

# *Study unit 9*

## *Choice of law and jurisdiction*

### *Overview*

In this study unit you will be introduced to the basic rules to determine which law applies to copyright and trade-mark disputes on the Internet. You will also look briefly at some rules to determine which court has jurisdiction to decide trade-mark disputes.

### *Learning outcomes*

- After completion of this study unit you will be able to —
- ❑ understand the rules of conflict of law relating to the ownership of copyright, and copyright and trade-mark infringement
  - ❑ understand some proposals made for the adoption of principles relating to the jurisdiction of courts to hear disputes relating to the use of trade marks on the Internet

### *Discussion*

### *Copyright disputes*

#### *Introduction*

Why is choice of law an issue when one deals with copyright disputes relating to works accessible through the Internet? There are two main reasons:

#### *Internet*

- ❑ By its nature the Internet makes possible the instantaneous, worldwide communication of works of authorship.

#### *territoriality*

- ❑ It is a basic premiss of international copyright that copyright protection is territorial. (It is generally understood that the term 'international copyright' connotes merely a collection of national copyrights conferred on the author by virtue of bi- and multilateral

treaties. (See Jon Baumgarten 'Primer on the Principles of International Copyright' in *Fourth Annual US Copyright Office Speaks: Contemporary Copyright and Intellectual Property Issues* (1992) at 470–471:

*complex relations*

'The term "international copyright" is something of a misnomer, for neither a single code governing copyright protection across national borders, nor a unitary multi-national property right, exists. What does exist is a complex of copyright *relations* among sovereign states, each having its own copyright law applicable to acts within its territory' (original emphasis).)

*Berne Convention*

This premiss is traditionally understood to underlie art 5(2) of the principal source of international copyright – the Berne Convention for the Protection of Literary and Artistic Works. In a nutshell, this article states that each country of the Berne Union determines, subject to the minimum standards set in the Convention, the scope of copyright protection and the remedies available in the event of copyright infringement.

*tension*

There is, of course, tension between the transnational nature of the Internet and the principle of territoriality underpinning the Berne Convention. This tension, then, is the focus of this study unit. To try and release this tension, its two sources will be examined more closely.

### *The Internet*

*Internet structure*

The Internet, sometimes called the 'Information Super Highway' or the 'Global Information Infrastructure', simply consists of a co-operative interconnection of computer networks. Physically, the Internet is a collection of packet-switched computer networks, glued together by a set of software protocols called TCP/IP (transmission control protocol/Internet protocol (Graham JH Smith *Internet Law and Regulation* (1996) 1–11). These protocols allow the networks and the computers attached to them to communicate and (using a common address system) to find other computers attached to the Internet. The best known category of communication over the Internet is the World Wide Web. It allows users to search for and retrieve information stored in remote computers, often in other parts of the world,

*World Wide Web*

and, in some cases, to communicate back to designated sites.

*Reno*

The following remarks in *Reno, Attorney General of the United States, et al v American Civil Liberties Union et al* 117 S Ct 2329, 138 L Ed 2d 874 (1997) (affirming 929 F Supp 824 (ED Pa 1996)) aptly describe the factual setting of the inquiry into copyright issues in the Internet context:

‘ . . . The [World Wide] Web is . . . comparable, from the readers' viewpoint, to both a vast library including millions of readily available and indexed publications and a sprawling mall offering goods and services.

‘From the publishers' point of view, it constitutes a vast platform from which to address and hear from a world-wide audience of millions of readers, viewers, researchers, and buyers. Any person or organization with a computer connected to the Internet can “publish” information.’

Although *Reno* concerned the constitutionality of some provisions of the Communications Decency Act of 1996, these remarks by Stevens J do highlight certain features of the Internet relevant to the present issue:

*transborder*

☐ the potentially transborder nature of Internet communications,

*vast resources*

☐ the vast resources (works of authorship) accessible through the Internet, and

*ease of access*

☐ the ease with which they can be made accessible.

### *The Berne Convention: territoriality and points of attachment*

*TRIPS Agreement*

*WCT*

The Berne Convention is today the pre-eminent international convention governing copyright protection. For long an alternative to the Universal Copyright Convention, its rise to pre-eminence began in 1989 when the United States became a member of the Berne Union. Since then, its substantive provisions have repeatedly been incorporated international instruments. Article 9(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (‘TRIPS Agreement’) requires members of the World Trade Organization to comply with the substantive provisions (except article 6bis on moral rights) of the Berne Convention. Article 1(4) of the WIPO Copyright Treaty (WCT), concluded in Geneva in 1996, similarly incorporates the Berne substantive provisions.

*points of attachment*

To catch as many works of authorship within its protective net, the Berne Convention states two expansive points of attachment in article 3(1). The Convention protects –

- ❑ the published and unpublished works of authors who are nationals of members of the Berne Union, and
- ❑ the works of authors who are not nationals or habitual residents of members of the Berne Union, but whose works are first published in one of those countries, or simultaneously in one of those countries and a country which is not a member of the Berne Union.

*extension*

These generous points of attachment are further extended by assimilating habitual residents to nationals (article 3(2)), and by providing that a work will be considered to have been published simultaneously in several countries if it has been published in two or more countries within thirty days of its first publication (article 3(4)).

