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Marketa Trimble

University of Nevada, Las Vegas – William S. Boyd School of Law, marketa.trimble@unlv.edu

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bound by private interests and lobby groups, have one – very small but perhaps not to be underestimated – power left in today’s debate on copyright limitations: to provide independent and balanced interpretations of existing legal instruments.⁶⁰ It would therefore be a pity not to use it.

*Marketa Trimble Landova**

Public Policy Exception to Recognition and Enforcement of Judgments in Cases of Copyright Infringement**

In recent years proposals have been made for an international convention that would facilitate a smooth recognition and enforcement of foreign judgments in intellectual property matters.¹ Like all of these proposals, the American Law Institute’s preliminary version, short titled “Draft Principles”² published in March 2007,³ strives to eliminate most hurdles to recognition

60 See in the context of European copyright law C. GEIGER, “Drafting the appropriate and balanced scope of copyright protection in the European Union – What language can contribute to the debate”, in: A. DRASSINOWER & Y. GENDREAU (eds.), “Language and Copyright”, (Yvon Blais, Québec/Bruylant, Brussels, forthcoming).

* J.S.D. Candidate, Stanford Law School.

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1 ROCHELLE C. DREYFUSS & JANE C. GINSBURG, “Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters,” 77 Chi.-Kent L. Rev. 1065 (2001–2002); JOSEF DREXL & ANETTE KUR (eds.), “Intellectual Property and Private International Law – Heading for the Future” (Hart Publishing 2005) – a publication by the Max Planck Institute for Intellectual Property, Competition and Tax Law; Exclusive Jurisdiction and Cross Border IP (Patent) Infringement Suggestions for Amendment of the Brussels Regulation, European Max Planck Group for Conflict of Laws in Intellectual Property, 20 December 2006, http://www.ip.mpg.de/shared/data/pdf/clip_brussels_i_dec_06_final.pdf, last visited on 27 March 2008. The topic was discussed at a number of conferences; lately, for instance, at the conference “Intellectual Property and Private International Law” organized by the Bayreuth University in April 2008.

2 “Intellectual Property – Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes,” Proposed Final Draft, The American Law Institute, 30 March 2007.

3 Professors Rochelle C. Dreyfuss, Jane C. Ginsburg and Françoise Dessemontet served as the reporters for the project.

and enforcement by providing rules for jurisdiction, choice of law and coordination of multi-territorial actions. As long as the rules are applied by the court that issues a judgment (the “rendering court”), most of the obstacles to recognition and enforcement – differing jurisdictional rules and choice of law rules of various countries – are eliminated. Therefore, absent some fundamental problems in the legal system of the rendering court, such as its lack of impartiality or integrity,⁴ the only remaining possible defense to recognition and enforcement of the judgment is the public policy exception.⁵

Introduction

The “public policy exception” permits a court that is asked to recognize and enforce a foreign judgment (the “enforcing court”) to reject doing so if that court determines that recognition and enforcement would contradict a fundamental public policy of the enforcing country. It is unclear how often parties raise the exception since, unfortunately, as with many other features of private international law, the utilization of the exception has not been adequately captured by empirical data.⁶ Dean Symeonides suggests that the exception is raised quite frequently.⁷ However, parties apparently rarely succeed in their attempts to prevent recognition and enforcement by invoking the exception because courts tend to apply it sparsely.⁸ Available cases indicate that the exception is not a more common feature in the copyright area than in other areas of law, but judgments in copyright infringement

4 Sec. 403(1)(a)–(d) of the ALI Principles. Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes, Proposed Final Draft, The American Law Institute, 30 March 2007, 272–273.

5 *Id.*, Sec. 403(1)(e), at 273.

6 On the general need for empirical work in private international law and conflict of laws, see HILLEL Y. LEVIN, “What Do We Really Know About the American Choice-of-Law Revolution?,” 60 *Stan. L. Rev.* 247.

7 SYMEON C. SYMEONIDES, “Recognition of Foreign-Country Judgments,” in: SYMEON C. SYMEONIDES, WENDY COLLINS PERDUE & ARTHUR T. VON MEHREN (eds), “Conflict of Laws – American, Comparative, International” 846 (West Group, 2003).

8 There are no statistics available on the frequency of the phenomenon or a study that would compare success rate of parties with the exception and other grounds for non-recognition. However, judges and scholars agree that the success rate in case of the public policy exception is low. See, for instance, *Lloyd’s v. Meinzer*, 2001 CanLII 8586 (Court of Appeal for Ontario, 2001), point 360; ARTHUR T. VON MEHREN & DONALD T. TRAUTMAN, “Recognition of Foreign Adjudications – A Survey and A Suggested Approach,” 81 *Harv. L. Rev.* 1601, 1670; KAREN E. MINEHAN, “The Public Policy Exception to the Enforcement of Foreign Judgments – Necessary or Nemesis?,” 18 *Loy. L.A. Int’l & Comp. L.J.* 795, 809; JONATHAN H. PITMAN, “The Public Policy Exception to the Recognition of Foreign Judgments,” 22 *Vand. J. Transnat’l L.* 969, 981; JOOST BLOM, “Public Policy in Private International Law and Its Evolution in Time,” 2003 *Netherlands International Law Review* 373, 399; ARTHUR T. VON MEHREN, “Recognition and Enforcement of Foreign Judgments – General Theory and the Role of Jurisdictional Requirements,” in: “Recueil des Cours, Collected Courses of the Hague Academy of International Law,” 1980, II, 47 (Académie de Droit International, Sijthoff & Noordhoff, Alphen aan den Rijn, The Netherlands, 1981).

cases are not completely immune from the exception, as shown in a recent case in the United States.

In *Sarl Louis Feraud Intern. v. Viewfinder, Inc.*,⁹ a French plaintiff brought an action to enforce a French judgment in the U.S. against a U.S. defendant who was found liable for copyright infringement under French law when the defendant displayed the plaintiff's fashion designs on a website. The U.S. Court of Appeals for the Second Circuit scrutinized the French judgment under the lens of freedom of speech of the First Amendment of the U.S. Constitution because freedom of speech was identified as the significant public policy at issue. The court concluded that as long as the level of free speech protection provided by French law as applied in this case was lower than the free speech protection under U.S. copyright law's fair use defense, the U.S. protection would prevail and the French judgment would be denied recognition and enforcement in the U.S.

Viewfinder illustrates that the public policy exception, although low in frequency, can be a hurdle to recognition and enforcement, and, therefore, the case invites an analysis of effects on copyright enforcement of maintaining the exception as one of the grounds for non-recognition in an international instrument on recognition and enforcement. Ideally, the international instrument should treat the exception in the same manner as other obstacles and eliminate the problem by unifying the exception. However, as the following discussion reveals regarding the general characteristics of the exception as embedded in national laws, unification is not an option in this case. The exception must thus remain part of any international instrument on recognition and enforcement – a fact recognized by all existing proposals. Is the public policy exception a problem for cross-border copyright enforcement? The present article suggests that it is. With all other obstacles eliminated, the public policy exception will remain the last hurdle, and it has the potential to complicate cross-border enforcement of judgments in copyright infringement cases. Without the possibility of unification, other methods need to be found that would minimize the use of the exception so as to enhance cross-border copyright enforcement without compromising each country's fundamental public policies.

I. The Public Policy Exception

There are two main characteristics of the public policy exception in private international law: first, its lack of clarity in scope and content and, second, its indispensability. No one knows exactly what public policy encompasses but everyone wants to maintain the possibility of claiming the exception. Even if general definitions of the exception are similar in various countries, their precise content remains unclear unless a case emerges that requires a court to (1) identify a particular public policy and (2) recognize it as being

⁹ *Louis Feraud Sarl, Intern. v. Viewfinder, Inc.*, 489 F.3 d 474, 83 U.S.P.Q.2d 1105 (2nd Circuit Court, 2007).

fundamental enough to trigger the application of the exception. The authority to make such determinations is considered one of the crucial expressions of the sovereignty of a country; even with the utmost respect for laws issued and judgments rendered in other countries, a domestic court will not apply foreign laws or enforce foreign judgments if there is a fundamental public policy of the enforcing country that is contrary to such laws or judgments. The exception is destined to keep its firm place in any proposal for an international instrument designed to be adopted by sovereign countries. No matter how highly harmonized the legal matter at issue or how close the public policies of the country-signatories, as long as a participating country wishes to preserve its sovereignty, it will not abdicate the exception.

