DOCTRINE AND OPINIONS

APPLICABLE LAW IN COPYRIGHT INFRINGEMENT CASES IN THE DIGITAL ENVIRONMENT[1]

1. The only issue addressed in this paper is that of infringement of copyright, as the volume of the paper does not allow to address the issue of infringement of related rights.

2. Further, the study is limited to the question of the applicable law and does not include that of competent jurisdiction. With regard to the latter point, reference will therefore be made only to the draft convention of The Hague Conference on Private International Law on Jurisdiction, Recognition and Enforcement of Foreign Judgements in Civil and Commercial Matters[2] and to the work of the American Law Institute.[3]

3. Furthermore, it is recognized that the discussion must cover not only conventional law (which refers, in practice, to the Berne Convention) but also general law, which applies when the situation created by the infringement of a right cannot be linked to any international instrument.

4. Lastly, it is appropriate to point out, as a methodological precaution, that private international law is a discipline in which it is often difficult to achieve certainty, and that is particularly true of the Internet, whose worldwide scope poses the traditional problem anew.

5. It is striking to note that the issue of conflict of laws, in the field of copyright, has long been neglected. An initial explanation, which must not be underestimated, is that the subject is a very complex one. It was probably also thought that the conflict of laws could be avoided through the harmonization of legislation and through the standard principle of international copyright conventions, namely the principle of assimilation of foreigners to nationals ("national treatment"). Under this principle, it is asserted, at least implicitly, that where a foreigner is allowed to enforce his or her copyright in a foreign country, only that country's domestic law shall apply.

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1 This study was drawn up at the request of the Secretariat by Mr André Lucas, Professor at the Faculty of Law and Political Science, University of Nantes (France), for the 13th session of the Intergovernmental Copyright Committee. The opinions expressed herein are not necessarily those of the UNESCO Secretariat.

2 See the report of the Special Commission (21-27 April 2004), http://www.cptech.org/ecom/jurisdiction/minutes-apr2004/pv2.doc

3 *Intellectual Property:* "Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes", Preliminary Draft No.3, February 2005. See also, for a general discussion, the Symposium on Constructing International Intellectual Property Law: The Role of National Courts, 77 *Chicago-Kent Law Review* 991-1412 (2002), G.B. Dinwoodie (editor).

Original: French

6. None of these reasons is conclusive. Private international law is admittedly a difficult science. But as the great French international law expert Batiffol[4] has said, it is futile to wish to eliminate the problems of the conflict of laws on the ground that they are too complex since "reality will take upon itself the task of demonstrating that problems cannot be resolved by ignoring them if they are real problems". As matters now stand, there is obviously too little harmonization of the substantive law to make the question of the conflict of laws totally devoid of interest. Confusion between the status of foreigners and the conflict of laws must be avoided. It is, in fact, a basic principle of private international law that the issue of enjoyment of rights by a foreigner does not take precedence over the choice of the law applicable to the substance. The purpose of national treatment is to protect authors from being subjected to discrimination because they are foreigners and not to set a rule on the conflict of laws applicable to works.

7. Attention has hitherto been focused on the already familiar question to localize copyright infringements on digital networks, with everyone taking sides in the unavoidable debate on the choice between the law of country of transmission and the laws of the different countries of reception. However, for a precise appraisal of all the difficulties raised by the digital environment (II), it will be necessary to present the general principles governing the determination of the applicable copyright law (I).

I. PRINCIPLES FOR DETERMINATION OF THE APPLICABLE COPYRIGHT LAW

8. There is no need to dwell on the natural role of the law of the forum *(lex fori)* regarding procedural matters and provisional measures (which play a key role in copyright protection).[5] Consideration must be given, however, to two major controversies relating to the choice between the law of the country of origin and the law of the country of protection (A) and between contract law and the general law (B), respectively.

A – LAW OF THE COUNTRY OF ORIGIN AND LAW OF THE COUNTRY OF PROTECTION

9. The concepts of country of origin and country of protection have been popularized by the Berne Convention. To put is simply, the country of origin is taken to be the country where the work was published for the first time and the country of protection is the one in which the right has been infringed. No one denies that the law of the country of protection *(lex loci protectionis)* has a role to play. The long-running debate concerns the scope of that role, with some claiming that the initial ownership, or even the existence and the duration of the right, must remain within the jurisdiction of the law of the country of origin *(lex loci originis*). The elements of this debate differ according to whether the arguments are grounded on conventional law or general law.

1 – Conventional law

10. Article 5(2) of the Berne Convention establishes the principle 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".

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4 *Rev. crit. DIP* 1971, p. 273.

