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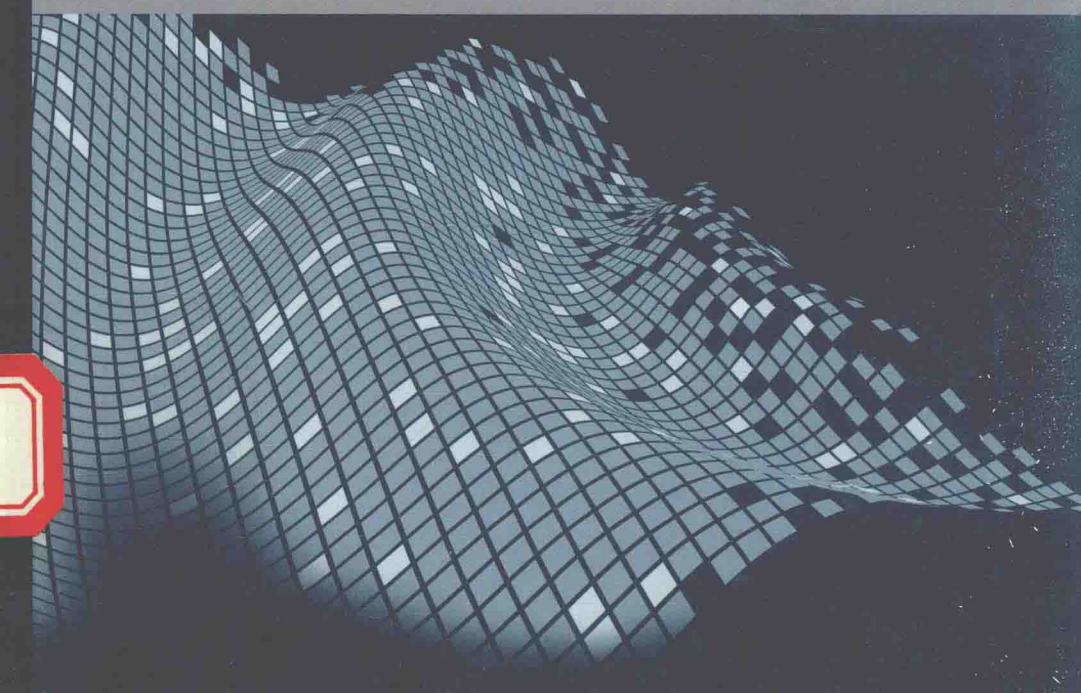
A Framework for Convergence of US and EU Law



Harmonising Copyright Law and Dealing with Dissonance

A Framework for Convergence of US and EU Law

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Contents

1. Harmony, policy and power

A. THE TANGLED ENTICEMENT OF "HARMONISATION"

1. The Reality of a Transnational Copyright World

"Harmonisation"[1] is such a lovely word. It conjures images of sweetness and light, of goodwill and fellowship. Turn the word into the phrase "global harmonisation" and we encounter a sense of peace and tranquillity. It is easy to see harmonisation in the abstract as a good thing; to be contrasted with dissonance, a condition to be avoided.

Thus, we reflexively think of harmonisation of laws across national borders as necessarily desirable. In so doing, we may often avoid the troublesome question of the consequences of cross-border uniformity, eliding consideration of the nature and quality of the end product. In short, it is easy to see transnational harmonisation as a desirable end in itself irrespective of the *substance* of the "harmonised" law. That world vision has provided a significant impetus to the search for ways to create global intellectual property laws, to provide greater uniformity, harmonisation, as it were, across national borders in the field of copyright law, in particular. The impetus for a transnational copyright law, a law concerned with the intangible interest encompassed by the word "copyright", seems to be a natural extension of the inherently transnational world contemplated by borderless commerce conducted via an intangible internet. Thus a traditionally territorial, nation-based body of law, such as copyright law, seems, with its strong internet presence, and the opportunity for large scale cross-border dissemination and, concomitantly, infringement, to have become essentially and irrevocably transnational.

The resultant need for varying degrees of uniformity has serious practical ramifications, well beyond the sense of well-being associated

[1] We indeed must begin with our orthographic disharmony; the US and the UK cannot agree on the preferred spelling for the subject word: is it "harmonization" or "harmonisation"? For a kind of consistency, we will use the UK spelling.

with the abstract idea of "harmonisation". The realities of communications immediacy, the borderless world of the internet, the nature and scope of trafficking in and infringement of intellectual property rights, all make clear that harmonisation serves an important purpose, irrespective of the warmth of feeling good. Of course, there is a price attached to movement toward uniformity: both an immediate price and a structural, long-term price.

