CHAPTER V
CHOICE OF LAW: UNITED STATE, EUROPEAN UNION & EUROPEAN COUNTRIES

5.1 INTRODUCTION

In a cross border violation of intellectual property rights, after adjudicative jurisdiction of court, the next crucial issue is the issue of ‘Choice of Law’ or ‘Applicable law’ i.e., which law will be applicable to resolve the issues in dispute. It is difficult to decide the applicable law in a given case due to variety of justified laws to govern the issue and different interpretation by the national courts. Copyright as a subject is of recent origin for Private International law. Various International Conventions formed the scope of copyright from time to time but left it territorial in nature. The International Conventions failed to bring uniformity to copyright laws across the nations. Therefore in the absence of it, there is no concept like international copyright law. The various conventions only laid down the minimum standard protection required for copyright protection. The end result is that apart from the similarity in the various provisions of copyright, there are fundamental differences between national laws in number of crucial areas of copyright. Following are some examples of difference;

Authorship: Countries have rules which differ as to the person who may be considered as authors of works. Like, in Germany, the cameraman may be

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1. Every nation has its own Private International Laws principles according to its socio-political needs. There is very less uniformity among the nations in Private International Rules. Hague Conference in past has attempted to harmonize private international rules on various subjects. However, European Union has Rome II Regulation on Non Contractual Obligation, Rome I Regulation on Contractual Obligation and Brussels I Regulation of Jurisdiction in Civil and Commercial issues and Enforcement of Foreign judgment, 2001, which provides some uniformity among European Union Members States on the issue of Conflict of Laws.


considered as an author of the cinematographic work.\textsuperscript{4} In the United Kingdom (‘UK’) only the producer and the principal director can be author of the film.\textsuperscript{5} In France, the cameraman is not included among those who are considered to be the author of the cinematographic work, where as scriptwriter, musical composer, directors etc. are authors.\textsuperscript{6} In the United State (‘US’) there is no fixed rule in this respect as the ascription of authorship will depend on creative contribution.

Subject matter of protection: Countries like UK and other countries of commonwealth protect sound recordings and broadcast transmissions by copyright. The US Copyright Act\textsuperscript{7} protects sound recordings by copyright, but does not protect broadcast by transmissions. France,\textsuperscript{8} Germany\textsuperscript{9} and other civil law countries do not protect sound recordings or broadcasts by author’s right, but by a “neighbouring” or “related rights”. The US Copyright Act\textsuperscript{10} has no category of “neighbouring “or “related right” so far.

Initial ownership: In the absence of any clear definition member States are open to have their own substantive law to identify the authorship or ownership. In some countries,\textsuperscript{11} employed authors i.e., work- made- for- hire are not copyright owners of works created during the employment. In this case the employer is the owner of copyright. By contrast in some other countries\textsuperscript{12} ownership is provided by presumption. Nature and scope of presumption vary according to national law. This multiple variation of initial ownership and transfer of copyright create further complications in private international law.

\textsuperscript{4} id., Article 8(1) Joint Authors : “If several persons have created a work jointly, and their respective contributions cannot be separately exploited, they shall be deemed the joint authors of the work.”
\textsuperscript{7} US Copyright Act 1976, Section 102 (a), available at <http://www.copyright.gov/title17/92chap1.pdf> [accessed on 12.11.2011].
\textsuperscript{8} French Intellectual Property Code, Article L-211-1 to L-217-3.
\textsuperscript{9} German Copyright Law, Part II, Article 76.
\textsuperscript{11} U.S. Copyright Act, 1976, Section 201(b); UK Copyright, Designs and Patents Act of 1988, Section 11(2); Dutch Copyright Act, Article 7; and Japanese Copyright Act, Section 15.
\textsuperscript{12} German Copyright Act, Section 7; French Intellectual Property Code, Article 111-1.
Fixation: Under Section 102(a) of the US Copyright Act and Section 3(2) of the UK Copyright Design and Patent Act, fixation of the work is prerequisite for copyright protection. Whereas in civil law countries unfixed works may be protected by the author’s right.

Originality test: Countries have adopted various tests for the originality of the work. In US, a work to considered “original” and thus entitled to copyright must evince a “modicum of creativity”. Therefore mere investment of labour is not enough.\(^{13}\) Under UK Copyright Act, the general test for originality is the investment of skill and labour. So a work which is not “creative” but results from investment of skill and labour can be protected in the UK, but if lacking creativity, will not be protected by copyright in the US.

These differences in substantial issues of copyright along with the different legal system\(^{14}\) of the States around the world create a confusing state for the copyright owner. To address a copyright violation issue in a cross border cases the choice of law plays an important role. Certainty regarding choice of law on these issues is very much required. It becomes more important in a cyber world which is neither a physical world nor a fiction one. The tension becomes more in cyberspace or internet world due to its nature of functioning. Internet violates every notion of territory or sovereignty of state with impunity. A work published on Internet is also available at other corner of the world without much hindrance. A work can be downloaded at every other place with the basic infrastructure of Internet by many people at one time resulting in ubiquitous infringement.

In the above discussed background, the present chapter analyse the applicable law in case of cross border violation of copyright on Internet. It discusses the various choice of law principles followed by the US and European Union and European Countries to address the initial ownership issue, copyright infringement and contractual issues through internet.

\(^{13}\) Kevin Garnett et al., *Copinger and Skone James on Copyright*, 14th edi. (London: Sweet & Maxwell, 1999), p 3-89.

\(^{14}\) Civil law countries like Germany, France, Spain, Switzerland, Belgium, Japan and the Common law countries like USA, UK and India.
5.2. CHOICE OF LAW IN INTERNATIONAL CONVENTIONS

International Conventions particularly the Berne Convention for the Protection of Literary and Artistic Works, 1886 (‘Berne Convention’)\(^{15}\) gives three basic principle such as National Treatment\(^{16}\), Automatic Protection\(^{17}\) and principle of Independence of Protection\(^{18}\) apart from a series of provisions determining the minimum protection to be granted, as well as special provision available to developing countries which wants to make use of them.\(^{19}\)

5.2.1. Initial ownership

Ownership is an important issue in a copyright dispute. Knowing the status of ownership helps in resolving the issue. Berne Convention or WIPO Conventions\(^{20}\) has no clear definition of ownership. Though, the Berne Convention under Article 6bis discusses the issue of authorship. In this Article it deals with the treatment of moral rights as well as economic rights of author. Therefore on the issue of initial ownership, the Convention primarily address how a work shall be protected, it offer little guidance as to who is protected.\(^{21}\) Further the Berne Convention neither set forth substantive nor choice of law rule so to determine copyright ownership. However, generally the author or the creator of a copyright work is the actual owner of

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\(^{16}\) *id.*, Article 5(1). National treatment means Work originating in one of the contracting state (that is, works the author of which is a national of such a state or works which were first published in such a state) must be given the same protection in each of the other contracting states as the latter grants to the works of its own national (principle of national treatment)

\(^{17}\) *id.*, Article 5(2). Automatic protection means Such protection must not be conditional upon compliance with any formality (principle of automatic protection)

\(^{18}\) *id.*, Article 5(3). Such protection is independent of the existence of protection in the country of origin of the work (principle of independence of protection). If however, a contracting State provides for a longer term than the minimum prescribed by the convention and the work ceases to be protected in the country of origin protection may be denied once protection on the country of origin ceases.


\(^{20}\) World Intellectual Property Right Copyright Convention, 1996, (‘WCT’).

copyright work. Once work is created then the ownership is transferable subject to the contract between the author of the work and owner of the work. Therefore the issue of authorship and ownership is different. Berne Convention lays down that the economic rights of the author can be transferred but not the moral rights. Therefore the ownership of the economic rights can be transferred by way of assignment or licensing but not the moral rights. They are the inalienable nature of rights.

A work created during the course of the employment under the employer entitles the employer to be the owner of the copyright work. However in France, during the course of employment work situation, the copyright owner remains with the author until subject to condition of employment. In this situation the Berne Convention does not laid down the choice of law rule relating to initial ownership. Article 5 (1) and (2) is not helpful in this regard since they are national treatment provisions. However, Article 14 bis 2 designates the competence of the lex protectionis for cinematographic works for initial ownership. Article 6bis (3) also lays down the rule that lex protectionis is the rule to safeguard the rights of the author. Therefore the treaty supplies no explicit rules for initial ownership of other kind of works. In the absence of it there is temptation to apply the law of lex protectionis or lex origin to resolve the issue of initial ownership.

5.2.2. Transferability of copyright

Assignment is one mode of transfer the economic rights in case of copyright. Upon assignment, the author ceases to be the copyright proprietor of the work and hence no longer has standing under either the Berne Convention or Universal Copyright Convention (‘UCC’) to claim for the protection of the Conventions. Assignee in place of the assignor acquires the right to make such claims. Berne Convention provides in Article 2(6) that it’s “protection shall operate for the benefit of author and his successor in title”. Similarly UCC protection extends to “author and other copyright proprietors”. But the Convention does not expressly laid down as to

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22 Berne Convention, Article 14 bis 2(a) “Ownership of copyright in a cinematographic work shall be matter for legislation in the country where protection is claimed.”

23 id., Article 6 bis (3). “The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.”
who may qualify as the author’s successor in title, or as the copyright proprietor in place of the author. Apart from this there are countries with having limitations on the assignment of copyrights. Like in France Copyright Act, 1957, Article 37 provides that the author must receive a proportionate participation in the receipts resulting from the sale or exploitation of the work, subject to specified exceptions. Under German Federal Republic Copyright Act, 1965, Article 40 provides that agreements licensing future works must be in writing and are terminable after 5 years. Swedish Copyright Act, 1960 Article 34 provides that failure to publish within 2 years or if a musical work, within four years gives author the right to rescind publication contract and retain remuneration even if delay not to the default of publisher.

Therefore territorial laws of the countries are different relating to the issue of assignment which create problem of conflict of law cases of cross border assignments as to which law will govern the validity issue of assignment.

While Universal Copyright Convention (‘UCC’) provides for national treatment protection for the “work” protected under the convention, the Berne Convention provides national treatment to the “author” of work protected under the convention. Therefore, foreign author with regard to the assignment will be treated in the same manner by other Member States as they would treat their own authors and thus determine the validity of the assignment under their respective laws. But it is their contract laws, not their respective copyright laws which will decide the validity of assignment. So each State consults to lex contractus as choice of law, irrespective of the nationality of the author to determine the validity of the assignment.

5.2.3. Copyright infringement

Copyright infringement is one of the important parts of the whole issue of copyright. The Copyright laws assign the moral as well as economic rights to the

25 Universal Copyright Convention, Article 2.
26 Berne Convention (Paris text), Article 5(1) “author 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 respective laws do now or may hereafter grant to their nationals, as well as the rights specifically granted by this convention.”
author. Violation of these rights without the consent and authority of the copyright
holder warrant copyright infringement. However, under the Berne Convention certain
exceptions were created as the fair dealing. In these cases of fair dealing the
infringement of copyright was allowed to certain limits. National legislations have
therefore the fair dealing provisions or the exception provision maintaining the
balance between the person rights of the author and the society at large. Any use of
copyright work outside this concept without the permission of the owner is the issue
of copyright infringement. However due to territoriality nature of copyright the
substantial provisions of fair use is not universal which results in the final outcome of
the case of infringement.

For a while the jurists across US and Europe had presumed that Article 5.2\textsuperscript{27} of
the Berne Convention set forth a Private international law provisions relating to
applicable law. Article 5.2 of Berne Convention in this regard says hold 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”.

Article 5.2, is a choice of law rule leading to the application of the law of the
member country where protection is claimed (\textit{lex loci protectionis}). This rule is
derived from the principle of territoriality of copyright that has traditionally inspired
all copyright conventions and domestic choice of law. Domestic copyright laws apply
their own law within the boundaries of each respective state. However, Article 5.2,
does not clear some of the expression like, is the law of the country “where protection
is claimed” is the substantive copyright law of the relevant country, or does it include
that country’s private international rules? The substantive rule choice may resolve the
issue, whereas the latter interpretation may add the concept of renvoi in to it. But

\textsuperscript{27} \textit{id.}, Article 5(2) “ The enjoyment and the exercise of these rights shall not be subject to any
formality; such enjoyment and such exercise shall be independent of the existence of protection in
the country of origin of the work. Consequently, apart from the provisions of this Convention, 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.”
since the Berne convention carry the traditional concept of territorial law it is presumed that it is the substantive law.\textsuperscript{28}

This choice of law rule in Article 5.2 was crafted when both exploitation and infringement of copyrighted works took place successively, on country at a time, by means of “tangible” copies of the work, and not simultaneously by means of internet. Therefore, rule based on “country where protection is claimed” did not create technical problem even if it refers to the country where infringement takes place (\textit{lax loci proetctionis}). But in an environment where simultaneously infringement may happen with the click of mouse the enforcement of law on the basis of lex loci proetctionis may result the application of as many domestic laws as there are countries into which the work can be uploaded\textsuperscript{29}.