5 F. Dessemontet, « Internet, le droit d'auteur et le droit international privé », *SJZ* 92 (1996) 285-294, at p. 289.

The predominant opinion is that the phrase "country where protection is claimed" is to be understood as "country for which protection is claimed".[6] However, Article 5(2) is sometimes regarded as designating the *lex fori*. This deviation may be explained in three ways. Firstly, it is in line with an old and recurring tendency to reason as if the judge only applies domestic copyright law, a tendency that occasionally leads courts to apply *lex fori* without giving any reasons. Secondly, the stipulation in the text that the law of the country where protection is claimed shall govern "the means of redress afforded to the author" may, if the term "means of redress" is narrowly construed, suggest that it is the *lex fori* that is thereby designated. Lastly, the "short cut" is based on the statistically very frequent conjunction between the two places (the author brings an action in the court of the country in which his right has been infringed), and it was precisely for that reason that the drafters of the Berne Convention included "the extent of protection" and the "means of redress" in the same sentence.[7]

11. Nevertheless, such confusion must be denounced. Apart from the fact that the means of redress referred to in Article 5(2) are not exclusively judicial,[8] the text, in the same breath, also places "the extent of protection" under the law of the country where the protection is claimed, which suffices to dispel any ambiguity. The factual conjunction between the *lex fori* and the law of the country of protection is in no way unavoidable. An author may very well institute proceedings in a court other than that of the country of infringement, for example by claiming a privilege of jurisdiction, or by applying the laws of international competence to bring action in the country in which the infringer has property. In that case, the application of the *lex fori* is no longer justified.

12. This interpretation has been upheld by case law in a number of countries[9] and has been endorsed in the proposal for a European Community Regulation on the law applicable to non-contractual obligations (known as Rome II)[10] which lays down the principle that "the law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is sought".

13. This is also the solution deduced from the Geneva Convention of 6 September 1952, revised at Paris on 24 July 1971, known as the Universal Copyright Convention. The wording, admittedly, is less precise. Article II, in particular, is less explicit inasmuch as it lumps together the question of the status of foreigners and that of the applicable law by stating, for example, that "Published works of nationals of any Contracting State and works first published in that State shall enjoy in each other Contracting State the same protection as that other State accords to works of its nationals first published in its own territory". The doctrine agrees however that this text does indeed contain a choice-of-law rule designating the law of the country of protection.[11] At any rate, the point is beyond dispute in respect of Article IV.1, which states that "the duration of protection of a work

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6 H. Desbois, A. Françon and A. Kéréver, *Les conventions internationales du droit d'auteur et des droits voisins*, Paris, Dalloz, 1976, No. 137. – E. Ulmer, "Intellectual Property and Private International Law", Study conducted at the request of the Commission of the European Communities, Studies Collections, Cultural Sector Series No. 3, Office for Official Publications of the European Communities, 1980, No. 17. – K. Spoendlin, "La protection internationale de l'auteur", General report to the ALAI Congress for the Centenary of the Berne Convention, Translation of the original German text, p. 102.

7 A. and H.-J. Lucas, *Traité de la propriété littéraire et artistique*, Paris, Litec, Second edition, 2001, No. 1088.

8 K. Spoendlin, « La protection internationale de l'auteur », *op. cit*., p. 102.

9 See, for example, in France Cass. 1re civ., 5 March 2002: JCP G 2002, II, 10082, note H. Muir Watt.

10 COM (2003) 427 final.

11 A. and H.-J. Lucas, *Traité de la propriété littéraire et artistique*, *op.cit*., No.1129. – F. Siiriainen, « Convention universelle sur le droit d'auteur » : *Juris-Classeur Propriété littéraire et artistique*, Fasc. 1935, 2002, No. 8.

shall be governed, in accordance with the provisions of Article II and this Article, by the law of the Contracting State in which protection is claimed".

14. Once competence of the law of the country of protection has been recognized, what is the role of the law of the country of origin? It is evident that some provisions of the Berne Convention provide that reference may be made to it in exceptional cases.[12] But it is sometimes argued that one should go much further and that, as a matter of principle, law of the country of origin should determine the existence and/or ownership of the right. With regard to the existence of the right, the argument openly contradicts Article 5(2), which states that the enjoyment and the exercise of these rights "shall be independent of the existence of protection in the country of origin of the work". With regard to ownership, Article 14*bis*(2)(a) expressly excludes this solution in that it stipulates that "ownership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed". One may be tempted, however, to argue *a contrario* and thus deduce that in other cases the law of the country of origin should govern the issue of initial ownership of the right. This is the opinion defended in legal theory, which holds that Article 5(2), by subjecting "the extent of protection, as well as the means of redress afforded to the author to protect his rights" to the law of the country of protection, has taken sides only with respect to the sanction of the law.[13] It seems rather difficult, however, to reconcile it with the letter of the text, since the expression "extent of protection" cannot be read literally as referring only to the consequences of infringement of the exclusive right, and even less with its spirit, since everything suggests that, although the wording is clumsy, the drafters did indeed intend to formulate a general choice-of-law rule.[14]

2 – General law

15. Although the purpose of the Berne Convention is to regulate most international situations, it cannot be ruled out, however, that in the absence of any connecting factor, the only applicable law is general private international law which, as everyone knows, is perforce domestic law. The issue is therefore more open, there being nothing to preclude "dissociating" the existence and/or the ownership of the right and its substantive content.

16. When the legislator does not take a stand, which is most frequently the case,[15] recourse must be sought in case law. It is obviously impossible to make a complete review. It will merely be noted that in some countries the law of the country of protection regulates all copyright matters. The

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12 Article 2(7) (works of applied art), 7(8) (comparison rule on the term of protection), 14*bis*(2)(c) (form of agreement signed by authors with the producer of a cinematographic work) and 14*ter*(2) (droit de suite). In respect of the Geneva Convention, the comparison rule on the term of protection is taken up in Article IV.4, 5 and 6 only.