The first part of the following section briefly reviews the exception as it is defined and applied by various countries. It further shows that the flexibility of the exception, combined with its prominent position in the concept of a country's sovereignty, prevents an effective harmonization of the exception through an international instrument. The second subsection traces the exception in existing or proposed international instruments that are (or would be, if adopted) applicable to copyright infringement cases. Other instruments of private international law that would not affect copyright infringement cases are not addressed.

1. The Public Policy Exception in National Laws

The public policy exception tends to be legislated in private international laws, and even when it is not expressly stipulated by country legislation, there exists a consensus among countries that the exception pertains and may be applied. Even when legislated, its definition varies from country to country and case law constantly shapes its content; such flexibility is understandably necessary because the content needs to mirror the political and social developments of a country.¹⁰ It is this flexibility that makes the public policy exception unfit for any harmonization project.¹¹

An attempt at eliminating the exception failed in the European Union, even though its Member States are relatively close socially and legally. The 1968 Brussels Convention on jurisdiction and the enforcement of judgments in civil and commercial matters,¹² to which EU countries had subscribed, included the exception. So does the Brussels Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "Brussels I

10 For discussion of sources of international public policy, see BLOM, *supra* note 8, at 384 *et seq.*

11 "From its inception, public policy appears to have constantly defied all attempts at precise definition." KOJO YELPAALA, "USA – Chapter I, General Principles," in MAURO RUBINO-SAMMARTANO & C.G.J. MORSE (eds.), "Public Policy in Transnational Relationships," Part USA, 9 (Kluwer Law International, 1997).

12 "Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters," 27 September 1968, Official Journal C 27, 26 January 1998 (consolidated text).

Regulation”),¹³ which governs the enforcement issues among EU Member States today. The adoption of the Brussels I Regulation was a great step forward in the process of European integration as enforcement issues progressed from an international treaty to an instrument that is directly applicable in all EU Member States. However, the exception was not eliminated; it remained in the text, albeit newly accompanied by the qualification that the judgment must be “manifestly contrary to public policy.”¹⁴

Within the EU, public policy for the purposes of the exception is defined by each Member State; however, when the exception is applied under the Brussels I Regulation, the Court of Justice of the EU (the “ECJ”) may “review the limits within which the courts of a [Member State] may have recourse to that concept”¹⁵ because “while the [Member States] in principle remain free ... to determine, according to their own conceptions, what public policy requires, the limits of that concept are a matter for interpretation of the [Brussels I Regulation].”¹⁶ In *Krombach v. Bamberski* the ECJ specified that for the exception to be applied among the EU Member States, the judgment would have to

be at variance to an unacceptable degree with the legal order of [the enforcing country] inasmuch as it infringes a fundamental principle and the infringement would have to constitute a manifest breach of a rule of law regarded as essential in the legal order of [the enforcing country] or of a right recognized as being fundamental within that order.¹⁷

In the U.S. the public policy exception is not applied when sister-state judgments are recognized under the Full Faith and Credit Clause of the U.S. Constitution; however, the exception is a valid ground for non-recognition of foreign (non-U.S.) judgments. It was included in the 1962 Uniform Foreign Money-Judgments Recognition Act¹⁸ and its revised version – the 2005 Uniform Foreign-Country Money Judgments Recognition Act¹⁹ – with one difference concerning application that is discussed later. The exception was also reiterated in the Restatement (Third) of Foreign Relations Law (1987).²⁰ The conditions for recognition and enforcement of foreign judgments remain a matter of state, not federal law, but even under a proposed federal statute, the 2005 American Law Institute (ALI) Draft Proposed Federal Statute on recognition and enforcement of foreign judgments,²¹ the

13 “Council Regulation (EC) No. 44/2001 of 22 December 2000 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters,” Official Journal L 12, 16 January 2001.

14 Article 34(1) of the Council Regulation (EC) No. 44/2001, *supra* note 13.

15 *Dieter Krombach v. André Bamberski*, ECJ, C-7/98, 28 March 2000, point 23.

16 *Ibid.*, point 22.

17 *Ibid.*, point 37.

18 Uniform Foreign Money-Judgments Recognition Act, 1962, Sec. 4(b)(3).

19 Uniform Foreign-Country Money Judgments Recognition Act, 2005, Sec. 4(c)(3).

20 Restatement (Third) of Foreign Relations Law, 1987, Sec. 482(2)(d).

21 “Recognition and Enforcement of Foreign Judgments – Analysis and Proposed Federal Statute,” ALI, Sec. 5(a)(iv).

exception would be maintained. Various U.S. courts have formulated standards for the public policy exception in the context of recognition and enforcement, but no uniform definition results from the case law.²² The *Viewfinder* decision, for instance, relies on the Second Circuit Court's definition in *Tahan v. Hodgson*, which adopts the wording from a comment to Sec. 117 of the Restatement (Second) of Conflict of Laws. This source denies the recognition of a foreign judgment if it is "repugnant to fundamental notions of what is decent and just in the State where enforcement is sought."²³

The definitions of public policy attached to the public policy exception remain purposefully vague and, therefore, it is impossible to assess their expansiveness or narrowness in the abstract. Solely in the context of a particular application may one determine whether courts approached the exception in a comity-furthering manner. For instance, Yeow-Choy Choong criticizes as overbroad and comity-hindering the definition adopted and applied by the High Court of Malaysia in a 2007 decision in *The Ritz Hotel Casino Ltd v. Datuk Seri Osu Haji Sukam* (2005).²⁴ The case involved a plaintiff who sought recognition and enforcement of a judgment by the English High Court concerning payment of a gambling debt. The High Court refused to recognize and enforce the English judgment based on the public policy exception, asserting rather that "anything that is injurious to public welfare" and "anything that seeks to go against the *Rukun Negara*" (the country's national philosophy) is against public policy.²⁵

The extent of the application of the exception is determined not only by the definition of public policy but also by the object of the exception. Ideally, the public policy scrutiny should be focused only on the effects that the judgment is likely to engender in the enforcing country.²⁶ From the comity perspective,

22 *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 433 F.3d 1199 (9th Circuit Court, 2006), 1214–1215.

23 *Tahan v. Hodgson*, 662 F.2d 862 (2nd Circuit Court), 864; Restatement (Second) of Conflict of Laws Sec. 117 (1971).

24 YEOW-CHOY CHOONG, "Enforcement of Foreign Judgments – The Role of Courts in Promoting (or Impeding) Global Business," 1;2 International Journal of Human and Social Sciences, 92–95 (Spring 2007).

25 *Ibid.*, 93.