Further the rule in Article 5.2, does not clear that in digital media, when the infringement can take place in many countries at once like in the country from which the alleged infringement originated as well as in the countries to which the infringement was communicated. In this scenario the Article does not clear whether to apply the law of each country of receipt or apply the law of the country of initiation of the infringement\textsuperscript{30}.

5.3. NATIONAL PRIVATE INTERNATIONAL RULES

5.3.1. United State of America

5.3.1.1. Treatise and International Convention

The United State (‘US’) is party to several international treaties and agreements, including the Berne Convention\textsuperscript{31}, the Universal Copyright Convention, the Geneva Convention for the Protection of Phonograms and the WTO Agreements. Among other things these agreement provides for reciprocal ‘national treatment’ of foreign authors suing in the courts of member States for local infringement of their

\textsuperscript{28} Ginsburg, \textit{Supra note} 21, p. 22.

\textsuperscript{29} Raquel Xalabarder, ‘Copyright: Choice of law and Jurisdiction in the Digital Age’ 8 \textit{Annual Survey of International & Comparative Law} 79.


\textsuperscript{31} US become party to the Berne Convention on March 1, 1989.
works. The United State is bound by the Trade Related Aspects of Intellectual Property Rights (TRIPs), which grew out of the General Agreement on Trade and Tariff; as part of these obligations the United State has also signed and enforced WIPO Copyright treaty on March 6, 2002 and the WIPO performances and Phonogram treaty from May 20, 2002.

5.3.1.2. National Copyright laws

US Copyright Act of 1976 contains substantial rules relating to copyright laws in USA. It however does not contain any private international law provisions for copyright issue.

Subject matter: The United States Copyright Act 1976 protects "original works of authorship" including literary, dramatic, musical, artistic, and certain other intellectual works. This protection is available to both published and unpublished works. Copyright law includes the following types of works: Literary, Musical, Dramatic, Pantomimes and choreographic works, Pictorial, graphic, and sculptural works, Audiovisual works, sound recording, derivative works, compilations, architectural works.

Formalities: According to Section 102(a) of the Act, works must be “original works of authorship” and be “fixed in any tangible medium of expression.” Formalities of copyright notice and registration are not required for protection with respect to U.S. domestic works published after March 1, 1989. Though notice was required on works published before March 1, 1989. However, registration of the work with the US copyright office provides some additional benefits in case of litigation. Following economic rights are vested with the author of the copyright holder like: right to reproduce the work in copies, right to prepare derivative works, right to distribute the work in copies to the public, right to perform most types of works publicly, right to display most types of works publicly.

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32 US Copyright Act, 1976, Section 102.
33 id., Section 401(a), 408(a)
34 id., Section 412
35 id., Section 106
**Initial Ownership:** The Act recognises the author who creates an original work as the initial copyright owner. In case of works of joint authorship joint authorship is held by all of its co-authors.\(^{36}\) The work-made-for-hire doctrine governs authorship of copyrightable works by employees and independent contractors. When a work is deemed one made for hire, authorship is attributed not to the original creator of the work, but to the employer of the author or the commissioner of the work.\(^ {37}\) This attributed authorship carries all of the vested rights of the copyright; the original creator of the work retains no residual rights because no rights ever vest in him or her. For all practical purposes under the law, the employer or commissioning party is the original creator of the work. In the U.S., works made for hire are subject to a different term of protection than are works authored through traditional means. The copyright term for a work made for hire is 95 years after first publication or 120 years after creation of the work, whichever comes first.\(^ {38}\) The definitions of Section 101 of the Copyright Act in detail explain the circumstances which result in works made for hire. Under U.S. law, a work is one made for hire if it is: (1) a work prepared by an employee within the scope of his employment or (2) a work prepared under special order or commission by an independent contractor, provided that the parties have signed an agreement designating the work as one made for hire, and provided that the work falls into one of nine categories enumerated in the Copyright Act. These categories generally cover: contribution to a collective work, part of an audio-visual work, translation, supplementary work, compilation, instructional text, atlas, test, and test answer material.

**Transferability:** Copyright, or any of the owner’s exclusive rights, or any portion thereof, may be transferred to any other party.\(^ {39}\) A valid transfer, other than by operation of law, must be in a written instrument and be signed by the copyright owner who makes the transfer.\(^ {40}\) Exclusive licenses must also be in writing and signed. Non exclusive licenses do not require writing. For most works created on or after January 1, 1978: Copyright lasts for the life of the author, plus 70 years.\(^ {41}\)

\(^{36}\) *id.*, Section 201(a)  
\(^{37}\) *id.*, Section 201(b)  
\(^{38}\) *id.*, Section 302(c)  
\(^{39}\) *id.*, Section 201(d)  
\(^{40}\) *id.*, Section 204(a)  
\(^{41}\) *id.*, Section 302(a)
Infringement: For infringement of copyright Section 501 of the Act requires that the defendant copied the protected work without the authorisation from the copyright holder. If the work is not protected it cannot be infringed. In cyberspace peer to peer information sharing may be involve in copyright infringement as well as involve in the indirect infringement. Apart from peer to peer technology the Internet Service Provider (‘ISP’) also plays a major role in disseminating the copyright work to the users. Therefore indirect infringement theory is also equally applicable to ISP. The US Courts have developed contributory and vicarious liability theories from the common law system when holding ISPs secondarily liable for copyright infringement. To establish a contributory liability claim, a copyright holder must prove (1) that there has been a direct infringement; (2) that the accused contributory infringer has actual or constructive knowledge of the infringing activity; and (3) that the accused contributory infringer caused or materially contributed to the underlying direct infringement. To prevail on a vicarious liability theory, a copyright holder needs to prove (1) that there has been a direct infringement; (2) that the accused vicarious infringer had the right and ability to control or supervise the underlying direct infringement; and (3) that the accused vicarious infringer derived a direct financial benefit from the underlying direct infringement. In the case of Perfect 10, Inc v. Cybernet Ventures, Inc. the court held an adult material verification service (AVS) under vicarious liability. On the other hand in case of Ellison v. Robertson the court absolved the ISP AOL of vicarious liability for providing its subscribers with access to its USENET servers that contained infringement materials on a particular newsgroup.

Much of the litigations are against ISP stemmed from actions against developers of P2P software. In the case of A&M Records, Inc v. Napster, Inc. the US court 9th Circuit held Napster developers vicariously liable for the infringement of

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copyright through swapping and exchange of unlicensed music files between Napster users. However in the case of Aimster Copyright litigation case the Illinois District court found against the Aimster defendant for vicarious infringement. On appeal the 7th circuit distanced itself from vicarious liability but held it for contributory liability. Second generation of P2P software don’t require a central server unlike in the case of first generation. Court got opportunity to deal with the issue of vicarious liability in the case of Mayor Studios, Inc v. Grokster ltd., the 9th circuit held that 2nd generation P2P Software did not give their developers the ability to block access to individual users to monitor and supervise the use of their software. So it does not have effective control. Therefore it does not amount to vicarious liability. However Supreme Court in appeal agreed with the 9th Circuit in vicarious liability issue, but imposed a new liability under the concept of “inducing infringement”. Inducement theory requires both the “affirmative intent” and “active steps” of an ISP in a copyright infringement case to hold it secondarily liable for copyright infringement.

In response to the concern of the Telecom and Industry groups to limit the liability of ISP, the US has enacted the Online Copyright Infringement Liability Limitation Act (‘OCILLA’) as a part of Digital Millennium Copyright Act (‘DMCA’). It creates a conditional safe harbor for Online Service Providers (OSPs), including ISPs and other Internet intermediaries, by shielding them from liability for the infringing acts of others. Therefore, OCILLA is referred to as the safe harbour provision or as DMCA, Section 512. DMCA, Section 512 provides that an ISP might be exempt from liability for copyright infringement stemming from transmitting, caching, hosting, or linking to infringing materials. To trigger the safe harbor provisions, an ISP must satisfy two threshold requirements. First, the ISP must “adopt and reasonably implement a policy” of addressing and terminating accounts of users who are “repeat infringers.” Second, the ISP must accommodate and not interfere

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47 259 F.Supp. 2d. at 1040-1041; 380 F.3d. at 1159.
49 US Copyright, Section 512(a).
50 id., Section 512(b)
51 id., Section 512(c)
52 id., Section 512(d)
53 id., Section 512(i)(1)(A)
54 id., Section 512(i)(1)(A)
Section 512(c) is the most commonly quoted provision in recent ISP liability cases because it might immunize Web sites that inadvertently host infringing content uploaded by users. In addition to the two general threshold requirements with which ISPs must comply, Section 512(c) also requires that the ISP: (1) Not have actual knowledge or be aware of facts or circumstances from which infringing activity is apparent; (2) Not receive a financial benefit directly attributable to the infringing activity, in a case in which the service provider has the right and ability to control such activity, and (3) Upon obtaining such knowledge or awareness or receiving notice from copyright owners or their agents, acts expeditiously to remove or disable access to the purported infringing material.

5.3.1.3. Choice of law/Applicable law

In United State, copyright of published work and unpublished work is strictly protected and part of the body of federal law. United State joined the international platform of copyright protection much latter comparison to other nations in 1989. Till then US Supreme Court determined the copyright as strictly territorial. And therefore in the matter of copyright violation it invoked the principle of forum non convenience when a foreign copyright issue involved. However, after the signatory to Berne convention situation changed due to nationality concept and choice of law provision in the Berne convention itself.

(1) Initial ownership

US is a common law country. In the absence of any specific legislation relating to conflict of law issue pertaining to copyright issue unlike in the countries of Civil law countries or in the US Copyright law, it depends on the court to find the choice of law provisions. To decide the initial ownership of copyright, the court answered the principle to be applicable in the case of Itar-Tass Russian News agency v. Russian Kurier, Inc. In this case the issue was not simply who owns the copyright, but also what is the nature of the ownership interest. In the case work at

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55 id., Section 512(i)(1)(B)
56 The same language in Section 512(c) (1) (B) can also be found in Section 52(d) (2), which discusses Safe harbor for ISPs providing linking services.
58 Swiss Code of Private International Law, Belgium Code of Private international law etc..
first had published in Russia, by Russian newspapers and a Russian news agency who engaged Russian writers. Defendant in this case copied some 500 individual articles of Russian language weekly published in New York. To resolve the issue court in this case referred to Restatement of Conflict of laws and held that “Copyright is a form of property, and the usual rule is that the interests of the parties in the property are determined by the law of the State with “the most significant relationship” to the property and the parties. The Restatement (second) of Conflict of laws recognise the applicability of this principle to intangibles such as “a literary idea”. Since the works at issue were created by Russian nationals and first published in Russia, Russian law is the appropriate source of law to determine issue of ownership of rights.”

Court further held in this case that Russia was the “country of origin” of the works. But in a given case “the appropriate country for purposes of choice of law concerning ownership” may be other than the country of origin. The court concluded that “Russian law, which explicitly exclude newspapers from a work-for-hire doctrine, vests exclusive ownership interests in newspaper articles in the journalists who wrote articles, not in the newspaper employers who compile their writings.”

However, the US Copyright Act under Section 104A clearly mentions the choice of law for the restore work. It provides that;

“Ownership of restored copyright. A restored work vests initially in the author or initial right holder of the work as determined by the law of the source country of the work”.

The definition of "source country” provided in 17 U.S.C. 104A (h) (8) is not the same as the definition of "country of origin” in the Berne Convention. The former provision reads: The "source country" of a restored work is -

(A) a nation other than the United States;
(B) in the case of an unpublished work - (i) The eligible country in which the author or, right holder is a national or, domiciliary, or, if a restored work has more than 1 author or, right holder, the majority of foreign authors or, right holders are nationals or domiciliary of eligible countries; or (ii) If the majority of authors or right holders are not foreign, the nation other than the United States which has the most significant contacts with the work; and
(C) in the case of a published work - (i) the eligible country in which the work is first published, or (ii) if the restored work is published on the same day or in 2 or more eligible countries, the eligible country with the most significant contacts with the work.” The “most significant contacts” factor is derived from the Restatement (Second) of Conflicts. The definition of "source country” is far more complex than it appears, since it incorporates two other defined terms, "restored work," id., 104A (h) (6), and "eligible country," id., 104A (h) (3). The upshot of this web of definitions is to reduce the number of restored works, e.g., where a U.S. author first published her work in England, but failed to renew, the work is not restored, 104A (h) (D); or, where a French author published a work in France and thirty days later in the U.S., the work is also not restored, id.
Accordingly, under this Section, the question of who is the initial author or right holder is determined in Federal Court according to the law of the source country of the work. This statutory conflict of laws provision requires U.S. courts to decide the issue of initial ownership of the restored copyright not by looking at the U.S. Copyright Act, but by looking to the law of the foreign source country or first publication designates as the copyright holder. Where there is more than one country of first publication, the source country is the one with the most significant contact with the works.\textsuperscript{63} In case of employee created or commissioned works, that country will likely be the country in which the employment or commissioned work contract is localised.