13 G. Koumantos, "Le droit international privé et la Convention de Berne" : *Dr. auteur* 1998, p. 448. – J. Ginsburg, *The private international law of copyright in an era of technological change*, Hague Academy of International Law, 1998, p. 99.

14 See, in the same vein, K. Spoendlin, "La protection internationale de l'auteur", *op.cit.*, p.108. – J.-S. Bergé, *La protection internationale et communautaire du droit d'auteur*, Paris, LGDJ, 1996, No. 416. – S. Plenter, *Choice of Law Rules for Copyright Infringements in the Global Information Infrastructure: A Never-ending Story?*, [2000] *EIPR* 313-320, at p. 317.

15 See, however, Article 34 of the Austrian law of 15 June 1978 (law of the State in which an act of exploitation or infringement has occured), Article 110.1 of the Swiss federal law of 18 December 1987 on private international law ("law of the State for which protection for intellectual property is claimed"), Article 67 of the Greek law of 1993 ("law of the State where the work was lawfully made accessible to the public for the first time"), Article 54 of the Italian law of 31 May 1995 (State law on the utilization of the work).

rulings of the German *Bundesgerichtshof*[16] and of the *Hoge Raad* in the Netherlands may be mentioned in this regard.[17] In France, on the other hand, the so-called *Iron Curtain* ruling[18] is partly construed in legal theory as laying down the principle that in general law the existence and initial ownership of copyright should be subject to the law of the country of origin of the work and that reference should be made to the domestic law only to determine what content is afforded protection. It is true that a decision to the contrary has been taken in a more recent ruling on the rights of performing artists.[19] In the United States, it has been ruled in an Appeals Court decision that the question of whether copyright ownership is vested in the agency or the journalist should be settled by the law of the country of origin, Russian law in the case in question.[20]

17. Legal theory is itself divided, as is often the case in private international law.[21]

18. It is very difficult to take a stand. Those who support the law of the country of origin stress in particular the merit of a sole connection, so that the issue may not be decided differently under each country's domestic law. The solution, in their opinion, is simpler, more legible and therefore more certain.

The argument would be conclusive only if the country of origin could be easily identified. This is less and less the case, as shall be seen shortly.

19. All the same, the champions of this argument are divided over the scope of the *lex loci originis*. Some consider that it should only determine the initial rightholder, while others advocate the idea that it should also determine the existence of a work and its original character, as well as the term of protection of the right, which does indeed seem more coherent. What is the use of looking to the country of origin for an initial rightholder who is not recognized locally? What is the point in continuing to refer to the initial rightholder in a country where the right has lapsed because the term has expired? If reference is made to the law of the country of origin for one of these questions, it must obviously be made for the others. But it is evident that the same logic may (must?) lead further. Why admit that the initial rightholder may enforce his or her exclusive right in the country of protection if the law of the country of origin, from which that right presumably derives, contains an exception that paralyses that right? In sum, everything obviously hinges on it and, in this approach, the role of the law of the country of origin is to govern all matters, which contradicts the stated objective.

20. More basically, reference to the law of the country of origin regarding certain preliminary questions, such as initial ownership, leads to the dissociation of copyright, which removes all

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16 2 October 1997, *Spielbankaffaire*: *GRUR Int.* 1998, p. 427.

17 13 February 1936 and 24 February 1989, cited by M. Van Eechoud, *Choice of Law in Copyright and Related Rights*, Information Law Series – 12, Kluwer, 2003, p. 110.

18 Cass. 1re civ., 22 Dec. 1959 : D. 1960, p. 93, note G. Holleaux, applying French law to the distribution in France of a film accompanied by musical works by various Russian composers without their authorization, while pointing out that the claimants "derived from the legislation of the Soviet Union, country of origin of the disputed works, an exclusive right thereto".

19 Cass. 1re civ., 9 Dec. 2003 : *RIDA* 2/2004, p. 305; *JCP G* 2004, II, 10133, note A. and H.-J. Lucas, expressly ruling out Belgian law, even though the performance in question had taken place in Brussels.

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

21 For an overview, see A. Lucas, "Private international law aspects of the protection of works and of the subject matter of related rights transmitted over digital networks", doc. WIPO/PIL/01/1, December 2000, Nos. 41-42 and cited references.

consistency from the issue.[22] Ownership of the right is in fact indissociable from its content. For instance, what consistency can there be in a system in which rules to protect the author, defined as a natural person, were applied to a legal entity designated as the author by a foreign law? Similarly, moral rights are inseparable from economic rights and it is difficult to imagine them being governed by differing laws.[23]

21. The French Court of Cassation fully understood this in the *Huston case*,[24] in which the successors in title of the American film producer John Huston invoked his moral right when they requested the prohibition in France of the distribution of the colour version of the film *Asphalt Jungle*, made in black and white. The Court chose to refer only to French law, thus avoiding the inconsistency of the mixed solution found by the court of appeal. The court of appeal had considered that it could grant the film producer, the *copyright* holder under the law of the United States of America (law of the country of origin), the moral right granted to creators under French law (law of the country of protection), effectively in defiance of both laws, since the former does not provide for moral rights and the latter does not grant moral rights to the producer!

