

DEVELOPING A PRIVATE INTERNATIONAL
INTELLECTUAL PROPERTY LAW: THE DEMISE OF
TERRITORIALITY?

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* Professor of Intellectual Property and Information Technology Law, University of Oxford—Faculty of Law, Professorial Fellow, St. Peter’s College, and Director, Oxford Intellectual Property Research Centre; Distinguished Senior Scholar, Center for Intellectual Property Law and Information Technology, DePaul University College of Law. Copyright 2009, Graeme B. Dinwoodie. In developing further my views on the private international law of intellectual property over the past few years, I have benefitted greatly from participation as an Adviser to the American Law Institute Project on Principles on Jurisdiction and Recognition of Judgments in Intellectual Property Matters, and as a member of the group of scholars comprising the European Max Planck Group on Conflict of Laws/Intellectual Property (CLIP). I owe a debt of gratitude to all of the participants in those two projects who have discussed principles of private international law in those fora and thus informed my views on the subject. Thanks also to Laura Heymann for the invitation to participate in the Conference on *Boundaries of Intellectual Property Law* at which this Article was presented. The Article is part of a larger project on Developing a Private International Law of Intellectual Property, and different iterations of it have been presented at the *International Law Roundtable on Private International Law and Intellectual Property Law* at Vanderbilt University School of Law, at a *Seminar on Innovation Law and Policy* at the University of Washington School of Law, a *Seminar on Transformations of the State*, at Loyola Chicago University School of Law, at the *Colloquium on Innovation Policy* of New York University School of Law and Columbia Law School, at a conference on Private International Law at the University of Bayreuth, and a workshop at Northwestern University School of Law. Early thoughts on the topic were also aired at a workshop at the Center for Innovation Law and Policy at the University of Toronto School of Law. Each of these presentations, and the reaction of participants, was immensely helpful in refining my thoughts; thanks to Larry Helfer, Bob Gomulkiewicz, Greg Shaffer, Rochelle Dreyfuss, Jane Ginsburg, Ansgar Ohly, Funmi Arewa, and Richard Owens for inviting me to present a version of the Article in those seminars and workshops. Thanks also to Rochelle Dreyfuss, Brian Havel, and Mireille van Eechoud for comments on various drafts.

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INTRODUCTION

Although intellectual property law is a relatively recent legal innovation, it has from an early stage in its development possessed an international dimension. Information-rich products have long crossed borders, prompting interested countries to pursue at least some intellectual property policymaking at an international level. As far back as the late nineteenth century, this resulted in the adoption of a group of multinational treaties that remain the foundation of what can be called the public international law of intellectual property.¹

Efforts to develop a private international law of intellectual property are much more recent,² and are ongoing in a number of different institutional settings.³ Yet, the need for attention to this field remains acute.⁴ These efforts raise a number of questions: the content of current private international law in matters of intellectual property; the adequacy of that body of law in an increasingly globalized environment; the changes that must be made to that body of law; and the institutional means by which a private international

1. See Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, 25 U.S.T. 1341, 1161 U.N.T.S. 3 (as last amended, July 24, 1971) [hereinafter Berne Convention]; Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (as last revised at Stockholm, July 14, 1967) [hereinafter Paris Convention]; see also Madrid Agreement Concerning the International Registration of Marks of Apr. 14, 1891 (1891), reprinted in GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY, DOCUMENTARY SUPPLEMENT 141 (2001). By public international intellectual property law, I mean the network of obligations that exist between or among nation-states or recognized groupings thereof, such as the European Union. See Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 473 n.5 (2000) [hereinafter Dinwoodie, *A New Copyright Order*] (noting challenges to the clarity of this definition).

2. Indeed, the existence of a private international law of intellectual property was called into question by a leading scholar as recently as 1991. See P.B. Carter, *Decisions of British Courts During 1990*, 61 BRIT. Y.B. INT'L L. 386, 401-02 (1991) (noting the need for the development of such a body of law in response to the decision of the U.K. courts in *Tyburn Productions v. Conan Doyle*).

3. See *infra* text accompanying notes 24-35.

4. See P.B. Carter, *Preface* to JAMES J. FAWCETT & PAUL TORREMANS, INTERNATIONAL PROPERTY AND PRIVATE INTERNATIONAL LAW (1998) (commenting that "whatever the explanation of the past failure of private international law to meet the need to accommodate problems in the area of intellectual property, that need is compelling" and noting that the need "has become even more pressing" as a result of advances in technology).

law of intellectual property should be developed.⁵ This Article explores the content of a private international law of intellectual property, but does not seek to articulate a comprehensive scheme. Rather, this exploration is intended to facilitate consideration of the core principle of territoriality that informs so much of the existing regime. Likewise, although I note the different means by which a private international law of intellectual property is evolving, the Article leaves for another day the institutional analysis of the means by which such a law may best be developed.⁶

Part I sketches the basic principles of private international law that apply in transborder intellectual property disputes, examining treaty provisions and developments at the national and regional level. In this analysis, it is important to look beyond instruments or doctrines that explicitly bear the label of “private international law.” Some of the leading questions are highlighted by discussion of six recent transborder intellectual property disputes. These disputes help to illustrate aspects of cross-border exploitation of intellectual property that need to be taken into account both in critiquing current approaches and in formulating alternatives.

Part II turns to focus on the concept of territoriality. Territoriality is a principle that has always received excessive doctrinal purchase in intellectual property law. One can adhere to the basic premises that underlie territoriality without supporting

5. As in public international intellectual property law, there has been a proliferation of actors seeking to shape policy. This phenomenon on the public international side of the picture has already received scholarly attention. See JOHN BRAITHWAITE & PETER DRAHOS, *GLOBAL BUSINESS REGULATION* 564 (2000) (suggesting different forms of “forum-shifting”); Laurence R. Helfer, *Regime Shifting: The TRIPs Agreement and New Dynamics of International Intellectual Property Lawmaking*, 29 *YALE J. INT’L L.* 1, 13-18 (2004) (discussing “regime-shifting”); see also Graeme B. Dinwoodie, *The Institutions of International Intellectual Property Law: New Actors, New Institutions, and New Sources*, *PROC. OF THE 98TH ANN. MEETING OF THE AM. SOC’Y OF INT’L L.* 213 (2004) (discussing the proliferation of institutions on both the public and private side), reprinted in 10 *MARQ. INTELL. PROP. L. REV.* 205, 205-06, 210 (2006) [hereinafter Dinwoodie, *Institutions*]. Should development of this area of law be pursued through soft law models that are becoming more significant components of the international legal regime? Should lawmaking initiatives be established at the international level, or would a network of cooperating national actors be preferable? I address these choices in a separate paper that advances the claims of dialogic lawmaking, its challenges, its advantages, and the institutional design questions that will facilitate its full role in the lawmaking toolbox.

6. Institutional questions may significantly affect the *content* of private international intellectual property law in a number of ways. See *infra* note 240.

the full range of rules of intellectual property law that are said to reflect the principle. Moreover, the normative force of the principle has declined as units of social and commercial organization have come to correspond less neatly with national borders, and as private ordering has weakened the capacity (and perhaps the claim) of the nation-state exclusively to determine the behavior of its citizenry. Finally, many of the same values (for example, diversity of legal regimes, tailoring of intellectual property to local needs, and protecting rights on an international basis) that the public international intellectual property system sought to further through its promulgation of the principle of territoriality can now best, and perhaps only, be achieved by reconfiguring the principle.⁷

This Article approaches the task of reconfiguration in two ways. First, in Part II, it explores some of the different ways in which the principle of territoriality might conceptually inform a private international law of intellectual property. Contemporary multi-territorial intellectual property disputes are characterized by an excess of *shared* but *weaker* prescriptive and adjudicatory authority. The Article suggests a restrained concept of territoriality that reflects that reality, drawing in particular from the treatment of extraterritoriality in trademark law. Part III of the Article approaches the question less conceptually and addresses reform of a specific principle of private international intellectual property law: limits on consolidated adjudication of infringement claims under domestic and foreign intellectual property laws.

7. A vibrant private international law, which recognizes the expressive and constitutive capacity of judicial decision making, can make contributions to the intellectual property system well beyond the resolution of private disputes. In urging that courts consciously act upon that potential, I argue for a fuller appreciation of the role of dialogue as a lawmaking institution, both in developing and implementing a private international intellectual property law. Moreover, allowing the development of international norms through creative private international law approaches may present the opportunity to break impasses that are now developing in almost every intellectual property lawmaking context. See Graeme B. Dinwoodie, *The International Intellectual Property System: Treaties, Norms, National Courts, and Private Ordering*, in INTELLECTUAL PROPERTY, TRADE AND DEVELOPMENT: STRATEGIES TO OPTIMIZE ECONOMIC DEVELOPMENT IN A TRIPS-PLUS ERA 59, 84-92 (Daniel Gervais ed., 2007) (discussing impasses).

I. THE PRIVATE INTERNATIONAL LAW OF INTELLECTUAL PROPERTY

A. *Public Private International Intellectual Property Law*

To assess the wisdom of current initiatives to develop a private international law of intellectual property, we must start with what exists. At first blush, this might seem somewhat meager. There is no treaty comprehensively, or even purposefully, addressing the private international law of intellectual property. The provisions resembling conflicts principles found in instruments of substantive (public) international intellectual property law are scattered and episodic, and appear to have been adopted without serious efforts to relate the rule articulated or implied to any general coherent principle of private international law.

For example, some scholars and courts read the core international copyright obligation of national treatment found in Article 5(1) of the Berne Convention as implicating a principle of territoriality and from that, a rule regarding choice of law.⁸ Yet, as the Court of Appeals for the Second Circuit has pointed out, consistent with the views expressed by the European Court of Justice,⁹ “the principle of national treatment is really not a conflicts rule at all; it does not direct application of the law of any country. It simply requires that the country in which protection is claimed must treat foreign and domestic authors alike.”¹⁰ To be sure, the principle of national treatment does generally suggest that national intellectual property

8. See Berne Convention, *supra* note 1, art. 5(1) (providing that “authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention”).

9. See Case C-28/04, *Tod's SpA v. Heyraud SA*, 2005 E.C.R. I-05781 (suggesting that “as is apparent from Article 5(1) of the Berne Convention, the purpose of that convention is not to determine applicable law”).

10. *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 89 n.8 (2d Cir. 1998); see also 2 SAM RICKETSON & JANE C. GINSBURG, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND* § 20.08 (2d ed. 2005) (suggesting how to draw some meaning from Article 5(1) for conflicts purposes); Phillip Johnson, *Which Law Applies: A Reply to Professor Torremans*, 1 J. INTELL. PROP. L. & PRAC. 71, 72 (2005) (arguing that the “national treatment principle ... only requires the same conflict of laws rules to be applied to both foreigners and nationals”).

laws should determine rights based on place rather than nationality,¹¹ but this is a very general philosophy with little specific content.

Indeed, if the general principle of national treatment did impose a particular choice-of-law rule, this could be of broad significance. The principle of national treatment is not only a foundation of the Paris and Berne Conventions, but also was reaffirmed in the TRIPS Agreement in 1994.¹² In fact, one leading treatise suggests that the slightly more elaborate national treatment provision of the TRIPS Agreement might limit the choice-of-law rules that a country may adopt.¹³ Although subsequent elaboration of that view by one of the treatise authors reveals that the limit on national autonomy that the treatise contemplates would be a small one,¹⁴ two aspects of the debate regarding the effect of Article 3 of the TRIPS Agreement are worth noting for present purposes (in addition to the fact that any limits are small). First, to attach a private international law significance to Article 3, one has to parse the definition of “protection” found in a *footnote* to Article 3.¹⁵ This hardly suggests a

11. See Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOUS. L. REV. 885, 891-92 (2004) [hereinafter Dinwoodie, *Trademarks and Territory*]; see also Graeme B. Dinwoodie, *Conflicts and International Copyright Litigation: The Role of International Norms*, in INTELLECTUAL PROPERTY IN THE CONFLICT OF LAWS 195, 201 (Jürgen Basedow, Josef Drexl, Anette Kur & Axel Metzger eds., 2005) [hereinafter Dinwoodie, *The Role of International Norms*] (“[T]he national treatment obligation of the Berne Convention suggests that foreign nationality should not result in lesser rights, and thus suggests that some notion of ‘place’ (rather than nationality) should be controlling. But even if this hint were meant to operate as a choice of law rule, it is not clear which ‘place’ is the most relevant.”).

12. See Agreement on Trade-Related Aspects of Intellectual Property Rights art. 3, April 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]; Berne Convention, *supra* note 1, art. 5(1); Paris Convention, *supra* note 1, art. 2. See generally Graeme B. Dinwoodie, *The Architecture of the International Intellectual Property System*, 77 CHI.-KENT L. REV. 993, 995 (2002).

13. See FAWCETT & TORREMANS, *supra* note 4, at 481 (“All convention provisions must be interpreted as adhering to the general rule that the law of the protecting country is the applicable law Any alternative interpretation favouring the application of the law of the country of origin or the law of the forum as a general rule is no longer acceptable.”).

14. See Paul Torremans, *Which Law Applies? A Reply from Professor Torremans to Phillip Johnson’s Reply to His Earlier Work*, 1 J. INTELL. PROP. L. & PRAC. 76, 76 (2005) (arguing that Article 3 precludes “the application of a *lex originis*-based approach to choice of law across the board”).

15. See TRIPS Agreement, *supra* note 12, art. 3 n.3.

conscious attempt to create a rule of private international law. Second, the limits that Article 3 imposes, such as they are, operate as a constraint on the choice-of-law rules that a state may adopt. They do not mandate a particular rule.¹⁶

As if to emphasize the dubiety of locating private international law rules in intellectual property treaties, over a century of debate has not resolved whether Article 5(2) of the Berne Convention even speaks to choice of law or, if it does, what it says.¹⁷ Yet, *that* provision is clearly cast in language that resembles a conflicts rule: it provides that “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.”¹⁸ The majority view is that Article 5(2) endorses the *lex loci protectionis*, but this is not without objection from some commentators,¹⁹ and the number of issues to which it applies is also a point of debate.²⁰ Finally, the few narrow provisions regarding private international law that do exist in intellectual property treaties are often stated without clarity and with no regard for how they might gel with more general principles.²¹

These observations largely hold true at the regional level as well, where intellectual property instruments have barely touched on questions of conflicts.²² As a result, there is almost no “public

16. *Id.* art. 3.

17. See generally 2 RICKETSON & GINSBURG, *supra* note 10, §§ 20.08-10 (canvassing the literature and the debate); MIREILLE VAN ECHOUD, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS: ALTERNATIVES TO THE LEX LOCI PROTECTIONIS (2003).

18. See Berne Convention, *supra* note 1, art. 5(2).

19. Article 5(2) could be read to institute a rule of *lex fori* because the forum is “the country where protection is claimed.” See *id.* But the accepted reading of the provision is that it refers to the country in respect of which protection is claimed, that is, where infringement is alleged to have occurred. See Graeme W. Austin, *Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation*, 23 COLUM.-VLA J.L. & ARTS 1, 24-25 (1999) [hereinafter Austin, *Domestic Laws*].

20. See *infra* Part I.C.1.

21. See Berne Convention, *supra* note 1, art. 14*bis*(2)(a) (ownership of copyright in cinematographic works); see also *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 91 n.12 (2d Cir. 1998) (noting lack of any general lesson to be drawn from Article 14*bis*).

22. There are exceptions, of course, discussed *infra* text accompanying notes 56-59 (discussing Cable and Satellite Directive). At the regional level, there are a greater number of generally applicable private international law instruments, such as the Brussels Convention and Regulation in Europe. See *infra* notes 26-35.

private international law”²³ of intellectual property. In the last few years, however, several initiatives have been undertaken that would start to build one. Some of these were general private international law projects of which the provisions relating to intellectual property were a small (but highly contested) part. For example, in 1991 the Hague Conference on Private International Law, at the request of the United States, embarked on a quest to negotiate a jurisdiction and judgments convention of general applicability in civil and commercial matters.²⁴ Those efforts floundered in 2000-2001, in large part due to disagreement over how to handle intellectual property cases, forcing the Conference to scale back its efforts and concentrate on a convention validating exclusive choice-of-court clauses in business-to-business contracts.²⁵

At the same time, the European Union (EU), newly invested with competence in matters of private international law by the Treaty of Amsterdam, transformed the older European Brussels Convention (on jurisdiction and judgments)²⁶ and Rome Convention (on choice of law relating to contractual obligations)²⁷ into formal EU instruments. The EU also tackled the law applicable to noncontractual

23. See Stephen B. Burbank, *Jurisdictional Equilibration, the Proposed Hague Convention, and Progress in National Law*, 49 AM. J. COMP. L. 203, 204 (2001).

24. Hague Conference on Private Int'l Law, Preliminary Draft Convention on International Jurisdiction and Foreign Judgments in Civil and Commercial Matters (adopted Oct. 30, 1999), available at http://www.hcch.net/upload/wop/jdgm2001draft_e.pdf; Hague Conference on Private Int'l Law, April 1997, *International Jurisdiction and Foreign Judgments in Civil and Commercial Matters*, Preliminary Doc. No. 7 (prepared by Catherine Kessedjian), available at http://www.hcch.net/upload/wop/jdgm_pd7.pdf; Hague Conference on Private Int'l Law, *Summary of the Outcome of Discussions in Commission II of the First Part of the Diplomatic Conference*, June 6-20, 2001, reprinted in 77 CHI.-KENT L. REV. 1015 (2002).

25. This narrow convention was adopted in 2005. See *infra* note 38.

26. Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, Sept. 27, 1968, 1972 O.J. (L 299) 32, amended by 1990 O.J. (C 189) 1, reprinted as amended in 29 I.L.M. 1413 (1990) [hereinafter Brussels Convention]; Council Regulation No. 44/2001 of 22 December 2000, on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, 2001 O.J. (L 12) 1 (EC) [hereinafter Brussels I].

27. See Rome Convention of 1980 on the Law Applicable to Contractual Obligations, Oct. 9, 1980, 1980 O.J. (L 266) 1; *Commission of the European Communities, Proposal for a Regulation of the European Parliament and the Council on the Law Applicable to Contractual Obligations (Rome I Proposal)* COM (2005) 650 final (Dec. 15, 2005); Regulation No. 593/2008 of 17 June 2008, on the Law Applicable to Contractual Obligations (Rome I), 2008 O.J. (L 177) 6 (EC).

obligations, including in intellectual property actions.²⁸ Although this process was initially intended in large part to bring the old treaties fully within the EU infrastructure, it prompted substantial debate; again, intellectual property was a focal point of discussion.

Finally, as these generally applicable initiatives gained the interest, but assuredly not the assent, of the intellectual property community, scholars and private lawmaking bodies took up the challenge issued by members of the Hague Conference and started work on proposals that were consciously aimed at the peculiar demands of intellectual property disputes. Professors Rochelle Dreyfuss and Jane Ginsburg first proposed a treaty that was consciously modeled on the failed (broad) Hague Convention, but tailored to problems presented by transborder intellectual property disputes.²⁹ When that proposal attracted the attention of the American Law Institute (ALI), which adopted it as its own, the form of the Dreyfuss/Ginsburg proposal changed.³⁰ Reflecting its location outside the context of state-to-state negotiations, the proposed treaty assumed the form of soft law principles and addressed choice of law in addition to the questions of jurisdiction and judgments that had been inherited from the draft Hague Convention.³¹

28. See *Commission Proposal for a Regulation of the European Parliament and the Council on the Law Applicable to Non-Contractual Obligations (Rome II Proposal)*, COM (2003) 427 final (July 22, 2003); Regulation No. 864/2007 of July 31, 2007 on the Law Applicable to Non-Contractual Obligations (Rome II), 2007 O.J. (L 199) 40, art. 8 (EC) [hereinafter Rome II].

29. See Rochelle C. Dreyfuss & Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, WIPO Doc. No. PIL/01/07 (2000), available at http://wipo.int/edocs/mdocs/mdocs/en/wipo_pil_01_7.doc [hereinafter Dreyfuss & Ginsburg, *Draft Convention*]; Rochelle C. Dreyfuss and Jane C. Ginsburg, *Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters*, 77 CHI.-KENT L. REV. 1065, 1065-66 (2002).

30. See AM. LAW INST., *INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES* (2008) [hereinafter ALI PRINCIPLES]. Reference is also made in this Article to AM. LAW INST., *INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES* (Discussion Draft, 2006), and AM. LAW INST. *INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES* (Proposed Final Draft, 2007).

31. See Rochelle Dreyfuss, *The ALI Principles on Transnational Intellectual Property Disputes: Why Invite Conflicts?*, 30 BROOK. J. INT'L L. 819, 820-26 (2005) (providing full etymology of the principles). The draft Dreyfuss-Ginsburg treaty had addressed choice of law prior to its adoption as an ALI project. See Dreyfuss & Ginsburg, *Draft Convention*, *supra* note 29.

Moreover, reflecting the inevitably international nature of the project, the ALI appointed a European scholar, François Dessemontet, as a co-reporter, along with Professors Dreyfuss and Ginsburg, and assembled a thoroughly international group of advisers. The Principles were adopted by the ALI at its annual Meeting in San Francisco in May 2007 and have already been cited by U.S. courts.³²

Despite (or, perhaps, because of) the efforts of the ALI to internationalize its initiative,³³ groups of scholars in other countries have commenced their own work in this field, including most notably the Max Planck European Group on Conflicts of Law/Intellectual Property (CLIP).³⁴ Although these groups are formally producing rival sets of principles, there is substantial cooperation and communication among the different groups, aided in part by some overlap in membership.³⁵

32. See *Fairchild Semiconductor Corp. v. Third Dimension*, 589 F. Supp. 2d 84, 89-90 (D. Me. 2008).

33. This is a general trend in the activities of the ALI, and indeed a priority of the Institute, reflecting the nature of modern law. See AM. LAW INST., RULES OF TRANSNATIONAL CIVIL PROCEDURE (2004); AM. LAW INST., TRANSNATIONAL INSOLVENCY PROJECT (2000).

34. The CLIP Working Group is a joint initiative of the Max Planck Institute for Intellectual Property and Competition Law in Munich and the Max Planck Institute for Comparative and International Private Law in Hamburg. See Annette Kur, *Applicable Law: An Alternative Proposal for International Regulation—The Max Planck Project on International Jurisdiction and Choice of Law*, 30 BROOK. J. INT'L L. 951, 955-58 (2005); Annette Kur, *Jurisdiction and Enforcement of Foreign Judgments: The General Structure of the MPI Proposal*, in INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW: HEADING FOR THE FUTURE 21, 21-24 (Josef Drexler & Annette Kur eds., 2005). The work of this group was also intended to provide input to the Europe-based Intellectual Property in Transition Research Programme ("the Stockholm Group"), which was discussing the possibility of a revised version of the TRIPS Agreement.

35. In addition, a group of Japanese academics have recently commenced a parallel project. Cf. Toshiyuki Kono, *Intellectual Property Rights, Conflict of Laws and International Jurisdiction: Applicability of ALI Principles in Japan?*, 30 BROOK. J. INT'L L. 865, 865-66 (2005) (discussing applicability of ALI Principles in Japan). Although the ALI project took the form of a soft law initiative, the ALI invited representatives of the World Intellectual Property Organization and the Hague Conference on Private International Law (who were formally liaisons to the project) to each advisers' meeting, taking advantage both of the wisdom accumulated during the Hague process and ensuring a direct link with the traditional intergovernmental organizations that could help with the broader adoption of the Principles.

B. Taking a Broader View

Contemplating the existence and further development of a *public* private international law of intellectual property might be too narrow an inquiry into the means by which regulation of intellectual property occurs in the context of a transborder dispute.³⁶ Approached more broadly, principles of private international law relevant to intellectual property clearly do exist, and are growing in number and complexity with every passing year.³⁷ Moreover, it is in the nature of much private international law to develop without a foundation in international treaties. To be sure, the Hague Conference on Private International Law tirelessly works toward the adoption of instruments in the field in general, but the most effective work of the Hague Conference has been in very particular

36. Of course, it also excludes from consideration the principles of public international intellectual property law proper, which have for some time had a substantial effect on the regulation of intellectual property on a worldwide basis. That effect has only grown since the conclusion of the TRIPS Agreement in 1994, and with the efforts to promote a "TRIPS plus" agenda through bilateral trade agreements. See Dinwoodie, *Institutions*, *supra* note 5, at 209. In this Article, I reference these classic public law developments only insofar as relevant to the development of private international law. See, e.g., *supra* text accompanying notes 8-21. By this limited engagement with public international law, I do not mean to minimize the importance of public law developments. Most commentators would agree that these developments have in large part defined the field. As a result, achieving an optimal level of intellectual property protection also requires attention to reform of public international law. (And the direction of public international intellectual property law will heavily influence how much work needs to, or can, be done by private international law. For example, recent focus on criminal penalties and enhanced enforcement might tend to limit the role of private international law. Criminal actions have always been beyond the remit of conflicts rules, and there territoriality is even more strictly enforced). Rather, here I focus on the development of the private international law of intellectual property because *its* role in effecting global regulation has been *underappreciated* by scholars and policymakers to date.