Recently in an important case of \textit{Saregama India ltd. V. Timbaland, et al,}\textsuperscript{64} court applied the principle of country of origin. In this case Saregama India Ltd. asserted that hip hop producer Timbaland and other defendants infringed its sound recording copyright by digitally sampling a portion of the Indian song “Baghor Mein Bahar hai” in the song “Put you on the game”. Saregama Ltd. claimed ownership of the copyright in the sound recording through an agreement between Saregama’s predecessor and another company, which was governed by Indian law. The agreement provided the plaintiff with exclusive rights in certain sound recordings for a two year period. The district court granted the defendants’ motion for summary judgement, holding that Saregama did not possess a valid copyright, as the agreement limited the plaintiffs’ exclusive rights to the sound recording to a two year period. Second, the district court determined that the defendants’ digital sample was not substantially similar to the plaintiff’s asserted work.

On appeal, the 11\textsuperscript{th} circuit affirmed the grant of summary judgment to defendants. The 11\textsuperscript{th} circuit held that Saregama Ltd. possessed only a two year right to sound recording, which had since lapsed, such that the plaintiff did not own a copyright as to possess the standing required to institute an infringement suit. Because the underlying work originated in India, the court first looked to the Indian

\textsuperscript{63} \textit{id.}

Copyright Act to analyse the ownership issue. Comparing the Indian copyright act with the US Copyright Act, the court ultimately concluded that the result would be the same under either law.

(ii) **Transferability of copyright**

In the matter of transfer of copyright the principles of *lex contractus* applies. It is the law chosen by the parties, or, in the absence of a choice of law clause, the law ascertained by “localising” the contract. In the case of *Auten v. Auten*, the court undermined the traditional view of contract. In this case court articulated a “centre of gravity” or “grouping of contacts” theory of conflict of law. Under this theory, the courts instead of regarding as conclusive the parties intention or the place of making or performance, lay emphasis upon the law of the place ‘which has the most significant contacts with the matter in dispute’. Judge Fuld acknowledged that “this grouping of contacts’ theory may perhaps afford less certainty and predictability than the rigid general law…” but “the merit of its approach is that it gives to the place ‘having the most interest in the problem paramount control over the legal issues out of a particular factual context…”.

This approach, or something much like it, has been followed in the case of *Haag v. Barnes*, *Bernkant v. Fowler*. To the issue of what are “significant contacts” to which the court should look is to be decided by the Restatement of the Conflict of Laws II. It suggests number of different contacts to be considered in determining the choice of law under Section 188. Section 188 states that the rights and duties of the parties with respect to an issue in contract are determined by the local law of the State which, with respect to the issue, has the most significant relationship to the transaction and the parties under the principles stated in Section 6. In the absence of an effective choice of law by the parties, the contracts to be taken into account in applying the principles of Section 6 to determine the law applicable to an issue include: (a) Place of contracting, (b) The place of negotiation of the contract, (c) The place of performance, (d) The location of the subject matter of the contract, and the domicile, residence, nationality, place of incorporation and place of business..

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65 308 N.Y. at 155, 124 N.E.2d 99 (1954)
66 *id.* at 102.
67 *id.*
68 9 N.Y.2d 554, 175 N.E.2d 441(1961)
69 55 Cal. 2d 588 (1961)
of the parties. These contacts are to be evaluated according to their relative importance with respect to the particular issue.\(^{70}\) Further Section 188(3) provides that if the place of negotiation the contract and the place of performance are in the same State, the local law of this State will usually be applied, except as otherwise provided in Section 189-199 and 203.

(iii) Copyright infringement

In *Los Angeles News Service v. Reuters Television international*,\(^{71}\) the plaintiff filmed scenes from the 1992 Los Angeles riots that followed the acquittal of the police officers who had beaten Rodney King. Plaintiff authorised NBC to broadcast these scenes in the US. Without plaintiff’s permission, NBC transmitted the film footage to the New York offices of the foreign news organisations. Videotapes were made in New York City from these transmissions and footage were transmitted to Europe and Africa. Court gave a judgment just opposite to a prior case of *Allarcom Pay T.V. Ltd. V. General Instrument corp.*\(^{72}\), and held that unauthorised acts leading up to those transmissions did come within the scope of the US copyright act. Since the California new York transmission was completed within the United states, and copies of tapes were made in New York, the court applied the “initiation” theory of infringement, entitling plaintiff to recover for all acts, domestic or foreign, stemming from the initial unauthorised intra US relay of the video to the foreign news services New York offices, and from the unauthorised copying of that transmission onto videotapes.

In *Bridgeman Art, Inc. v. Corel Inc.*\(^{73}\), Corel Corp. sold a CD ROM called ‘professional photos CD ROM master containing digitized images of paintings from European masters, in UK, US and Canada. Bridgeman, the Art Library contains library of photograph of painting both in transparencies and in digital form. Bridgeman’s slides reproduction were created in UK and allegedly scanned on to CDROM and posted to a website in Canada where they were made available to New

\(^{70}\) Restatement (Second) of Conflict of laws, Section 188(2).


\(^{72}\) 69 F. 3d 381 (9th Cir. 1995). (No US infringement when diversion of satellite signal commenced in US but programme was received in Canada)

York. Bridgeman sued Corel for copyright infringement as according to him he is the sole right holder and no permission taken from him and it is violation of US copyright law. Canadian defendant held that reproduction lacked originality and therefore no protected in US. Court applied UK law to determine the originality as plaintiff work were first produced and published in UK. Following the initial criticism to the above rule the court changed its judgment and applied the US Copyright Act to the issue of originality.

The court ruled that with respect to infringing acts committed in US, it is the US law which will be applied to determine whether the acts were in fact infringing but also to determine whether the work is protectable, as an original works of authorship.

Generally in case of infringement, when the act of reproduction takes place in US, it is the US law which will uncontroversial apply. However when the act of copyright violation takes place in US and abroad, US court localise a violation of reproduction right in US based on the initial copy or root copy made there.

In the case of National Football League (‘NFL’) v. TVRadioNow Corp.\textsuperscript{74}, the plaintiff NFL broadcasted televisions programme (incorporating the copyright material) in US. The defendant TV Radio Now Corp., the Canadian Corp captured US television broadcasts signals, converted them into electronic mode and transmitted the copyrighted television programme on its website iCraveTV.com located in Canada. The program was accessible to internet users in USA causing the plaintiff’s copyright infringement in US and Canada.

The court noted that there were visit to the iCraveTV website from US visitors. The infringement occurred in US and violated US Copyright law. It also held that defendants engaged in contributory infringement by making the plaintiff work available on the internet with knowledge that it is to be exploited by third parties. Therefore steaming of copyright material contributed to further infringement. The choice of law, the court found sufficient points of attachment with the U.S. to apply the U.S. Copyright Act to defendants’ activities. The court found that the alleged infringement

\textsuperscript{74} 211 f.3d 10 (2nd Cir. 2000)
occurred in the United States when U.S. citizens “received and viewed defendants’ streaming of the copyrighted materials,” without plaintiffs’ authorization, even though the streaming began in Canada. The receipt of the transmissions in the U.S. constituted public performances under U.S. copyright law. Moreover, the transmissions to the U.S. accounted for a substantial portion of icraveTV’s total business.

The court ordered iCraveTV to cease retransmitting U.S. television programming. Following initiation of a suit in Canada alleging that iCraveTV’s retransmissions were not permitted under Canadian law either, iCraveTV and the producers settled, and iCraveTV has ceased retransmitting U.S. television programming.

The case of *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*

75 is considered as one of the leading United States cases on choice-of-law issues on copyright infringement case. The court created two issue in the case as one related to initial ownership and second related to copyright infringement. It held that different legal issues are governed by different choice-of-law rules. On the issue of copyright infringement, the court applied the *lex loci delicti*. Therefore now it is finally accepted that the copyright infringement has to be resolved by the *lex loci delicti* principle.

### 5.3.1.5. Proposal of American Law Institute Report

The American Law Institute (‘ALI’) principles categories the Intellectual Property Rights (‘IPR’) issues based on the registration and non registration of IPR. In case of registration of IP rights, to determine the existence, validity, duration, attributes and infringement of intellectual property rights and remedies it advocates the law of the country of registration to apply, and for the rights that do not require registration, the law of each State for which the protection i.e., *Lex Protectionis* is sought.76 For initial ownership of unregistered IP rights, is to be governed by the law of the creator’s residence at the time of the creation of the subject matter, in case where the creator is a single person.77 In case where more than one creator is involved in creation of IP rights, ALI provides three options. If there is contract between the creators relation to claim of the initial ownership then the law of one of the creator’s

75 Supra note 59,  
76 American Law Institute report on jurisdiction etc, Principle 301(1)(a)  
77 *id.*, Principle 313(1)(b)(i)
residence. In case of no choice regarding the initial ownership claim, then the law of the State in which the majority of the creators reside at the time of the creation of the subject matter.\textsuperscript{78} In case where this test is not possible as majority of creators are not from the same territory, then the law of the State with the “closest connection to the first exploitation of the subject matter” is the rule.\textsuperscript{79} Therefore the report follows the \textit{lex origin} rule for initial ownership. Further ALI propose that in case of creation of IP rights are during the employment relationship, then the law of the state that governs the relationship will decide the initial ownership issue.

Relating to subject matter issue the ALI principle states that if law of the \textit{lex protectionis} State law does not extend protection to the subject matter, then the initial title is governed by the law of the first state in which the subject matter is exploited and the right is recognised.\textsuperscript{80}

On the issue of contract relating to Intellectual Property rights the ALI principle provides a special rule on the applicable law of the contracts. According to it, party’s choice of law is permitted as it is in the case of Rome I Regulation. In the absence of party’s choice, the contract law of the state with the closest connection to the contract would be applied. Further to determine which State is the closest connected to the contract, the place of residence of assignor or the licensor at the time of execution of the contract is presumed as a connecting factor.

Regarding ubiquitous infringement issue, principle 321 provides that the court should choose to apply the law or laws of the State with close connection to the dispute. To find out this close connection four options are to be used, like (1) where the parties reside, (2) where the parties relationship if any centred, (3) the extend of the activities and the investment of the parties and (4) the principle markets toward which the parties directed their activities. However, principle 322 excludes the application of particular rules of foreign law if such application leads to a result that is repugnant to the public policy.

\textsuperscript{78} \textit{id.}, Principle 313(1)(b)(ii)
\textsuperscript{79} \textit{id.}, Principle 313(1)(b)(iii)
\textsuperscript{80} \textit{id.}, Principle 313(2)
5.4. EUROPEAN UNION COPYRIGHT

In an attempt to harmonise the different copyright laws of European Union (“EU”) member States under the EU adopted certain directives. So far there are six directive issued by the EU. In chronological order the list cover Computer Programme, Rental and Lending Rights, Satellite Broadcasting and Cable Retransmission Rights, the Duration of Copyright and Related Rights, the Protection of Database, and the Award of Resale Royalties to Artist. Implementation of the above directives is complete. Apart from that currently the two more directive are on the way to receive wide acceptance from the member countries are Information Society Directive and E-Commerce Directive 2000. These directives have shaped the copyright law of the member countries according to the latest conventions like WIPO Copyright Treaty and WPPT. It harmonised the laws

81 ‘Directives’ are a legislative act of European Union which requires Member State to achieve a particular result without dictating the means of achieving that result. Whereas ‘Regulation’ are self executing and don’t require any implementation measures. Article 288 of the Treaty on the functioning of the European Union (TFEU; Rome Treaty effective since 1958).


across EU on the issue related to the directives. Two directives require special attention that is the Satellite directives and Ecommerce directives.

No directives except the Satellite directive provides the choice of law provision in case of cross border transmission of the copyright material. The main feature of the Satellite and Cable directives is that, subject to certain exception, the relevant law governing the act of communication to the public is that of the Member State where the programme carrying signals are introduced into an uninterrupted chain of communication leading to the satellite and down towards the earth.\(^{90}\) Member States are required to provide an exclusive right to the author to authorise satellite transmission.\(^ {91}\) With regard to cable retransmission rights, the directive provides that copyright and related rights holders have the right to authorise (through collecting society) retransmission of broadcasts.

