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Maneuvering through the Landmines of Multiterritorial Copyright Litigation: How to Avoid the Presumption against Extraterritoriality When Attempting to Recover for the Foreign Exploration of U.S. Copyrighted Works

Nathan R. Wollman

U.S. Bankruptcy Court for the Northern District of Illinois

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MANEUVERING THROUGH THE LANDMINES OF MULTITERRITORIAL COPYRIGHT LITIGATION: HOW TO AVOID THE PRESUMPTION AGAINST EXTRATERRITORIALITY WHEN ATTEMPTING TO RECOVER FOR THE FOREIGN EXPLOITATION OF U.S. COPYRIGHTED WORKS

Nathan R. Wollman *

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* Staff attorney, U.S. Bankruptcy Court for the Northern District of Illinois; B.A., Augustana College, Sioux Falls, S.D., 1998; J.D., Indiana University School of Law, Bloomington, IN, 2001; law clerk, Judge Sanford Brook, Indiana Court of Appeals, summer 2000. I would like to thank Professor Marshall Leaffer for teaching the course that inspired this Article.

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In this age of globalism, new developments such as the Internet, the digitization of enormous volumes of information, and the proliferation of international business transactions have created opportunities for the multiterritorial exploitation of copyrighted works.¹ Now, bootleg copies of software, games, videos, pictures, and sound recordings can be repeatedly duplicated to perfection before being distributed internationally over the Internet.² As a result, there can be no doubt that U.S. copyright owners will desire protection of their exclusive rights everywhere on Earth, regardless of the territory. One potential tool for U.S. copyright holders is the extraterritorial application of U.S. copyright law. This option is attractive because American intellectual property laws tend

¹ See Graeme W. Austin, *Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation*, 23 COLUM.-VLA J.L. & ARTS 1, 5 (1999); see also *Cross-Border DVD Strategies: Fulfilling DVD's Promise in Europe*, SCREEN DIGEST, Feb. 1, 2001, available at 2001 WL 13182098.

² See INTERNATIONAL INTELLECTUAL PROPERTY: GLOBAL JURISDICTIONS 359 (Dennis Campbell & Susan Cotter eds., 1996) [hereinafter GLOBAL JURISDICTIONS]; Timothy L. Skelton, Comment, *Internet Copyright Infringement and Service Providers: The Case for a Negotiated Rulemaking Alternative*, 35 SAN DIEGO L. REV. 219, 219-20 (1998).

to be more protective than those of other nations, because bringing an infringement suit at home is easier in an age in which technology has duplicated and dispersed copyrighted works across the entire planet, and because U.S. federal courts employ relatively broad discovery rules and high damage awards.³

To illustrate the problems that can potentially arise, the following hypothetical merits consideration: U.S. citizen X takes an artistic photograph protected under U.S. copyright law and sells copies at various art stores. Visiting citizen Q of the country Xanadu purchases a copy, takes it back to Xanadu, modifies the coloring, and incorporates it into his own picture collage. Importantly, Xanadu has not entered into an intellectual property treaty to which the United States is a party.⁴ In doing so, Xanadu has decided that the traditional copyright-owner exclusive rights to copy and distribute a photo are enough to encourage artistic production without recognizing additional rights to display a work publicly or to make a derivative work from an original copyrighted work.⁵ Therefore, Xanadu has balanced its production/dissemination tradeoff more in favor of dissemination than production. This view contrasts with many other nations acceding to the Berne Convention⁶ and the TRIPs Agreement.⁷ Xanadu citizen Q posts his collage on his personal website, but he does not sell the work or try to sell advertising space on the website. Nonetheless, U.S. citizens access the website over the Internet and print out paper copies of the collage or save it to a hard drive, a floppy disk, or a compact disk.

Additionally, U.S. citizen K purchases a copy of X's photo and takes it to the same country Xanadu. In Xanadu, K incorporates X's picture into one of his collages, and his studio employer sells copies of the photo. K eventually returns to reside in the United States, but he periodically consults with the studio and, for a licensing fee, authorizes the studio to make additional copies of visual works to which he owns the Xanadu copyright when those works are sold out. The art studio later decides to start selling copies of its works to U.S. citizens over the Internet without notifying K. The studio delivers the copies ordered

³ See Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505, 506-07 (1997).

⁴ See *id.*; see also, e.g., GLOBAL JURISDICTIONS, *supra* note 2, at 45-46, 357.

⁵ Singapore, for example, has quite narrow adaptation and public-display rights for artistic works. See *id.* at 273, 276.

⁶ Berne Convention for the Protection of Literary and Artistic Property, Sept. 9, 1886, 123 L.N.T.S. 233, reprinted in 3 COPYRIGHT LAWS AND TREATIES OF THE WORLD (1977) [hereinafter Berne Convention]. The Berne Convention was completed at Paris on May 4, 1896; revised at Berlin on November 13, 1908; completed at Berne on March 20, 1914; revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971; amended at Paris on July 24, 1979; and entered into force for the United States on March 1, 1989. See INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE 82-85 (1995).

⁷ Agreement on Trade-Related Aspects of Intellectual-Property Rights, April 15, 1994, 33 I.L.M. 81 [hereinafter TRIPs Agreement].

over the Internet through the mail or transmits them electronically through a File Transfer Protocol service.

Is there any way a U.S. federal court can apply U.S. copyright law to grant X legal recourse against Q and K? This Article will attempt to provide some insight and guidance to answer that question. The first and foremost consideration, though, is that extraterritorial application of U.S. statutes is constrained in large part by the presumption against extraterritoriality, an American legal concept limiting the subject-matter jurisdiction of all acts of Congress.⁸ As discussed below, its application is far from uniform; however, its application to U.S. copyright law, if erroneous in any particular manner, has been fairly uniform and consistent.⁹ At this point, though, a brief overview of the historical legal evolution of this most significant limitation on the reach of U.S. copyright law is instructive.

I. THE PRESUMPTION'S HISTORICAL EVOLUTION IN THE UNITED STATES

The presumption against extraterritoriality originates from the United States Supreme Court's directive "that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial boundaries of the United States."¹⁰ Because it is widely recognized that there is no constitutional bar reducing Congress's power to legislate extraterritorially, the rule is a mere canon of statutory construction.¹¹ In the early 1800's, the Supreme Court utilized the presumption to curtail the reach of federal piracy and customs laws.¹² The most famous statement of the presumption eventually came from the 1909 case *American Banana Co. v. United Fruit Co.*,¹³ in which Justice Holmes said that "the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done."¹⁴ Although *American Banana* failed to extend the Sherman Antitrust Act¹⁵ to anticompetitive conduct committed by a U.S. company in Costa Rica and Panama, the lower federal courts found ways to avoid the application of its holding to other antitrust cases as well as to cases under the Securities

⁸ See WILLIAM R. SLOMANSON, *FUNDAMENTAL PERSPECTIVES ON INTERNATIONAL LAW* 208 (3d ed. 2000).

⁹ See *infra* Part IV.B-D.

¹⁰ *Foley Bros., Inc. v. Filardo*, 336 U.S. 281, 285 (1949).

¹¹ See Bradley, *supra* note 3, at 510-11.

¹² See William S. Dodge, *Understanding the Presumption Against Extraterritoriality*, 16 *BERKELEY J. INT'L L.* 85, 85 (1998).

¹³ 213 U.S. 347 (1909).

¹⁴ *Id.* at 356.

¹⁵ 15 U.S.C. §§ 1-7 (1994).

Exchange Act of 1934¹⁶ and the Lanham Act.¹⁷ The Supreme Court repeatedly denied certiorari for these cases during the ensuing decades.¹⁸ This pattern continued through 1987, when the *Restatement (Third) of Foreign Relations Law* disclaimed Holmes' famous statement as the current state of the law.¹⁹ Then, in 1991, after forty years of silence since the decision in *Foley Brothers v. Filardo*,²⁰ the Supreme Court rejuvenated the presumption by applying it in *EEOC v. Arabian American Oil Co. ("Aramco")*.²¹ In *Aramco* the Supreme Court refused to apply Title VII²² to a U.S. company in Saudi Arabia that employed a naturalized U.S. citizen, even though administrative interpretations of Title VII, its legislative history, and implications from its exemptions could have been used to overcome the presumption against its extraterritorial application. Thus, the Court appeared to have adopted a clear-statement rule requiring Congress to explicitly rebut the presumption.²³

Although the presumption's viability has generally fluctuated over the past century, it remains a steadfast part of U.S. copyright law.²⁴ In fact, until this past decade, it has been relatively uncontroversial in its application to specific copyright cases. For an early example, in its 1908 decision in *United Dictionary Co. v. G. & C. Merriam Co.*,²⁵ the Supreme Court held that U.S. law did not require the attachment of copyright notice to publications outside the United States because it was unlikely that Congress intended to extend such a legal requirement beyond its sphere of territorial control.²⁶ Indeed, the trend of strictly enforcing the presumption, at least with regard to copyright law (unlike trademark and antitrust law), continued in the controversial 1994 Ninth Circuit decision *Subafilms, Ltd. v. MGM-Pathe Communications Co.*²⁷ In that case, the court held that U.S. law does not prohibit a U.S. resident from authorizing foreign activity which would constitute copyright infringement if conducted in U.S. territory.²⁸ As discussed below, exceptions permitting the partial extraterritorial

¹⁶ 15 U.S.C. §§ 78a-78ll (1994).

¹⁷ 15 U.S.C. §§ 1114-25 (1994).

¹⁸ See Dodge, *supra* note 12, at 85-86, 91.

¹⁹ See *id.* at 86.

²⁰ 336 U.S. 281 (1949).

²¹ 499 U.S. 244, 248 (1991).

²² 42 U.S.C. §§ 2000e-2000e-17 (1994).

²³ See Dodge, *supra* note 12, at 93.

²⁴ *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095-96 (9th Cir. 1994) (en banc).

²⁵ 208 U.S. 260 (1908).

²⁶ See Bradley, *supra* note 3, at 524 (citing *United Dictionary Co.*, 208 U.S. at 264).

²⁷ 24 F.3d 1088 (9th Cir. 1994) (en banc).

²⁸ See Bradley, *supra* note 3, at 524-25 (citing *Subafilms*, 24 F.3d at 1090).

application of U.S. copyright law do exist, but most require at least one act of direct infringement within U.S. territory.²⁹

With the history of the presumption against extraterritoriality in mind, this Article will map out all possible avenues for X to use in attempting to recover for the exploitive conduct in Xanadu. In doing so, this Article will necessarily explore the limits of the presumption in U.S. copyright law. It will also take the position that these boundaries have generally been stretched by the federal courts as far as they should go without further direction from Congress and that *Subafilms* was correctly decided.

In order to understand how the presumption specifically functions in the copyright arena and why the political branches are the most proper and effective vehicles for overcoming the above mentioned presumption³⁰ when someone like X looks for recourse in future decades, Part II of this Article will examine what it means for U.S. laws to apply extraterritorially, and Part III will examine the traditional rationales for and criticisms of the presumption.

II. WHAT THE PRESUMPTION AGAINST EXTRATERRITORIALITY REALLY MEANS

There are three possible definitions of the presumption: (1) U.S. law applies only to conduct occurring within U.S. territory, even when foreign conduct has effects in the United States, but not to any foreign conduct (the Holmes view).³¹ (2) U.S. law applies only to conduct that has effects in the United States even if the conduct occurs abroad. Moreover, U.S. law does not apply to conduct occurring within U.S. territory that only had effects abroad (the Bork view).³² (3) U.S. law applies to conduct that either occurs within U.S. territory or has effects there (the Mikva view).³³

Another important question is whether or not the presumption is a clear-statement rule. In other words, there is a question whether the presumption is rebutted only by statutory language explaining the extraterritorial application of the law or whether it is rebutted by any evidence seeming to indicate that Congress desired extraterritorial application of the law at issue.

A. *U.S. Law Applies Only to Conduct Occurring Within U.S. Territory*

As mentioned above, Justice Holmes recited the traditional view of the presumption in the 1909 *American Banana* decision when he said, “[T]he general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is

²⁹ See *infra* Part IV.B-D.

³⁰ See *infra* Part III.D.

³¹ See Dodge, *supra* note 12, at 88.

³² See *id.* at 88, 96.

³³ See *id.* at 88-89.

done.”³⁴ Also, the Ninth Circuit applied this reasoning in *Subafilms*, when the court rejected the possibility that the presumption could be overcome simply by showing that a U.S. party was adversely affected.³⁵ As explored below, the territorial nature of copyright law,³⁶ the public-international-law regimes,³⁷ and the basis for two of the well-recognized domestic exceptions permitting the partial extraterritorial application of U.S. copyright law³⁸ are consistent with this view of the presumption. Additionally, the European Commission rejected a “country of origin” approach to transnational copyright disputes in favor of a territorial approach consistent with this version of the presumption.³⁹

B. U.S. Law Applies Only to Conduct Having Effects Within U.S. Territory

Judge Bork adopted this view of the presumption in *Zoelsch v. Arthur Anderson & Co.*⁴⁰ Additionally, the Supreme Court utilized it in *Steele v. Bulova Watch*⁴¹ when it noted that a failure to apply the Lanham Act extraterritorially would result in an adverse economic impact in the United States. The truly controversial aspect of this view flows from Judge Bork’s “doubt that an American court should ever assert jurisdiction over domestic conduct that causes loss to foreign investors.”⁴²

This understanding results in considerable tension when applied to U.S. copyright law. For instance, even if Congress intended the 1976 Copyright Act⁴³ to prevent situations where an American citizen is economically harmed as in *Subafilms*, one cannot contend that the statute was intended to cover *only* situations where the effects of copyright infringement are felt in the United States. Such a contention fails to acknowledge (1) the foreigner receiving U.S. copyright protection by publishing his work in any member of the Berne Convention or by conveyance⁴⁴ as well as (2) the national-treatment provisions of any num-

³⁴ See *id.* at 88 (citing *American Banana*, 213 U.S. at 356).

³⁵ See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1096 (9th Cir. 1994) (en banc).

³⁶ See *infra* Part III.E.

³⁷ See *id.*

³⁸ See *infra* Parts IV.B-C.

³⁹ Austin, *supra* note 1, at 3.

⁴⁰ 824 F.2d 27 (D.C. Cir. 1987).

⁴¹ 344 U.S. 280 (1952); see also *United States v. Sisal Sales Corp.*, 274 U.S. 268 (1927) (due to effects in the United States, Sherman Act applied to conspiracy to monopolize sisal imports carried out by U.S. citizens abroad).

⁴² *Zoelsch*, 824 F.2d at 32.

⁴³ 17 U.S.C. §§ 101-702 (1994).

⁴⁴ See Austin, *supra* note 1, at 15-16; Jane C. Ginsburg, *Extraterritoriality and Multiterritoriality in Copyright Infringement*, 37 VA. J. INT’L L. 587, 592-93 (1997).

ber of treaties which allow foreigners suing for infringement occurring in the United States the same legal rights as U.S. citizens. If a foreigner holding a U.S. copyright brought suit in a U.S. federal district court for copyright infringement in the United States, this reading prevents U.S. law from applying to the situation and would result in dismissal for lack of subject-matter jurisdiction. Although the conduct occurred exclusively in the United States, the effects would have been felt abroad only in the country where the foreigner resides. Therefore, unlike the Holmes view, the Bork definition of the presumption is entirely incompatible with U.S. copyright law.