The "territoriality" principle has been a foundation of national copyright law, having become virtually axiomatic. The idea that jurisdiction over a claim for infringement of copyright requires that the acts giving rise to the claim occur essentially *within* the nation whose copyright law is invoked is so ingrained as to be simply a matter of doctrine, a bright-line rule, rather than a rule of analysis.[2] The principle has generally worked well. Indeed, one may consider the Berne Convention[3] focus on *national treatment* for a national of a contracting state suing for copyright infringement in another contracting state[4] as embodying the territoriality principle. For the most part, national law has been sufficient to deal with acts of infringement occurring within a national border. The courts have been creative in evolving doctrine to deal with the idiosyncratic situation. Thus, it has been held that the law of the place where alleged acts of infringement occur will determine the issue of liability,[5]

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[2] See, e.g., *Tire Engineering v Shandong Linglong Rubber Co*, 682 F.3d 292, 306 (4th Cir. 2012), *cert. denied*, 133 S.Ct. 846 (2013) ("As a general matter, the Copyright Act is considered to have no extra-territorial reach"). This does not *necessarily* mean that a court will not have jurisdiction over a foreign copyright claim (in the UK see *Lucasfilm v Ainsworth* [2011] UKSC 39, [2012] 1 AC 208).

[3] The Berne Convention for the Protection of Literary and Artistic Works, 1161 UNTS 18338.

[4] "Members of the Berne Union agree to treat authors from other member countries as well as they treat their own": *Golan v Holder*, 132 S.Ct. 873, 878 (2012).

[5] In the United States, see *Itar-Tass Russian News Agency v Russian Kurier Inc*, 153 F.3d 82, 91 (2d Cir. 1998); in the European Union see Rome II Regulation (EC) No. 864/2007, art 8. There are two schools of thought over whether this rule comes from Berne Convention, art 5(2). On one side see Jane Ginsburg and Sam Ricketson, *International Copyright and Neighbouring Rights, The Berne Convention and Beyond* (2nd edn., Oxford University Press, Oxford 2005), [20.36] and Eugene Ulmer, *Intellectual Property Rights and the Conflict of Laws* (Kluwer, Alphen aan den Rijn 1978), 10–11; on the other see Richard Fentiman, "Choice of Law and Intellectual Property" (2005) 24 *IIC (International Review of Industrial Property and Copyright) Studies* 129, 135 and Mireille Van Eechoud, *Choice of Law in Copyright and Related Rights: Alternatives to the Lex*

while in some jurisdictions the country of the origin of the work will determine the claimant's ownership of copyright.[6]

"Territoriality" has worked however, in a linear world, a world in which discrete acts of infringement generally occurred in discrete geographical locations, with multiple acts taking place over extended times in different places. As the world has become both non-linear and, in Thomas Friedman's words, "flat",[7] the discrete event tends to disappear and the copying and dissemination of copyrighted material exist in an instantaneous and borderless cyberspace. In this "hyperworld" borders are arbitrary and "territory" has no real meaning for something that has no "place" as such. In short, at least arguably, to some extent there is a need for a transnational law to deal with the transnational realities of the present copyright world.

2. A Toolbox and Vocabulary for the New World

Words are elusive; they can mean different things to different people. The freighted word "harmonisation" has protean characteristics.[8] The word often evokes its musical origins, the creation of a musical "harmony."[9]

Protectionis (Kluwer, Alphen aan den Rijn 2003), 107. The French Cour de Cassation recently held that Berne art 5(2) is a choice of law provision: *M. Fabrice X v La société ABC News Intercontinental Inc*, Cour de Cassation (Première chambre civile, 10 April 2013) No 11-12.508; but the Court of Justice appears to suggest that it is not: C-28/04 *Tod's and Tod's France* [2005] ECR I-5781, [32].