The European Union E-commerce Directive adopts the definition of “Information Society Service” under Article 1.2 of Directive 98/34/EC to refer to ISPs and addresses the civil and criminal liabilities of ISPs acting as intermediaries.\(^ {92}\) The Directive provides that ISPs will not be held liable in any field of law in which an application of strict liability would impair the expansion of electronic commerce within the EU. Due to its horizontal approach it applies not only to copyright law but also to other areas of law such as defamation and obscenity.\(^ {93}\) Although, a number of secondary liability cases have been decided under the specific provisions of Article 12-14 of the Directive, there seem to be no clearly labelled secondary liability theories to ISPs under the EU case law. Based on the Directive, an ISP is exempt from liability when it serves as a “mere conduit” (Article 12) or provides “temporary caching” (Article 13) for the sole purpose of making the transmission of content more efficient, is of a mere technical, automatic, and passive nature, and when the ISP has neither

\(^{90}\) Satellite Directives, Article 1(2)(b): “The act of communication to the public by satellite occurs solely in the member state where, under the control and responsibility of the broadcasting organization, the programme carrying signals are introduced into an uninterrupted chain of communication leading to the satellite and down towards the earth.”

\(^{91}\) id., Article 2.

\(^{92}\) Economic Directives, Preamble 40.

knowledge of nor control over the content being transmitted or stored. ISPs that provide content storage, i.e., “hosting services” (Article 14), are exempt from liability provided that they do not have “actual knowledge or awareness of facts or circumstances” of illegal activities and “expeditiously remove or disable” access to content upon receipt of such knowledge or awareness.\(^{94}\) Although Article 15 of the Directive prevents member states from imposing a “general duty to monitor,” it does not prevent courts or administrative authorities of member states from imposing a monitoring obligation in a specific, defined individual case.\(^{95}\)

5.4.1. Choice of law in European Union

5.4.1.1. Contractual issues: Rome I Regulation

Rome Regulation (‘Rome I’)\(^{96}\) is a landmark achievement in the case of uniformity in choice of law in case of contractual matters. The Regulation leads to the application of any law, even if it is not the law of a Member State. The applicable law in particular governs the interpretation of the contract, the performance of the contractual obligations, the various way of extinguishing these obligations and the issue of prescription and limitation of actions. It also governs the consequence of any breach of a contractual obligation, but will be done within the limits of the powers conferred in the court by its procedural law.

Before Rome I Regulation, the Rome Convention on Law of Obligation was applicable; it dealt with cases of contracts made after 1\(^{st}\) April 1991, but before 17\(^{th}\) December 2009.\(^{97}\) From 17\(^{th}\) December, 2009, the Rome I came into existence. Rome I contains in Article 3(1)\(^{98}\) provisions relating to freedom of parties to choose the law

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\(^{94}\) id., Article 14.

\(^{95}\) id., Article 15.


\(^{97}\) Before Rome Convention situation the traditional Common law choice of law rules were applicable.

\(^{98}\) Rome I., Article 3(1) “A contract shall be governed by the law chosen by the parties. The choice shall be made expressly or clearly demonstrated by the terms of the contract or the circumstances of the case.” By their choice the parties can select the law applicable to the whole or to part only of the contract. In Rome convention in the same given circumstances the requirement was “reasonable certainly” but in case of Rome I clarity has to be regarding the use of this term.
applicable to the contract. This is equally applicable to licence and assignment of copyright. Therefore, choice of any law will prevail in case of express choice. For this the applicable law does not need any connections. In the absence of any choice of law of the parties, Article 3 refers to the terms of the contract or the circumstances of the case. It should reflect clearly from that contract.

Article 3 retains the principle of Rome Convention 1980 i.e., depecage. However, the Regulation under Article 3(2) allows the parties to agree at any time to change the law applicable to the contract, as long as the formal validity of the contract and the rights of the third parties are not adversely affected by such change. However, this extensive autonomy is restricted by the specific provisions of Article 3(3), 3(4), 6(2), 8(1), overriding mandatory rules under Article 9 and public policy under Article 21.

**Absence of choice of law**

Article 4 deals with the cases where the choice of law is not selected by the parties. The Article 4(1) refers to the list of circumstances in which cases the habitual residence of the parties will decide the applicable law. However, these are not applicable to a copyright contractual case. Article 4(2) emphasise on the characteristic performance of the contract. It provides that where the contract is not covered by Article 4(1) or is governed by more than one point of Article 4(1), the applicable law shall be the law of the country where the party required affecting the

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99 Rome I., Article 3(2) “The parties may at any time agree to subject the contract to a law other than that which previously governed it, whether as a result of an earlier choice made under this Article or of other provisions of this Regulation. Any change in the law to be applied that is made after the conclusion of the contract shall not prejudice its formal validity under Article 11 or adversely affect the rights of third parties.”

100 Infra note

101 Infra note

102 Infra note

103 Infra note

104 Infra note

105 Infra note

106 id., Article 4(2): “Where the contract is not covered by paragraph 1 or where the elements of the contract would be covered by more than one of points (a) to (h) of paragraph 1, the contract shall be governed by the law of the country where the party required to effect the Characteristic performance of the contract has his habitual Residence.”
characteristic performance of the contract. However, Article 4(3)\textsuperscript{107} and (4)\textsuperscript{108} give more importance to the law of that country which has been reflected in the contract to be manifestly more closely connected with a country other than country with the characteristic performance of contract. When it is not possible to identify a single characteristic performance under Article 4(4), the law of the closely connected country shall be taken into consideration.

**Limitations**

The Regulation provides the following limitations to the application of above principles.

**Article 3(3)\textsuperscript{109}** :- the Rome I Regulation makes it clear that the in choice of law in case of contractual issue where all other elements refers to the country other than the country whose law has been chosen, than the choice of law shall not derogate that other law.

**Article 3(4)\textsuperscript{110}** :- this Article is related to the community rights\textsuperscript{111} of European countries.

**Article 6\textsuperscript{112}** :- in this case the provisions of the law of the consumer’s habitual residence that cannot be derogated form by contract will be added to the law chosen by the parties, and in the absence of a choice by the parties the law of the consumer’s habitual residence will apply. Apart from contracts for the supply of services that are supplied in another country than the one in which the consumer has his habitual

\textsuperscript{107} id., Article 4(3): “Where it is clear from all the circumstances of the case that the contract is manifestly more closely connected with a country other than that indicated in paragraphs 1 or 2, the law of that other country shall apply.”

\textsuperscript{108} id., Article 4(4): “Where the law applicable cannot be determined pursuant to paragraphs 1 or 2, the contract shall be governed by the law of the country with which it is most closely connected.”

\textsuperscript{109} id., Article 3(3): “Where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.”

\textsuperscript{110} id., Article 3(4): “Where all other elements relevant to the situation at the time of the choice are located in one or more Member States, the parties’ choice of applicable law other than that of a Member State shall not prejudice the application of provisions of Community law, where appropriate as implemented in the Member State of the forum, which cannot be derogated from by agreement.”

\textsuperscript{111} Trademark law and Patent laws are the community rights in EU.

\textsuperscript{112} For the purpose of Regulation, the consumer is a natural person who concludes a contract for a purpose outside his trade or profession with a person acting in exercise of his trade or profession.
residence, contracts with an intellectual property element to them will not escape the application of Article 6 if they meet the requirements set out in the Article.\textsuperscript{113}

\textbf{Article 8\textsuperscript{114}}:– the employee is always given the benefit of those rules that cannot be contracted out of, of the place where he habitually carries out his work, or failing that the law of the place from which the employees habitually carries out his work. Temporary employment in another country is to be disregarded. In the situation where he does not habitually carry out his duties in one country, reference is made to the place of business through which the employee was engaged. There is again an escape clause in case there is a closer connection with another country, in which case the law of that later country will apply.

This provision is applicable in case of copyright issue of employees as there is difference of law relating to “work on hire” system of contract.

\textbf{Article 9\textsuperscript{115}}: - this article provides that nothing shall restrict the court of the forum in applying its own overriding mandatory provisions.

\begin{itemize}
\item{}\textsuperscript{113} Fawcett and Torremans, Intellectual property and private international law, 2\textsuperscript{nd} ed. (Oxford: Oxford publication, 2011), p.784.
\item{}\textsuperscript{114} Rome I, Article 8. 1. “An individual employment contract shall be governed by the law chosen by the parties in accordance with Article 3. Such a choice of law may not, however, have the result of depriving the employee of the protection afforded to him by provisions that cannot be derogated from by agreement under the law that, in the absence of choice, would have been applicable pursuant to paragraphs 2, 3 and 4 of this Article.
\item{}2. To the extent that the law applicable to the individual employment contract has not been chosen by the parties, the contract shall be governed by the law of the country in which or, failing that, from which the employee habitually carries out his work in performance of the contract. The country where the work is habitually carried out shall not be deemed to have changed if he is temporarily employed in another country.
\item{}3. Where the law applicable cannot be determined pursuant to paragraph 2, the contract shall be governed by the law of the country where the place of business through which the employee was engaged is situated.
\item{}4. Where it appears from the circumstances as a whole that the contract is more closely connected with a country other than that indicated in paragraphs 2 or 3, the law of that other country shall apply.”
\item{}\textsuperscript{115} id., Article 9(1). “Overriding mandatory provisions are provisions the respect for which is regarded as crucial by a country for safeguarding its public interests, such as its political, social or economic organisation, to such an extent that they are applicable to any situation falling within their scope, irrespective of the law otherwise applicable to the contract under this Regulation.
\item{}2. Nothing in this Regulation shall restrict the application of the overriding mandatory provisions of the law of the forum.
\item{}3. Effect may be given to the overriding mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful. In considering whether to give effect to those provisions, regard shall be had to their nature and purpose and to the consequences of their application or non-application.”
\end{itemize}
Article 9(3) is relevant in the copyright context. Various national copyright laws have provisions on minimum guaranteed equitable remuneration for authors irrespective of the contract. The applicable law and the law of the forum may not contain these provisions, but under Article 9(3) these equitable remuneration provisions in the laws of number of countries where the contracts obligations are to be performed may have to be considered by the court in the forum.

**Rome II Regulation on Non Contractual obligation**

The Rome II Regulation on Non Contractual Obligation\(^1\) (“Rome II”) introduces a new set of principles of choice of law rules for non contractual obligation that applies to all cases, irrespective of the applicable law.\(^2\) This Regulation was published on 31 July 2007 and entered into force on 20\(^{th}\) August 2007. However according to Article 31 this regulation shall apply to events giving rise to damage which occur after the Regulation coming into force. Article 32 provides that this regulation shall apply from 11 January 2009, except for Article 29. Therefore, before this date of enforcement the issue of choice of law are to be dealt with the old national laws.\(^3\) The Regulation under Article 3 lays down the territorial scope by laying down that any law specified by this Regulation will be applied irrespective of whether the law applicable is of a member state or not.\(^4\) Further the substantial scope is laid down in the article 1 and 2. Accordingly regulation shall apply in a situation involving a conflict of laws, to non contractual obligations in civil and commercial matters. It shall not apply, in particular, to revenue, to customs or administrative matters, or to the liability of the state for acts and omissions in the exercise of state authority.\(^5\)

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\(^4\) Rome II., Article 3 “any law specified by this Regulation shall be applied whether or not it is the law of a member state.”

\(^5\) Kramer, *Supra* note 118, p. 415
Under article 8\textsuperscript{121} of the Regulation lays down the rule of choice of law for infringement of intellectual property rights. Recital 26\textsuperscript{122} of the Regulation contain the concept of intellectual property such as copyright, related rights, the sui generis right for the protection of database and industrial property rights.

The European Union had an opportunity to lay down the choice of rule for ubiquitous infringement of copyright. But the Regulation under Article 8 showed its desirability to adopt the lex loci protectionis principle i.e., the law of the country for which the protection is sought, for the infringement of IPR. Article 15 sets out the scope of the law applicable under Article 8. Accordingly the lex protectionis law will also decide the issue of (a) the basis and extent of liability, including the determination of persons who may held liable for act performed by them, (b) the grounds of exemption from liability, any limitation of liability and any division of liability, (c) the existence, the nature and the assessment of damage or the remedy claimed, (d) within the limits of powers conferred on the court by its procedural law, the measures which the court may take to prevent or terminate injury or damage or to ensure the provision of compensation, (e) The question whether a right to claim damages or a remedy may be transferred, including by inheritance, (f) Persons entitled to compensation for damage sustained personally, (g) Liability for the act of another person, (h) the manner in which an obligation may be extinguished and rules of prescription and limitation, including rules to the commencement, interruption and suspension of period of prescription or limitation.

Following this it means that in case of copyright related issue the regulation’s \textit{lex protectionis} rule will decide what law will amount to an infringement of an intellectual property right, which exemptions and limitations are available, who is

\textsuperscript{121} Rome II., Article 8 (1) “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 claimed. (2) In the case of a non contractual obligation arising from an infringement of a unitary community intellectual property right, the law applicable shall, for any question that is not governed by the relevant community instrument, be the law of the country in which the act of infringement was committed. (3) The law applicable under this article may not derogate from by an agreement pursuant to article 14.”