C. *U.S. Law Applies Either to Conduct Occurring in the United States or Having an Effect There*

Chief Judge Mikva expressed this view of the presumption in *Environmental Defense Fund v. Massey*.⁴⁵ He noted that the Sherman Act, the Lanham Act, and the Securities Exchange Act have all been applied to foreign conduct when failing to do so presented a threat of adverse effects within the United States.⁴⁶ As the broadest view of what is not subject to the presumption, this definition clears up the above copyright-law anomaly resulting from the Bork view but leaves questionably little conduct *not* regulated by U.S. statutes in certain contexts. However, as a general principle, it is consistent with the *Restatement (Third) of Foreign Relations Law's* conception of the presumption, as the *Restatement* permits a state to prescribe law with respect to "conduct outside its territory that has or is intended to have substantial effect within its territory."⁴⁷

To understand what this view adds to the Holmes view, exploring the meaning of "effects in the United States" is necessary. Using the above hypothetical as an example, "effects in the United States" means one of two things: First, it may refer to the personal anguish and loss of creative motivation felt by a U.S. rights holder such as X when he loses control over a work with which he might not be satisfied. That is, distribution could occur in the United States against his will after a U.S. citizen downloads from Q's website copies of the collage containing X's image and either prints them out or saves them to a disk. Second, it may refer to X's loss of the profits he would have made both here and in Xanadu if his work had not been distributed for free as part of Q's derivative work or had not been sold by the studio formerly employing K in Xanadu.

Removing foreign "conduct causing effects in the United States" from the ground reached by the presumption has an obvious appeal over the Holmes view in that it is more protective of U.S. interests. However, when applied to U.S. copyright law, Mikva's view seems to nullify the presumption. Foreign conduct made legal by the differing copyright regimes of other nations will un-

⁴⁵ 986 F.2d 528 (D.C. Cir. 1993).

⁴⁶ *See id.* at 531.

⁴⁷ RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW § 402(1)(c) (1986).

doubtedly cause both of the above effects in the United States a consequence of the fact that digitized copyrighted works are now easier to copy and transmit than conventional ones (and digitized copies are of the same quality as the original)⁴⁸ is that the future domestic effects of foreign conduct will literally be multiplied. The multiplied effects will cause the Mikva view to be so expansive⁴⁹ relative to the Holmes view that it will become the centerpiece for debate about what the presumption against extraterritoriality really means when the 1976 Copyright Act is at issue. The material discussed in Part IV.D below will similarly show how the current debate regarding the correctness of *Subafilms* centers around the significance of foreign conduct's domestic effects. For the sake of uniformity and simplicity, however, the rest of this Article will refer to the Holmes view (U.S. copyright law applies only to conduct occurring in U.S. territory) whenever it mentions the presumption.

D. *Is the Presumption a Clear-Statement Rule?*

Although some believed the 1991 *Aramco* decision set out a clear-statement rule, the Supreme Court's jurisprudence since then has indicated that this may not be the case.⁵⁰ Rather, federal courts have examined any available evidence of congressional intent in order to determine whether the presumption has been rebutted.⁵¹ A statute's aggregated provisions, its underlying purpose, and nontextual sources such as legislative histories and administrative-agency interpretations are fair game for analysis.⁵² Indeed, federal statutes have overcome the presumption against extraterritoriality despite lacking a clear statutory directive in the areas of antitrust law, securities law, admiralty law, trademark law, and federal criminal law.⁵³ Furthermore, the fact that the copyright statute's exclusive-rights section⁵⁴ and general-infringement provision⁵⁵ fail to address issues of territoriality does not necessarily preclude a U.S. federal court from finding that U.S. copyright law applies extraterritorially in some respect, at least if a litigant presents appropriate supplementary evidence to rebut the presump-

⁴⁸ See Kai Burmeister, *Jurisdiction, Choice of Law, Copyright, and the Internet: Protection Against Framing in an International Setting*, 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 625, 631 (1999).

⁴⁹ "This facet of territorial jurisdiction [the 'effects doctrine'] is more easily abused and thus subject to more limitations under International Law." SLOMANSON, *supra* note 8, at 210.

⁵⁰ See Dodge, *supra* note 12, at 110.

⁵¹ See *id.* at 97.

⁵² See *id.* at 111, 123.

⁵³ See Bradley, *supra* note 3, at 519, 568; Sean A. Monticello, *Subafilms Revisited: The Case for Imposing Liability on Domestic Authorizers of Extraterritorial Copyright Infringements*, 1 J. INTELL. PROP. 101, 126 (1999).

⁵⁴ 28 U.S.C. §§ 106-106A (1994 & Supp. V 1999).

⁵⁵ 28 U.S.C. § 501 (1994 & Supp. V 1999).

tion.

III. JUSTIFYING THE PRESUMPTION AGAINST EXTRATERRITORIALITY

Just as the precise meaning of the presumption as it generally applies to various federal statutes remains unresolved, the rationale for the presumption in the first place remains unfixed. For example, the United States Supreme Court has articulated five different justifications for the presumption. Additionally, secondary legal sources have described two more justifications. The bases for employing the presumption with regard to U.S. copyright law will later provide principles for analyzing the propriety of the various loopholes to the presumption listed in Part IV.

A. *The Congressional-Intent Justification*

The foremost justification for the presumption – and according to one scholar, Professor Dodge, the only legitimate one – is that it effectuates congressional intent. The essential premise underlying the presumption, then, is that Congress nearly always legislates with domestic concerns in mind.⁵⁶ Although the copyright statute, unlike the patent statute, contains no language indicating that its scope is limited to U.S. territorial borders, a presence (rather than absence) of language may be needed to indicate that Congress had more than domestic conditions in mind,⁵⁷ at least according to the *Aramco* holding. When Congress wishes to legislate extraterritorially, there is evidence that it does so unambiguously. For example, the Economic Espionage Act of 1996⁵⁸ explicitly makes conduct violating trade-secret protections and occurring outside the United States subject to criminal penalties,⁵⁹ and the Biological Weapons Anti-Terrorism Act grants federal jurisdiction over defined extraterritorial offenses committed by or against U.S. nationals.⁶⁰

The effectuation of congressional intent appears in some respects to be consistent with the constitutional sources of power for copyright and trademark law and the divergent application of the presumption to each area. That is, the power Congress used to pass each set of laws might reveal whether Congress intended to reach extraterritorially in each case. The Lanham Act is based on the

⁵⁶ See Bradley, *supra* note 3, at 516; Dodge, *supra* note 12, at 90. For example, when Congress passed the Sherman Act, it was trying to prevent Standard Oil Company from monopolizing trade and raising prices. When it passed Title VII of the 1964 Civil Rights Act, it was responding to the U.S. civil rights movement. When it passed the Securities Act of 1933, it was responding to the stock-market crash precipitating the Great Depression. See Dodge, *supra* note 12, at 117-18.

⁵⁷ See Bradley, *supra* note 3, at 522-23.

⁵⁸ 18 U.S.C. §§ 1831-39 (Supp. V 1999).

⁵⁹ See Bradley, *supra* note 3, at 554.

⁶⁰ See 18 U.S.C. § 175 (1994 & Supp. V 1999).

expansively interpreted Commerce Clause⁶¹ granting Congress the authority to regulate both interstate and foreign commerce,⁶² while copyright law is grounded in a narrower, more explicit Article I, Section 8 grant of regulatory power.⁶³ As such, a federal court may have subject-matter jurisdiction over a trademark dispute (if the plaintiff passes the *Bulova*-based balancing test) even when there is no domestic act of infringement; however, at least one act of domestic infringement is usually required for a federal court to have subject-matter jurisdiction over a U.S. copyright-law dispute.⁶⁴

Though one domestic act of infringement is required for copyright suits, critics have pointed out that when the effects of conduct do not occur where the conduct itself occurs, congressional intent has been more focused on harmful effects in the United States and not on conduct occurring here.⁶⁵ For instance, Congress specifically excluded from Sherman Act coverage anticompetitive conduct in the United States which causes exclusively foreign effects.⁶⁶ These critics argue as an empirical matter that Congress gradually has turned its regulatory focus away from domestic conduct as a result of international investment and trade, and thus the domestic-legislative-focus rationale is now largely outdated.⁶⁷ Furthermore, when it is clear from the subject matter of a statute that Congress was concerned with more than just domestic conditions, critics often contend the presumption should be rebutted.⁶⁸

However, the language or subject matter of the copyright statute (with one possible small exception discussed in Part IV.A) does not clearly show that Congress was concerned with more than domestic conditions,⁶⁹ so these contentions do not provide any clear answer for a statute that lacks language indicating whether it should apply to extraterritorial events. Also, these contentions do not entirely undermine this rationale for using the presumption. At best, they make a case for arguing that the presumption should be easier to overcome with proper

⁶¹ U.S. CONST. art. I, § 8, cl. 3.

⁶² The Lanham Act covers "all commerce which may lawfully be regulated by Congress." *Steele v. Bulova Watch Co.*, 344 U.S. 280, 284 (1952). In *Aramco*, the Supreme Court distinguished Title VII from the Lanham Act on this basis, applying the presumption to Title VII. See Bradley, *supra* note 3, at 572; Dodge, *supra* note 12, at 94.

⁶³ See Neil A. Smith, *Obtaining Trademark and Copyright Enforcement in the United States for Infringement Abroad*, 6 J. PROPRIETARY RTS. 8, 14 (1994).

⁶⁴ Of course, the U.S. federal courts disagree over whether mere authorization alone constitutes a domestic act of infringement. See *infra* Part IV.D.1.

⁶⁵ See Dodge, *supra* note 12, at 118-19.

⁶⁶ See *id.* at 119.

⁶⁷ See Bradley, *supra* note 3, at 518-19.

⁶⁸ See Dodge, *supra* note 12, at 123.

⁶⁹ See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1096 (9th Cir. 1994) (en banc).

evidence and that it does not represent a clear-statement rule. And, although “Congress is more globally focused today than in the past, there is no empirical evidence suggesting that Congress *generally wishes* to regulate foreign conduct,”⁷⁰ even if Congress is more concerned with domestic effects than with domestic conduct.

Critics also argue that just because the subject matter of the Copyright Clause of the U.S. Constitution is narrower than that of the Commerce Clause, the territorial confines of its regulatory reach are not necessarily narrower than those of the Commerce Clause.⁷¹ Furthermore, the source of Congress’s power to pass the copyright statute should not bear on its intent regarding extraterritorial application. Nevertheless, this argument ignores the fact that the Commerce Clause specifically refers to foreign commerce, whereas the Copyright Clause appears on its face to concern itself with purely domestic matters, just as the other provisions for establishing bankruptcy laws and post offices do. There is no contention that Congress could not pass a copyright act grounded in both clauses; however, such an intent would be nearly impossible to discern without Congress’s explicit indication.⁷² Otherwise, it would seem most logical to assume that Congress intends to ground legislation in the constitutional power most closely related to a particular statute. This assumption gives Congress a background rule that forces it to clearly say otherwise. Indeed, the congressional-intent rationale for the presumption is inextricably linked to the next rationale: giving Congress a clear background rule encourages it to address the territorial implications of its legislation.

B. *The Clear-Background-Rule Justification*

Although this justification has not been utilized by the Supreme Court, scholars have suggested that when federal courts give Congress a clear background rule, even if it is not the most desirable one, they encourage Congress to predict the application of its statutes, effectuate its intent more precisely, and provide guidance on extraterritoriality.⁷³ The increase in international legislation may actually increase the need for the presumption rather than decrease it, because sorting out the extraterritorial implications regarding a sizable mix of domestic and international legislation would be a time-consuming and potentially unwieldy task – the various *Bulova*-inspired tests for trademark cases being a good example of such a sorting attempt. The Supreme Court demonstrated the utility of this background-rule approach when the Court held that the issues concerning the manufacture and sale of parts which would infringe a U.S. patent if assembled domestically – but which were to be assembled abroad – were not

⁷⁰ Bradley, *supra* note 3, at 557 (emphasis added).

⁷¹ *See id.* at 539.

⁷² *See, e.g.*, 42 U.S.C. § 12101(b)(4) (1994).

⁷³ *See* Bradley, *supra* note 3, at 555; Dodge, *supra* note 12, at 90.

within the subject-matter jurisdiction granted to federal courts by the U.S. patent statute, and then Congress amended the statute to cover such activity twelve years later.⁷⁴ Federal district courts were thereafter able to act with specific guidance from Congress instead of applying uncertain, judicially created balancing tests.⁷⁵

In § 602 of the 1976 Copyright Act, Congress addressed the only situation in which it clearly wants U.S. copyright law to apply to foreign conduct: the instance in which imports not in violation of the origin country's copyright law enter the United States and infringe rights under U.S. copyright law.⁷⁶ When the Internet largely bypasses the effectiveness of § 602's protection (as it does in the above case of X and Q), the presumption forces Congress to say that Q's website in Xanadu is subject to U.S. copyright law by virtue of being accessible to U.S. residents instead of making federal courts come to inconsistent rulings. In other scenarios, Congress would be encouraged to be as explicit as it was in § 602.

There are two lines of criticism directed at this justification for the presumption. First, to be effective, the presumption must be a stable, unchanging rule so that Congress may clearly perceive and respond to it.⁷⁷ This situation may still be possible in the future, but historically it has not been the case. When Congress passed Title VII in 1964, the presumption was not considered good law, and Congress had no idea that it would need to give a "clear statement" regarding its intent to apply Title VII extraterritorially according to *Aramco*.⁷⁸ Second, all canons of construction, such as the presumption against extraterritoriality, have allocational effects which require an independent normative justification.⁷⁹ That is, a default rule refusing to apply U.S. copyright law extraterritorially does more than force Congress to be more explicit; it systematically disadvantages transnational U.S. companies dealing in copyrighted materials. However, for reasons discussed in Part II.D, establishing normative justifications for allocations of money and property is more the duty of the legislature than of the courts. Therefore, it may not be entirely improper for a federal court to use a background rule which encourages Congress to avoid shirking issues bearing both on such allocations and on delicate international relations.

C. *The Domestic Choice-of-Law Rules Justification*

A third justification for the presumption is that it is consistent with do-

⁷⁴ See Bradley, *supra* note 3, at 570-71.

⁷⁵ See *id.*

⁷⁶ See *id.* at 571.

⁷⁷ See Dodge, *supra* note 12, at 122.

⁷⁸ See *id.*

⁷⁹ See *id.* at 123.

mestic state-law choice-of-law tort rules to allow other sovereigns to determine the lawfulness of allegedly infringing activities occurring within their borders.⁸⁰ Copyright infringement is analogous to a property tort because a tort is a violation of a duty which the law imposes on one person to another and the 1976 Copyright Act demands that those subject to it respect the § 106 exclusive rights of authors who create protected works.⁸¹ In *American Banana*,⁸² the 1909 Court noted that the *lex loci delicti* rule for torts requires that the lawfulness of conduct must be determined by the territory in which the conduct occurs.⁸³ In fact, a minority of states currently follow such a territorial choice-of-law approach due to the lack of guidance and uncertainty inherent in the more modern choice-of-law rules.⁸⁴ The *lex loci* rule also has the benefit of creating a uniform standard that is easy to apply and minimizes the costs of determining what law applies in complex multinational copyright-infringement cases.⁸⁵

Nevertheless, this justification is now one of the most discredited justifications for the presumption. Since 1909, state choice-of-law rules have undergone radical transformation. The strict territorial approach of *lex loci delicti* was first replaced in the 1950's and 1960's by Currie's "governmental-interest analysis," which asks whether the facts of a particular case implicate the policies each legislature had in mind when it passed the particular forum or nonforum statute which could potentially be applied to the case.⁸⁶ The facts of a case might implicate the policies of just one government's statute (a "false conflict"), no government's statute (an "unprovided-for case"), or the statutes of both or all jurisdictions (a "true conflict").⁸⁷ In copyright cases, several jurisdictions will likely be "interested" in the application of their laws as long as each has made an effort to pass some form of a copyright statute whose policies appear to be vitiated.⁸⁸ In any event, the approach leaves open the possibility that the forum in which the suit is brought will apply its own law even if the alleged legal wrong took place in another jurisdiction. This possibility is true especially when the court is able to conclude that the forum's law source is interested but the

⁸⁰ See Bradley, *supra* note 3, at 515.

