "as result of the distribution of spurious 'Bulovas,' Bulova Watch Company's Texas sales representative received numerous complaints from retail jewelers in the Mexican border area whose customers brought in for repair defective 'Bulovas' which upon inspection often turned out not to be products of that company.").

31. See, e.g., Anna R. Popov, *Watering Down Steele v. Bulova Watch Co. to Reach Commerce Overseas: Analyzing the Lanham Act's Extraterritorial Reach Under International Law*, 77 S. CAL. L. REV. 705, 708 (2004).

32. *Bulova*, 344 U.S. at 285 (emphasis added).

33. *Id.* at 282.

the Supreme Court's decision, Mexico's highest court had upheld an administrative proceeding canceling the Mexican registration.<sup>34</sup> According to the Supreme Court, this meant that there was no conflict between Mexican and U.S. laws, and it removed the basis for arguing that application of the Lanham Act to conduct in Mexico would interfere with property rights granted by a foreign sovereign: "Where, as here, there can be no interference with the sovereignty of another nation, the District Court in exercising its equity powers may command persons properly before it to cease or perform acts outside its territorial jurisdiction."<sup>35</sup> Rhetorically, and perhaps analytically as well, the Court conflated the absence of defendant's private rights in the mark with the absence of any overarching concern of the foreign sovereign with its ability to administer its own trademark system.

Justice Breyer's *Empagran* opinion seems to have more in common with the dissenting Justices in *Bulova* than with the *Bulova* majority.<sup>36</sup> In his dissent, which Justice Douglas joined, Justice Reed objected that the application of the Lanham Act to acts done in Mexico "bring our legislation into conflict with the laws and practices of other nations, fully capable of punishing infractions of their own laws."<sup>37</sup> Absent "specific words," the dissenting opinion reasoned, federal legislation should not be interpreted to "reach Acts done within the territorial limits of other sovereignties."<sup>38</sup> Similar sentiments are echoed in *Empagran*'s insistence that statutes be construed in ways that allow different nations' commercial laws to work harmoniously together.<sup>39</sup>

The Supreme Court of Canada's decision in *SOCAN v. Canadian Association of Internet Providers*,<sup>40</sup> an important recent copyright case, offers a further doctrinal contrast to *Empagran*'s

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34. See Graeme W. Austin, *Trademarks on the Line: The Story of Steele v. Bulova*, in *INTELLECTUAL PROPERTY LAW STORIES* (Rochelle Dreyfuss & Jane Ginsburg eds., forthcoming 2005).

35. 344 U.S. at 289.

36. *Id.*

37. *Id.* at 292.

38. *Id.*

39. *F. Hoffmann-La Roche Ltd. v. Empagran S. A.*, 124 S. Ct. 2359, 2366 (2004).

40. *SOCAN* [2004] 2 S.C.R. 427.

insistence on constraining the extraterritorial reach of domestic commercial laws. A key issue in this long-running Canadian saga over who should be levied for music communicated via the Internet was how to determine when a communication occurs “in Canada.” The Supreme Court of Canada rejected the Canadian Copyright Board’s conclusion<sup>41</sup> that a communication occurs in Canada only if it originates from a server located within Canada.<sup>42</sup> The Court declined to hold that a communication to the public occurs in Canada only if its recipient public is also located in Canada. Instead, in line with international precedents,<sup>43</sup> it held that Canadian courts could exercise jurisdiction over communications to the public where there is a “real and substantial connection” between the communication and Canada.<sup>44</sup> Communication of copyright material could be, in the words of the Court, “both here and there.”

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41. SOCAN Statement of Royalties [1999] 1 C.P.R. (4th) 417.

42. SOCAN [2004] 2 S.C.R. at 451.

43. See, e.g., National Football League v. Prime Time 24 Joint Venture, 211 F.3d 10 (2d Cir. 2000) (U.S. federal court has jurisdiction over transmissions of copyright material to Canada); Los Angeles News Service v. Conus Communications Co., 969 F. Supp. 579 (C.D. Cal. 1997) (U.S. copyright breached when transmissions originating abroad are received in the United States). The Supreme Court of Canada also cited recent changes to Australian copyright law, which provide that “to communicate” means “make available online or electronically transmit (whether over a path, or a combination of paths, provided by a material substance or otherwise) a work or other subject matter” and that “to the public” means “to the public within or outside Australia.” Copyright Act 1968 (Austl.) No. 63 of 1968, § 10(1), as amended by the Copyright Amendment (Digital Agenda) Act 2000, Sch. 1, §§ 6, 16. The Court also cited Daniel J. Gervais, *Transmissions of Music on the Internet: An Analysis of the Copyright Laws of Canada, France, Germany, Japan, the United Kingdom, and the United States*, 34 VAND. J. TRANSNAT’L L. 1363, 1376 (2001) (concluding that “[c]ourts will likely assert jurisdiction not only over transmissions from France, but also transmissions into France that are alleged to cause damage.”).