B – LEX CONTRACTUS AND GENERAL LAW

22. Contracts for the assignment or licensing of copyright are, as all other contracts, governed by private international law. However, reference thereto does not suffice, because, first, the determination of the law applicable to contracts (the *lex contractus)* raises difficulties specific to the subject-matter and, secondly, contract law cannot resolve all issues. The question, in particular, is whether it should be the role of the general law[25] to take into account the specific nature of the rights in issue.

1 – Determination of the law of the contract

23. It is obviously for the parties to choose the law applicable to their contract. This principle of freedom of contract, advocated by Dumoulin as early as the sixteenth century, is practically universally recognized. Its scope must be determined in reference to solutions generally accepted in private international law, including the traditional limit on the principle of free will, namely fraud in law.

24. The *American Law Institute's* draft mentioned above suggests another limit which, to ensure a minimum of fairness, consists in ousting the law chosen by the parties to govern contracts that apparently have not been negotiated. More precisely, it provides that in such cases, the law chosen should be applied only if it is "reasonable", having regard to a number of criteria, otherwise the law of the contract would be that of the country in which the "weaker" party resides. The applicable criteria would be the existence of substantial connections with the parties or with the subject-matter of the contract, the place where the weaker party is to be found, the "*sophistication*" of the parties and of the weaker party in particular, the accessibility and legibility of the terms of the agreement,

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22 In this regard, see C. Mettraux Kauthen, *La loi applicable entre droit d'auteur et droit des contrats, Etude des rattachements en matière de droit d'auteur et de droits voisins y compris la titularité des droits*, Schulthess Juristische Medien AG, Zurich, 2003, p. 46.

23 See also S. Plenter, *Choice of Law Rules for Copyright Infringements in the Global Information Infrastructure*, op. cit., p. 316-317, establishing a link between the requisite level of the originality (high in Germany, low in the United Kingdom) and the level of protection (high in Germany, low in the United Kingdom).

24 Cass. 1re civ., 28 May 1991 : *JCP G* 1991, II, 21731, note A. Françon.

25 *Lex loci protectionis* or *lex loci originis*, this conflict will not be addressed again here.

the compatibility of the contractual stipulations with the public policy provisions of the law of the country of residence and the head office of the weaker party.[26]

25. In the absence of express or implicit choice by the parties, the competent law may be selected by reference to the criterion of characteristic performance, as determined, for example, by Article 4.2 of the 1980 Rome Convention on the law applicable to contractual obligations (currently being transformed into a Community regulation), which establishes the general presumption that "the contract is most closely connected with the country where the party who is to effect the performance which is characteristic of the contract has, at the time of conclusion of the contract, his habitual residence, or, in the case of a body corporate or unincorporate, its central administration".

In line with the great German specialist Eugen Ulmer,[27] the predominant doctrine holds that characteristic performance must be presumed to be effected by the assignee or licensee who undertakes a contractual obligation to perform and by the rightholder in the absence of such an obligation.[28] While making no such distinction, Article 122, paragraph 1, of the Swiss federal law on private international law of 18 December 1987 lays down the principle that "contracts concerning intellectual property shall be governed by the law of the State in which the person who assigns or grants the intellectual property right has his habitual residence".

26. The operator's place of business is probably a more acceptable centre of gravity in all legal systems.[29] Nevertheless, it may not suffice as logical grounds for a solution. The argument to the effect that the operator needs to organize his activity in line with a law he knows[30] is easily rebutted since it is true that the assigning author also needs foreseeability.[31] The contract indisputably aims to permit the downstream exploitation of a work, but it is doubtful whether this observation suffices for the operator to owe that duty of characteristic performance. The objection raised here is that characteristic performance should be determined in relation to the transfer of the right, without which no exploitation would be possible, and not in relation to the effects of the transfer.[32] This being so, it would be natural to turn the spotlight on the obligation of the person who transmits the right even if that person's performance is not more important than that of a professional partner in the "socio-economic" sense.[33]

27. In any event, the determination of the law of the contract can be disrupted by the traditional remedial mechanism of mandatory rules. Examples are the ruling by the French Court of Cassation in the above-mentioned *Huston* case, in which French law on the author's moral right was held to "apply perforce", and the German law of 22 March 2002 which expressly states that the new

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26 For a detailed analysis of these criteria, see F. Dessemontet, "Copyright contracts and choice of law", in *Urheberrecht im Informationszeitalter, Festschrift für Wilhelm Nordemann*, Munich, C.H. Beck, 2004, pp. 415-427, at pp. 420 *et seq.*

27 "Intellectual Property and Private International Law", *op. cit.*, No. 76-77.

28 H. Desbois, *Le droit d'auteur en France*, Paris, Dalloz, Third edition, 1978, No. 791 *bis*. – T. Dreier, in *Copyright in Cyberspace*, Amsterdam, Otto Cramwinckel, 1997, p. 301. – J. Raynard, *Droit d'auteur et conflits de lois*, Paris, Litec, Bibliothèque de droit de l'entreprise, 1990, No. 651 *et seq.*

29 See in this regard J. C. Ginsburg, "Private international law aspects of the protection of works and objects of related rights transmitted through digital networks", Doc. WIPO GCPIC/2, 30 Nov. 1998, p. 32.