⁸¹ See Burmeister, *supra* note 48, at 661.

⁸² See *supra* Part I.

⁸³ See Bradley, *supra* note 3, at 515 (citing *American Banana*, 213 U.S. at 356).

⁸⁴ See *id.* at 546.

⁸⁵ See Michael J. O'Sullivan, *International Copyright: Protection for Copyright Holders in the Internet Age*, 13 N.Y. INT'L L. REV. 1, 38-39 (2000).

⁸⁶ See Bradley, *supra* note 3, at 517-18; Dodge, *supra* note 12, at 115.

⁸⁷ See GENE R. SHREVE, A CONFLICT-OF-LAWS ANTHOLOGY 71 (1997).

⁸⁸ Jurisdictions with relatively weak (or short-termed) copyright laws tend to be more interested in the dissemination of works, while those with stronger ones tend to be more interested in encouraging authorship rather than facilitating public access. Cf. Richard A. Epstein, *Intellectual Property: Old Boundaries and New Frontiers*, 76 IND. L.J. 803, 823 (2001).

nonforum jurisdiction is uninterested in applying its law.⁸⁹ This approach, of course, is inconsistent with a strict application of the presumption against extraterritoriality.

Eventually, Currie's approach gave rise to the 1971 *Restatement (Second) of Conflict of Laws*, which asks what tort law has the "most significant relationship" to the parties and the transaction.⁹⁰ Section six of the *Restatement* employs a balancing test which incorporates Currie's approach among a handful of other factors. Again, it is entirely permissible for the forum to apply its own law to events occurring outside its borders. Thus, as a result of the *Restatement's* unpredictable application to any given case, its broad range of policy factors, as well as other divergent modern approaches, there is no longer any prevalent theory underlying choice-of-law doctrine,⁹¹ much less one that is consistent with the presumption against extraterritoriality.

D. *The Separation-of-Powers Justification*

A fourth justification for the presumption is the separation-of-powers rationale, which considers two different aspects of extraterritorial application: institutional competence of the judiciary and constitutional prerogative. The issue of institutional competence is raised by the fact that the judicial branch, unlike the other two branches, does not have the same access to data concerning U.S. economic and security interests throughout the world and the views of foreign governments.⁹² Additionally, "the case and controversy requirement [in the U.S. Constitution], the rule of stare decisis, and the need to issue reasoned opinions [all] undermine the ability of the judicial branch to anticipate and respond to changing foreign political situations" in a timely manner.⁹³ The fact that Congress has been more frequently explaining the extraterritorial reach of federal statutes in explicit language for courts to apply⁹⁴ does not enhance the judiciary's ability to ascertain their reach on its own – at least in the absence of proper foreign-policymaking tools and constituent feedback.⁹⁵ The competence issue becomes strikingly apparent when, in deciding whether or how to apply U.S. statutes extraterritorially, a court creates a balancing test of various factors rep-

⁸⁹ See *id.*

⁹⁰ See Bradley, *supra* note 3, at 518; Dodge, *supra* note 12, at 115 (citing RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145 (1971)).

⁹¹ See Dodge, *supra* note 12, at 115.

⁹² See Bradley, *supra* note 3, at 550.

⁹³ *Id.*

⁹⁴ See SLOMANSON, *supra* note 8, at 208.

⁹⁵ See Bradley, *supra* note 3, at 561. The increase in frequency might even increase the interpretive significance of occasions when a federal statute is void of any language explaining its extraterritorial reach. It tends to show that Congress knows how to make laws with extraterritorial force when it so desires. See *infra* text accompanying note 240.

resenting domestic and foreign interests.⁹⁶ These tests enlarge judicial authority to alarming levels whenever foreign-affairs issues are present because they seldom provide courts with much guidance.⁹⁷ Also, they tend to be unpredictable in their application, giving businesses little notice about how to structure decisions and plan for potential litigation.⁹⁸

The issue of constitutional authority relates to the fact that the U.S. Constitution assigns the policymaking authority and the foreign-affairs powers entirely to the legislative and executive branches;⁹⁹ therefore, the sensitive policy questions raised in determining whether or how to apply federal statutes to foreign conduct ought to require a strict application of the presumption.¹⁰⁰ When foreign copyright infringement does have effects in the United States, one proper solution (before invoking the extraterritorial application of U.S. copyright law) is to call on the political branches of the federal government to convince foreign nations to strengthen or better enforce their own intellectual-property laws or to threaten them if they do not.¹⁰¹ In recent years, this is exactly what they have done.¹⁰² If used to resolve questions of extraterritoriality, the case-by-case judicial-decision-making process could substantially impair the ability of the executive branch to perform in this capacity, such as when it attempts to negotiate an international intellectual-property treaty with favorable terms.¹⁰³ For example, the executive branch has authority to sue other member countries in a World Trade Organization ("WTO") forum if their intellectual property laws do not comply with the TRIPs Agreement, and if successful, the executive may need to retaliate against the sued country for refusing to comply with the awarded WTO remedy.¹⁰⁴ The federal judiciary already seems to recognize its potential to interfere with such delicate matters when a legal doctrine other than the presumption against extraterritoriality is at issue. That is, the federal judiciary still strictly enforces the political-question doctrine with respect to foreign affairs – even though the doctrine has been subject to erosion in other

⁹⁶ See Note, *Predictability and Comity: Toward Common Principles of Extraterritorial Jurisdiction*, 98 HARV. L. REV. 1310, 1311-13 (1985).

⁹⁷ See Bradley, *supra* note 3, at 555-56.

⁹⁸ See *id.* at 556.

⁹⁹ For an example of Congress's exercise of this authority, see H.R. Res. No. 609, 100th Cong., 2d Sess., at 18-20 (1988); S. Rep. 352, 100th Cong., 2d Sess., at 2-5 (1988), *reprinted in* 1988 U.S.C.C.A.N. 3706, 3707-10.

¹⁰⁰ See Bradley, *supra* note 3, at 516.

¹⁰¹ See, e.g., GLOBAL JURISDICTIONS, *supra* note 2, at 46-47.

¹⁰² See, e.g., II WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 1293-94 (1994).

¹⁰³ See *Banco Nacional de Cuba v. Sabbatino*, 376 U.S. 398, 432 (1964).

¹⁰⁴ See Bradley, *supra* note 3, at 572.

fields.¹⁰⁵ The same considerations of constitutional policymaking authority ought to factor into the vitality of the presumption against extraterritoriality.

Nonetheless, some critics contend that it is actually judicial activism for a court using the presumption to always balance the conflict between avoiding disharmony with foreign nations and effectuating Congress's concern for domestic conditions in favor of the former.¹⁰⁶ They feel that as a matter of legislative intent, Congress cares much more about remedying foreign conduct causing domestic ills than avoiding foreign conflicts. As an example, they point to the strenuous, unwavering foreign objections to congressional acquiescence in the extraterritorial application of U.S. antitrust law, which they claim have led in the long run to the negotiation of friction-relieving agreements providing for international antitrust cooperation rather than to interference with such agreements.¹⁰⁷

This contention questionably assumes that the judiciary will always be able to decipher astutely when its extraterritorial application of U.S. law will engender long-term international cooperation rather than discord, since that happened to be the case in the antitrust arena. At a more basic level, it also fails to address the fact that the federal judiciary has neither the institutional resources, the democratic mandate, nor the constitutional authority to consistently and soundly make such delicate foreign-policy judgment calls, as discussed above. Finally, although it accurately recognizes that Congress is normally more often concerned about alleviating the effects of conduct on domestic conditions instead of avoiding international conflicts, the critics' contention wrongfully posits that the judiciary can effectively and regularly decipher which concern is the case. It thereby fails to acknowledge that the judiciary will likely be more accurate in doing its job (effectuating congressional intent) with a bright-line background rule than it would be if it tried to surmise when foreign conduct causing effects in the United States was intended to be subject to regulation, because Congress rarely even considers foreign conduct at all while fashioning a rule to govern what appears to be a predominantly domestic problem (such as the need for encouraging the domestic creation of intellectual property in 1976). For the rare situation in which Congress does clearly take foreign conduct into consideration but does not explicitly address it in its resulting statute, a recognition of Congress's predominant concern for domestic conditions would be an appropriate type of evidence to consider in determining whether the presumption has been rebutted and would involve the federal court in a more appropriate statute-interpreting role. The critics assume inaccurately that Congress regularly considers foreign conduct in the first place.¹⁰⁸ If it has not done so in a particular

¹⁰⁵ See, e.g., *United States v. Martinez*, 904 F.2d 601, 602 (11th Cir. 1990); see Bradley, *supra* note 3, at 560.

¹⁰⁶ See Dodge, *supra* note 12, at 120.

¹⁰⁷ See *id.* at 121-22.

¹⁰⁸ See Bradley, *supra* note 3, at 557.

case, constructing a blanket rule to govern the case as though Congress normally considers it (*i.e.*, a nonrecognition of the presumption against extraterritoriality) is yet another form of judicial activism – a form that is less consistent overall with the U.S. Constitution's separation of powers.

E. *The International-Law Justification*

A fifth justification for the presumption, one cited by the Supreme Court in *Aramco*,¹⁰⁹ is its consistency with international law.¹¹⁰ A longstanding canon of statutory construction mandates that if possible, a court should interpret a federal statute so as not to violate international law.¹¹¹ International law appears to support the presumption on both a general and specific level.

As a matter of general customary international law, there is at least some limit to a country's legal ability to impose its laws on people and conduct beyond its borders.¹¹² Critics of the presumption have pointed out that throughout this century, though, there has been an expansion of the legal grounds on which a country may exercise prescriptive jurisdiction over (1) its nationals' behavior wherever they go (the "nationality principle") and (2) foreign conduct which causes effects or is otherwise completed within its territory (the "objective territorial principle").¹¹³ Additionally, (3) the "passive-personality principle" permits a state to protect its own nationals from conduct outside its borders,¹¹⁴ (4) the "protective principle" permits a state to defend itself from hostile acts in other states having potentially adverse effects within the state,¹¹⁵ and (5) the "subjective territorial principle" permits a state to punish illegal conduct that starts within its borders and ends abroad.¹¹⁶ As early as 1927, the Permanent Court of International Justice acknowledged that international law leaves states wide discretion in applying their laws extraterritorially, subject to limited exceptions.¹¹⁷

Nevertheless, the criticisms of the more general international-law justification are dwarfed by the more specific considerations which support the presumption in one particular legal area: international intellectual-property law.¹¹⁸

¹⁰⁹ See *supra* Part I.

¹¹⁰ See Bradley, *supra* note 3, at 510.

¹¹¹ See *id.* at 514-15.

¹¹² See *id.* at 514.

¹¹³ See RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW §§ 402, 404 (1986).

¹¹⁴ See SLOMANSON, *supra* note 8, at 213.

¹¹⁵ See *id.* at 214.

¹¹⁶ See *id.* at 209-10.

¹¹⁷ See *id.* at 210-11; Dodge, *supra* note 12, at 114.

¹¹⁸ See Austin, *supra* note 1, at 22.

Many bilateral and multilateral treaties regulate their member countries' protection of intellectual property in a structured manner.¹¹⁹ The most important multilateral treaties include the Universal Copyright Convention,¹²⁰ the Paris Convention for the Protection of Industrial Property,¹²¹ the Berne Convention, the TRIPs Agreement, and NAFTA.¹²² These agreements all contain two themes which seem to indicate an international consensus that intellectual-property laws are territorial: the minimum-rights principle and the national-treatment principle.¹²³ The territorial nature of intellectual-property laws would furthermore be in harmony with a Holmes-variety presumption against the extraterritorial application of U.S. copyright law, but not a Bork- or Mikva-variety version of the presumption.¹²⁴

First, the above agreements try to harmonize intellectual-property laws by mandating a base level of protection for the intellectual property recognized in each country. Variation in each country's law is permitted to the extent that it only increases the level of protection above the base level. However, legitimate variations would end up being nullified if one member country could apply its copyright law to conduct occurring in another country's territory, regardless of whether that conduct caused harmful effects within the former country.¹²⁵ It is also not clear why the members of the above treaties would agree on the goal of harmonization if the differences among various countries' copyright regimes were not legitimate and fully applicable within their respective borders.¹²⁶ Essentially, extraterritorial application would engender a "race to the top"; any business in each member country operating entirely on a domestic level would have to be mindful of the most protective country's copyright laws when handling intellectual property. Additionally, when dealing with copyrighted materials originating from the other member countries with various levels of lower protection, businesses would have to be cognizant of each variation and tediously apply it to all corresponding works according to the works' origin.¹²⁷

¹¹⁹ See James A.R. Nafziger, *NAFTA's Regime for Intellectual Property: In the Mainstream of Public International Law*, 19 HOUS. J. INT'L L. 807, 808 (1997).

¹²⁰ Universal Copyright Convention, Sept. 6, 1952, 6 U.S.T. 2731, 216 U.N.T.S. 132, as last revised, July 24, 1971, 25 U.S.T. 1341, 943 U.N.T.S. 178.

¹²¹ Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as last revised, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

¹²² North American Free Trade Agreement, Dec. 17, 1992, Can.-Mex.-U.S., 32 I.L.M. 289, 32 I.L.M. 605 (entered into force Jan. 1, 1994); see Austin, *supra* note 1, at 22; Bradley, *supra* note 3, at 546-47; O'Sullivan, *supra* note 85, at 27-28.

¹²³ See Austin, *supra* note 1, at 23-24; O'Sullivan, *supra* note 85, at 27.

¹²⁴ See *supra* Part II.

¹²⁵ See Austin, *supra* note 1, at 25; Bradley, *supra* note 3, at 549.

¹²⁶ See O'Sullivan, *supra* note 85, at 40.

¹²⁷ See Stephen Labaton, *Can Defendants Cry 'E-Sanctuary' and Escape the Courts?*, N.Y. TIMES, September 22, 1999, at G39; cf. SLOMANSON, *supra* note 8, at 213. Scholars question the

Second, the above agreements are based on a national-treatment principle which prohibits each member country from discriminating against foreign nationals when adjudicating intellectual-property disputes under its laws.¹²⁸ This protection for foreign nationals provides little additional value if the foreign national's home country's law applies to the allegedly infringing conduct in other member countries.¹²⁹ The extraterritorial application of U.S. copyright law would produce an anomaly for the non-discrimination goal of the national-treatment approach: A U.S. citizen may receive greater protection abroad in the country of infringement than would a national of the country of infringement itself owning the same intellectual property and bringing suit in home territory.¹³⁰ The original concern for foreign discrimination that prompted the national-treatment principle would thus be turned on its head if intellectual-property laws were not territorial.

As one final point supporting the international-law justification, the Berne Convention itself mandates that copyright protection "shall be governed exclusively by the laws of the country where protection is claimed."¹³¹ Although the interpretation is not without objection, most scholars have construed this language to mean that the applicable copyright law is that of the country where infringement physically occurs rather than that of the country where the rights holder brings the lawsuit.¹³² The majority interpretation also is in harmony with the Holmes view of the presumption.¹³³

F. *Doctrine-of-International-Comity Justification*

Whereas the international-law justification focuses on the mandates and prohibitions of international treaty regimes, this sixth justification focuses on a voluntary, magnanimous deference to the domestic legal regimes of other nations to avoid clashes between the laws of the forum and nonforum nations when either set of laws could theoretically be applied to an international copy-

"passive personality" jurisdictional principle – which allows a jurisdiction to prosecute a foreigner for harming one of its citizens while that citizen is abroad – for similar reasons. It would theoretically subject a resident of a large, diverse city to the criminal codes of numerous jurisdictions, depending on who he passed in the street. *Id.*

¹²⁸ See Bradley, *supra* note 3, at 547-48.