26 "The fact that the German judge, if he had to make a decision on the trial, would, by the application of binding German law, have come to a different conclusion to that reached by the foreign law, does not mean that a foreign judgment is incompatible with substantive *ordre public*.... What is much more important is the question of whether the result of the application of foreign law conflicts so strongly with the fundamental concepts of the German regulations and with the notions of justice contained within them as to make it seem intolerable on the basis of domestic notions," quoted from Judgment of German Federal Supreme Court, IX ZR 149/91, 4 June 1992, translated by GERHARD WEGEN & JAMES SHERER, 32 I.L.M. 1320, 1333. "The defence only operates if the recognition rather than the judgment itself is contrary to public policy," quoted from JAMES J. FAWCETT & PAUL TORREMANS, "Intellectual Property and Private International Law" 728 (Clarendon (Contd. on page 648))

it seems appropriate that the court of the forum refrain from evaluating the foreign law on which the foreign judgment is based. In the EU, the Brussels I Regulation prohibits any review of a foreign judgment as to its substance,²⁷ and the ECJ in *Krombach* explained the prohibition to mean that the sole discrepancy between underlying laws cannot be the grounds for non-recognition of the foreign judgment. Similarly, courts in the U.S. have recognized that differences in underlying laws do not usually suffice to trigger the exception; after all, as aptly formulated by Chief Judge Henley of U.S. District Court for Eastern District of Arkansas in *Toronto-Dominion Bank v. Hall*, the “very idea of a law of conflicts of laws presupposes differences in the laws of various jurisdictions and that different initial results may be obtained depending upon whether one body of law is applied or another.”²⁸ Similarly, the Second Circuit Court in *Yahoo!* noted that, “inconsistency with American law is not necessarily enough to prevent recognition and enforcement of a foreign judgment in the United States. The foreign judgment must be, in addition, repugnant to public policy.”²⁹

However, in practice it is difficult for a court of an enforcing country to overlook the underlying law of the rendering country. First, although a difference in relevant laws of the rendering and enforcing countries does not automatically make a judgment based on such laws unenforceable, it might indicate that underlying public policies vary. If that is the case, it is upon the court of the enforcing country to find whether it is a public policy of the fundamental nature that justifies application of the exception. Second, recognition and enforcement of a foreign judgment effectively endorses the foreign law that underlies the foreign judgment; such endorsement requires that the judgment not exceed the public policy limits acceptable to the enforcing country’s society.³⁰ Therefore, courts cannot truly separate the scrutiny of the potential effects of recognition from the content of the underlying foreign law.³¹ Von Mehren and Trautman observed that when the

(Contd. from page 647)

Press, 1998). E.g., England, Australia, Germany, Poland. Rule 44, “Dicey and Morris on the Conflict of Laws,” 13th ed., Vol. 1 (Sweet & Maxwell, 2000), 525; Foreign Judgments Act 1991, Art. 7(2)(a)(x); Zivilprozessordnung, Sec. 328 (1); Kodeks postępowania cywilnego, Sec. 1146.

27 Articles 36 and 45(2) of the Council Regulation (EC) No. 44/2001, *supra* note 13.

28 *Toronto-Dominion Bank v. Hall*, 367 F.Supp. (U.S. District Court for the Eastern District of Arkansas), 1016 (1973).

29 *Yahoo!, Inc., v. La Ligue Contre Le Racisme et L’Antisemitisme*, *supra* note 22, at 1215.

30 By recognizing the foreign judgment, the court gives the judgment *res iudicata* effect, which prevents the parties from re-litigating the matter before the enforcing court and perhaps obtaining a different result. If the enforcing court had jurisdiction over the parties and the subject matter and could adjudicate the original case, it would not apply the law of the other country if the court considered the law to be repugnant to public policy.

31 “Each public policy test involves a comparison of foreign law being the basis of the judgment to be enforced and the principles of the *lex fori*.” ERNST C. STIEFEL, ROLF STÜRNER & ASTRID STADLER, “The Enforceability of Excessive U.S. Punitive Damage Awards in Germany,” 1991 *The American Journal of Comparative Law*, 39, 779, 797–798.

public policy exception is used, it is almost always in connection with concerns of the enforcing state over the rendering country's law that was applied in the case.³²

In the U.S. the 1962 Uniform Foreign Money-Judgments Recognition Act in Sec. 4(b)(3) created the opposite problem when it suggested that the foreign law itself should be the object of public policy scrutiny. The 1962 Uniform Act stated that a "foreign judgment need not be recognized if ... the [cause of action] [claim for relief] on which the judgment is based is repugnant to the public policy of the state."³³ The language caused some courts to adopt a narrow approach such as the National Conference of Commissioners on Uniform State Laws recognized when it revisited the 1962 Uniform Act: "Based on this 'cause of action' language, some courts interpreting the 1962 Act have refused to find that a public policy challenge based on something other than repugnancy of the foreign cause of action comes within this exception."³⁴ In response to these decisions, the drafters of the 2005 Uniform Foreign-Country Money Judgments Recognition Act not only refer to the "[cause of action] [claim for relief] on which the judgment is based" but also add "the judgment" itself as an object of the public policy scrutiny.³⁵ The Restatement (Third) of Foreign Relations Law (1987)³⁶ and the 2005 ALI Draft Proposed Federal Statute on recognition and enforcement of foreign judgments³⁷ use similar wording.

32 TRAUTMAN VON MEHREN, *supra* note 8, at 1670.

33 Similarly, in Nigeria the Foreign Judgments (Reciprocal Enforcement) Act 1958 stated that a judgment would not be registered if "the judgment was in respect of a cause of action which, on grounds of public policy, could have not been entertained by the registering court," in: DENNIS CAMPBELL (ed.), "Enforcement of Foreign Judgments" 316 (LLP Limited, 1997). In Reciprocal Enforcement of Commonwealth Judgments Act (Chapter 264), Art. 3(2)(f): "No judgment shall be ordered to be registered ... if ... the judgment was in respect of a cause of action which for reasons of public policy or for some other similar reason could not have been entertained by the registering court." The 1958 Nigerian Act was replaced (although only partially, as interpreted by the 2003 decision of the Nigerian Supreme Court in *Macaulay v. R.Z.B. of Austria*) by the 1990 Act, which provides that "the registration of the judgment ... shall be set aside if the registering court is satisfied ... that the enforcement of the judgment would be contrary to public policy in Nigeria." Foreign Judgments (Reciprocal Enforcement) Act 1990, Art. 6(1)(a)(v). *See also* English Foreign Judgments (Reciprocal Enforcement) Act 1933, Art. 4(1)(a)(v).

34 Comments on Sec. 4 of the Uniform Foreign-Country Money Judgments Recognition Act, 2005, 11-12, <http://www.law.upenn.edu/bll/archives/ulc/ufmjra/2005final.pdf>, last visited on 17 March 2008.

35 Section 4(c)(3) of the 2005 Uniform Foreign-Country Money Judgments Recognition Act. As of 17 March 2008, a majority of states in the U.S. still follows the 1962 version of the Uniform Act (30 states, District of Columbia and U.S. Virgin Islands). Uniform Foreign Money Judgments Recognition Act, Legislative Factsheet, http://www.nccusl.org/Update/uniformact_factsheets/uniformacts-fs-ufmjra.asp, last visited on 17 March 2008.

36 Restatement (Third) of Foreign Relations Law Sec. 482(2)(d) (1987).

37 "Recognition and Enforcement of Foreign Judgments – Analysis and Proposed Federal Statute," ALI Principles, *supra*, Sec. 5(a)(iv).

Even though courts have difficulties avoiding scrutiny of the underlying law, they remain consistent in their attempts to apply the public policy exception narrowly.³⁸ One way to narrow the effects of the exception is to apply an interest analysis and utilize a specific standard depending on the degree of interest of the enforcing country. For instance, in Germany and Switzerland distinctions have been made depending on the connection that a foreign judgment has to the enforcing country; courts in these countries have decided that “a more serious violation of public policy” is required “to refuse recognition when the litigation has little connection to the recognition state than if that connection is strong.”³⁹ In the U.S. the original comity case, *Hilton v. Guyot*, also limited the application of the public policy exception to a country’s “own citizens, or . . . other persons who are under the protection of its laws.”⁴⁰

Finally, since this review provides an introduction to the exception in the area of copyright, an area affected by a number of international treaties, it is instructive to note the role such treaties have in recognition and enforcement of judgments that rely on national laws that should comply with the treaties. As is the case with national laws, divergence from the provisions of international treaties to which the enforcing country is a party does not automatically warrant the application of the public policy exception; it should not be applied so widely as to effectively sanction the rendering country for not adhering to certain international treaties.

As for the elimination of the public policy exception itself, international treaties have had no success so far, and, as the following survey indicates, no proposals have ventured to define or delimit the public policy exception.