*published works*

The expression ‘published works’ connotes ‘works published with the consent of their authors, whatever may be the means of manufacture of the copies, provided that the availability of such copies has been such that as to satisfy the reasonable demands of the public having regard to the nature of the work (article 3(3)). The following acts, inter alia, do not constitute publication of the works in question: the ‘performance of a dramatic, dramatico-musical, cinematographic, or musical work . . . [or] the communication by wire or the broadcasting of literary or artistic works’ (ibid). Historically, the exclusion of ephemeral copies from the scope of the term ‘publication’ has been explained for evidentiary reasons – it would be difficult to determine, for example, in which country the first performance of a work actually occurred. It has also been argued that, as a matter of policy, if Berne protection was available too readily for non-Union authors through a broad definition of ‘publication’, there would be no incentive for new members to join the Union (see Jane C Ginsburg *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted through Digital Networks* (report presented at a meeting of the Group of Consultants on the Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted through Global Digital Networks, convened by the World Intellectual Property Organization in Geneva, 16–18 December 1998) GCPIC/2 at 5n5; for an assessment of these arguments, see Sam Ricketson *The Berne Convention for the*

*Protection of Literary and Artistic Works: 1886–1986* (1987) § 5.48 pp 191–192).

So there are two elements to the term ‘publication’ – making available

*copies*

*reasonable demands*

- ☐ copies of the work, whatever their means of manufacture,
- ☐ in such a way as to satisfy the reasonable demands of the public.

*ephemeral copies*

As far as the first element is concerned, it is controversial whether the term ‘copies’ include ephemeral reproductions in RAM (Random Access Memory – a computer’s temporary memory). (For an argument that it does, see Mihály Físcor ‘Copyright for the Digital Era: The WIPO “Internet” Treaties’ (1997) 21 *Columbia-VLA J of Law and the Arts* 197 at 203–207. For an argument to the contrary, see DP van der Merwe ‘Copyright and Computers, with Special Reference to the Internet: “From Penmanship to Peepshow”’ (1998) 115 *SALJ* 180 at 182–183; Thomas C Vinje ‘The New WIPO Copyright Treaty: A Happy Result in Geneva’ [1997] 5 *EIPR* 230 at 233–234.) Note, though, that the controversy has focussed on unauthorized reproduction as an act of copyright infringement. The latest international copyright instrument, the WCT, is silent on the reproduction right, other than to demand (in article 1(4)) compliance generally with the Berne Convention, which states the right of reproduction in broad and flexible terms in article 9(1). In an Agreed Statement Concerning Article 1(4), the Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions (held in Geneva, 2–20 December 1996), which adopted the treaty, stated:

*Agreed Statement*

‘The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning Article 9 of the Berne Convention.’

*downloading copies*

However, even if one interprets the term ‘copies’ in article 3(3) to connote more permanent reproductions, then making a work available on a web site may still constitute publication, as ‘the downloading public can store the work in a more permanent format, such as hard disk, floppy disk, or printout’ (Ginsburg op cit at 6). From this follows, then, that when a work is made

*simultaneous publication*

available on a web site, it is simultaneously published in every country of the world in which there is Internet access (ibid). Since there are currently 131 members of the Berne Union, a work first made available on the Internet automatically qualifies for Berne protection, regardless of its author's nationality (ibid).

*paradigm shift*

The second element of publication, that copies of the work be made available to the public such as to satisfy its reasonable requirements, remains important in the Internet context. Although there is a paradigm shift from publication as a method of communicating works to a passive, receiving public to publication as a method of communicating work to an interacting public at the initiative of that public, making a work available on a web site can fulfill the 'reasonable requirements' element of publication (ibid).

*concrete point of attachment*

Unfortunately, the matter does not rest there. If online availability does constitute publication, where is the concrete of attachment? In other words, if a work is made available on the Internet, where is it published? In the country from which the author posts the work onto the web site? This option has two main disadvantages (idem at 7–8):

- ❑ That country may have only a tenuous connection to the work, as the author may post the work from anywhere in the world (including from countries through which the author is merely travelling.
- ❑ The work is not available to the public until it arrives at the web site to which members of the public will have access. Perhaps, then, in the country where the web site host server is located? But, in the digital context, the location of the server may be completely indifferent to the author, who may not even be aware of such location. So designating such country as the country of publication seems to be a random choice. Or should it be in the country where an Internet user downloads the work?

*country of origin*

The significance of publication is not limited to whether a work qualifies for Berne protection: publication is also the key to the Berne notion of 'country of origin' (idem at 7). The 'country of origin' is particularly relevant in two contexts – the protection of domestic works, and the term of protection.

*domestic works*

As far as domestic works are concerned, the Berne Convention excuses Berne Union members from according Berne level protection to members' domestic works of authorship (article 5(1) read with article 5(3); see also Ginsburg op cit at 7). A Union member discharges its Berne obligations when it accords protection consonant with the set minimum standards to foreign works of authorship (article 5(1)); the protection of domestic works is purely a matter of national law (article 5(3)). One could argue with force that since publication occurs simultaneously in each Berne Union member with access to the Internet, that every work of authorship is a domestic work in each country of the Union, so that the Berne minimum standards of protection may be irrelevant, as there will never be anything other than domestic works (Ginsburg op cit at 7).