44. SOCAN [2004] 2 S.C.R. at 455 (citing *Libman v. The Queen* [1985] 2 S.C.R. 178, 212–13 (*per La Forest J*)):

As I see it, all that is necessary to make an offence subject to the jurisdiction of our courts is that a significant proportion of the activities constituting that offence took place in Canada. As it is put by modern academics, it is sufficient that there be a ‘real and substantial link’ between an offence and this country ....

*Id.*

Accordingly, jurisdiction under Canadian copyright laws might extend to both communications received *in* and transmitted *from* Canada. The scope of jurisdiction, and potential liability, will depend on analysis of the facts of the individual case. According to the Court, the connecting factors that may be relevant for determining whether the connection to Canada is legally sufficient may include: the *situs* of the content provider, the host server, the intermediaries, and the end user.<sup>45</sup> Localizing the communication tort at home, so that cross-border communications to the public that implicate domestic copyright laws can occur both “here and there,” avoids—at least formalistically—the extraterritoriality problem. If, under *domestic* law, communication to the public can include every step on the way to transmitting the information *to* the public, the *lex fori*<sup>46</sup> can easily reach communications destined for a public population located within a foreign jurisdiction as well as—or, indeed, instead of—a public located in the jurisdiction of the forum court. In its analysis of this point, the Canadian Court acknowledged the possibility of duplicative liability—liability imposed by both the recipient and the transmitting state.<sup>47</sup> Recall that in *Empa-gran* this was exactly the kind of problem that Justice Breyer recognized, and sought to avoid, in the antitrust context. Rather than engaging with this issue directly, however, Canada’s Court instead stated that the responsibility for solving this problem lay with international lawmakers: “the answer lies in the making of international or bilateral agreements, not in national courts straining to find some jurisdictional infirmity in either State.”<sup>48</sup>

An important doctrinal distinction between the two cases is that the Canadian Court’s concern was with localizing transnational communications, whereas the U.S. Court was dealing with choice of law issues once the legal wrong had been localized. As Professor Dinwoodie correctly points out in his contribution to this Symposium,<sup>49</sup> however, localization of harms as

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45. *Id.* at 430.

46. *Lex fori* is the law of the forum; the law of the jurisdiction where the case is pending. BLACK’S LAW DICTIONARY (8th ed. 2004).

47. *SOCAN* [2004] 2 S.C.R. at 462.

48. *Id.*

49. Graeme B. Dinwoodie, 30 BROOK. J. INT’L L. 885 (2005) (transcript of symposium presentation).

domestic and adoption of the *lex fori* using choice of law techniques can have similar judicial results.<sup>50</sup> At a general level, determining whether foreign communications are “sufficiently connected” to the forum may share significant commonalities with an inquiry into whether foreign harms are “independent” from domestic harms. According to *Empagran*, foreign laws should be overridden only infrequently. In contrast, the Canadian Court seems to suggest that the risk of duplicative liability is something we must live with, at least until a public international law solution is developed.

### III. CHOICE OF LAW FOR COPYRIGHT OWNERSHIP

How might the tension between sovereignty and efficiency be played out when developing choice of law rules for copyright ownership? At the outset, it is important to acknowledge the complexities in the notion of territoriality itself. The cases discussed in Part II hint at some of this complexity. *Empagran* seems to trumpet sovereignty values through its insistence on constraining the extraterritorial reach of United States antitrust law.<sup>51</sup> Yet, if we view the case in the wider context of intellectual property rights, the holding might have some important extraterritorial effects. Viewed in light of the *real politik*s of international intellectual property laws, the holding in *Empagran* may be tantamount to announcing: “you’ve got a lot of American-styled intellectual property law, but we won’t use our antitrust laws to rein it in.” Thus, the jurisdictional reticence of the *Empagran* Court may affect (extraterritorially) the scope and character of intellectual property rights in other jurisdictions. In contrast, the approach to localization of copyright infringement in *SOCAN*<sup>52</sup>—the Court’s apparent willingness to apply domestic law to the transmission of musical works to foreign publics—seems quite “extraterritorial.” Equally, however, jurisdictions whose substantive laws or approaches to enforcement allow for ready transmission of copyright works using

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50. See Graeme W. Austin, *Copyright Across (and Within) Domestic Borders*, in INTERNATIONAL INTELLECTUAL PROPERTY AND THE COMMON LAW WORLD 105, 121–22 (Charles E. F. Rickett & Graeme W. Austin eds., 2000).

