Exporting American Copyright Law

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I. INTRODUCTION

The copyright industries\(^1\) estimate that they lost approximately $9 billion

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of revenue in 1999 and $7.5 billion in 2000 to piracy.\textsuperscript{2} Certainly, the large-scale piracy of music, motion picture, and software in China has not escaped the attention of the world.\textsuperscript{3} It is estimated that ninety percent of music products in China are counterfeit.\textsuperscript{4} In one recent example, the movie \textit{Harry Potter and the Sorcerer’s Stone} was available in the streets of China only days after it was first released in movie theaters.\textsuperscript{5} Considering the importance of the copyright industries to the United States economy,\textsuperscript{6} the topic of copyright piracy is one that receives much attention. Yet despite the attention, piracy still flourishes abroad. How are U.S. copyright holders to protect their copyrights from the modern day version of the Barbary pirates?


\textsuperscript{3} In 2001, the International Intellectual Property Alliance (IIPA) again suggested that China should remain subject to “Section 306 monitoring.” \textit{See Int’l Intellectual Prop. Alliance, 2001 Special 301 Report 24 (2001), available at http://www.iipa.com/rbc/2001/2001SPEC301CHINA.pdf (last visited June 21, 2002). The IIPA works with the United States Trade Representative (USTR) each year to create a prioritized list of countries, referred to as the “Special 301,” to be watched for potential copyright abuses. \textit{See Warner Rose, The U.S. Special 301 Process, in Introduction to Intellectual Property Rights, at http://usinfo.state.gov/products/pubs/intelpop/301.htm (last visited May 20, 2002). Inclusion on the Special 301 has in the past meant sanctions, but it has been most noteworthy for the furor it has caused among U.S. trading partners. \textit{See Nancy Dunne, US Holds Fire on Trading Partner Hit List, Fin. Times (London), May 1, 2001 at 5. The Bush administration, unlike its predecessor administration, appears to be taking a more “low-key” approach to the Special 301. \textit{See id.}}}

\textsuperscript{4} Winnie Chung, \textit{The Year in Asia: Piracy and a Shrinking Pie Have Region Hoping for Recovery, Billboard, Dec. 29, 2001, at YE22.}

\textsuperscript{5} Michael Forsythe, \textit{U.S. Says China Dragging Feet on Fighting Counterfeiters, Bloomberg News, Jan. 23, 2002. The article cites comments by Assistant U.S. Trade Representative Joseph Papovich and states that China has not lived up to the promises it made when it entered the World Trade Organization. \textit{Id. Papovich felt that enforcement of piracy laws in China is weak and enforcement “generally amount[s] to a slap on the wrist.” \textit{Id.}}}

\textsuperscript{6} The U.S. copyright industries estimate that in 1999 they “contributed an estimated $677.9 billion to the U.S. economy,” or approximately 7.33% of the U.S. Gross Domestic Product (GDP). \textit{Report, supra note 1, at 3. They also estimate that they were responsible for employing 7.6 million people, or 5.7% of U.S. employment, in 1999. \textit{See id. at 4.}
When the United States joined the Berne Convention in 1989,\textsuperscript{7} it agreed to a copyright enforcement mechanism called “national treatment.”\textsuperscript{8} Under this enforcement mechanism, the U.S. is charged with protecting foreign copyright holders just as it protects U.S. copyright holders under U.S. copyright laws.\textsuperscript{9} In return, U.S. copyright holders are protected by each member-nation of the Berne Convention in the same manner.\textsuperscript{10} This system offers some advantages; namely, it gives U.S. copyright holders the ability to enforce their copyrights around the globe.\textsuperscript{11} Many U.S. copyright holders, however, have not found this level of protection satisfactory for several reasons. First, protecting a copyright in foreign lands comes with the obvious enforcement costs—it is expensive to litigate in foreign countries with different laws and procedures. Second, U.S. copyright holders have found that the laws of most members of the Berne Convention do not offer the level of protection guaranteed by U.S. laws and procedures.\textsuperscript{12}

The disenchantment with this enforcement mechanism has resulted in a push to expand the reach of U.S. copyright law to acts and infringers outside the boundaries of the United States. Where possible, U.S. copyright holders have fought for their lost revenues by attempting to apply U.S. copyright laws to infringing acts that have taken place abroad. Many courts, however, have not been receptive to the arguments of these copyright holders.\textsuperscript{13} The reason behind this negative reception is the longstanding presumption against applying any U.S. law extraterritorially unless Congress affirmatively states a contrary intent.\textsuperscript{14}

\begin{itemize}
\item \textsuperscript{7} Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised at Paris, July 24, 1971 (amended 1979), S. TREATY DOC. NO. 27, 99th Cong., 2d Sess. (1986), 828 U.N.T.S. 221 [hereinafter Berne Convention]. The Berne Convention was originally signed in Berne, Switzerland on September 9, 1886. See ALEXANDER LINDEY & MICHAEL LANDAU, LINDEY ON ENTERTAINMENT, PUBLISHING AND THE ARTS, PART 9: ARTWORK (2d ed. West 2001). For several reasons, most notably concerns over moral rights and formalities, the United States did not sign the Convention until 1988 and the implementing legislation was not enacted until March 1, 1989. Id.
\item \textsuperscript{8} The national treatment enforcement mechanism is stated in article 5 of the Berne Convention. See Berne Convention, supra note 7, art. 5(1). “National treatment” is described as an international obligation for copyright recognition between states. Peter A. Jaszi, Why U.S. Lawyers Can’t Afford Not to Care About International Copyright, 671 PLI/PAT 325, 327 (2001).
\item \textsuperscript{9} See Berne Convention, supra note 7, art. 5(3).
\item \textsuperscript{10} See id. art. 5(1).
\item \textsuperscript{11} See LINDEY & LANDAU, supra note 7.
\item \textsuperscript{12} See GARY B. BORN, INTERNATIONAL CIVIL LITIGATION IN UNITED STATES COURTS 3-5 (3d ed. 1996) (discussing why American courts are preferred by plaintiffs for reasons such as broad discovery rules and high damage awards).
\item \textsuperscript{13} See, e.g., Am. Banana Co. v. United Fruit Co., 213 U.S. 347, 355-57 (1909).
\item \textsuperscript{14} EEOC v. Arabian Am. Oil Co., 499 U.S. 244, 248 (1991) (Aramco).
\end{itemize}
However, courts have seen fit to overcome this presumption in some instances, notably in the fields of trademark, antitrust, and securities law.\textsuperscript{15} How and why has the presumption been overcome in these cases? What factors were taken into consideration? Could copyright law be added to this list? Would its addition be consistent with the established principles of extraterritoriality jurisprudence?