*term of protection*

As far as the term of protection is concerned, article 7(8) of the Berne Convention states that the term of protection is determined by the country where protection is claimed. But there is an exception to this principle – what is known as 'the rule of the shorter term'. It states that if the term in the country of origin is shorter than that in the country of protection, then the term in the country of origin applies. The issue is complicated by article 5(4), which states that, with multiple countries of publication, the 'country of origin' is the country whose term is the shortest. With publication in several countries on the Internet, the country of origin is then the country whose term is the shortest, which means that, in practice, all works of authorship will enjoy the shortest term of protection (ibid).

*Shorter term*

### *Ownership of copyright*

#### *Initial ownership of copyright*

*vests in author*

Municipal law may determine the initial ownership of copyright. In South Africa, for example, although the copyright in a work of authorship in principle vests in the author (see section 21(1)(a) of the Copyright Act 98 of 1978), the copyright may by operation of law vest in the proprietor of a newspaper, magazine, or similar periodical (section 21(1)(b)), a person who has commissioned certain works (section 21(1)(c)), an employer under a contract of service or apprenticeship (section 21(1)(d)), or the State or certain international organizations (section 21(2)).

read with section 5).

*exceptions*

Similar exceptions to the basic principle may not, of course, be found in all legal systems. Which legal system determines, then, the initial ownership of copyright?

*Continental approach*

The Continental approach to choice of law in this context is that the initial ownership of copyright is determined by the country in which protection is claimed. It is argued that this approach is mandated by article 5(2) of the Berne Convention, which states, inter alia, that the 'extent of protection ... shall be governed exclusively by the laws of the country where protection is claimed' (see *André Lucas Aspects de droit international privé de la protection d'oeuvres et d'objets de droits connexes transmis par réseaux numériques mondiaux* (report presented at a meeting of the Group of Consultants on the Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted through Global Digital Networks, convened by the World Intellectual Property Organization in Geneva, 16–18 December 1998) GCPIC/1 § 46 p 14).

This view cannot be supported for three main reasons.

*problems*

- ❑ It leaves the question of the initial ownership of copyright open until protection is claimed. Only then will one be able to determine according to which national system the initial ownership of the copyright in a work of authorship should be decided.
- ❑ If protection is claimed in different countries, different national systems will apply, which may mean that different answers may be given to the question as to the initial ownership of copyright in a work of authorship.
- ❑ The possible initial legal vacuum may entail legal uncertainty, as prospective licensees, for example, will not be able to determine from whom they should acquire the relevant exploitation rights.

*country of origin*

The simplest approach, and the one which yields legal certainty, is that the law of the country of origin governs initial copyright ownership. Recently the United States has stated just that in relation to the ownership of restored copyright in qualifying



works (section 104A of the Copyright Act, implementing article 12 of TRIPS). In *Itar-Tass Russian News Agency v Russian Kurier Inc* 1998 US App Lexis 21016 (2d Cir 1998), the Court of Appeals for the Second Circuit has since held that section 104A reflects the general American approach to choice of law regarding copyright ownership. According to this approach (called the 'source country' approach), then, a work's source country (the country of its first publication, or of the nationality or habitual residence of its author) determines its initial ownership.

*public policy*

This may not mean, of course, that the national law of the country in which a work of authorship is exploited (for example, by applying such country's public policy (*ordre public*) exception) cannot disrupt the incidence of copyright ownership established in the work's source country. Take the following example (Eugen Ulmer *Intellectual Property and the Conflict of Laws: A Study Carried Out for the Commission of the European Communities, Directorate General for Internal Market and Industrial Affairs* (1978) 39):

'[I]f for example a work made for hire in the USA is to be exploited in Germany, the principle is that the copyright belongs to the employer [by operation of law]. In Germany, however, the acquisition of copyright can only be interpreted as an agreement. It is therefore effective only within the limits in which a grant of rights of use is permissible according to German law: the author's moral right and the rights relating to types of uses which were still unknown at the time of conclusion of the contract remain the property of the author.'

(Article 31(4) of the *Urheberrechtsgesetz* does not allow a contractual grant of rights in respect of modes of exploitation unknown at the time of contracting.)

This approach implies a 'double ownership' rule:

*double ownership*

- ☐ the plaintiff should have been the copyright owner in the work's source country; and
- ☐ the plaintiff should also be the copyright owner in the country where protection is sought.

*objection*

The main objection to this approach is that it does not facilitate smooth international commerce in copyright works (Ginsburg op cit at 30; see also Graeme W Austin 'The Infringement of Foreign Intellectual Property Rights' (1997) 113 *LQR* 321).

### *Transfer of copyright*

#### *assignment and licensing*

Copyright can be assigned, licensed, and transmitted by testamentary disposition or operation of law as movable property (see, for example, section 22(1) of the South African Copyright Act). The author can transfer (assign) her copyright, in whole or in part, to another. Where an assignment has taken place, the assigner divests herself of the right concerned in favour of the assignee. An assignment of copyright must be in writing and signed by the assignor (section 22(3)). A copyright licence is basically an undertaking by the author not to sue the licensee for infringement. Except in the case of an exclusive license, it confers no rights as against third parties (*Kinemas Ltd v African Theatres Ltd* 1928 WLD 100; *Video Parktown North (Pty) Ltd v Paramount Pictures Corporation* 1986 (2) SA 623 (T); *Klep Valves (Pty) Ltd v Saunders Valve Co Ltd* 1987 (2) SA 1 (A)). An exclusive license must be in writing and signed by the grantor (section 22(3) read with section 1(1) sv 'exclusive licence'). No formalities are required for a non-exclusive licence.