30 M. Walter, *« La liberté contractuelle dans le domaine du droit d'auteur et les conflits de lois » : RIDA* 1/1976, pp. 44-87, at p. 61. – J. Raynard, *Droit d'auteur et conflits de lois*, *op. cit.*, No. 653.

31 T. Azzi, « Recherche sur la loi applicable aux droits voisins du droit d'auteur en droit international privé », Paris, *LGDJ*, 2005, No. 598.

32 T. Azzi, *op. cit.*, No. 596. – F. Dessemontet, *Le droit d'auteur*, Lausanne, CEDIDAC, 1999, No. 1088.

33 M. van Eechoud, *Choice of Law in Copyright and Related Rights*, *op. cit.*, p. 198.

provisions designed to guarantee authors fair remuneration shall apply mandatorily "(1) when, in the absence of a choice by the parties, German law would be applicable to the contract for the exploitation of the work, or (2) inasmuch as the contract relates to substantial acts of exploitation within the territory to which this law applies".[34]

2 – Scope of the law of the contract

28. It would be misleading to believe that the law of the contract will somehow prevent all cases of conflict of laws. The fact is that even where worldwide rights have been acquired all at once, the operator still has to allow for the various domestic laws applicable to the right, in respect of all matters that are not governed by the law of the contract.

29. The question of the scope of the law applicable to the contract for the exploitation of a protected work then does indeed arise. Of course, in practice, the law of the contract and the law applicable to the right (general law) sometimes coincide, but this convergence may not be the rule, and so it must be decided which aspects come under which law.

It goes without saying that the law of the contract cannot pretend to govern the conditions of access to protection or the content of the right. It will thus be deduced, for instance, that the duration of protection or the exceptions must come within the scope of the general law and not the law of the contract. Conversely, the law of the contract indisputably governs the conditions of contract formation and the parties' personal obligations. It alone, in particular, should be examined to find out how to interpret the contract or determine the mode of remuneration (proportional or a lump sum).[35]

30. As for the rest, the field is in a state of flux. For instance, in line with Ulmer,[36] the dominant doctrine holds that the assignability of a right (or part of a right)[37] by nature inheres in and therefore must be governed by the applicable general law.[38] This is the view expressed in the draft of the American Law Institute. The proposition is justified by the idea that unassignable rights are in a way withdrawn from legal trade, which seems to relate indeed to their status. One may nevertheless be less sure about its scope. It is indisputable that it can be applied to the inalienability of the moral right and resale right.[39] Conversely, the issue is more difficult in regard to the rules governing the assignment of rights in future works. Following the logic of his theory, Ulmer considers that they come under the general law, as he has clearly established the principle that "the limits placed on the assignment and granting of rights by the protecting country may also be seen as limits on the obligations that may be undertaken in copyright contracts".[40] However, it is tempting to reply that the rights are not unassignable unless the general law prohibits as a matter of principle any assignment relating to a future work, which is not generally the case.

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34 On this provision, see A. Dietz, *Amendment of German Copyright Law in Order to Strengthen the Contractual Position of Authors and Performers*, 33 *IIC* (2002) 828-842, to p. 840.

35 E. Ulmer, "Intellectual Property and Private International Law", *op. cit.*, No. 81-82 – H. Desbois, *Le droit d'auteur en France*, *op.cit.*, No. 791 bis.

36 *Op. cit.*, No. 68.

37 For instance, the moral right in dualist systems.

38 J. Raynard, *Droit d'auteur et conflit de lois*, *op. cit.*, No. 673. – G. Koumantos, in Copyright in cyberspace, *op. cit.*, p. 263 – N. Bouche, *Le principe de territorialité de la propriété intellectuelle*, Paris, Ed. L'Harmattan, 2002, No. 834.

39 E. Ulmer, *op. cit.*, No. 70.

40 *Ibid.*

31. There may also be doubts over the formal requirements of assignments, and this does have a bearing on matters of substance, since the primary aim is to inform the assignor, who may then opt for the general law. The French Court of Cassation[41] has handed down a decision in that sense regarding the performing artist's neighbouring right (but it is hard to see what precludes its application in copyright). This decision may be likened to the decision handed down by the United States Court of Appeal (Second Circuit) in 1993,[42] applying American law in regard to the formal requirements for the renewal of a Brazilian author's copyright.

II. APPLICATION TO A DIGITAL ENVIRONMENT

32. The great merit of the Internet, is that, after the satellites, it has again put the spotlight on the international aspects of copyright that had been neglected too long time, by transcending the overcautious territorialism inherited from the royal tradition of privileges. It must be borne in mind, however, that digital networks are mainly premised on old questions that have been poorly resolved or not resolved at all, which makes it necessary not to yield too readily to the temptation to believe that the system must be rethought completely on that account.

33. The digital environment does not call into question what has been already said about the law of the contract, it only reveals the key role which it has to play in conjunction with the technical protection measures, which makes it necessary to eliminate the ambiguities detailed above.[43] The digital environment may, however, renew the controversy about the law of the country of origin, which is more difficult to determine and whose role is less easy to justify (A). Above all, it raises a problem that is crucial to the effectiveness of protection, namely the localization of copyright infringement (B).