51. *F. Hoffmann-La Roche Ltd. v. Empagran S. A.*, 124 S. Ct. 2359, 2363 (2004).

52. *SOCAN* [2004] 2 S.C.R. 427.

digital networks *themselves* create extraterritorial effects. Since transmission of copyright works cannot yet be efficiently constrained at international borders, a nation's laws may have an extraterritorial effect if they result in transmission of works to other nations where their receipt constitutes unlawful act(s). *De facto* availability, even from foreign sources, has the potential to override domestic *de jure* prohibitions. Viewed in this broader context, the approach in *SOCAN* can be seen, perhaps more benignly, as facilitating the development of doctrinal responses to the extraterritorial effects of *other* nations' laws.

Later in my remarks, I shall briefly explore ways of approaching the notion of territoriality in the context of copyright ownership issues. First, however, it may be helpful to briefly describe the Anglo-American doctrine. Anglo-American cases have approached choice of law issues for copyright ownership in contrasting ways. The Second Circuit has held, in *Itar-Tass Russian News Agency v. Russian Kurier*,<sup>53</sup> that the law governing ownership of copyright is the law of the state with the most significant relationship with the property and the parties.<sup>54</sup> As the Copyright Act<sup>55</sup> does not contain a controlling provision,<sup>56</sup> the Second Circuit was self-consciously developing federal common law to deal with this cross-border issue.<sup>57</sup> The court also recognized that the law determining ownership could be different from that governing infringement.<sup>58</sup> The trend in U.S. in-

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53. *Itar-Tass Russian News Agency v. Russian Kurier*, 153 F.3d 82 (2d Cir. 1998).

54. *Id.* at 90. The Second Circuit derived this principle from the RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 222 (1971).

55. Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified at 17 U.S.C. §§ 101–803 (2000)).

56. Nor does the Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, 828 U.N.T.S. 221 (Paris revision, July 24, 1971) [hereinafter Berne Convention], available at [http://www.wipo.int/treaties/en/ip/berne/pdf/trtdocs\\_wo001.pdf](http://www.wipo.int/treaties/en/ip/berne/pdf/trtdocs_wo001.pdf) (last visited Mar. 28, 2005). See Jane C. Ginsburg, *Ownership of Electronic Rights and the Private International Law of Copyright*, 22 COLUM.-VLA J.L. & ARTS 165, 167–68 (1998) (“The [Berne Convention] does not supply a choice of law rule for determining copyright ownership,” but noting that there is an exception in the Berne Convention, Art. 14bis(2)(a): “Ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed.”).

57. See also *Foad Consulting Group, Inc. v. Musil Govan Azzalino*, 270 F.3d 821, 826 (9th Cir. 2001).

58. *Itar-Tass*, 153 F.3d at 89.

fringement cases, aside from the “predicate act” theory discussed below, is to apply the law of the place in which the acts constituting infringement occurred.<sup>59</sup> This is a familiar choice of law technique: different laws can apply to different issues in the litigation.<sup>60</sup> On the facts of the case, the law governing copyright ownership was Russian: “the works at issue were created by Russian nationals and first published in Russia.”<sup>61</sup> However, because the unauthorized reproduction occurred in New York, the law governing the infringements was U.S. copyright law.<sup>62</sup>

Some fourteen years before the *Itar-Tass* decision, the Full Federal Court of Australia, a court of broadly equivalent standing to a U.S. Circuit Court of Appeals, was seized of the same issue. Rejecting the analysis of the trial judge,<sup>63</sup> the Australian Federal Court in *Enzed Holdings Ltd. v. Wynthea Pty. Ltd.*<sup>64</sup> held that Australian law governed *all* issues in a case involving infringement in Australia of logos created in New Zealand, for New Zealand clients, by a New Zealand graphic designer.<sup>65</sup> Whereas New Zealand law would have vested copyright in the plaintiffs, as commissioners of the design,<sup>66</sup> Australian law contains no equivalent provision, leaving the plaintiffs without title to the copyright upon which to base the infringement action. The Australian Court’s analysis was fully reasoned on the own-

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59. See, e.g., *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481 (2d Cir. 1998); *Silberman v. Innovation Luggage*, No. 01 Civ. 7109(GEL), 2003 WL 1787123 (S.D.N.Y. Apr. 3, 2003).