[6] This rule applies in the United States. See *Itar-Tass Russian News Agency v Russian Kurier, Inc*, 153 F.3d 82 (2d Cir. 1998); but not in Australia *Re Enzed Holdings* [1984] FCA 373 or France *M. Fabrice X v La société ABC News Intercontinental Inc*, Cour de Cassation (Première chambre civile, 10 April 2013) No 11-12.508. It is argued that it does not apply in the U.K. either; Phillip Johnson "Which Law Applies? A reply to Professor Torremans" (2005) 1 *Journal of Intellectual Property Law and Practice* 71 (which has a similar provision to Australia), but others disagree, Paul Torremans "Which law applies? A reply from Professor Torremans to Phillip Johnson's reply to his earlier work" (2005) 1 *Journal of Intellectual Property Law and Practice* 76.

[7] Thomas L. Friedman, *The World is Flat* (Farrar, Straus & Giroux, New York 2005).

[8] Mads Andenas et al, "Towards a Theory of Harmonisation" in Mads Andenas and Camilla Baasch Andersen (eds), *Theory and Practice of Harmonisation* (Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA 2012), 572 at 576.

[9] Martin Boodman, "The Myth of Harmonisation of Laws" (1991) *American Journal of Comparative Law* 699, 700–1; also see Stelios Andreadakis,

Yet this comparison is totally misplaced. Musical harmony arises where sounds fit together so as to produce something better than its parts.[10] Legal harmony is completely different, as it seeks something akin to one new long single note. Certainly, a plethora of words could be used to suggest laws being brought together, including "integration",[11] "homogenization"[12] or "convergence".[13] Indeed, "harmonisation" is sometimes contrasted with "uniformity", the former suggesting having laws come closer together whereas the latter involves making the laws the same.[14] The sameness, even with uniform rules, as will be explained in Chapter 2, may not actually be the *same*, as the legal environment will differ and different interpretations might arise from use of the same or similar words.[15]

The advantage of using the word "harmonisation", rather than "uniformity", is that the former suggests the bringing together of differing

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"Regulatory Competition or Harmonisation: The dilemma, the alternatives and the prospects of Reflexive Harmonisation" in Mads Andenas and Camilla Baasch Andersen (eds), *Theory and Practice of Harmonisation* (Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA 2012), 52 at 57.

[10] A point made, slightly differently, in David Leebron, "Claims for Harmonisation: A Theoretical Framework" (1996) 27 *Canadian Business Law Journal* 63, 67.

[11] See Anne Kjaer, "A Common Legal Language in Europe" in Mark van Hoecke (ed.), *Epistemology and Methodology of Comparative Law* (Hart Publishing, Oxford 2004), 377 at 378.

[12] Gerrit Betlem, "Beyond Francovich: Completing the Unified Member State and EU Liability Regime: A Comment on the Jan Jans Contribution" in D. Obradovic and N. Lavranos (eds), *Interface between EU Law and National Law* (Europa Publishing, Groningen 2007), 297 at 305–6 (uses the word "homogeneity").

[13] Stelios Andereadakis, "Regulatory Competition or Harmonisation: The dilemma, the alternatives and the prospects of Reflexive Harmonisation" in Mads Andenas and Camilla Baasch Andersen (eds), *Theory and Practice of Harmonisation* (Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA 2012), 52 at 60–1.

[14] Francesco Berlingieri, "Unification and Harmonisation of Maritime Law Revisited" (2006) 59 *Revue Hellénique de Droit International* 603, 603; also see Stelios Andereadakis, "Regulatory Competition or Harmonisation: The dilemma, the alternatives and the prospects of Reflexive Harmonisation" in Mads Andenas and Camilla Baasch Andersen (eds), *Theory and Practice of Harmonisation* (Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA 2012), 52 at 57–8.

[15] On the need for real uniformity see Francesco Berlingieri, "Unification and Harmonisation of Maritime Law Revisited" (2006) 59 *Revue Hellénique de Droit International* 603, 604 and 613.

concepts from various sources, essentially involving an active process of accommodation, rather than the external imposition implied by "uniformity". Thus, we prefer, and will use, the term "harmonisation" throughout to reflect the ultimate engagement of those players who will be bound as the process develops.

Agreement on a word does not itself eliminate uncertainties and ambiguities. For example, there may be different degrees of harmonisation: from "minimum" harmonisation, in the form of the imposition of a set of minimum standards, to a maximum or full harmonisation, whereby there is no room for divergence between the various legal systems.[16] Indeed the differences are more subtle and nuanced than even these words convey. Minimum standards can be set for a "bottom" level or a "top" level of regulation (bottom level: you must have copyright protection for at least the life of the author plus 50 years; top level: copyright exceptions must not go further than that permitted by the three-step test). A "full" harmonisation can be complete harmonisation of the substantive rules (the meaning of "substantial part" for instance[17]), the rules and *remedies* (an injunction must be available[18]) or the rules, remedies, and *legal procedures* (there must be discovery and it includes X[19]).