A – IDENTIFICATION AND JUSTIFICATION OF THE ROLE OF THE LAW OF THE COUNTRY OF ORIGIN

34. As stated above, those who argue in favour of the law of the country of origin specifically highlight the practical advantages of such a connection and defend its relevance on the ground that the first publication of the work is a key moment that is natural to take into account when "localizing" the situation.

35. The question arises of whether these two arguments do not fail when the work is communicated for the first time on digital networks.

36. Firstly, the simplicity of the connecting factor has not been proven. The definition of the country of origin in the Berne Convention is one of redoubtable complexity and, more seriously in regard to the security expected therefrom, inherent instability, and this has been obvious since 1971 (the country of origin is not the same before and after publication, but may also vary according to the nationality and even the place of residence of the person concerned!). These difficulties are

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41 Cass. 1st Civ., 9 December 2003, *op.cit.*

42 Corvocado Music Corp. v. Hollis Music, Inc., 981 F.2d 679.

43 See, for the suggestion that the modernization of the 1980 Rome Convention should be used as an opportunity to insert specific private international law measures concerning contractual copyright, L. Guibault and P.B. Hugenholtz, "Study on the Conditions Applicable to Contracts Relating to Intellectual Property in the European Union", study commissioned by the European Commission, Institute for Information Law, Amsterdam, May 2002, p. 150.

intensified in the digital environment.[44] Reliance on publication within the meaning of Article 3.3 of the Berne Convention (manufacture of copies in sufficient number "to satisfy the reasonable requirements of the public" is hardly satisfactory.[45] The analysis in fact leads to the conclusion that simply making a work available through digital networks, which will increasingly be the rule in future, does not amount to publication.[46]

37. To avoid this conclusion which is difficult for mere mortals to understand,[47] consideration may of course be given to broadening the definition of publication as to encompass disclosure through a network. However, as this "clean-up" will also mean revising the Berne Convention, it will also be necessary to determine the location of such disclosure. The uploading site, which is open to all sorts of manipulation, does not afford sufficient security. It is more tempting to designate the place of business of the operator responsible for the site.[48] However the Internet is not a structured network and the location of operators, which may be very small, is more difficult on the Internet. There remains the author's domicile or residence.[49] This solution, however, is not easy to apply when, as is very frequently the case (in audiovisual works, for example), there are several authors.[50]

38. Such uncertainties, to say the least, do not militate in favour of the law of the country of origin and the user, a potential infringer, will find it very hard to make sense of it all.[51]

39. Besides, it is the very principle of recourse to the law of the country of origin that is debatable in the digital environment. The temptation to have recourse to it rests on the assumption that the choice of place of publication reflects the author's wish to "naturalize" his or her work. This reasoning does not work for the Internet. Publishing a work for the first time in a given country (possibly in a given language) may be interpreted as wishing to create a link with that country. Going onto the network to find an undifferentiated audience may no longer have that meaning. The objection also holds good for the contention that the place of origin is identified "with the place where the work acquired for the first time a social dimension, that is to say the place where it found an audience for the first time".[52]

40. As a fall-back solution, the author's or operator's place of residence or business, is a complete break with this traditional logic, but it provides no other ground for justifying the connection suggested. With regard to the operator responsible for the website, it moreover openly contradicts the personalistic dimension of copyright.

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44 A. Cruquenaire, « La loi applicable au droit d'auteur : état de la question et perspectives », Auteurs & Média 2000, pp. 210-227, at page 215.

45 See, however, J.-S. Bergé, *La protection internationale et communautaire du droit d'auteur*, *op. cit.*, No. 279.

46 See for a contrary opinion, J. Ginsburg, *The private international law of copyright in an era of technological change*, *op. cit.*, p.18.

47 D. Nimmer, "Brains and Other Paraphernalia of the Digital Age", 10 Harvard Journal of Law and Technology 1-46 (1996), at page 15.

48 J. Ginsburg, private international law of copyright in an era of technological change, *op. cit.*, p.18.

49 See in this regard, as an alternative criterion, J. Ginsburg, *eod.loc.*

50 Compare J. Ginsburg, *eod. loc*., who proposes in this instance selecting the country in which the largest number of authors reside.

51 S. Plenter, *Choice of Law Rules for Copyright Infringements in the Global Information Infrastructure*, *op. cit.*, p.316.

52 J.-S. Bergé, *La protection internationale et communautaire du droit d'auteur*, *op. cit.*, No. 270.

41. It is true, though, that on the other hand the worldwide scale of the Internet does raise doubts as to the possibility of applying the laws of each country of protection on a distributive basis.

B – LOCALIZATION OF COPYRIGHT INFRINGEMENT

42. The phenomenon of the explosion of the *lex loci delicti* is well-known to international law experts, and is not wholly new to intellectual property specialists, who have already had to use their sagacity in regard to satellites. There is however a difference in the degree of the problem, and maybe in the nature as well. What is at stake is no longer the archer's arrow crossing a border or the satellite transmission to several countries simultaneously, but a dissemination capable of causing harm in every country of the world and regulated by highly differing laws. The change must therefore not be underestimated. It is true that the other extreme must also be avoided. The contention that the dematerialization inherent in digital technology renders any territorial connection obsolete does not stand up to scrutiny. To give but one example, making works available on digital networks presupposes, in the current state of the art, that a fixation of the work has been made beforehand. This fixation unquestionably constitutes an act of reproduction that can be localized in the same way as the manufacturing of copies.[53]

43. The controversy is between those in favour of what is commonly known as the law of the country of transmission and those who argue for the application of what is commonly known as the laws of the countries of reception, it being understood that in the latter case the plural (the **laws** of the **countries** of reception) is necessary since it is in the very nature of digital networks to disseminate worldwide. Both theories rest on solid arguments. Compromise solutions may, however, be envisaged.