#### *express choice of law*

Subject to certain limitations (see CF Forsyth *Private International Law: The Modern Roman-Dutch Law including the Jurisdiction of the Supreme Court* 3 ed (1996) 278-282; WA Joubert (founding ed) *The Law of South Africa* sv 'Conflict of Laws' 1st reissue by AB Edwards (1993) para 461 p 361 and paras 464-469 pp 368-372), an express choice of law should be upheld, even when it excludes norms of the *ius cogens* (mandatory rules) of the otherwise applicable legal system (see, for example, *Standard Bank of South Africa Ltd v Efroiken and Newman* 1924 AD 171 at 185-186; *Guggenheim v Rosenbaum* (2) 1961 (4) SA 21 (W) at 31; *Pretorius & another v Natal South Sea Investment Trust Ltd (under Judicial Management)* 1965 (3) SA 410 (W) at 417; *Premier Wire and Steel Co Ltd v Maersk Line* 1969 (3) SA 488 (C) at 490; *Improvair (Cape) (Pty) Ltd v Etablissements Neu* 1983 (2) SA 138 (C) at 145; *Laconian Maritime Enterprises Ltd v Agromar Lineas Ltd* 1986 (3) SA 509 (D) at 525; *Vita Food Products Inc v Unus Shipping Co* [1939] AC 277).

#### *public policy*

The scope of the application of the rules of public policy ('ordre public') is not always clear. (Note that the term 'ordre public' in the Civil Law sense does not translate accurately into the English 'public policy'. Article 16 of the (Rome) Convention on the Law Applicable to Contractual Obligations implicitly

recognizes this and so preserves both 'ordre public' and 'public policy' in its text (see Christopher Wadlow *Enforcement of Intellectual Property in European and International Law* (1988) § 7-111 p 463).)

*ordre public*

In French law, a distinction is made between *ordre public externe* (or *ordre public international*) and *ordre public interne*: the former is internationally mandatory, the latter not. The significance of this distinction appears when the courts have to consider, for example, whether to give effect, in France, to waivers or purported assignments of French moral rights, by non-French authors, in contracts not governed by French law. (In terms of art L 121-1(3) of the *Code de la propriété intellectuelle*, moral rights cannot be alienated.) In *Rowe v Walt Disney* [1987] FSR 36 (Cour d'Appel, Paris), an American national resident in Paris tried to assert his paternity right in respect of the film *Aristocats*, despite the fact that he had assigned his rights in a written contract expressly governed by English law. The appeal court gave precedence to the law of contract over French public policy as reflected in the inalienability of moral rights in French law. So *Rowe* implicitly treats the inalienability of French moral rights as merely part of the *ordre public interne*, with the result that a foreign author can validly alienate her French moral rights in a contract governed by foreign law (see Wadlow op cit § 7-130 p 469). A similar result was reached by the Paris Court d'Appel in a case involving a colourized version of the John Huston film *Asphalt Jungle*; but this decision was overturned by the Cour de Cassation which favoured the rights of the author over the sanctity of contract (*Huston v La Cinq* (1993) 22 IIC 702). There were special circumstances present, though, which may not make *Huston* a general precedent in future litigation (see Wadlow op cit § 7-133 p 470).

*implied choice*

Although the parties may also choose the governing law tacitly, it is rare that their minds would meet on the question and yet they do not express it (see *Improvair (Cape) (Pty) Ltd v Etablissements Neu* (supra) at 145). But there have been instances in which the courts were persuaded that such a choice was made (*Seawright & Co v Marchüssen* (1897) 14 SC 94; *Ferraz v d'Inhaca* 1904 TH 137; *Guggenheim v Rosenbaum* (supra) at 31; *Fattorini v Johannesburg Board of Executors & Trust Co Ltd* 1948 (4) SA 806 (W) at 812; *Improvair (Cape) (Pty) Ltd v Etablissements Neu* (supra) at 145; *Ex parte*

*factors to consider*

*Spinazze* 1985 (3) SA 650 (A) at 665). The courts will consider a wide range of factors in their search for the parties' unexpressed intention (for a discussion of these, see Forsyth op cit at 284–286; Joubert op cit para 461 p 362n3). In particular, where the parties undertake to perform their contract in a place other than the locus contractus, it has been held that they have tacitly chosen the lex loci solutionis (*Livingstone, Syers & Co v Dickson, Burnie & Co* (1841) 2 Menz 239 at 243–244; *Mitchell, Cots & Co v Commissioner of Railways* 1905 TS 349).