¹²⁹ See *id.* at 548.

¹³⁰ See *id.*; O'Sullivan, *supra* note 85, at 27.

¹³¹ Berne Convention, *supra* note 6, art. 5(2) (emphasis added)

¹³² See Austin, *supra* note 1, at 24-25; Bradley, *supra* note 3, at 549 n.222; O'Sullivan, *supra* note 85, at 37. There are nonetheless those who contend that the Berne conflict-of-laws rule points to the application of the law of the forum nation when it is the location from which the infringement had a type of "nerve center" origination. See Ginsburg, *supra* note 44, at 600-01.

¹³³ See *supra* Part II.A.

right dispute.¹³⁴ In *Aramco*,¹³⁵ the Supreme Court used this rationale to attempt to avoid the international discord which could result from applying Title VII to an American company in Saudi Arabia.¹³⁶ In its famous trademark-law decision, *Steele v. Bulova Watch Co.*,¹³⁷ the Court even explicitly made the absence of conflict with foreign trademark law a factor in its three-part test.¹³⁸ Also, international-comity principles were part of the Ninth Circuit's reasoning in *Subafilms*.¹³⁹ In the same spirit as one of the separation-of-powers rationales discussed above, the *Subafilms* court expressed concern about the possibility that application of U.S. copyright law to the domestic authorization of foreign conduct might cause discord interfering with the efforts of the political branches to obtain multilateral intellectual-property protection, especially since the United States was already a member of two such treaties which seemed to require recognition of a rule of territoriality for copyright law – the Berne Convention and the Universal Copyright Convention.¹⁴⁰

In addition to interfering with the negotiation of bilateral and multilateral intellectual-property treaties, the extraterritorial application of U.S. copyright law might foster disruptions to existing international dispute-settlement procedures under the WTO as well as to the use of Special 301 trade sanctions¹⁴¹ in inducing foreign nations to enhance their own intellectual-property protection.¹⁴² When the United States Trade Representative considers using Special 301 in such an instance, she must also assess U.S. political and economic interests aside from the intellectual-property owners, the potential adverse impact on national security, the potential ineffectiveness of raising tariffs, and the status of executive negotiations – all evaluations not easily performed and weighed together by federal courts.¹⁴³ Because the goal of this delicate process is to induce “priority” foreign countries to enact and enforce their own intellectual-property laws, it would be disruptive and inconsistent for federal courts to apply U.S. copyright law to conduct occurring within the “priority” foreign country as though that country's laws did not count.¹⁴⁴

¹³⁴ See Bradley, *supra* note 3, at 515.

¹³⁵ See *supra* Part I.

¹³⁶ See Dodge, *supra* note 12, at 92 (citing *Aramco*, 244 U.S. at 287-88).

¹³⁷ 344 U.S. 280 (1952).

¹³⁸ See *id.* at 285-86.

¹³⁹ See *infra* Part IV.D.

¹⁴⁰ See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1097 (9th Cir. 1994) (en banc); Smith, *supra* note 63, at 15.

¹⁴¹ 19 U.S.C. § 2242 (1994).

¹⁴² See II PATRY, *supra* note 103, at 1293.

¹⁴³ See Bradley, *supra* note 3, at 564.

¹⁴⁴ See *id.*

Empirical evidence also exists to support the international-comity rationale. For instance, international entities expressed outrage when the recent Helms-Burton Act¹⁴⁵ and the Iran-Libya Sanctions Act of 1996¹⁴⁶ included extraterritorial regulations as well as when federal courts applied U.S. antitrust law extraterritorially on several occasions. The antitrust-law decisions additionally resulted in diplomatic protests, antisuit injunctions, and foreign blocking statutes.¹⁴⁷

Professor Bradley argues that although it seems ironic, the current age of *globalism* actually heightens the need for a *territorial approach* to intellectual property, because the extraterritorial application of U.S. laws is more parochial than global insofar as it thwarts international cooperation and comity.¹⁴⁸ The underlying premise is that

[b]ecause every nation is acknowledged to have jurisdiction to regulate activities that occur within its own borders and because it is more common for the effects of conduct to be felt in more than one nation than it is for the conduct itself to occur in more than one nation, the surest way to avoid [the tension of] having more than one law apply to the same activity is to assign prescriptive jurisdiction exclusively on the basis of where the conduct occurs.¹⁴⁹

The extraterritorial application of U.S. copyright law is not cooperative because it is prone to upset the intricate policy balances that a foreign government has made in constructing its own copyright law.¹⁵⁰ Because copyright law involves granting a monopoly and limiting competitive uses of artistic and literary creations for a limited period of time, each nation must weigh the costs of limiting the diffusion and use of information in copyrighted form against the ultimate social enrichment gained by promoting the creation of works (assuming the nation does not employ a natural-rights framework of copyright law).¹⁵¹ This production-dissemination tradeoff will likely be struck to meet the needs of the

¹⁴⁵ 22 U.S.C. §§ 6021-91 (Supp. IV 1998).

¹⁴⁶ 50 U.S.C. § 1701 (Supp. IV 1998).

¹⁴⁷ See *Nomination of William Barr as Attorney General: Hearing Before the Senate Judiciary Committee*, 102nd Cong. 47-48 (1991) (statement of William Barr, candidate for U.S. Attorney General); Bradley, *supra* note 3, at 546 & n.258. As discussed above, some commentators believe that such reactions are positive insofar as they precipitate international agreements and cooperation in the long run. See *supra* text accompanying note 107.

¹⁴⁸ See Bradley, *supra* note 3, at 584.

¹⁴⁹ Dodge, *supra* note 12, at 115.

¹⁵⁰ Cf. SLOMANSON, *supra* note 8, at 207.

¹⁵¹ See ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 15-18, 327-28 (1997).

particular country at issue, as was the case for the hypothetical country Xanadu, by varying the types of exclusive rights granted to the creator, the term-of-protection length, and the scope of the property rights granted. The extraterritorial application of U.S. copyright law could deprive foreign markets of informational and artistic products which their governments see fit for dissemination.¹⁵² A foreign nation could potentially become so offended by this deprivation that it enacts a contrary law of its own to try to block the disrupting effects of the U.S. law.¹⁵³

Critics of this rationale for the presumption point out that it cannot be very important because the Supreme Court does not use it consistently.¹⁵⁴ In *Hartford Fire Insurance Co. v. California*,¹⁵⁵ the Court refused to apply the presumption even though the Sherman Act had a clear conflict with foreign law.¹⁵⁶ Conversely, the Supreme Court applied the presumption in two other cases¹⁵⁷ in spite of the fact that no conflict with foreign law existed.¹⁵⁸ Second, they contend that Congress itself has not been overly concerned about U.S. statutes conflicting with foreign laws. For example, not only has Congress failed to amend the Sherman Act to prevent the extraterritorial application permitted by federal courts, but it has also amended Title VII so that it would apply extraterritorially after the *Aramco* decision.¹⁵⁹ Third, they argue that Congress's desire to aid the interests of domestic constituencies should override any judicial concern about conflicts with foreign laws; due to the bright-line nature of the presumption, these interests will almost always automatically be sacrificed even if no conflict with foreign law really exists.¹⁶⁰ Fourth, they claim that conflicts with foreign laws can sometimes result in international cooperation and negotiation, as they

¹⁵² See Austin, *supra* note 1, at 4, 22, 28; Bradley, *supra* note 3, at 539-40. A similar issue arose outside of the realm of intellectual-property law when a French court ordered Yahoo, Inc. to pay damages to anti-racism groups that brought a civil suit against it for violating a French law that prohibits the sale or display of materials inciting racism. Yahoo conducts online auctions of neo-Nazi materials only on its American website, not its official French website, and the First Amendment to the U.S. Constitution permits it to disseminate such items in the United States. Furthermore, the French court's attempt to dictate the English content of a website run entirely by an American company located in the United States generated considerable controversy, regardless of the fact that Yahoo's American website was accessible to French citizens. See *French Court Says Yahoo Broke Racial Law*, N.Y. TIMES, May 23, 2000, at C27.

¹⁵³ See Monticello, *supra* note 53, at 128 n.125.

¹⁵⁴ See Dodge, *supra* note 12, at 98.

¹⁵⁵ 509 U.S. 764 (1993).

¹⁵⁶ See Dodge, *supra* note 12, at 98 (citing *Hartford Fire*, 509 U.S. at 764).

¹⁵⁷ See *Sale v. Haitian Ctrs. Council, Inc.*, 509 U.S. 155 (1993); *Smith v. United States*, 507 U.S. 197 (1993).

¹⁵⁸ See Bradley, *supra* note 3, at 556-57; Dodge, *supra* note 12, at 116.

¹⁵⁹ See Dodge, *supra* note 12, at 116.

¹⁶⁰ See *id.*

have in the antitrust area.¹⁶¹

The presumption's preservation of international comity at the expense of harmed domestic interests can be justified, nevertheless, if one considers that the judiciary lacks both the authority and resources to engage in policy analysis balancing the two values. By engaging in such analysis on its own accord, the judiciary risks independently creating international discord that implicates difficult *foreign-policy* questions and interrupts dialogue.¹⁶² The presumption always strikes the balance in a way that forces Congress and the executive branch to make the tough foreign-policy calls, just as the U.S. Constitution would have it. Congress's lack of empathy for foreign-law conflicts in the antitrust and Title VII arenas in no way cloaks the federal judiciary with the power or authority to independently make judgments which affect international negotiations in other areas. Indeed, the tactic of using international friction in hopes of causing cooperative efforts down the road is at best a risky device which should only be used when a political branch makes that conscious and strategic decision on its own.

G. *Encouraging International Business Transactions and Investments*

Even though critics contend that the presumption harms U.S. copyright holders when it fails to relieve them of the effects of foreign infringement, secondary legal literature has suggested that in other ways the presumption is balanced by being an asset to many American multinational companies. The strict territorial approach to U.S. copyright law resulting from the Holmes view of the presumption¹⁶³ enables U.S. companies to rely on the application of foreign laws creating (or not creating) intellectual-property rights abroad, thereby fostering a degree of certainty in international commercial relations.¹⁶⁴ When it is not clear whether U.S. or foreign copyright law applies to commercial conduct abroad, the uncertainty can bring about inconsistent legal requirements, increased planning costs, and the discouragement of what would otherwise be vigorous business activity.¹⁶⁵

H. *Conclusion on the Rationales Behind the Presumption*

All in all, whatever the viability of each individual rationale may be, the presumption will remain a part of American jurisprudence as long as there is merely one legitimate justification. While the Supreme Court's application of

¹⁶¹ See *id.* at 117; *supra* Part III.D.

¹⁶² See Austin, *supra* note 1, at 47-48.

¹⁶³ See *supra* Part II.A.

¹⁶⁴ See Austin, *supra* note 1, at 4.

¹⁶⁵ See Pamela E. Kraver & Robert Purcell, *Application of the Lanham Act to Extraterritorial Activities: Trend Toward Universality or Imperialism?*, 77 J. PAT. & TRADEMARK OFF. SOC'Y 115, 117 (1995).

the presumption may be inconsistent across a variety of statutes, the above rationales have managed to keep the presumption a constant force behind U.S. copyright law.¹⁶⁶ One scholar has even posited that the Digital Millennium Copyright Act¹⁶⁷ confirms Congress's territorial conception of U.S. copyright law.¹⁶⁸

Furthermore, the question remains how X can try to obtain protection against the acts of Q and K described above if the presumption is strictly applied to U.S. copyright law. Another related issue is how the presumption actually will be applied to U.S. copyright law in difficult multinational cases. The Internet, the digitization of information, and the rise of global commercial transactions will undoubtedly cause the "effects" of foreign infringement of U.S. copyrights to be felt at home more than ever, in turn igniting a fire under U.S. rights holders to find ways around the presumption against the extraterritorial application of U.S. copyright law. As will be apparent, this fire's most controversial aspect relates to the fact that as the effects of foreign infringement are increasingly used to justify exceptions to the presumption (or to justify the narrow Mikva definition of the presumption¹⁶⁹), less and less of the presumption remains to be applied to foreign conduct and to vindicate its underlying rationales. Part IV below explores loopholes that are potentially available recourse for X, who would like to find any way he can for U.S. federal courts to reach foreign acts affecting his intellectual-property rights.

IV. FINDING LOOPHOLES TO THE PRESUMPTION AGAINST THE EXTRATERRITORIAL APPLICATION OF U.S. COPYRIGHT LAW

A. *Using 17 U.S.C. § 602*

Though it is not much of a loophole in the above hypothetical, this section of the 1976 Copyright Act has been recognized as the only part clearly demonstrating that, in certain respects, Congress wants U.S. copyright law to apply to foreign conduct causing domestic effects.¹⁷⁰ As such, it is the only one of the five loopholes that has a strict statutory basis. Section 602 allows a U.S. copyright holder to prohibit the importation into the United States of "piratical articles" – articles made or copied in any nation in violation of either foreign domestic law or U.S. copyright law, even though U.S. law would not otherwise be applicable.¹⁷¹ Another extraterritorial aspect of the section comes into play by prohibiting the importation of materials that are *lawfully made or copied* in a foreign nation but are nevertheless forbidden to be distributed in the United States by the U.S. copyright holder.¹⁷² At most, X could have customs officials

¹⁶⁶ See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095-96 (9th Cir. 1994) (en banc).

¹⁶⁷ 17 U.S.C. §§ 1201-05 (Supp. IV 1998).

¹⁶⁸ See Austin, *supra* note 1, at 47.

prevent wholesale orders of the collage copies (purchased by U.S. citizens from the website of the Xanadu studio formerly employing K) from being mailed to those citizens.¹⁷³ Section 602 is thus most useful for preventing direct infringement of the § 106 right to distribute analog media.¹⁷⁴ However, Q's World Wide Webpage and the FTP service used by the studio that employed K nullify the protections of § 602.

B. *Using the Update Art Doctrine*

Federal courts have permitted the application of U.S. copyright law to conduct occurring outside U.S. borders whenever an initial, predicate act of infringement in the United States leads to extraterritorial profits or to further exploitation abroad.¹⁷⁵ The predicate act must actually be an infringement of an exclusive right granted by 17 U.S.C. § 106: the rights to reproduce, prepare derivative works, distribute, perform, and display.¹⁷⁶ For example, either illegally translating a book in the United States or uploading its contents to a U.S. server for the purpose of distributing it abroad would enable the U.S. copyright holder to successfully recover both the domestic and foreign profits in a U.S. infringement suit.¹⁷⁷ This approach is based on the "objective and subjective territorial principles," which permit a country to regulate conduct outside its borders if an element of the offense at issue takes place within its borders.¹⁷⁸ The principles are normally not interpreted so broadly as to permit the extraterritorial application of a nation's laws merely when effects are felt within that nation (unless the effects are somehow actually an element of the offense).¹⁷⁹

¹⁶⁹ See *supra* Part II.C.

¹⁷⁰ See *Subafilms*, 24 F.3d at 1096; *Monticello*, *supra* note 53, at 131 n.137.

¹⁷¹ See CRAIG JOYCE ET AL., COPYRIGHT LAW 533-35 (5th ed. 2000) (citing 17 U.S.C. § 602).