60. See, e.g., RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 222 cmt. d (1969) (“The courts have long recognized that they are not bound to decide all the issues under the local law of a single state.”).

61. *Itar-Tass*, 153 F.3d at 90.

62. See also *Silberman*, 2003 WL 1787123, at \*35.

63. *Enzed Holdings Ltd. v. Wynthea Pty. Ltd.* (1984) ATPR 40-447.

64. *Enzed Holdings Ltd. v. Wynthea Pty. Ltd.* (1984) 4 F.C.R. 450.

65. *Id.* at 458. See also SUSY FRANKEL & GEOFF MCLAY, *INTELLECTUAL PROPERTY IN NEW ZEALAND* 64–65 (2002).

66. The Copyright Act, 1994 (N.Z.). Section 21(3) provides as follows:

Where – (a) A person commissions, and pays or agrees to pay for, the taking of a photograph or the making of a computer program, painting, drawing, diagram, map, chart, plan, engraving, model, sculpture, film, or sound recording; and (b) The work is made in pursuance of that commission, – that person is the first owner of any copyright in the work.

*Id.*

ership point. Indeed, unlike the Second Circuit's *Itar-Tass* rule, which is grounded in *general* conflict of laws principles relating to property, the Australian Court grounded its analysis in the Australian Copyright Act and accompanying regulations.<sup>67</sup> In particular, the Australian Court looked to those provisions that, consistent with the Berne Convention,<sup>68</sup> extend protection under Australian law to foreign authors. The Court found the Australian Copyright Act's extension of Australian copyright law to protect foreign authors was of plenary application.<sup>69</sup> Accordingly, it saw "no reason to exclude the Australian provisions relating to ownership of copyright."<sup>70</sup>

As the contributions by Professors Richard Garnett<sup>71</sup> and Graeme Dinwoodie<sup>72</sup> to this Symposium explain, in a growing number of contexts, statutory directives already localize intellectual property questions. The U.S. Copyright Act's choice of law rule governing copyright in restored works provides an example: ownership is determined by "the author or initial right holder of the work as determined by the law of the source country of the work."<sup>73</sup> For the most part, however, courts are provided little direction on choice of law for copyright ownership. In the context of registered rights, resolution of ownership issues is likely to involve at least some action by local registers. The ALI Project proposes that the law to determine the initial title of registered rights be the law of "each country of registration."<sup>74</sup> This approach means that sovereignty and efficiency concerns coincide. Yet, a copyright's existence does not depend on the intervention of national or regional registers, but comes into being with an author's creative act. As a result, sovereignty and efficiency concerns are not so readily reconciled.

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67. *Enzed*, 4 F.C.R. at 456–59.

68. Berne Convention, *supra* note 56.

69. *Enzed*, 4 F.C.R. at 458.

70. *Id.*

71. Richard L. Garnett, *Trademarks and the Internet: Resolution of International IP Disputes by Unilateral Application of U.S. Laws*, 30 BROOK. J. INT'L L. 925 (2005).

72. Dinwoodie, *supra* note 49.

73. 17 U.S.C. § 104A(b) (2005).

74. ALI PRINCIPLES, *supra* note 4, § 311(1).



*A. Efficiency and Sovereignty Concerns*

Supporting *Itar-Tass* are some obvious appeals to efficiency. Under *Itar-Tass*, only one law for copyright ownership need be ascertained. That said, as international collaborations increase, along with author mobility, it may become more difficult to apply the “closest relationship with the property and the parties” test with predictive certainty. Unlike the *Enzed Holdings* approach, under which rules on ownership run with the *lex protectionis* (i.e., the law of the country for which protection is claimed), it will not necessarily be possible to identify the applicable law with absolute certainty in advance. *Itar-Tass* makes choice of law for ownership issues much more of a judicial, fact-based inquiry.

This does not necessarily pose an insurmountable problem. The current draft of the ALI Project puts forward an elaborate list of principles to determine ownership in more complex cases.<sup>75</sup> These principles will assist decision-makers by covering a greater range of factual scenarios where determining the law with the closest connection with the property and the parties might be difficult. We should also not think that a territorialist approach, which creates the potential for different owners according to different laws, will always be simple to apply in practice. As Mireille van Eechoud points out, if a territorialist approach were multiplied across different jurisdictions, there would be no single law to which chain of title could be traced.<sup>76</sup>

On the other hand, a single governing law approach may be inconsistent with broader sovereignty concerns. Since intellectual property rights have been traditionally conceptualized as territorial, identifying the law with the closest relationship to the parties and the *property* seems to beg the question of what “property” really means. By applying *one* law to the ownership issue, the *Itar-Tass* choice of law rule renders inoperative domestic copyright ownership laws of the places where the work is exploited.<sup>77</sup> Moreover, even though foreign law applied to the

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75. *Id.* § 313.