2. The Public Policy Exception in International Instruments on Recognition and Enforcement

There was probably never a more appropriate moment to eliminate the public policy exception from the process of recognition and enforcement than during the negotiations of the Brussels I Regulation,⁴¹ the successor of the Brussels Convention. Designed to bind only EU Member States, the Regulation was to operate among countries whose laws had been signifi-

38 See, for instance, *Krombach v. Bamberski*, *supra* note 15, point 21; *Ackermann v. Levine*, 788 F.2d 830 (2nd Circuit Court, 1986); *Beals v. Saldanha*, 2003 SCC 72, [2003] 3 S.C.R. 416 (Supreme Court of Canada), point 75.

39 GERHARD WALTER & SAMUEL P. BAUMGARTNER (eds.), “Recognition and Enforcement of Foreign Judgments Outside the Scope of the Brussels and Lugano Conventions” 28–29 (Kluwer Law International, 2000). “Prevailing German literature states that German public policy can only be invoked if the litigation which led to the foreign decision contains any links with Germany. The fact that enforcement is requested in Germany is not sufficient”: KURT G. WEIL, FABIENNE KUTSCHER-PUIS & CAROLINE HÉRON, “Germany,” in: RUBINO-SAMMARTANO & MORSE, *supra* note 11, at 67.

40 *Hilton v. Guyot*, 159 U.S. 113 (US Supreme Court, 1895) 164.

41 Council Regulation (EC) No. 44/2001, *supra* note 13.

cantly unified or harmonized and whose cultural and social conditions had been close enough to support an expectation that their public policies would largely be the same. However, the only achievement was the insertion of the word “manifestly” to the standard; it is now required by Art. 34.1 that a judgment not be recognized if it is “manifestly contrary to public policy” in the enforcing country. Judgments in intellectual property matters fall within the scope of the Brussels I Regulation. Within the larger European Economic Area,⁴² the Lugano Convention, which paralleled the Brussels Convention in 1988 and was revised in 2007, applies the same “manifest” requirement for the public policy exception to the countries of the Area.⁴³

There have been attempts to introduce similar large-scope multilateral conventions that would be embraced by more countries than those adopting the Brussels and Lugano Conventions. The Hague Conference on Private International Law produced the Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters in 1971, but it was ratified by only four countries. The matter was reopened more than twenty years later, based on a 1992 proposal by the U.S., and a new draft convention on jurisdiction, recognition and enforcement of judgments was discussed.⁴⁴ However, jurisdictional matters proved to be the most controversial part of the draft. Notwithstanding the controversies, the Conference achieved important progress in specific areas (including patents and trademarks),⁴⁵ and reached an agreement in 2002 to postpone work on the draft and prepare a new proposal that would avoid conflicts among countries on jurisdictional rules. To minimize the controversy, an informal working group of the Conference eventually proposed a draft limited solely to the exclusive choice of court agreements; thus the result of the multi-year endeavor became the 2005 Convention on Choice of Court Agreements. The Convention is limited to business-to-business agreements but would also apply to choice-of-court agreements between businesses in copyright infringement cases.⁴⁶

The failure to generate a convention that would be universal in scope and acceptable to a large number of countries influenced experts working on the

42 Today the Area comprises Member States of the European Communities in addition to Iceland, Liechtenstein, Norway and Switzerland; however, Liechtenstein is not a party to the Lugano Convention.

43 Article 34(1), “Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters,” available at http://www.ofj.admin.ch/etc/medialib/data/wirtschaft/ipr.Par.0022.File.tmp/260307_entw_lugano_convention-e.pdf, last visited on 27 October 2008.

44 For an overview of the development of the proposal, *see, e.g.*, ANDREA SCHULZ, “The Hague Conference Project for a Global Convention on Jurisdiction, Recognition and Enforcement in Civil and Commercial Matters (the Hague Judgments Project), Electronic Commerce and Intellectual Property,” in: ANDREA SCHULZ (ed.), “Legal Aspects of an E-Commerce Transaction” 293–308 (Sellier, 2006).

45 MARC E. HANKIN, “Comment – Now That We Know ‘The Way Forward,’ Let Us Stay the Course,” 77 Chi.-Kent. L. Rev. 1295, 1300–1301.

46 Article 2(2)(o) of the Convention on Choice of Court Agreements, 2005.

intersection of intellectual property and private international law who began considering an intellectual property-specific solution. In 2001 Professors Dreyfuss and Ginsburg presented a Draft Convention on the Jurisdiction and Recognition of Judgments in Intellectual Property Matters,⁴⁷ which started a debate on the potential success of such an area-focused approach.⁴⁸ The Dreyfuss-Ginsburg Draft Convention included the public policy exception as grounds for discretionary non-recognition in Art. 25(1)(g);⁴⁹ the Commentary on the Draft envisaged a narrow application of the exception, which “should be reserved for cases when enforcing the judgment would cause extreme-manifest incompatibility problems.”⁵⁰

Professors Dreyfuss and Ginsburg, together with Professor Dessemontet, also served as reporters to the ALI project that in 2007 produced “Intellectual Property – Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes” in intellectual property cases.⁵¹ Although the drafters of the Principles concentrated on other aspects of recognition and enforcement of foreign judgments,⁵² they also elaborated on the public policy exception, which is one of the grounds for mandatory non-recognition under Sec. 403(1)(e) of the Principles. When commenting on the content of public policy within the context of the public policy exception, the drafters emphasize “strong public interests in access to the material protected,”⁵³ but at the same time urge that “enforcement of judgments in favor of intellectual property holders should be denied sparingly.”⁵⁴ Regarding the object of scrutiny, the drafters suggest that a court “should consider only the *outcome* of litigation, not the substance or procedure by which the outcome was achieved.”⁵⁵ Additionally, the drafters hope that more judgments will be enforceable under the Principles (a hope shared by the Dreyfuss-Ginsburg Draft) because the Principles enable the enforcing court to adjust the reme-

47 DREYFUSS & GINSBURG, *supra* note 1.

48 E.g., ANNETTE KUR, “International Hague Convention on Jurisdiction and Foreign Judgments – A Way Forward for I.P.,” 24(4) E.I.P.R. 175–183 (2002); JONATHAN A. FRANKLIN & ROBERTA J. MORRIS, “Symposium on Constructing International Intellectual Property Law – The Role of National Courts – International Jurisdiction and Enforcement of Judgments in the Era of Global Networks – Irrelevance of, Goals for, and Comments on the Current Proposals,” 77 Chi.-Kent. L. Rev. 1213; Hankin, *supra* note 45.

49 DREYFUSS & GINSBURG, *supra* note 1, at 1084.

50 *Ibid.*, 1138.

51 “Intellectual Property – Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes,” ALI Principles, *supra* note 2.

52 The provisions concentrated on (1) strengthening the role of the Principles by permitting a court to refuse recognition and enforcement of foreign judgment if the Principles were not followed in the original proceedings in which the judgment was issued and (2) introducing procedures to adjust any remedies awarded in the foreign judgment to local conditions. *Ibid.*, xxii.

53 *Ibid.*, 276.

54 *Ibid.*, 276.

55 *Ibid.*, 276.

dies awarded by the foreign judgment if they are unacceptable to the enforcing country.