37. See *supra* text accompanying notes 24-35.

areas such as family law.³⁸ Public private international law instruments of general application are hard to find.

Despite that, private international law abounds. Courts routinely are entangled in questions of jurisdiction, choice of law, and (perhaps to a lesser extent) recognition and enforcement of judgments, the basic fields of private international law. Private international rules have classically been rules of local law, not international law at all in the Benthamite sense.³⁹ Thus, if we broaden our inquiry to consider developments at the national or regional level that address the ability of courts to exercise adjudicatory authority over transborder intellectual property disputes, that seek to articulate the law applicable to such disputes, or that determine whether a local court should recognize or enforce the judgment of a foreign court in an intellectual property dispute, we find a much richer body of law.⁴⁰

To be sure, one should not overstate the existence or depth of this existing body of law. Even when adopting a broader perspective, the extent of private international intellectual property law is slight compared to other fields. Until very recently, there was very little case law or statutory rules,⁴¹ and surprisingly little scholar

38. See Hague Conference on Private International Law, <http://www.hcch.net> (last visited Oct. 21, 2009); see also Ronald A. Brand, *Intellectual Property, Electronic Commerce and the Preliminary Draft Hague Jurisdiction and Judgments Convention*, 62 U. PITT. L. REV. 581, 582 (2001) (discussing the spotty record of the Hague Conference in developing a generally applicable convention on jurisdiction and judgments in civil and commercial matters). As noted above, a recent Hague Choice of Court Convention validates and requires enforcement of exclusive choice-of-court clauses in business-to-business contracts. (In essence, the treaty seeks to extend the model of the New York Convention on Recognition of Arbitral Awards to the court system.) See Hague Convention on Exclusive Choice of Court Clauses, June 30, 2005, 64 I.L.M. 1291, 1291-96. Its scope encompasses clauses in contracts relating to intellectual property.

39. See FRIEDRICH K. JUENGER, CHOICE OF LAW AND MULTISTATE JUSTICE 4 (1993).

40. For statutory rules, see, for example, Code of Private International Law of July 16, 2004 (Belg.).

41. As with the scattered provisions regarding choice of law in treaties, the rules that do exist in national intellectual property statutes are often unenlightening. For example, § 104A(b) of the U.S. Copyright Act, which restored copyright in certain works that were in the public domain because of noncompliance with formalities of U.S. law, provides that ownership of copyright in a restored work vests “in the author or initial rightholder of the work as determined by the law of the source country of the work,” which the statute then defines. 17 U.S.C. § 104A(b) (2006). However, is this provision an exception to an unstated general rule, or merely an affirmation in this specific context of the rule that Congress wished to adopt? In light of this uncertainty, the Court of Appeals for the Second Circuit has refused

ship.⁴² Without rehearsing fully the many reasons that might explain this vacuum,⁴³ it is certainly true that most of the relevant developments have occurred in the last fifteen to twenty years. Only now are there substantial scholarly efforts to organize the field, only now are courts consciously rendering decisions that address intellectual property through a private international lens, and only now are policymakers beginning to make some halting progress in bringing together two of the most maddeningly and fascinatingly complex fields of law.

By the same token, in assessing what private international intellectual property law currently exists, one must also bear in mind that sometimes rules of private international law do not come labeled as such. The private international dimension of substantive laws is often hidden, implicit in the legislative edict or judicial decision. Indeed, one of the tasks assumed by early scholars of private international law—most particularly, in choice of law—was to deduce from the nature of the substantive law a guiding principle regarding the scope of its application.⁴⁴ This endeavor, which defined the statist approach and which has adherents still, gave rise to principles of private international law, often by force of necessity as courts and writers were by the circumstance of foreign commerce or conquest required to consider the reach of local laws.⁴⁵

The formalistic nature of the statist approach, at least in its early incarnations, was subjected to trenchant criticism.⁴⁶ But intellectual property laws were relatively immune from even that type of inquiry because public international intellectual property laws had from the late nineteenth century supplied what most scholars and courts had assumed to be a rule of clear application,

to draw general significance from this provision. See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 90 n.10 (2d Cir. 1998).

42. See Graeme B. Dinwoodie, *International Intellectual Property Litigation: A Vehicle for Resurgent Comparativist Thought?*, 49 AM. J. COMP. L. 429, 433-35 (2001) [hereinafter Dinwoodie, *International Intellectual Property Litigation*] (noting scholarship that existed).

43. For a fuller effort, see *id.* at 430-38.

44. See JUENGER, *supra* note 39, at 12-15.

45. See *id.*

46. See *id.* at 15 (“For centuries, useless disputes raged about how particular laws should be characterized, until conflicts scholars realized that the statistists’ taxonomic obsession was a sure indication of unilateralism’s failings.”).

namely, the principle of territoriality.⁴⁷ That principle is somewhat more chameleon-like than most scholars assume.⁴⁸ Its protean nature serves only to obscure the real grounds for decisions in this area and to forestall the development of a genuine private international law reflecting the complexity demanded by contemporary exploitation of intellectual property. The territoriality principle could have been parsed to reveal a number of subsidiary propositions, reflecting different but legitimate policy concerns, but this did not happen.⁴⁹ The *perceived* or *claimed* clarity of the territoriality principle largely precluded such scholarly or judicial inquiry.⁵⁰

These subsidiary propositions, hidden by unquestioning incantation of the principle of territoriality, include a number of principles that truly are in the nature of rules of private international law, the central examples of which are discussed immediately below. Yet many substantive rules of intellectual property law, formulated without any eye to issues of private international law, have by necessity been subjected to arguments that cause the (often unintentional) deduction of a rule of private international law.⁵¹ In

47. See Dinwoodie, *International Intellectual Property Litigation*, *supra* note 42, at 437. The invocation of that premise still often frustrates the type of nuanced private international law analysis found in other areas of law. See *infra* text accompanying notes 86-102 (discussing *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1313 (Fed. Cir. 2005) and other cases).

48. See Dinwoodie, *Trademarks and Territory*, *supra* note 11, at 891-92.

49. See *id.* at 888 (drawing a distinction between “intrinsic territoriality” and “political” territoriality and suggesting that doctrines grounded in the former may be more susceptible to change in light of transborder social and commercial activities).

50. See Dinwoodie, *International Intellectual Property Litigation*, *supra* note 42, at 435-37 (suggesting that the lack of a private international law of intellectual property law was in part a function of the “looming presence of public international intellectual property law” and the premise of territoriality in particular); see also Dreyfuss, *supra* note 31, at 839 n.35 (noting that “in an early presentation of the ALI Principles to the Advisers, a prominent jurist argued that there was no need for choice of law rules because the territorial principle was so obviously applicable”). Other causes may have been the overreading of the principle of national treatment, also a foundational principle of public international intellectual property law. See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 89 (2d Cir. 1998); see also William F. Patry, *Choice of Law and International Copyright*, 48 AM. J. COMP. L. 383, 385 (2000) (suggesting lack of attention to choice of law because of the very few cases involving multistate contacts). Professor Dreyfuss also suggests that the “paucity of global cases embedded concepts of territoriality so deeply into intellectual property jurisprudence, it was rarely evident that choices were being made.” Dreyfuss, *supra* note 31, at 839. This last observation highlights both the significance of private litigation in providing content to rules and also the potential of territoriality to mask real policy choices.

51. See *Nat'l Football League v. TVRadioNow Corp.*, 53 U.S.P.Q. 2d (BNA) 1831, 1834-35

the early days of private international law, the necessity was generated both by trading across borders and not a little military conquest,⁵² but in recent years the precipitating cause has been free trade and digital communication technologies. In establishing the existing private international intellectual property law, we must also consider the spatial and jurisdictional interpretation of nominally substantive laws.

For example, copyright law is nominally territorial.⁵³ Statutorily endorsed exceptions allowing for extraterritorial enforcement are narrow.⁵⁴ And explicit engagement with principles of private international law is rare.⁵⁵ But extended regulation has been achieved by interpreting substantive provisions of the U.S. Copyright Act (for example, the definition of what constitutes a “copy” or what constitutes performance) in ways that effectively create choice-of-law rules. Thus, although early cases held that a “performance,” as

(E.D. Pa. 2000); *Playboy Enters. v. Chuckleberry Publ'g, Inc.*, 939 F. Supp. 1032, 1039-40 (S.D.N.Y. 1996); *infra* notes 100-01, 269 & 302 (discussing Joint Recommendation on Internet Use; *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1316-17 (Fed. Cir. 2005); *Nat'l Football League v. Primetime 24 Joint Venture*, 211 F.3d 10, 11-12 (2d Cir. 2000)).

52. See JUENGER, *supra* note 39, at 10-11.

53. *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1095-98 (9th Cir. 1994) (en banc).

54. See *Quality King Distribs. v. L'Anza Research Int'l*, 523 U.S. 135, 145 n.14 (1998).

55. Localization is the classic tool by which courts bring a multistate dispute within the control of single law. In intellectual property cases, there has been little development of this particular conflicts device, at least in the sophisticated sense now understood in contemporary conflicts scholarship. The leading extended judicial discussion of this approach by a U.S. court is found in *Itar-Tass Russian News Agency v. Russian Kurier, Inc.* There, on the question of copyright ownership, the court looked to the policy-based approach of the Second Restatement and applied the law of the place with the most significant relationship to the parties and the transaction, giving particular weight to the nationality of the authors and the place of first publication. *Itar-Tass*, 153 F.3d at 90-91. The court concluded that the *lex loci delicti* would determine infringement, whether as a fixed rule akin to the First Restatement or as part of a broader interest analysis more similar to the Second Restatement. *Id.* The flexible policy-grounded discussion that is at the heart of Second Restatement analysis would, if fully developed, be one means by which U.S. courts could further elaborate upon the circumstances in which it would purport to extrude the application of U.S. law internationally. By definition, localization effects some extraterritorial regulation by applying a single law to a dispute that touches more than one nation-state. However, because on infringement questions the court gave great weight to the *lex loci delicti*, which was on the facts easy to determine, *Itar-Tass* contains no discussion of choice-of-law principles in intellectual property cases that would be helpful in more challenging cases. *Id.*; cf. *Cranston Print Works Co. v. J. Mason Prods.*, 49 U.S.P.Q.2d (BNA) 1669 (S.D.N.Y. 1999); *Shaw v. Rizzoli Int'l Pubs., Inc.*, 51 U.S.P.Q.2d (BNA) 1097 (S.D.N.Y. 1999).

defined in the Copyright Act (for purposes other than choice of law) occurs at place of receipt of a satellite signal carrying the allegedly infringing work,⁵⁶ the Second Circuit in *National Football League* has since interpreted the same definition as meaning that performance occurs at every “step in the process by which a protected work wends its way to its audience.”⁵⁷ As a result, performance of a work via satellite occurs also at the place of initiation of signal. Although not explicitly analyzed as such, these interpretations operate essentially as choice-of-law rules.⁵⁸ The same type of analysis is found in cases involving online conduct initiated from servers abroad.⁵⁹ Likewise, other courts have interpreted the term “authorize” in the Copyright Act, which was intended to provide an explicit basis for secondary liability, to provide a discrete basis of liability with respect to primary conduct occurring abroad. As a result, this has supplied U.S. courts with the local conduct sufficient to assume jurisdiction over a transborder dispute.⁶⁰ Finally, using equitable trust doctrines, the U.S. courts have used the existence of a “root copy” or “predicate act” in the United States to assume jurisdiction over infringing conduct abroad that flows from U.S.

56. See *Allarcom Pay TV Ltd. v. Gen. Instrument Corp.*, 69 F.3d 381, 387 (9th Cir. 1995) (holding that unauthorized transmission from United States to Canada implicated rights only under Canadian law).

57. 211 F.3d 10, 12 (2d Cir. 2000).

58. See *id.*; see also *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 759 (S.D.N.Y. 1988).

59. See *Nat'l Football League v. TVRadioNow Corp.*, 53 U.S.P.Q. (BNA) 2d 1831, 1834-35 (E.D. Pa. 2000) (holding that when defendants originated the streaming of copyrighted programming over the Internet from a website in Canada, public performances occurred in the United States because users in the United States could access the website and receive and view the defendants' streaming of the copyrighted material).

60. The courts are split on this question. Compare *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1095 (9th Cir. 1994) (en banc) (holding that mere authorization in the United States of foreign infringing conduct cannot be actionable under U.S. copyright law because the direct act of infringement abroad was not actionable in the United States), *Fun-Damental Too Ltd. v. Gemmy*, 41 U.S.P.Q. (BNA) 2d 1427, 1432-33 (S.D.N.Y. 1996) (following *Subafilms*), and *Armstrong v. Virgin Records*, 91 F. Supp. 2d 628, 634 (S.D.N.Y. 2000) (noting repudiation of *Peter Starr*), with *Expeditors Int'l, Inc. v. Direct Line Cargo Mgmt. Servs., Inc.*, 995 F. Supp. 468, 477 (D.N.J. 1998), and *Curb v. MCA Records, Inc.*, 898 F. Supp. 586, 596 (M.D. Tenn. 1995).

conduct.⁶¹ Although none of these doctrines is explicitly cast as a matter of private international law, they clearly operate as such.⁶²

C. Core Principles

Three principles of the nascent body of private international intellectual property are common to most countries, though the strength of commitment to the principles may vary from one country to another.⁶³ All might be thought to be a function of territoriality, or at least one rather large conception of that principle.

61. See, e.g., *L.A. News Serv. v. Reuters T.V. Int'l Ltd.*, 149 F.3d 987, 990-92 (9th Cir. 1998) (unauthorized transmission and copy of work made in the United States and then further transmitted to Europe and Africa), *later proceedings*, *L.A. News Serv. v. Reuters Television Int'l Ltd.*, 340 F.3d 926, 930 (9th Cir. 2003); *Update Art, Inc. v. Modiin Publ'g, Ltd.*, 843 F.2d 67, 72-73 (2d Cir. 1988) (unauthorized copy of plaintiff's poster made in the United States and then further copied and distributed in Israel); *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 52 (2d Cir. 1939), *aff'd*, 309 U.S. 390 (1940) (awarding plaintiff profits from both U.S. and Canadian exhibition of infringing motion picture when a copy of the motion picture had been made in the United States and then shipped to Canada for exhibition). Courts applying this theory have not typically analyzed whether the acts abroad were infringing under the foreign law in question. See, e.g., *Sheldon*, 106 F.2d at 52. *But cf.* *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93-94 (2d Cir. 1981) (declining to enjoin foreign exhibition absent proof that foreign copyright laws were infringed).

62. See Dreyfuss & Ginsburg, *Draft Convention*, *supra* note 29, arts. 11-12 (discussing some of these doctrines under rubric of private international law).

63. Historically, differences may exist most particularly between common law countries and countries in the civil law tradition. The approach suggested in this Article draws more heavily on developments in the common law countries. For example, U.S. courts and scholars have been more willing to invoke interest analysis to allow substantive policy concerns to inform conflicts thinking, something that I argue needs further development. See *infra* text accompanying notes 67-69. European courts remain more closely tied (via the *lex loci protectionis*) to choice-of-law "rules" allocating prescriptive competence according to a fixed connecting factor, see *Rome II*, *supra* note 28, art. 8, despite the development of some conflicts rules (for example, for contracts involving consumers or employees) that are more sensitive to substantive policy concerns. Similarly, common law courts have historically made greater use of comity considerations in deciding transborder disputes, again, something that I regard as an essential tool going forward. On the other hand, what I regard as problematic assimilation of adjudicatory and prescriptive jurisdiction, see *infra* Part II.B.3, has been most pronounced in common law countries, although recent decisions of the ECJ, see *infra* text accompanying notes 151-63, may effectively have inflicted this common law curse on the civil law countries of Europe. Of course, the problems that require a private international law of intellectual property manifest themselves in both types of jurisdiction.

1. *Choice of Law: Scope of the Lex Loci Protectionis*

Most national courts have applied the *lex loci protectionis* to determine the applicable law in intellectual property cases, at least in adjudicating the question of infringement.⁶⁴ This rule, that the law of the country for which protection is sought applied in intellectual property cases, is seen as implementation of the principle of territoriality: “when in Rome, do as the Romans do.”⁶⁵ Moreover, to the (minimal) extent that international treaties expressed a preference for a choice-of-law rule, the *lex loci protectionis* was favored.⁶⁶

The *lex loci protectionis* has been applied with the least debate in determining the subsistence and infringement of registered intellectual property rights. The law of the country that granted the right applies to determine both the validity of the grant and its scope of protection. There has been somewhat greater controversy in copyright law, where international law mandates that copyright exist without compliance with formalities such as registration. Yet, most commentators would agree that copyright infringement is typically still a question for the *lex loci protectionis*.

64. See generally Jane C. Ginsburg, *Group of Consultants on the Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks*, WIPO Doc. GCPIC/2, at 34-36 (Nov. 30, 1998) (copyright); Graeme B. Dinwoodie, *Private International Aspects of the Protection of Trademarks*, WIPO Doc. No. WIPO/PIL/01/4, at 30-31 (Jan. 31, 2001) [hereinafter Dinwoodie, *Private International Aspects*] (trademark).

65. On occasion, the choice-of-law principle for infringement is alternatively stated, under the traditional American approach to choice-of-law in tort cases, as involving the application of the *lex loci delicti*. See, e.g., *Vanity Fair Mills v. T. Eaton & Co.*, 234 F.2d 633, 639 (2d Cir. 1956) (noting that “passing off occurs ... where the deceived customer buys the defendant’s product in the belief that he is buying the plaintiff’s”). Indeed, even courts applying more policy-based theories of choice of law generally have expressed a preference for the *lex loci delicti* in determining infringement. See, e.g., *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 91-92 (2d Cir. 1998). In practice, because acts of copyright and patent infringement consisted in particular *conduct* that was reserved to the exclusive preserve of the copyright or patent owner, this rule typically resulted in the application of the place of conduct. Trademark law to some extent attributes liability based upon particular *effects* and not mere use as such. See Graeme B. Dinwoodie, *Lewis & Clark College of Law Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law*, 13 LEWIS & CLARK L. REV. 99, 127 (2009).

66. See, e.g., Berne Convention, *supra* note 1, art. 5(2); see also *supra* text accompanying notes 17-20 (discussing alternative readings of Article 5(2)).

Some scholars have, however, questioned the resilience of that rule in light of the increased international flow of copyrighted works and the ubiquity of works distributed online.⁶⁷ For these scholars, the increasingly dispersed and nonexclusive nature of national prescriptive authority, as well as practical efficiencies, support revisiting the strength of our unconditional commitment to *lex loci protectionis*, even on the question of copyright infringement.⁶⁸ The *lex loci protectionis* might fail to capture the complicated set of affinities that should prescribe the conduct of online actors. And it might (depending upon how the “place for which protection is sought” is interpreted) provide little guidance as to applicable law in online disputes, or instruct the application of the laws of 180 countries to an essentially unitary dispute, or encourage the development of information havens. It is perhaps not surprising, therefore, that some courts, including in the United States and Canada, have articulated choice-of-law rules that admit greater flexibility on the infringement question (without formally jettisoning respect for the claims of the *lex loci protectionis*, sometimes identified in the infringement context as the *lex loci delicti*).⁶⁹

67. The literature is by no means uniform in its suggested solution, but the problems identified are common in most of that writing. For a list of illustrative scholarship, see Austin, *Domestic Laws*, *supra* note 19, at 6 n.15; see also Graeme W. Austin, *Intellectual Property Politics and the Private International Law of Copyright Ownership*, 30 BROOK J. INT'L L. 899, 899 n.3 (2005) [hereinafter Austin, *Intellectual Property Politics*] (listing scholarship in intellectual property law generally).

68. See, e.g., Dinwoodie, *A New Copyright Order*, *supra* note 1, at 542-79 (supporting substantive law method in truly international cases); see also Ginsburg, *supra* note 64, at 45 (proposing application of the law of the place of server that hosts the allegedly infringing content, provided that that law is Berne-compliant, absent which, the law of the place of residence of the website operator applies provided that that law is Berne-compliant, absent which, the *lex fori* provided that that law is Berne-compliant). Other scholars have sought to reaffirm the *lex loci protectionis* (provided it is not interpreted as merely the *lex fori*), but deal with some of the same objections through reform of jurisdictional doctrines. See, e.g., Austin, *Domestic Laws*, *supra* note 19, at 36-48; Graeme W. Austin, *Social Policy Choices and Choice of Law for Copyright Infringement in Cyberspace*, 79 OR. L. REV. 575, 578-84 (2000).

69. See, e.g., *Itar-Tass*, 153 F.3d at 91 (concluding that to determine infringement the *lex loci delicti* would apply, whether as a fixed rule or as part of a broader interest analysis); Soc'y of Composers, Authors & Music Publishers of Can. v. Can. Ass'n of Internet Providers (“Tariff 22”), [2004] 2 S.C.R. 427 (Can.) (noting that “[a] real and substantial connection to Canada is sufficient to support the application of our *Copyright Act* to international Internet transmissions” and that “relevant connecting factors would include the *situs* of the content provider, the host server, the intermediaries and the end user”).

Moreover, the scope of application of the *lex loci protectionis* is even more uncertain. Certain aspects of an intellectual property dispute (for example, the validity of a contract relating to the transfer of intellectual property rights, or the allocation of rights between employer and employee) implicate interests of states other than the state where the allegedly infringing conduct occurred (and “for which,” therefore, “protection was sought”). States where commercial exchanges are made have an interest in determining the conditions under which those bargains are upheld. The regulation of the employment relationship affects the social and economic fabric of the country of production, rather than (or at least as much as) the country where an act of infringement occurred.⁷⁰

Thus, although some countries afford the *lex loci protectionis* a broad scope of application,⁷¹ others have, for example, opted to apply the *lex originis* to determine questions relating to the authorship and ownership of copyright.⁷² Although U.S. courts have nominally looked to the policy-based approach of the Second Restatement and applied the law of the place with the most significant relationship to the parties and the transaction to questions of initial copyright ownership,⁷³ they have given weight, in particular, to the nationality of the authors and the place of first publication.⁷⁴ As a result, the United States has effectively adopted a *lex originis* rule on copyright authorship.⁷⁵

70. See Austin, *Intellectual Property Politics*, *supra* note 67, at 920-21 (defending attention to the “important social policy choices reflected in the law of the place where a work was first created”).

71. This includes, for example, Germany, which applies *lex loci protectionis* even to the question of the ownership of copyright (an issue on which departure from the principle is quite common elsewhere). See, e.g., Case No. I 2R 176/01, Bundesgerichtshof [BGH] [Federal Court of Justice] June 26, 2003 (F.R.G.), *reprinted in* 35 INT'L REV. INTELL. & COPYRIGHT L. 987, 988 (2004); Case No. 1 ZR 88/95, Bundesgerichtshof [BGH] [Federal Court of Justice] Oct. 2, 1997 (F.R.G.), *reprinted in* 30 INT'L REV. INDUS. PROP. & COPYRIGHT L. 227, 229-31 (1999).

72. See Paul Torremans, *Authorship, Ownership of Rights and Works Created by Employees: Which Law Applies?*, 27 EUR. INTELL. PROP. REV. 220, 220-23 (2005) [hereinafter Torremans, *Authorship*] (discussing Belgian law).

73. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6(2) (1971).

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

75. *Cf.* *Films by Jove, Inc. v. Berov*, 154 F. Supp. 2d 432, 448-61 (E.D.N.Y. 2001), *motion for reconsideration denied*, 250 F. Supp. 2d 156 (E.D.N.Y. 2003), *later proceeding*, 341 F. Supp. 2d 199 (E.D.N.Y. 2004). On the question of subsistence of copyright (for example, the standards of originality), the U.S. courts have applied the *lex loci protectionis*. See *Bridgeman Art Library, Ltd. v. Corel Corp.*, 25 F. Supp. 2d 421, 425-27 (S.D.N.Y. 1998), *aff'd on*

Such derogations from the *lex loci protectionis* can clearly be supported by the different prescriptive interests implicated by rules regarding the allocation of rights among employers and employees.⁷⁶ But these alternative choice-of-law rules can also be justified on other grounds, including the fact that choosing the *lex originis* to determine ownership results in the application of a single law to all disputes.⁷⁷ This facilitates international exploitation of the work and tracing of title, which would be largely undisputed as objectives of substantive efficiency. Finally, Graeme Austin has championed the law of the place of production, not only because of the different prescriptive interests implicated by rules on ownership and the

reconsideration, 36 F. Supp. 2d 191 (S.D.N.Y. 1999) (applying U.S. law).