This Article will discuss in Part II the origins and the justifications of the presumption against extraterritoriality. Part III will briefly discuss the areas of the law in which the presumption has been overcome, focusing on the factors taken into consideration that are or may be applicable in the context of copyright law. Finally, Part IV will discuss how courts have addressed the extraterritorial application of copyright law to date and whether there is room for change in the future.

\section*{II. THE PRESUMPTION}

The presumption against extraterritoriality has longstanding roots in federal law.\textsuperscript{16} The Supreme Court first applied the presumption in 1818 when it addressed whether a federal piracy statute could reach foreign citizens on a foreign ship who committed robbery on the high seas.\textsuperscript{17} The most famous statement of the presumption was made by Justice Holmes in the 1909 \textit{American Banana Co. v. United Fruit Co.} case.\textsuperscript{18} In addressing whether the Sherman Antitrust Act could regulate conduct that took place outside the U.S., Justice Holmes stated

the general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done. . . For another jurisdiction, if it should happen to lay hold of the actor, to treat him according to its own notions rather than those of the place where he did the acts, not only would be unjust, but would be an interference with the authority of another sovereign, contrary to the comity of nations, which the other state concerned justly might resent.\textsuperscript{19}

\begin{itemize}
  \item[18.] 213 U.S. 347. \textit{See also} Dodge, \textit{supra} note 16, at 85.
  \item[19.] \textit{Am. Banana Co.}, 213 U.S. at 356 (citations omitted).
\end{itemize}
Despite a period of years during which commentators said the presumption had been eroded, the Supreme Court strongly reaffirmed the presumption in 1991 in *EEOC v. Arabian American Oil Co.*, better known as the *Aramco* case. In that case the Supreme Court determined that Title VII of the Civil Rights Act could not be applied extraterritorially to reach U.S. citizens working for U.S. companies abroad.

While the presumption has a longstanding place in our jurisprudence, it has no statutory or constitutional foundation. Instead, it is merely a canon of statutory construction. Congress has the power to regulate extraterritorially and has done so. In short, the courts will decline to interpret a statute as applying extraterritorially unless Congress has made its intention for such application explicit.

**A. Justifications for the Presumption Generally**

There is no definitive account of the justifications for the presumption against extraterritoriality. Professor Curtis Bradley, however, has undertaken a review of the Supreme Court's extraterritoriality decisions. His review revealed at least five justifications for the presumption: international law, international comity, domestic choice of law principles, constitutional separation of powers concerns, and congressional intent.

1. **International Law**

In the *Aramco* case, the Supreme Court stated that it was "unwilling to ascribe to [a foreign] body a policy which would raise difficult issues of international law by imposing this country's [laws] upon foreign corporations" (emphasis added). The presumption against extraterritoriality is rooted in the principle that a country should not impose its laws upon another country without explicit authorization. This principle is based on the recognition that states have sovereign rights over their territory and that extraterritorial application of laws can interfere with the sovereignty of other states.

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22. *Id.* Congress disagreed with the Court and effectively overruled the decision by amending the Civil Rights Act to reflect the inclusion of American citizens working for American companies overseas. See infra note 268.
24. See id. at 284; see also *Aramco*, 499 U.S. at 258-59 (discussing several instances where Congress has written legislation with explicit provisions that mandate extraterritorial application).
25. See *Aramco*, 499 U.S. at 248.
27. See id. at 513-19.
operating in foreign commerce.”

One commentator has gone as far as to say that “it is now clear beyond doubt that the Supreme Court—majority and minority—understands that the reach of a nation’s law is a subject of international law—public customary international law.” Generally, customary international law limits the authority of nations to apply their laws to citizens abroad or to activities that take place outside their borders. For this reason, U.S. courts generally construe statutes, where possible, so as not to violate international law.

Critics of this justification, however, point out that international law has evolved since the early days of the presumption. They argue that a strict territorial presumption is no longer warranted because there is now broad-based agreement that nations, in several areas, may regulate extraterritorial conduct that has effects within their territory.

2. International Comity

The second justification can trace its roots to Justice Holmes’s pronouncement in American Banana Co. The concern over international comity has functioned as “something short of a legal limitation, more like an act of altruistic deference or an acknowledgment of superior foreign interest (or lesser U.S. interest) in the matter at hand.” In reference to this justification, the Supreme Court in Aramco stated that the presumption “serves to protect against unintended clashes between our laws and those of other nations which could result in international discord.”

28. Aramco, 499 U.S. at 255.
30. See Bradley, supra note 20, at 514.
31. Id. at 514-15.
32. See id. at 517.
33. Id. (citing RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW, supra note 29, § 402(3)). “[A] state has jurisdiction to prescribe law with respect to . . . certain conduct outside its territory by persons not its nationals that is directed against the security of the state or against a limited class of other state interests.” RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW, supra note 29, § 402(3).
34. See supra note 19 and accompanying text.
Critics of the comity justification say that “there is no coherent generalized doctrine of ‘comity’ that informs how and when foreign acts are to be given effect in federal court.” 37 Instead, “comity” is a general term that is used by courts to refer to different doctrines in different circumstances. 38 It is claimed that a court’s “[b]land recitation of the phrase ‘comity’” introduces an element of uncertainty into any proceeding and allows courts to draw discretionary conclusions with potentially far-reaching effect. 39

3. Domestic Choice of Law Principles

The third justification for the presumption is the courts’ desire for consistency with domestic choice of law principles. “In the nineteenth and early twentieth centuries, the accepted choice-of-law rule . . . was lex loci delicti—apply the law of the place of the wrongful conduct.” 40 It was generally accepted that “no state or nation can, by its laws, directly affect, or bind property out of its own territory, or bind persons not resident therein . . . .” 41 This choice of law principle meant that, barring explicit direction from Congress, U.S. courts would not apply U.S. law to conduct that took place outside its own borders. 42

The territorial approach to law has been abandoned for the most part. In 1971, the Restatement (Second) of Conflict of Laws advocated a “most significant relationship” test in place of the territorial approach. 43 This test balances several factors that should be considered in making a determination of which law should apply. 44 A majority of U.S. states have now forgone the