Other experts have explored the possibilities of an international instrument that would facilitate the smooth recognition and enforcement of foreign judgments in intellectual property matters. Building on its tradition of extensive studies of issues of international patent enforcement and private international law,⁵⁶ the Max Planck Institute created a working Group for Conflict of Laws in Intellectual Property, which has been preparing a European counterpart to the ALI Principles. Other scholars have contributed to the debate as well but have preserved the public policy exception: The exception was criticized but retained by Yoav Oestreicher in his proposal for a “simple” convention (as opposed to a “double” or “mixed” convention), i.e., a convention that would avoid jurisdictional issues altogether and concentrate solely on recognition and enforcement of foreign judgments.⁵⁷ Although he expressed some criticism of the public policy exception, Oestreicher suggested that it cannot be abolished at present. He submitted that the exception should eventually be replaced “with an adequate substitution that would fill the current function that the public policy mechanism fills”⁵⁸ but, unfortunately, did not elaborate on the character of such substitution. Another proposal for an international instrument in this area, this time limited specifically to court decisions in copyright cases, was developed by Roberto Garza Barbosa, who included the public policy exception as one of the grounds for discretionary non-recognition.⁵⁹

All authors seem to understand that any proposal for an international instrument stands no chance of adoption if the public policy exception is missing. As long as the instrument is designed to bind sovereign countries, it must retain this important tool of sovereignty. Any attempt to harmonize the content of public policy among sovereign countries is fruitless; the flexibility of the concept and its constant reshaping in time make harmonization impossible.⁶⁰ The impossibility of harmonization applies even to public policy limited to a certain area of law, such as intellectual property. Even such a highly harmonized area of law is influenced by a number of public policies over which countries do not intend to relinquish control.

The ALI proposal suggests that through unification of jurisdictional rules and choice of law rules, most of the common grounds for non-recognition may be eliminated. However, as totally non-unified and non-unifiable

56 See also DREXL & KUR, *supra* note 1.

57 YOAV OESTREICHER, “The Rise and the Fall of the “Mixed” and “Double” Convention Models Regarding Recognition and Enforcement of Foreign Judgments,” 6 Wash. U. Global Stud. L. Rev. 339.

58 *Ibid.*, 371.

59 ROBERTO GARZA BARBOSA, “International Copyright Law and Litigation – A Mechanism for Improvement,” 11 Marq. Intell. Prop. L. Rev. 77, 130.

60 On the time dimension of public policy, see BLOM, *supra* note 10, at 383 *et seq.*

grounds for non-recognition, the exception resists all attempts to minimize the incidence of non-recognition. Some may argue that the persistence of the exception will not present a significant problem because courts apply the exception so rarely, as evidenced by the few decisions concerning the issue available from the only current "testing ground" in which the exception remains the last un-unified ground for non-recognition – countries of the Brussels I Regulation and the Lugano Convention. Perhaps it is not a coincidence that the case that initiated the present inquiry, the *Viewfinder* case, concerns recognition outside the Brussels I Regulation or Lugano framework and, additionally, involves infringing activities committed on the Internet. As such, *Viewfinder* may become the prototype for public policy exception problems as the Internet becomes the primary global dissemination facility.

II. Copyright Infringement Cases and the Public Policy Exception

The recognition and enforcement of a foreign judgment may arise as a problem in a copyright infringement case if remedies cannot be enforced in the country where the judgment was issued, or if recognition is needed to achieve the *res iudicata* effect in another country. To enforce an injunction, the copyright owner must address a court in the country where the infringing act originates; to enforce damages, the owner must revert to the country of the infringer's assets. The *res iudicata* effect will be needed to stop re-litigation of the matter, which means that one of the parties may have to seek recognition of the foreign judgment in a country where the other party tries to bring the matter to a court and obtain a more favorable adjudication.⁶¹ Furthermore, the problem of a potential cross-border recognition and enforcement of a foreign judgment may be considered hypothetically by a court in deciding whether a case should be dismissed on the grounds of *forum non conveniens*, because enforceability of a judgment possibly rendered in a foreign forum should be one of the factors that a court must consider before dismissing a case based on *forum non conveniens*.⁶² If a court knows that the court in the only other available forum would likely render a judgment that would be unenforceable in an enforcing country, a dismissal and referral to such an alternative forum would produce an unenforceable and therefore unjust result.

Instances in which copyright owners seek recognition and enforcement of judgments in copyright infringement cases are likely to become more frequent because of the impact of the Internet. Cross-border infringements were certainly not introduced by the Internet, but the Internet has contribut-

61 On justiciability of foreign copyright claims, *see for instance*, SAM RICKETSON & JANE C. GINSBURG, "International Copyright and Neighboring Rights," 1296–1297 (Oxford University Press, 2005).

62 *Murray v. British Broadcasting Company*, 906 F.Supp. 858 (U.S. District Court for the Southern District of New York, 1995), 863.

ed significantly to the speed, low cost, and geographical magnitude with which such infringements may be committed today. Additionally, the Internet has facilitated a convenient way to strategically locate acts and assets away from the location of infringement. It has been predicted that the Internet will contribute to an increase in cross-border litigation,⁶³ and, consequently, “[i]nternational judgment recognition [will become] a core issue of effective cyberspace regulation.”⁶⁴ Cases like *Viewfinder* in which a defendant is physically absent from the country of infringement, his assets too are located elsewhere, and his activities originate in a foreign country are unlikely to be unique in the future.

It is therefore important to analyze the role that the public policy exception might have in recognition and enforcement of foreign judgments in copyright infringement matters. Even if countries eventually adhere to an international instrument that eliminates the most significant obstacles, the public policy exception will survive the efforts and stand as potentially the last hurdle to recognition and enforcement. The present section analyzes the exception from two perspectives: first, the exception is considered as it might be applied to the rendering country’s underlying copyright laws; and, second, the application of the exception to the effects of the foreign judgment is assessed. The aim of the analysis is to envisage a world in which no other grounds for non-recognition exist, i.e., the kind of world that could be achieved if countries adopt an instrument, such as the ALI Principles, that eliminates such other grounds. The analysis ignores procedural public policy because, although issues of procedural character certainly can trigger the public policy exception in copyright infringement cases, such issues are not copyright-specific.

1. The Public Policy Exception and Copyright Subject Matter, Ownership and Infringing Acts

Despite the high degree of copyright harmonization that has been achieved at the international level, differences among copyright laws of various countries exist, and some of them exhibit the very same diverging public policy notions that prevent countries from advancing in international harmonization and that may also prevent courts from recognizing and enforcing foreign judgments in copyright infringement cases.⁶⁵ These are the notions that

63 E.g., THOMAS S. LEATHERBURY, “ALI Takes Position on Foreign Judgments (Including those against the Media),” 23-SUM Comm. Law. 25.

64 MATHIAS REIMANN, “Introduction – The *Yahoo!* Case and Conflict of Laws in the Cyber-age,” 24 Mich. J. Int’l L. 663, 670.

65 It “is not so much the unification of private law which allows for the harmonization of Private International Law but the unification of the underlying public policy issues.” SIMONE PETER, “Sovereignty, Comity and the Public Policy Exception,” A Comment Presented at the Kandersteg Conference on Constitutionalism, 17–20 January 2008, http://www.nccr-trade.org/images/stories/projects/ip1/Peter_Simone_Comment%20on%20Joerges%20and%20Wolf.pdf, last visited on 6 October 2008.

justify a scrutiny of copyright laws underlying foreign judgments in copyright cases even though, as noted earlier, such a scrutiny of foreign law should be avoided. However, the following analysis of the three possible approaches submits that the scrutiny is unavoidable.

Under the first approach, issues of subject matter, ownership and infringing acts would be *completely excluded* from public policy scrutiny because confronting them with the public policy of the forum would mean that the foreign law itself would be judged. This exclusion represents the most comity-furthering approach, which appears to be in line, for instance, with the ALI proposal.⁶⁶ The approach is based on the premise that although the enforcing country may not agree with all aspects of the foreign law applied in the given case, it is willing to enforce it – obviously, with the expectation that the foreign country will respond similarly if the situation reverses in the future.

The second approach – the opposite extreme – would insist on a *full public policy scrutiny* of the foreign law that was applied in the given case to issues of subject matter, ownership and infringing acts. It is important to remember that under such scrutiny, only the fundamental public policy of the domestic forum should be considered. As a general rule, not every slight difference in copyright laws should be deemed a variance in fundamental public policies. However, if variances in laws reflect significant differences in fundamental public policies, such variances are relevant to the scrutiny. For instance, awarding copyright protection to a perfume scent may not reflect a fundamental public policy; however, denying initial copyright ownership to authors of a certain race might contradict a prohibition of discrimination as a fundamental public policy of the domestic forum. Under this approach, the public policy exception will be applied whether an interest of the enforcing country is at stake or not.