76. MIREILLE VAN EECHOU, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS: ALTERNATIVES TO THE LEX PROTECTIONIS 178 (2004).

77. For tangible property, the law distinguishes physical items and the legal rights, but there is usually only one “thing” whose ownership need be determined. Even with other forms of intangible property, no national treat-

issue of initial title in *Itar-Tass*, in many other cases it seems quite likely, given global patterns of copyright consumption and production, that U.S. law will apply. Add to this the fact that U.S. courts have developed a choice of law theory for copyright infringement—the so called “predicate act” theory<sup>78</sup>—that, in some contexts, seems to be tantamount to extraterritorial application of U.S. copyright principles to infringing conduct occurring in foreign territories. The result appears quite similar to the legal imperialism that the *Empagran* Court seemed so concerned to avoid.

Particular sensitivity about the impact of foreign laws on domestic property was recently manifest in an English case, in which the trial judge declared: “the concept of a world wide copyright is not acceptable as a matter of law.”<sup>79</sup> The comment was made in the context of a dispute involving different claims of ownership to the works of Cuban composers (after their initial assignment), a dispute that eventually reached the English Court of Appeal.<sup>80</sup> *Peer International Corp. v. Termidor Music Publishers Ltd.*<sup>81</sup> involved competing claims to English copyrights in musical works composed by Cuban nationals. The copyrights had been assigned under contracts entered into in the 1930s and 1940s. A post-Revolutionary Cuban law purported to divest prior assignees of copyrights in Cuban music of their rights for all countries for which the copyrights had been assigned, unless the transfers had been approved by a Cuban government agency. The English Court of Appeal was required to determine whether the post-Revolutionary law or the earlier assignments governed ownership of copyright with respect to

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ment principle equivalent to that mandated by the Berne Convention for copyrights gives rise to hundreds of different legal rights under foreign legal systems. See Berne Convention, *supra* note 56.

78. The “predicate act” theory provides that a U.S. court may apply U.S. law to provide monetary relief for copyright infringements that occur abroad, where a defendant has, within the United States, made an infringing copy that facilitated the foreign infringements. See, e.g., *Update Art, Inc. v. Modiin Publishing, Ltd.*, 843 F.2d 67 (2d Cir. 1988); *Los Angeles News Service v. Reuters Television Int’l Ltd.*, 340 F.3d 926 (9th Cir. 2003).

79. *Peer Int’l Corp. v. Termidor Music Publishers Ltd.* [2002] Ch. 2675, [2002] All E.R. (D) 143, at para. 71.

80. *Peer Int’l Corp. v. Termidor Music Publishers Ltd.* [2004] 2 W.L.R. 849.

81. *Id.*

the exploitation of the compositions in England. Predictably, the Court held that English law governed.

*Peer International* involved foreign expropriation of domestic property, for which there are special rules.<sup>82</sup> Nevertheless, the English judges' analysis suggests that their concerns over the effect of foreign laws on domestic English copyrights went deeper.<sup>83</sup> The Court was concerned with principles at the heart of the English legal system's domain over property situated *in* the United Kingdom. In support of the specific rule negating the effect of an attempt by a foreign sovereign to expropriate U.K. copyrights, the U.K. Court of Appeal identified a number of more general principles that precluded application of the Cuban law in the United Kingdom:<sup>84</sup> (1) the prohibition against extraterritoriality itself, (2) the "principle which favors the *lex situs* generally,"<sup>85</sup> and, most significantly, (3) the problem that "if extraterritorial effect is given to foreign property legislation, it can only be at the expense of English law affecting the same subject matter."<sup>86</sup>

Giving effect to foreign law affecting local property would create tension with the principle that domestic statutes are "designed to fit in with each other."<sup>87</sup> The *Peer International* Court

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82. DICEY & MORRIS ON THE CONFLICT OF LAWS 995 (13th ed. 2000). The U.S. District Court for the Eastern District of New York recognized this point recently in *Films by Jove, Inc. v. Beroy*, 341 F. Supp. 2d. 199 (E.D.N.Y. 2004), where it declined to defer to a ministerial directive of the Russian government that purported to change the ownership of a copyright license after judgment had been rendered by a U.S. Court. The earlier opinion is reported at 154 F. Supp. 2d. 156, *motion for reconsideration denied*, 250 F. Supp. 2d. 156 (E.D.N.Y.). The ALI Principles also address "Transfers by Operation of Law," and provide that for registered rights, the law of the country of registration governs such transfers. For unregistered rights, the Principles propose that such transfers are governed by the law of the country "for which protection is claimed." ALI PRINCIPLES, *supra* note 4, § 316.