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38. See id. Ramsey identifies three types of comity: “[1] ‘judicial comity’—the idea that U.S. courts will under certain circumstances defer to the rulings of foreign courts . . . [2] ‘legislative comity’—deference to foreign legislative acts [and] 3] ‘executive comity’—deference to foreign executive acts.” Id. at 897. He argues that the different versions of comity “in fact have little connection with each other, or with a generalized idea of deference to foreign acts,” and that this “causes courts to confuse these doctrines with each other and to lose sight of the appropriate inquiry to be pursued in each case.” Id.
39. See id. at 951.
40. Bradley, supra note 20, at 515 (citing RESTATEMENT (FIRST) OF CONFLICT OF LAWS, §§ 1, 377, 378 (1934)); see also Am. Banana Co. v. United Fruit Co., 213 U.S. 347, 356 (1909) (“[T]he general and almost universal rule is that the character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done.”).
41. JOSEPH STORY, COMMENTARIES ON THE CONFLICTS OF LAWS § 20 (2d ed. 1841); see also Bradley, supra note 20, at 515 n.45.
43. See RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 145 (1971). See also id. § 6.
44. Id. § 6. These factors include:
lex loci delicti rule in favor of balancing tests that are similar to the "most significant relationship" test. Those who argue against the presumption understandably argue that, in light of these changes, the presumption should likewise be subject to a balancing test instead of rigidly applying a territorial approach that has been abandoned by most states.

4. Constitutional Separation of Powers Concerns

When drafting the U.S. Constitution, the founding fathers went to great lengths to create a system of checks and balances that would ensure that power would be divided among the three branches of the government. In this division, primary policymaking and foreign affairs authority was vested in the legislative and executive branches, not the judicial branch. For this reason, courts have "declined to read [laws] so as to give rise to a serious question of separation of powers which in turn would have implicated sensitive issues of the authority of the Executive over relations with foreign nations." The extraterritorial application of statutes is one such area in which courts will try to avoid exerting influence, instead deferring to the constitutional authority of the other branches.

(a) the needs of the interstate and international systems, (b) the relevant policies of the forum, (c) the relevant policies of other interested states and the relative interests of those states in the determination of the particular issue, (d) the protection of justified expectations, (e) the basic policies underlying the particular field of law, (f) [the] certainty, predictability and uniformity of the result, and (g) [the] ease in the determination and application of the law to be applied.

Id. § 6(2)(a-g).

45. See Bradley, supra note 20, at 518 & n.59 (stating that only approximately thirteen states still use the territorial approach). Interestingly, however, Professor Bradley does mention that the territorial approach has enjoyed a recent renaissance among commentators. Id.

46. See id. at 518.

47. See Samuels, Kramer & Co. v. Comm'n, 930 F.2d 975, 986-87 (2d Cir. 1991).

48. Bradley, supra note 20, at 516.


The status and territorial jurisdiction of foreign states, their rights, powers and obligations, the rights and obligations of a citizen of the United States arising out of relations with a foreign government, and, conversely, the rights and obligations of a foreign state in dealing with a citizen of the United States, are necessarily political questions, which, under the Constitution of this government, are confided exclusively to the executive branch of the government, and with them the judicial branch has no concern.

Id. The separation of powers justification is discussed in depth by Professor Bradley. See Bradley, supra note 20, at 550-66.

50. See Bradley, supra note 20, at 516.
5. Congressional Intent

The final, and perhaps the most important, justification that courts have used is an ascertainment of whether Congress intended the legislation they drafted to apply extraterritorially. When addressing this justification, the courts work under the assertion "that Congress generally legislates with domestic concerns in mind." Using this assertion, the courts require that the statute in question have an affirmative statement that Congress intended the legislation to apply extraterritorially. This requirement involves an analysis of the statute itself and, in some instances, the legislative history. The courts buttress this reasoning by relying on the fact that when Congress desires to do so, it knows how to extend the reach of a statute beyond U.S. borders. Critics of this justification say that "Congress' concerns, however, have clearly grown with the scope of the problems in the late twentieth century." Particularly, commentators point to employment and environmental legislation where growing U.S. multinational investment and increasing numbers of U.S. citizens living abroad seem to militate against the assertion that Congress has only domestic concerns in mind when it legislates. Nevertheless, the courts have in the past applied some laws extraterritorially in instances where Congress’s intentions on the issue were far from clear, for example trademark and antitrust laws.

B. Exceptions to the Presumption Generally

Despite the relative weight given the presumption against extraterritoriality, there are at least three general categories of cases for which the presumption against the extraterritorial application of statutes clearly does not apply. These exceptions were laid out most clearly in *Environmental*
Defense Fund, Inc. v. Massey, a 1993 opinion written by Chief Judge Mikva of the Court of Appeals for the D.C. Circuit.\textsuperscript{58}

The first and most obvious exception, as mentioned throughout this Article, is that the presumption does not apply if Congress has affirmatively stated a contrary intent.\textsuperscript{59} The second exception is that the presumption is "generally not applied where the failure to extend the scope of the statute to a foreign setting will result in adverse effects within the United States."\textsuperscript{60} The two best examples of this exception are the Sherman Antitrust Act\textsuperscript{61} and the Lanham Trademark Act,\textsuperscript{62} "which have both been applied extraterritorially where the failure to extend the statute's reach would have negative economic consequences within the United States."\textsuperscript{63} Both of these Acts will be discussed in Part III.

The third exception is that the presumption does not apply when the regulated conduct occurs within the United States.\textsuperscript{64} Judge Mikva explained, "Even where the significant effects of the regulated conduct are felt outside U.S. borders, the statute itself does not present a problem of extraterritoriality, so long as the conduct which Congress seeks to regulate occurs largely within the United States."\textsuperscript{65} An example of this exception can be found in the Second Circuit's "predicate act exception," which is used to apply copyright law to conduct overseas where an infringing act that takes place within the United States permits further infringing acts abroad.\textsuperscript{66} This exception involves an inquiry into the extent and significance of the activities that took place on U.S. soil and will be discussed further in Part IV.A.