*proper law of the contract*

Where the parties did not agree, expressly or tacitly, on the governing law, the courts weigh the factual links between the agreement and the various relevant legal systems, and assign the legal system with which the contract has the 'closest and most real connection' (the pithy formulation first given by Lord Simonds in *Bonython v Commonwealth of Australia* [1951] AC 201 at 219; see also *Amin Rasheed Shipping Corp v Kuwait Insurance Co* [1984] AC 50 (HL)) – the so-called proper law of the contract. The basic principle is that the lex loci contractus governs the contract unless the contract should be performed elsewhere, in which case the lex loci solutionis applies (*Standard Bank of SA Ltd v Efroiken and Newman* (supra) at 185; *Shacklock v Shacklock* 1948 (2) SA 40 (W) at 51; *Guggenheim v Rosenbaum* (supra)). This principle is not rigid: in appropriate cases the courts will assign to the contract a governing law other than the lex loci contractus or the lex loci solutionis (*Standard Bank of SA Ltd v Efroiken and Newman* at 185–186, with reference to *Hamlyn & Co v Talisker Distillery & others* [1894] AC 202 (HL)).

*not rigid*

*compliance with formalities*

As far as compliance with formalities is concerned (in South Africa, for example, writing for valid assignments and exclusive licenses (s 22(3) of the Copyright Act), the courts have applied the lex loci actus (*Mitchell, Cots & Co v Commissioner of Railways* (supra) at 357; *Way v Louw* 1924 CPD 450 at 452), tempered by the proper law as an alternative (*Ex parte Spinazze* (supra)).

### *Copyright infringement*

*Berne Convention*

Article 5(2) of the Berne Convention states what seems, at first blush, to be a fairly simple principle:

‘ . . . the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.’

But on closer inspection, the provision raises a number of questions.

*choice of law*

- ❑ Is this a choice of law principle, or a non-discrimination principle? The latter would entail that the country where protection is claimed need not apply its own law to a Berne Union author, as long as it would apply the same foreign law to a local author in the same circumstances. We believe that the use of the peremptory ‘shall’ suggests the former.

*substantive law*

- ❑ What is meant by the ‘laws’ of the country where protection is claimed? Does it refer to only the substantive law of that country, or does it include its conflicts of laws principles? If the term includes them, a plaintiff may find herself in a round of renvoi, which could lead to a denial of national treatment (enshrined in art 5(1) of the Berne Convention) – foreign works may not receive the same substantive treatment as local works, if the forum applies the law of another country, as a result of its application of the conflicts of law principles of the forum, to a foreign author’s claim for copyright infringement (see Ginsburg op cit at 36–37).

*country for which protection is claimed*

- ❑ What is meant by the ‘country *where* protection is claimed’? The straightforward reading of this phrase – the country in which the plaintiff institutes action – has been rejected by most commentators on the Convention. Instead, they argue that the phrase should be read as ‘the country *for which* protection is claimed’ (see also, for example, *London Film Productions Limited v Intercontinental Communications Inc* 580 F Supp 47 (1984)). Although that country may be that of the forum, a plaintiff may, for example, select to proceed in another forum where the defendant has substantial assets. So one may conclude that ‘the country where protection is claimed’ refers to the country where the infringement takes place (Ginsburg op cit at 37).

*substantial assets*

But this raises the spectre of a multiplicity of claims, subject to a

*multiplicity of claims and  
multiplicity of laws*

multiplicity of laws. This problem is, of course, particularly acute in the Internet context, where the copyright infringement may take place in many countries at the same time. If one wants to maintain consistency with the view of international copyright as a collection of national copyrights, which is a strictly territorial approach, then one would apply successively the law of each country where the copyright infringement takes place.

This would be a daunting prospect for a prospective plaintiff, and for a court hearing a multi-territorial infringement claim. Are there any less daunting alternatives?

*initiating act*

It has been argued that it would be consistent with art 5(2) to generalize to multiterritorial infringement claims the competence of the law of the country where the act initiating the infringement occurred. In the Internet context, the plaintiff would sue according to the law of the country where the copyright infringement originated. This law would then also apply to claims in respect of countries to which such infringement was communicated. Precedent for such an approach can also be found in the European Commission's Directive on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmissions (Council Directive 93/83 of 27 September 1993 (1993 OJ (L 248) 15), which mandates application only of the law of the country from which the uplink of the satellite signal occurs (article 2(b)). (Article 15 localizes the act of communication ' . . . solely in the Member State where, under the control and responsibility of the broadcasting organization, the programme-carrying signals are introduced into an uninterrupted chain of communication. . . .') In the European Commission's *Green Paper on Copyright and Neighbouring Rights in the Information Society* (COM(95)382 final, July 1995, at 41), it was suggested, on the basis of economic efficacy, that this principle be extended to the Internet context. But note that the Commission itself was to do so. It felt that –

*uplink*

- ❑ it may be difficult to identify a single point of origin of an Internet transmission, and
- ❑ the point of origin could be in a country which denies effective protection (Communication following up on its *Green Paper on Copyright and Neighbouring Rights in the Information Society* COM(96)508 final, 20 November 1996, at 23–24 & n 35).

*country best placed to offer  
effective international remedy*

Although this alternative does reduce the number of applicable laws, that should not be the sole object of a choice of law principle. Rather, it should be to identify the rule that will designate the country best placed to confer an effective international remedy (see Paul Edward Geller 'Conflict of Laws in Cyberspace: Rethinking International Copyright in a Digitally Networked World' (1996) 20 *Columbia-VLA J of Law and the Arts* 571 at 597; Ginsburg op cit at 38).