\textsuperscript{122} \textit{id.}, Recital 26 “ for the purpose of this Regulation , the term ‘intellectual property rights’ should be interpreted as meaning , for instance, copyright, related rights , the sui generis rights for the protection of database and industrial property rights.”
seen as a infringer, when will damage exist for which compensation is due and what kind of damage is acceptable, which remedies are available and what is their scope, who is entities to compensation etc.

Article 8(2) of the Regulation lays down the rule for the unitary community intellectual property rights such as Community trade mark, community Design rights and the community plant variety regulations. The directives that deal with intellectual property rights are different in nature and do not give rise to community intellectual property rights.

Article 23 of regulation provides that the habitual residence of companies and other bodies, corporate or unincorporated, shall be the central administration, in conformity with the Rome convention. Where the event giving rise to the damage occurs, or the damage arises, in the course of operation of a branch, agency or any other establishment, the place where this branch, agency or establishment is located shall be treated as the place of habitual residence. The habitual residence of a natural person acting in the course of his or her business activity shall be his or her principle place of business.

5.5. UK APPLICABLE LAW

5.5.1. International convention


5.5.2. National legislation on Copyright

a. Subject matter of protection

Copyright, Design and Patent Act, 1988 ("CDPA") is the main Act in regard to copyright protection. Traditional works associated with copyright protection namely literary, dramatic, musical and artistic works (Section 1(1) (a)) are protected
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under CDPA. Literary work has been extended to include computer programme by virtue of European harmonisation Directive on the legal protection of computer programme.\textsuperscript{123}

b. Originality

Copyright subsists in original literary work whether it is published or unpublished provided that the work is recorded in some way. A work does not have to be registered in UK before it receives copyright protection.

c. Foreign copyright

As per Section 153 the protection does not subsist in a work unless the qualification requirements are satisfied with regard to the author, or the country in which the work was first published, or in the case of a broadcast or cable programme, the country from which the broadcast is made or the cable programme was sent. The qualification requirement is that if author is a British citizen, a British national, a British protected person, an individual domiciled with UK or a country in which copyright protection extend, an individual resident within UK or a country to which the copyright protection extend, or an individual who is a citizen or subject of, or is resident or domiciled in, a country to which the CDPA applied (Section 153). In case of joint authorship Section 154(3) required that at the material time any of the authors satisfies the requirement of Section 154(1). If one of the authors is a British citizen, an individual domiciled or resident in UK or a body incorporated under the law of the parts of UK. If the CDPA has been applied to other countries and one of the joint authors is a citizen of that country, the work will qualify for copyright protection. However, proviso to Section 153(3) says that where the work qualifies for copyright protection under this Section in that the non qualifying person will not have rights under CDPA. Only the author who is qualifying person is to be taken into account for purpose of Section 11(1), 12(1), and (2) of CDPA. Therefore the term of protection of copyright will be measured by the life of author who is the qualifying person and not by the life of non qualifying author, even if the none qualifying live longer. The work will qualify for copyright protection if publication takes place first in the UK or in

\textsuperscript{123} 91/250/EEC, OJ[1991] L122/42 amending section 3(2) of the CDPA.
another country to which part I of CDPA has been extended.\textsuperscript{124} Work has to be published within 30 days of the first publication in qualifying country for protection. CDPA extends it to member countries of Berne convention, UCC member countries.

Under Section 11 of CDPA, the author of literary, dramatic, musical or artistic work or a film is the first owner of any copyright in it, except where it has been made by an employee in course of employment. Section 154 provides that a work qualifies for copyright protection if the author was at the material time a qualifying person.

d. Initial Ownership

First ownership of copyright belongs to the author, except “where a literary, dramatic, musical or artistic work, or a film, is made by an employee in the course of his employment,” then the “employer is the first owner of any copyright in the work,” unless there is an “agreement to the contrary.”\textsuperscript{125} The law contains several special ownership provisions for anonymous works, entrepreneurial works (sound recordings, film, broadcasts and typographical arrangements), and computer generated literary, dramatic, music, or artistic works.\textsuperscript{126} The copyrights in commissioned works by independent contractors may vest fully in the commissioning party where an agreement pre-exists that assigns the ownership in the future work. For these works, ownership will vest initially in the party who initiates and directs the creation of the work, without regard to any distinction between employees and independent contractors as the supervised creators of the work.\textsuperscript{127}

e. Duration of Copyright Protection

Generally, for literary, dramatic, musical or artistic works copyright lasts for the life of the author plus 70 years. However, in the case of computer generated literary, dramatic, musical, or artistic works copyright expires at the end of 50 years from the end of the calendar year in which the work was made.\textsuperscript{128} In case of sound recordings copyright expires at the end of the period of 50 years from the end of the

\begin{itemize}
\item \textsuperscript{124} Section 155(1)(b)
\item \textsuperscript{125} CDPA., Section 11
\item \textsuperscript{126} \textit{id.}, Section 9
\item \textsuperscript{127} \textit{id.}, Section 9(2)
\item \textsuperscript{128} \textit{id.}, Section 12
\end{itemize}
calendar year in which the recording was made. If published, or made available to the public by being played in public or communicated to the public during that period, 50 years from the end of the calendar year in which it is first published. Crown Copyright: Copyright in a literary, dramatic, musical, or artistic work subsists until 125 years from the end of the calendar year in which the work was made, or if published commercially within the first 75 years of the 125 year term then the copyright lasts 50 years from when it was first published.\textsuperscript{129} Parliamentary Copyright: Parliamentary copyright applies where a work is made by or under the direction or control of the House of Commons or House of Lords and qualifies for copyright protection. The duration of parliamentary copyright in a literary, dramatic, musical, or artistic work lasts 50 years from the end of the calendar year in which the work was made.\textsuperscript{130}

f. Infringement

Section 16(2) of the CDPA states that copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright. According to Section 27(3), an article is an infringing copy if its making constituted an infringement of the copyright in the work in question. An article is also an infringing copy if it has been or is proposed to be imported into the United Kingdom and its making in the United Kingdom would have constituted an infringement of the copyright in the work in question, or a breach of an exclusive licence agreement relating to that work. Therefore, it is illegal to import copies of protected material into the UK, which if a person had made the copy in the UK, would have amounted to a copyright infringement. Copyrights are territorial. They can be infringed only in the territory which grants them. If a work is protected under British copyright law, and is infringed in the UK by a person domiciled in the UK, British courts will decide about the case, applying British copyright.

Further, for the ISP liability, following the Directive of European Union, the UK enacted the law i.e., Electronic Commerce (EC Directive) Regulations 2002. The

\textsuperscript{129} id., Section 163
\textsuperscript{130} id., Section 165
regulation among other things enacts the provision relating to safe harbor defences for “information society service “providers. The Regulation 17 indemnifies information service society providers from transmission or access to communication networks if it did not initiate the transmission, did not select the receiver of the transmission and did not select or modifies the information contained in the transmission. Further, the regulation indemnifies information society service providers for storing information pursuant to automatic, intermediate and temporary process for the sole purpose of making onward transmissions more efficiently. 131 The requirement of the regulation is that service provider should not modify the information, complies with conditions for access to the information, and doesn’t interfere with technology used to obtain data on the use of the information. 132 Most importantly, the regulation indemnifies the ISS from storage of information if it does not have actual knowledge of unlawful activity or information. 133 To avoid vicarious liability the subscriber for the service provider must not be acting under the authority or control of the service provider. 134

Following the Regulation rules the court in the landmark judgment of Twentieth Century Fox Film Corp. v. Newzbin Ltd., 135 the court found the defendant Newzbin.com, a subscription only search service that indexes Usenet content and categories them into films, software, music and so on, to be liable for authorising its user’s infringement. Court found that categorisation were carried out by editors who were encouraged to do so by the defendant, and the defendant also offered facilities to simplify the download of files by its users. Court took into consideration the defendant and the primary infringer, the equipment or other material supplied and whether it is inevitable it would be used to infringe, the degree of control which the defendant retains and whether he has taken any steps to prevent infringement. The court held that the defendant had sanctioned and approved the copying of the claimants’ films, therefore liable for copyright infringement. 136

132 id., Regulation 18(b)(v).
133 id., Regulation 19.
134 id., Regulation 19(b).
136 id., at 102
5.5.3. Private International Law principle

a. Contractual transfer

Before 1990, for contractual matters English court applied the proper law of contract. From 1990, the Rome convention was enacted into English domestic law by Contracts (Applicable law) Act, 1990 (“CA”). The Act applies to contracts made after April 1, 1991. \(^\text{137}\) Rome convention was applicable for contractual obligation relating to IP rights. \(^\text{138}\) The basic principle is that the parties are allowed to have their choice of law applicable to the contract. If not, then the Court has to identify the system of law with which the contract has the closest connection. \(^\text{139}\) The Convention provided various presumptions in Article 4(2) of the Convention to decide the law to which the contract is the closest connection. Convention set up the connection with the country where the party responsible for the “performance which is the characteristic of the contract” has his habitual residence, central administration or place of business. \(^\text{140}\) Further, the convention decides the formal validity of the contract according to the law of the place where it was made. \(^\text{141}\) For material validity of the contract the convention advocates the applicable proper law of contract. \(^\text{142}\)

b. Copyright infringement

The CDPA does not contain the conflict of laws provisions. For that the Court for a long time till the introduction of Private International Law (Miscellaneous Provisions) Act (‘PIL’) set up the principle of choice of law. Until 1995, copyright infringement was ruled by the choice law provision of torts. The principle of tort was also known by the “double action ability”. This principle was formulated in the case of Phillips v. Eyre. \(^\text{143}\) According to this principle,

“an act done in a foreign country is a tort and actionable as such in England, only if it is both (a) actionable as a tort according to English

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\(^\text{138}\) *id.*, at 423

\(^\text{139}\) *id.*

\(^\text{140}\) *id.*, Article 4(2)

\(^\text{141}\) *id.*, Article 9

\(^\text{142}\) *id.*, Article 8

\(^\text{143}\) (1870) 6 L.R.Q.B. 1(Exch.)
law, or in other words is an act which, if done, in England, would be a tort; \textit{and} (b) actionable according to the law of the foreign country where it was done.”\textsuperscript{144}

This principle reduced choice-of-law questions to jurisdiction questions by eliminating jurisdiction where there is a difference in law. In copyright law, the principle of double action ability, together with the strictly territorial character of intellectual property rights, has resulted in a general tendency among British courts to apply domestic law. In the case of \textit{Def Lepp Music v. Stuart-Brown},\textsuperscript{145} the Chancery Division of the High Court considered an alleged infringement of a British copyright by acts committed in Luxembourg and the Netherlands. The court found the case in favour of the defendants. In declining to award damages, the court merged the questions of jurisdiction and choice of law instead of following the fundamental conflict of laws two step analysis discussed earlier. Instead, the court first considered the question of applicability of the British Copyright Act and held that the territorial nature of the Act resulted in its application only within Britain. Furthermore, the judges stressed that only infringement committed in Britain would be actionable under the Act. As a consequence, the court proceeded to the issue of jurisdiction and stated, acts done outside the United Kingdom cannot be the subject matter of an action for infringement in the English courts. On the issue of choice of law, the court referred to the principle of double action ability as defined in Dicey and Morris and held that it would generally give effect to the substantive law of England (\textit{lex fori}) as opposed to the law of the place where the act is committed (\textit{lex loci delicti}).

After the incorporation of Private International Law (Miscellaneous Provisions) Act 1995 new provisions were introduced by the act. By section 10\textsuperscript{146} of the PIL explicitly abolishes the double actionability rule. Instead, section 11(1)\textsuperscript{147} of

\textsuperscript{144} \textit{Id.}, \textsuperscript{145} (1986) R.P.C. 273 (Ch.) \textsuperscript{146} Private International (Miscellaneous Provisions) Act, 1995, c. 42, section 10 (U.K.). The provision reads as follows: “The rules of the common law, in so far as they—(a) require actionability under both the law of the forum and the law of another country for the purpose of determining whether a tort or delict is actionable . . . , are hereby abolished so far as they apply to any claim in tort or delict which is not excluded from the operation of this Part by section 13 below”.

\textsuperscript{147} \textit{Id.}, section 11(1). “The general rule is that the applicable law is the law of the country in which the events constituting the tort or delict in question occur . . . .”
the PIL provides for the general application of the lex loci delicti in torts. Nonetheless, several sections of the PIL limit the general application of lex loci delicti. While not dispositive, the case law seems to hint that these exception sections do not limit the general applicability of section 11(1) in copyright infringement cases.

Although British legislators stated that section 11(2) of the PIL did not apply to intellectual property infringement cases, some scholars still advocate its use in infringements covering multiple countries. In such a case, the judge would choose the law of the country in which the most significant element of infringement occurred. As is the case with the other two exception sections, English courts have yet to apply section 11(2) to cases involving intellectual property law.