A compromise between these two approaches might constitute the third approach, under which issues of subject matter, ownership and infringing acts would be subjected to public policy scrutiny only if and to the extent that the enforcing country has an interest in these issues. For instance, a court of country A would not apply the scrutiny to any of these issues if it were deciding on the recognition and enforcement of monetary relief awarded by a judgment of a court in country B against a national of country C for infringement in B of a copyright owned by a national of B. However, the question is whether this interest approach is tenable if, in the given example, the judgment was based on discriminatory provisions on initial ownership in B and the applicable fundamental public policy of A was not limited to nationals or residents of A.

To avoid endorsements of foreign public policies that are antithetical to the fundamental public policies of the enforcing country, it seems to be safest for

⁶⁶ *Supra* note 55.

the enforcing country to apply the full scrutiny and confront the underlying foreign law with its own public policies. Although the existing intellectual property-related proposals for an international instrument seem to be headed towards the first, most comity-furthering approach, countries may understandably be reluctant to relinquish their right to scrutinize the underlying law. Once the strictest approach is adopted, the primary issue becomes which fundamental public policies courts may find to be affected by the foreign copyright law, and what degree of compatibility with their policies they will expect from the foreign law.

The two obvious candidates directly influencing copyright laws are freedom of speech and the right to property. Even though views of protecting these two rights vary from country to country, copyright laws uniformly evidence a weighing of both issues. Because each country attaches different weight to the policies, the result of the weighing – the achieved equilibrium – logically varies as well. The varying equilibria then contribute to variances in copyright laws – differences in what subject matter the countries protect under copyright,⁶⁷ how they regulate copyright ownership (including the vesting of initial ownership and transfers of ownership), and which acts they classify as infringing upon copyright (including which defenses they provide against infringement claims). For instance, the equilibrium is more inclined towards the freedom of speech in the U.S., where it finds an expression in the liberally framed free-use doctrine, compared to the equilibria in civil law countries where a restrictive list of exclusions from copyright protection shows a comparatively greater weight given to the right to property.

Naturally, economic rationales play a great role in shaping copyright laws. However, it appears that courts do not consider economic considerations to be fundamental public policies with the potential to trigger the public policy exception. There are two recent cases in the intellectual property area that are illustrative here. First, in 2000 the ECJ addressed the problem in *Régie Nationale des Usines Renault SA v. Mexicar SpA*,⁶⁸ a case that concerned recognition and enforcement in Italy of a French judgment against an Italian manufacturer who was found liable for infringement of intellectual property rights afforded in France to automobile body parts. The Italian court submitted three questions to the ECJ for preliminary ruling. One asked whether the French judgment could be considered contrary to Italian public policy because Italy did not have a comparable system of automobile body parts protection. The ECJ rejected the argument of the Italian manufacturer that the non-existence of the corresponding protection in Italy was a manifesta-

67 There are differences in the subject matter that countries protect under copyright; subject matter might be protected in one country but not in another, and the level of originality required for protection may also vary. For instance, France affords copyright protection to fashion designs, while the U.S. does not. A Dutch court confirmed copyright protection for a perfume scent, while perfume copyright protection has so far been rejected by other countries including the UK and France.

68 *Régie Nationale des Usines Renault SA v. Mexicar SpA*, C-38/98 ECJ (11 May 2000).

tion of “a principle of public policy in economic matters”⁶⁹ and consequently held that the lack of protection in Italy did not render the French judgment unrecognizable and unenforceable in Italy. Similarly, in *Sarl Louis Feraud Intern. v. Viewfinder, Inc.*, the U.S. District Court for the Southern District of New York rejected to recognize reasons for not protecting fashion designs in the U.S. as a fundamental public policy that justified application of the public policy exception in the case of a French judgment based on the French copyright law that protects fashion designs. The court opined that “[i]f the United States has not seen fit to permit fashion designs to be copyrighted, that does not mean that a foreign judgment based on a contrary policy decision is somehow repugnant to the public policies underlying the Copyright Act and trademark law.”⁷⁰

If economic rationales are left aside as unfit for the position of fundamental public policies, differences in the equilibria of the freedom of speech and the right to property appear to present a crucial problem for recognition and enforcement. As *Viewfinder* shows, recognition and enforcement will be denied if the enforcing court insists that the equilibrium in the rendering country is the same as the one in the enforcing country. Such an approach presents a difficulty because it is quite likely that the equilibria will vary, even if just slightly; after all, they express countries’ unique cultural and social fabrics which are not replicable in other countries. If the equilibria were the same, countries could harmonize their copyright laws completely and no public policy exception would burden recognition and enforcement of judgments based on the harmonized copyright laws.

One may wonder whether any solution to the uneven equilibria problem exists, or whether countries should simply agree to disagree and not recognize and enforce each other’s judgments if they originate from different equilibria. It is submitted that the second approach is highly unfortunate for the future of copyright in the Internet environment. Insisting on a specific equilibrium between the two fundamental public policies in the copyright infringement context would ultimately mean that the worldwide norm would be the equilibrium of the country where freedom of speech was given the greatest weight; it would be this country to which potential infringers would move their assets and from which they would conduct their activities. Against any recognition and enforcement of judgments issued elsewhere they would be shielded because of the – to them favorable – provisions of the domestic copyright law. While such a situation may appeal to any country where freedom of speech is given more weight compared to other countries, such a country has to expect that judgments of its own courts will be denied recognition and enforcement in countries where the balance of the two fundamental public policies is different. Additionally, such a country may

⁶⁹ *Ibid.*, point 24.

⁷⁰ *Sarl Louis Fearud Intern. v. Viewfinder, Inc.*, 406 F.Supp.2d 274 (U.S. District Court for the Southern District of New York, 2005) 281. Internal quotation marks omitted.

one day be “out-liberalized” by another country, which may adopt yet more free-speech-favoring (or less private-property-favorable) copyright laws.

There has been a concern that if a specific equilibrium of the two public policies is *not* required and foreign judgments are recognized and enforced despite the difference in the equilibria reached by the countries, the equilibrium most favorable to the right to property will become the worldwide norm. The assumption is that copyright owners will take advantage of liberal enforcement practices by choosing to litigate in the courts of a country with laws most favorable to copyright owners and having the judgments enforced against infringers in the country where their infringing activity originates, thereby affecting infringers’ activity worldwide. The second concern – that copyright laws favoring property rights would prevail in the global competition of various jurisdictions – does not appear to be pertinent if enforcement of remedies is limited to a particular jurisdiction that such copyright laws cover.

However, it has been considered difficult to limit the geographical scope of the impact of free-speech-restricting remedies on the Internet where domestic and worldwide publications are integrated and, therefore, any foreign intervention regarding Internet publication affects, at the same time, the same domestic publication.⁷¹ An injunction against a foreign publication automatically affects domestic publication, thereby imposing foreign copyright standards on domestic speech. However, while such concerns might have been warranted in the earlier “borderless” era of the Internet when it was feared that any injunction would be territorially limitless, today this fear appears to be largely unfounded because tools exist that can geographically limit access to Internet sites and permit courts to award, recognize and enforce remedies on the Internet while respecting the principle of territoriality. Domestic speech can thus remain intact even if access to it must be limited from a jurisdiction in which it was found to infringe a copyright because of local copyright laws that are balanced more in favor of the right to property.