*root copy*

A second alternative which presents itself is the American 'root copy' approach to transborder copyright infringement. Put simply, some courts have held that American law applies to the distribution abroad of copies of a work of authorship, where such copies were further reproductions of an initial unauthorized reproduction made in the United States (see *Sheldon et al v Metro-Goldwyn Pictures Corporation et al* 106 F 2d 45 (1939) aff'd 309 US 390 (1940); *Famous Music Corporation v Seeco Records Inc* 201 F Supp 560 (1961); *P & D International v Halsey Publishing Company* 672 F Supp 1429 (SD Fla 1987); *Update Art Inc v Modiin Publishing Limited* 843 F 2d 67 (2d Cir 1988); *Fundamental Too Ltd v Gemmy Indus Corp* 41 USPQ 2d 1427 (SDNY 1996); *Los Angeles News Service v Reuters Television International* 149 F 3d 987 (9<sup>th</sup> Cir 1998)). The non-application of this principle where the plaintiff seeks relief for offshore performances of the work of authorship (see, for example, *The Robert Stigwood Group Limited et al v O'Reilly et al*; *Track Music Inc et al v Contemporary Mission Inc et al* 530 F 2d 1096 at 1100 (1976); *Gaste v Kaiserman* 683 F Supp 63 at 65 (SDNY 1988) aff'd 863 F 2d 1061 (2d Cir 1988); *Allarcom Pay Television Ltd v General Instrument Corp* 69 F 3d 381 at 387 (9<sup>th</sup> Cir 1995)) is not relevant in the Internet context: any Internet communication by nature involves creating copies in the computer of the recipient. So in respect of a web site located on a server situated in America, the presence of an unauthorized copy of a work of authorship will be sufficient to constitute copyright infringement, even if the only users who download are all located outside America (see Ginsburg op cit at 40). A principal objection to the 'root copy' approach is that it undermines the Berne Convention's tolerance of divergent domestic copyright regimes: the 'unilateral imposition of one country's laws into another country's territory' effectively 'override[s] the [Berne Convention's] choice' to allow for diversity among national laws (subject, of course, to the Berne

minimum standards) (Curtis Bradley 'Territorial Intellectual Property Rights in an Age of Globalism' (1997) 37 *Virginia J of International Law* 505 at 549).

*place where harm was felt*

A third alternative presents itself if one reads 'the law of the country where protection is claimed' in article 5(2) of the Berne Convention as indicating the *lex loci delicti* in the sense of the place where the harm was felt:

'the harm goes to the author's personality (violation of moral rights), and to her pocket (violation of economic rights). Those harms are felt where the author resides (or, where the copyright holder is a juridical person, at its principal business establishment)' (Ginsburg *op cit* at 44).

That is the also the fallback position of the French *Council d'Etat* (see *Internet et les réseaux numériques*, Rapport du Conseil d'Etat (1998) 151). It advocates the application of the law of the country of upload (a position similar to that of the Satellite Directive), if that country is within the European Union; if it is not, then the law of the country with the 'most significant relationship to the harm'. Such country is presumed to be that of the author's habitual residence or main place of business. This presumption may be rebutted in the special circumstances of the case. While this alternative is attractively simple, it runs into trouble where a work has several authors who reside in different countries (see Ginsburg *op cit* at 45n144).

*multiple points of attachment*

Does the solution, then, not lie in multiple points of attachment? There is, after all, precedent for that in national statutes and international instruments (see, for example, articles 3 and 4 of the Convention on the Law Applicable to Traffic Accidents; arts 4–6 of the Convention on the Law Applicable to Products Liability).

*place of business*

One proposal, by Andreas Reindl ('Choosing Law in Cyberspace: Copyright Conflicts on Global Networks' (1998) 19 *Michigan J of International Law* 799 at 852), is to designate the defendant's place of business as the primary point of attachment. When the defendant used the offending material for commercial purposes, the plaintiff may apply the laws of the countries of receipt. Where the use was non-commercial, the plaintiff may choose to apply only the laws of the countries where the harm to her economic interest was 'substantial'. In either event, the plaintiff's choice is conditional upon the



foreseeability of the harm in the countries whose laws the plaintiff seeks to apply.

Another, by Ginsburg (op cit at 48), focusses on the relationship of the potentially applicable law to the harm incurred. She proposes an approach which combines certain aspects of the Satellite Directive with alternative points of attachment:

*where server is located*

- ❑ the law applicable to the entirety of a defendant's alleged Internet copyright infringement is the law of the country in which the server hosting the offending content is located, as long as such country's domestic law is consistent with Berne and WCT standards;

*residence of web site operator*

- ❑ if the law of the country so identified in is inadequate, then the law applicable to the entirety of a defendant's alleged Internet copyright infringement is the law of the country in which the operator of the web site with the offending content has its residence or principal place of business, as long as such country's domestic law is consistent with Berne and WCT standards;

*law of the forum*

- ❑ if the law of the countries identified in both above instances is inadequate, then the law applicable to the entirety of a defendant's alleged Internet copyright infringement is the law of the forum, provided that the forum is a member of the Berne Union, WTO, or WCT, but the parties may demonstrate that, for particular countries in which alleged infringements occurred, the domestic law is either more or less protective than the copyright law of the forum.