III. THE PRESUMPTION OVERCOME

The primary argument made by those who believe that U.S. copyright law should be applied extraterritorially is that the presumption has already been overcome in several other areas of law for reasons that are applicable in the

\textsuperscript{58} Envtl. Def. Fund, Inc. v. Massey, 986 F.2d 528, 531 (D.C. Cir. 1993) (discussing whether the presumption applied to the National Environmental Policy Act in the instance of incinerating food wastes in Antarctica).
\textsuperscript{59} See supra Part II.A.5.
\textsuperscript{60} Envtl. Def. Fund, Inc., 986 F.2d at 531.
\textsuperscript{63} Envtl. Def. Fund, Inc., 986 F.2d at 531.
\textsuperscript{64} Id.
\textsuperscript{65} Id.
\textsuperscript{66} See Update Art, Inc. v. Modiin Publ'g, Ltd., 843 F.2d 67, 73 (2d Cir. 1988) (holding a defendant liable where a predicate act that took place within the U.S. allowed the court to reach liability for infringing acts that took place in Israel).
copyright context. This section will look at some of the areas where the presumption has been overcome focusing on factors that courts have taken into consideration in the past that may be applicable to the Copyright Act.\(^6\)

### A. The Sherman Antitrust Act

The application of the presumption against extraterritoriality to the Sherman Antitrust Act has not always been consistent. Initially, the Supreme Court, in Justice Holmes's famous *American Banana Co.* opinion, found that "not only were the acts of the defendant in Panama or Costa Rica not within the Sherman Act, but they were not torts by the law of the place and therefore were not torts at all."\(^6\) Notions of comity plainly formed the basis of this opinion. Nevertheless, the Sherman Act overcame the presumption against extraterritoriality in 1945 in the Second Circuit's *United States v. Aluminum Co. of America* decision, better known as the *Alcoa* case.\(^6\) Writing for the majority, Judge Hand stated that "it is settled law . . . that any state may impose liabilities, even upon persons not within its allegiance, for conduct outside its borders that has consequences within its borders which the state reprehends; and these liabilities other states will ordinarily recognize."\(^7\) Judge Hand spent relatively little time on this issue in his opinion, but this "effects" doctrine became the basis for the application of U.S. antitrust law to agreements reached abroad that have an effect on U.S. imports or exports.\(^7\)

The Ninth Circuit, in *Timberlane Lumber Co. v. Bank of America National Trust & Savings Ass’n*,\(^7\) elaborated on the exception first carved out by Judge Hand. Laying out a tripartite "rule of jurisdictional reason" test,\(^7\) the

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\(^6\) 148 F.2d 416, 443-44 (2d Cir. 1945) (applying the Sherman Act to conduct that occurred abroad which affected the U.S. aluminum ingot market).

\(^7\) Id. at 443.

\(^7\) See id. at 443-44. Judge Hand also discussed how intent functioned in his analysis. He found that two situations were possible—where an agreement reached abroad was or was not intended to affect U.S. imports or exports. Id. at 443. For the sake of argument, however, he assumed that the Act did not cover agreements that intended to affect imports or exports unless the agreement's performance did in fact have some effect. Id. For this reason, intent, while it was taken into consideration, did not appear to be required to effectuate the extension of the Act. See id. at 443-44.

\(^7\) 749 F.2d 1378 (9th Cir. 1984).

\(^7\) Id. at 1382.
court considered "(1) the effect or intended effect on the foreign commerce of the United States;\textsuperscript{74} (2) the type and magnitude of the alleged illegal behavior;\textsuperscript{75} and (3) the appropriateness of exercising extraterritorial jurisdiction in light of considerations of international comity and fairness."\textsuperscript{76} The Ninth Circuit found that the conduct in question satisfied the first two prongs of this test in short order,\textsuperscript{77} but the court, by considering seven factors, undertook a more extensive analysis when it came to international comity and fairness.\textsuperscript{78}

The court first considered "'[t]he nationality or allegiance of the parties and the locations of principal places of business of corporations.'"\textsuperscript{79} Under this factor, the court considered the citizenship and place of business of not only the parties, but also the witnesses who would likely be called.\textsuperscript{80} Next, the court considered "'[t]he extent to which enforcement by either state [could] be expected to achieve compliance.'"\textsuperscript{81} This factor seemed to function as the reality test—even if the law was applied extraterritorially, could the remedy be enforced? The court was not interested in reaching hollow judgments.\textsuperscript{82}

The third factor taken into consideration was "'[t]he relative significance of effects on the United States as compared with those elsewhere.'"\textsuperscript{83} Here the court expressed the thought that it did not want to extend U.S. law in an area where the effects on U.S. commerce were relatively slight in comparison to the

\textsuperscript{74} The court asked, "Does the alleged restraint affect, or was it intended to affect, the foreign commerce of the United States?" \textit{Id.} at 1383. The district court's analysis required only that there be some effect on U.S. commerce, be it actual or intended. This seems to move beyond what Judge Hand had in mind in that it implies that even an intended effect on American commerce, without an actual effect would be enough to put this factor in the column favoring an extension of U.S. law. See supra note 71.

\textsuperscript{75} The court asked, "Is it of such a type and magnitude so as to be cognizable as a violation of the Sherman Act?" \textit{Timberlane Lumber Co.}, 749 F.2d at 1383. In generalizing this factor for application to other areas of the law, it appears that the court wanted to be sure that the allegations, at a minimum, state a claim under the laws that one is seeking to apply extraterritorially. In \textit{Timberlane} the court found that this factor favored the plaintiff because the alleged injury would state a claim under antitrust laws. See \textit{id.}

\textsuperscript{76} \textit{Id.} at 1382.

\textsuperscript{77} The court found that the first prong was satisfied "[b]y alleging the ability and willingness to supply cognizable markets with lumber that they allege would have been competitive with [the lumber] already in the marketplace." \textit{Id.} at 1383. The second prong was satisfied because Timberlane allegedly claimed an injury that would state a claim under antitrust laws against Bank of America. \textit{Id.}

\textsuperscript{78} \textit{Id.} at 1384-86.

\textsuperscript{79} \textit{Id.} at 1384.

\textsuperscript{80} \textit{Timberlane Lumber Co.}, 749 F.2d at 1384.

\textsuperscript{81} \textit{Id.}

\textsuperscript{82} See \textit{id.}

\textsuperscript{83} \textit{Id.}
effects on the commerce of the subject country. In *Timberlane Lumber Co.*, the court found that regulation of Honduran lumber imports, which, in 1970, represented 0.9% of total U.S. lumber imports and 4.6% of total U.S. pine imports, would have much more of an effect upon the economy of Honduras than that of the United States.84

The fourth and fifth factors considered were ""'[t]he extent to which there is explicit purpose to harm or affect American commerce'"" and ""'[t]he foreseeability of such effect.'"" 85 The fourth factor is basically a restatement of the first prong of the tripartite test.86 Its reappearance here is meant only for consideration of egregious acts meant to affect U.S. commerce.87 The fifth factor is just a reminder of the standard of reasonableness. The court was not interested in penalizing effects that a reasonable person could not foresee.88

The sixth factor that the court took into consideration was ""'[t]he relative importance to the violations charged of conduct within the United States as compared with conduct abroad.'""89 Here, the court considered what illegal acts took place and where.90 Elements of this factor can already be seen in the Second Circuit's predicate act exception to the application of copyright law extraterritorially,91 which is discussed in Part III.A. In this analysis, the more significant the illegal acts that took place in the United States, the better the chance that U.S. law will be extended extraterritorially to penalize the wrongdoer.