The second exception is in Section 14 (4) of the PIL, which provides that it shall not modify-the rules of private international law that would otherwise be so applicable. The territorial nature of copyrights could trigger the application of this exception. In fact, due to the territorial limitation of substantive intellectual property rules (i.e. British copyright law only protects local copyrights against local copyright infringement), they could be interpreted as mandatory rules of the forum. Such mandatory rules of the forum are defined as rules of substantive law that are regarded as so important that as a matter of construction or policy they must apply in any action before a court of the forum, even where the issues are in principle governed by a foreign law selected by choice-of-law rule. As a result, British courts would always apply British copyright law. Mandatory rules of the forum most likely play a role in infringement cases.

In *Pearce v. Ove Arup Partnership Ltd.*, a British plaintiff sued several defendants, some domiciled in Britain and some in the Netherlands. The plaintiff claimed that defendants had infringed his British copyright on architectural drawings when they constructed a building in Rotterdam (The Netherlands). In dicta, the court indicated that PIL section 11(1) would have led to the application of the *lex loci delicti*, thus requiring application of Dutch law.

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149 [2000] Ch. 403 [AC 1999]
150 *id.*
151 *id.*
Now after the introduction of Rome II Regulation on the non contractual obligation effective to all European member countries requires a new law to decide the issue of infringement. In fact this regulation has been enacted after the ecommerce has developed so much.

5.6. FRANCE

France became very instrumental from the very beginning in international copyright conventions. It became party to Berne Convention in December 1887 and then joined UCC on 14 January, 1956. It became party to WTO on January 1, 1995. It adopted the WCT and WPPT internet treaties in recent March 14, 2010.

5.6.1. National Legislation

France Intellectual Property Code, 1992\(^{152}\) (‘IP Code’) contains the substantial provisions relating to copyright and neighbouring rights. The criterion for protection of a work under French copyright law is that it is a work of the mind as per Article L112-1. Hence, there must be a human intellectual contribution to the work. A list of types of work which are protected is given in Article 112-2.

a. Initial ownership

The term "author" is used to designate the original creator(s) of any type of protected work, e.g., the artist, photographer, director, architect, etc. Where the author cannot be identified, e.g., for anonymous works and collective works, the copyright is exercised by the original publisher. Under the French law, only natural persons who created works may be considered authors. Further the law states that all the rights of a work vest in the creator or author of the work, regardless of any contract for hire or service by the author.\(^{153}\) This applies equally to the works of employees and commissioned authors. French Courts primarily abide by Article L111-1 and refuse to

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\(^{153}\) id., Article L 111-1, “The author of a work of the mind shall enjoy in that work, by the mere fact of its creation, an exclusive incorporeal property right which shall be enforceable against all persons. This right shall include attributes of an intellectual and moral nature as well as attributes of an economic nature, as determined by Books I and III of this Code. The existence or conclusion of a contract for hire or of service by the author of a work of the mind shall in no way derogate from the enjoyment of the right afforded by the first paragraph above.
imply transfers of ownership to employers or commissioning parties absent real evidence of such transfers contained in an employment or commissioning agreement. Thus, generally speaking, French law disallows employers or commissioning parties from claiming ownership of works made for hire. However, the law also contains a number of loopholes to this rule. One such loophole rests in the category of collective works. When several authors make inseparable contributions to a work, and a separate principal initiates and directs the process and takes responsibility for publishing the overall product, the principal takes all the ownership rights in the work. This operates not as a transfer of rights from the individual authors, but a direct vesting of rights in the principal. Audiovisual works are also subject to specific statutory provisions. Under Article L113-7 of the IP Code, audiovisual works are the joint productions of several co-authors. However, Article L132-24 creates a presumption in opposition to the general rule of Article L111-1 of a transfer from these co-authors to the producer of the work. In case of database or computer software protection, the IP Code recognise the employer as the exclusive copyright owner of the work.\[154\]

\[b. \quad \textbf{Assignment of copyright}\]

French law does not distinguish between assignment and license of copyright and therefore only provides the provision for assignment of copyright from Article L131-1 to Article L131-8. Article L131-2 requires the contract for performance, publication and audiovisual production to be in written form. The contract should define the scope and purpose of the authorisation, duration and scope of the assignment. Global assignments of future works under Article L131-1 are void.

\[c. \quad \textbf{Duration of Copyright}\]

The general rule is that the proprietary rights of the author remains for 70 years after his or her death,\[155\] or for 100 years after the author's death if the author is declared to have died on active service.\[156\] For the purpose of calculating the years of protection the author is deemed to have died on 31 December of the year of death. For collaborative works where more than one author is involved, the date of death of the last collaborator serves as the reference point for the 70 year post mortem

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\[154\] Ibid., Article L113-9
\[155\] \textit{id.}, Article L123-1
\[156\] \textit{id.}, Article L123-1
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Audiovisual works are treated similarly, although the list of collaborators is defined by the law: scriptwriter, lyricist, composer, director. In case of pseudonymous, anonymous or collective works the proprietary rights last for 70 years after the date of publication. For phonographic works the rights is fixed for 50 years after the date of recording. In addition, posthumous works are copyrighted 25 years from the year of publication.

d. Infringement

Unauthorised reproduction of copyrighted work of author calls for the infringement part of the IP Code. The infringement remedies and procedure part is explained in L331-1 onward in Title III Procedure and sanction part of the IP Code. The chapter II contains the procedure of seizure of the copies which are unlawful reproduction of works. This part is equally applicable to computer related to copyright infringement. To deal with the ISP liability in the copyright related issue in 2006, the French government adopted the DADVSI law which implemented Directives of 2001/29/EC of European Union. The DADVSI had provisions (Article L335-12 of the IP Code) that oblige subscribers to monitor their accounts to ensure that file sharing occurred. However, French Constitutional counsel struck down the provisions as unconstititutional decision dated 2006 -540 De, 27 July 2006. To deal with the problem of file sharing the legislator enacted HADOPI law adopted on 22 October 2009. The law allows that on receipt of the complaint of the copyright infringement, HADOPI may involve a three strike down procedure. Under this procedure first, an email message is sent to the offending internet access subscriber, derived from the ip address involved in the claim. The email specifies the time of the claim but neither the object of the claim nor the identity of the claimant. The ISP is then required to monitor the subject internet connection. In addition, the internet access subscriber is invited to install a filter on her internet connection. If, in the 6 months following the first step, a repeat offense is suspected by the copyright holder, their representative, the ISP or HADOPI, the second step of the procedure is invoked.

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157 id., Article L123-2
158 id., Article 123-3
159 Eben Duah, ‘Online copyright infringement provisions within UK’s Digital Economy Act’, 2010 – Are Internet service providers legally responsible for their subscribers?”; available at ( )
Under this a certified letter is sent to the offending internet access subscriber with similar content to the originating email message. In the event that the offender fails to comply during the year following the reception of the certified letter, and upon accusation of repeated offenses by the copyright holder, a representative, the ISP or HADOPI, the third step of the procedure is invoked.

Under the third step, the ISP is required to suspend internet access for the offending internet connection, that which is the subject of the claim, for a specified period of from two months to one year. The internet access subscriber is blacklisted and other ISPs are prohibited from providing an internet connection to the blacklisted subscriber. The service suspension does not, however, interrupt billing, and the offending subscriber is liable to meet any charges or costs resulting from the service termination.

5.6.2. Private International Law Principle

a. Initial ownership

Due to the territorial nature of copyright protection, protection in France was limited to works published in France by French author. French gradually expanded this approach to works by foreign authors and infringement in foreign territories. The court in the France has different choice of law provision for initial ownership and copyright infringement.

In France moral rights are inalienable. The French Court de Cassation has the stand that the question of authorship status for the purpose of having standing to assert moral rights is governed directly by the French law. In case of Huston v. La Cinq, the US screenwriter, and the heirs of John Huston, co-creator of the film Asphalt Jungle, sued Turner Entertainment Company, the producer of the film, when it released a colorized version of Asphalt Jungle. The central question before the Cour de cassation concerned not the substance of the moral rights claim, but plaintiff entitlement to invoke it. Under French law, the moral right to preserve a work’s artistic integrity is an incident of “authorship”. Upon creating the work, and regardless

of their employment status, authors are invested with exclusive moral rights and economic rights. Under the US law “works made for hire” doctrine, by contrast, employees, or in many circumstances, commissioned creators who participate in the elaboration of a motion picture are not considered “author”; the films’ producer is deemed the “author”.

So the major question before the Court was as to what law determines who is the “author” of the film? The court in this case held that “in France, no violation may be made of the integrity of a literary and artistic work, whatever the territory on which the work was first disclosed”, and that under French copyright law, “the person who is author of the work from the sole fact of the work’s creation is invested with moral rights which are established for his benefit”. Thus the only relevant to determine the authorship status in France is the French law. Accordingly, moral rights vested in Huston and Huston's heirs could enjoin further distribution of the colorized film.

In 1960, the Cour de Cassation (Court) in its Iron Curtain decision dealt with the issue of origin issue of copyright work. Court applying French law to the distribution in France of a film accompanied by musical work by various Russian composers without their authorisation, while pointing out that the claimants derived the exclusive right from the legislation of the Soviet Union i.e., the origin of the disputed work. It granted recognition to a work copyrighted under the law of the Soviet Union indicating the lex origin rule for the ownership issue. However, penalties for infringement were assessed according to French law. It was established that once valid copyright is established, right holders will be afforded the fullest protection available, typically the protection accorded under the I.P. Code.

b. Copyright infringement

Gradual refinement in the territorial approach of the copyright began in the beginning of 20th century. In the beginning of 20th century France copyright law responded to the principle of reciprocity. A work of copyright protection of foreign

work is to be protected in France, if the French work is protected in that country. In 1957, the French Cour de Cassation rendered a landmark decision extending French protection to a foreign copyright held by foreign national.\(^{162}\) The case was related to a Russian copyright that was infringed in France by Fox-USA and Fox-Europe. The court held that the Russian authors could receive damages based on French law. It emphasized that foreigners generally enjoy the same individual rights (droits privés) as domestic copyright holders, unless application to foreigners is explicitly excluded. As a result, the court applied French law to the infringement of the Russian copyright in France.\(^{163}\)

In the Fox decision French court applied its own law to resolve the issue of cross border nature without determining the choice of law principle. In the absence of clear cut discussion the French jurist interpreted this approach as pointing towards lex fori or lex loci delicti. French court got another opportunity to rectify it in the case of Sisro.\(^{164}\) In this case the Cour de Cassation upheld the application of foreign laws to infringements committed abroad and French law to infringements committed in France. By upholding this judgment, the Cour de Cassation adopted a *lex loci Protectinis* i.e., the law of the place of the wrong approach based on Article 5(2) of the Berne Convention.\(^{165}\)

In the recent case of *SAIF v. Google*\(^{166}\), SAIF not satisfy with the lower court’s decision to exonerate Google under U.S. law, therefore it appealed the decision of the Paris Civil Court of First Instance to the Paris Court of Appeal. On January 26, 2011, the Court of Appeal issued its decision. The Court of Appeal began with the same choice of law analysis conducted by the lower court, but reversed the Civil Court’s application of U.S. law based on a divergent interpretation of Article 5.2 of the Berne Convention. Contrary to the Civil Court, the Court of Appeal interpreted the Berne Convention to require application of the law of the place where the alleged harm was


\(^{164}\) Court of Cassation, 5 March, 2002, JCP 2002 II, Nr. 10082


sustained. In this case, the Court reasoned that the alleged harm was sustained in France when users accessed the Google search engine through the <www.google.fr> and <www.images.google.fr> websites. With the harm sustained in France, held the Court of Appeal, French law should apply. Even under French law, however, the Court of Appeal still rejected SAIF’s claims and ruled in favour of Google, finding that Google’s search engine qualifies as a neutral intermediary. Thus Google is not liable for copyright infringement under the Law on Confidence in the Digital Economy (Loi sur la Confiance dans l’Economie Numérique, or “LCEN”), which governs internet actors absent a more specific statute. The Court based its decision on the fact that Google’s search engine uses automated and neutral “robot explorers” to locate and download images. The Court of Appeal also found Google’s reproduction of the thumbnail images of the copyrighted works necessary to support Google’s public search service and held that this transient reproduction of copyrighted images was justified by the public benefit it provided. Thus, even under the laws of France, Google’s use of copyrighted images to convey information to its users was found to be exempt from copyright infringement liability. Finally it reasoned that since the servers enabling access to www.google.fr were located in California and the technology was owned by Google Inc., the US Copyright law will be applicable.

c. Contractual transfer

France is party to Rome Convention on Contractual obligation of 1980 and currently the Rome I Regulation on contractual Obligation. Therefore, as per Article 3(1) of the Rome Convention it allows the party autonomy to prevail in selecting the choice of law to govern the contract issues. In absence of explicit choice of law on their part, then the judge has to take applicable law in accordance with general spirit of the agreement and circumstance of the case.\(^\text{167}\)