¹⁷² See generally *Parfums Givenchy, Inc. v. C & C Beauty Sales, Inc.*, 832 F. Supp. 1378, 1389-91 (C.D. Cal. 1993). *But see Quality King Distribs., Inc. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135 (1998) (holding that materials lawfully made in the United States – and thereafter extricated from their author's control by means of § 109(a) – are not subject to the § 602 prohibition and thus can be legally imported after they find their way abroad).

¹⁷³ Section 602(a)(2) permits the limited importation of a single infringing material for private use (but not for distribution).

¹⁷⁴ See *Ginsburg*, *supra* note 44, at 589.

¹⁷⁵ See *Austin*, *supra* note 1, at 8; *Bradley*, *supra* note 3, at 525-26; *Smith*, *supra* note 63, at 15; *Reuters Asks High Court to Overturn 9th Cir. in Suit over Riot Film*, 5 ANDREWS INTELL. PROP. LITIG. REP. 5 (1999).

¹⁷⁶ See *Smith*, *supra* note 63, at 16.

¹⁷⁷ See *Ginsburg*, *supra* note 44, at 598; *Smith*, *supra* note 63, at 16.

¹⁷⁸ See *SLOMANSON*, *supra* note 8, at 209-10.

¹⁷⁹ See *Bradley*, *supra* note 3, at 575 n.341.

In *Update Art, Inc. v. Modiin Publishing, Ltd.*,¹⁸⁰ an editor of an Israeli magazine photographed a poster on an office wall in the United States and published the unauthorized copy in his magazine, which he distributed in Israel. The Second Circuit upheld a damages award based in part on the foreign profits.¹⁸¹ By way of contrast, in *Robert Stigwood Group, Ltd. v. O'Reilly*,¹⁸² when priests gave unauthorized performances of "Jesus Christ Superstar" in both Canada and the United States, the same court held that the performances in Canada could not be included in a damages award because the preparations, arrangements, and rehearsals in the United States for the Canadian performances were not infringing acts in themselves.¹⁸³ The difference between these two cases hinges on the legal theory which posits that when an infringer makes an unauthorized reproduction in U.S. territory, the rights holder acquires an equitable interest that clings to any copy wherever it goes, attaching profits and increases in stock value attributable to the copy.¹⁸⁴

This loophole is unavailing to X because neither Q nor K committed any real predicate acts of infringement in the United States. Each made a legitimate purchase and then used it in Xanadu to create a legal derivative work in that territory.¹⁸⁵ Also, Q receives no profits from his use of X's work, and K no longer possesses or utilizes it now that he again resides in the United States.

C. *Using the Contributory-Infringement Doctrine*

Any U.S. rights holder has a cause of action against "one who, [1] with knowledge of the infringing activity, [2] induces, causes[,] or materially contributes to the infringing conduct of another."¹⁸⁶ This loophole for contributory infringement appears to result in the extraterritorial application of U.S. copyright law insofar as it reaches the entirely foreign conduct of one who authorizes or induces abroad, but it truly remains grounded in strict territorial principles by requiring some underlying act of direct infringement of a § 106 right within U.S.

¹⁸⁰ 843 F.2d 67 (2d Cir. 1988).

¹⁸¹ *See id.* at 73.

¹⁸² 530 F.2d 1096 (2d Cir. 1976).

¹⁸³ *See id.* at 1101; *see also* Allarcom Pay Television, Ltd. v. Gen. Instrument Corp., 69 F.3d 381, 387 (9th Cir. 1995). However, under the "nerve center" approach advocated by some critics, the Canadian damages award would have been included in the total damages figure. *See infra* Part IV.D.1.

¹⁸⁴ *See Austin, supra* note 1, at 9.

¹⁸⁵ The studio in Xanadu, however, distributes unauthorized derivative works in the United States for profit. If X can get personal jurisdiction over the art studio, it would be vulnerable under this theory.

¹⁸⁶ *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

borders.¹⁸⁷ Thus, contributory-infringement doctrine incorporates the “objective territorial principle,” thereby preventing federal courts from engaging in the problematic balancing tests which implicate the separation-of-powers issues discussed in Part III.D.¹⁸⁸ Although the doctrine does not come directly from the text of the 1976 Copyright Act, federal courts have created it on the basis of § 106’s grant of power giving copyright holders the authority to both exercise various prerogatives themselves and authorize others to exercise these prerogatives.¹⁸⁹

Foreign sellers are particularly vulnerable under this doctrine when they have reason to know that their products are likely to be distributed in the United States. Their behavior in such instances can be considered akin to the purposeful direction of conduct into the United States that a gunman standing across the Canadian border and firing into the United States would achieve. Furthermore, the defendant in *GB Marketing USA, Inc. v. Gerolsteiner Brunnen GmbH & Co.*¹⁹⁰ unsurprisingly lost its allegation that the federal district court did not have subject-matter jurisdiction over its extraterritorial conduct. In *Gerolsteiner*, the defendant company manufactured water bottles in Germany containing a label design which infringed the U.S. plaintiff’s copyright; it then sold them to another company which it allegedly knew would export the bottles to the United States for sale.¹⁹¹ Similarly, in *P&D International v. Halsey Publishing Co.*,¹⁹² the court held that it had subject-matter jurisdiction over disputed extraterritorial showings of a film because the defendant Cunard Cruise Line requested that another party copy the film in Florida. Also, in *Cable/Home Communication v. Network Productions*,¹⁹³ the court found subject-matter jurisdiction over meetings held in the British West Indies, where the defendant sold chips for the purpose of descrambling and exploiting U.S. satellite broadcasts. While positioned abroad, the defendant encouraged or directed the infringing conduct of others within U.S. borders in all three cases.

These concepts can be applied to the above hypothetical to determine whether contributory infringement is a viable loophole to the presumption. Specifically, Q must be guilty of both the knowledge and material-participation elements quoted above.¹⁹⁴ First, Q must have knowledge of directly infringing activity within the United States. The American downloaders of Q’s website reproduce the infringing collage in their computers’ temporary memory (ran-

¹⁸⁷ See Bradley, *supra* note 3, at 574; Smith, *supra* note 63, at 16.

¹⁸⁸ See Bradley, *supra* note 3, at 575.

¹⁸⁹ See *id.* at 573 n.335.

¹⁹⁰ 782 F. Supp. 763 (W.D.N.Y. 1991).

¹⁹¹ See *id.* at 773.

¹⁹² 672 F. Supp. 1429, 1433 (S.D. Fla. 1987).

¹⁹³ 902 F.2d 829, 846 (11th Cir. 1990).

¹⁹⁴ See Skelton, *supra* note 2, at 250.

dom-access memory) every time they visit the website.¹⁹⁵ Under current U.S. copyright law, they create their own copies within the meaning of the 1976 Copyright Act.¹⁹⁶ They create more copies by saving the collage to a disk or hard drive or by printing paper images. If the American downloaders give away any of the paper images or disks, they additionally infringe X's distribution right. In any event, Q must have had knowledge of these acts of copying and/or distributing to be liable for contributory infringement. Q, who is very proud of his work, certainly is aware that the whole purpose of having a home website is to invite interested observers around the world to access it, thereby creating copies of its contents in their computers' temporary memory.¹⁹⁷ Though he is not particularly certain, he probably also should at least be aware that the Americans who visit his website create and pass around paper and digitized copies of his collages.¹⁹⁸ Whether or not Q can be said to have constructive knowledge of further distribution of his derivative work by U.S. browsers (in addition to knowledge of their infringing reproductions in random-access memory), he undoubtedly fulfills this element of the test.¹⁹⁹

Second, by merely making his derivative work available for downloading in the United States, Q has also substantially and materially *furthered* the directly infringing conduct of the American browsers.²⁰⁰ But for Q's actions, the infringing derivative work based on X's photograph would never have been distributed or reproduced in the United States. Consequently, Q fulfills both

¹⁹⁵ See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 517-18 (9th Cir. 1993); *Advanced Computer Servs. v. MAI Sys. Corp.*, 845 F. Supp. 356, 362, 364 n.9 (E.D. Va. 1994); *Telerate Sys., Inc. v. Caro*, 689 F. Supp. 221, 228 (S.D.N.Y. 1988). Nonetheless, critics contend that information in a computer's random-access memory is not stable enough to constitute a copy for purposes of infringement analysis. See Ginsburg, *supra* note 44, at 591 n.17. The general principles of these three decisions appear to have survived the Digital Millennium Copyright Act, which only created a very specific exception for ephemeral digital copies created in connection with computer repair and maintenance. See JOYCE ET AL., *supra* note 171, at 508.

¹⁹⁶ See Ginsburg, *supra* note 44, at 591.

¹⁹⁷ See Burmeister, *supra* note 48, at 720-21.

¹⁹⁸ Cf. Ginsburg, *supra* note 44, at 590.

¹⁹⁹ One should note that Q is probably also a direct infringer of X's copyright. Q's creation of a derivative work and his act of copying it to his server in Xanadu are events not covered by § 106 of U.S. copyright law. See Austin, *supra* note 1, at 18; Ginsburg, *supra* note 44, at 591. However, by posting his collage on a website accessible in the United States through a server located abroad, he directly infringes two distinct § 106 rights. See Austin, *supra* note 1, at 16-17. First, he is publicly displaying the infringing derivative work to American citizens. See Skelton, *supra* note 2, at 258. Second, he is making the work available for distribution, as U.S. browsers can either print out paper copies of the collage directly from the webpage or save it to a disk. Infringement of the distribution right occurs when a work is impermissibly made available to the U.S. public, not just when the work is actually distributed to them. See JOYCE ET AL., *supra* note 171, at 539, 544; Skelton, *supra* note 2, at 257-58. Q's strictly domestic conduct in Xanadu is subject to U.S. copyright law by virtue of the enormous reach of any activity on the Internet. Posting material on the World Wide Web anywhere essentially becomes conduct within the United States.

²⁰⁰ See Burmeister, *supra* note 48, at 721.

elements and thus is liable for contributory infringement.

This liability – which somehow seems unjust due to the fact that Q desired only to share his legally expressed creative inspiration with as many people as possible – illustrates the unwavering difficulty the Internet brings to copyright law.²⁰¹ Regardless of the fact that Q uploaded his collage in a country whose government decided that his derivative work is legal, his work is inevitably bound to be accessible someplace on Earth where downloading or publicly displaying that work constitutes infringement. Q has no control over who actually accesses his work in what country.²⁰² Holding Q liable for contributory infringement under U.S. copyright law works to discourage the dissemination Xanadu had hoped to encourage with its own unique production/dissemination tradeoff. It is important to note that the current international intellectual-property treaty regimes do not set limits on the *maximum* protection level a member country may enact; therefore, comparatively restrictive copyright laws (such as the ones in France²⁰³ based on notions of moral rights) could potentially prove quite burdensome in Xanadu. Whether any particular content provider anywhere on Earth is cognizant that by uploading his work onto the World Wide Web, he may automatically be subjecting it to the strictest copyright law on Earth²⁰⁴ – as well as to a significant number of irreconcilable intermediate variations of other copyright laws²⁰⁵ – is a question that must be answered on a case-by-case basis, taking into account the relative legal sophistication of the content provider at hand.²⁰⁶ The knowledge standard under U.S. contributory-infringement doctrine, however, may appear unjust in that it does not take such legal understandings into account.²⁰⁷ Still, the current scheme of contributory liability might encourage the widespread development and use of technology which enables a content provider to block his website's accessibility to any nation he chooses. (In any event, it is doubtful that X will be able to obtain personal jurisdiction over Q, as will be apparent from the analysis of Part V.A below.)

The next subsection will reveal that under the prevailing view of U.S. copyright law, K's acts of authorization permitting copying and distribution of his derivative work to Xanadu buyers are not themselves acts of contributory infringement. K is also not contributorily liable for the copies that the Xanadu

²⁰¹ Cf. SLOMANSON, *supra* note 8, at 223.

²⁰² See O'Sullivan, *supra* note 85, at 37-38.

²⁰³ See, e.g., II PATRY, *supra* note 102, at 1310-11.

²⁰⁴ See Burmeister, *supra* note 48, at 659.

²⁰⁵ See *id.* at 664 n.143.

²⁰⁶ A related problem is that a sophisticated content provider may try to avoid liability by employing Internet-service providers in countries with weak copyright laws relative to those enacted in the content provider's domicile. See *id.* at 660.

²⁰⁷ A contributory infringer need not be absolutely certain about the illegality of the infringement he is aiding in order to be held liable. See JOYCE ET AL., *supra* note 171, at 786.

studio formerly employing him sends into the United States, since he does not satisfy the first element of the two-part test. Because the studio initiated the U.S. sales on its own accord after K returned to the United States, K never became aware of the fact that the art studio extended its market to include infringing activity. K apparently only knows that such sales *would be* illegal, otherwise he would have attempted to sell his own copies of his infringing derivative work while later residing in the United States.

It seems more probable that K satisfies the substantial-participation element of the contributory-infringement test. While it is possible for one to have a contractual relationship which actively induces or causes another party to commit direct copyright infringement,²⁰⁸ K entered into the licensing arrangement with the Xanadu studio under an original understanding that the license was supposed to enable it to sell his creative works to citizens in Xanadu. Thus, it appears unlikely that the licensing arrangement itself actively induces the studio to distribute infringing derivative works to U.S. customers. Still, K's creation of the infringing derivative work and continuing authorization definitely are *material aids* to its primary infringement, and that alone is sufficient to satisfy the second element of the contributory-infringement test (even if K fails to satisfy the entire test).

D. Possible Exception for Domestic Acts That Commence a Course of Infringing Conduct Abroad

Another potential loophole to the presumption against the extraterritorial application of U.S. copyright law is the inverse to a foreign act of contributory infringement: the situation in which a person in U.S. territory authorizes or directs activity abroad which would constitute infringement of a U.S. copyright if performed in the United States (instead of a person abroad directing infringing conduct within U.S. territory). The loophole relates to a broader exception that some scholars would recognize for non-infringing acts which commence a course of infringing conduct without regard for where exploitation will take place.²⁰⁹ This approach was explicitly rejected as a legitimate type of contributory infringement in *Subafilms, Ltd. v. MGM-Pathe Communications Co.*²¹⁰ In *Subafilms*, the defendant distributor entered into licensing agreements (beyond what its own licensing arrangement with the copyright holder permitted) authorizing the foreign videotape distribution of a Beatles film. The Ninth Circuit held that the plaintiff failed to state a cognizable claim under U.S. copyright law, because the authorization of acts which are not themselves violations of § 106

²⁰⁸ See Burmeister, *supra* note 48, at 718.

²⁰⁹ See O'Sullivan, *supra* note 85, at 41.

²¹⁰ 24 F.3d 1088 (9th Cir. 1994) (en banc). Decisions of other courts following *Subafilms* include *Fun-Damental Too Ltd. v. Gemmy Indus. Corp.*, No. 96 CIV. 1103 (MBM), 1996 WL 724734 (S.D.N.Y. Dec. 17, 1996), and *Iverson v. Grant*, 946 F. Supp. 1404 (D.S.D. 1996).

rights is not an independently infringing act.²¹¹ Thus, some other primary act of infringement must occur in the United States in order for infringement of the authorization right to occur.²¹² The result in *Subafilms* is consistent with the “objective territorial principle”²¹³ as well as the general scheme of the *Update-Art* and contributory-infringement doctrines, because no predicate element of reproduction or distribution occurred in the United States.