The final factor taken into consideration was ""'[t]he degree of conflict with foreign law or policy.'""92 Here the court was concerned with whether the extraterritorial enforcement of U.S. laws would create an actual or potential conflict with the laws of other nations.93 The key to this factor is the definition of the word ""conflict."" In the *Timberlane Lumber Co.* case, the Ninth Circuit found that ""'[t]he application of United States antitrust law . . . create[d] a potential conflict with the Honduran government's effort to foster a particular type of business climate.'""94 The Ninth Circuit, strongly influenced by the international comity justification for the presumption against extraterritoriality,

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84. See id.
85. *Timberlane Lumber Co.*, 749 F.2d at 1385.
86. Id.
87. See supra note 74.
88. See *Timberlane Lumber Co.*, 749 F.2d at 1385.
89. See id.
90. Id.
91. Id. at 1385-86.
92. See *Update Art, Inc. v. Modiin Publ'g, Ltd.*, 843 F.2d 67, 73 (2d Cir. 1988).
93. *Timberlane Lumber Co.*, 749 F.2d at 1384.
94. Id.
95. Id.
was highly deferential to how the Honduran government wanted to regulate its business climate:

To promote economic development and efficiency within its relatively undeveloped economy, the Honduran Constitution and Commercial Code guarantee freedom of action. The Code specifically condemns any laws prohibiting agreements (even among competitors) to restrict or divide commercial activity. Under Honduran law, competitors may agree to allocate geographic or market territories, to restrict price or output, to cut off the source of raw materials, or to limit credit financing to obtain enterprises as long as the contracting parties are not de facto monopolists.

On balance, we believe that the enforcement of United States antitrust laws in this case would lead to a significant conflict with Honduran law and policy.96

In contrast, the Supreme Court espoused a very different view of the level of deference that should be given a foreign nation. In *Hartford Fire Insurance Co. v. California*,97 the Court addressed whether London reinsurers could be held liable under the Sherman Act.98 The British government submitted an amicus curiae brief to the Court stating that applying the Sherman Act to the conduct of the London reinsurers would conflict significantly with British law.99 The British government stated unequivocally that the conduct alleged was “perfectly consistent with British law and policy.”100 The Court, however, found no existing conflict:

“[T]he fact that conduct is lawful in the state in which it took place will not, of itself, bar application of the United States antitrust laws,” even where the foreign state has a strong policy to permit or encourage such conduct. No conflict exists, for these purposes, “where a person subject to regulation by two states can comply with the laws of both.” Since the London reinsurers do not argue that British law requires them to act in some fashion prohibited by the law of the United States, or claim that their compliance with the laws of both countries is otherwise impossible, we see no conflict with British law.101

96. Id. (citations omitted).
98. Id. at 769.
99. Id. at 798.
100. Id. at 799.
101. Id. (citations omitted).
So it appears, from the majority's point of view, that comity is only a problem when another country's laws mandate conduct that is illegal in the United States or vice versa.  

Justice Scalia delivered a vigorous dissent, joined by three other justices, advocating a greater degree of deference to other nations. In his dissent, Justice Scalia relied heavily on the Restatement (Third) of Foreign Relations Law of the United States and the reasonableness test it prescribes for use when courts are determining whether they should assert jurisdiction where the persons or activities involved have connections with another nation. The dissent pointed to several of the factors that the Restatement suggests for this reasonableness inquiry, which follow closely the factors considered by the Ninth Circuit. Some of the factors mentioned were the extent to which the activity takes place within the territory [of the regulating state], the connections . . . between the regulating state and the person principally responsible for the activity to be regulated, the importance of regulation to the regulating state, . . . the extent to which other states regulate such activities, and the degree to which the desirability of such regulation is generally accepted, the extent to which another state may have an interest in regulating the activity, and the likelihood of conflict with regulation by another state.

Justice Scalia ended with the observation that "[r]arely would these factors point more clearly against application of United States law."

One commentator derided the Hartford Fire Insurance Co. decision as ignoring the new world of global markets and giving "U.S. jurists and enforcers license to disregard the interests of non-Americans." Although Hartford Fire Insurance Co. diminished the deference paid to comity, the

102. See also United States v. Nipon Paper Inds. Co., 109 F.3d 1, 8 (1st Cir. 1997) (referring to Hartford Fire Insurance Co., the court stated that comity is now "more an aspiration than a fixed rule, more a matter of grace than a matter of obligation").

103. Hartford Fire Ins. Co., 509 U.S. at 812-22 (Scalia, J., dissenting). Justice Scalia also took issue with the statutory analysis of the majority. He stated that the presumption against extraterritoriality should not be overcome in this instance solely because of the "boilerplate language" of the Sherman Act as it was not sufficient to infer a legislative intent of extraterritorial application. See id. at 814. However, Justice Scalia recognized that the Court has "established that the Sherman Act applies extraterritorially." Id.

104. Id. at 818.

105. Id. at 818-19.

106. Id. (quotations and citations omitted).

107. Id. at 819.

Ninth Circuit still applies the tripartite "rule of jurisdictional reason" test that was used in Timberlane Lumber Co., which includes balancing seven factors to determine "the appropriateness of exercising extraterritorial jurisdiction in light of considerations of international comity and fairness." Of course, when considering the degree of conflict with foreign law or policy, the Ninth Circuit would likely come to a very different conclusion than it did in Timberlane Lumber Co., considering the Supreme Court's definition of "conflict."

B. The Lanham Act

Another area of law in which the presumption against extraterritoriality has been overcome is trademark law. In this instance, the presumption was overcome in the only case on the extraterritorial application of the Lanham Act ever heard by the Supreme Court: Steele v. Bulova Watch Co. There, the Court addressed whether watches assembled and affixed with the offending "Bulova" trademark in Mexico and subsequently sold without the authorization of the plaintiff company constituted a violation of the Lanham Act.