76. See *supra* note 19 and accompanying text; see also Michael D. Birnhack, Whose Bratz Is It? The Integration of Copyright and Employment Law (Sept. 17, 2008) (unpublished manuscript, on file with author). Of course, it is too simple to say that only the state where the production took place has a prescriptive interest in the allocation of rights. The discrete effects of different copyright rules—on subsistence, ownership, transfer, infringement, and defenses—on the overall objectives of copyright law are, to put it mildly, unclear. Thus, to the extent that a country seeks to incentivize the production of creative works or enhance access to creative works (the balance between which is a central point of debate in contemporary copyright law), it may well be that any number of rules of copyright law might be relevant to pursuing those objectives. Cf. Austin, *Intellectual Property Politics*, *supra* note 67, at 917 (arguing that “[l]aws governing ownership do not, for instance, directly determine the availability or price of materials of culture in different nations.... They might, however, implicate incentives to create copyright works”). For present purposes, however, we need only recognize that authorship rules aimed more directly at regulating acts of production implicate the interests of the country of production more directly than rules aimed at determining what amounts to infringement in another country. As a result, the country of origin has a relatively greater claim to have its law apply to determine authorship in foreign litigation than it has to have its law apply to determine infringement in that same case (assuming it is not also the *loci delicti*).

77. See Torremans, *Authorship*, *supra* note 72, at 221; see also FAWCETT & TORREMANS, *supra* note 4, at 509-10 (emphasizing the importance of “identifying the same author for the same work in every jurisdiction”); Paul Torremans, *The Law Applicable to Copyright: Which Rights Are Created and Who Owns Them*, 188 REVUE INTERNATIONALE DU DROIT D’AUTEUR 37 (2001) (Fr.). Of course, this goal is only fully ensured if every country adopted the same choice-of-law rule. Moreover, the single law approach can be disturbed by courts applying mandatory laws notwithstanding an initial commitment to a single-law-inducing rule such as *lex originis*. See *Huston v. Société d’Exploitation de la Cinquième Chaîne*, Cour de cassation [Cass. 1e civ.] May 28, 1991, *reprinted in* 149 REVUE INTERNATIONALE DU DROIT D’AUTEUR 197, 197-99 (Fr.) (applying French law to determine that director of motion picture was an author for purposes of moral rights protection notwithstanding that the United States was the country of origin). The ALI Principles endorse an approach that is intended to result in the application of a single law to questions of initial ownership as often as possible. See ALI PRINCIPLES, *supra* note 30, 311(2), 312(2), 313.

benefits of a single law, but also because “sensitivity to the material circumstances of production in the crafting of conflict of law rules seems to better accommodate the political concerns that are grounded in the connection between domestic politics and intellectual property.”⁷⁸

Thus, departures from the default rule of *lex loci protectionis* already exist. The arguments for those departures are varied, but include a different balance in the prescriptive interests of sovereign states, the practical efficiency gains of a single law, and concerns for political values at play in the international intellectual property system.

2. *Exclusive Jurisdiction and Serial National Litigation*

Historically, courts of a particular country (especially common law countries) would only adjudicate cases involving alleged infringements of rights registered or recognized under the laws of that country and would dismiss claims asserting violation of foreign rights.⁷⁹ The doctrinal devices through which this philosophy of “exclusive jurisdiction” was implemented varied among countries, but the result was the same.⁸⁰ National courts assumed jurisdiction only over alleged infringement of intellectual property rights conferred by their local law, and thus provided protection only against conduct occurring in that country.

To obtain relief in more than one country for acts of intellectual property infringement, a plaintiff was required to sue separately in every country in which infringement was alleged to have occurred, notwithstanding that the allegations might involve the same conduct by the same defendant with respect to what *in fact* was the same piece of intellectual property.⁸¹ *De iure*, by virtue of the

78. Austin, *Intellectual Property Politics*, *supra* note 67, at 921-22.

79. See, e.g., RESTATEMENT (THIRD) OF THE FOREIGN RELATIONS LAW OF THE UNITED STATES § 415, cmt. i. (1986) (“Patents are considered territorial, having legal effect only in the territory of the issuing state. Accordingly, the United States has no jurisdiction to apply its law to validate or invalidate a foreign patent, regardless of the origin of the invention, or the nationality, residence, or principal place of business of the holder of the patent or of any licensee.”).

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

81. This jurisdictional approach also had the effect of assimilating the *lex loci protectionis*

principle of territoriality, paradoxically installed by international treaty, the rightholder's separate national proceedings each sought to vindicate separate national property rights.⁸² This result, which might seem to flow most logically in the case of registered rights that come into being only upon separate application to different national authorities, pertains equally as a matter of law to rights (for example, copyright) that accrue without registration.⁸³ There may be international intellectual property law, but there is no such thing as an international copyright, patent, or trademark.

The reasons for this approach, why there has been some modification of the rule in recent years, and why I suggest a further departure, are more fully outlined below.

3. Independence of Rights

The principle of independence of rights formally enshrined in the Paris and Berne Conventions⁸⁴ bears more of the characteristics of a rule of public international law, but has clear effects in private litigation and is seen as another instantiation of the principle of territoriality. Yet, as we will see below, in certain contexts, the legal principle cannot withstand commercial realities in an interconnected world. I seek to raise the question whether a direct commercially grounded intrusion upon that principle is more destructive of international comity than minor, relatively deferential accommodations (for example, assumptions that patents on the

to the *lex fori*. Indeed, that result could also be reached through one reading of international treaties. See *supra* note 19.

82. Nor does the national treatment obligation found in treaties mandate any different approach. See *Bonzel v. Pfizer, Inc.*, 439 F.3d 1358, 1365 (Fed. Cir. 2006) (upholding forum non conveniens dismissal of patent action and noting that “[t]hese treaties require a nation's courts to give equal treatment to nationals of other nations; they do not establish jurisdiction or require a nation's courts to receive litigation that it reasonably believes would be better conducted in another nation”).

83. See *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d 365, 367-68 (2d Cir. 1997) (discussing separate French and U.S. copyrights implicated by proceedings in France and the United States).

84. See Paris Convention, *supra* note 1, art. 4*bis*(1) (patents), art. 6(3) (trademarks); see also 15 U.S.C. § 1126(f) (2006) (trademarks); Berne Convention, *supra* note 1, art. 5(2) (stating that enjoyment and exercise of rights granted authors of copyrighted works shall be independent of the existence of protection in the country of origin and extent of protection shall be governed by the law of the country where protection is claimed).

same invention, emanating from a common application, are presumptively the same in two separate countries) that might be made under a progressive international intellectual property litigation system.⁸⁵

D. Recent Illustrations

These principles have been put under pressure, at least in the first place, not by withering scholarly critique or the force of sustained international reform efforts. Rather, social and commercial pressures have generated disputes among private parties that by their very nature call into question the wisdom or resilience of these principles. To illustrate those disputes, consider the following six transborder litigation scenarios drawn from case law over the past decade. These illustrations can be used as test cases for application of the approaches discussed in Part II of this Article and the challenges that globalization causes for intellectual property law. But they also reinforce what conflicts scholars have long known: territoriality does not foreclose the effective development of a private international law. In fact, the principle of territoriality *compels* a private international law of intellectual property.

1. NTP v. Research in Motion

In litigation that attracted substantial public attention because of its significance for the continued availability of the BlackBerry personal data assistant, a U.S. patentee brought an infringement action against Research in Motion (RIM), the Canadian manufacturer of the BlackBerry device.⁸⁶ RIM's most compelling argument was that the acts alleged to infringe NTP's patents did not occur "within the United States" as required by the language of the U.S. patent statute.⁸⁷ Some of the necessary elements of the RIM

85. See *infra* text accompanying notes 329-30.

86. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005), *replacing* 392 F.3d 1336 (2004). The litigation settled before trial. See Richard Waters & Chris Nuttal, *BlackBerry Deal Ends Threat to the Service*, FIN. TIMES, Mar. 4, 2006, at 13.

87. See *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251-52 (Fed. Cir. 2000) (requiring that in order to violate the patent holder's exclusive right to offer its patented invention for sale, the allegedly infringing offer must occur within the United States); Johns

BlackBerry service (in particular the “relay” or router that transfers the email from the BlackBerry server to the local network allowing the BlackBerry user to receive the email) occurred in Canada. This relay was a key feature of the NTP patent; it was an essential element in the claim of the NTP patent that RIM was alleged to have infringed. NTP possessed no equivalent patent in Canada where the essential activity occurred.⁸⁸ In its initial opinion, a panel of the Court of Appeals for the Federal Circuit held that, because “control and beneficial use” of the infringing system was within the United States, the statutory language was satisfied and upheld the finding of infringement.⁸⁹

Patent law is resolutely territorial,⁹⁰ and the Supreme Court has consistently reaffirmed that principle,⁹¹ albeit subject to later targeted congressional derogations⁹² (sometimes in implementation of treaty obligations).⁹³ Thus, the apparent ease with which the court found infringement of U.S. law came as a surprise to many commentators. As a result, the Canadian government filed an amicus brief supporting a request for rehearing en banc, urging restraint and comity on the part of the U.S. courts and suggesting that the court’s opinion interfered with the business and legal environment in Canada.⁹⁴

Hopkins Univ. v. CellPro, Inc., 152 F.3d 1342, 1365-66 (Fed. Cir. 1998) (holding that mere possession of a patented product does not constitute infringement until the product is used, sold, or offered for sale in the United States).

88. This is based on a search of the global QPAT database as of Mar. 2, 2006.

89. NTP, Inc. v. Research in Motion, Ltd., 392 F.3d 1336, 1370 (Fed. Cir. 2004), *opinion withdrawn and replaced by* 418 F.3d 1282 (Fed. Cir. 2005).

90. In the United States, patent rights are the most explicitly territorial of the primary forms of intellectual property. See Donald S. Chisum, *Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law*, 37 VA. J. INT’L L. 603, 605 (1997); see also 35 U.S.C. § 271(a) (2006) (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, *within the United States* or imports *into the United States* any patented invention during the term of the patent therefor, infringes the patent.”) (emphasis added).

91. See *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 525-27 (1972).

92. See, e.g., 35 U.S.C. § 271(f) (2006); *Microsoft Corp. v. AT&T*, 550 U.S. 437, 437 (2007).

93. See TRIPS Agreement, *supra* note 12, art. 28 (delineating minimum rights of the patentee, and including right to “import” the patented invention).

94. See Brief Amicus Curiae of the Government of Canada in Support of the Request for Rehearing En Banc Made in the Combined Petition by Research in Motion, Ltd. for Panel Rehearing and Rehearing En Banc, NTP, Inc. v. Research in Motion, Ltd., 2005 U.S. App. LEXIS 23112 (Oct. 7, 2005) (03-1615), available at <http://patentlaw.typepad.com/patent/files/CAGovBr.pdf> [hereinafter Brief for Amicus Curiae]. Amicus briefs were also filed

The Court of Appeals decided to withdraw its original opinion. In its revised opinion, the court concluded that the situating of the router in Canada enabled RIM to avoid infringement of NTP's method claim because "a process cannot be used 'within' the United States as required by section 271(a) unless each of the steps is performed within this country."⁹⁵ However, the court affirmed that, with respect to the system claim, the use of a patent occurs at "the place at which the system as a whole is put into service, i.e., the place where control of the system is exercised and beneficial use of the system obtained."⁹⁶ Thus, RIM remained liable for infringement of NTP's system claims because "RIM's customers located within the United States controlled the transmission of the originated information and also benefited from such an exchange of information."⁹⁷

After the issuance of the panel's revised opinion, RIM and the Government of Canada (unsuccessfully) sought en banc rehearing.⁹⁸ The Canadian government argued that transnational enforcement of patents *may* be appropriate in certain circumstances, but that this should only occur after a full analysis of the international implications of applying U.S. law to activity happening abroad (which the Canadian government did not discern in the panel's opinion). More particularly, the Canadian government argued that:

by the Canadian Chamber of Commerce and the Information Technology Association of Canada, likewise urging restraint.

95. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005). If all countries adopted the same rule with respect to method claims, there would be no applicable law in divided infringement claims. *See generally* Mark Lemley et al., *Divided Infringement Claims*, 33 *AIPLA Q.J.* 255 (2005).

96. *NTP*, 418 F.3d at 1317. Intriguingly, the patents at issue were reexamined by the U.S. Patent Office, suggesting that the administrative arm of the U.S. government may have been influenced as much, if not more, by the amicus brief of the Canadian government (although the solution of invalidating the patents is hardly a direct response to the arguments of the Canadian government). Indeed, public disclosures have since indicated that there had been communications about the patent between the two administrative offices.

97. *Id.*

98. The *NTP* rule regarding control and beneficial use is not all that far removed from the conclusion reached by the English courts in *Menashe Business Mercantile Ltd. v. William Hill Organization Ltd.*, [2002] EWCA Civ. 1702 (U.K.). There, the situating abroad of a server that played a part in implementing the patented system (a system for online gambling) did not prevent the court from finding infringement concluding that by using their computers in the United Kingdom, William Hill's customers "will in substance use the [overseas] host computer in the United Kingdom." *Id.* ¶ 34.

The reissued panel opinion lacks any acknowledgment or discussion of the effect of, or the effect upon, long-established international understandings and agreements regarding national jurisdiction over intellectual property. Because the decision of the panel was neither explained nor justified in terms of contemporary, internationally-accepted principles of national jurisdiction, the opinion raises questions concerning fundamental principles upon which this international intellectual property system has harmoniously been based for well over a century.⁹⁹

The position of the Canadian government accurately captures the essence of three important propositions: (1) it may well be that, in an interconnected world, national courts will on occasion be required to grant transborder relief; (2) this should only occur after a full airing of the *principles of private international law* that inform that question;¹⁰⁰ and (3) the court of appeals *had* effectively

99. Brief for Amicus Curiae, *supra* note 94, at 3.

100. Thus, as suggested above, even without explicit rules of private international law, choice-of-law rules are effectively developing notwithstanding the continuing commitment to territoriality. Patent law starts from a nominally territorial point: infringement depends upon conduct within the United States, effectively instituting a choice-of-law rule that the place of making, selling, or using an invention applies to determine whether that manufacture, sale, or use amounts to infringement. *NTP* complicated this picture. Thus, method claims in a U.S. patent will be infringed only if all elements of the claim are practiced in the United States. In contrast, with system claims, the applicable law is the country where there is "control and beneficial use" of the infringing system. This reading functions as a localization rule where activity occurs cross-border. The rules in *NTP* are not, however, framed as choice-of-law rules. Because of the principle of exclusive jurisdiction, the court formally held that as a matter of substantive patent law the U.S. patent would only be infringed in certain defined circumstances. The holding thus takes the form of a rule regarding what amounts to infringement. But if the Federal Circuit had adopted a more liberal view of jurisdiction in *Voda*, see *infra* Part I.D.4, a court faced with the *NTP* dispute might have asked several questions more commonly found in classical private international law analysis. For example, one might have asked whether RIM was an opportunistic Canadian company. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6 (1971); cf. ALI PRINCIPLES, *supra* note 30, § 204 (extended jurisdiction provisions). Or, in assessing the level of state interests, one might have explored whether there was in Canada any *conflicting* rights determination, whether there had been *no* determination in Canada, whether *parallel* rights existed, etc. Cf. *Offshore Rental Co. v. Cont'l Oil Co.*, 583 P.2d 721, 726-27 (Cal. 1978) (noting relevance of intensity of interest and whether the policy interest is archaic or progressive); Joint Recommendation on Internet Use, *infra* note 269. In determining the relevant questions to ask, the court might also have taken into account that Congress, in § 271(f) and (g) has adopted narrow augmentations of U.S. rights that allow the U.S. patentee to restrain certain activities abroad. See Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United*

announced a rule of private international law by localizing the use in the United States under what is a version of the law of the most significant relationship test.¹⁰¹

The Canadian government's position, as articulated both in its briefs before the court and in the state interests reflected in its law and nongrant of rights to NTP, required respect for several reasons. First, in a world of shared, nonexclusive prescriptive authority, the legitimacy of U.S. law applied without regard for the interests of other states is diminished notwithstanding substantial U.S. activity, and Canada had a rightful prescriptive interest in the dispute. Second, for practical reasons of enforcement, to the extent that the decisions of the U.S. courts might require recognition in Canada to be effective, the legitimacy-grounded assertions of the government of Canada can have real practical bite. Private international law has always been concerned with practical questions as well as claims of fairness and legitimacy.¹⁰² Even if the U.S. courts concluded that U.S. law's finding of infringement should prevail over the lack of plaintiff's rights in Canada because of the weight of the respective interests of those two countries, the mere recognition and consideration of the international implications would surely render Canadian cooperation more likely and show the respect toward the decisions of other nations that other doctrines such as exclusive jurisdiction (discussed below) purport to further.

States To Sell an Invention Abroad, 37 U.C. DAVIS L. REV. 701, 720-23 (2004); see also *NTP*, 418 F.3d at 1313-24 (interpreting § 271 extraterritoriality provisions); *Bayer AG v. Housey Pharms., Inc.*, 340 F.3d 1367, 1371-78 (Fed. Cir. 2003).

101. U.S. courts in copyright cases have gravitated to that same test (as have Canadian courts). See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 90 (2d Cir. 1998); *Soc'y of Composers, Authors & Music Publishers of Can. v. Can. Ass'n of Internet Providers* ("Tariff 22"), [2004] 2 S.C.R. 427 (Can.). Sometimes though, as with the *NTP* court in patent law, that consideration may simply have informed what the court frames as an interpretation of substantive copyright law. See *Nat'l Football League v. Primetime 24 Joint Venture*, 211 F.3d 10, 13 (2d Cir. 2000); *Nat'l Football League v. TVRadioNow Corp.*, 53 U.S.P.Q. 2d (BNA) 1831, 1834-35 (W.D. Pa. 2000); cf. *Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 939 F. Supp. 1032, 1039 (S.D.N.Y. 1996) (trademark).

102. See *Vanity Fair Mills v. T. Eaton & Co.*, 234 F.2d 633, 639 (2d Cir. 1956); see also Graeme B. Dinwoodie, *Remarks*, 30 BROOK. J. INT'L L. 885, 887 (2005) [hereinafter *Dinwoodie, Remarks*] (noting comments of Graeme Austin).

2. *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*

In 1940, Disney released the animated motion picture *Fantasia*.¹⁰³ The soundtrack to the film included a performance of *The Rite of Spring* by Igor Stravinsky.¹⁰⁴ Because under U.S. law the musical work was in the public domain, Disney needed no authorization to record or distribute it in the United States, but permission was required for distribution in countries where Stravinsky still enjoyed copyright protection. In 1939, the parties executed an agreement giving Disney rights to use the work in a motion picture.¹⁰⁵

In 1991, Disney released *Fantasia* in video cassette and laser disc format and distributed the video on a worldwide basis (including throughout the United States).¹⁰⁶ Boosey & Hawkes Music Publishers Ltd., the assignee of Stravinsky's copyright for *The Rite of Spring*, sued Disney in federal district court in New York, contending that the 1939 license did not authorize distribution in video format.¹⁰⁷ Boosey sought damages for copyright infringement deriving from Disney's sales of videocassettes of *Fantasia* in at least eighteen foreign countries.¹⁰⁸

The district court held that video distribution was not covered by the license and granted partial summary judgment to Boosey, but dismissed the complaint under the doctrine of forum non conveniens insofar as it sought relief for foreign copyright claims, concluding that these claims should be tried in each of the nations whose copyright laws were invoked.¹⁰⁹ The district court's decision was wholly consistent with the conventional approach to transborder copyright claims in the U.S. courts. The principle of exclusive jurisdiction had, with only minor judicial exceptions and some scholarly objection,¹¹⁰ been followed in copyright litigation.

103. *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481, 484 (2d Cir. 1998).

104. *Id.* at 484-85.

105. *Id.* at 484.

106. *Id.* at 485.

107. *Id.*

108. *Id.*

109. *Id.*

110. *See, e.g.*, *London Film Prods. Ltd. v. Intercontinental Commc'ns, Inc.*, 580 F. Supp. 47, 48-50 (S.D.N.Y. 1984).

Although the Second Circuit vacated the summary judgment in Boosey's favor on whether the license covered video distribution, the court reversed the order dismissing the foreign copyright claims on forum non conveniens grounds and remanded to the district court for trial.¹¹¹ The Second Circuit criticized the district court for failing to consider whether there were alternative fora capable of adjudicating Boosey's copyright claims, as is generally required prior to making a forum non conveniens dismissal.¹¹² For example, the lower court made no determination whether Disney was subject to jurisdiction in the various countries where the court anticipated that trial would occur, and did not condition dismissal on Disney's consent to jurisdiction in those nations. In a footnote, the Second Circuit noted that it need not decide whether forum non conveniens dismissal requires the dismissing court to ascertain a *single* alternative court with jurisdiction over the claims.¹¹³

The court of appeals also rejected the district court's analysis of the so-called public interest factors that are part of forum non conveniens analysis.¹¹⁴ The district court had reasoned that the trial would require extensive application of foreign copyright (and antitrust) jurisprudence, bodies of law involving strong national interests best litigated in their respective countries, and that these necessary inquiries into foreign law would place "an undue burden on our judicial system."¹¹⁵ The Second Circuit stressed that "while reluctance to apply foreign law is a valid factor favoring dismissal ... , standing alone it does not justify dismissal" and noted that:

Numerous countervailing considerations suggest that New York venue is proper: defendant is a U.S. corporation, the 1939 agreement was substantially negotiated and signed in New York, and the agreement is governed by New York law. The plaintiff has chosen New York and the trial is ready to proceed here. Everything before us suggests that trial would be more

111. *Boosey & Hawkes Music Publishers*, 145 F.3d at 491-92.

112. *Id.* at 491.

113. *See id.* at 491 n.8; *cf.* ALI PRINCIPLES, *supra* note 30, §§ 222(1)(f), 222(4)(b) (noting that the extent of the ability of the court to hear all claims is a factor to consider in determining whether and where to consolidate transborder litigation).

114. *See Boosey & Hawkes Music Publishers*, 145 F.3d at 492.

115. *See id.*

“easy, expeditious and inexpensive” in the district court than dispersed to 18 foreign nations.¹¹⁶

As a result of the Second Circuit’s decision, the parties reached a global settlement.¹¹⁷ It is not uncommon that resolution of the private international law questions raised by multiterritorial intellectual property disputes proves sufficient to encourage the parties to reach a private settlement of all the separate national claims.¹¹⁸ Indeed, although this departure from exclusive jurisdiction has since been followed by other U.S. courts in copyright cases,¹¹⁹ those cases have typically settled prior to trial of the foreign claims.¹²⁰

The approach in *Boosey & Hawkes* has also been followed in copyright cases in the European Union, although the precipitating cause in Europe was the Brussels Convention on Jurisdiction and Recognition of Judgments, which governs the resolution of disputes in civil and commercial matters between persons domiciled in the parties to the Convention (essentially, countries of the European Union). For example, although English courts have typically not entertained claims under foreign copyright laws,¹²¹ in 1999, the Court of Appeal permitted a claim for copyright infringement based upon conduct in Holland to proceed in the English courts.¹²² The

116. *See id.*

117. *See Boosey & Hawkes Settle with Disney*, TELEGRAPH, Mar. 21, 2001, available at <http://www.telegraph.co.uk/finance/4478676/Boosey-and-Hawkes-settle-with-Disney.html>.

118. *See infra* Part I.D.5 (discussing *Microsoft v. Lindows*); *see also* *Sterling Drug Inc. v. Bayer*, 14 F.3d 733, 737-38 (2d Cir. 1994).

119. *See, e.g., Carrell v. Shubert Org. Inc.*, 104 F. Supp. 2d 236, 257 (S.D.N.Y. 2000) (permitting claims based on foreign copyright laws to proceed notwithstanding the plaintiff’s failure to specify in her complaint the particular countries under whose laws the claims were made); *Armstrong v. Virgin Records*, 91 F. Supp. 2d 628, 637-38 (S.D.N.Y. 2000) (entertaining claims based on unspecified foreign copyright laws on the basis of diversity jurisdiction and pendent jurisdiction); *see also Frink Am., Inc., v. Champion Road Mach., Ltd.*, 961 F. Supp. 398, 404 (N.D.N.Y. 1997) (declining to dismiss claim under Canadian copyright law).

120. The question of efficiencies that are secured by consolidation is complex. *See Dinwoodie, The Role of International Norms, supra* note 11, at 200; *Dinwoodie, Trademarks and Territory, supra* note 11, at 937 n.209.

121. *See Griggs Group Ltd. v. Evans*, [2005] Ch. 153 (High Ct. 2004), *later proceeding*, [2005] F.S.R. 31 (C.A. 2005) (U.K.) (discussing this history); *see, e.g., Tyburn Prods. Ltd. v. Conan Doyle*, [1990] 1 All E.R. 909 (Ch.) (U.K.) (rejecting plaintiff’s request to declare that the defendant had no rights under U.S. copyright and trademark laws). *See generally* Austin, *Intellectual Property Politics, supra* note 67 (explaining English and commonwealth case law).