83. Accordingly, the fundamental principles on which the English Court of Appeal drew for its analysis in *Peer International* suggest that the case cannot simply be analogized to § 201(e) of the U.S. Copyright Act, which holds most involuntary transfers of copyright to be ineffective. 17 U.S.C. § 201(e) (2005).

84. The English Court relied on an important decision by Lord Devlin in *Bank Voor Handel En Scheepvaart NV v. Slatford* [1953] 1 Q.B. 248, [1952] 2 All E.R. 956.

85. *Peer Int'l* [2004] 2 W.L.R. 849, at para. 37 (citing *Bank Voor Handel En Scheepvaart NV v. Slatford* [1953] 1 Q.B. 248, 257).

86. *Id.*

87. *Id.*

pointed out that “foreign legislation cannot be so designed, and it will generally be founded on a basis of property law very different from our own.”<sup>88</sup> The Court concluded:

[A] principle of private international law that allows property legislation to operate in the territory of another country, so far from being a principle which resolves the conflict of laws, will create a conflict which it will require the formulation of a new system to settle. There seems ... to be every reason ... for giving effect to the simple rule that generally property in England is subject to English law and to no other.<sup>89</sup>

Informing the Court’s conclusion that the Cuban law was ineffective in the United Kingdom was a general concern that foreign law should not affect ownership interests in property situated within the forum.

### *B. Justifying Copyright Ownership Rules*

One might think that copyright ownership issues in the transnational context perhaps can be seen to implicate domestic sovereignty interests to a lesser extent than substantive rules on infringement. Laws governing ownership do not, for instance, directly determine the availability or price of materials of culture in different nations. Ownership rules are about who benefits from the copyright in the work, and have less to do with the work’s availability to the public. They might, however, implicate incentives to create copyright works. Nevertheless, as *Peer International* illustrates, the link between copyright ownership and domestic sovereignty concerns can tap powerful rhetorical resources and ideological and practical concerns that may be invoked when foreign legal principles might override domestic policy choices. That is, even if the potential for “conflict” is likely to arise in a relatively narrow compass, and is likely to be confined to rules on commissioned works and works made for hire, it is possible to imagine how the perception of a foreign law’s usurpation of domestic policy choices about such matters could trigger more heightened rhetoric. Put another way, because “sovereignty-respecting” concerns provide a politically-resonant way to understand the legal and political issues

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88. *Id.*

89. *Id.*

at stake, the perception that legal actors might ride roughshod over domestic policy choices will provoke cries of “these are *U.K.* copyrights!” or “these are *American* copyrights!,” and so on. This is the essence of several current political controversies surrounding the globalization of intellectual property.<sup>90</sup>

In the Anglo-American tradition, there has perhaps been too much solicitude for sovereignty interests, particularly in the subject matter or legislative jurisdiction contexts. For instance, prior to the English Court of Appeal’s landmark 1999 decision in *Pearce v. Ove Arup*,<sup>91</sup> English courts refused to exercise jurisdiction over cases involving allegations of foreign copyright infringement.<sup>92</sup> In a line of twentieth-century Australian cases, beginning with an Australian High Court decision from 1903,<sup>93</sup> Commonwealth courts analogized intellectual property rights to land—a type of property that has long been viewed as intimately connected with the sovereign powers of the nation state.<sup>94</sup> Also, in many Commonwealth jurisdictions, infringement of foreign intellectual property rights foundered on the so-called “double actionability” or “*lex fori*” rule, which, broadly summarized, required the defendant’s tort to be actionable according to both the *lex fori* and the law of the place of commission of a tort.<sup>95</sup> Due to the territorial confines of intellectual property rights, foreign infringement could never be actionable

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90. See generally Halbert, *supra* note 5.

91. *Pearce v. Ove Arup P’ship Ltd.* [1999] 1 All E.R. 769 (Eng. C.A.). The *Ove Arup* decision was recently applied in the cross-border context in *R Griggs Group Ltd. v. Evans* [2004] All E.R. (D) 155 (Eng.), *aff’d on other grounds*, [2005] E.W.C.A. 11 (Eng. C.A.). Sitting as Deputy Judge of the High Court, Peter Prescott Q.C. held that where an English Court has *in personam* jurisdiction over a defendant, the Court may require assignment of a copyright arising under a foreign law.