The Court acknowledged the presumption against extraterritorial application of U.S. law, but the Court found that the language of the Lanham Act grants "broad jurisdictional powers upon the courts of the United States." The Lanham Act states that it applies to "any person who... uses in commerce" a symbol that will likely cause confusion in the marketplace. It further defines commerce as "all commerce which may lawfully be regulated by Congress." These statements were enough for the Court to find that it was Congress's affirmative intent to override the presumption against extraterritoriality when it drafted the Lanham Act. Nevertheless, the Court

109. See, e.g., Metro Indus., Inc. v. Sammi Corp., 82 F.3d 839, 845-46 (9th Cir. 1996) (continuing to apply the Timberlane Lumber Co. test while taking into consideration the holding of the Supreme Court in Hartford Fire Insurance Co.).


114. Id. at 281-82.

115. Id. at 285 ("This Court has often stated that the legislation of Congress will not extend beyond the boundaries of the United States unless a contrary legislative intent appears.").

116. Id. at 283.


also considered other factors to determine if the defendant's activities "when viewed as a whole, [fell] within the jurisdictional scope of the Lanham Act."

First, the Court considered the effects of the defendant's activities within the U.S., stating that the "competing goods could well reflect adversely on Bulova Watch Company's trade reputation in markets cultivated by advertising here as well as abroad." Next, the Court considered the purchase of component parts in the United States of the watches to be "essential steps" in an unlawful scheme. This consideration is similar to the Second Circuit's predicate act exception for applying copyright law abroad. The predicate act exception attaches significance to the fact that part of the illegal operation took place within the United States in order to establish jurisdiction. In Bulova Watch Co., the Court stated that it did "not deem material that petitioner affixed the mark 'Bulova' in Mexico City rather than here, or that his purchases in the United States when viewed in isolation do not violate any of our laws. . . . [A]cts in themselves legal lose that character when they become part of an unlawful scheme." Also figuring into the Court's reasoning was the fact that the defendant was a citizen of the United States. This combination of facts, along with the aforementioned statutory reasoning, was enough to convince the Court that the defendant's conduct could be reached by the Lanham Act.

The Bulova Watch Co. case has been criticized as inconsistent with the presumption against extraterritoriality. With several questions left unanswered by the Bulova Watch Co. Court, there has not been a unified approach taken by courts to determine individual cases. Since the Bulova Watch Co. case, two tests have arisen to determine whether the Lanham Act should be applied extraterritorially—one from the Second Circuit and one from the Ninth Circuit. Additionally, the Fifth Circuit has carved out a compromise position that situates itself between the positions taken by the Ninth and Second Circuits.

The Second Circuit first set out its test in 1956 in Vanity Fair Mills, Inc.

120. Id. at 285.
121. Id. at 286.
122. Id. at 286-87.
123. See infra Part IV.A.1.
126. See id. at 281.
127. See id. at 285.
128. See Bradley, supra note 20, at 531-35.
129. See infra Part IV.A.
In that case, the U.S. registered holder of the "Vanity Fair" trademark for use in women's underwear sued the Canadian registered holder of the "Vanity Fair" trademark for use in several women's clothing items, including underwear. The court came up with a tripartite test to determine whether it had jurisdiction to hear the case. The first prong of the Second Circuit's test is an inquiry into whether the conduct in question has a "substantial" effect on U.S. commerce. How substantial the effect upon U.S. commerce has to actually be is the subject of some debate. The conduct in question may be substantial as long as the effect is adverse. The second prong requires that the defendant be a United States citizen, as was the case in Bulova Watch Co. Finally, the third prong requires an absence of conflict with the laws of other countries. After applying the test, "the court found that there was a substantial effect on commerce, but that the remaining two prongs of the test were not satisfied since the defendant was a Canadian corporation that held a valid trademark under Canadian law."

In applying the Vanity Fair Mills, Inc. test, courts in the Second Circuit have tended to shift the relative weight of the prongs to focus on the effect on U.S. commerce—the first prong. Additionally, recent decisions have tended to interpret the third prong broadly, finding a low threshold for affecting U.S. commerce and, therefore, liberally using the Lanham Act to reach foreign conduct. One illustrative case involved a plaintiff obtaining an injunction to prevent a company from selling "knock off" shoes in Canada. In that case, the Federal Circuit upheld the injunction, stating that the Vanity Fair Mills, Inc. test protected the United States public from confusion and protected trademark holders from misappropriation of their marks.

130. 234 F.2d 633, 642 (2d Cir. 1956).
131. Id. at 637-38.
132. Id. at 642.
133. Id.
135. See id.
137. See id.
139. See id.
140. Id. at 868-71 (citing, inter alia, Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd., 955 F. Supp. 220 (S.D.N.Y. 1997), aff'd, 152 F.3d 948 (Fed. Cir. 1998) as an example of a liberal application of the third prong to apply the Lanham Act extraterritorially).
The Second Circuit's *Vanity Fair Mills, Inc.* test does seem to be the most restrictive test of the three circuits.\(^{143}\) This test only requires a substantial effect on U.S. commerce and renders the Lanham Act inapplicable if two of the three prongs are not satisfied while including the possibility of refusing jurisdiction if even one prong is not satisfied.\(^{144}\) Nevertheless, the *Vanity Fair Mills, Inc.* test is often applied flexibly to extend the reach of the Lanham Act.\(^{145}\) For example, the Second Circuit does resolve potential conflicts with foreign laws by undertaking its own analysis of the validity of trademarks pending in foreign countries.\(^{146}\) Even in instances where conflicts with foreign law were not taken into consideration by the trial court or evidence of substantial effects on U.S. commerce was vague, the Second Circuit has affirmed the extraterritorial application of the Lanham Act.\(^{147}\)

The Ninth Circuit has adopted a more elaborate and flexible test to determine whether the Lanham Act should be applied extraterritorially.\(^{148}\) In *Wells Fargo & Co.*, the Ninth Circuit was faced with a U.S. holder of the "Wells Fargo" trademark who was trying to reach the infringing acts of a Liechtenstein corporation.\(^{149}\) In that case, the Ninth Circuit did not interpret *Bulova Watch Co.* to require a substantial impact on U.S. commerce as the Second Circuit did.\(^{150}\) Instead, the Ninth Circuit adopted the jurisdictional rule of reason test from *Timberlane Lumber Co.*, which determines whether the Sherman Act should be applied extraterritorially.\(^{151}\)

The Ninth Circuit's test is the most flexible approach taken by the three circuits. It requires that the alleged conduct have only "some" effect on U.S. commerce, whereas the Second Circuit, at least ostensibly, requires a substantial effect upon U.S. commerce.\(^{152}\) In the Ninth Circuit, this lenient requirement has meant that as long as a plaintiff has sustained monetary injuries in the United States as a result of the defendant's infringing conduct,

\(^{143}\) Compare Am. Rice, Inc. v. Ark. Rice Growers Coop. Ass'n, 701 F.2d 408, 414 & n.8 (5th Cir. 1983), and Wells Fargo & Co. v. Wells Fargo Express Co., 556 F.2d 406, 427-29 (9th Cir. 1977), with Vanity Fair Mills, Inc. v. T. Eatan Co., 234 F.2d 633, 642 (2d Cir. 1956).