Nevertheless, U.S. rights holders and potential foreign licensees need to pay attention to this issue for three reasons: (1) *Subafilms* has attracted a host of scholarly criticism,²¹⁴ (2) the Supreme Court has yet to address the issue, and (3) two federal district courts outside of the Ninth Circuit have chosen not to follow it.²¹⁵ Furthermore, a potential defendant must note precisely where in the United States a U.S. copyright holder has personal jurisdiction over him. The critics propose replacing the “root copy” approach with a sort of “nerve-center liability” regime under which federal courts must apply U.S. copyright law to an entire lawsuit against a U.S. defendant who – while in U.S. territory – devises and executes an unauthorized plan to exploit a U.S. copyright anywhere.²¹⁶ They contend that the “nerve center” regime is a better interpretation of U.S. copyright law for four reasons.

1. Criticism of *Subafilms*

First, critics argue that making liability turn on the physical site of reproduction or public display (as in *Update Art*) is unduly formalistic; supplying an unauthorized license is virtually the same as supplying an unauthorized copy.²¹⁷ If the unauthorized U.S. licensor needs to provide a copy to the foreign licensee so that the licensee can commence exploitation, the licensor only needs to be sure the work is uploaded to and sent from a server (or otherwise physically copied) outside of the United States.²¹⁸ In either case, the economic effects are the same: the U.S. copyright holder’s market is usurped.²¹⁹ Likewise, in either case, the potential for raising comity issues by discouraging conduct a for-

²¹¹ See *Subafilms*, 24 F.3d at 1089.

²¹² See Austin, *supra* note 1, at 10.

²¹³ See *supra* text accompanying notes 113, 177-79.

²¹⁴ See, e.g., John P. Kelsh, Note, *Subafilms, Ltd. v. MGM-Pathe Communications Co., The Berne Convention, and the Extraterritorial Application of the Copyright Act*, 90 NW. U. L. REV. 1839 (1996).

²¹⁵ See *Expeditors Int’l of Wash., Inc. v. Direct Line Cargo Mgmt. Servs., Inc.*, 995 F. Supp. 468, 477 (D.N.J. 1998); *Curb v. MCA Records, Inc.*, 898 F. Supp. 586, 595 (M.D. Tenn. 1995).

²¹⁶ See Ginsburg, *supra* note 44, at 600.

²¹⁷ See *id.* at 596; Monticello, *supra* note 53, at 133.

²¹⁸ See Ginsburg, *supra* note 44, at 598-99.

²¹⁹ See Austin, *supra* note 1, at 12; Ginsburg, *supra* note 44, at 598.

eign government sees as beneficial is the same.²²⁰ Like the Mikva view of the presumption,²²¹ this argument places heavy weight on any conduct having harmful effects within U.S. borders. Moreover, the “nerve center” approach is similar to § 602²²² in that it holds a U.S. actor liable (despite the fact that the materials in question may have been lawfully made or distributed abroad) due to the harmful effects on the U.S. copyright owner’s exclusive rights.²²³

Second, critics argue that even though the U.S. authorizer/planner does not copy, distribute, or publicly display within U.S. territory, he is required to strategize, contract, or license within U.S. territory in order to be liable under the “nerve center” approach. Furthermore, he should expect his domestic conduct to be regulated by U.S. law – especially when it harms a domestic rights holder.²²⁴ The critics are thus not necessarily contending that the territorial understanding of copyright law is misplaced or that the overseas licensees in *Subafilms* were engaging in conduct that was illegal under U.S. copyright law; rather, they argue that holding the domestic authorizer liable for domestic conduct is consistent both with the presumption against extraterritoriality and with the framework set out by the Berne Convention.²²⁵

Third, critics of *Subafilms* argue that the Ninth Circuit’s interpretation of the 1976 Copyright Act partially undermines the statute’s incentive system for encouraging American creation.²²⁶ More specifically, they contend that “[w]hile the domestic market may provide enough of an incentive to create in most situations, the domestic market may not provide a sufficient reward for works at the margins of American tastes.”²²⁷ By protecting American authors’ rights to license foreign nationals to exploit their works, “nerve center” liability facilitates the creation of rare yet valuable contributions to American cultural heritage.²²⁸

Fourth, critics argue that *Subafilms* misconstrues the text of the U.S. copyright statute. They say that rather than merely codifying contributory-liability principles as the Ninth Circuit claims, the plain language of § 106²²⁹

²²⁰ See Monticello, *supra* note 53, at 132-33.

²²¹ See *supra* Part II.C.

²²² 17 U.S.C. § 602 (1994). See generally *supra* Part IV.A.

²²³ See Monticello, *supra* note 53, at 131-32; *supra* text accompanying note 172.

²²⁴ See Monticello, *supra* note 53, at 129.

²²⁵ See *id.* at 122, 130. Assuming that the critics have interpreted the statute correctly, Congress’s creation of copyright liability for a domestic authorizer/planner is consistent with international-law jurisdictional principles such as the subjective-territorial and nationality principles. See SLOMANSON, *supra* note 8, at 209; *supra* text accompanying notes 113-16.

²²⁶ See Austin, *supra* note 1, at 13; Monticello, *supra* note 53, at 115.

²²⁷ Monticello, *supra* note 53, at 115.

²²⁸ See *id.*

²²⁹ 17 U.S.C. §§ 106-106A (1994 & Supp. IV 1998).

creates a *new* direct cause of action (completely divorced from third-party-liability principles) against an authorizer of activities inconsistent with any other exclusive right.²³⁰ Although Congress did state its intention to avoid any questions regarding the liability of contributory infringers, they claim that it did so without just crystallizing existing contributory-liability principles.²³¹ Finally, they bolster their argument with dicta from *Sony Corporation of America v. Universal City Studios, Inc.*²³² directly supporting their proposition that the § 106 authorization right is a separate privilege which does not depend on the exercise of the other § 106 activities within U.S. territory.

2. Rebuttal to *Subafilms*' Critics

Although the *Subafilms* critics make several fine points, problems with the "nerve center" approach nonetheless erode its appeal. First, the "nerve center" approach marks a tendency toward expanding the scope of U.S. copyright law to a point where copyright infringement becomes a tort based on conduct alone rather than on a violation of property rights, as it has traditionally been understood.²³³ The transformation is a result of the simple fact that the established territoriality principle underlying copyright law is insensitive to authors' pocket books. When an artistic or literary creation is present within a foreign territory, its status as property and its ownership exist only insofar as the foreign sovereign says they do, regardless of where the creation originated.²³⁴ If there is no existing foreign property to be exploited, the U.S. authorizer/planner can be liable only if his domestic conduct somehow constitutes a tort.²³⁵ While a conduct-based tort scheme of copyright law may be a plausible idea, its judicial importation into U.S. copyright law changes the basic theoretical foundation on which that law was written to suit a particular class of disgruntled U.S. citizens.²³⁶

Second, as discussed above,²³⁷ foreign nations tailor their production-dissemination tradeoffs to suit their particular cultural needs. But, a "nerve center" regime would more frequently disrupt these tradeoffs than the current "root copy" regime does by restricting the dissemination of works that otherwise would have been available in foreign territories.²³⁸ A "nerve center" regime fur-

²³⁰ See Monticello, *supra* note 53, at 108-09.

²³¹ See *id.* at 110.

²³² 464 U.S. 417, 419-20 (1984).

²³³ See Austin, *supra* note 1, at 20.

²³⁴ See *id.* at 20-21.

²³⁵ See *id.*

²³⁶ See *id.* at 21.

²³⁷ See *supra* text accompanying notes 149-52.

²³⁸ See Austin, *supra* note 1, at 21.

thermore implicates issues of international comity to a greater extent than the “root copy” approach.

Third, the “nerve center” alternative to *Subafilms* fails to take into consideration the legitimate interests of U.S. citizens and businesses other than copyright holders. It fails to explain why it is not sound investment strategy for a U.S. entity to attempt to enter foreign markets with weaker copyright laws (perhaps written as such to encourage foreign investment) as well as why these same entities should be subsidizing U.S. copyright holders for a foreign nation’s decision to enact less protective copyright laws.²³⁹ All in all, the chilling effect that “nerve center” liability has on various sectors of the U.S. economy is an important factor that must enter the equation, and such sensitive policy balances can really only be conducted competently and democratically by the nonjudicial branches, as discussed in Part III.D above. Furthermore, *Subafilms*’s reliance on the presumption against extraterritoriality may have been entirely appropriate given that the authorization issue raises separation-of-powers concerns. If Congress believes that the effects of “nerve center” activity in the United States on U.S. copyright holders outweigh both the chilled foreign commerce for other domestic business sectors and the denial of dissemination to foreigners (whose governments permit access to certain classes of works), then Congress can make the lines of demarcation more explicit. In this respect, § 602 is inconsistent with a judicially created “nerve center” regime because it demonstrates that Congress is able and willing to sacrifice foreign interests for the alleviation of harmful effects on U.S. copyright holders.²⁴⁰ However, if a federal court unilaterally takes a “nerve center” approach to the 1976 Copyright Act by choosing not to follow *Subafilms*, the proper type of policy analysis never takes place. If such analysis did occur, it is not clear that relatively insignificant domestic harms such as the loss of creative works at the margins of American tastes are enough to outweigh the issues of international comity raised by “nerve center” liability.²⁴¹

Fourth, while the “nerve center” approach is ideally suited for a situation in which both parties to a copyright dispute are U.S. domiciliaries in direct competition with one another within foreign markets,²⁴² the Berne Convention may make containing its application to that scenario impossible given the fact that it requires national treatment and permits foreign nationals to own U.S. copyrights.²⁴³ For example, a foreign member of Berne (“Xerex”) may legitimately have a more expansive scheme of fair-use rights, making conduct that would be illegal in the United States lawful in Xerex. A citizen of Xerex (“A”)

²³⁹ See *id.*

²⁴⁰ See *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1096 (9th Cir. 1994) (en banc).

²⁴¹ See *supra* Part III.F.

²⁴² See Austin, *supra* note 1, at 27.

²⁴³ See *id.* at 27-28.

could also own copyrights under both U.S. and Xerex law for the same work. If another citizen of Xerex ("B") authorizes conduct in Xerex protected by a fair-use defense there but illegal in the United States, it is not clear that A would be unable to sue B for infringement of his U.S. copyright in a U.S. federal district court, because the critics of *Subafilms* say that hinging liability on predicate acts of copying or distributing in U.S. territory is insensible. If some act of copying or distributing does not need to take place within U.S. borders, then why would the distinct right of authorization – which they claim is completely divorced from the exercise of other exclusive rights within U.S. territory – need to occur there? Under the national-treatment principle, A should have the same independent right to authorize the exploitation of his other § 106 rights in every member country, just as any other U.S.-domiciled rights holder would have. Maybe the distinction drawn in *Subafilms* was not so unduly formalistic.

Whatever the viability of this potential exception to the presumption may be in future U.S. copyright law, the original hypothetical clearly shows that it would not be at all applicable to Q, who authorizes no foreign conduct that would be infringing under U.S. copyright law. If *Subafilms* is overruled, the exception most certainly would result in K's liability to X for contributory infringement because K continually authorizes the Xanadu studio formerly employing him to copy and distribute to Xanadu purchasers additional derivative collages containing X's photograph.

E. *Applying Foreign Law to an Infringement Suit Brought in the United States*

Applying foreign copyright law to a suit brought in the United States is not so much an exception to the presumption against extraterritoriality as it is a recognition of it. Still, it is another means by which a U.S. rights holder might obtain relief in a U.S. federal court for foreign infringing conduct.²⁴⁴ A copyright cause of action – just like the common-law right to prevent unfair competition – is known as a transitory cause of action, meaning that an infringement suit may be heard in any court with jurisdiction over the defendant.²⁴⁵ It also does not fall within the rule forbidding U.S. courts to apply foreign penal, regulatory, and revenue laws or to apply other foreign laws contradicting strong American public policy.²⁴⁶ The global marketplace has precipitated a general trend in U.S. courts toward being more receptive to applying foreign law.²⁴⁷ Under the de-

²⁴⁴ See *id.* at 4; Ginsburg, *supra* note 44, at 601.

²⁴⁵ 2 PAUL GOLDSTEIN, COPYRIGHT: PRINCIPLES, LAW AND PRACTICE § 16.3, at 683 (1989); Smith, *supra* note 63, at 17.

²⁴⁶ See Bradley, *supra* note 3, at 576.

²⁴⁷ See O'Sullivan, *supra* note 85, at 41. Additionally, foreign copyright owners protected in the United States by the Berne Convention will find that when they bring an infringement suit against a U.S. defendant in the Second Circuit for exploitive conduct in the United States, the district court will split the issues involved and apply the copyright owners' foreign law to deter-

funct lex loci delicti rule as well as under more modern choice-of-law methodologies, U.S. federal courts have long applied foreign law in transnational tort and contract cases.²⁴⁸

In spite of this general trend, U.S. courts have often been unwilling to entertain claims based on foreign intellectual-property laws.²⁴⁹ For example, the court in *ITSI T.V. Products v. California Authority of Racing Fairs*²⁵⁰ used the difficulty of discerning and applying Mexican copyright law as a reason for dismissing a claim by a U.S. company against a Mexican company.²⁵¹ The tide did at least seem to begin turning with *London Film Productions, Ltd. v. Intercontinental Communications, Inc.*,²⁵² a case in which a New York corporation caused three motion pictures to be shown in Chile, where a British corporation owned the copyright by means of the Berne Convention. Because there was no other forum where personal jurisdiction over the defendant existed, the court refused to dismiss the action under the doctrine of *forum non conveniens*, instead applying Chilean law to the infringement suit in the United States.²⁵³ The federal court also expressed hope that foreign courts would be encouraged to reciprocate and consider suits brought by U.S. businesses under U.S. law.²⁵⁴

This approach is attractive for a variety of reasons. First, the rules governing proof of foreign law in federal courts have been relaxed.²⁵⁵ Second, whereas all the obstacles to applying U.S. copyright law extraterritorially have thus far involved problems with the federal-question subject-matter jurisdiction of a federal court to hear a U.S. copyright-law claim concerning foreign infring-

mine ownership issues – including the applicability of the work-for-hire and joint-authorship doctrines – but will apply domestic law to issues involving what rights are protected, their scope, and available remedies. See JOYCE, *supra* note 171, at 801-04. The Second Circuit has reasoned that because neither the Berne Convention nor the U.S. Copyright Act contains a choice-of-law provision for determining ownership in transnational copyright cases, federal courts must develop federal common law to fill in the gaps. See *id.* at 802-03. Identifying a copyright as a form of property, the Second Circuit has used the choice-of-law test normally assigned to property disputes (the “most significant relationship” test) and then applied Russian copyright law to determine only whether a newspaper or its journalists owned the copyrights at issue. See *id.* at 804-05. Although this situation is not particularly relevant to a U.S. copyright holder attempting to recover for overseas exploitation, it does demonstrate the federal judiciary’s increased willingness to apply foreign law to copyright disputes in the United States – even if only to a limited number of issues.

²⁴⁸ See Bradley, *supra* note 3, at 576.

²⁴⁹ See e.g., *Frink Am., Inc. v. Champion Road Mach. Ltd.*, 961 F. Supp. 398, 404 (N.D.N.Y. 1997); see Austin, *supra* note 1, at 4; Bradley, *supra* note 3, at 577; Monticello, *supra* note 53, at 133-34.

²⁵⁰ 785 F. Supp. 854 (E.D. Cal. 1992).

²⁵¹ *Id.* at 866.

²⁵² 580 F. Supp. 47 (S.D.N.Y. 1984).

²⁵³ See Smith, *supra* note 63, at 16 (citing *London Film*, 580 F. Supp. at 49).

²⁵⁴ See *London Film*, 580 F. Supp. at 49.