5.7. GERMAN

5.7.1. International Convention

Accession of German Democratic Republic to Federal Republic of Germany became effective on October 3, 1990 in accordance with the German Unification treaty on August 31, 1990. German Democratic Republic ceased from that date to be a

\(^{167}\) Information available at <http://ec.europa.eu/civiljustice/applicable_law/applicable_law_fra_en.htm#II.1> [accessed on 01.07.2011].
sovereign State. Previously German Democratic Republic had become party to Paris Act of Berne Convention for the protection of literary and Artistic work on Feb. 18, 1978, but ceased on October 3, 1990. German Democratic Republic was also party to Universal Copyright Convention, Geneva text on Oct. 5, 1973. Finally, after accession Germany become party to WTO on 1st January, 1995.\textsuperscript{168} German also ratified the WIPO Copyright treaty and WPPT on December 14, 2009, which came into effect on March 14, 2010.\textsuperscript{169}

5.7.2. National Copyright laws

German Law on Copyright and Neighbouring Rights, (Copyright Law) 1965\textsuperscript{170} is the law which lays down rules of initial ownership, assignment, copyright infringement, and duration of copyright protection. According to the Law, the works that are “personal intellectual creations” shall be afforded copyright protection.\textsuperscript{171} The Law does not laid down any formal requirements for copyright protection.

a. Initial ownership

The person who creates the work is the author and enjoys the copyright in the work.\textsuperscript{172} In case of joint authorship Section 8 lays down the following rules that if several persons have created a work jointly, and their respective contributions cannot be separately exploited, they are the joint authors of the work. The right of publication and exploitation of the work shall belong jointly to the co authors. However, a joint author may not unreasonably refuse his consent to the publication, exploitation, or alteration of the work.\textsuperscript{173}

The statute does not specify any concept of “work made for hire” containing legal consequences for the initial ownership of the copyright. However, the statute

\begin{itemize}
\item \textsuperscript{168} Information available at \url{http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm} [accessed on 31.08.2011].
\item \textsuperscript{169} Information available at \url{http://www.wipo.int/treaties/en/ShowResults.jsp?search_what=C&country_id=45C} [accessed on 11.08.2011].
\item \textsuperscript{170} German Law on Copyright and Neighbouring Rights, available at \url{http://www.wipo.int/wipolex/en/text.jsp?file_id=126255} [accessed on 31.08.2011].
\item \textsuperscript{171} \textit{id.}, Section 2(2).
\item \textsuperscript{172} \textit{id.}, Section 7.
\item \textsuperscript{173} \textit{id.}, Section 8.
\end{itemize}
does contain a presumption giving exclusive rights to the employer in the specified circumstances of computer programs.\textsuperscript{174}

b. Assignment or transfer of copyright

Copyright may be transferred by inheritance or testamentary disposition exclusively. The Copyright Law makes it explicit clear that the copyright shall not otherwise be transferable.\textsuperscript{175} However, the author may grant exploitation rights to another to use the work by means of an exclusive or non-exclusive license.\textsuperscript{176}

c. Duration

In general, for most works copyright lasts for the life of the author plus 70 years.\textsuperscript{177} In case of the works of joint authorship, the copyright lasts for the life of the last surviving author plus 70 years.\textsuperscript{178} In audiovisual works the copyright shall expire 70 years after the death of the longest living of the following persons: the principal director, the author of the screenplay, the author of the dialogues, the composer of the music composed for the work in question.\textsuperscript{179} In case of serial works, if the works published in parts, which are not self contained, the term of protection of each instalment shall be calculated separately from the time of its publication.\textsuperscript{180}

d. Subject matter

The German Copyright law protect the literary, scientific, artistic work which includes computer programs, music work, choreography work etc. which is an intellectual creation of individual or group. In case of a foreign copyright work, the Copyright Law protect the work if it is of German national irrespective of its place of publication. In case of joint work, the German copyright will be applicable, if one of the authors is a national of German.\textsuperscript{181}

\textsuperscript{174} \textit{id.}, Section 69(b):“where a computer programme is created by an employee in the execution of his duties or following the instruction given by the employer, the employer exclusively shall be entitle to exercise all the economic rights in the programme unless otherwise agreed.”

\textsuperscript{175} \textit{id.}, Section 28, 29.

\textsuperscript{176} \textit{id.}, Section 29(2), 31.

\textsuperscript{177} \textit{id.}, Section 64.

\textsuperscript{178} \textit{id.}, Section 65(1).

\textsuperscript{179} \textit{id.}, Section 65(2).

\textsuperscript{180} \textit{id.}, Section 67.

\textsuperscript{181} \textit{id.}, Section 120.
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A foreign work of a foreign author can get protection under the act provided if it is published in the territory of German within the 30 days of its publication in any other territory. Same rule is applicable in case of the work of translation. Foreign nationals are entitled to get protection under Section 12 to 14, even if not published in German. In case of stateless person, his habitual residence is important in deciding whether he will be entitled for the copyright protection in German. If they are habitual residence of German then German copyright law will be applicable. (Section 121, 122)

e. Infringement

In case of copyright infringement, by any person the injured party is required to bring an action for injunction relief requiring the wrongdoer to cease and desist the act of infringement and pay compensation, in case it is intentional or result of negligence.182

To deal with the indirect infringement, the EC Commerce Directives was incorporated into German law at Federal level by the Electronic Commerce Act (EGG-Elktronischer GEschaftsverkehrgeetz), which in turn modified the Teleservices act (Teledienstegesetz-TDG), at the level of the German Federal states (Bundeslander) by the interstate agreement on media services. Two laws have now been put together into the Telemedia act.

To frame the liability of the intermediaries, the Court in Germany applies the doctrine of “accessory liability” to all types of intermediaries. According to the doctrine, it is not only the wrongdoer himself and participants that can be subject to a claim for termination of and refraining from infringement, but also mere accessories who knowingly and casually contribute to the infringement of a third party’s right. However, because accessory liability must not be extended unreasonably to third parties who did not commit the infringement themselves, they may only be held liable if there was a violation of an obligation to examine. According to the Federal Court of Justice, once an intermediary obtains the knowledge of a clear infringement, the intermediary is obliged to remove the unlawful content and to take all technically feasible e and reasonable precautions to prevent future infringement. In other words,

182 id., Section 97.
subject to the requirements of reasonableness an examination obligation is initially activated as soon as the provider obtains notice of unlawful third party content.

In the case of Schoner Wetten the Federal court of justice has held that the liability exemption under the TMG will not be applicable to hyperlinks. As regard to the obligations to examine that rest on a person who place or perpetuates a hyperlink, the Federal court of justice further said that such obligations were subject to various factors like the knowledge of the person setting up the hyperlink, the circumstances indicating that the website serves unlawful purposes and the opportunities available to the person who sets up a hyperlink to reasonably notice the illegality of this activity. By setting up a hyperlink the defendant had knowingly and casually contributed to copyright infringements committed by the software producer.\(^\text{183}\)

5.7.3. Private international principles

a. Initial ownership and Copyright infringement

In the case of ‘casino affaire’ the German Federal Supreme court\(^\text{184}\) held that the law of the State where the protection is claimed does not only decide on the effect of the protection of copyright but also on the question who is the author and initial owner of a copyright in a film. Circle of persons who count as authors is small according to German law where it does not include the composer of the film music or the writer of the script who are considered as authors of pre-existing works. In the Federal Court of Justice, 02 October 1997, GRUR 1999, 152, court held that initial authorship of the copyright case will be decided by the application of lex protectionis principle. In the case of Joseph Beuys, BGHZ 126, 252 et sq. (June 16, 1997), the court held that all problems in the field of intangible property rights are governed by the Lex protectionis.

b. Scope and effect of copyright

The scope and effects of the copyright has to be decided in application of the State of protection. The claims which a person can make whose copyright has been


\(^{184}\) German, Federal Supreme Court of 02 October 1997, ‘Casino affaire’; MMR 1998/35
infringed have to be determined according to law of State where protection is sought.\textsuperscript{185} So in the case of copyright infringement the parties can’t choose the applicable law or make an agreement concerning the applicable law. The legal order which determine the scope of protection of intellectual property right is beyond the power of disposition of parties.\textsuperscript{186}

c. Contract

The question whether the rights granted by the copyright are transferable or not are to be decided by application of the principle that the law of that State will be relevant for this purpose which is applicable in the territory where protection is sought. It means that in the case of international copyright contract the national copyright law of the each State where protection is sought will applicable concerning the question whether the transaction is effective. In Germany parties may not by contractual stipulation deviate from particular rules established by national copyright. As German law view that the copyright is inseparable from individual creator of the work and his personality so that only the economic right may be transferred.\textsuperscript{187}

German conflict of laws rules are harmonised by the EC instruments.\textsuperscript{188} Germany is party to Rome convention on Contractual obligation since April 1, 1991. The convention allows the parties to agree on the application of certain copyright rules to their legal relations. According to Article 27, 28 EGBGB a contract is primarily subject to the law chosen by the parties. If the parties have reached an agreement concerning the applicable law, that will take priority. In case of ambiguity in agreement the assumption of an implied choice of law will be considered. Like, an agreement on a jurisdictional venue can be a (refutable) matter of circumstantial evidence indicating the choice of the effective substantive law in force where the

\textsuperscript{185} Germany, Federal Supreme Court of 02 October 1997, ‘Casino affaire’, MMR 1998/35; BGHZ 118/394 at 397, ‘ALF’; BGHZ 126/252 at 255

\textsuperscript{186} id.

\textsuperscript{187} German Copyright Law, Article 29 “The copyright may be transferred in execution of a disposition in a will or to joint heirs by means of reparation of inheritance; apart from these cases the copyright cannot be transferred.”

\textsuperscript{188} Like Brussels I Regulation on jurisdiction and enforcement of foreign judgment 2001, Germany is party to Rome Convention on contractual obligation. Now Rome Convention is the Governing law on contractual obligation.
court is located.\textsuperscript{189} German copyright law includes compulsory regulations in favor of the author that cannot be removed by a choice of law clause. These include regulations concerning inherent rights of the author, the principle that exploitation rights are only assigned for a particular purpose, the invalidity of granting rights of utilization according to Article 31(4) URHG, the author’s participation in an extraordinarily successful work section 36 URHG, as well as the right of recall for reasons of changed conviction Section 41 URHG. Furthermore, a choice of law clause does not apply to the act of transferring, which is the legal assessment of the assignment of utilization rights and the claims of a license holder.\textsuperscript{190} Even though it is possible for parties to choose the law applicable to their contractual relations there are a lot of fields which this choice of law will not apply to. Moreover, it is important to consider that the chosen law will only be decisive in terms of the contractual legal relations. Therefore, the chosen contract law statute will not apply to those legal questions frequently arising in tort law, instead these will be assessed according to the relevant tort law statute.

In case of no choice of law the applicable law is the one of the country which has the closest connection to the contract, Article 28 Para 1 EGBGB. But if there is a severable part of the contract having a closer connection with another country then this part may by way of exception be governed by the law of that other country.

However, after July 24, 2008 it is the Rome I Regulation relating to contractual obligation will be applicable as it has been converted to a regulation law of European Union to resolve the choice of law issue.

5.8. \textbf{BELGIUM}

5.8.1. \textbf{International convention}

Belgium is party to International Convention like Berne Convention on December 5, 1887, and Universal Copyright Convention on August 31, 1960. It became part of the WTO from the date of the opening of WTO i.e., 1 January, 1995. It became member of WIPO copyright Treaty and WPPT on 30August, 2006.

\textsuperscript{189} Prof. Dr. Thomas Hoeren, \textit{Internet Law}, p. 197-198, available at <www.temp03.com/pdf/voorwaarden.pdf> [accessed on 01.10.2011].

\textsuperscript{190} \textit{id.}
5.8.2. National legislation

Law of Copyright and Neighbouring Rights, 1994\textsuperscript{191} introduces the substantive law relating to copyright. The Act vests all rights in author to produce his work in any manner or form whatsoever.

a. Initial ownership

As per Section 6 of the Copyright law, the initial ownership of the copyright goes to the natural person who has created the work i.e., author. The publisher of the anonymous or pseudonymous work shall be deemed to be the author of the work in respect of other parties. The law does not recognise the work on hire concept in copyright. Therefore, initial ownership does not change and it remains with the author.

b. Duration of copyright

Copyright subsists for 70 years after the death of the author.\textsuperscript{192} In case of joint authorship copyright protection is available till 70 years from the death of last surviving joint author\textsuperscript{193}. The publisher of an anonymous or pseudonymous work shall be deemed to be the author of the work. Obliging the national treatment concept of copyright the Belgian copyright law allow the foreigner to avail copyright protection in Belgium. However the term of protection of foreign copyright owner shall not exceed the terms of protection of Belgium copyright law.\textsuperscript{194} In case the term ceases in their own country than can’t avail more terms of protection under Belgium copyright law.\textsuperscript{195}

c. Transfer

The copyright law allows the exploitation of economic rights.\textsuperscript{196} Therefore the law lays down that economic rights shall be moveable, assignable and transferable in whole or in parts in accordance with the provision of the Code.\textsuperscript{197} For that purpose it required the contract to be written clearly. However, as per Article 3(2) assignment of economic rights to future work shall be valid only for a limited period of time.