92. See *Tyburn Productions Ltd. v. Conan Doyle*, 1990 R.P.C. 185 (Ch. D.); *Def Lepp Music v. Stuart-Brown*, 1986 R.P.C. 273 (Ch. D.).

93. *Potter v. Broken Hill Proprietary Co.* (1906) 3 C.L.R. 479 (Austl.); *Norbert Steinhardt & Son Ltd. v. Meth* (1961) 105 C.L.R. 440 (Austl.).

94. The traditional common law rule was that a domestic court had no jurisdiction over disputes involving foreign land in which rights over the land required determination. See *British South Africa Co. v. Companhia de Moçambique* [1893] 1 App. Cas. 602 (Eng. P.C.).

95. Compare *Boys v. Chaplin* [1971] 1 A.C. 356, 379, 389 (U.K.) (appeal taken from Eng.), with *Red Sea Insurance Co. v. Bouygues S.A.* [1995] 1 A.C. 190 (P.C. 1994) (U.K.) (appeal taken from Hong Kong) (adopting greater flexibility in the common law version of the rule).

according to the *lex fori*. English copyright law, for instance, does not make unauthorized exploitation of a copyright work a legal wrong in foreign territory.<sup>96</sup>

In the Commonwealth, the requirement that foreign torts be actionable according to the *lex fori* has mostly been jettisoned, replaced by the *lex loci* as the dominant choice of law rule.<sup>97</sup> Dean Anne Marie Slaughter cites this development as indicative of a more sensitive transnationalism that is developing in the thinking of national courts.<sup>98</sup> The rule analogizing intellectual property rights to land, which itself reflects a hypersensitivity to foreign sovereignty interests, gave rise to ironic results: *respect* for these “special” property rights created under the laws of a foreign sovereign risks rendering them unenforceable. Concern for the interests of foreign sovereigns in crafting intellectual property laws may thwart the very policies that conflicts rules were meant to respect. It is impossible to precisely determine what influenced the English Court of Appeal’s departure from the orthodox view in *Ove Arup*.<sup>99</sup> Their Lordships’ analysis of the common law justiciability issue was entirely, and meticulously, doctrinal. Whatever the motivation, the English court’s determination to jettison their earlier aggregation of sovereignty concerns to conflicts rules is a very welcome development. The approach to justiciability adopted by the English Court of Appeals *better* respects sovereignty interests in foreign intellectual property rights. Additionally, by facilitating the consolidation of proceedings, it is more efficient.

As an attempt to accommodate some of the broader political concerns arising in intellectual property law today, I would advocate localizing copyright ownership issues broadly in line with the Second Circuit in *Itar-Tass*. I advocate this approach not so much because the *Itar-Tass* approach will facilitate more

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

97. In major Commonwealth jurisdictions, the *lex fori* rule has largely been abandoned. For example, the United Kingdom has enacted the Private International Law (Miscellaneous Provisions) Act, 1995, c. 42 (Eng.). Other jurisdictions have abandoned this rule through case law. See, e.g., *Tolofson v. Jensen* [1994] 3 S.C.R. 1022 (Can.); *Regie Nationale des Usines Renault SA v. Zhang* (2002) 210 C.L.R. 491 (Austl.).

98. ANNE MARIE SLAUGHTER, A NEW WORLD ORDER 90 (2004).

99. [1999] 1 All E.R. 769 (Eng. C.A.).

efficient licensing and tracing of title, although this is important, or because it is broadly in line with choice of law principles for other types of property. Rather, I think the *Itar-Tass* approach can be adapted in a way that is sensitive to the role of nation states in determining the real life societal contexts in which intellectual property is created.

Focusing on this kind of concern might enrich our understanding of territoriality, and encourage us, at least in the intellectual property context, to view territoriality in less formalistic terms. The approach adopted by the *Enzed Holdings* court might appear to be respectful of domestic sovereignty interests. It would allow the law of country X to govern ownership “in” country X, country Y’s laws to govern ownership “in” country Y, and so on. On the other hand, it may have the practical effect of overriding some of the important social policy choices reflected in the law of the place where a work was first created. Of course, intellectual property exploitation is now a global concern. Nevertheless, choice of law rules for copyright ownership should be crafted to take into account the reality that different nations’ social policies, such as the education system, employment laws, subsidies for artistic creativity, development of communication networks, and idiosyncratic exceptions and defenses in the copyright system itself, constitute the material circumstances in which copyright works are created.<sup>100</sup> The material circumstances of production fuel authors’ “creative sparks.”

