

Choice of Law in International Copyright Disputes

by

Mark V.B. Partridge

In our global, Internet age, we can expect to face more choice of law issues in copyright litigation. A recent decision by the United States Court of Appeals for the Federal Circuit involving the rights of Russian journalists provides a useful framework for analysis.

Imagine the following scenario: works created in a foreign country by foreign nationals are reproduced and distributed in the United States. The foreign nationals seek relief in a U.S. court. What law applies and how should the case be handled?

This question arose recently in Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998). The plaintiffs included major Russian language newspapers and magazines in Russia, a Russian wire service located in Moscow and a professional writers union located in Russia. The defendant, Russian Kurier, created a weekly Russian language newspaper for distribution in New York City using text and pictures cut from the plaintiffs' publications and pasted on layout sheets to produce the defendant's newspaper. Thus, there was no dispute as to actual copying of the plaintiffs' works. The issue turned on whether the plaintiffs had standing, a question that involved choice of law and the substantive meaning of Russian copyright law.

Choice of Law

Choice of law issues have largely been ignored in past copyright decisions, with many courts apparently assuming without analysis that U.S. law applies to determine ownership and infringement for foreign nationals. This is understandable, since the Berne Convention provides that the national of a member state is entitled to national treatment in each other member state, and some commentators have concluded that the applicable law is the copyright law of the country where the infringement occurred.

The Court in Itar-Tass notes, however, that international copyright cases present two distinct issues: ownership and infringement. National treatment under the Berne Convention merely assures that the national law of infringement will be applied uniformly to foreign and domestic authors; it provides no guidance on the question of ownership. Indeed, the Berne Convention Implementation Act specifically provides that the rights eligible for protection "shall not be expanded or reduced" by virtue of the Berne Convention. 17 U.S.C. 104(c). Therefore, the Court concludes that traditional choice of law rules determine ownership of rights.

Ownership of Rights

Under U.S. choice of law principles, the applicable law for determining interests in property is the law of the state with the most significant relationship to the property and the parties. Since the works were

created by Russian nationals and first published in Russia, ownership should be determined by Russian law. The Berne Convention provides nothing to the contrary. The question of ownership also involves the scope and nature of the interest owned. This, too, is determined by Russian law.

Determination of a foreign country's law is an issue of law to be decided by the reviewing court. Accordingly, with the help of Russian legal experts, the Court finds that the Russian version of the work for hire doctrine excludes newspapers. Thus, the newspaper plaintiffs were not the owners of exclusive rights in the articles at issue and the individual authors retained those rights. The only rights held by the newspapers were compilation rights in the selection, arrangement and presentation of the articles in the newspaper. In contrast, the news agency plaintiff is not excluded from the Russian work for hire provision and therefore owns the exclusive rights in the articles written by its employees.

Infringement

The applicable law for determining infringement is the location of the harm, the doctrine generally applied to torts. Here, the tort occurred in the United States, so U.S. law applies. It is clear that the defendants violated the exclusive rights of the copyright owners to reproduce and distribute the copyrighted works. The key question then becomes determination of the ownership interests of the various plaintiffs.

Relief

Based on the application of the conflicts of law principles, the court reaches an outcome different from that which would have been obtained under U.S. law. Based on the U.S. work for hire doctrine, both the newspaper and the news agency would have owned the rights in the articles created by their employees. However, because of the specific exclusion in the Russian work for hire statute, the newspapers did not own the exclusive rights in the articles created by its employees. For this reason, the Court affirms the lower court's judgment in favor of the news agency, reverses the judgment in favor of the newspapers and remands for judgment on the right of the union to collect on behalf of its member authors and on the right of the newspapers to recover for infringement of their limited compilation rights.

Lessons for Litigators

International copyright problems will become increasingly common for U.S. attorneys as the world becomes a single global marketplace connected by the Internet. We as litigators are increasingly likely to face infringements that cross borders and require an analysis like that employed in the Itar-Tass case. Plaintiffs should be sure to include the owners of the rights under the applicable national law. Much of the difficulties in the Itar-Tass case could have been avoided if the individual authors had been included as plaintiffs or if the newspapers had obtained an assignment of rights. Do not assume that the publisher of the work automatically has ownership and standing to sue. Under U.S. law, only the legal or beneficial owner of an exclusive right in the work has standing to sue. Defendants should also consider the effect of foreign law on the rights at issue as part of their defense strategy.

Mark Partridge

Pattishall, McAuliffe, Newbury
Hilliard & Geraldson
311 S. Wacker Drive
Suite 5000
Chicago, Illinois 60606
312-554-7922
mpartridge@pattishall.com
copyright 1998