\textsuperscript{192} Ibid., Article 2(I).
\textsuperscript{193} Ibid., Article 2(ii)
\textsuperscript{194} Belgium Copyright Act, Article 79 of the
\textsuperscript{195} id
\textsuperscript{196} Article 3
\textsuperscript{197} id
5.8.3. Private international law

a. Copyright infringement and initial ownership

In 2004, the Belgian legislature passed a new law i.e., Code on Private International Law, codifying the lex protectionis approach to choice of law.\(^{198}\) The new statute, however, contains several exceptions to choice of law provisions which can be equally applicable to copyright infringement cases. Before the codification of private international law in Belgium, the conflict-of-laws approach in Belgium strongly resembled that in France. In fact, the Belgian Code Civil was based on the Code Napoleon, which underlies the current version of the French Code Civil.\(^{199}\) In both countries, Article 3 of the Code Civil was a key provision for private international law issues, but was limited in scope and had been vastly unchanged since 1804.\(^{200}\) The new law, the Code de droit international prive (Code on Private International Law), abolished Article 3 of the Belgian Code Civil. The drafters of the new Belgian Code on Private International Law drew inspiration from similar conflict-of-laws codifications in various countries in Europe.\(^{201}\)

Article 93 of the Code on Private International Law sets the *lex protectionis* as the general rule for intellectual property rights infringement cases, but also lays out several exceptions. For example, Article 93 of the Code provides an exception for cases where parties have stipulated by contract to a different law. Another possible exception of the rule as provided in Article 93 is the *ordre public* exception. This exception enables a judge to avoid application of a foreign law, if the law would run contrary to fundamental rules of Belgian intellectual property law.

Another possible exception, Article 19 of the Code provides for application of a law more closely connected to the case at issue than the law applicable according to the general rules of the Code on Private International Law. Such a rule may avoid both the application of the *lex protectionis* and its detrimental effect on the holders of copyrights in cases of internet copyright infringement.

\(^{198}\) Belgian Code of Private International Law, Article 93.

\(^{199}\) Aude Fiorini, “The codification of Private International Law: The Belgium Experience” *ICLQ* 54(2) 499-519

\(^{200}\) *id *

\(^{201}\) *id*
However after the formation of Rome I Regulation on Contractual obligation and Rome II Regulation on Non contractual obligation the choice of law for contractual and non contractual issue related to copyright is to be governed by them.

5.9. SWITZERLAND

5.9.1. International Conventions

Switzerland is party to international convention like Berne Convention from very beginning of the Convention that is from December 5, 1887. After a long gap it became party to Universal Copyright Convention, Geneva on March 30, 1956, and Universal Copyright Convention, Paris on September 21, 1993. Finally latest it participated TRIPs by joining it on July 1, 1995. It became party to WCT by signing in 1997 though put in force on July 1, 2008.

5.9.2. National law of Copyright

a. Subject matter of copyright

Federal Act on Copyright and Neighbouring Rights, 1992 (“FCNR”) contains the substantial legal provisions of copyright. According to it a work shall enjoy copyright protection as soon as it is created, whether or not it has been fixed on a physical medium. Works granted copyright protection are those of “any literary or artistic creation of the mind, whatever its value or purpose, which evidences an individual character” and it includes literary, scientific work, music, fine arts, painting, graphic works, work of architecture etc. Computer programme are also considered as copyright works. There is no requirement of any formalities for copyright protection.

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204 id., Article 29(1).
205 id., Article 2(1).
206 id., Article 2(2).
207 id., Article 2(3).
b. Economic rights of author

As per the FCNR the author has the exclusive right to decide whether, when, how, and under which designation (name) his work may be published.\textsuperscript{208} The author’s exclusive right encompass the following rights, like;

(1) Right to reproduce the work in copies.
(2) Right to distribute copies of the work.
(3) Right to deliver or perform the work.
(4) Right to (re)communicate a work (including broadcasting).\textsuperscript{209}

c. Initial ownership

Initial ownership of the copyright belongs to the author.\textsuperscript{210} In the case of joint authorship, copyright shall belong to all such persons jointly subject to good faith, unless otherwise agreed.\textsuperscript{211} If contributions to a work are separable, the relevant co-contributor can use his contribution separately if not detrimental to the collective work, unless otherwise agreed.\textsuperscript{212} In case of pseudonym works as long as the author is not identified, the person who edits the work may exercise copyright.\textsuperscript{213} Under the statutory concept of “works made for hire” valid only for computer programs. The Act sets the presumption that exclusive use rights on computer programs created during the course of employment or in execution of contractual duties by an employee are vested with the employer.\textsuperscript{214}

d. Transferability

The Act recognises the transferability of copyrights and it shall be transferable by assignment or inheritance.\textsuperscript{215} There are no statutory formalities, such as a required writing, to transfer copyright.

\textsuperscript{208} \textit{id.}, Article 9(2).
\textsuperscript{209} \textit{id.}, Article 10.
\textsuperscript{210} \textit{Ibid.}, Article 6.
\textsuperscript{211} \textit{Ibid.}, Article 7(2).
\textsuperscript{212} \textit{Ibid.}, Article 7(4).
\textsuperscript{213} \textit{Ibid.}, Article 8.
\textsuperscript{214} \textit{Ibid.}, Article 17.
\textsuperscript{215} \textit{Ibid.}, Article 16.
e. **Duration of copyright**

For most works created on or after July 1, 1993: copyright lasts for the life of the author, plus 70 years, or for computer programs, life plus 50 years.\(^{216}\) In case of work of joint authorship, if the joint works created after July 1, 1993, the copyright lasts for the life of the last of the joint authors to die, plus 70 (50 for computer programs) years.\(^{217}\)

5.9.3. **Private international principles**

a. **Initial ownership issue and copyright infringement**

Switzerland has codified its private international principles in the Switzerland’s Federal Code on Private International Law (“CPIL”), 1987\(^{218}\). It contained the general principle as well as the exclusive jurisdiction applicable law provisions. As per the CPIL, all IPR issues (including copyright) for all matter shall be governed by the law of the State in which protection of intellectual property rights is sought (*lex loci protectionis*).\(^{219}\) In the absence of clear cut provision this provision is equally applicable to the issue of initial authorship and infringement of copyright. They incorporate the Berne Convention Article 5 principles on the issue of copyright. However the CPIL allows the parties to choose the applicable law in case of claim arising out of infringement of Intellectual Property rights after the cause of damage occurred.\(^{220}\)

CPIL, however provides an exception to the above rule of *lex protectionis* that if after evaluating the fact and circumstances it is clear that a particular law has only limited connection and the other law has more close connection to the fact then the later law will be applicable irrespective of the above applicable law.\(^{221}\) The Act further makes it clear that this rule will not be applicable in case of choice of law by the agreement of parties.\(^{222}\) Second exception to the rule of *lex protectionis* is the principles of public policy. Article

\(^{216}\) *Ibid.*, Article 29(2).


\(^{220}\) *Ibid.*, Article 110(2).

\(^{221}\) *Ibid.*, Article 15(1).

\(^{222}\) *Ibid.*, Article 15(2).
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17\textsuperscript{223} of the CPIL creates the exception that if the application of foreign law is incompatible with the Swiss public policy, then that law will not be applied.

\textbf{b. Contract matters}

Article 116(1) of the CPIL allows parties to choose its governing law and it requires them to be unambiguously clear and expressed. In case of absence of choice of law, the applicable law should be the law of the State with which it is most closely connected. In case of contract related to copyright, the applicable law has to be decided with the application of Article 122. According to it Contracts concerning intellectual property rights shall be governed by the law of the State in which the party transferring the intellectual property right or granting the use thereof has his place of habitual residence. Apart from it under sub clause (2) it allows parties to make a choice of law. Sub clause (3) makes the provision for the Contracts between an employer and an employee regarding rights to intellectual property which the employee has created in the course of his employment shall be governed by the law applicable to the employment contract.

\textbf{5.10. CLIP PRINCIPLES}

This draft has been created by the European Max Plank Group on conflict of laws in Intellectual Property (CLIP). The CLIP group comprises of renowned scholars who deliberated lot on the issue of conflict of law relating to intellectual property law in a new set up like cyberspace. The group suggested some Conflict of rule. The group acknowledge with the traditional view of the conflict of rules that for the procedural matter including procurement of evidence, the lex fori rule is the best.\textsuperscript{224} In case of existence, validity, scope and duration of an intellectual property right the group suggests the law of the state for which the protection is sought.\textsuperscript{225} The group recognised the initial ownership issue of the author arising out of the registration is to be governed by the state for which the protection is claimed.\textsuperscript{226} The group provides the rule of initial ownership only for the registered rights leaving the copyright issue which is not needed any kind of formalities of registration.

\textsuperscript{223} \textit{Ibid.}, Article 17
\textsuperscript{224} Article 3:101
\textsuperscript{225} Article 3:102
\textsuperscript{226} Article 3: 201
CLIP recognise the transfer of copyright through contractual means and therefore it presents the party autonomy relating to choice of law and jurisdiction just like the Rome convention on contractual obligation under article 3:501. Contract agreement like license, assignment shall be governed by the law chosen by the parties. The choice required to be expressed, demonstrate certainty to the law applicable. To interpret the contract agreement in right context CLIP suggest the analysis of overall contract and circumstances of the contract agreement.\(^{227}\) The validity and existence of the consent of the parties as to the choice of law shall be determined in accordance with article 3:504 and article 3:505. Article 3:504 deals with the formal validity of contract and it suggest that for formal validity of a contract to decide the law which governs it in substance, or the law of the state in which the either the parties or agent present at the time of conclusion of the contract, or the law of the state in which either of the party is habitually resident at that time is important. To govern the consent and material validity the group suggest the law which would govern the contract or term under these principles if the contract or term were valid.

On Copyright infringement issue it adopts the Berne convention’s lex loci protectionis i.e., the law of each state for which protection is claimed.\(^{228}\) The best part of the treaty is that this principle is also applicable to absolve the issue of contributory infringement of copyright.\(^{229}\) It recognise the ubiquitous nature of copyright infringement due to the internet i.e., infringement of copyright takes place in every state in which the signals can be received. The CLIP group suggestion is to apply the law or the laws of the state or the states having the closet connection with the infringement. It is very complicated to resolve the closet connection test since the work is as refresh as the original work in the internet and because it is net of nets. Therefore the group suggest in the article 3:603 all relevant factors to be taken into consideration to decide the closest connection. The factor to decide the closet connection are (a) infringers’ habitual residence, (b) the infringer’s principle place of business, (c) the place where substantial activities in furthering of the infringement in its entirety have been carried out, (d) the place where the harm caused by the

\(^{227}\) Supra 182  
\(^{228}\) Article 3:601  
\(^{229}\) Article 3:601(2)
infringement is substantial in relation to the infringement in its entirety. The group presume the problem in applying this test as it may result into inconsistent judgements, in which case the proposal suggests the difference to be taken into account while fashioning the remedy.

However the CLIP group apart from giving salient provisions creates the exception which has the overriding effect on the choice of law provisions. The first exception is the mandatory provisions. The mandatory provisions of the state has to be given due respect which include the public inertest. If a provision of applicable law is not compatible with the public policy issue of the forum then it can be sidelined.230

5.11. CONCLUSION

After the proper jurisdiction, the applicable law should be perfect according to Private International Law. The cross border violation of the copyright work involves more than one countries law to resolve the issue. Though confusion was prevailing in the western world as to the issue of choice of law provision in Berne convention. European law and US have cleared the issue that Article 5 is not a choice of law provision and so new choice of law is to be discovered. Therefore there is no uniformity in choice of law. US apply the lex origin for ownership issue and lex fori for copyright infringement. UK applies the lex loci delicti for copyright issues. France apply the lex origin for existence, validity and initial ownership, German apply the lex protectionis for all copyright issue. Rome II convention on non contractual obligation also apply the lex protections rule for copyright issue. France and Belgium also apply the lex protectionis. In contract case the choice of law by the parties are respected. In EU the Rome Regulation I is applicable. Therefore due to Rome I and Rome II Regulations the choice of law is uniform in EU but in there non EU dealing they have their traditional rule of choice of law to apply. No special rule of jurisdiction is evolved in case of internet issues. Though the ALI and CLIP have suggested the choice of law for ubiquitous infringement. It has to be seen how far they will be accepted in the future internet related IPR violations.

230 Article 3:802