122. *See Pearce v. Ove Arup P’ship*, [2000] Ch. 403 (C.A. 1999) (Eng.).

court acknowledged that because the acts of copying in that case (the unauthorized construction of a building conforming to the architectural work contained in the plaintiff's plans) took place in Holland, they could not constitute infringements of the plaintiff's U.K. copyright. The court concluded that rules of U.K. law that previously restricted the adjudication of foreign intellectual property claims had been overridden by the Brussels Convention (and other legislative developments) when the parties were from contracting states, and that the case for infringement of Dutch copyright could therefore proceed.¹²³ Doctrinally, the U.K. defendant could clearly be sued in the United Kingdom because the place of the defendant's domicile is the starting point for determining jurisdiction under the convention.¹²⁴ The court accepted that the English courts had jurisdiction in relation to the claims against the non-U.K. defendants under article 6(1) of the Brussels Convention, which provides that a person domiciled in a contracting state may be sued when he is one of a number of defendants in the courts of the place where any one of them is domiciled.

3. *EU-Wide Relief: Roche v. Primus and GAT v. LUK*

The same jurisdictional provisions of the Brussels Convention that prompted the shift in *Pearce*, now translated into the form of an EU Regulation (the Brussels I Regulation),¹²⁵ provided the basis for some time for several national courts within the European Union to

123. The *Pearce* court noted that it was not necessary to decide whether ... an action for alleged infringement of a foreign copyright by acts done outside the United Kingdom in a state not party to the Brussels Convention, in a case where no question as to the validity or registration of the right was in issue, was ... justiciable in an English court.

Id. at 439. *But see* Griggs Group v. Evans, [2004] EWHC 1088 (Ch.), [2005] Ch. 153, *later proceeding*, [2005] EWCA Civ. 11(U.K.).

124. *See* Brussels Convention, *supra* note 26, art. 2; *see also id.* art. 5(3) (establishing jurisdiction in tort cases at place of conduct or effects of tort).

125. The Brussels Convention was incorporated directly into EU law with the adoption of the Brussels Regulation. *See* Brussels I, *supra* note 26. The Regulation took account of the entry into force of the Amsterdam Treaty and the inclusion of judicial cooperation in civil matters within the Community framework. *See* Ronald A. Brand, *The European Union's New Role in International Private Litigation*, 2 LOY. U. CHI. INT'L L. REV. 277, 282 (2005). Denmark did not take part in the adoption of the Regulation, which is thus not binding upon Denmark and is not applicable to it. But since July 1, 2007 the Regulation has effectively been extended to Denmark by an agreement between the EU and Denmark.

offer pan-European relief to patentees holding a series of national patents emanating from the same European Patent Convention (EPC) application. The Dutch courts in particular were willing to grant such relief, especially on a preliminary basis, relying heavily on the related defendants provision of Article 6(1). The “relatedness” required to invoke Article 6 had been the subject of elaboration by the European Court of Justice,¹²⁶ and the Dutch courts had acted on the premise that the common source of an EPC application satisfied that test.

However, Article 16(4) of the Brussels Convention (now Article 22(4) of the Brussels Regulation) expressly provided for exclusive jurisdiction over certain aspects of litigation concerning patent (and other registered intellectual property) rights. In particular, “in proceedings concerned with the registration or validity of patents” (or other registered industrial property rights), exclusive jurisdiction vested in the courts of the state of registration. The Dutch courts interpreted this set of provisions as still permitting the exercise of cross-border jurisdiction with respect to claims of infringement, as opposed to challenges to validity, and there is clear language in the *travaux préparatoires* of the Brussels Convention that supported that distinction.¹²⁷

This argument encountered resistance from other national courts within the European Union. The U.K. courts in particular adopted a more expansive interpretation of the effects of exclusive jurisdiction, pointing out that questions of validity and infringement are in many (if not most) patent cases inevitably intertwined.¹²⁸ As a

126. See Case 189/87, *Kalfelis v. Bankhaus Schröder*, 1988 E.C.R. 5565 (requiring that the connection must be of “such a kind that it is expedient to determine those actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings.”). Article 6(1) of Brussels I which succeeded the Brussels Convention, codified this gloss. Brussels I, *supra* note 26, art. 6(1).

127. Dir. in the Belgian Ministry of Foreign Affairs & External Trade, *Report on the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, delivered to the Comm. of Permanent Reps. of the Member States*, 1979 O.J. (C 59) 1, 13-42 [hereinafter Jenard Report].

128. See *Fort Dodge Animal Health v. Akzo Nobel*, [1998] F.S.R. 222, 243-44 (C.A. 1997) (Eng.) (“Where questions of infringement and validity both arise it is invariably not possible to conclude there is infringement without validity being determined. An extreme example, known as a *Gillette* defence, is where the alleged infringer’s case is that the patent is invalid if the alleged infringing acts fall within the ambit of the claims.... It follows that the split contemplated in the Jenard Report between actions for infringement and proceedings

result, to ensure exclusive jurisdiction as regards validity in the courts of the registering state, other national courts would also be required to defer to that court with respect to infringement questions (if validity was raised, an assertion by a defendant that thus became a jurisdictional tool).¹²⁹

The manner and context in which the counterarguments of the U.K. courts were advanced are important because they highlight some of the ways in which a new private international intellectual property law might be developed, as well as some of the competing judicial efficiency considerations that will inform that development. First, in one of the most significant cross-border cases, *Fort Dodge Animal Health v. AKZO Nobel*, the U.K. courts were afforded the opportunity to express their views (at least their official views, through the vehicles of issued opinions)¹³⁰ not simply by being presented with similar requests for cross-border relief that they treated differently. This was not a battle of two wholly separate, competing lines of national case law. Rather, when litigants in Dutch proceedings sought cross-border relief from the Dutch courts with respect to claims that encompassed alleged infringement of U.K. patents, the defendants in those cases challenged the validity of the U.K. patents in question (in the U.K. courts) and sought antisuit injunctions from the U.K. courts prohibiting the plaintiffs from proceeding in the Netherlands.¹³¹ Although the satellite

concerned with validity cannot always be made.”); see also *Coin Controls Ltd. v. Suzo Int'l (U.K.) Ltd.*, [1999] Ch. 33 (Eng.); Ian Karet, *Intellectual Property Litigation—Jurisdiction in Europe*, 3 INTELL. PROP. Q. 317, 319-27 (1998); Ian Karet, *Suit, Anti-Suit: Cross-Border Skirmishing in Fort Dodge v. Akzo*, 19 EUR. INTELL. PROP. REV. 76, 76-81 (1998) (discussing *Fort Dodge* and *Coin Controls*).

129. Litigants engaged in much jurisdictional skirmishing beyond this summary. See Phillipe de Jong, *The Belgian Torpedo: From Self-Propelled Armament to Jaded Sandwich*, 27 EUR. INTELL. PROP. REV. 75, 75 (2005) (noting recent developments); Vincenzo Jandoli, *The “Italian Torpedo,”* 31 INT'L REV. INDUS. PROP. & COPYRIGHT L. 783, 788 (2000) (discussing preemptive actions for declarations of noninfringement).

130. National patent judges involved in these cases were active participants at the time in a number of international intellectual property conferences where these topics were discussed. Although those judges were scrupulous in not offering their views on cases before them, it would be naive to think that discussions that occurred in such venues did not also help the judges to obtain an even firmer grasp on the common approach that had to be adopted.

131. The tactic is of course not unknown when parallel national proceedings are initiated, but at least in cases in which one court is purporting only to decide claims under its own law, the principle of territoriality is likely to dissuade other courts from issuing such injunctions. See, e.g., *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 126 F.3d 365, 371-72 (2d Cir. 1997)

litigation proved fruitful in the long-term and may represent the type of dialogue through which new international norms are constructed, it suggests a cost that it is more likely to be incurred with the onset of consolidated national proceedings and must be figured into the calculation of efficiency gains that are claimed for consolidation.

Second, although the U.K. courts disagreed with the initial approach that was adopted by the Dutch courts, the U.K. courts denied the antisuit injunctions requested. For example, the *Fort Dodge* court concluded that although U.K. courts are

entitled to prevent persons domiciled in this country from being submitted to vexatious or oppressive litigation whether started or to be started in this country or another country.... [S]ince such an order indirectly affects the foreign court, the jurisdiction must be exercised with caution and only if the ends of justice so require. We emphasise that injunctions granted for such purposes are directed against the vexatious party and not the courts of the other jurisdiction.¹³²

The U.K. court referred the question of the interpretation of the Brussels Convention to the European Court of Justice, but declined even to grant interim relief to the defendants. The court expressed

every confidence that the Dutch court will, when deciding what to do, take into account that this Court will be referring to the European Court of Justice questions [regarding the Convention].... It will give proper weight to our conclusion that it would be wrong for this Court to anticipate the decision of the European Court. It will, we believe, also consider carefully the other views expressed in this judgment and, of course, the submissions of the parties and the facts.¹³³

(copyright); *Microsoft Corp. v. Lindows.com, Inc.*, 319 F. Supp. 2d 1219, 1221-23 (W.D. Wash. 2004) (trademark); *Universal Music Austl. Pty Ltd. v. Sharman License Holdings Ltd.* (2004) FCA 183 (Austl.). See generally Peter Nicolas, Comment, *The Use of Preclusion Doctrine, Antisuit Injunctions, and Forum Non Conveniens Dismissals in Transnational Intellectual Property Litigation*, 40 VA. J. INT'L L. 331 (1999).

132. See *Fort Dodge*, [1998] F.S.R. at 246.

133. See *id.* at 247.

In opinions in separate cases handed down not long after the U.K. courts respectfully advanced their contrary view, and in advance of any guidance from the European Court of Justice, the Dutch courts *sua sponte* accepted the British arguments regarding the broader effect of the exclusive jurisdiction provision as persuasive.¹³⁴ Courts in transborder disputes are often assumed to be quite nationalistic, but they may adopt less nationalistic postures when the choices before them are expressly presented as implicating international policy dilemmas.

Third, although the matter was referred to the European Court in *Fort Dodge*, the case settled long before any judgment was issued by the Court. The convergence of Dutch and U.K. jurisprudence occurred without intervention of a supervisory court and without any order being issued by one national court that indirectly usurped the jurisdiction of the courts of another country.¹³⁵

Indeed, during consideration of the scope of exclusive jurisdiction after the U.K. courts had expressed their opinion, the Dutch courts further restricted the availability of pan-EU relief by interpreting the requirement of relatedness of claims more strictly. The European Court had previously put a gloss on the language of Article 6(1), such that the connection between the cases must have been of “such a kind that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments resulting from separate proceedings.”¹³⁶ The Court of Appeal in the Hague rejected the argument that sufficient connection may be grounded on nothing more than the alleged infringement of national patents derived from a common European patent application.¹³⁷

134. See *Expandable Grafts P'ship v. Boston Scientific BV*, [1999] F.S.R. 352, 356-57 (C.A. 1999) (Neth.). The Dutch courts did suggest some differences from the UK approach, including a requirement that the cancellation in the state of registration be a plausible case, and left open the possibility of staying, rather than dismissing, the local action while the parties pursued the validity question in the state of registration. See *id.* This latter option has been taken up by the Swiss Commercial Court in *Eurojobs* in the wake of *GAT*. See Paul L.C. Torremans, *The Way Forward for Cross-Border Intellectual Property Rights: Why GAT Cannot Be the Answer*, in *INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW* 191, 202-03 (Stefan Leible & Ansgar Ohly eds., 2009) (discussing *Eurojobs*, in which the Swiss court required prompt action by the parties in the state of registration).

135. Thus, although the Brussels Convention contemplates a role for a supervisory court, this particular accommodation occurred through dialogue between national courts themselves.

136. Case 189/87, *Kalfelis v. Bankhaus Schröder*, 1988 E.C.R. 5565, ¶ 1.

137. See *Expandable Grafts P'ship*, [1999] F.S.R. at 353. Most of the leading cases involved

Instead, the Dutch courts held that the jurisdiction provided by Article 6(1) could be exercised in patent cases only “[w]here several companies belonging to one group of companies are selling identical products in different national markets.”¹³⁸ Moreover, notwithstanding that cross-border (or “international”) jurisdiction could be exercised in such circumstances, predictability and avoidance of forum shopping required that the plaintiff not have an unlimited choice of suing in the courts for the domicile of *any* one of the companies belonging to the group.¹³⁹ Instead, the consolidated actions could only be brought in their entirety in “the courts for the domicile of the head office in question which is in charge of the business operations in question and/or from which the business plan originated” because “[t]he relation between the actions and these courts will be the closest.”¹⁴⁰

This required the court to identify what it called “the spider in the web,” and suit could be brought in the domicile of that entity.¹⁴¹ As a result, although the Dutch court accommodated the U.K. approach to exclusive jurisdiction within its case law, it also took the opportunity to develop a principle of jurisdictional preference regarding the consolidation of related national patent claims that is not *in haec verbis* in the Brussels Convention. Instead, the Dutch court grounded the rule in the essential principles of private international law that informed the Brussels Convention.

Yet, even this restrained liberalization proved too creative for the European Court of Justice, notwithstanding the grand objectives underlying the Brussels Convention and its subsequent endorsement in the Brussels Regulation. In *Roche v. Primus*, the Court of Justice held that the Dutch “spider in the web” doctrine was inconsistent with the Brussels Convention.¹⁴² In *Roche*, American

patent rights (typically national patent rights stemming from a common European patent), although some cases involved trademark claims. *See, e.g.,* *Yakult v. Danone*, [1998] E.T.M.R. 465, 472, 479 (Hague Dist. Ct. 1998) (observing that “[t]he system under the Brussels Convention requires that the court, even the ‘own’ court referred to in Article 2, must apply foreign trade mark law in the appropriate cases” but declining to extend the injunction to France although “competent to do so” because of a lack of urgency).

138. *Expandable Grafts P'Ship*, [1999] F.S.R. at 359.

139. *Id.* at 353.

140. *Id.* at 359.

141. *Id.* at 360.

142. Case C-539/03, *Roche Nederland BV v. Primus*, 2006 E.C.R. I-6535.

plaintiffs sought to consolidate patent infringement claims based upon ten national patents flowing from a common European patent, and did so in the Netherlands, where the principal defendant (Roche Nederland) was based.¹⁴³ The plaintiffs relied on Article 6(1) to assert jurisdiction over claims against the eight non-Dutch defendants (all part of the Roche group) for infringement of the non-Dutch patents.¹⁴⁴ The Dutch court asked the European Court for clarification on whether the necessary relatedness (measured by the risk of irreconcilable judgments) could be established by the presence of a common European patent from which the alleged infringements flowed, especially if the defendants formed part of one and the same group of companies, acted together on the basis of a common policy, or committed allegedly infringing acts that were the same or virtually the same.¹⁴⁵

The court concluded that such a risk did not arise even when the related defendant companies were alleged to have infringed counterpart European patents because the national patents emanating from European patent applications were legally independent.¹⁴⁶ As a result, divergent decisions in two of those states would not be irreconcilable.¹⁴⁷ Indeed, even if the *factual* context was identical—that is, if the related companies acted in an identical or similar manner with regard to the same invention in accordance with a common policy elaborated by them—the *legal* context for each claim was different because of the formal independence of national patents.¹⁴⁸

Moreover, the court expressed concern that despite the gains of procedural economy that liberal consolidation would appear to offer, a contrary conclusion would undermine legal certainty by holding open the possibility of multiple heads of jurisdiction.¹⁴⁹ Thus, the

143. *Id.* ¶ 31.

144. *Id.* ¶ 35.

145. *Id.* ¶ 42.

146. *Id.* ¶ 144; *see also supra* Part I.C.3 (discussing independence of rights).

147. *Roche Nederland*, 2006 E.C.R. at ¶ 109.

148. *Id.* ¶ 122. This formalistic analysis is complicated further by the protocol governing Article 69 of the EPC. *See Annette Kur, A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg*, 37 INT'L REV. INTELL. PROP. & COMPETITION L. 844, 849 (2006).

149. The court also made note of the costs of satellite litigation that might be required to establish the necessary connection. *See Roche Nederland*, 2006 E.C.R. at ¶ 138.

court raised the specter of forum shopping that a liberal interpretation might offer, notwithstanding that the Brussels Convention already offered alternative bases of jurisdiction in intellectual property cases. Finally, the Court suggested that the question of consolidation could not be considered without regard to the exclusive jurisdiction provision, which could in any event cause a partial fragmentation of the patent proceedings if the validity of the patent was raised.¹⁵⁰

This last point was made all the more real because of another decision handed down by the court on the same day—*GAT v. LuK*.¹⁵¹ In *GAT*, a dispute between two German companies regarding alleged infringement of a French patent, the alleged infringer sought a declaration of noninfringement, which included an attack on the validity of the French patent.¹⁵² The action was brought in a German court, which concluded that it had jurisdiction to hear the action relating to the alleged infringement of the French patent, including the plea as to the alleged nullity of those patents.¹⁵³ The German court regarded the exclusive jurisdiction provision in Article 16(4) inoperative because its decision would not operate *erga omnes* but only *inter partes*.¹⁵⁴

When that interpretation of Article 16(4) was referred to the court, the court afforded that provision much more expansive scope.¹⁵⁵ The court's broader reading was grounded not in the language of the provision (which said little to resolve the question), but in the purposes of exclusive jurisdiction.¹⁵⁶ The court suggested

150. *Id.* ¶ 133.

151. Case C-4/03, *GAT v. LuK*, 2006 E.C.R. I-6509.

152. *Id.* ¶ 3.

153. *Id.* ¶ 4. In fact, the Landgericht dismissed the action brought by *GAT*, holding that the patents at issue satisfied the requirements of patentability.

154. *Id.* ¶¶ 8-13. In the context of exclusive jurisdiction, those arguing for liberal jurisdiction rules seek to emphasize the formal legal (*inter partes*) effects of the decision of a court other than the state of registration, as opposed to the broader commercial realities that might flow from a decision finding the patent invalid. In the context of party consolidation, those same advocates of a liberal reading of Brussels I would likely emphasize the realities of inconsistent judgments despite formal independence of national patents (thus supporting consolidation). The same inconsistency occurs on the other side of the debate.

155. Some of the opinion is taken up with addressing inconsistencies in the different language versions of the Brussels Convention. Ultimately, these differences did not affect the court's decision. *See id.* ¶ 19.

156. *Id.* ¶ 22.

that Article 16(4) was designed to ensure that jurisdiction rests with courts of the state of registration because those courts were “closely linked to the proceedings in fact and law,” and “are best placed to adjudicate upon cases in which the dispute itself concerns the validity of the patent ... [because they would be] applying their own national law, on the validity and effects of the patents which have been issued in that State.”¹⁵⁷

Of course, this argument of convenience and judicial competence proves too much; it would suggest *never* litigating a case in a forum other than the state in which the dispute arose and whose law was applicable. Yet, many principles of private international law operate on a rejection of that proposition. Thus, the court buttressed the elevation of the state of registration in patent cases by noting that the issuance of patents necessitates the involvement of the national administrative authorities, and that:

[t]his [generalized] concern for the sound administration of justice becomes all the more important in the field of patents since, given the specialised nature of this area, a number of Contracting States have set up a system of specific judicial protection, to ensure that these types of cases are dealt with by specialised courts.¹⁵⁸

Moreover, the court reasoned that the reverence with which the Convention treats exclusive jurisdiction is emphasized by the inability of parties to derogate from it by consent and the obligation of any other state to declare of its own motion that it has no jurisdiction because of Article 16(4).¹⁵⁹ That reverence suggested to the court that it must be vigilant against any effort to circumvent its application. Finally, the court stressed that circumventing Article 16(4) would, like a broad reading of Article 6(1), risk increased forum shopping and exacerbate the risk of conflicting decisions between the state adjudicating infringement and the state of registration.¹⁶⁰ Of course, the latter risk might be ameliorated by giving merely *inter partes* effects to the decision of the state other

157. *Id.* ¶¶ 21-22.

158. *Id.* ¶ 22.

159. *Id.* ¶ 24.

160. *Id.* ¶¶ 28-29.

than the state of registration (as the German court had done). But the court would not countenance that option because, it asserted, “[t]he effects flowing from such a decision are in fact determined by national law [and] [i]n several Contracting States, ... a decision to annul a patent has *erga omnes* effect.”¹⁶¹ Moreover, that approach would “lead to distortions, thereby undermining the equality and uniformity of rights and obligations arising from the Convention for the Contracting States and the persons concerned.”¹⁶²

The court’s judgment in these two cases suggests that even the adoption of an apparently liberal convention on private international law, operated by national courts in a common economic area and superintended by a superior court, has been unable to undo some of the historical commitments to exclusive jurisdiction that a fixation with territoriality has wrought.¹⁶³

4. *Voda v. Cordis Corp.*

Dr. Jan Voda was a cardiologist in Oklahoma City who held U.S. and foreign patents on a number of catheters and other medical devices used in the practice of medicine.¹⁶⁴ He discovered that a Florida company, Cordis, was infringing his patents by manufacturing and selling infringing catheters in a number of countries.¹⁶⁵ Initially, Voda filed a patent infringement claim in federal district court in Oklahoma, alleging only that the defendant had infringed his three U.S. patents.¹⁶⁶ Later, in order to reduce litigation costs and to obtain a uniform judgment, Voda filed a motion to amend his complaint to add claims of infringement of five counterpart foreign patents (from Europe and Canada), all of which emanated from a common Patent Cooperation Treaty (PCT) application, and thus

161. *Id.* ¶ 30.

162. *Id.*

163. The *GAT* court did recognize that:

[i]f ... the dispute does not concern the validity of the patent ... and these matters are not disputed by the parties, the dispute will not be covered by Art[icle] 16(4) of the Convention ... for example, with an infringement action, in which the question of the validity of the patent allegedly infringed is not called into question.

Id. ¶ 16.

164. *Voda v. Cordis Corp.*, 476 F.3d 887, 890 (Fed. Cir. 2007).

165. *Id.* at 891.

166. *Id.* at 890-91.

consolidate the worldwide patent issues into a single case.¹⁶⁷ The district court granted Voda's request to exercise supplemental jurisdiction over the claims of infringement of the foreign patents.¹⁶⁸

Consistent with the approach of foreign courts discussed above, U.S. courts have historically been reluctant to adjudicate foreign patent infringement claims.¹⁶⁹ One of the issues argued before the Court of Appeals for the Federal Circuit was the extent to which the court's jurisprudence endorsed a per se prohibition against exercising jurisdiction over foreign patent infringement claims, or whether the court simply had not yet been presented with a case that satisfied the standard for supplemental jurisdiction.¹⁷⁰ More fundamentally, the court was asked whether the principles of territoriality and independence of rights *should* preclude U.S. courts from exercising such jurisdiction because foreign infringement claims cannot, by virtue of these two principles, form part of the same "case or controversy" because they do not share a "common nucleus of operative fact" with the U.S. infringement claim.¹⁷¹

In 2007, the court handed down its judgment.¹⁷² In a 2-1 decision, over a powerful dissent, the majority held that the district court abused its discretion in granting the plaintiff leave to amend his complaint.¹⁷³ As a narrow matter, the majority opinion turned on a reading of the supplemental jurisdiction statute, 28 U.S.C. § 1367,¹⁷⁴

167. The plaintiff sought to add claims under his European (British, French, and German) and Canadian patents. *Id.* at 891.

168. *See Voda v. Cordis Corp.*, No. 03-1512, 2004 WL 3392022, at *1 (W.D. Okla. Aug. 2, 2004), *rev'd*, 476 F.3d 887 (Fed. Cir. 2007). While the appeal of the jurisdictional question was pending, the district court tried the U.S. patent infringement before a jury and Voda prevailed. *Voda v. Cordis Corp.*, 506 F. Supp. 2d 868, 875 (W.D. Okla. 2007).

169. *See Mars, Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1373-75 (Fed. Cir. 1994) (holding that a U.S. district court lacked jurisdiction to entertain claims of infringement of a Japanese patent).

170. *Voda*, 476 F.3d at 893.

171. *Id.* at 894-96.

172. *See id.* at 887.

173. *Id.* at 904-05.

174. *See* 28 U.S.C. § 1367(a) (2006) ("[I]n any civil action of which the district courts have original jurisdiction, the district courts shall have supplemental jurisdiction over all other claims that are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution."); *City of Chi. v. Int'l Coll. of Surgeons*, 522 U.S. 156, 164-65 (1997) (interpreting § 1367 as codification of principles of pendent and ancillary jurisdiction, and of the standard that the claims "derive from a common nucleus of operative fact," such that "the relationship between [the federal] claim and the state claim permits the conclusion that the entire action

particularly the part of that provision outlining grounds on which courts may decline to exercise supplemental jurisdiction.¹⁷⁵ The majority held that it was an abuse of discretion for the district court to permit the filing of the amended complaint because considerations of “comity, judicial economy, convenience, fairness, and other exceptional circumstances constitute compelling reasons to decline jurisdiction under [section] 1367(c).”¹⁷⁶ Because the majority concluded that the district court had abused its discretion under § 1367(c), it found it “prudent” not to determine whether the foreign and domestic claims derived from a common nucleus of operative fact in the first place such that they were within the scope of the supplemental jurisdiction statute.¹⁷⁷

The *Mars* opinion, in which the Federal Circuit previously had considered whether U.S. courts had jurisdiction over foreign patent infringement claims, had analyzed the question under § 1367(a), namely whether the foreign and domestic claims “derive from a common nucleus of operative fact.”¹⁷⁸ There, the court identified four factors that cut against jurisdiction: the respective patents were different, the accused devices were different, the alleged acts were

before the court comprises but one constitutional ‘case’” (quoting *United Mine Workers of Am. v. Gibbs*, 383 U.S. 715, 725 (1966))).