If the feasibility of geographical limitation of Internet-based remedies is recognized, the question remains whether courts can find an approach to the public policy scrutiny that prevents an avalanche of non-recognitions based on differences in the equilibria. Perhaps courts could view the equilibrium itself as a unitary public policy, whereby small differences in the equilibria of two countries would not be sufficient to trigger the public policy exception. As long as the equilibrium of the rendering country – i.e., the copyright law of the rendering country – reflected both components and a process of their rational weighing, the court of the enforcing country would not hold the foreign provisions on which the foreign judgment was based to be repugnant

71 *E.g.*, in the *Yahoo!* case: This “Court may not enforce a foreign order that violates the protections of the United States Constitution by chilling protected speech that occurs simultaneously within our borders.” *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L’Antisemitisme*, 169 F.Supp.2d 1181 (US District Court for the Northern District of California, 2001) 1192.

to public policy. This suggested approach might be complemented by a link between the rational weighing of the two components and the international copyright treaties to which many countries adhered: the Berne Convention⁷² and the TRIPS Agreement.⁷³ Arguably, the rational weighing of the two components is embedded in the treaties. As long as countries comply with the provisions of the treaties, courts could perhaps expect that the countries' equilibria do not fall out of the acceptable range for recognition and enforcement.

2. The Public Policy Exception and Remedies

Public policy concerns resulting in a rejection of recognition and enforcement of a foreign judgment may also result from differences in the law on remedies and the practices of courts with respect to remedies. In copyright infringement cases, the remedies sought by copyright owners include injunctions and monetary relief, and because they have a direct connection to the effects that the enforcement of the judgment will have in the enforcing country they are an indisputable object of public policy scrutiny.

For a period of time, courts struggled with the territorial limitations of injunctions on the Internet; however, it appears that at the present stage of technological development the borderless age of the Internet may indeed be over. Viable mechanisms now exist that can limit the geographical scope of an Internet-based injunction with an effectiveness comparable to the ones achieved by injunctions concerning other media.⁷⁴ An injunction, if it may be considered for recognition and enforcement at all under the law of the enforcing country,⁷⁵ may become a victim of the public policy exception if it exhibits extraterritorial ambitions. In general, courts should respect territoriality when issuing injunctions by limiting them to the territory of their own country,⁷⁶ but even if they do not, the enforcing court can enforce them in the territorially limited manner.

72 Convention for the Protection of Literary and Artistic Works, 1886; Paris Act, 1971.

73 Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994.

74 See, e.g., DAN JERKER B. SVANTESSON, "Geo-Location Technologies and Other Means of Placing Borders on the "Borderless" Internet," 23 J. Marshall J. Computer & Info. L. 101. But cf. KIMBERLEE WEATHERALL, "Can Substantive Law Harmonisation and Technology Provide Genuine Alternatives to Conflict Rules in Intellectual Property," 11(4) Media & Arts Law Review 393 (2006).

75 In Canada the Supreme Court in *Pro Swing Inc. v. Elta Golf Inc.*, [2006] 2 S.C.R. 612, 2006 SCC 52, even when not recognizing the injunction in the particular case, nevertheless stated that the "traditional common law rule that limits the recognition and enforcement of foreign order to final money judgments should be changed." The UK as a Member State of the EU must comply with the Brussels I Regulation, which requires that courts recognize and enforce their judgments (under given conditions) whether an award is monetary or non-monetary.

76 If courts consider copyright infringement to be a transitory cause of action and adjudicate copyright infringement for multiple countries, they may issue injunctions that will cover not only the domestic territory but also the territories of these other countries.

While monetary relief would seem to generate less controversy than injunctions, punitive damages may, in practice, be difficult to enforce abroad. Civil law countries traditionally refuse to enforce punitive damages, which have a criminal law character (due to their functions as a punishment and deterrent) and are, therefore, an unacceptable remedy in civil proceedings.⁷⁷ Yet, punitive damages may be awarded as a result of a civil case in copyright infringement cases: In the U.S. punitive damages are awarded in infringement cases that involve common law copyright and in which recklessness or willfulness is proved. Although it may appear that not much has been left of common law copyright after the federal copyright statute, instances of common law copyright infringements do exist. For instance, in *Bridgeport Music, Inc. v. Justin Combs Pub.*,⁷⁸ one of the copyrights at issue was a common law copyright to a sound recording that was released in 1972. The finding of copyright infringement in this case led to an award of compensatory and punitive damages. Under the federal copyright statute, punitive damages are not available; the statute gives a plaintiff the choice of either statutory damages or actual damages plus profits.⁷⁹ A brief detour recently taken by the U.S. District Court for the Southern District of New York suggested that punitive damages might be awarded for infringement of statutory copyright, but U.S. courts now appear to agree that no punitive damages may be awarded for infringement of federal copyright.⁸⁰

However, a punitive component is present in the structure of remedies under the U.S. federal statute. As in other countries, including some civil law

77 On the attitude of civil law countries towards punitive damages and the related enforcement problems *see*, for instance, SYMEON C. SYMEONIDES, "Resolving Punitive-Damages Conflicts," *Yearbook of Private International Law*, Vol. 5, 3–4 (2003).

78 *Bridgeport Music, Inc. v. Justin Combs Pub.*, 507 F.3d 470 (6th Circuit Court, 2007).

79 17 U.S.C. § 504(a).

80 The brief detour in the Southern District of New York began with an interpretation of a Second Circuit Court decision in *Davies v. The Gap, Inc.*, 246 F.3d 152 (2nd Circuit Court, 2001) in which the court mentioned that as a general rule, "punitive damages are not awarded in a statutory copyright action" (at 172), which led some to believe that an exception to the general rule might exist. Two 2003 district court decisions proposed that punitive damages were not foreclosed by the U.S. Copyright Act and suggested that actual damages had no "sufficient deterrent effect" (*Andrea Blanch v. Jeff Koons*, 329 F.Supp.2d 568, U.S. District Court for the Southern District of New York, 2003, 569), and, therefore, punitive damages should be available in addition to actual damages plus profits. However, neither of the two cases actually led to a decision on punitive damages. In the first case the judge concluded that the case at issue did not present the kind of circumstances under which punitive damages could be contemplated, and in the second case no final decision on punitive damages was issued because at the end the plaintiffs elected statutory damages as an alternative. Following other district court level decisions that rejected the holding in *Blanch*, District Court Judge Stanton revised his earlier position on the availability of punitive damages in his 2008 opinion in *Viacom Intern. Inc. v. Youtube, Inc.*, 2008 WL 629951 (US District Court for the Southern District of New York, 2008), in which he stated that it "is time to extinguish the ignis fatuus held out by *Blanch*. Common-law punitive damages cannot be recovered under the Copyright Act."

countries, the statute provides for enhanced statutory damages⁸¹ that actually have a punitive element. The U.S. Sixth Circuit Court in *Bridgeport Music, Inc. v. Justin Combs Pub.* calculated that “the ratio of the punitive portion of statutory damages under the Act is 4:1.”⁸² In the English case *Nottinghamshire Healthcare National Health Service Trust v. News Group Newspapers Ltd*,⁸³ Justice Pumfrey explained that the drafting history of the Copyright, Designs and Patents Act clearly shows that additional damages under Sec. 97 of the Act were intended to maintain the deterrent effect characteristic of exemplary damages. He noted that “there are certain categories of cases in which an award of exemplary damages can serve a useful purpose in vindicating the strength of the law and thus affording a practical justification for admitting into the civil law a principle which ought logically to belong to the criminal.”⁸⁴ Of the civil law countries, for instance, Slovenia allows treble damages to be awarded if either intent or gross negligence in infringement is proven.⁸⁵

Due to their punitive elements, even enhanced statutory damages cause discomfort in countries that do not accept punishment and deterrence as a characteristic of civil remedies. Such discomfort was apparent when the Proposal for the EU Enforcement Directive was discussed in the EU Council working group, where some countries involved in the negotiations resisted a proposed provision mandating the introduction of double royalties as an alternative to compensatory damages and recovery of lost profits.⁸⁶ The assurance in the original proposal that the provision did not “constitute punitive damages”⁸⁷ did not suffice, and the provision that was finally adopted reflected the compromise achieved during the negotiations: Art. 13(1) generally provides that damages may be set “as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.” Therefore, on the one hand there is room for EU Member States that wish to maintain or introduce double or treble royalties, while on the other hand no obligation is imposed on other Member States to enforce any enhanced statutory damages.