1 – Law of the country of transmission and laws of the countries of reception

44. The initial, technical, approach is to identify the country of transmission on the basis of the actual definition of communication to the public or, in those legal systems in which it is a particular right, that of making works available to the public, as set out in the 1996 WIPO treaties. The reasoning is straightforward: since the exclusive right is exercised as soon as the work is made available, the act of infringement must be deemed to have occurred in the place where it took place. Those in favour of the law of the country of transmission, understood in this sense, maintain that only that law may govern the questions left to the *lex loci protectionis*.

45. Those who support the application of the different laws of the countries of reception contend that in the field of copyright, all acts of exploitation are targeted at an audience and that it is therefore natural to localize the centre of gravity of a given exploitation on the basis of that target. They maintain that this analysis is all the more justified in the case of exploitation through digital networks as there is an active "consumer" who takes the initiative in each use made of the network, which is not the case, for instance, in satellite broadcasting. Above all, they object that the exclusive application of the law of the country of transmission on the basis of technical localization permits all sorts of manipulations. The issue actually at stake is the risk of delocalization to countries of transmission with a lower level of protection, a very real risk given the significant differences between national laws, particularly in regard to exceptions to the exclusive rights, and the great ease with which the uploading site can be manipulated in digital networks.

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53 P. Schønnig, *Applicable law in transfrontier on-line transmissions, RIDA*, October 1996, pp. 21-53, at page 29.

46. This objection is sufficiently serious to cause most supporters of the law of the country of transmission to change tack and opt, not for the place of material uploading onto the network, but for the place of business of the person responsible for dissemination, which is less open to manipulation and also has the advantage of being easier to identify.

47. The stability of this connection certainly makes it more attractive. However, it does not conjure away completely the danger of manipulation and furthermore it must be recalled that works on digital networks are not usually circulated by genuine professional operators, and this will no doubt become less and less the case, which calls into question the relevance of the approach and in any event complicates implementation of the rule.

48. Most importantly, the debate then shifts from the field of legal technicalities to that of advisability. The arguments are all well-known. Those who argue in favour of the law of the country of transmission highlight the legal security of the distributor, maintaining that the distributor may not be bound to respect practically all the laws in the world, which would be the case if the differing laws of the countries of reception were applied. Those who support the latter system respond that it is completely arbitrary to prefer the legal security of the distributor to that of the rightholder and that if the solution can only be achieved by choosing a single law, then the law of the place of residence of the rightholder[54] (or the collective management society to which the rightholder belongs, easier to find out for the distributor) could be an equally workable solution. In this sense, the traditional territoriality of criminal law, which is closely linked to the civil law provisions related to copyright, also comes into play, as does the fact that the exclusive application of the law of the country in which the person responsible for the transmission is established would enable that person to export that law throughout the world, which is hard to accept for States that are jealous of their sovereignty, for they know well that the system would favour developed countries where the distributors will in most instances be located.

49. These arguments seem well-balanced. This means that the choice that tips the scales one way or the other is indeed political (in the broad sense).

The circumspection of courts, a striking example of which is provided by a decision of the Supreme Court of Canada handed down on 30 June 2004 in Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers, is therefore understandable.[55] At issue was whether these intermediaries' activities gave rise to royalty entitlements when they concerned musical works downloaded from Canada from a server located in another country. The Supreme Court, in a judgement delivered by Judge Binnie, considered that the criterion requiring the existence of a communication in Canada to be dependent on the location of the server in Canada was "too rigid and mechanical". It considered that "the applicability of the Copyright Act to communications that have international participants will depend on whether there is a sufficient connection between this country and the communication in question".[56] In this perspective, the place of reception may be a connecting factor that is as important as the place of origin (not to mention the physical location of the host server, which may be in a third country)".[57] For Internet communications, "relevant connecting factors would include the *situs* of the content provider, the

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54 F. Dessemontet, *Internet, la propriété intellectuelle et le droit international privé*, in *Internet, Quel tribunal décide? Quel droit s'applique?* K. Boele-Woelki and C. Kessedjian (eds), Kluwer Law International, 1998, pp. 47-64, at page 60.

55 2004 CSC 45.

56 No. 57.

57 No. 59.

host server, the intermediaries and the end user", it being specified that "the weight to be given to any particular factor will vary with the circumstances and the nature of the dispute".[58] It must be acknowledged that the avenues thus opened up are still too vague to provide operators with the security to which they legitimately aspire.