175. *Voda*, 476 F.3d at 897-98; see 28 U.S.C. § 1367(c) (2006) (providing that “district courts may decline to exercise supplemental jurisdiction ... if (1) the claim raises a novel or complex issue of State law, (2) the claim substantially predominates over the claim or claims over which the district court has original jurisdiction, (3) the district court has dismissed all claims over which it has original jurisdiction, or (4) in exceptional circumstances, there are other compelling reasons for declining jurisdiction”).

176. *Voda*, 476 F.3d at 898.

177. *Id.* at 896. The majority also refrained from deciding whether the *United Mine Workers* “case or controversy” test imposes a second, separate hurdle to satisfy in order to establish supplemental jurisdiction under § 1367(a). *United Mine Workers* contains language regarding whether the claims would “ordinarily be expected [to be tried] in one judicial proceeding.” 383 U.S. at 725. The majority did not firmly claim that this was part of the test for supplemental jurisdiction, imposing a second hurdle to overcome, rather than a variable to inform the “common nucleus” inquiry. *Voda*, 476 F.3d at 896-97. The Supreme Court itself has been somewhat opaque in addressing this question. If autonomous weight was given to this consideration, it would likely preclude the exercise of supplemental jurisdiction because it would tie contemporary jurisdiction to current and past notions of jurisdiction. There is, of course, no reason to do so; indeed, there are affirmative reasons to discard whatever shackles were voluntarily assumed by the federal judiciary. See *Pro Swing, Inc. v. ELTA Golf Inc.*, [2006] S.C.R. 52 (Can.).

178. *Mars, Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1374-75 (Fed. Cir. 1994).

different, and the governing laws were different.¹⁷⁹ These are surely important considerations, the weight of which will vary from case to case and, perhaps more importantly, will vary over time in light inter alia of substantive patent harmonization, increased international exploitation of patents, and changes to the structure of national patent adjudication.¹⁸⁰ But the majority never fully tackled the extent to which these considerations might merit different weight fifteen years after *Mars* or elaborated on these factors.

The *Voda* majority acknowledged that the commonalities in the case before it were greater than in *Mars*,¹⁸¹ but dismissed the significance of that fact because the district court judge had failed to articulate in any depth why he thought the case closer to *Ortman* (a pre-Federal Circuit case in which the Seventh Circuit had denied a motion to dismiss a foreign patent claim)¹⁸² than *Mars*.¹⁸³ The majority faulted the district court for not taking discovery, or making findings, on the *Mars* factors, while at the same time noting that *Mars* neither supplanted the “common nucleus of operative fact” test nor provided an exhaustive list of factors that courts can consider.¹⁸⁴ Yet, although the majority correctly noted the incompetence of an appellate court to determine such matters, it failed to offer any guidance to lower courts on what additional considerations might be relevant.¹⁸⁵

Although the majority noted in passing that “[t]he district court correctly observed that *Mars* did not establish a per se rule preventing U.S. courts from asserting supplemental jurisdiction to adjudicate foreign patents,”¹⁸⁶ the opinion never directly and definitively addressed some of the central arguments surrounding the exclusive jurisdiction question.¹⁸⁷ But the majority’s view on the question can

179. *Id.*

180. The significance of these changes is discussed below. See *infra* text accompanying notes 242-43 (discussing multinational acquisition mechanisms).

181. See *Voda*, 476 F.3d at 895.

182. *Ortman v. Stanray*, 371 F.2d 154, 158 (7th Cir. 1967).

183. *Voda*, 476 F.3d at 895-96.

184. *Id.* at 895.

185. *Id.*; see ALI PRINCIPLES, *supra* note 30, § 212.

186. *Voda*, 476 F.3d at 895.

187. The Federal Circuit did not address whether a federal court could assume jurisdiction over the subject matter of a foreign patent infringement claim based upon diversity of citizenship, see 28 U.S.C. § 1332 (2006), because *Voda* did not plead diversity. See *Fairchild Semiconductor Corp. v. Third Dimension*, 589 F. Supp. 2d 84, 91-94, 100 (D. Me. 2008) (taking

clearly be discerned from its discussion of the considerations that informed its conclusion under § 1367(c) and its inconclusive exploration of § 1367(a).¹⁸⁸ Several variables prominently drive the majority's skepticism about such jurisdiction: a conviction that the issues in counterpart foreign and U.S. patent infringement claims are "not the same"; an over-reading of the principle of independence of rights as an internationally-mandated constraint on adjudication of foreign claims; a legitimate concern for intruding on the interests of foreign governments that fails to situate the application of foreign law within the broader picture of current transborder patent disputes in the U.S. or foreign courts; and blanket assertions about judicial economy and party convenience that too easily rely on the supposed complexity of national patent *law* to undermine the benefits of consolidated litigation that are accepted in numerous aspects of our court system.¹⁸⁹

jurisdiction on this basis); *Baker-Bauman v. Walker*, No. 3:06 CV017, 2007 WL 1026436, at *1-2 (S.D. Ohio Mar. 27, 2007) (same). When U.S. federal courts first assumed jurisdiction over foreign copyright claims, they based their authority on diversity jurisdiction. *See Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481 (2d Cir. 1998); *London Film Prods. Ltd. v. Intercontinental Commc'ns, Inc.*, 580 F. Supp. 47, 48 (S.D.N.Y. 1984). If courts were to assert authority over actions for infringement of foreign patents on this basis, then any discretion to decline jurisdiction would rest on the doctrine of *forum non conveniens*, rather than the (somewhat similar) provisions of § 1367(c). *See Creative Tech., Ltd. v. Aztech Sys., Ltd.*, 61 F.3d 696, 699-701 (9th Cir. 1995). As a result, this might install an approach closer to that advocated in this Article, turning attention to the reasons why a court might decline to exercise its jurisdiction. *See infra* text accompanying notes 307-15. Intriguingly, it is also possible that any appeal of the exercise of jurisdiction might be heard not by the Federal Circuit, but by the relevant regional circuit. The jurisdiction of the Court of Appeals for the Federal Circuit is tied to the assertion of claims "arising under the [patent laws of the United States]." Of course, the *Voda* majority (and implicitly Judge Newman) regarded this issue as raising a "question unique to U.S. patent law," and thus applied Federal Circuit case law rather than the law of the regional circuit from which the appeal was taken. *See Voda*, 476 F.3d at 892; *see also Mars, Inc. v. Kabashiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1371 (Fed. Cir. 1994) ("The issue whether the district court had jurisdiction to hear Mars' claim of Japanese patent infringement 'is of importance to the development of the patent law and is clearly a matter that falls within the exclusive subject matter responsibility of this court.'). Moreover, one should not simply be able to circumvent the uniformity goals behind the creation of the Federal Circuit simply by pleading diversity jurisdiction. But perhaps the goals of uniform interpretation of U.S. patent law are not at issue when *merely* foreign patents are at stake and no federal question *could* have been presented (that is, if no U.S. patent were involved). Moreover, the Supreme Court has recently reined in the scope of Federal Circuit jurisdiction, even when the issue involved U.S. patent law. *See Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829-34 (2002).

188. *Voda*, 476 F.3d at 893-98.

189. *Id.* at 893-904.

First, the majority on a couple of occasions suggested that the lack of identity in “issues” between the U.S. and foreign claims was of relevance to the question before the court.¹⁹⁰ Yet, as the majority barely acknowledged, judicial discussion of the *strict identity* of issues in related intellectual property litigation has occurred primarily with respect to questions of antisuit injunctions, not jurisdiction.¹⁹¹ This is a significant distinction. Antisuit rules prevent the relitigation of rights; thus, a strict insistence on identity is necessary to keep antisuit injunctions exceptional in nature. In contrast, rules of jurisdiction enable the assertion of rights in the first place and need not be so strictly read. Consolidation of related claims under supplemental jurisdiction has never depended on absolute identity of issues; similarity of the background to the claims should be sufficient.

Second, the majority asserted that the United States would be undermining the principle of independence of rights enshrined in a number of patent treaties to which it is a party by allowing a district court to exercise supplemental jurisdiction over foreign patent claims.¹⁹² Indeed, in a remarkable misreading of international law, the majority several times asserted that those agreements do not *allow* U.S. courts to hear foreign claims.¹⁹³ This is simply wrong.¹⁹⁴ To be sure, no patent treaty *requires* courts in one country to adjudicate foreign infringement claims. But gaps in international instruments are reservations to the national autonomy of signatory states. Indeed, were it otherwise, members of the Paris Union and

190. *Id.* at 894.

191. *See* Stein Assocs., Inc. v. Heat & Control, Inc., 748 F.2d 653, 658 (Fed. Cir. 1984) (denying motion for antisuit injunction enjoining a party from enforcing a foreign patent before a foreign tribunal because “the issues are not the same, one action involving United States patents and the other involving British patents” and that “[o]nly a British court, applying British law, can determine validity and infringement of British patents”); *see also* Computer Assocs. Int’l, Inc. v. Altai, Inc., 126 F.3d 365, 371-72 (2d Cir. 1997).

192. *Voda*, 476 F.3d at 898-903. It is not clear that the different treaties listed by the majority as “the law of the land” are in fact self-executing in the United States. *See In re Rath*, 402 F.3d 1207 (Fed. Cir. 2005).

193. *See Voda*, 476 F.3d at 898-99 (“Nothing in the Paris Convention contemplates nor allows one jurisdiction to adjudicate the patents of another, and as such, our courts should not determine the validity and infringement of foreign patents.”).

194. *See* Fort Dodge Animal Health v. AKZO Nobel, [1998] F.S.R. 222, 242 (C.A. 1997) (Eng.) (noting that neither TRIPS nor the Paris Convention is concerned with jurisdiction and believing this point *acte claire* such that no reference was required to the ECJ).

the World Trade Organization that *did* permit such jurisdiction would be in violation of their obligations under international law.

Third, the majority's more general invocation of "comity" to support its position is no more persuasive. The opinion quoted the Supreme Court's explanation that:

"Comity," in the legal sense, is neither a matter of absolute obligation, on the one hand, nor of mere courtesy and good will, upon the other. But it is the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to *international duty* and *convenience*, and to the *rights of its own citizens* or of other persons who are under the protection of its laws.¹⁹⁵

The majority misconstrued the notion of "international duty," arguing that "Voda has not identified any international duty, ... that would require our judicial system to adjudicate foreign patent infringement claims."¹⁹⁶ Comity might loom large if an international duty precluded the assertion of jurisdiction, but the absence of any international *obligation* to hear foreign cases does not speak to whether it offends comity to go further than international treaty commitments require. As argued more fully below, it may be the highest possible display of support for another sovereign to facilitate respect and enforcement of its patent rights against a U.S. defendant.¹⁹⁷

Finally, the majority exhibited a remarkably static view of the role of courts in facilitating efficient resolution of disputes, apparently wanting a negotiated multilateral treaty as a precondition to adjectival innovation.¹⁹⁸ Judge Newman, in contrast, was willing to recognize the changes in international patent exploitation that make such innovation possible within existing rules.¹⁹⁹ The

195. *Société Nationale Industrielle Aérospatiale v. U.S. Dist. Court*, 482 U.S. 522, 543-44 n.27 (1987) (quoting *Hilton v. Guyot*, 159 U.S. 113, 163-64 (1895)) (emphasis added).

196. *Voda*, 476 F.3d at 901.

197. *Cf. London Film Prods. Ltd. v. Intercontinental Commc'ns, Inc.*, 580 F. Supp. 47, 49-50 (S.D.N.Y. 1984).

198. *Voda*, 476 F.3d at 899-900.

199. Although I am sympathetic to Judge Newman's dissent, it is probably an overstatement to say that the *decision* of the majority not to accept jurisdiction over the foreign patent claims was at odds with prior case law. *See id.* at 916-17 (Newman, J., dissenting).

backwards-looking mindset of the majority is perhaps best exemplified by the majority's invocation of the local action doctrine in support of its position. The local action doctrine had long been used by British and commonwealth courts to limit jurisdiction over foreign intellectual property claims,²⁰⁰ but even some U.K. courts (hardly the torch carriers on this issue) have jettisoned that doctrine in light of international harmonization of intellectual property.²⁰¹ As the Canadian Supreme Court recognized recently, the historical rules of private international law applicable to intellectual property need to be revised to take account of contemporary realities.²⁰²

In many respects, the disagreement between the majority and the dissent stems from a different stance on a couple of core propositions: one relates to the role of domestic courts in transborder cases generally, and the other relates to the place of patent law in the private international scheme. As to the role of domestic courts, the majority acknowledged that the supplemental jurisdiction statute authorizes courts to hear foreign law claims, but suggested that this would occur in "certain limited circumstances."²⁰³ In contrast, Judge Newman starts from the proposition that courts "appl[y] the law of other sovereigns all the time" and that the rules surrounding federal jurisdiction over supplemental state claims were irrelevant to the question before the Court.²⁰⁴ On the place of patent, the majority relies on patent exceptionalism to support its position: patent laws are highly complex, foreign countries have specialized courts, and the adoption of the same approach by other countries would interfere with the uniformity goal underlying the creation of the Federal Circuit.²⁰⁵ Yet, as Judge Newman pointed out, recent indications from the Supreme Court suggest some skepticism about patent exceptionalism.²⁰⁶ Moreover, as discussed below, the international network of judges that has arisen out of the creation of

200. See Austin, *Intellectual Property Politics*, *supra* note 67, at 918-19.

201. See *Griggs Group Ltd. v. Evans* [2004] EWHC 1088 (Ch.), (2005) Ch.D. 153, *later proceeding*, [2005] EWCA Civ. 11 (U.K.).

202. *Cf. Pro Swing Inc. v. ELTA Golf Inc.*, [2006] S.C.R. 52 (Can.).

203. *Voda*, 476 F.3d at 894.

204. *Id.* at 906 (Newman, J., dissenting) (citing *Printz v. United States*, 521 U.S. 898, 907 (1997)).

205. *Id.* at 902-03 (majority opinion).

206. *Id.* at 910 (Newman, J., dissenting).

specialized courts ameliorates the concerns of judicial competence that lie behind patent exceptionalism.²⁰⁷

Despite the regressive character of the majority opinion, it does suggest one important lesson as courts seek to develop a private international law of intellectual property. The core holding of the majority was that the district court had abused its discretion, in large part because it failed to explain (and the majority assumed, therefore, failed to consider) the reasons for exercising its discretion in favor of jurisdiction.²⁰⁸ As Judge Newman explained in her dissent, this is a somewhat harsh evaluation of the lower court given that it purported to rely on the initial grant of jurisdiction under § 1367(a) and did not tackle the discretionary declination of jurisdiction under § 1367(c).²⁰⁹ Yet, the lack of a reasoned opinion obviously influenced the majority, which at several parts of its opinion referenced the “three-page order” of the district court, or its summary analysis.²¹⁰ Although Judge Newman persuasively explained why the district court should not have been compelled to spell out analysis in which it was not required to engage, the importance of judicial dialogue to the development of principles of private international intellectual property law suggests that the lower court should have seized the opportunity to explain the considerations that warranted the exercise of jurisdiction in this case.²¹¹ Simply asserting that the case looked “more akin to *Ortman* than to *Mars*” contributes little to the lawmaking process, even if (as Judge Newman argued) it was perfectly adequate as a matter of U.S. adjectival law.²¹²

5. *Microsoft v. Lindows*

Microsoft filed a complaint in federal court in Seattle alleging that Lindows’ use of the term LINDOWS (for an open source Linux operating system with an interface that resembles Windows software) was an infringement of its trademark in the term

207. See *infra* note 337 and accompanying text.

208. *Voda*, 476 F.3d at 904-05.

209. *Id.* at 909-10 (Newman, J., dissenting).

210. *Id.* at 891 (majority opinion).

211. *Id.* at 910 (Newman, J., dissenting).

212. *Id.* at 895-96 (majority opinion).

WINDOWS for operating systems.²¹³ The defendant argued, *inter alia*, that the term WINDOWS was generic, and the district court judge had indicated an initial receptivity to that argument.²¹⁴ Having failed to obtain appellate review of the analysis on the question of generic status, and while the U.S. trial was pending, Microsoft initiated or threatened litigation against Lindows and its distributors in several other countries.²¹⁵ Consistent with the position of the British courts discussed above, the U.S. court declined to issue an antisuit injunction against Microsoft's foreign litigation.²¹⁶

Microsoft duly obtained preliminary injunctions in the Netherlands, Finland, and Sweden, before settling the Dutch case.²¹⁷ Initially, Lindows tried to maintain some use of the LINDOWS mark (at least as part of its corporate name) in the United States, but eventually in July 2004, Microsoft settled its trademark suits against Lindows on a global basis with a \$20 million payment to Lindows, which agreed to change its name to LINSPIRE.²¹⁸ The inefficiencies of marketing a product, especially one heavily distributed online, under a different mark in different countries were not worth the marginal benefits of being able to use the more communicative mark LINDOWS.

As a result of the successful actions in Europe, and despite the possibility of an adverse decision in the United States, a single result was reached globally. The attack on U.S. rights, nominally independent of the separate European trademark registrations, was effectively rebuffed as a result of the foreign determinations. Microsoft officials stressed the legal principle of independence of

213. Microsoft Corp. v. Lindows.com, Inc., No. C01-2115C, 2002 WL 31499324, at *1 (W.D. Wash. Mar. 15, 2002).

214. *Id.* at *8-12. The judge had issued no final ruling on whether WINDOWS was generic, but his decision on *the date* in respect of which that determination had to be made signaled the likely outcome.

215. Microsoft Corp. v. Lindows.com, Inc., 319 F. Supp. 2d 1219, 1221 (W.D. Wash. 2004).

216. *See id.* at 1221-23.

217. *Id.* at 1221.

218. *Lindows and Microsoft Settle Suit*, N.Y. TIMES, July 20, 2004, at C11.

rights,²¹⁹ but Lindows understood that that principle was meaningless in a global market.²²⁰

6. *Sarl Louis Feraud v. Viewfinder*

The third principal subject of private international law is the recognition and enforcement of judgments. There is little developed case law on this topic in the intellectual property field, in part because the primary relief in intellectual property cases typically takes the form of injunctive relief, often preliminary injunctive relief.²²¹ Such orders are rarely capable of direct recognition and enforcement.²²² Indeed, the limits of enforcing injunctive orders abroad may explain some of the motivation behind the decision of the U.S. Congress to include jurisdiction in rem against domain names as part of the Anti-Cybersquatting Consumer Protection Act in 1999.²²³

The paucity of decisions on enforcement may also reflect the fact that the United States has tended to enforce foreign judgments notwithstanding that the full faith and credit obligations imposed by the U.S. Constitution and federal legislation on state and federal courts do not extend to foreign judgments.²²⁴ Although other countries, including countries within the European Union, are not so accommodating, foreign litigants frequently have sufficient assets in the United States such that foreign enforcement is not

219. Microsoft officials defended their international strategy by noting that "Microsoft must protect its trademarks or risk losing them and that a ruling in the U.S. case would unlikely affect overseas trademarks. The resolution of the U.S. case doesn't necessarily bind any other country." *Microsoft-Lindows Battle Expands in Europe*, CNET NEWS, Dec. 8, 2003, http://news.cnet.com/Microsoft-Lindows-battle-expands-in-Europe/2100-7344_3-5116840.html.

220. Lindows officials saw the new lawsuits differently, charging that "[i]t's a tactic to make us spend money opening up all these new legal fronts.... It makes no sense to launch all these lawsuits when in three months, this case will be decided in a U.S. court and, if we lose, we'll change our name, and it's a nonissue." *Id.*

221. For a recent indication by the Canadian Supreme Court that internationalization of the exploitation of intellectual property requires reconsideration of traditional principles of recognition of judgments, see *Pro Swing Inc. v. ELTA Golf Inc.*, [2006] S.C.R. 52 (Can.); see also *Disney Enters. Inc. v. Click Enters. Inc.*, 49 C.P.R. (4th) 87 (Ont. 2006) (Can.).

222. See Richard L. Garnett, *Trademarks and the Internet: Resolution of International IP Disputes by Unilateral Application of U.S. Laws*, 30 BROOK. J. INT'L L. 925, 937 (2005).

223. See 15 U.S.C. § 1125(d)(2) (2006).

224. See *Hilton v. Guyot*, 159 U.S. 113, 163-64 (1895); see also Dreyfuss, *supra* note 31, at 822 (discussing enforcement practices).

necessary.²²⁵ The decision of the district court (and, to a lesser extent, the appeals court) in *Feraud v. Viewfinder* thus represented the most extended judicial discussion in recent years of the enforceability of a foreign intellectual property judgment.²²⁶

In *Feraud*, the French plaintiffs, who designed high-fashion clothing, had obtained a default judgment for one million francs from a French court against a Delaware corporation that maintained websites on which it posted photographs from fashion shows and other information about fashion events.²²⁷ The defendant had posted photographs of models wearing clothing of the plaintiff's design at various fashion shows in Paris, and the complaint filed in France alleged that this violated both French copyright and unfair competition law.²²⁸

When the plaintiffs sought to enforce their judgment in New York, the defendant argued that, under the New York recognition statute, the French judgment should not be enforced because the damages awarded bore no relation to actual damage sustained, because the underlying French law was inconsistent with U.S. intellectual property law, and because enforcement of the judgment would be inconsistent with the First Amendment.²²⁹

As with most states, the New York recognition statute (applied by federal courts sitting in New York and exercising diversity jurisdiction) calls for the enforcement of foreign money judgments unless to do so would be "repugnant to the public policy" of the state.²³⁰ Neither the amount of damages awarded, nor the differences between French and U.S. copyright law, satisfied this strict standard.²³¹ The damage award was issued after the defendant's failure to contest the amount in France, and the notion of an award not wholly reflecting actual damages is also found in U.S. copyright law and trademark law.²³² And enforcement analysis does not require a plaintiff to show that the actions in France would have violated American law; rather, the question is whether "the judgment of the

225. See Dreyfuss, *supra* note 31, at 822.

226. See *Sarl Louis Feraud Int'l v. Viewfinder*, 489 F.3d 474 (2d Cir. 2007).

227. *Id.* at 476-77.

228. *Id.*

229. *Id.* at 477-78.

230. *Id.* at 479-80.

231. *Id.* at 482-84.

232. See 15 U.S.C. § 1117 (2006); 17 U.S.C. § 412 (2006).

French court imposing liability under French law is repugnant to the public policy of the State of New York” (and the French law did not approach that standard).²³³ The district court reasoned that:

Copyright and trademark law are not matters of strong moral principle. Intellectual property regimes are economic legislation based on policy decisions that assign rights based on assessments of what legal rules will produce the greatest economic good for society as a whole. Different countries will, at different times, reach different conclusions as to the types of creative endeavor that should receive the benefit of copyright protection and the extent of that benefit, and different conclusions as to the kinds of competitive activity that should be encouraged or discouraged by trademark law. If the United States has not seen fit to permit fashion designs to be copyrighted, that does not mean that a foreign judgment based on a contrary policy decision is somehow “repugnant to the public policies underlying the Copyright Act and trademark law.”²³⁴

This is a strong endorsement of the principle of national autonomy in public international intellectual property law. However, the court concluded that because the defendant’s activities fell “within the purview of the First Amendment,” to enforce a judgment based upon liability for engaging in those activities would violate the public policy of New York.²³⁵ In reading the provisions of the statute to preclude the enforcement of a foreign judgment that attached liability to conduct abroad that would have been protected by the First Amendment in the United States, the court was acting in line with several other U.S. courts (in nonintellectual property cases).²³⁶ However, intellectual property judgments (especially copyright and trademark judgments) will frequently implicate speech-like values.

233. *Feraud*, 406 F. Supp. 2d at 281.

234. *Id.*

235. *Id.* at 282.

236. See *Yahoo!, Inc. v. La Ligue Contre le Racisme et l'Antisemitisme*, 169 F. Supp. 2d 1181 (N.D. Cal. 2001), *rev'd on other grounds*, 379 F.3d 1120 (9th Cir. 2004), *rev'd en banc*, 433 F.3d 1199 (9th Cir. 2006) (refusing to enforce French order that was inconsistent with First Amendment values); *Telnikoff v. Matusevitch*, 702 A.2d 230, 244 (Md. 1997) (rejecting enforcement of English libel judgment); *Bachchan v. India Abroad Publ'ns Inc.*, 585 N.Y.S.2d 661 (N.Y. Sup. Ct. 1992) (refusing to enforce English libel judgment that had no regard to First Amendment libel doctrine).