The outcome of legal disputes most often turns on procedure, rather than substantive law.[20] Accordingly, if the aim of harmonisation is to have the same outcome arising in two different countries based on identical facts then full harmonisation of substantive law will not be enough. Yet reality must intrude. Assuming that "full" harmonisation of the substance of copyright law is achievable, "fullness" is a more elusive matter and thus we prefer to think in terms of "effective" or workable harmonisation. That is, our focus is on the possibility of a copyright regime that, without quibbling as to its lacunae, *effectively* affords a

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[16] See Ruth Sefton-Green, "Multi-culturalism, Europhilia and Harmonization: Harmony or Disharmony" (2010) 6 *Utrecht Law Review* 50, 50–1 (she also uses the word "complete" harmonisation, at 66).

[17] E.g. Directive 2001/29/EC, art 3 and C-5/08 *Infopaq* [2009] ECR I-6569.

[18] E.g. Directive 2004/48/EC, art 9 and 11.

[19] E.g. the *Proposal for the Recast Trade Marks Directive* (COM (2013) 162 final) (albeit these are procedures for the grant of a trade mark, not infringement) and the more recent drafts of the proposal have moved away from complete procedural harmony).

[20] An obvious point, but one rarely made; for a notable exception see, Sir Robin Jacob, "International Intellectual Property Litigation in the Next Millennium" (2000) 32 *Case Western Reserve Journal of International Law* 507, 507.

workable kind of transnational uniformity.[21] The creation of a new court applying new rules to copyright disputes is much further away and probably still out of reach.[22]

In the United States, the dual federal–state system has long accommodated an array of separate, independent federal and state laws, with parallel federal and state court systems and related governmental bodies (although in certain defined areas the system acknowledges the primacy of federal substantive law). More significantly, at the state law (or common law[23] level), there is an array of "uniform" laws, sets of statutes more or less adopted uniformly by the several states,[24] superseding to one extent or another the 50 sets of state laws. Periodically, the National Conference of Commissioners on Uniform State Laws[25] will determine that the benefits of uniformity in certain areas of the law will outweigh the benefits of separate state experimentation and variation and propose a "uniform" statutory codification of the body of law for action by the several state legislatures. Sometimes, as with the Uniform Commercial

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[21] A similar definition of uniformity is used by Camilla Baasch Andersen, "Applied Uniformity of a Uniform Commercial Law: Ensuring Functional Harmonisation of Uniform Texts through a Global Jurisconsultorium of the CISG" in Mads Andenas and Camilla Baasch Andersen (eds), *Theory and Practice of Harmonisation* (Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA 2012), 30 at 32 ("we can define 'uniformity' as the varying degree of similar effects on a phenomenon across boundaries of different jurisdictions resulting from the application of deliberate efforts to create specific shared rules in some form").

[22] For example, the attempts to create a Community Patent Court (now Unified Patent Court) appear to be approaching the final hurdle, but this is after two previous failed attempts and more than 40 years since it started. Even then it is purely an intra-EU project and two countries (Poland and Spain and to a lesser extent Italy) are not part of the agreement.

[23] There is no federal "common law"; see, e.g., *Liddy v Wells*, 186 F.3d 505 (4th Cir. 1999), *cert. denied* 120 S. Ct. 939 (2000), a defamation action involving multiple acts of slander and libel occurring both in different states and on the high seas. The court laboriously determined which state laws of defamation were applicable to which of the state-based claims, but found itself in an anomalous position with respect to an applicable common law to apply to a slander on the high seas, ultimately retreating to an open-ended law of admiralty.

[24] The most prominent, and most "uniform", being the Uniform Commercial Code. Of course where there is widespread adoption the "uniformity" comes from individual states enacting similar legislation, so that with respect to any one state, the focus remains the state's law, even if it happens to be the same as that of most other states following adoption of that "uniform" law.

[25] Sometimes in conjunction with the American Law Institute, another non-governmental organisation.