### *Trade-mark disputes*

*SCT*

Following the first session of the Standing Committee on the Law of Trade Marks, Industrial Designs and Geographical Indications (SCT), meeting under the auspices of WIPO from 13 to 17 July 1998, the International Bureau prepared a study, for the consideration of the Committee, on the basis of the following two questions:

*questions*

- ❑ How can a relationship be determined between a sign or mark that is used on the Internet and particular goods or services?

- ❑ How can a relationship be determined between a sign or mark that is used on the Internet and a particular country or territory?

*consultation*

To prepare the study requested by the Committee, the International Bureau sought advice concerning the two questions posed. Circular C.6081, containing the two questions and a request for reply, was sent on 7 August 1998 to all states, intergovernmental organizations, and non-governmental organizations that had been invited to participate in the SCT. The questions were also posed to eleven independent experts. The responses are synthesized in the *Summary of the Study Concerning the Use of Trademarks on the Internet, and Possible Principles for Discussion* (SCT/2/10) (10 May 1999), prepared by the International Bureau for the Second Session, Second Part, of the SCT, meeting in Geneva, 7–12 June 1999.

*established trade-mark law*

As far as the first question is concerned, the Summary states that, generally, the prevailing opinion seems to be that this question should be answered by applying rules and principles of established trade-mark law (SCT/2/10 § 4). In particular, many comments assert that where a sign is used on the Internet to promote particular goods or services, the relationship between a sign or a mark and the goods or services should be determined in the same manner as in respect of other means of advertising, such as advertisements in the printed press or in broadcasting. Also, the mark and the goods or services on which it is used should appear together on the Internet and be clearly identifiable, or, the ‘symbol must be used conspicuously in the general manner of a trademark to identify the source of the goods or services and goods or services must be actually be sold and offered’. As regards goods or services offered in electronic form, one commentator suggests that a relationship between these ‘e-goods’ and a given mark used on the Internet be established by the use of the mark on or in relation to those goods (idem § 5). Some comments differentiate between signs used as domain names and those used in the body of a message communicated on the Internet (idem § 6). As regards the former, it is said that a domain name alone, without the information contained on the web site which it designates, cannot pertain to any goods or services and so is not liable to create confusion. But famous or well-known marks have to be distinguished, for they are entitled to protection against dilution, even in the absence of confusion as to the source of goods or

services.

*commercial use*

As far as the second question is concerned, the Summary states that it seems to be generally understood that the mere appearance of a sign or a mark on the Internet is not sufficient to establish a connection between that sign or mark and a given territory (idem § 8). Many comments suggested that a relationship between a sign used on the Internet and a given territory is established only through commercial use of that sign in respect of that territory. The language used is considered to constitute an important element (idem § 10). Where messages on the Internet appear in a given language (say, Japanese), a connection between a sign used in that message and the territory in which that language is spoken (Japan) should be assumed. It appears that there is no hard and fast rule for establishing how much commercial activity must be carried out on the Internet in order to establish a relation between a sign used on the Internet and certain products or services (idem § 11).

*distinction*

*physical form*

One important distinction appears depending on whether the goods for which a sign is used on the Internet are made available in physical or electronic form (idem § 12). As regards goods made available in physical form only, the mere use of a mark on the Internet cannot be considered sufficient for establishing a relationship between that sign and a given territory. Here, additional factors (like those described earlier) should be considered. Where goods or services are made available in electronic form (such as music and video files, software, or electronic Internet services) the use of the mark on the Internet in relation to those goods or services is sufficient to constitute use in all countries or territories where the Internet can be accessed, except for territories where access to certain Internet sites, or the Internet as a whole, is blocked. Some commentators suggest that the relationship between a sign used on the Internet and a given territory should be established with regard to the territory from which the transmission is emitted, or the territory in which it was received, or both (idem § 13).

*study*

The responses to the two questions in the Circular formed the basis of the *Study Concerning the Use of Trademarks on the Internet* (SCT/2/9) (10 May 1999), prepared by the International Bureau for the Second Session, Second Part, of the SCT, meeting in Geneva, 7–12 June 1999. The questions address two core features of trade-mark law that are challenged by the

*guiding principles*

Internet – their specialty and their territoriality. Since the use of signs on the Internet is not limited to use of or conflicts with trade marks, and since other forms of use (commercial or non-commercial) and conflicts with other rights (such as names, trade names, or geographical indications) are at least as likely to occur on the Internet as use of and conflicts with trade marks, these issues have also been mentioned in the study, in the belief that trade-mark law should take related fields of law into account. The converse is also true, of course. The Summary also sets out a number of principles that may be taken into account in future draft provisions in order to stimulate and focus the discussion in the SCT. These principles are contained in Section III of this document.

*factors*

To determine whether the use of a sign on the Internet has established a relationship with a particular country or territory, the Summary proposes that the competent authority take any of the following circumstances into account:

- ☐ serving customers in the particular territory or country;
- ☐ entering into other commercially motivated relationships with persons in that territory or country;
- ☐ actual visits to the web site for which, or on which, the sign is used from persons in the particular territory or country;
- ☐ use of an ISO Standard country code 3166 Top Level Domain;
- ☐ use of the language predominantly used in that territory or country;
- ☐ indication of prices in a particular national currency;
- ☐ indication of an address or a telephone number for contacts or orders in that country or territory;
- ☐ activities in that country or territory that are not carried out over the Internet;
- ☐ if the use is supported by a right, that the right has been established (with a trade mark, by registration) in that country or territory;
- ☐ if the use is not supported by a right but motivated by the subject matter of an existing right, that the right is protected (with a trade mark, that this trade mark has been registered) in that country or territory;
- ☐ and whether the user of a sign clearly and unambiguously states along with such use that the goods or services offered are not available in a particular territory or country, or to persons having their domicile,

residence, or real and effective place of business in that country or territory (SCT/2/10 p 14).