Such an approach to recognition, especially when activities forming the basis for the judgment occurred wholly or substantially abroad, would offer a potentially large exception to enforcement in cases in which the laws of the rendering and enforcing court are different.²³⁷ Yet, that is precisely when enforcement obligations are of vital importance.²³⁸ Without taking issue with the principles espoused by the lower court, the Second Circuit vacated the district court opinion because of the failure of the lower court to make a full analysis of whether French law provided protections comparable to those offered by the First Amendment and remanded to the lower court to do so.²³⁹

II. REFORM: RECONFIGURING TERRITORIALITY

In light of the increasing frequency of these types of disputes, to what extent do we need to reform the principles of private international law that operate in intellectual property cases? This Part argues that the principle of territoriality needs to be reviewed; our ability to develop a sophisticated system would benefit from a breakdown of the principle into its constituent propositions and a defense of each proposition on its own terms. Territoriality needs to be explained and defended, not simply invoked.²⁴⁰

237. See Mark D. Rosen, *Exporting the Constitution*, 53 EMORY L.J. 171, 172-74 (2004).

238. See *Fauntleroy v. Lum*, 210 U.S. 230 (1908) (considering domestic state-to-state recognition under the Full Faith and Credit Clause).

239. See *Feraud*, 489 F.3d at 476.

240. This Part focuses on revisions of the principle of territoriality somewhat independently of the institutional context in which new rules might be adopted or policed. But, of course, the two questions are related. Whether courts possess sufficient legitimacy to perform tasks that ideally might be assigned to them will surely be affected by whether an institutional infrastructure exists to buttress accountability and how that infrastructure was brought into being. Likewise, the choice of an institutional vehicle through which to advance a particular agenda for reform will no doubt depend upon the content of the reform. More radical deviations from the existing approach may be hard to pursue through a hard law, consensus-based process. However, despite this inevitable dynamic between content and form, for ease of analysis, this Article will simply identify those points where the dynamic is determinative of a particular policy choice.

A. *General Principles*

There are several general observations that guide my analysis. First, territoriality is a principle that has always received excessive doctrinal purchase in intellectual property law. One can adhere to the basic premises that underlie territoriality without supporting the full range of private international law rules that are said to reflect the principle. This divergence between the principle and its implementing devices continues to grow as legal systems become less nationally confined, even if they are still largely nationally defined. Second, the normative force of the principle has declined as units of social and commercial organization correspond less neatly with national borders and as private ordering has weakened the capacity, and perhaps the claim, of the nation-state exclusively to determine the behavior of its citizenry. Finally, many of the same values (for example, diversity of legal regimes, tailoring of intellectual property to local needs, protecting rights on an international basis) that the public international intellectual property system sought to further through its promulgation of the principle of territoriality must still be pursued, but can now best and perhaps only be achieved by reconfiguring the principle.²⁴¹

1. A “Bundle” of Separate National Properties: Sources and Theories of Territoriality

With a literary or artistic work, rights attach upon creation and, in some countries, fixation.²⁴² De facto, the protected work is the same everywhere, even if international copyright law deems that a single creative act results as a matter of law in the creation of almost two hundred separate national copyrights. In contrast, the premise of separate national parcels of property is relatively intuitive in the case of registered rights whose existence flows from

241. Cf. Graeme B. Dinwoodie, *Commitments to Territoriality in International Copyright Scholarship*, in ALAI COPYRIGHT—INTERNET WORLD: REPORT ON THE NEUCHÂTEL STUDY SESSION 16/17 SEPTEMBER 2002, at 74 (Paul Brügger ed., 2003) (characterizing different approaches to territoriality in copyright law as “regressive or nationalistic,” “reformed,” “pragmatic,” and “internationalist”).

242. 17 U.S.C. § 102(a) (2006).

separate national applications.²⁴³ But even with registered rights, those separate national applications might often be dealing with identical inventions or marks. In that light, the argument for separate national industrial property rights may seem as fragile as “nationalizing” copyright protection of a single original work.

Such a skeptical response to separate national property rights is most persuasive if one holds a commitment to pre-political notions of property. Viewing intellectual property rights more instrumentally, as a matter of legislative grace, should, however, dispel some of that skepticism and help explain the territorial nature of rights. And such instrumentalism informs both national and international laws. In the United States, intellectual property rights are recognized primarily to effectuate innovation policy objectives and to ensure fair competition in the marketplace. Although civil law countries typically are supported by a broader range of theoretical justifications, including those reflecting natural rights impulses, even those countries recognize the instrumentalist objectives of intellectual property law. And the public international law premise of territoriality reflects an underlying political commitment to preserve national autonomy to tailor innovation policy and thus the extent of protection within sovereign political borders, consistent with the flexible limits established by intellectual property treaties.

Moreover, even if one adopts a less instrumental approach to intellectual property rights, focusing on the intangible values protected by patent or trademark law helps to explain a default position of national rights. The word or other symbol that is the tangible manifestation of trademark rights, and which may nomi-

243. The use of international mechanisms to facilitate multinational registration of marks, designs, and patents has become more widespread in recent years. See Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, June 27, 1989, S. TREATY DOC. NO. 106-41 (2000), WIPO Doc. 204(E) [hereinafter Madrid Protocol]; Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, July 2, 1999, S. TREATY DOC. NO. 109-21, 2279 U.N.T.S. 3; Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, 1160 U.N.T.S. 231. And increasing the use of such mechanisms has been a priority of the World Intellectual Property Organization (WIPO) in recent years; most of these systems have been liberalized to encourage their broader use. However, even if the mechanisms in these treaties are successfully invoked, the applicant still obtains a bundle of national rights, whether under the Madrid system (marks), the PCT (patents), or the Hague system (designs). The EU-wide Community Trademark and Community Design (Registered and Unregistered) are different in that they give rise to a unitary right valid throughout the European Union.

nally be uniform across national markets, is merely a vessel for the intangible value of goodwill that trademark law classically seeks to protect. Even when the word or symbol is the same, the existence and scope of that goodwill may vary from one country to another, reflecting the different social and market conditions that pertain in those countries. Likewise, the extent to which the defendant's nominally constant cross-border conduct threatens to interfere with those national bundles of goodwill may turn on features of the national market.

In the patent context, the extent of the right conferred by the patent on an invention that is *de facto* the same invention as presented to the patent office in another country will be a function of the invention's novelty and inventiveness.²⁴⁴ That measure might also vary widely from country to country.²⁴⁵ As a practical matter, this is reflected in the language of the claims of the different national patents which define the invention *de iure*, regardless of the commonality of the patented product across national markets. Patent examiners in different countries, and patent counsel drafting claims and responding to office actions, may introduce different limitations in order to avoid prior art or deal with other impediments to patentability that vary according to the national market at issue. The grounding of patent law in a public bargain, that different patent offices might *in loco publici* negotiate differently according to their own respective innovation policies, validates separate property rights. But, so too, the fact that the degree of inventiveness might *de facto* vary from one country to another requires even noninstrumentalists to recognize a valid starting point of national rights.

Thus, the idea of separate property rights has a solid conceptual foundation, both in intellectual property theory and in the sovereignty-based underpinnings of the classical international legal regime. However, that fact no longer justifies the full force of the territoriality principle. Social and commercial structures that were predominantly national in the late nineteenth century have

244. 35 U.S.C. § 102 (2006).

245. For a discussion on the universalization of the content of prior art and the adoption of absolute novelty standards, see Margo A. Bagley, *Patently Unconstitutional: The Geographical Limitation on Prior Art in a Small World*, 87 MINN. L. REV. 679, 729-36 (2003); Craig Nard, *In Defense of Geographic Disparity*, 88 MINN. L. REV. 222 (2003).

taken on a more international hue, creating a transnational marketplace where the grounding of national rights in national differences is less compelling. Similarly, the prescriptive claims of a nation-state to regulate, or at least to regulate *exclusively* without a greater regard for foreign and international prescriptive claims, may be more open to contest. The increasing inability to contain the effects of national regulation within national borders demands a less nationalistic approach to the prescriptive scope of law. At the same time, the power of a nation-state to regulate fully within its own borders has declined both normatively and descriptively, requiring an acknowledgment of the interdependence of nations. Foreign and international interests and institutions are thus more relevant, an assumption that territoriality largely discounts as a matter of both right and power.

The transborder activity and power of private nonstate actors must also be factored into the equation. We have witnessed an upsurge in private ordering, particularly as a result of the application of digital rights management techniques by rightholders and the prominence of multinational intermediaries, such as Internet Service Providers or search engines, in controlling access to information products. Private ordering may create a different balance, not only between rightholders and users, but also between international homogeneity and national sovereignty.²⁴⁶ Increasingly, it is the activities and structure of international business actors that determine whether norms will be developed and enforced similarly across borders notwithstanding the nominal commitment of nation-states to territoriality and their formal claims of legal sovereignty.

Moreover, even if markets were still national and the prescriptive claims of the nation-state were unchanged from the late nineteenth century, not *all* of the principles of private international intellectual property law would necessarily follow. For example, the existence of separate national property rights does not mandate a philosophy of exclusive jurisdiction. To be sure, territoriality of rights does raise more acutely further policy considerations such as international comity and competence to adjudicate foreign law. Absent separate

246. See Graeme B. Dinwoodie, *Private Ordering and the Creation of International Copyright Norms: The Role of Public Structuring*, 160 J. INSTITUTIONAL & THEORETICAL ECON. 161, 168-77 (2004).

national property rights and different intellectual property laws, these concerns may be less prominent, and we might be more comfortable in applying foreign law. But these concerns of comity and competence could be accommodated within a system that permitted more extended and less exclusive adjudicatory authority over the subject matter of intellectual property claims. And contemporary developments, which have diminished the prescriptive force of territoriality, have likewise made those accommodations of private international law more easy to contemplate. With international harmonization of substantive law, the development of sophisticated information retrieval systems, the enhanced personal and professional interchange among judges, and the development of specialized courts—to name but a few—arguments about a lack of judicial competence are less persuasive. At the same time, the frequency of transborder disputes has made the cost of insisting on serial national litigation more substantial. The reality of international disputes about international markets makes partitioning of adjudication seem a costly and romantic hankering for the inefficiencies of a balkanized past.²⁴⁷

To be sure, there is social value in the cultural diversity which national markets support; there is learning to be garnered from the experimentation that national regulation facilitates; and there is political legitimacy as well as local efficiencies to be gained from the sovereignty and accountability that territoriality promotes.²⁴⁸ But there are gains from facilitating international exploitation as foreign works are injected into new markets and cultural diversity enhanced; there are legitimacy gains both from making rights real and enforceable and long-term and from weakening the grip of the nation-state as the political unit of a citizenry more readily affiliated with a network of political institutions. International trade and

247. Taking this reality into account may even reduce the lazy analytical assimilation that might occur when properly separate national claims are dealt with together for inappropriate reasons of efficiency. See Dinwoodie, *Trademarks and Territory*, *supra* note 11, at 949-50 (discussing concerns that courts hearing consolidated litigation might simply treat discrete national claims as one claim).

248. The political legitimacy argument also rests on unduly simplistic assumptions about patterns of commerce and immigration, as well as insufficient attention to the transborder nature of modern political economies. The political economy of intellectual property, fed by transnational groups that pressure national legislatures, resists any simple model of procedural representational legitimacy.

digital communication technologies have altered the balance between the global and the local, or at least require us to reconsider how we can best continue to accommodate the benefits of both. The gains of rigid adherence to territoriality appear less certain, and the opportunities of internationalism appear more real than ever before. In that light, unquestioning adherence to the full panoply of devices by which the territorial model was sustained appears, at best, quixotic.

2. Territoriality as a Disabling Concept

The above analysis does not offer a particular prescription for the development of a private international law of intellectual property. However, it does suggest that the prescriptive and practical claims of territoriality might warrant reconsideration, or at least some of the doctrines that depend upon that principle for their vitality might be reviewed.

In contemporary multiterritorial intellectual property disputes the primary challenge for courts is not a lack of authority to prescribe (or, with the exception of exclusive jurisdiction rules of subject matter jurisdiction, to adjudicate). Instead, it is an excess of authority that presents a problem, which means, in turn, that enforcement is less frequently a problem that arises. Particularly in online disputes, but even in offline disputes, several countries are likely to have a legitimate prescriptive or adjudicative claim with respect to the dispute. But multiplying the sources of authority also has the effect of diluting authority: it is an excess of *shared* authority that characterizes contemporary intellectual property disputes.

In that environment of *multiple, weaker* prescriptive claims, application of the principle of territoriality has the capacity either to underregulate or overregulate the marketplace.²⁴⁹ If activity must

249. This discussion focuses largely on prescriptive authority, but because of exclusive jurisdiction and homing tendencies discussed below, the question of adjudicatory authority is in practice tied closely to prescriptive claims. The principle of exclusive jurisdiction is the most significant limit on this phenomenon of multiple shared authority insofar as it constrains subject matter jurisdiction. One of the reforms discussed in this Article is the need to separate those authorities, which itself gives more room to reach an accommodated solution.

be exclusively confined to the territory of a state in order to assert prescriptive authority, then such a notion of territoriality would largely foreclose *any* state from acting to prescribe.²⁵⁰ Just as it is very hard for states to confine their regulation territorially, so too private actors, whether right-holders, users, competitors, or infringers, are largely unable to stop the effects of their activity at the borders. Indeed, often this disregard of borders reflects a conscious effort to engage an international audience or market.

To be sure, the principle of territoriality was used historically to *deny* authority to third party states to adjudicate or to prescribe.²⁵¹ But the principle of territoriality will rarely be interpreted in this restrictive fashion, outside the context of exclusive jurisdiction. Giving territoriality this reading would reduce its application to cases in which only one state had an interest in the application of its law to the dispute at hand. And, in the present environment of international exploitation, this would be far too disabling of jurisdiction. Today, a single state will more rarely have an exclusive authority to prescribe in the context of a transborder dispute. Thus, some less demanding notion of territoriality must be required to support a state's prescriptive interest.

3. *Territoriality as an Enabling Concept*

Having seen the disabling effects of reading territoriality strictly, one could adopt a much more liberal approach: any conduct or effect within the territory of a state might be seen as sufficient to sustain adjudicatory or prescriptive jurisdiction. However, it is the excess of authority in today's world, rather than its shared nature, that makes this a less than satisfactory proposition. Information products that are exploited internationally are likely to touch upon the territory of many nations, particularly in the online context where activity is ubiquitous. Adopting this approach would lead to overregulation and the imposition of potentially inconsistent obligations.²⁵²

250. Cf. Andrew T. Guzman, *Choice of Law: New Foundations*, 90 GEO. L.J. 883, 909-12 (2002) (arguing that "[w]here countries cannot (or do not) apply their laws extraterritorially there will be under-regulation").

251. See *supra* text accompanying notes 8-18.

252. See Dinwoodie, *A New Copyright Order*, *supra* note 1, at 537 (noting a problem of too many *loci delicti*); Guzman, *supra* note 250, at 906-09.

Stated in less conclusory terms, this approach is too enabling of jurisdiction. In effect, it would implement a philosophy of extraterritoriality rather than territoriality.

4. Between Territoriality and Extraterritoriality: A Philosophy of Restraint

The key to adapting to the realities of excess, shared authority lies in restraint: the existence of prescriptive and adjudicating authority has to be distinguished from the exercise of that authority. The purest act of sovereignty is to foreswear from acting in circumstances in which it is descriptively and prescriptively possible to do so.²⁵³ Territorial connections that are sufficient to sustain a nominal interest should not support the exercise of jurisdiction that effectively prescribes globally. In this climate, the important judicial tools become doctrines of abstention and systems of equilibrium rather than binary tests of the existence of jurisdiction.²⁵⁴

Highlighting a philosophy of restraint might appear paradoxical given the most concrete reform suggestions in this Article (allowing the consolidated adjudication of infringement claims under domestic and foreign intellectual property laws) and by my prior proposals in choice of law.²⁵⁵ To appreciate the consistency of these positions, it is important to recognize that the restraint for which I argue operates from a baseline in which the ubiquitousness of contemporary activity theoretically permits the exercise of jurisdiction by multiple national courts in a very large number of cases. As the

253. The citizens of London, through the Corporation of the City, still retain their ancient privilege of being able to bar the Sovereign from entering their streets. Caroline Davies, *Pearl Sword Opens City to Sovereign*, TELEGRAPH, June 4, 2002, <http://www.telegraph.co.uk/news/uknews/1396320/Pearl-Sword-opens-City-to-sovereign.html>. Thus, on state occasions when the Queen enters the boundaries of the city, she must seek the formal permission of the Lord Mayor of London. *Id.* When the Royal carriage is about enter the city of London, the Sovereign is met by the Lord Mayor. *Id.* The Mayor exercises the sovereignty of the citizens of London by offering his sword to the Queen downwards and permitting entry to the City. *Id.*; see also Barack Obama, Inaugural Address (Jan. 20, 2009) (“[P]ower alone cannot protect us, nor does it entitle us to do as we please. Instead, [earlier generations] knew that our power grows through its prudent use. Our security emanates from the justness of our cause; the force of our example; the tempering qualities of humility and restraint.”).

254. *Cf.* *McBee v. Delica Co.*, 417 F.3d 107, 117 (1st Cir. 2005), discussed *infra* text accompanying notes 286-89.

255. See Dinwoodie, *A New Copyright Order*, *supra* note 1; *infra* Part III.

number of disputes that cannot fairly and appropriately be allocated to the *exclusive* competence of a single national court or a single law comes to predominate over the classical model of territorially-confined disputes, rules of adjudicative and prescriptive jurisdiction must be less absolute. The next challenge under such a model, of course, is to develop the tools that filter out the cases in which, despite possessing an interest under a liberal conception of territoriality, a national court should decline to hear a case or to apply its own law.

B. Forging Tools of Restraint

1. Conduct but Not Effects

There may be other rule-oriented ways to limit the notion of territoriality and thus raise the bar necessary to trigger a state interest to prescribe. One approach might fasten on a distinction common in private international law, namely, between jurisdiction based on conduct and jurisdiction based on effects.

To explore this possibility, we might consider the history of applicable law in intellectual property cases. As noted above, the majority approach to the question of infringement in intellectual property litigation is to apply the *lex loci protectionis*, which correlates in most cases with the *lex loci delicti*. Copyright and patent liability attach to defined *acts* committed without authorization, and thus the *loci delicti* historically was interpreted (with ease, it was thought) as where the *act* of unauthorized copying of a work or unauthorized sale of the patented invention (to use but two examples) occurred.²⁵⁶ Because this was thought to be a simple factual inquiry, copyright and patent decisions rarely ventured into any detailed explication of what the *lex loci delicti* might mean.²⁵⁷

It may have also been true in earlier times that effects were largely felt at the locus of conduct. But when domestic effects were alleged to flow from foreign conduct, copyright plaintiffs lacking

256. See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 89 (2d. Cir. 1998) (“[T]he Nimmer treatise briefly (and perhaps optimistically) suggests that conflicts issues ‘have rarely proved troublesome in the law of copyright.’” (citation omitted)).

257. Domestic copyright law does contain scope for “effects” analysis in, for example, the context of defenses such as fair use. See 17 U.S.C. § 107(4) (2006) (effect on the market).

conduct in the United States explicitly sought to rely on effects in the United States to sustain jurisdiction.²⁵⁸ On the whole, these arguments have been (nominally) unsuccessful.²⁵⁹ Is requiring domestic “conduct” a form of restraint that can therefore be used to limit and interpret an otherwise capacious territoriality principle?²⁶⁰

Probably not. As a purely descriptive matter, this nominal barrier to the application of U.S. law has in practice proved porous. Although efforts to develop an effects-based extension of the reach of U.S. copyright laws have failed, the U.S. courts have exercised prescriptive authority expansively through localization determinations that find an “act” or “conduct” in the United States. This form of extraterritoriality has thus been achieved by interpretation of the substantive provisions of copyright law.²⁶¹

Moreover, as a prescriptive matter, it is becoming too easy to transfer the core acts of infringement offshore without any diminution in the harmful local effects that states are surely entitled to regulate. Increasingly, bodies of economic law (for example, competition law or securities law) are being applied extraterritorially, based upon local effects that are inevitable in an integrated world economy. Some regard for effects is therefore probably relevant, and, if courts do not permit such arguments to be made transparently, sympathetic courts are likely to manipulate localization or substantive rules to prevent the development of information havens. This was a lesson of life under the rigid rules of the First Restatement of Conflicts, leading the Second Restatement to a position of greater flexibility exercised with due regard to basic conflicts principles.²⁶²

Trademark law has always presented an even harder case for those seeking to rely on the filter of “conduct” to limit the number

258. See *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1095 (9th Cir. 1994) (en banc).

259. *Id.* at 1099.

260. Some scholars would focus not only on the place of conduct, but, more restrictively still, on the place of the acts giving rise to primary infringement. See Graeme W. Austin, *Importing Kazaa—Exporting Grokster*, 72 SANTA CLARA COMPUTER & HIGH TECH. L.J. 577, 596 (2006) [hereinafter Austin, *Importing Kazaa*] (“Though the lines between various forms of domestic infringement may be blurry ..., geopolitical lines are not: the territoriality principle should preclude application of U.S. liability theories where the primary acts of infringement occur abroad.”).

261. See *supra* text accompanying notes 60-62 (root copy).

262. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6 (1971).

of nations with a territoriality-derived prescriptive interest. Liability for trademark infringement proper for some period of time was dependent upon the “affixation” of the infringing mark to a product, and some scholars now argue that that requirement has been transferred into a requirement that the defendant use the mark as a mark.²⁶³ At the very least, the defendant must make some use of the right-holder’s mark or of a mark confusingly similar thereto.²⁶⁴ These elements of the infringement action are cast as conduct-based inquiries that, at least until the advent of the Internet, seemed as deceptively simple as in the case of copyright or patent.

However, other than arguably in the context of use of an identical mark for identical goods,²⁶⁵ liability is now dependent upon the use causing likely confusion, which might ensue somewhere remote from the act of affixation or use. Localizing the act of modern confusion-based trademark infringement thus tests the limits of the *lex loci delicti*’s historical tension between place of conduct and place of effects in ways that do not come up as directly in copyright or patent cases. Effects are therefore a consideration that is central to trademark liability. A conduct filter would be an especially unwise means of restraining territoriality in trademark law.

2. Qualitative and Comparative Assessment of Effects

If effects must be potentially relevant to notions of territoriality, thus making conduct unhelpful as the sole determinant of territoriality, then perhaps a qualitative assessment of effects might

263. See Margreth Barrett, *Internet Trademark Suits and the Demise of “Trademark Use,”* 39 U.C. DAVIS L. REV. 371, 387 (2006); Stacey L. Dogan & Mark A. Lemley, *Trademark and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 798-99 (2004); Uli Widmaier, *Use, Liability and the Structure of Trademark Law*, 33 HOFSTRA L. REV. 603, 622 (2004); see also *1-800 Contacts, Inc. v. Whenu.com, Inc.*, 414 F.3d 400, 412 (2nd Cir. 2005) (refusing to allow confusion to substitute for unauthorized use in determining trademark liability). *Contra* Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1625-28 (2007) (arguing against the existence or wisdom of such a requirement).

264. See *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 625-26 (6th Cir. 1996).

265. See TRIPS Agreement, *supra* note 12, art. 16(1). Even in that context, the greater scope of protection may simply reflect (at least in use-based jurisdictions) a presumption that “double identity” uses will cause confusion. *But cf.* Case C-487/07, *L’Oréal SA v. Bellure NV*, [2009] E.T.M.R. 55 (E.C.J. 2009) (discussing Article 5(1)(a) of Trade Mark Directive).

still serve a filtering role. Given the centrality of effects to substantive trademark law discussed above, we might expect trademark law to offer some clues about the effects that might be qualitatively assessed. Surprisingly, despite the more long-standing potential in trademark law for unauthorized remote use to give rise to actionable local effects, case law does not generally reveal any substantial discussion of where an act of trademark infringement occurred or how the prescriptive claim of that place weighed against the claims of the place where effects are felt.²⁶⁶ One can find some discussion of “place” as courts determined the existence or geographical scope of trademarks when competing remote users asserted common law rights and when plaintiffs with registered rights sought protection in areas of nonuse.²⁶⁷ However, that discussion is typically cast in the language of substantive trademark norms rather than the values of private international law. Has consumer association developed? Is confusion likely?

Two trademark contexts in which the relevant effects *have* been examined in ways that resemble the method of private international law are the adaptation of the concept of “use” to online activity found in the WIPO SCT Joint Recommendation on Internet Use and the extraterritorial application of U.S. law. In both contexts, the considerations that assist in identifying relevant effects are wrapped up with substantive objectives. But both represent transparent efforts to separate those territorial effects that warrant the exercise of jurisdiction from those that suggest deferring to the law of some other place, most obviously the place of the conduct that generated the effects in question. These examples suggest that to assist in this exercise we can look both at the nature of the local effects and the nature of the competing interests.