2 – Compromise solutions

50. From the point of view of method, the comparative advantages and disadvantages of objective localization based on abstract criteria and the search for a "proper law" most closely related to the situation in point must be weighed. The first approach takes better account of the requirement of foreseeability (and legibility) that is essential in a digital environment, while the second has the advantage of flexibility, which no doubt accounts for its current success. Maybe one compromise solution is to designate the law that is presumed to be the most appropriate, leaving it to the parties to rebut that presumption by demonstrating the existence of other connecting factors.

51. With regard to substance, we can envisage remedies of limited scope through alternative or cumulative connecting factors: for instance, supporters of the law of the country of transmission would say that that law should be set aside if it does not provide sufficient protection, and the partisans of the laws of the countries of reception would say that the law in question should be disregarded if it cannot reasonably be foreseen by the operator.

52. The first remedy is attractive to all those for whom the only problem with the law of the country of transmission is the risk of delocalization. What matters is knowledge of the level at which the requirement should be placed. If it is considered that the test will be met merely by ascertaining that the country of transmission is a signatory to the TRIPS Agreement and the 1996 WIPO treaties,[59] connection *in favorem auctoris* has no real scope and the guarantee for the authors is illusory, as so little harmonization has been achieved by these international instruments in the field of the substantive law, particularly with regard to copyright exceptions.

53. There are precedents for the second remedy in other fields,[60] and if it is used, it will no doubt show that national copyright laws are less diverse than is often intimated. It will be criticized, however, for not being able to allay operator's concern at the prospect of the application of the law of each country of reception. In any event, it would be too much to require that the successful outcome of the action be conditional on the act being also illegal under the law of the country of transmission, as was required in English law on civil liability before it was changed.

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58 No. 61.

59 See, in this regard, I. Garrote Fernández-Díez, *Copyright on the internet*, Editorial Comares, Colección Estudios de Derecho Privado, Granada, 2001, p. 137. P. Raynaud, *Droit d'auteur, droit international privé et Internet*, Thesis, Strasbourg III, 2002, No. 695.

60 See Article 7 of the 1973 Hague Convention on the Law Applicable to Products Liability, which sets aside the law normally applicable "the person claimed to be liable establishes that he could not reasonably have foreseen that the product or his own products of the same type would be made available in that State through commercial channels". See also Article 139 of the Swiss federal law of 18 December 1987 on international private law ("… insofar as the author of the damage should have expected that the result would occur in that State"). By transposition to the field of copyright, a law that challenged the principle of any derogation to the exclusive right or which extended the term of protection beyond the limits usually provided, for instance, could be set aside.

54. Generally, multiple connecting factors are difficult to manage,[61] a failing that is particularly troublesome in the digital environment in which the legibility of the rule is a major requirement both for operators and rightholders, which make it difficult to devise models.

55. Perhaps "jurisdictional localization", which involves linking legislative competence and jurisdictional competence, should not be too readily ruled out. Take for example the judgment of the Court of Justice of the European Communities in the *Fiona Shevill*[62] case, when it ruled that the victim of a libel (by a newspaper article distributed in several Contracting States) may bring an action for damages against the publisher "either before the courts of the Contracting State of the place where the publisher of the defamatory publication is established, which have jurisdiction to award damages for all the harm caused by the defamation, or before the courts of each Contracting State in which the publication was distributed and where the victim claims to have suffered injury to his reputation, which have jurisdiction to rule solely in respect of the harm caused in the State of the court seized". It can be deduced from this case that each competent forum court will apply its own material law. This solution has all the practical advantages of a compromise. It obviously also has the failing, which many internationalists would consider determinative, of mixing issues (jurisdictional competence and legislative competence) that are not governed by the same logic. In addition, it gives worldwide scope to the law of the country of transmission, which may prove problematic if that country offers only a low level of protection.

56. Another compromise solution would be to exclude the competence of countries of reception that are not "targeted" by the transmitter.[63] It would be a response to the objection that it is impossible to require operators to comply with all the laws in the world. However, the criterion of "targeting" is very difficult to apply other than in borderline cases in which a literary work is disseminated in a little-used language. The fact is that, for musical and cinematographic works in particular, language is less and less a factor in market segmentation. More fundamentally, it is difficult to accept that the criterion of principal destination of the exploitation of a work would result in operators being absolved of any responsibility for all of their activities that are incidental in nature. At the most, it might be considered that if the exploitation in a given country does not exceed a "threshold of sensitivity" within the meaning of competition law, the applicable rules should not be those of that country but those of the country of principal exploitation. Under this system, it would be for the judge to decide on a case-by-case basis whether the exploitation is significant or not, taking into account various criteria such as the operator's strategy, agreed investments and the share of the turnover. It would also be for the judge to decide which is the principal country of exploitation whose law should be applied by default, this being understood that if, in a given country, exploitation is really minimal, it would be possible for the judge, as is currently the case, to hold that there has been no prejudice, thus obviating the need to determine which law is applicable.

57. All these avenues, and many others, warrant further investigation. However, it is worth reiterating that a standard law of conflict will be developed only when States realize that it is necessary.

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61 M. Vivant, *Cybermonde:* « Droit et droits des réseaux », *JCP G*, 1996, I, 3969, No. 10.

62 7 March 1995: Rec. p.I-450.

63 See in this connection, regarding jurisdictional competence, TGI Paris, 11 February and 11 March 2003: *JDI* 2004, p.491, note crit. J.-S. Bergé.