\(^{144}\) See Brown, *supra* note 112, at 881 (citing *Vanity Fair Mills, Inc.*, 234 F.2d at 642-43).

\(^{145}\) See id. at 881-82.

\(^{146}\) See id. at 872-73.

\(^{147}\) See id. at 868-73.

\(^{148}\) See *Wells Fargo & Co.*, 556 F.2d at 427-28.

\(^{149}\) Id. at 411.

\(^{150}\) Id. at 428.

\(^{151}\) See *supra* notes 72-99 and accompanying text.

\(^{152}\) See Brown, *supra* note 112, at 882.
U.S. trademark laws could reach the defendant. Additionally, unlike the Second Circuit, which requires two of the three prongs to be satisfied, the Ninth Circuit factors are balanced without a minimum number of factors that must be satisfied in order to pass muster. Despite, and possibly because of the test's flexibility, the application of the test in Ninth Circuit courts varies widely, making predictability difficult and disparate opinions plentiful.

In the Fifth Circuit, the test for extraterritorial application of the Lanham Act takes into consideration the conflict between the Second and Ninth Circuits. In *American Rice, Inc. v. Arkansas Rice Growers Cooperative Ass'n*, the Fifth Circuit embraced the factors considered by both circuits, but made two distinctions. First, the court adopted a balancing approach. In discussing the three prongs of the Second Circuit's *Vanity Fair Mills, Inc.* test, the Fifth Circuit stated that no single prong would be dispositive and the presence of all three is not necessarily required. Second, the Fifth Circuit indicated that the effect on U.S. commerce needed to be more than insignificant—taking a position between the Second Circuit’s and Ninth Circuit’s, albeit closer to the Ninth Circuit’s approach.

Despite the persistent extraterritorial application of the Lanham Act, commentators still question the justifications for such application. In the *Aramco* decision, the Supreme Court’s most recent decision addressing the extraterritorial application of laws, the *Bulova Watch Co.* case was distinguished. The Supreme Court, apparently in an effort to place the *Bulova Watch Co.* decision in the “exception rather than the rule” category, stated that the language of the statute in question, Title VII of the Civil Rights Act, was (1) more limited than the commerce language of the Lanham Act, and (2) derived from the language of the Labor Management Reporting and Disclosure Act, which the Court had previously decided had no extraterritorial effect. Some commentators do not find these distinctions very convincing and thus draw an inference that the Court’s circumvention of *Bulova Watch Co.* in the *Aramco* case only further underlines the assertion that the *Bulova Watch Co.*
The case is an anomaly and unjustifiable in light of the presumption against extraterritoriality.163

C. The Securities Exchange Act

Another area of law where the presumption against extraterritorial application has been overcome is securities law. Despite the fact that the Supreme Court has not yet ruled upon the validity of the extraterritorial application of the anti-fraud provisions of the Securities Exchange Act, several lower federal courts have used the Act to reach conduct committed abroad. Two basic tests have been developed by the Second Circuit to determine jurisdiction—the "effects test" and the "conduct test." The conduct test is a two part inquiry into whether the alleged conduct (1) took place in the United States and was "more than merely preparatory," and (2) whether the alleged conduct "directly caused" the loss claimed.164 The effects test, which is analogous to the Second Circuit's Vanity Fair Mills, Inc. test to determine the extraterritorial application of the Lanham Act,165 is an inquiry into whether the alleged conduct had a substantial adverse impact on American investors or securities markets.166 These two tests are not mutually exclusive. The Second Circuit stated, "There is no requirement that these two tests be applied separately and distinctly from each other. Indeed, an admixture or combination of the two often gives a better picture of whether there is sufficient United States involvement to justify the exercise of jurisdiction by an American court."167

The aforementioned effects test encounters the same obstacles that the Second Circuit's Vanity Fair Mills, Inc. test does and there is nothing of note added to the discussion in its application to the Securities Exchange Act. The

163. See Bradley, supra note 20, at 531-35. Professor Bradley points out the fact that although the statutory language of Title VII is more restrictive than the Lanham Act's, the Court ignored the fact that it has held broad statutory language such as the kind found in the Lanham Act to be "boilerplate" language and thus did not speak directly enough to the issue of extraterritoriality to override the presumption. Id. at 532 n.142 & 534-35 (citing the statutory language of the National Labor Relations Act and the Federal Employers Liability Act as examples of such "boilerplate" language that was found by the Court to be insufficient to overcome the presumption against extraterritoriality); see also Hartford Fire Ins. Co. v. California, 509 U.S. 764, 814 (1993) (Scalia, J., dissenting).

164. Itoba Ltd. v. LEP Group PLC, 54 F.3d 118, 122 (2d Cir. 1995); see also Leasco Data Processing Equip. Corp. v. Maxwell, 468 F.2d 1326, 1334 (2d Cir. 1972) (discussing the conduct test).

165. See supra notes 130-47 and accompanying text.

166. See Schoenbaum v. Firstbrook, 405 F.2d 200, 207-08 (2d Cir. 1968) (discussing the effects test).

167. Itoba Ltd., 54 F.3d at 122.
conduct test, on the other hand, focuses on the extent and significance of the activities that took place within the United States and more closely resembles the Second Circuit's predicate act exception to the extraterritorial application of the Copyright Act. The circuits are split when it comes to determining what sorts of activities are needed to satisfy the conduct test. The Second, Fifth, and D.C. Circuits have adopted a more restrictive approach that requires the domestic conduct to have been of "material importance" to or have "directly caused" the fraud alleged. The Third, Eighth, and Ninth Circuits meanwhile, have a less restrictive standard that only requires that the domestic conduct be significant to, rather than the direct cause of, the fraud alleged.