The Joint Recommendation was prompted by doubts about whether, for example, online “use” of a mark in France should be treated as use of the mark in the United States sufficient to acquire

266. At least it did not until the Internet made this inevitable. *See* Playboy Enters. v. Chuckleberry Publ'g, Inc., 939 F. Supp. 1032, 1039-40 (S.D.N.Y. 1996) (interpreting place of distribution of products made available online in assessing motion for contempt of injunction in trademark case, but still not talking in terms of prescriptive interests).

267. *See* Nat'l Ass'n for Healthcare Commc'ns, Inc. v. Cent. Ark. Area Agency on Aging, Inc., 257 F.3d 732, 735-38 (8th Cir. 2001); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362-63 (2d Cir. 1959); *see also* Dinwoodie, *Trademarks and Territory*, *supra* note 11, at 893-901, 928-35.

rights or to infringe the rights of others.²⁶⁸ One could adopt an expansive approach to territoriality and regard use online as use anywhere, implicating the territorial interests of every state where Internet access is available. Some early outlier cases did just that, prompting the World Intellectual Property Organization Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) to develop provisions on the concept of use on the Internet, which were adopted as a nonbinding instrument (a Joint Recommendation) by the WIPO General Assemblies and the Paris Union in 2001.²⁶⁹

Under the Joint Recommendation, use of a sign on the Internet should only be treated as use in any particular state if the use of the sign has a “commercial effect” in that state.²⁷⁰ That is, effects were adopted as the means of assessing conduct, and, interestingly, effects were perceived as a means of moderating an expansive interpretation of what might amount to relevant conduct. The Joint Recommendation lists factors relevant to a determination of whether a sign has a commercial effect in a state, and whether use should be deemed to have occurred in that state.²⁷¹ The factors are nonexhaustive and include whether the user is doing, or planning to do, business in a particular state, although use of the sign can have a commercial effect in a country without the user doing business there.²⁷² The language and currency used on the website where the mark is used, as well as any explicit disclaimer of the ability to deliver goods in a particular state, would be relevant. Actual restraints on the ability of the producer to deliver goods, for example, regulatory hurdles, would also provide guidance, as would whether the website had actually been visited by persons from a particular state.²⁷³

268. See *supra* note 263.

269. WIPO, *Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet*, WIPO Doc. 845(E) (Oct. 3, 2001), available at http://www.wipo.int/about-ip/en/development_iplaw/Pub845.htm [hereinafter *Joint Recommendation on Internet Use*]. Acquisition rules require “use” in commerce, and infringement requires use of the mark and perhaps more.

270. See *id.* art. 2.

271. *Id.* art. 3.

272. *Id.* art. 3(1)(a).

273. The full listing of factors is found in Article 3 of the *Joint Recommendation on Internet Use*. See *id.* art. 3. For an analysis of the wisdom of the particular factors listed, see Dinwoodie, *Private International Aspects*, *supra* note 64, ¶¶ 103-05.

The second component of the Joint Recommendation limits the liability of an owner of trademark rights in one country that uses its mark online in a way that has a commercial effect in another state.²⁷⁴ In particular, such a mark owner should not be liable to the mark owner in that foreign state prior to receiving a “notification of infringement,” provided that the mark owner’s rights were not acquired in bad faith and that contact details are provided on the website where the sign is displayed.²⁷⁵ Even upon receiving a notification, the user can avoid liability by expeditiously taking reasonable steps “to avoid a commercial effect in the [country] in which the allegedly infringed right is protected” or to avoid confusion with the mark owner in that country.²⁷⁶ These steps should not unreasonably burden the commercial activity the user carries out over the Internet,²⁷⁷ and courts should avoid global injunctions.²⁷⁸ Indeed, generally in crafting relief, a court should “take account ... of the number of Member States in which the infringed right is also protected, the number of Member States in which the infringing sign is protected by a right, or the relative extent of use on the Internet.”²⁷⁹

The first component of the SCT Joint Recommendation thus represents an effort to identify the considerations that would suggest effects of the type that should not trigger substantial prescriptive interest. The second component suggests that, even when there are effects sufficiently substantial to support prescriptive claims, these might need to be balanced against competing interests of other states. In performing that balancing, the substantive objectives of trademark law (the avoidance of confusion) should be taken into account, emphasizing that the development of rules in this area might best occur not through abstract assertions of state interests, but with an eye to substantive policy goals. Finally, the fact-

274. Joint Recommendation on Internet Use, *supra* note 269, art. 9.

275. *Id.*

276. *Id.* Note 10.02.

277. *See id.* art. 15. If those steps include the use of a disclaimer in accordance with the terms of Article 9 of the Recommendation, the user is conclusively presumed to have satisfied the standard. Such disclaimers should, *inter alia*, make clear that the user of the sign does not intend to deliver goods to the particular member state where a conflicting right exists and that the user has no relationship with the owner of the conflicting right. *See id.* art. 9.

278. *See id.* art. 14.

279. *See id.* Note 13.04.

intensive nature of the SCT approach suggests that these rules are more likely to emanate from concrete analysis of factual disputes than from the development of a priori principles about the respective claims of states with particular contacts.

A similar conceptual structure is found in cases involving the extraterritorial application of U.S. trademark law (often litigated as a question of subject matter jurisdiction, but effectively assessing prescriptive authority). For example, in the context of trade occurring across the U.S.-Mexican and U.S.-Canadian borders, one could easily have imagined substantial litigation concerning how to define the conduct (use) that localized the dispute within the United States as the *lex loci protectionis*. Instead, the ambiguities of the *lex loci protectionis* were mitigated through a willingness to consider awarding relief extraterritorially based upon effects in the forum notwithstanding that the conduct at issue occurred abroad.²⁸⁰ More particularly, the courts imposed a nontrivial threshold of effects within the United States, took into account competing foreign interests, and reached a solution through careful factual analysis rather than through mechanical doctrinal formulations.²⁸¹

Within the Second Circuit in particular, courts have insisted that there must be a substantial effect on U.S. commerce.²⁸² “Some” effects are insufficient, although a minority view outside the Second Circuit²⁸³ permits the exercise of jurisdiction based upon this lesser showing.²⁸⁴ Moreover, those effects within the United States must

280. See *Steele v. Bulova Watch Co.*, 344 U.S. 280, 285-86 (1952); see also Graeme W. Austin, *The Story of Steele v. Bulova: Trademarks on the Line*, in *INTELLECTUAL PROPERTY STORIES* 395, 412, 414 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds., 2006); cf. *Vanity Fair Mills v. T. Eaton & Co.*, 234 F.2d 633, 642-44 (2d Cir. 1956).

281. See, e.g., *Vanity Fair Mills*, 234 F.2d at 633.

282. *Id.* at 641-42.

283. Although the approach of the Second Circuit is the one most explicitly connected to the opinion of the Supreme Court in *Steele v. Bulova*, other circuits appear increasingly to be developing tests that in differing respects depart from the doctrinal *Vanity Fair* factors. Courts in the Second Circuit still tend to work within the express framework of the *Vanity Fair* factors, while courts in the Ninth and Fifth Circuits apply an effects test modeled on the test applied in the antitrust context. However, the substance of these different tests is not radically different, and the conceptual structure identified in the text probably holds true for the approach of most circuits.

284. See, e.g., *Atl. Richfield Co. v. Arco Globus Int'l Co.*, 150 F.3d 189, 192 & n.4 (2d Cir. 1998) (insisting on substantial effects); *Totalplan Corp. of Am. v. Colborne*, 14 F.3d 824, 830 (2d Cir. 1994) (insisting on substantial effects); see also *McBee v. Delica Co.* 417 F.3d 107, 111 (1st Cir. 2005); *Int'l Café S.A.L. v. Hard Rock Café Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278-79

be weighed along with the nationality of the defendant, as the U.S. courts have a greater claim to regulate the foreign conduct of their own citizens, and the potential of a conflict with foreign trademark rights or, perhaps, foreign trademark law that declines to assign exclusive rights to any party must also be considered.²⁸⁵

Likewise, in a recent case, *McBee v. Delica*, the First Circuit rejected “the notion that a comity analysis is part of subject matter jurisdiction. Comity considerations, including potential conflicts with foreign trademark law, are properly treated as questions of whether a court should, in its discretion, decline to exercise subject matter jurisdiction that it already possesses.”²⁸⁶ The First Circuit’s approach is a slight reformulation of *Vanity Fair*, but in substance is likely to reach similar results. *McBee* makes an important contribution to this field, however, by explicitly recognizing that the “substantial effects” that support jurisdiction are to be weighed against comity concerns in determining whether to exercise that jurisdiction.²⁸⁷ This endorses a move from binary doctrines of jurisdiction to concerns about abstention.²⁸⁸ Moreover, the court stressed

(11th Cir. 2001) (applying *Vanity Fair*). For the minority view, see *Am. Rice, Inc. v. Ark. Rice Growers*, 701 F.2d 408, 414 (5th Cir.1983) (holding the degree of effect on U.S. commerce may not be substantial, but some effect may be sufficient); see also *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250-51 (4th Cir. 1994) (requiring “significant impact” on U.S. commerce); *Reebok Int’l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 554 (9th Cir. 1992) (holding there must be “some effect” on U.S. commerce); *Wells Fargo & Co. v. Wells Fargo Express Co.*, 556 F.2d 406, 428 (9th Cir. 1977) (rejecting the “substantial effect” test adopted by the Second Circuit and approving the “some effect” test previously rejected by the Second Circuit as part of the comparable test used to determine extraterritorial reach of the federal antitrust laws).

285. *Cf. Les Ballets Trockadero de Monte Carlo, Inc. v. Trevino*, 945 F. Supp. 563, 567-68 (S.D.N.Y. 1996) (noting uncontradicted testimony of plaintiff’s expert on Japanese trademark law to the effect that defendant’s application would fail because the plaintiff’s mark was well known in Japan); see also *Joint Recommendation on Internet Use*, *supra* note 269, art. 9 (making the benefits of the provisions available to good faith users “permitted to use the sign, in the manner in which it is being used on the Internet, under the law of [a country] to which the user has a close connection”).

286. *McBee*, 417 F.3d at 111 (holding that in order for a plaintiff to reach foreign activities of foreign defendants in American courts, the “complained-of activities [must] have a substantial effect on United States commerce, viewed in light of the purposes of the Lanham Act”).

287. *Id.*

288. See *supra* text accompanying notes 253-54. My only quibble with the approach of the *McBee* court would be that the court appears to assimilate adjudicatory and prescriptive jurisdiction (although that may well be in line with the prevailing philosophy of exclusive jurisdiction in trademark law). *Cf. Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633, 645-48 (2d

that the “complained-of activities [must] have a substantial effect on United States commerce, viewed *in light of the purposes of the Lanham Act*.”²⁸⁹ That is, the substantive policy goals provide a lens through which to assess the effects relevant to jurisdiction.

The final element of the conceptual structure found in the Joint Recommendation and extraterritoriality context is perhaps best typified by *Sterling Drug, Inc. v. Bayer AG*.²⁹⁰ Because the defendant in that case was a German company holding the German trademark to the mark BAYER for drugs, the American plaintiff, which owned the rights to the BAYER mark in the United States, would, under the prevailing doctrine in the Second Circuit, be unable to obtain relief from a U.S. court that extended to uses in Germany.²⁹¹ Even if those uses made their way to the American public (for example, in press releases likely to be reported on in the United States, or in advertisements in newspapers with significant U.S. distribution), these effects had to be balanced against the nationality of and the German rights held by the defendant. When the district court granted relief notwithstanding these considerations, Bayer appealed and the government of Germany appeared as *amicus curiae*, contending that the extraterritorial prohibitions of the injunction failed to respect its sovereign rights.²⁹²

Although the Second Circuit vacated the district court’s injunction,²⁹³ the court emphasized that on remand the district court could grant relief against conduct abroad that had substantial effects in the United States provided it took into account the other considerations, namely the *Vanity Fair* factors.²⁹⁴ It so held notwithstanding that the established doctrine in the Second Circuit suggested that mere effects in the United States were insufficient to support

Cir. 1956) (considering whether to assume jurisdiction over Canadian trademark claims on the basis of diversity of citizenship, but deciding to dismiss the case on the basis of forum non conveniens). Substantial effects may support a U.S. court assuming adjudicatory jurisdiction, but the interests of other states might lead that court to apply a law other than that of the United States alone.

289. *McBee*, 417 F.3d at 111 (emphasis added).

290. 14 F.3d 733 (2d Cir. 1994).

291. See *supra* notes 224-26 and accompanying text.

292. *Sterling*, 14 F.3d at 744.

293. *Id.* at 751.

294. *Id.* at 746.

extraterritorial jurisdiction when nationality and foreign rights pointed in the other direction.

[I]f we applied the *Vanity Fair* test mechanically to the instant case, we would forbid the application of the Lanham Act abroad against a foreign corporation that holds superior rights to the mark under foreign law. But such an unrefined application of that case might mean that we fail to preserve the Lanham Act's goals of protecting American consumers against confusion, and protecting holders of American trademarks against misappropriation of their marks.²⁹⁵

The court thus insisted on viewing the relevant considerations of private international law (the *Vanity Fair* factors) through a substantive lens. And that analysis would turn heavily on the context of the particular dispute before the court.²⁹⁶ The court instructed the district court that “[i]n establishing the parameters of injunctive relief in the case of lawful concurrent users, a court must take account of the realities of the marketplace.”²⁹⁷ Although the court could not prohibit every act of a foreign corporation that may confuse American consumers, the court could “grant an extra-territorial injunction carefully crafted to prohibit only those foreign uses of the mark by Bayer AG that are likely to have significant trademark-impairing effects on United States commerce.”²⁹⁸

Perhaps most importantly, the Second Circuit recognized that in an integrated economy in which rights remain territorial, accommodation will require a careful balancing of rights:

Where, as in the instant case, both parties have legitimate interests, consideration of those interests must receive especially sensitive accommodation in the international context. While Bayer AG suggests that we must accept these conflicts as the unavoidable result of an international community of nations in which each nation exercises the power to grant trademark

295. *Id.*

296. *See id.* at 746-47 (commenting on very specific examples offered by the parties in view of their ability to dispel confusion without substantially impeding the activities of the German defendant to engage in permitted business activity in Germany).

297. *Id.* at 747 (citation omitted).

298. *See id.* at 747 (discussion of *GAT* and *Roche*).

rights, we prefer to allow the District Court to fashion an appropriately limited injunction with only those extraterritorial provisions reasonably necessary to protect against significant trademark-impairing effects on American commerce.²⁹⁹

Thus, a qualitative assessment of local effects, tempered by consideration of the legitimacy of foreign conduct, informed by the differing prescriptive authority that a state may have over its own citizens and foreign nationals, and performed with an eye to the substantive goals of intellectual property law,³⁰⁰ might provide a model of restraint. And, as seen both in the WIPO Joint Recommendation and case law on the extraterritorial application of U.S. trademark law, the precise forms of that restraint can best be ascertained by contextual analysis of facts in concrete cases, offering remedial measures that might not fully vindicate one law or the other, but reflect an accommodation of the two.³⁰¹ These are features to recall when considering reforms of the content of private international law and how best to develop that law.

3. Adjudicative and Prescriptive Jurisdiction; Declining Jurisdiction

Although I will argue that this restrained model does offer lessons of more general application beyond trademark law, let me note one important caveat. In the preceding discussion of how to reconfigure territorial authority, I have not distinguished between adjudicative and prescriptive jurisdiction.³⁰² Nor have I set out detailed grounds

299. *Id.*

300. See Austin, *Importing Kazaa*, *supra* note 260, at 614 (suggesting that international copyright litigation should take into account not only the structural aspects of territoriality implicit in the Berne Convention but also the substantive goals of ensuring the effective protection of authors).

301. See *McBee v. Delica Co.*, 417 F.3d 107, 118 (1st Cir. 2005) (“The reach of the Lanham Act depends on context; the nature of the analysis of the jurisdictional question may vary with that context.”).

302. Drawing a distinction between the two concepts is perhaps most likely to occur if courts began to view cross-border disputes through the lens of private international law. See *supra* note 100 (discussing patent law). However, the willingness of the U.S. courts to apply U.S. law extraterritorially has largely forestalled judicial discussion over where to localize the tort of trademark infringement, one form that private international analysis takes. To be sure, the *Playboy* court was required to determine where “distribution” of products made available online occurred in assessing a motion for contempt of an existing trademark

establishing the circumstances in which courts should decline to exercise the authority they possess.

The assimilation of adjudicatory and prescriptive authority reflects existing trademark law in the United States, where the two are effectively assimilated by the philosophy of exclusive jurisdiction. If U.S. law does not apply to protect U.S. rights, then U.S. courts do not possess subject matter jurisdiction.³⁰³ Patent law remains likewise committed to exclusive jurisdiction rules. Courts in the European Union and the United States have departed from that philosophy only really in copyright cases. However, under the view of private international law advanced in this Article, the inapplicability of U.S. law to any or all of the dispute should not of itself prevent the U.S. courts from exercising adjudicatory jurisdiction.

The decoupling of adjudicatory and prescriptive jurisdiction allows the different parts of private international law to contribute to providing a nuanced solution to transborder disputes. Thus, there may be circumstances in which local effects are sufficient to sustain adjudicatory jurisdiction, but some law other than that of the United States should apply to some or all of the dispute.³⁰⁴ The U.S. Constitution imposes limits on the nature of the contacts that are sufficient to satisfy Due Process standards. We should, however, be careful to avoid assimilating that standard and the question of

injunction. But again, the court did not talk in terms of the localization considerations that typically inform private international law determinations. *See Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc.*, 939 F. Supp. 1032, 1039-40 (S.D.N.Y. 1996). The WIPO Joint Recommendation on Use now creates a framework for asking *where* to localize online use through interpretation of *what* amounts to use. And, of course, as emphasized above, extraterritoriality analysis can be an alternative context in which questions of private international law are classically addressed. More commonly, however, even in trademark cases, the scope of any departures from territoriality are considered under the rubric of substantive doctrine. Thus, for example, the well-known mark doctrine protects marks used and registered only abroad against infringement in the United States. *See Grupo Gigante SA de CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1093-99 (9th Cir. 2004). *See generally* Dinwoodie, *Trademarks and Territory*, *supra* note 11, at 919-32. Thus, these problems of the continued force of territoriality can be dealt with through substantive rules or explicit rules of private international law. *See supra* text accompanying notes 44-62. But the private international law route is the one more likely to result in the separation of adjudicatory and prescriptive jurisdiction.

303. *See Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003).

304. *See supra* text accompanying note 285.

effects sufficient to render local law the applicable law. The ALI Principles, for example, permit courts to exercise jurisdiction based upon local effects,³⁰⁵ but adopt a different, less flexible test for choice of law that is more conduct-based.³⁰⁶

Moreover, as the Supreme Court of Canada recognized in *Tariff 22*, the existence of prescriptive authority does not always mean that the legislator has or should exercise that authority.³⁰⁷ One simple tool of restraint is for courts to refrain from assuming that a state would always wish its law to apply to the entirety of a dispute in which it has *some* interest. This assumption was a basic flaw of Professor Brainerd Currie's unilateralist approach to true conflicts, resulting in the allocation of excessive authority to the *lex fori* (with resultant heightening of the stakes in the matter of adjudicative jurisdiction).³⁰⁸ Currie was, of course, acutely aware of the weaknesses of his approach in this regard, prompting revisions of his theories to develop the concept of an "apparent conflict"³⁰⁹ and, with the help of Justice Traynor, the notion of exercising "restraint and moderation" in the identification of forum state interests.³¹⁰

305. See ALI Principles, *supra* note 30, § 204.

306. See *id.* § 321.

307. Soc'y of Composers, Authors & Music Publishers of Can. v. Can. Ass'n of Internet Providers ("Tariff 22"), [2004] 2 S.C.R. 427 (Can.).

308. See BRAINERD CURRIE, SELECTED ESSAYS ON THE CONFLICT OF LAWS 182, 278-79 (1963). Currie articulated state interests in terms of maximum application of a state's law and the vindication of the position of the nationals of that state over foreign nationals. Grounding sovereignty and national interest in the unceasing application of one's own law is a shaky premise. It may well be that if a legislature were consciously to address the policies by which it would seek to regulate international disputes before its courts, it might articulate a different policy that takes into account the competing interests of other states as well as its own interest. The latter notion underlying Currie's conception of state interests is inconsistent with the drive for equal treatment that undergirds the obligation of national treatment and thus is particularly inappropriate in intellectual property disputes.

309. Apparent conflicts, according to Currie, were cases where "each state would be constitutionally justified in asserting an interest, but on reflection the conflict is avoided by a moderate definition of the policy or interest of one state or the other." Brainerd Currie, *The Disinterested Third State*, 28 LAW & CONTEMP. PROBS. 754, 763-65 (1963); see also Robert A. Sedler, *The Government Interest Approach to Choice of Law: An Analysis and a Reformulation*, 25 UCLA L. REV. 181, 186-88 (1977).

310. See Currie, *supra* note 309, at 757-59 (discussing the restrained and enlightened interpretation of the *lex fori*); see also *Bernkrant v. Fowler*, 360 P.2d 906, 909-10 (Cal. 1961); *People v. One 1953 Ford Victoria*, 311 P.2d 480, 482-83 (Cal. 1957). By such an approach, Currie converted the classification of the conflict into a "false conflict," which, according to Currie's theory, allowed the application of a law other than the *lex fori* (that is, the law of the state with the interest).

If courts should, as this argument suggests, inquire beyond whether a prescriptive interest merely exists and consider also broader interests in determining, in a more multilateralist fashion, whether exclusively to apply its own law, what variables should inform when to exercise authority?³¹¹ What approach should they adopt? Two observations can be made here. First courts should view private international law determinations in the bigger picture of the international intellectual property system as a whole, including both public and private aspects.³¹² Thus, developments in public international law might counsel restraint, a notion that has already animated U.S. courts fearful of interfering with negotiations by the executive of alternative means by which to secure international protection of intellectual property and the global vindication of U.S. interests.³¹³ Second, as the analysis conducted by courts in determining whether to apply U.S. trademark law extraterritorially demonstrates, results that reflect the reality of an integrated global market can be achieved by *balancing* local effects against competing concerns.³¹⁴ These judicial analyses, though often undertaken within the framework of unilateralist doctrine, evince important multilateralist considerations. Mechanical application of unilateral rules

311. Of course, the legislature may have made it clear that it wishes to exercise jurisdiction extraterritorially in particular defined circumstances. See Holbrook, *supra* note 100, at 734 (discussing extraterritorial aspects of U.S. patent statute); see also 17 U.S.C. § 602 (2006) (covering infringing importation of copies or phonorecords); cf. 15 U.S.C. § 1125(d) (2006) (covering cyberpiracy prevention).

312. Cf. Austin, *Importing Kazaa*, *supra* note 260, at 614-15 (suggesting that international copyright litigation should take into account not only the structural aspects of territoriality implicit in the Berne Convention, but also the substantive goals of ensuring the effective protection of authors).

313. Reference to public international copyright lawmaking in adjudicating copyright cases by U.S. courts has largely been made to support deference to treaty negotiations by the executive branch and thus to limit litigation of international copyright questions. See, e.g., *Creative Tech., Ltd. v. Aztech Sys. Pte., Ltd.*, 61 F.3d 696, 701 (9th Cir. 1995) (referencing Berne and Universal Copyright Convention in justifying dismissal of international copyright claim on grounds of forum non conveniens); *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1098 n.16 (9th Cir. 1994) (en banc) (noting deleterious effect of applying U.S. copyright law to domestic authorization of allegedly unauthorized acts abroad in light of Berne accession and TRIPS negotiations).

314. Currie, of course, would object to vesting such a task in the courts, notwithstanding that locating a conflict within his scheme required an almost identical analysis. See CURRIE, *supra* note 308, at 182 (explaining that weighing conflicting state interests was a “political function of a very high order ... that should not be committed to courts in a democracy”).

is likely to produce results insufficiently sensitive to the idiosyncrasies of particular transborder situation.³¹⁵

III. LEARNING FROM SPECIFIC PROPOSALS

The concluding Part addresses a specific reform of a core principle of private international intellectual property law and advocates greater use of consolidated adjudication of infringement claims under domestic and foreign intellectual property laws. This is an area in which unexamined invocation of the principle of territoriality has prevented rational development of a proper private international law of intellectual property.