Code, over a period of years all, or virtually all, of the respective legislatures will adopt the proposed law, or a close variant of it, producing the desired "uniformity", and at other, more frequent times, the legislation will be adopted by few, if any, state legislatures.[26]

Concurrently, where there may be overlap between federal and state power, statutory or constitutional doctrines of federal pre-emption may operate to create in effect a superseding federal law,[27] providing national uniformity.[28] Thus, for example, when the US Copyright Act of 1976 was enacted,[29] one of its most significant changes was to replace the then existing dual system – in which prior to publication a work was protected by state law (the so-called "common law copyright") and, upon publication, the work lost its state protection and either fell into the public domain or, if published with appropriate notice, became subject to the federal copyright law – with a single, unitary system, governed solely by federal law, state law being explicitly pre-empted.[30]

Uniformity as among the states of one nation or the member states of a union of nations, while promoting efficiency comes with a cost. This consideration, a cost/benefit efficiency analysis, of course, permeates issues of "uniformity" as among the Member States of the European Union.[31] Although sharing a significant common core, the various Member States exhibit a degree of diversity in the details of their respective national laws that is often overlooked by the non-European observer. Just as there is no "American" criminal law applicable as a code to all the states,[32] so there is no "European" all-embracing criminal code (although there is work towards a civil code). Not surprisingly, the European nation-state remains in relatively full flower; the emergence of

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[26] Such was the fate of the languishing Uniform Computer Information Transactions Act (adopted only in Maryland and Virginia) and only one state, Pennsylvania, ever adopted the Uniform Written Obligations Act.

[27] See, e.g., *Sears, Roebuck & Co v Stiffel Co.*, 376 U.S. 225 (1964); see Jeanne C. Fromer, "The Intellectual Property Clause's Preemptive Effect" (2012) 61 *Duke Law Journal* 1329.

[28] Similarly, this is meant to occur under EU law, particularly where something falls under the European Union's exclusive competence as some aspects of copyright appear to do (see Chapter 4, Part C.3).

[29] 17 U.S.C. §101 et. seq.

[30] 17 U.S.C. §301.

[31] See, e.g., Mireille van Eechoud et al, *Harmonizing European Copyright Law: The Challenges of Better Lawmaking* (Kluwer, Alphen aan den Rijn 2009).

[32] As opposed to those specific areas of law reserved to the federal government.

a "euro zone" may indeed have been even more surprising to "Europeans" than it was to the rest of the world! In short, harmonisation even within the relatively homogenous US state system, just as in the comparatively cognate civil law systems of the Member States of the European Union, can be a mixed blessing.

It is overly simplistic to pin absolute values on the construct of harmonisation of laws. A code, an all-embracing uniformity across national borders with respect to some area of law is not per se good or bad; it serves a variety of purposes, from administrative efficiency to the promotion of a degree of cultural homogeneity, but often at the price of obscuring significant cultural or societal differences and precluding useful experimentation and variation. That is, in any given instance, the decision to adopt one or another form of legislation that results in transnational uniformity of law requires balancing a variety of considerations and the choice is ultimately a policy determination. As we elaborate below, one of our principal concerns, in considering the nature and scope of possible harmonisation of copyright law, is to distinguish issues of policy from those of power; examining where the differing competencies as between the United States and the European Union may converge so that the implementing policy issues may be realistically understood and resolved.

Although we discuss at length the nature and possible scope of harmonisation of copyright law as between the United States and the European Union it is still too early to suggest that there exists today a harmonised EU law of copyright fully pre-empting the laws of the Union's Member States.[33] Nevertheless it is necessary to begin somewhere. With respect to copyright law, exogenous factors, an interconnected supra- or trans-national universe in which copyrighted matter is created, distributed and used, roughly analogous to those exogenous factors that impel particular moves to uniformity of state laws in the United States and the array of existing European Union Directives, along with an existing body of treaties and international agencies, create a degree of urgency in approaching those matters of power and policy. These are matters that cabin the construct of global (or, at least, transatlantic) uniformity of law. We recognise that, at this time, to speak in terms of "globalisation" is redolent of grandiosity and thus our concerns here begin with the somewhat more practicable prospect of *transatlantic* harmonisation, limiting our present scope to the non-universal universe encompassed by the United States and the European

[33] But as we will see in Chapter 4, this appears to be incredibly close.