*not exhaustive*

This list is not exhaustive (ibid).

*jurisdiction*

As regards jurisdiction, the Summary states that the general rule should establish general jurisdiction with regard to the domicile, residence, or place of business of the defendant (idem § 26). In some cases, the courts of a particular country are competent only if some relationship between the dispute and the territory or country exists (such as the place where the harmful event occurs (lex loci delicti)). Jurisdiction for dealing with claims relating to the use of a mark on the Internet would potentially be worldwide were it not possible to limit such use to particular countries or territories. The Summary continues (ibid):

'This will be especially relevant in infringement cases where users of a sign on the Internet would otherwise have to anticipate being taken to court in potentially every country of the world. Apart from the inconveniences for all parties involved, this might lead to a variety of conflicting court decisions. The virtually global effect of such use, however, makes it difficult to determine the jurisdiction which has the closest relationship to the Internet use, although the factors suggested above might give some guidance in this respect. It might also be necessary to "centralise" jurisdiction in one territory or country, the courts of which would then be competent to consider all relevant rights and interests of the parties. Such "general" jurisdiction could be granted to the courts of the territory or country in which the defendant has his domicile, residence or real and effective place of business, provided that the use of the sign had a demonstrable effect (also) on that territory. If the latter condition is not fulfilled, jurisdiction could be granted to the courts of the territory in which the plaintiff has his domicile, residence or real and effective place of business, provided that the use of the sign had a demonstrable effect on that country. Independently, "specific" jurisdiction could be granted to courts of a particular territory in so far as that territory was affected by the use of the sign on the Internet.'

*country of defendant's residence,  
domicile, or place of business*

As principles for discussion, the Summary suggests that the courts of the territory or country in which the defendant has her residence, domicile, or place of business, could have jurisdiction for disputes resulting from the use of a sign on the Internet, provided that such use has established a relationship with that territory or country ((idem p 14). If no such relationship can be established, the courts of the territory or country in which

*country of plaintiff's residence,  
domicile, or place of business*

the plaintiff has her residence, domicile or place of business, can have jurisdiction for disputes resulting from the use of a sign on the Internet, provided that such use has established a relationship with that territory or country. In any event, the courts of every country can have jurisdiction for deciding disputes resulting from the use of a sign on the Internet in so far as such use has established a relationship with that territory or country. In assessing whether any of these relationships has been established, the factors listed earlier can be considered.

*applicable law*

As regards applicable law, the Summary notes that this issue is 'crucial in an area of law which is . . . strongly influenced by the principle of territoriality' (idem § 27). Two main aspects should be considered:

- ☐ the definition of the criteria for the choice of law, and
- ☐ the decision as to how defences, which are based on a right which is not recognized under the applicable law, should be treated.

*law in terms of which right  
established*

Although in theory a variety of laws could be applied with regard to the infringement of a mark, the study tentatively ventured that the courts apply the law (or laws) under which the right involved in the dispute has been established (ibid). For discussion, the Summary proposes the principle that '[f]or deciding disputes resulting from the use of a sign on the Internet, the competent court of justice should apply the law of each territory or country in which a right, which was affected by such use, has been established' (idem p 15).

### *Hague Conference*

*draft convention*

The twin issues of jurisdiction and the recognition and enforcement of foreign judgments have been the focus of the Hague Conference on Private International Law (see, generally, Peter H Pfund 'The Project of the Hague Conference to Prepare a Convention on Jurisdiction and the Recognition/Enforcement of Judgments in Civil and Commercial Matters' (1998) 24 *Brooklyn J of International Law* 7). On 30 October 1999, a Special Commission of the Conference adopted a Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters.

But at the most recent meeting of the Conference, the first part

*not adopted*

of the Nineteenth Diplomatic Session in June 2001 (the second part of the diplomatic session will be held in 2002), it was clear that there was little agreement on the electronic commerce issues raised by the draft instrument (see further Barbara S Wellbury & Rufus J Pichler 'Electronic Commerce and the Proposed Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters — Putting the Cart before the Horse?' (2001) 2 *Computer und Recht International* 129).

*controversy*

The draft is also controversial especially in patent circles (see, for example, the Memorandum presented by The Hon Mr Justice Laddie, at the Ninth Annual Conference on International Intellectual Property Law and Policy, at Fordham University School of Law, 19–20 April 2001), and a provocative counterproposal dealing with these issues specifically in the intellectual property context has been made (see Rochelle C Dreyfuss & Jane C Ginsburg *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, paper presented at a WIPO Forum on Private International Law and Intellectual Property, convened by WIPO in Geneva, 30–31 January 2001 (WIPO/PIL/01/7); also Rochelle C Dreyfuss & Jane C Ginsburg *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, paper presented at the Ninth Annual Conference on International Intellectual Property Law and Policy, at Fordham University School of Law, 19–20 April 2001).

*counterproposal*