Similar concerns seem to be reflected in U.S. rules in the work-for-hire context, which designates as employer (hence usually the “owner” of the work) the party who controls the manner and means of production.<sup>101</sup> Domestic social policies are, at least partly, responsible for the material circumstances—the “manner and means”<sup>102</sup>—in which authorial crea-

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100. I develop this argument more fully in Graeme W. Austin, *Valuing “Domestic Self-Determination” in International Intellectual Property Jurisprudence*, 77 CHI.-KENT L. REV. 1155 (2002).

101. See *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) (invoking common law agency principles to determine when a creator is a worker for hire).

102. *Id.* (“In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party’s right to control the manner and means by which the product is accomplished.”).

tivity occurs. Furthermore, because many issues are likely to arise in the employment context, we can expect local or regional rules to reflect domestic traditions, or hard-won compromises, about the appropriate balance of power between employees and employers when confronting the issue of ownership of the fruits of creativity. Accordingly, I would advocate adapting the *Itar-Tass* rule, while retaining the general premise that a single governing law should apply to cross-border ownership issues. In many instances, we would likely see no difference in the application of the “closest relationship to the property and the parties” rule. Nevertheless, by focusing on the place with the closest relationship with the *production of the work*, we would be crafting solutions to international conflict of laws problems that evince broad concern for the connection between domestic sovereignty and intellectual property regimes. A more nuanced approach to territoriality, one that is informed by a robust sense of intellectual property politics, might take these kinds of concerns into account when crafting specific rules.<sup>103</sup>

In earlier writings, I have argued that application of the *lex protectionis* to infringement questions is justified, in part, because intellectual property rights bear the lineaments of societal choices and struggles over access to the materials of culture.<sup>104</sup> I again suggest, therefore, that the incidents of property rights should be determined by the law of the nation whose members bear the costs of enforcement.<sup>105</sup> Yet, place of exploitation does not so obviously have a claim to determine legal issues relating to the initial creation of the work. Conversely, sensitivity to the material circumstances of production in the crafting of

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103. Where several authors are involved, as may be the case with some outsourcing arrangements, and the issue cannot be determined by reference to applicable contractual terms, it may be necessary to develop subsidiary rules. One possibility would be to focus on the contribution of the “dominant” author. This principle is well-known in U.S. joint authorship doctrine. *See, e.g., Thomson v. Larson*, 147 F.3d 195, 202 (2d Cir. 1998) (noting the importance of the intentions of the “dominant” author when ascertaining whether a work is a work of joint authorship). Perhaps where separately identifiable copyright protected contributions to a joint work cannot be identified, and the issue is not governed by contract, an appropriate rule might be to adopt the law of the place where the dominant author did most of the creative work.

104. *See, e.g., Graeme W. Austin, Social Policy Choices and Choice of Law for Copyright Infringement in Cyberspace*, 79 OR. L. REV. 575 (2000).

105. *Id.* at 614.



conflict of law rules seems to better accommodate the political concerns that are grounded in the connection between domestic politics and intellectual property.

#### IV. CONCLUSION

Academics are of course motivated to find the “right” answer to doctrinal controversies. Yet, academic deliberations are seldom, if ever, dispositive. Usually, our interventions are more modest: we make contributions to ongoing debates. In some respects, the ALI Project is similar. Because the ALI Project is not posing as a “treaty,” and has no pretensions of being “the” answer to conflict of laws controversies, or of being *imposed* on the global legal system, the project’s outcomes will more likely be a *contribution* to emerging conversations about how best to craft private law principles for transborder disputes involving intellectual property rights. It will be but one (albeit important) contribution to the rich dialogue that is occurring among jurists in different nations about international law problems.<sup>106</sup>

Instead of always attempting to “run to ground” the arguments that can be made in favor of, or against, any particular resolution of a private international law controversy, it might be productive to consider doctrinal proposals in light of broader intellectual property politics. At least some of the ALI Project’s audience, including its most vigorous interlocutors, are likely to be deeply involved in the political debates that now inform both domestic and international intellectual property lawmaking. When we turn our minds to international conflict of laws controversies, it may thus be important to engage with doctrinal issues in ways that anticipate and respond to critiques that are likely to be informed and shaped by these broader political concerns. Crafting appropriate choice of law rules for copyright ownership forms a small part of the monumental task of developing much-needed private international law of intellectual property. Even so, attempting to justify a choice of law rule for copyright ownership with reference to the material circumstances of production of works of authorship might be suggestive of ways of engaging with broader political concerns that

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106. See generally SLAUGHTER, *supra* note 98.

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will inevitably arise as other parts of the ALI Project come to be scrutinized.