Union. In this context, it is then necessary to examine more closely what in fact real *harmonisation* entails. It is not simply[34] a matter of arriving at a multilateral policy consensus that produces a uniformly applied transnational code.

Rather, sophisticated analysis necessarily implicates structural and cultural issues, and questions of both power and policy, that, unless addressed and reframed, create enormous hurdles to meaningful harmonisation: (i) the United States is and will remain for the foreseeable future, a major player in the intellectual property world and while there may certainly be intra-European benefits to a "European" copyright law, there cannot be anything approaching serious international harmonisation of copyright law without the active involvement of the United States; (ii) such moves toward harmonisation as have been adopted in the past, have, almost without exception, taken the form of treaties increasing the rights and protections of copyright owners,[35] with limited[36] parallel movement in the direction of uniform exceptions and limitations on those rights;[37] (iii) unlike the states of the European Union, in which the impetus for assuming treaty obligations is to be found in policy determinations, and the array of EU competencies,[38] for the United States, alongside considerations of policy are (usually tacit) serious considerations of constitutional power, questions of the scope of and limitations on congressional power to enact copyright legislation; (iv) consequently, the present harmonisation regime, an accretion from "national treatment" treaties to minimal standards agreements based on expansion of rights, with ever-broadening power without concomitant limiting exceptions, creates serious constitutional implications for the US system, going to the power of the US Congress to act. These implications of power and competency must be examined and accommodated by policy determinations resulting in any meaningful uniform copyright regime.[39]

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[34] And of course that would not be at all simple.

[35] See Chapter 2, Part C.

[36] A recent exception to this is the Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Print Disabled (agreed 28 June 2013) (not yet in force).

[37] See, e.g., P. Bernt Hugenholtz and Ruth L. Okediji, *Conceiving an International Instrument on Limitations and Exceptions to Copyright* (Amsterdam Law School Legal Studies Research Paper No. 2012-43, Institute for Information Law Research Paper No. 2012-37 (2008)) (despite over a century of international norm setting in the field of copyright, limitations and exceptions have largely remained unregulated space).

[38] See Chapter 4, Part C.

[39] See Chapter 3.

Technological change, rather than considered power/policy analysis, has been the driving force in recent moves toward a degree of uniformity in intellectual property law. Technological urgency, as well as the technological "lag" in most legislation, has been the impetus for past efforts to accommodate copyright law to the exigencies of a digital, internet-based, constantly available, borderless world.[40] The emergence of the internet produced an urgency to meet this unanticipated phenomenon, best exemplified by the explosion of the alphabet soup of treaties, protocols, agreements and enforcing agencies that have emerged over the past several decades. From Berne and GATT,[41] we have moved to TRIPS,[42] WTO[43] and WIPO.[44]

This aggregation of acronyms has been the launching point and rationale for a plethora of legislation, all designed to conform US law to that of the European Union and both more generally to the world at large. That is, as a matter of policy their governments have found it to be in the national (regional) interest to accede to an array of treaties and protocols, an accession process that, for example, in the United States required not only Congressional ratification, but the enactment by Congress of implementing legislation. Although there is certainly nothing unusual in this mode of international relations, as discussed below, much of the past and projected implementing legislation, enhancing, as it does, the scope or nature of copyright protection, gives rise to serious constitutional questions relating to the exercise of congressional power.

Consistent with the European Union's[45] Rental Rights Directive,[46] Term Directive[47] and Information Society Directive,[48] the US Congress

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[40] The tensions between technology and copyright are as old as copyright itself: see Brad Sherman and Leanne Wiseman (eds), *Copyright and the Challenge of the New* (Kluwer, Alphen aan den Rijn 2012), *passim*.

[41] General Agreement on Tariffs and Trade, 55 UNTS 187 (this is the original version of the GATT).

[42] Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Marrakesh Agreement Establishing the World Trade Organization, 1867 UNTS 31874, Annex 1C.

[43] Marrakesh Agreement Establishing the World Trade Organization, 1867 UNTS 31874.

[44] World Intellectual Property Organization: Convention Establishing the World Intellectual Property Organization, 828 UNTS 11846.

[45] At the time the European Economic Community (and then the Economic Community).

[46] Directive 92/100/EEC (now codified as Directive 2006/115/EC).

[47] Directive 93/98/EEC (now codified as Directive 2006/116/EC).

[48] Directive 2001/29/EC.