²⁵⁵ See Bradley, *supra* note 3, at 576.

ing conduct, this loophole bypasses those problems by basing federal subject-matter jurisdiction on diversity of citizenship rather than on the existence of a federal question.²⁵⁶ Third, it vindicates the rationales based on international law and comity (articulated earlier in Parts III.E-F) supporting the presumption against extraterritoriality instead of implicating them, as a true exception to the presumption would. Fourth, unlike liability for direct infringement, liability for authorization, direction, or other contributory infringement is rarely territorially confined under any system's copyright law; therefore, in a *Subafilms*-type scenario, the U.S. plaintiff may try to invoke foreign-copyright-law provisions that make the U.S.-based authorizer liable for contributory infringement.²⁵⁷ This invocation would have the further advantage of applying the same copyright regime to both the primary and the contributory infringements, if both were at issue.²⁵⁸

Although this approach will certainly be of great future importance to the worldwide protection of U.S. copyright holders, the fact that it is of little use to X – as the activities of Q and K were perfectly legal under the laws of Xanadu – demonstrates that it is not a panacea.

V. FURTHER OBSTACLES TO RECOVERY IN A U.S. COURT ONCE A LOOPHOLE TO THE PRESUMPTION IS FOUND

Although a U.S. rights holder hoping to obtain relief in U.S. courts for conduct occurring abroad has the above five potential options available despite the presumption, four obstacles still remain.

A. *The Obstacle of Personal Jurisdiction*

In all infringement cases brought before U.S. federal district courts, the particular court hearing the claim must be in a state having personal jurisdiction over the defendant regardless of whether he is a foreign or a U.S. citizen trying to exploit the plaintiff's copyrighted work abroad. Having personal jurisdiction, in turn, usually requires satisfying the long-arm statute of the state in which the district court sits²⁵⁹ as well as meeting the Due Process Clause requirements set by the Supreme Court.²⁶⁰ Because state long-arm statutes tend to exercise personal jurisdiction up to the constitutional maximum, the inquiry normally collapses into a single due-process analysis under the U.S. Constitution. When the question arising is whether or not "specific jurisdiction" (rather than "general

²⁵⁶ However, a host of new issues arises under diversity jurisdiction. See *infra* Part V.C.

²⁵⁷ See Austin, *supra* note 1, at 20.

²⁵⁸ See *id.*

²⁵⁹ See Burmeister, *supra* note 48, at 650.

²⁶⁰ See Bradley, *supra* note 3, at 578 (citing *International Shoe Co. v. State of Washington, Office of Unemployment Compensation and Placement*, 326 U.S. 310, 315 (1945)).

jurisdiction”) exists with respect to a particular defendant, the due-process analysis has two required components: a “minimum contacts” test and a “fair play and substantial justice” test.²⁶¹ “General jurisdiction” always exists when a party is domiciled in the forum court’s territory.²⁶²

In the above hypothetical, because the federal district court in the U.S. state where K returned to be domiciled unquestionably has “general jurisdiction” over him for *any and all claims against him* for which there is federal subject-matter jurisdiction, there is no personal-jurisdiction issue concerning K. With regard to Q, however, this analysis will reveal that it is dubious whether any U.S. federal district court would have “specific jurisdiction” over him, even if it were clear that subject-matter jurisdiction existed for a direct- or contributory-infringement claim brought against Q. Because specific jurisdiction only arises when the sufficient “minimum contacts” of the defendant are the same ones giving rise to the legal claim at issue, Q’s travel to the United States and return to Xanadu with his legally purchased copy of X’s photograph are not part of the analysis. X’s infringement claim does not arise out of these legitimate activities. Instead, the claim arises out of Q’s act of uploading his collage to the server hosting his home website in Xanadu, thereby making his unauthorized derivative work accessible to the random-access memory of American citizens’ computers.

1. Minimum-Contacts Test

In order to pass the minimum-contacts test in an international context, the plaintiff must show that the defendant’s contacts were such that he could reasonably expect to be called into a U.S. court because he “purposely availed” himself of the privileges of engaging in activities in a forum U.S. state.²⁶³ For a foreign defendant such as Q, contacts with the United States as a whole – instead of with a specific state – may be aggregated in order to meet the test.²⁶⁴ Federal Rule of Civil Procedure 4(k)(2) permits this result when two conditions are met: (1) the claim arises under federal law, and (2) the defendant lacks sufficient contacts with any one state to support personal jurisdiction under any state’s long-arm statute.²⁶⁵ Notably, when a U.S. plaintiff sues a defendant under foreign copyright law according to the loophole described in Part IV.E above, subject-matter jurisdiction is based on diversity of citizenship and not on the existence of a federal question; therefore, this Rule 4(k)(2) luxury is not available in such a case.

²⁶¹ See Burmeister, *supra* note 48, at 642.

²⁶² See II PATRY, *supra* note 102, at 1082.

²⁶³ World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 297 (1980).

²⁶⁴ *But cf.* Asahi Metal Industry Co. v. Superior Court of California, Solano County, 480 U.S. 102, 113 (1987).

²⁶⁵ FED. R. CIV. P. 4(k)(2).

The primary issue of “purposeful availment” in turn requires consideration of several other factors in Internet cases. There are currently two possible ways by which a foreign defendant can purposefully avail himself of a U.S. state (or the country as a whole) through the Internet. First, if a foreign defendant uses the World Wide Web to “commercially exploit” a United States market, this standard will likely be met. A foreigner who (1) transacts or solicits business by means of the Internet with the aim of direct pecuniary gain, (2) derives revenue by granting access to his website, or (3) publishes advertising for a fee calculated according to the number of hits in a particular territory is commercially exploitive.²⁶⁶ For example, in *Compuserve v. Patterson*,²⁶⁷ the Sixth Circuit held that the defendant had purposely availed himself of the forum state by having his software posted on the Internet and downloaded into computers located in the forum for fees transmitted back to the defendant.²⁶⁸ With regard to the first type of commercial exploitation, though, federal district courts disagree on whether the ubiquitous nature of Internet advertising is a solicitation sufficiently targeting any one state or country to constitute purposeful availment.²⁶⁹

In the above hypothetical, Q has done nothing to commercially exploit the U.S. market, as he created his home website merely for the personal satisfaction of publicly displaying his derivative artistic work as permitted by the copyright laws of Xanadu. Q is also not selling space for advertisements, so he does not depend on U.S. citizens’ access for revenue based on the number of “hits” obtained by his website. On the other hand, the Xanadu studio formerly employing K is using the Internet to contract for the sale of K’s infringing collage to U.S. citizens and thus appears to have purposely availed itself of a particular American state (or of the U.S. economic market as a whole).

Second, if the website of a foreign defendant is both interactive and actually accessed by U.S. residents, the “purposeful availment” standard will again likely be met. Federal courts have distinguished between a passive website, which just posts information – including its owner’s advertisements – for people to access,²⁷⁰ and an interactive website, which stimulates communications and informational exchanges that indicate that the defendant was willing to direct activity toward the particular forum at issue.²⁷¹ This difference is illustrated in *Bensusan Restaurant Corp. v. King*,²⁷² where the Second Circuit found that de-

²⁶⁶ See Burmeister, *supra* note 48, at 646, 665.

²⁶⁷ 89 F.3d 1257 (6th Cir. 1996).

²⁶⁸ See Burmeister, *supra* note 48, at 644.

²⁶⁹ See O’Sullivan, *supra* note 85, at 32-33.

²⁷⁰ See SLOMANSON, *supra* note 8, at 226. Passively posting information could be considered analogous to placing a product in the international stream of commerce and knowing that it will end up virtually anywhere.

²⁷¹ See Burmeister, *supra* note 48, at 645.

²⁷² 126 F.3d 25 (2d Cir. 1997).

spite the fact that the defendant allegedly infringed the plaintiff's trademark by posting its infringing jazz-club name on its home website (accessible in New York), the defendant had not purposely availed itself of the New York forum.²⁷³ Instead, it merely displayed information primarily intended to be accessed by the people around Missouri who would most likely be inclined to visit the jazz club.²⁷⁴ If a website is interactive but noncommercial, the law appears to require something to counterbalance the noncommercial nature in order for purposeful availment to occur. Furthermore, a sufficiently large number of hits showing actual, significant access may be required to prove that an interactive, noncommercial website meets the "purposeful availment" standard with respect to a U.S. forum.²⁷⁵

In the above hypothetical, Q's website is clearly not interactive because it merely displays his art work without demanding an exchange of information. In conclusion, it appears that there is no way for X to obtain personal jurisdiction over Q, even if he has a valid claim for direct or contributory infringement, because Q's website is neither commercially exploitive nor interactive.²⁷⁶

2. Test for Fair Play and Substantial Justice

Once the minimum-contacts test has been met, an exercise of personal jurisdiction may still be rendered unreasonable if fairness factors substantially weigh against it.²⁷⁷ In an international context, the factors include the burden on a defendant having to answer an infringement claim in the United States, the plaintiff's interest in obtaining effective relief, the interest of the United States in furthering fundamental substantive social policies, and the substantive policies of other nations affected by the exercise of jurisdiction.²⁷⁸ In the hypothetical scenario, the burden on a single, noncorporate defendant such as Q to defend a suit in the United States is quite large, and the nation of Xanadu is also interested in achieving the social gains and increased dissemination it anticipated in passing its weaker version of copyright law.²⁷⁹ Therefore, assuming *arguendo* that the above minimum-contacts test was satisfied with respect to Q, a substantially large effect in the United States would need to result from actual access by U.S. citizens in order to establish a fair exercise of personal jurisdiction.²⁸⁰ An

²⁷³ See Burmeister, *supra* note 48, at 644 (citing *Bensusan Restaurant Corp.*, 126 F.3d at 30-33).

²⁷⁴ See *id.*

²⁷⁵ See *id.* at 648.

²⁷⁶ See *supra* note 199 and text accompanying notes 194-201.

²⁷⁷ See Burmeister, *supra* note 48, at 643.

²⁷⁸ See *id.*

²⁷⁹ See *supra* text accompanying notes 150-52.

²⁸⁰ See Burmeister, *supra* note 48, at 653.

exercise of jurisdiction would be unconstitutional if the U.S. public interest consisted merely of vindicating a single download of Q's website into a U.S. citizen's RAM, subject to possible long-term storage on a computer hard drive.²⁸¹ Nonetheless, as the frequency of the downloads increases, X's nonpecuniary interest in preventing the infringement of his public-display right eventually rises to the point at which exercising jurisdiction is fair; while the number of hits this condition would require is unclear, it appears to be significantly high.²⁸² This number would be decreased, however, every time a copy of the collage in RAM was saved to any more permanent storage device and/or disseminated, because the U.S. browser would then be infringing two additional exclusive rights of X and potentially causing him to lose profits from his own sales.²⁸³

Most likely, then, personal jurisdiction over Q could not be attained with absolute certainty, even assuming *arguendo* that he had minimum contacts with the United States. Still, the fairness factors would probably not preclude personal jurisdiction over the art studio that once employed K, as it purposely decided to extend its reach for pecuniary gain beyond Xanadu through numerous transactions using interactive Internet devices.

B. *The Act-of-State Doctrine Obstacle*

The act-of-state doctrine declares that "the courts of one country will not sit in judgment on the acts of the government of another . . . done within its own territory."²⁸⁴ This doctrine presents an obstacle by creating a potential basis for dismissal when subject-matter and personal jurisdiction otherwise exist.²⁸⁵ Traditionally, federal courts have applied the doctrine to suits which would otherwise require them to determine the validity of an administrative act, such as a government's grant of patent or trademark rights.²⁸⁶

For several reasons, this doctrine is not much of a hurdle for a U.S. plaintiff bringing a copyright infringement suit in a U.S. court under foreign copyright law (according to the loophole presented in Part IV.E). First, the Supreme Court has clearly stated that the doctrine only applies when the adjudication of an issue in a suit *compels* a court to determine the validity of an official act of a foreign sovereign.²⁸⁷ Such a determination is not normally required to decide merely whether or not a private defendant *infringed* a foreign-created

²⁸¹ See *id.* at 653-54.

²⁸² See *id.* at 655.

²⁸³ See *id.* at 654-55.

²⁸⁴ *Underhill v. Hernandez*, 168 U.S. 250, 252 (1897).

²⁸⁵ See *Austin*, *supra* note 1, at 29-30.

²⁸⁶ See, e.g., *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 646 (2nd Cir. 1956).

²⁸⁷ See *W.S. Kirkpatrick & Co. v. Env'tl. Tectonics Corp. Int.*, 493 U.S. 400, 409 (1990).

copyright.²⁸⁸ Second, unlike registered rights such as patents and trademarks, copyrights usually do not owe their existence to administrative formalities.²⁸⁹ Therefore, a federal court will likely avoid sensitive diplomatic issues when initially determining whether foreign copyright protection exists (before determining whether the foreign right was infringed).²⁹⁰

While the act-of-state doctrine is not much of an obstacle, a U.S. author, artist, or composer desiring the application of foreign copyright law still needs to be wary of whether the foreign government happens to require administrative acts as a prerequisite for protection.²⁹¹ If so, an unhappy foreign defendant (or a U.S. defendant operating abroad) will assuredly challenge their validity.

C. *The Obstacle of Subject-Matter Jurisdiction*

Most of the limits on the extraterritorial application of U.S. copyright law discussed prior to Part V have actually been limitations on the subject-matter jurisdiction of federal courts applying U.S. copyright law.²⁹² When a federal judge can see from the outset that the complaint states no claim cognizable under a federal statute because it does not apply to the defendant's behavior,²⁹³ one of two possible bases for federal subject-matter jurisdiction is eliminated.²⁹⁴ At that point, no choice-of-law rule for diversity cases can rescue the 1976 Copyright Act from inapplicability; not even the consent of both parties or the passage of time can save a case from dismissal for lack of subject-matter jurisdiction, unlike in the area of personal jurisdiction.²⁹⁵ However, if a U.S. plaintiff bases his infringement suit on a claim of foreign copyright-law infringement,²⁹⁶ the proprietary right in question is one created by foreign law, so there is simply

²⁸⁸ See Bradley, *supra* note 3, at 581.

²⁸⁹ 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 17.03, at 17-23 (1997).

²⁹⁰ See Austin, *supra* note 1, at 29.

²⁹¹ A member of the Berne Convention, however, cannot impose formalities on the citizens of other members in order for those citizens to obtain copyright protection in that member country. See II PATRY, *supra* note 102, at 1273-74.

²⁹² See *id.* at 1089.

²⁹³ That is, the copyright statute does not apply because he exploited an exclusive right abroad or directed such a result from within the United States.

²⁹⁴ See, e.g., *Northwestern Univ. v. City of Evanston*, No. 00 C 7309, 2001 WL 219632, at *2 (N.D. Ill. March 6, 2001); *FunDamental Too, Ltd. v. Gemmy Indus. Corp.*, No. 96 Civ. 1103, 1996 WL 724734, at *6 (S.D.N.Y. Dec. 17, 1996); *Iverson v. Grant*, 946 F. Supp. 1404, 1410-14 (W.D.S.D. 1996); cf. *Peter Starr Prod. Co. v. Twin Cont'l Films, Inc.*, 783 F.2d 1440, 1442-43 (9th Cir. 1986), *overruled by Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088 (9th Cir. 1994) (en banc). *But cf. Subafilms*, 24 F.3d at 1091 n.5.

²⁹⁵ See *Ruhrigas AG v. Marathon Oil Co.*, 526 U.S. 574, 583-84 (1999).