However, since enhanced statutory damages are no longer foreign to civil law countries, it is questionable whether countries’ opposition to punitive damages per se should still warrant refusals to enforce the punitive damages

81 17 U.S.C. § 504(c)(2).

82 *Bridgeport Music, Inc. v. Justin Combs Pub.*, *supra* note 78, at 491.

83 *Nottinghamshire Healthcare National Health Service Trust v. News Group Newspapers Ltd*, [2002] R.P.C. 49.

84 *Ibid.*, 979.

85 Copyright Act, Art. 168.

86 “Proposal for a Directive of the European Parliament and of the Council on Measures and Procedures to Ensure the Enforcement of Intellectual Property Rights,” 30 January 2003, COM(2003) 46 final, Art. 17.1.

87 *Ibid.*, 23.

awarded abroad. If civil law countries actually adopted a deterring and punishing mechanism of civil redress in these cases, there should be no public policy argument to reject foreign civil remedies with deterring and punishing components. Naturally, a critical review by U.S. courts of punitive damages that are considered excessive may also exert a positive effect on the civil law countries' perception of punitive damages from this particular jurisdiction.⁸⁸

There have already been instances in which civil law courts have enforced punitive damages, and Professor Gotanda suggests that these instances indicate a general trend: "Recent developments in France, Germany, and the European Union, as well as in Canada, Australia, and Spain point toward greater receptivity toward punitive damages and the enforcement of these foreign awards."⁸⁹ He points to proposals for reforming the Code of Obligations in France, in which a provision for punitive damages was contemplated,⁹⁰ and decisions by German courts in which a sufficiently deterrent effect of damages was considered.⁹¹ An example of a positive approach to punitive damages in a civil law country that is most relevant to this analysis is a 2001 decision of the Spanish Supreme Court in *Miller Import Corp. v. Alabastres Alfredo, S.L.*,⁹² a case that concerned the "unauthorized use of intellectual property, violation of a registered trademark, and unfair competition."⁹³ The defendant in the case was not successful with the public policy argument against the enforcement of punitive damages awarded by a U.S. court; the Spanish Supreme Court determined that "punitive damages cannot be considered as a concept that is (completely) counter to public policy."⁹⁴ Whether these developments start a trend or not, it appears that enhanced statutory or punitive damages awarded in copyright infringement cases have the potential to penetrate civil law countries' opposition to the enforcement of punitive damages.

Conclusion

When deciding whether to recognize and enforce a foreign judgment concerning copyright infringement, courts may entertain the public policy exception as one of the grounds for non-recognition of the judgment. In the

88 See the Spanish Supreme Court decision in *Miller Import Corp. v. Alabastres Alfredo, S.L.*, translation by SCOTT R. JABLONSKI, 24 J.L. & Com. 225, 242. On the impact of the U.S. tort reform, see SYMEONIDES, *supra* note 77, at 9–14.

89 *Id.*

90 *Ibid.*, 517.

91 *Ibid.*, 519. Similarly, Professor VOLKER BEHR suggests that "[d]espite apparent differences between German and American blackletter doctrine, recent developments suggest that the gap is narrowing for practical purposes." VOLKER BEHR, "Punitive Damages in American and German Law – Tendencies Towards Approximation of Apparently Irreconcilable Concepts," 78 Chi.-Kent L. Rev. 105, 148.

92 2039/1999.

93 *Miller Import Corp. v. Alabastres Alfredo, S.L.*, *supra* note 88, at 231.

94 *Ibid.*, 242.

future, even if a proposal is adopted for an international instrument on recognition and enforcement of judgments in intellectual property matters, the possibility will be maintained for courts to scrutinize foreign judgments against the public policy of the enforcing country. Therefore, notwithstanding how much easier recognition and enforcement may become thanks to such an instrument, the public policy exception may remain the potential last hurdle to effective cross-border enforcement of intellectual property rights.

The exception requires a court to assess the effects that a foreign judgment would have in the enforcing country; therefore, remedies are the obvious target of the scrutiny. Yet it appears that remedies and countries' variant understanding of remedies are becoming less of a problem for cross-border enforcement. U.S. courts appear to be willing to correct excessive punitive damages and civil law countries seem to be revisiting their approach to punitive elements in copyright remedies. The Supreme Court in Canada has suggested that common law countries consider enforcing foreign non-monetary relief,⁹⁵ and new technological tools now permit enforcement of territorially limited injunctions on the Internet where the imposition of international borders has been resisted.

However, differences in substantive copyright laws remain a concern as courts scrutinize not only remedies but also examine the underlying foreign law. Because copyright laws are not completely harmonized among countries, differences among the laws may trigger application of the public policy exception if they reflect a fundamental public policy inconsistency. The fact that countries are not able to agree on a complete copyright harmonization suggests that many of the prevailing differences arise from significant inconsistencies and have the potential to become grounds for application of the exception.

The nature of the exception does not permit its unification in an international treaty; its precise shape cannot be captured even in a domestic statute. Therefore, it cannot be approached as other obstacles to recognition and enforcement and be unified by single universal provisions such as jurisdictional or choice-of-law rules. Only courts may shape the exception in their decisions by adopting either a more or less comity-furthering approach; some courts have already expressed their belief that the new globalized environment requires especially comity-furthering treatment of the exception. In the words of the Supreme Court of Canada, "[g]reater comity is required in our modern era when international transactions involve a constant flow of products, wealth and people across the globe."⁹⁶

95 *Pro Swing Inc. v. Elta Golf Inc.*, *supra* note 75.

96 *Hunt v. T&N plc*, [1993] 4 S.C.R. 289 (Supreme Court of Canada). See also *Bad Ass Coffee Company of Hawaii Inc. v. Bad Ass Enterprises Inc.*, 2007 ABQB 581 (Court of Queen's Bench of Alberta): "The defence of public policy must be narrowly defined to allow the increasingly global marketplace to operate."

However, facilitation of international trade might not be the most conclusive argument for a comity-furthering approach to the exception; rather, consideration must also be given to options left to the rendering country when it obtains no assistance with the enforcement of its injunctions on the Internet. The architecture of the Internet requires cooperation among countries in copyright enforcement. A single country cannot by itself effectively enforce its own copyright laws on the Internet. For instance, a French court in a civil case cannot be expected (in a democratic society) to order that the French government block certain web pages because the material posted breaches copyright in France. Only the infringer can be ordered to take appropriate action and stop infringing the copyright by blocking access to the copyrighted material by users located in France. If the infringer is acting outside the jurisdiction of the French court and his assets are also located elsewhere, the French court will not be able to enforce an injunction aimed at regulating the infringer's conduct unless it receives assistance from a court in the country where the infringer acts or where his assets are located. Without cooperation by the foreign court, French copyright law will be eviscerated.

Each country has a vested interest in the enforcement of copyright laws, including cross-border cases, because no right really exists (and no right or underlying policy is really furthered) without effective enforcement. Whether a country's copyright policy is based on the premise that copyright is an indispensable incentive for authors to generate copyrightable works or a natural right vested in an author, the policy will not be implemented if authors cannot rely on their rights being protected. The Internet as a significant – and perhaps soon the prevailing – mode of dissemination should not provide an easy escape from liability for infringers; such a black hole in the enforcement universe would soon result in copyright owners not only losing their natural right but, arguably, also an incentive to create.

*Christian Handig**

The Copyright Term "Work" – European Harmonisation at an Unknown Level

Is the pop song played on the radio a copyright work? Does this hold true for a logo or a photograph on a website? Under copyright law, the answer to this question is essential, as a "work" is a prerequisite to applying the rules of copyright. Nevertheless, under many European copyright laws there is no easy answer where exactly to draw the line between copyright works and productions that are not copyright works. This might come as a surprise in

* Dr. jur.; Staff Member of the Legal Department, Economic Chamber of Vienna, Austria; Academic Consultant, Kompetenzzentrum für geistiges Eigentum.