A. Reviewing Objections to Adjudication of Foreign Claims

The philosophy of exclusive jurisdiction, and its continuing vitality, is seen in three of the cases discussed in Part I (*Boosey*, *GAT*, and *Voda*). This Part argues that courts must depart further from the position, claimed erroneously to be an inevitable consequence of the principle of territoriality, which vested exclusive jurisdiction over intellectual property litigation in the courts of the “country for which protection is sought.”³¹⁶

This doctrine essentially collapsed the questions of adjudicative and prescriptive jurisdiction. One of the most important contributions of both the ALI Principles and the CLIP Project, is to separate these two questions.³¹⁷ In this regard, these initiatives consolidate the gains made by courts such as *Boosey* and, in lesser ways, by the drafters of the Brussels Convention. However, as seen in *GAT* and *Roche*, and as made clear in the contentious debates surrounding the broad Hague Convention in 2001 and the narrower choice-of-

315. See *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 747 (2d Cir. 1994).

316. See *supra* note 65 and accompanying text.

317. See ALI PRINCIPLES, *supra* note 30, § 103(1) (“[C]ompetence to adjudicate does not imply application of forum law.”); *id.* § 103(2) (“[A] court should not dismiss or suspend proceedings merely because the dispute raises questions of foreign law.”). Although both projects have retreated from a full rejection of territoriality, see Dinwoodie, *Remarks, supra* note 102 at 893 (expressing disappointment at caution), these projects make many other advances. For example, the explicit and favorable attention to the role of party autonomy in both projects also helps to liberate intellectual property law from undue restrictions of territoriality with (at least in the case of the ALI) some appropriate policing of party choice.

court convention adopted in 2005, the philosophy of exclusive jurisdiction retains a strong hold on courts and scholars. Its broad validation limits the efficiency gains of consolidated litigation and threatens to undermine the maturing of a private international intellectual property law.

In sketching the principal objections to any retreat from exclusive jurisdiction, it is worth noting two important distinctions. First, the principle of exclusive jurisdiction is most strongly asserted with respect to registered rights such as trademarks and patents (although its strength is undiminished with respect to unregistered trademarks in the United States, perhaps because the foreign rights at issue are typically registered). With copyrights, which by international law come into being without administrative review or action, exclusive jurisdiction arguments have been weakest. Second, to the extent there is any present willingness to depart from the principle in the case of registered rights, this readiness extends only to questions of infringement. There is widespread consensus that the validity of registered rights issued by a particular state should be determined exclusively by the courts of that state. Drawing the line between validity and infringement is, of course, a point of contention.

Objections to allowing courts to adjudicate claims of infringement of foreign intellectual property rights fall largely into two basic groups: legitimacy and competence. The concern of legitimacy is articulated in different ways. If intellectual property is viewed as a tool of positive market regulation, rather than a private property right, exclusive jurisdiction fitted with what Andreas Lowenfeld called the “public law taboo” of private international law, namely, the unwillingness of a forum to displace its own *public* laws or to apply the public laws of another nation.³¹⁸ Alternatively, some courts and scholars have justified the doctrine of exclusive jurisdiction on the basis that the administrative determinations of a foreign

318. See ANDREAS F. LOWENFELD, *INTERNATIONAL LITIGATION AND THE QUEST FOR REASONABLENESS: ESSAYS IN PRIVATE INTERNATIONAL LAW* 3-5 (1996); see also Andreas F. Lowenfeld, *Public Law in the International Arena: Conflict of Laws, International Law and Some Suggestions for their Interaction*, 163 *RECUEIL DES COURS* 311 (1995); Philip J. McConaughay, *Reviving the “Public Law Taboo” in International Conflict of Laws*, 35 *STAN. J. INT’L L.* 255, 256 n.2 (1999); *supra* text accompanying notes 242-45 (discussing relevance of nature of intellectual property rights).

patent or trademark office are acts of the administrative officers of another state, and it would offend international sensibilities to pass on the correctness of those determinations (as might happen if courts were able to adjudicate questions of whether the rights granted were valid).³¹⁹ Yet others have grounded their legitimacy concerns, at least with respect to patent (although similar, if weaker, claims might be made with respect to trademark and copyright), in the function of intellectual property rights. As one leading English judge has explained:

For myself I would not welcome the task of having to decide whether a person had infringed a foreign patent. Although patent actions appear on their face to be disputes between two parties, in reality they also concern the public. A finding of infringement is a finding that a monopoly granted by the state is to be enforced. The result is invariably that the public have to pay higher prices than if the monopoly did not exist. If that be the proper result, then that result should, I believe, come about from a decision of a court situated in the state where the public have to pay the higher prices. One only has to imagine a decision of this court that the German public should pay to a British company substantial sums of money to realise the difficulties that might arise. I believe that, if the local courts are responsible for enforcing and deciding questions of validity and infringement, the conclusions reached are likely to command the respect of the public.³²⁰

This formulation of the legitimacy objection fades neatly into the second set of objections, which relate to judicial competence. Intellectual property laws, it is said, implicate such core questions of national culture and innovation policy that only judges trained in and inculcated with the values of the legal system that confers those rights can properly adjudicate claims with respect to those rights. One finds fewer courts and scholars resting their support for exclusive jurisdiction on this basis with the same fervor that attaches to claims of legitimacy, but that may simply reflect the different effects of principle and pragmatism on the passion of advocates. However, competence objections appear to relate prin-

319. *Cf. Voda v. Cordis Corp.*, 476 F.3d 887, 898-99 (Fed. Cir. 2007).

320. *Plastus Kreativ AB v. Minn. Mining & Mfg. Co.* [1995] R.P.C. 438, 447 (Eng.).

cipally to judicial understanding of foreign intellectual property law. Even domestic intellectual property (especially patent) law is (unfairly) regarded as arcane by many judges and scholars, and the prospect of compounding substantive complexity with cultural and linguistic deficiency is sufficient to suggest that judging intellectual property cases is best left to those most peculiarly expert in that role.³²¹

B. Departures to Date

As noted in Part I, courts in the United States and the European Union have in the last decade been willing to adjudicate claims asserted under foreign copyright laws. The objections outlined above, and in particular the concerns of legitimacy, have been assuaged by the automatic nature of copyright. Thus, the *Boosey* opinion echoed the reasoning of a district court some years earlier, suggesting that courts should be comfortable hearing foreign copyright claims because “[i]n adjudicating an infringement action under a foreign copyright law there is ... no need to pass upon the validity of acts of foreign government officials,’ since foreign copyright laws, by and large, do not incorporate administrative formalities which must be satisfied to create or perfect a copyright.”³²² Stated in the delphic language of private international law, “copyright infringement constitutes a transitory cause of action, and hence may be adjudicated in the courts of a sovereign other than the one in which the cause of action arose.”³²³

It is not apparent what constitutes the essential elements of a “transitory” cause of action; instead, the label appears simply to tell us that the action is one that can be pursued in a foreign court. Thus, to understand the heart of the distinction, it is perhaps better to focus on what persuaded the *Boosey* court and other courts endorsing the adjudication of foreign copyright claims to do so: the lack of any foreign administrative agency that has engaged in an act

321. See *ITSI T.V. Prods., Inc. v. Cal. Auth. of Racing Fairs*, 785 F. Supp. 854, 866 (E.D. Cal. 1992) (stating that “American courts should be reluctant to enter the bramble bush of ascertaining and applying foreign law without an urgent reason to do so”), *rev’d on other grounds*, 3 F.3d 1289 (9th Cir. 1993).

322. *London Film Prods. Ltd. v. Intercontinental Commc’ns, Inc.*, 580 F. Supp. 47, 49 (S.D.N.Y. 1984) (quoting MELVILLE B. NIMMER 3 ON COPYRIGHT § 1703 (1982)).

323. *Id.* (footnote omitted).

of state, and an interest in ensuring that U.S. nationals comply with foreign intellectual property laws, such that foreign courts might reciprocate by ensuring compliance with U.S. intellectual property laws by persons over whom those foreign courts have jurisdiction. This latter question obviously implicates broader comity concerns because foreign courts may wish themselves to adjudicate claims under their own intellectual property laws, both to ensure control over local enforcement and perhaps to develop an expertise and body of precedent. But those concerns can be addressed under the rubric of *forum non conveniens* and do not require courts to adopt a *per se* rule retaining exclusive jurisdiction in the courts of the country for which protection is sought.³²⁴

Outside the copyright context, exceptions to the principle of exclusive jurisdiction have been rarer. Despite the early efforts by courts operating under the Brussels Convention, courts within the European Union have, as seen in the cases recently decided before the ECJ, allowed the assertion of a plea of invalidity to trump any effort to invoke the liberal jurisdiction provisions as regards infringement of registered rights that is found in that Convention. And the Court of Appeals for the Federal Circuit in *Voda* declined to allow claims under foreign patent laws to be consolidated with a U.S. infringement action. As might be suggested by the uniform opposition to such a possibility among the organized intellectual property bar associations that filed amicus briefs in *Voda*, this would be regarded as a substantial innovation.

It is an innovation, however, that the ALI Principles pursue admirably. Thus, section 213(4) of the ALI Principles provides that “the issue of validity of registered rights granted under the laws of a foreign country may be adjudicated in any other action [including an infringement action] brought pursuant to these Principles.”³²⁵ The ALI Principles do, however, partially recognize the exclusive jurisdiction claims of a state with respect to the validity of registered rights by limiting jurisdiction under section 213(4) to a

324. *See id.* at 50; *see also* *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481, 491-92 (2d Cir. 1998); *Creative Tech., Ltd. v. Aztech Sys., Ltd.*, 61 F.3d 696, 701 (9th Cir. 1995). Of course, reflecting the importance of separating adjudicative and prescriptive jurisdiction, the forum will, under the majority choice-of-law rule, still apply the law of the country or countries for which protection is sought.

325. ALI PRINCIPLES, *supra* note 30, § 213(4).

“declaration of rights *inter se*.”³²⁶ Moreover, “in a proceeding that has as its sole object the obtaining of a declaration of the invalidity or nullity of a registered right in only one state, the courts of that state have jurisdiction to the exclusion of courts of third countries.”³²⁷ In this fashion, by moderating the effects of the decision of a foreign court (or, formally, limiting the jurisdiction of the rendering court), the ALI Principles seek to draw a line between validity and infringement that allows more leeway for consolidated cross-border litigation than would the European Court of Justice.³²⁸

C. Reasons for More Departures

The trend evinced by *Boosey* and the ALI Principles and advanced by the plaintiff in *Voda* should be accelerated.³²⁹

1. Comity and Legitimacy

It may well be that, as a general matter, decisions of local courts are likely to command greater respect from the public they regulate than would decisions of foreign courts. But we allow courts to hear claims under foreign tort laws, to name but one example, and expect those decisions on the whole to be enforced and respected in third countries absent exceptional circumstances. It is a core presumption of the system of private international law that courts might hear cases involving the application of foreign law and that, subject to a deferential review of a limited number of concerns by an enforcing court, a judgment of the rendering court will be respected. Thus, the observation by Mr. Justice Aldous regarding the likely public

326. *See id.*

327. *See id.* § 213(2).

328. This compromise was first suggested by Professor Curtis Bradley in a paper prepared for the U.S. State Department officials negotiating the Hague Convention. *See* Hague Conference on Private Int'l Law, Special Commission on International Jurisdiction and the Effect of Foreign Judgments in Civil and Commercial Matters (Work Doc. No. 97E Nov. 10-20, 1998). Professor Bradley's proposal is discussed more fully in the Reporters' Notes to the ALI Principles. *See* ALI PRINCIPLES, *supra* note 30, § 213, Reporters' Notes.

329. Many of these arguments are also well-articulated in the patent context in the Amicus Brief of (six) Law Professors filed in *Voda v. Cordis Corp.*, the principal author of which was Jay Thomas and to which I was a signatory. *See* Brief for Amicus Curiae, *supra* note 94. The leading intellectual property bar associations filed amicus briefs arguing to the contrary and urging the court to reverse the district court.

respect only for locally-rendered decisions that affect local economies is unpersuasive absent some special character of intellectual property law.³³⁰

Are there special aspects of intellectual property law that alter the legitimacy calculus? It is a mantra of those opposing adjudication of foreign industrial property rights that local judicial assessment would offend the comity of foreign nations by passing on the validity of the acts of a foreign official. But the rendering of a decision by an American court, for example, cannot of itself effect the changes in Canada that form the premise of the supposed offense. No proposed reform would give a court the power to determine the content of a foreign country industrial property register.

Moreover, an interested foreign government is not without means by which to influence the American court. Prior to the rendering of a decision, the foreign government can file amicus briefs seeking to persuade the rendering court both as to the merits of the substantive arguments advanced and to the scope of jurisdiction that the court should exercise. Moreover, new devices for securing the input of a foreign state could easily be imagined. To the extent that either institutional competence or political legitimacy counsels in favor of certain decisions being made by another institution, the court seized of the case could refer those questions to that foreign institution. Reference procedures already exist vertically between state and federal courts in the U.S. and between national courts and the European Court of Justice in the EU.³³¹ Indeed, reference procedures are merely a particular variation on a number of “assistance” devices that courts employ to optimize institutional competence and ensure fair and efficient proceedings. Hearing evidence on foreign law, or staying litigation pending developments in parallel proceedings, can also be conceived in those terms.³³²

330. See *supra* note 319 and accompanying text.

331. See, e.g., *Keeton v. Hustler Magazine, Inc.*, 549 A.2d 1187, 1190-97 (N.H. 1988) (answering reference regarding New Hampshire statute of limitations). Of course, the binding effect of answers under existing reference procedures might be different depending upon whether the reference consists of a factual or legal question. See *Arsenal Football Club PLC v. Reed*, [2003] EWCA (Civ.) 696 (Eng.).

332. We have discretionary limits on how much “assistance” is needed, and we also employ pragmatic approaches that balance due respect for foreign interests with fair and efficient adjudication of claims. See FED. R. CIV. P. 44.1; Neil Wilkof, *Copyright, Moral Rights and the Choice of Law: Where Did the Dead Sea Scrolls Court Go Wrong?*, 38 HOUS. L. REV. 463, 466-73 (2001) (discussing presumption of *lex fori*).

Even after a decision is rendered, the foreign nation has the capacity to control those parts of the decision that most intimately affect its interest. The process of recognition and enforcement allows the foreign government to give the judgment as much or as little effect as it wishes. In terms of institutional design, we could devise a system that gave the judgment merely *inter partes* effect, as contemplated by the ALI Principles, or enforcement could be a matter completely up to the discretion of the enforcing state. And, of course, in the current treaty-free climate that governs enforcement decisions, these political and institutional choices can already be pursued.³³³

The extent to which a ruling of a foreign court on a matter affecting a local interest is the most significant form of inappropriate alien intrusion on a nation's sovereignty needs also to be carefully reconsidered. Increasingly, it is not state actors, and it is not judges, who shape local and global policy. Pressure—and, thus, offense if that pressure succeeds without local input, let alone local control—can come from a number of sources. The legitimacy critique ignores the extent to which local markets are regulated from abroad, not because of direct formal state action, but indirectly because of commercial decisions precipitated by foreign regulation.³³⁴ Thus, as noted above in the context of *Microsoft v. Lindows*, despite the theoretical independence of rights between the marks owned by Microsoft in the United States and those existing under European laws, the determinations by European courts of claims *under European laws* effectively regulated the availability of the defendant's product in the United States.³³⁵ This was, by virtue of overriding commercial concerns, effective regulation of the U.S. market not only by a foreign court but by a foreign court applying foreign law. One should not be too sanguine about the capacity of legal systems in an interdependent world to effect exclusive regulation of even its local markets.

333. See *SARL Louis Feraud Int'l v. Viewfinder Inc.*, 406 F. Supp. 2d 274, 278-85 (S.D.N.Y. 2005), *vacated*, 489 F.3d 474 (2d Cir. 2007).

334. More generally, commercial pressure and activities are likely to erode national boundaries more quickly than adjustments in legal regulation because the political units that effect the latter remain nationally grounded. See *generally* Dinwoodie, *Trademarks and Territory*, *supra* note 11.

335. See *supra* Part I.D.5.

Likewise, intrusion or involvement occurs in ways beyond the rendering of court decisions that implicate activity or rights in a foreign state. After the *NTP* litigation settled, it emerged that “a Canadian Embassy official contacted the [United States Patent Office (USPTO)] to see whether it would be advisable to have the Canadian patent authority try to ‘exert an interest or pressure upon the USPTO regarding’” the reexamination of U.S. patents.³³⁶ Without commenting on the appropriateness of that alternative form of influence, it surely is less offensive to a foreign nation to have a court make a determination in open proceedings and after full briefing that can include submissions by the foreign government or foreign interests.

Moreover, any decisions to depart from the jurisdictional constraints that U.S. courts see as inherent in territoriality must be weighed against the effective departures from territoriality that are already occurring in different (and, I would argue, less internationally sensitive) forms. U.S. law frequently has affected extraterritorially and thus regulates foreign markets without, in some of those circumstances, any regard for foreign interests. For example, U.S. courts are, through their interpretation of the extended liability provisions of the patent act, increasingly applying U.S. law to activities occurring abroad.³³⁷ Similar results are being achieved through the localization rule announced in *NTP*. These policy decisions appear less respectful of the policy choices of other nations than adjudicating a case under the laws of the foreign country.³³⁸

Many assertions of jurisdiction in circumstances in which there is extraterritorial effect can be justified by the increased range of cases involving international exploitation in which the United States has a prescriptive interest. Such are the inevitable spillover effects in an integrated global economy in which borders are less significant. However, the analysis in many of these cases does not—unlike a procedure in which courts would be willing to

336. Yuki Noguchi, *Canada Lobbies for Maker of BlackBerry: Officials Contacting U.S. on Patent Review*, WASH. POST, Feb. 22, 2006, at D1.

337. See *Eolas Techs. Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1338-41 (Fed. Cir. 2005) (interpreting § 271(f) in an expansive manner); cf. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 441 (2007) (rejecting application of § 271(f) to foreign sales). See generally Holbrook, *supra* note 100 (reviewing the different statutory provisions of the Patent Act that modify the traditional notion of territoriality).

338. Cf. Dinwoodie, *A New Copyright Order*, *supra* note 1, at 557 (explaining the relative offense in ignoring and accommodating state interests in deciding applicable law).

adjudicate a foreign infringement claim under foreign law—accommodate the accompanying reality of interdependence, namely that the prescriptive interest of the United States is increasingly shared with or subservient to other states.³³⁹ Yet such respect is an increasingly important consideration in an interdependent world.

Moreover, none of this liberalization precludes considering the extent to which the decision, or the proceedings necessary to render a decision, of a court of one country would intrude upon the sovereignty or legitimate interests of another country in calibrating adjudicatory and prescriptive jurisdiction. But this does not require a *per se* rule of exclusive jurisdiction. At present, the rule of exclusive jurisdiction in patent law operates as a jurisdictional bar. As in copyright law over the past eight years, courts in patent and trademark cases should not regard the involvement of a foreign right as *ipso facto* warranting dismissal, but rather should take that factor into account in determining whether to assume or decline jurisdiction. Likewise, the mere fact that a case has some connection to U.S. activity or U.S. rights should not mean that the U.S. courts should be the sole adjudicator or U.S. law the sole determinant of the outcome of the dispute.

Legitimacy concerns such as those that have sustained exclusive jurisdiction rules are also often raised (more softly) as a consideration in *forum non conveniens* analysis and in determining whether to apply the Lanham Act extraterritorially. In a world of inevitably overlapping markets, such devices are more appropriate vehicles for recognition of the interests of foreign states in controlling their local markets and their local industrial property registers than *per se* exclusive jurisdiction rules.

Finally, courts in other countries are beginning to shed their historical reluctance to adjudication of foreign intellectual property (including patent) claims.³⁴⁰ As a result, liberalization of U.S. conflicts rules would be less likely to cause international offense. Indeed, such an approach could contribute to an international understanding about cross-border enforcement of rights in ways that further the substantive objectives of patent law.

339. *Cf. id.* at 578 (noting equivalent comparison in context of applicable law).

340. *See* K.K. Coral Corp. v. Marine Bio K.K., Hesei 02 (Wa) 1943 (D. Tokyo Oct. 16, 2003); *see also* Nahoko Ono, *Cross-Border Patent: The Coral Powder Case, Where Japan Court Applies the U.S. Law*, Report Prepared for Annual Meeting of ATRIP (Montreal, July 13, 2005), available at <http://www.atrip.org/upload/files/activities/Montreal2005/ono.doc>.

2. Competence

Competence to adjudicate an intellectual property case implicates at least two core skills: understanding the law and understanding facts. With respect to both components, recent developments make it highly likely that judges have the competence to adjudicate claims under foreign intellectual property laws. On the matter of legal knowledge, the TRIPS Agreement and broader public law harmonization have caused a convergence of legal norms, such that the applicable rules in cases involving foreign patent claims are unlikely to deviate substantially from those found in domestic law. This politically induced external convergence has been aided by the fact that intellectual property judges are, like many judges, the beneficiaries of the increasingly frequent transborder conversations that take place among similarly situated professionals, judges, administrators, and lawyers, and that contribute to the soft socially driven convergence of ideas.³⁴¹ At the very least, these conversations ensure a greater awareness of foreign laws and foreign legal cultures. This phenomenon, which should assuage competence fears, is heightened by the fact that there is a clear trend toward specialized judges in intellectual property disputes. The specialization ensures that intellectual property judges speak the same argot and constructs a closer community that more easily experiences the conditions just described.

Perhaps more importantly, however, it is the factual aspects of a patent case that are hard. The law, despite what intellectual property lawyers might like to pretend, is not any harder than other areas of practice or study. At an ALI Advisers Meeting, one judge was reported to have claimed that it took eight weeks of learning *the science* involved in a patent case before being able to start assessing the legal arguments. A body of scientific knowledge is not nationally structured. Even if the invention, as defined *de iure* in the claims of the patent, may vary from one country to another depending upon the vagaries of the prosecution process, the invention that *de facto* is claimed to be subject to protection and the product that is alleged to be infringing are likely to be very similar, if not identical. At the very least, the body of background knowledge necessary to under-

³⁴¹ There are a number of international intellectual property judges' conferences; and these judges are often in attendance at academic conferences internationally.

stand the technology at issue will be common. Serial litigation compels that this background knowledge, rather than the legal rules of different nations, be learned by a multiplicity of national judges. The efficiency costs of that process are far more serious than the learning costs of well-informed judges becoming more aware of foreign law.³⁴²

Of course, there are other objections that might derail this reform of jurisdictional rules. For example, as the European Court of Justice noted in *GAT*, there is the prospect of satellite litigation prompted by jurisdictional jockeying. And consolidated litigation may in fact generate additional costs if the evidence is, for example, in a number of foreign languages.³⁴³ But in certain cases, this objection will be of greater weight than in others. Thus, the roots of the respective patents in a common PCT application not only make it more likely that the patents will be similar, but may also, in practice, ameliorate some of the language concerns raised by different national patent grants.³⁴⁴

It may also be feared that judges hearing a consolidated intellectual property case involving slightly different (but related) national intellectual properties under different national laws may assume, for ease of convenience, that the property and the law is constant among causes of action. As a result, judges may, through consolidated litigation, eviscerate differences among national intellectual property laws that are a conscious and important component of the international intellectual property system.³⁴⁵ One of the attractions of consolidated litigation to those who believe strongly in the continued sovereignty of nation states to dictate their innovation policy is that the ability to sue for global relief in a single court might persuade plaintiffs to avoid the alternative global strategy of obtaining extraterritorial relief from a single court. This latter form of cross-border relief displays far less respect for the interests of other states than adjudication of foreign claims. Again, this is a genuine concern. However, that form of judicial homogenization may already be occurring in our current system as judges develop

342. Information about foreign patent laws is now more readily available, aided perhaps by the use of English as *lingua franca*.

343. See also *supra* note 120.

344. See *Voda v. Cordis Corp.*, 476 F.3d 887, 906-10 (Fed. Cir. 2007) (Newman, J., dissenting).

345. See Dinwoodie, *Trademarks and Territory*, *supra* note 11, at 960 (discussing this fear).

awareness of parallel litigation through the growth of specialized judicial networks. And the risks of judicial assimilation through assumptions of identity (though real) are no less destructive of difference than global application of a single law through generous localization devices or extraterritorial application of domestic law.

Finally, it might be argued that the ability to consolidate litigation would concentrate decision-making power in large countries such as the United States with substantial judicial resources. This too is clearly a legitimate concern.³⁴⁶ However, others have argued that, for example, making the competition law of developing countries be justiciable before U.S. courts might allow the developing countries to *take advantage* of those resources and the accumulated expertise of the developed world.³⁴⁷ This is one variation on the tension inherent in the supply of what WIPO calls “technical expertise.” More importantly, taking it as a valid concern, it is a factor that can be accommodated in the decision whether and where to consolidate proceedings, rather than through adhering to a rule of exclusive jurisdiction.³⁴⁸

CONCLUSION

Territoriality is a principle with strong prescriptive appeal, both in intellectual property and beyond. However, its operation in intellectual property law has always played too substantial a role in preventing the proper development of principles of private international law. The time has come for that to change.

346. See Dinwoodie, *A New Copyright Order*, *supra* note 1, at 521 (addressing that argument in applicable law context).

347. See Carsten Fink, Address at the Duke University Conference on International Public Goods and Transfer of Technology Under a Globalized Intellectual Property Regime: The Critical Role of Competition Law in Preserving Public Goods (Apr. 6, 2003) (reporting these arguments).

348. See *Creative Tech., Ltd. v. Aztech Sys. Pte., Ltd.*, 61 F.3d 696, 704-09 (9th Cir. 1995) (Ferguson, J., dissenting); see also ALI Principles, *supra* note 30, § 206.