²⁹⁶ See *supra* Part IV.E.

no U.S. statute even to apply extraterritorially.²⁹⁷ Such a U.S. plaintiff cannot rely on federal-question jurisdiction and so must find another basis for the court's subject-matter jurisdiction in order to avoid dismissal of his copyright claim. The other possible basis for federal subject-matter jurisdiction is diversity jurisdiction,²⁹⁸ which requires (1) that the citizenship of the parties be completely diverse and (2) that the amount in controversy exceeds \$75,000.²⁹⁹ This is the type of jurisdiction on which a U.S. plaintiff bringing suit under foreign copyright law, as discussed in Part IV.E, would necessarily need to rely.

There are two problems that arise in such a situation. First, the defendant can engage in a significant amount of infringement in the foreign country before he reaches the \$75,000 threshold. If the plaintiff is ill equipped to bring an infringement suit in a foreign land, the defendant is virtually immune from suit to the extent of \$75,000. Second, in the hypothetical, if X and K now reside in the same U.S. state, and X brings suit against K in federal district court under a subsequently revised, more restrictive Xanadu copyright statute,³⁰⁰ the suit will be dismissed for lack of diversity. In either of these situations, the plaintiff could bring the suit under foreign copyright law in a state court. However, because U.S. copyright law is the exclusive subject-matter jurisdiction of federal courts,³⁰¹ state courts are generally unfamiliar and uncomfortable hearing any kind of copyright-infringement suit and thus are quite likely to dismiss the claim on *forum non conveniens*³⁰² or other grounds, leaving the U.S. plaintiff without a forum (except for the one abroad).³⁰³

In either of the two problem situations just described, the claim could still be adjudicated in federal court if acts of multiterritorial infringement result in good-faith allegations under *both* U.S. and foreign copyright law.³⁰⁴ In such instances, the federal court may exercise "supplemental jurisdiction" over non-federal claims that are factually interwoven with the U.S. federal-law claims.³⁰⁵ But, if the federal-law question fails at any point during the course of litigation, the federal court has discretion to dismiss the pendant nonfederal claims that it was only adjudicating as a result of the federal law's presence.³⁰⁶ Professor

²⁹⁷ See Austin, *supra* note 1, at 18 n.74.

²⁹⁸ See 28 U.S.C. § 1332 (1994 & Supp. V 1999).

²⁹⁹ See Burneister, *supra* note 48, at 640 (citing 28 U.S.C. § 1332).

³⁰⁰ X chooses to base his case on diversity jurisdiction because the limitations resulting from *Subafilms* and its progeny apply.

³⁰¹ See 28 U.S.C. § 1338 (1994 & Supp. V 1999).

³⁰² See *infra* Part V.D.

³⁰³ See Ginsburg, *supra* note 44, at 601.

³⁰⁴ See *id.*

³⁰⁵ See 28 U.S.C. § 1367 (1994); *UMWA v. Gibbs*, 383 U.S. 715, 725 (1966); *Wright v. Associated Ins. Cos.*, 29 F.3d 1244, 1251 (7th Cir. 1994).

³⁰⁶ See § 1367.

Ginsburg advocates retaining jurisdiction over the remaining pendant claims as a matter of judicial economy, because the court has already become acquainted with the facts of the suit, and the alternatives mean sending the action to a state court that is not well versed in either domestic or foreign copyright law or splintering the action among the courts of numerous jurisdictions – much to the U.S. plaintiff's dismay.³⁰⁷

D. *The Obstacle of Forum Non Conveniens*

Anytime an infringement case commences before a federal court and a foreign country is a more convenient forum for the suit, there is a chance that the defendant will move for dismissal under the doctrine of forum non conveniens, even if both personal and subject-matter jurisdiction exist.³⁰⁸ Because courts apply the doctrine with discretion according to the particular facts of each case, it has produced somewhat unpredictable results.³⁰⁹ Dismissal is supposed to be the exception and not the rule because there is a presumption in favor of the plaintiff's forum choice.³¹⁰ Yet, the presumption is often greatly diminished for foreign plaintiffs,³¹¹ though the reduction appears to be incompatible with U.S. treaty obligations prohibiting discrimination against foreigners utilizing U.S. courts to bring intellectual-property claims.³¹² Nevertheless, the Second Circuit has interpreted the "national treatment" provision of the Berne Convention as not specifically covering pure *access to* U.S. courts and thus not mandating an equal presumption in favor of foreign plaintiffs.³¹³

Surprisingly, a forum-non-conveniens dismissal might obtain not just when a federal district court hears a case under foreign copyright law pursuant to its diversity jurisdiction³¹⁴ but also when it adjudicates a case under federal-question jurisdiction. In *Creative Technology, Ltd. v. Aztech Systems PTE, Ltd.*,³¹⁵ the Singaporean defendant copied the Singaporean plaintiff's computer program in Singapore, infringing the reproduction right in that country, and then distributed the copies in the United States, infringing the distribution right under U.S. law; U.S. law protected the program as a result of its being first published

³⁰⁷ See Ginsburg, *supra* note 44, at 602.

³⁰⁸ See O'Sullivan, *supra* note 85, at 34-35.

³⁰⁹ See *id.* at 34.

³¹⁰ See Bradley, *supra* note 3, at 580.

³¹¹ See RALPH H. FOLSOM ET AL., *INTERNATIONAL BUSINESS TRANSACTIONS* 1173, 1176-77 (4th ed. 1999).

³¹² See Bradley, *supra* note 3, at 580 n.371.

³¹³ See *Murray v. British Broad. Corp.*, 81 F.3d 287, 290-91 (2d Cir. 1996).

³¹⁴ See *supra* Part IV.E.

³¹⁵ 61 F.3d 696 (9th Cir. 1995).

in the United States according to the Berne Convention.³¹⁶ Although he could have done so, the plaintiff did not try to join claims for unauthorized copying and distribution under Singaporean law, so the entire case was based on U.S. copyright-law infringement.³¹⁷ Emphasizing in part that an insignificant U.S. public interest in such a case between foreign litigants was present, the Ninth Circuit upheld the forum-non-conveniens dismissal of the suit.³¹⁸ It declared that its analysis would have been the same for a plaintiff who was a U.S. national and thus took a “source” approach to forum-non-conveniens analysis for multiterritorial copyright claims.³¹⁹ Nevertheless, this Ninth Circuit decision was questionable, because (1) it is inconsistent with its own and other federal circuits’ cases drawing on the nationality of the plaintiff as a key to dismissal, and (2) it may require a tedious inquiry into the substantive fairness of the “source” country’s copyright law in order to avoid encouraging the development of copyright havens.³²⁰

The decision whether or not to dismiss a case under this doctrine involves a two-part inquiry.

1. The Availability of an Adequate Alternative Forum

First, a defendant moving for dismissal must be able to show that an adequate alternative forum with jurisdiction is available for the plaintiff.³²¹ The problem with this prong of the inquiry is that in the age of the Internet, the prong is too easily yet unsatisfactorily satisfied. The digitization of information and the Internet make possible infringing reproductions and distributions of a single copyright holder’s work that occur suddenly in numerous forums, each having jurisdiction over a small portion of the aggregate result. Twenty-five different jurisdictions may be alternative forums for various portions of multiterritorial, Internet-based copyright-infringement cases, but the plaintiff may be unable to bear the burden of litigating in each and every foreign court.³²² Often, the only place where all infringement claims can be legally consolidated is the defendant’s home forum.³²³

This situation was indeed the case in *Boosey & Hawkes Music*

³¹⁶ See Ginsburg, *supra* note 44, at 594 (citing *Creative Technology*, 61 F.3d at 701-05).

³¹⁷ See *id.* at 593.

³¹⁸ See *id.*

³¹⁹ See *id.* at 594.

³²⁰ See *id.* at 594-95.

³²¹ See Austin, *supra* note 1, at 31 (citing *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481, 491 (2d Cir. 1998) (citing *Peregrine Myanmar Ltd. v. Segal*, 89 F.3d 41, 46 (2d Cir. 1996))).

³²² See O’Sullivan, *supra* note 85, at 36-37.

³²³ See Ginsburg, *supra* note 44, at 600.

Publishers, Ltd. v. Walt Disney Co.,³²⁴ where the U.S. defendant distributed videotapes of its film in eighteen different countries, though its licensing contract for a piece of Russian music incorporated into the film only permitted use of the music for theater exhibition.³²⁵ Because the incorporated music was not protected by U.S. copyright law, the copyright laws of the eighteen countries had to determine the copyright-licensing issues.³²⁶ The Second Circuit vacated the district court's forum-non-conveniens dismissal, reasoning that the private factors discussed below clearly weighed against forcing the plaintiff to litigate in eighteen separate forums.³²⁷

2. The Balancing of Private and Public Factors

Second, the court must also determine that a balancing test weighs in favor of dismissal after considering both private and public/systemic factors.³²⁸ The private factors include (1) the availability of compulsory process to obtain the presence of unwilling witnesses, (2) the costs of obtaining the attendance of willing witnesses, (3) the ease of access to sources of proof, (4) the ability to view any relevant premises, (5) the need to apply complex bodies of law, (6) the availability of appropriate remedies, and (7) the convenience of the chosen forum to each party.³²⁹ In certain instances – such as a case that would be dismissed in favor of adjudication in a “copyright haven” – an additional and predominant factor may be added when an unfavorable change in substantive law would result in a remedy “so clearly inadequate or unsatisfactory that it is no remedy at all.”³³⁰ In that instance, an unfavorable law change could potentially be a relevant eighth consideration.

The primary public/systemic factor in the forum-non-conveniens analysis of transnational copyright litigation is the strength of another country's interest in having localized controversies decided at home.³³¹ Though copyright infringement is considered a transitory cause of action,³³² it still retains a very local aspect, as a country's copyright law regulates access to important cultural resources and the exchange of ideas.³³³ Furthermore, even without being subject

³²⁴ 145 F.3d 481 (2d Cir. 1998).

³²⁵ See Ginsburg, *supra* note 44, at 599 (citing *Boosey*, 145 F.3d at 481-86).

³²⁶ See Austin, *supra* note 1, at 32 (citing *Boosey*, 145 F.3d at 491).

³²⁷ See *id.* (citing *Gulf Oil Corp v. Gilbert*, 330 U.S. 501 (1947); *Piper Aircraft Co. v. Reyno*, 454 U.S. 235 (1981)).

³²⁸ See *id.* at 31.

³²⁹ See *id.*; Burmeister, *supra* note 48, at 656.

³³⁰ *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 254-55 (1981).

³³¹ See Austin, *supra* note 1, at 31.

³³² See *supra* text accompanying note 245.

³³³ See Austin, *supra* note 1, at 34, 37.

to a registration system,³³⁴ a copyright statute has strong political importance to its enacting jurisdiction, and its adjudication by another country's court could conceivably raise diplomatic issues similar to those that would be raised by the adjudication of foreign land or patent rights.³³⁵ This tension is precisely why federal courts utilize an American common-law jurisdictional prohibition against applying foreign "public" laws, such as revenue and penal statutes.³³⁶ Similarly, if a U.S. federal court cannot apply U.S. antitrust law to anticompetitive behavior in a foreign jurisdiction, it will apply no antitrust law.³³⁷ Therefore, the public/systemic factor of the test's second prong should theoretically weigh in favor of forum-non-conveniens dismissal so that the enacting jurisdiction may adjudicate the copyright claim.

However, Professor Austin argues that in order to apply the public/systemic factor to foreign copyright law, federal courts must engage in a comparative analysis of various foreign bodies of law, ranking them according to their political importance and sensitivity.³³⁸ He concludes that this factor cannot meaningfully inform a court's analysis of whether or not to retain jurisdiction based on the nature of copyright law per se, because there is no articulable basis by which courts (having comparatively low governmental resources) can distinguish the political significance of different bodies of foreign law from one another, unless the nature of the copyright issue at hand is constitutional.³³⁹

If Professor Austin's argument is influential, the private factors will undoubtedly consume the forum-non-conveniens analysis of copyright cases. Of these factors, the one inquiring into the need to apply complex bodies of law will not tend to favor dismissal. The risk that a U.S. court will misapply an applicable foreign copyright law is not any different than the risk it will do so in any other area of private international law.³⁴⁰ More importantly, the most recent public-international-law agenda has focused on the harmonization of all nations' intellectual property laws by means of achieving universal minimum standards;³⁴¹ this approach discourages enormous copyright-law deviations which might otherwise cause foreign copyright laws to appear complex.

The issue of the availability of appropriate remedies will most likely not favor dismissal. It will favor dismissal only when the remedy sought by the plaintiff is unenforceable, as would be the case with a cross-border injunction

³³⁴ See *supra* Part V.B.

³³⁵ See Austin, *supra* note 1, at 35, 37.

³³⁶ See *id.* at 37-38.

³³⁷ See *id.* at 38.

³³⁸ See *id.* at 39.

³³⁹ See *id.* at 40.

³⁴⁰ See *id.* at 42.

³⁴¹ See *id.*

directing that infringing materials produced in a foreign land be destroyed.³⁴² It will be rare, though, for a plaintiff to be foolish enough to ask for such a remedy. But, if a defendant has assets located in the United States, the availability of appropriate remedies is not likely to favor dismissal when a plaintiff requests an award of damages under foreign law; moreover, the choice-of-law problem regarding whether damage remedies involve procedural or substantive law (and thus are governed by forum law or foreign law, respectively) has been simplified by the Supreme Court's holding in *Gasperini v. Center for Humanities, Inc.*³⁴³ Although the quantum of damages recoverable in diversity cases was traditionally considered a procedural issue separately governed by forum law, *Gasperini* suggests that the governing substantive law (under a federal court's diversity jurisdiction) creating a right to recover damages should also determine the amount of damages.³⁴⁴

The unpredictability and inconsistencies of U.S. forum non conveniens doctrine – and specifically, of the public/systemic factor's application to foreign copyright law – create difficulties in applying the two-part test to a situation in which X brought suit against Q in a U.S. federal district court, and Q moved for dismissal. Nonetheless, four points are worth noting. First, Xanadu would presumably be an adequate alternative forum with personal jurisdiction over Q, so the motion would then be resolved under the balancing test. Second, because X is a U.S. citizen, the presumption in favor of his forum choice would be strong, making a denial of the motion more likely. Third, if the federal court happens to discover that the substantive-law change resulting from a move of the litigation to Xanadu would deny X any basis for recovery (which it would do in this hypothetical), that one factor may assure a denial of Q's motion to dismiss. Fourth, when the premises to be viewed and the sources of proof are accessible over the Internet in any country, the ease of access to evidence would also favor a denial of the motion to dismiss.³⁴⁵ On balance then, the federal district court would likely deny Q's dismissal motion based on this doctrine.

VI. CONCLUSION

A U.S. copyright holder hoping to obtain relief for the foreign exploitation of his copyright faces significant pitfalls along the way to recovery. This Article attempts to map these pitfalls and provide guidance for maneuvering around them. The justifications for the presumption against the extraterritorial application of U.S. copyright law are so strong with respect to this federal statute that the presumption is a mainstay of it, at least for the foreseeable future. Thus, the presumption itself is the first major hurdle for a U.S. rights holder.

³⁴² See *id.* at 44-45.

³⁴³ 518 U.S. 415 (1996).

³⁴⁴ See Austin, *supra* note 1, at 45.

³⁴⁵ See Burmeister, *supra* note 48, at 656.

Even if one of the existing five potential legal options (enabling a U.S. copyright holder to reach exploitive foreign conduct) is applicable to the particular situation, a U.S. rights holder must be certain that the U.S. court in which he brings suit has both personal and subject-matter jurisdiction. The copyright holder must also guard against dismissal motions based on the forum-non-conveniens and act-of-state doctrines. The roadmap provided by this Article will become increasingly useful as the Internet and the digitization of information in general facilitate the spread of works protected by U.S. copyright law throughout the planet.