IV. IMPLICATIONS FOR COPYRIGHT LAW

The Supreme Court applied the presumption against extraterritoriality to U.S. copyright law in 1908 in United Dictionary Co. v. G&C Merriam Co. There, the Court was confronted with an English defendant who was accused of violating U.S. copyright laws when it copied and sold the American plaintiff's dictionary in England. The Court emphatically denied the plaintiff's claim finding that the plaintiff knew or should have known going into its venture that the U.S. statute would not protect its copyright beyond the borders of the United States:

[W]hen the present act was passed, there was no foreign copyright for an American author, and Congress knew and he knew, as he knows now, if he contents himself with home protection, that his work might be reprinted without notice of any sort. Such reprints rather inconsistently are called piracies in argument. But whatever the moral aspects may be, the piracy is a legal right, and as such its exercise must be contemplated by the author.

The United Dictionary Co. case forms the foundation of the issue of whether copyright law could or should be applied extraterritorially. All courts that

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168. See infra Part IV.A.1.
170. See Butte Mining PLC v. Smith, 76 F.3d 287, 290-91 (9th Cir. 1996); SEC v. Kasser, 548 F.2d 109, 114 (3d Cir. 1977); Travis v. Anthes Imperial, Ltd., 473 F.2d 515, 524 (8th Cir. 1973).
172. Id. at 263.
173. Id. at 265.
174. Twin Books Corp. v. Walt Disney Co., 83 F.3d 1162, 1166 (9th Cir. 1996).
address the issue have to start with *United Dictionary Co.*'s holding that the Copyright Act is not to be applied extraterritorially.\(^{175}\) Stated simply, almost a century of stare decisis is not easily overcome. Of course, this does not mean that people have not tried.

**A. Chipping Away at the Presumption**

Despite what may seem to be overwhelming odds against applying U.S. copyright law abroad, inroads have been made that allow some foreign conduct to be reached by U.S. copyright laws. The Second Circuit has carved out a "predicate act" exception to the general rule against extraterritoriality.\(^{176}\) Additionally, the Ninth Circuit has recognized a copyright owner’s "right to authorize," which has led to extraterritorial application in some cases.\(^{177}\) While the Ninth Circuit recently reversed course on the right to authorize, some courts still find the original reasoning persuasive.\(^{178}\) These two issues will be discussed in this section.

1. The Second Circuit’s “Predicate Act” Exception

In the Second Circuit, the predicate act exception applies to conduct that occurs within the United States that enables infringing acts to take place outside the United States.\(^{179}\) Its origins can be traced to Judge Learned Hand’s opinion in *Sheldon v. Metro-Goldwyn Pictures Corp.*\(^{180}\) When Judge Hand was determining the amount of damages to be awarded to the plaintiff, he found the defendant to be liable not only for the infringing acts that took place within the United States, namely copying the negatives of the plaintiff’s copyrighted movie, but also for the infringing acts that took place abroad, the exhibition of the movie overseas.\(^{181}\) The conduct that took place within the United States was enough in this instance for jurisdiction to attach and for the Copyright Act to reach the conduct that took place outside the United States.\(^{182}\)

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175. See, e.g., Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 650 (1915); Twin Books Corp., 83 F.2d at 1166; Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1095 (9th Cir. 1994) (en banc); Bentley v. Tibbals, 223 F. 247 253-54 (2d Cir. 1915).

176. See infra Part IV.A.1.

177. See infra notes 199-222 and accompanying text.

178. See infra notes 199-222 and accompanying text.

179. See generally Sheldon v. Metro-Goldwyn Pictures Corp. 106 F.2d 45, 52 (2d Cir. 1939).

180. See id.

181. Id. at 51-52.

182. See id. at 52.
The Second Circuit's application of Judge Hand's reasoning on exactly how much and what kind of activities must occur within the United States, however, has varied. In some instances the exception has been only narrowly applied. In *Robert Stigwood Group v. O'Reilly*, the court focused on Judge Hand's reasoning that conduct that takes place within the United States must enable copying abroad. The court was faced with infringing Canadian performances of *Jesus Christ Superstar*, a successful rock opera. The court found that even if the conduct, which took place within the United States, was integral to the infringing performances, in this case building the sets for the show, such conduct does not necessarily rise to the level of a predicate act. Instead, the court focused on the movie negatives from the *Sheldon* case and their ability to enable further reproduction and infringements abroad. The court reasoned that the movie sets that were built in the United States, while integral to the performance of the show, did not enable the infringing acts abroad like the copied negatives from the *Sheldon* case allowed further reproduction abroad.

In this instance, therefore, the predicate act exception was not fulfilled.

More recently the Second Circuit has gone so far as to assume that the qualifying conduct took place within the United States, even where no evidence was presented to support such a conclusion. In *Update Art, Inc. v. Modiin Publishing, Ltd.*, the plaintiff owned the exclusive right to distribute artwork entitled "Ronbo," posters of U.S. President Ronald Reagan altered to make the President look like the Sylvester Stallone character, Rambo. The plaintiff claimed its copyright was infringed when the defendant Israeli newspaper published a full page color reproduction of the work in its newspaper. The Second Circuit, in dealing with this case, stated, "It is well established that copyright laws generally do not have extraterritorial application." In addressing the predicate act exception, however, the court noted that the "crucial" determination to be made was where the original photograph of the work was taken. Though it lacked any evidence that the original photograph was actually taken in the United States, the court relied upon the fact that the

183. 530 F.2d 1096 (2d Cir. 1976).
184. *Id.* at 1100-01 & n.9.
185. *See id.* at 1097.
186. *See id.* at 1100.
187. *Id.* at 1100-01 (stating that Judge Hand relied upon § 1(d) of the Copyright Act as opposed to § 101).
188. *Robert Stigwood Group*, 530 F.2d at 1100-01.
189. *Update Art, Inc. v. Modiin Publ'g, Ltd.*, 843 F.2d 67, 68 (2d Cir. 1988).
190. *Id.* at 68-69.
191. *Id.* at 73.
192. *Id.*
original poster was sold in New York and that the defendant's promotions company was located in New York. As a result, the plaintiff was relieved of the burden of having to prove that the predicate act actually took place within the United States.

While the *Update Art, Inc.* case does appear to take a somewhat casual approach to applying the predicate act exception, it is unclear how persuasive it will be for future courts, even those in the Second Circuit.

The application of the predicate act exception in the Second Circuit is varied and does appear to be fact specific. The cases are unanimous, however, in that they affirm that this exception is still a viable option for copyright owners seeking to protect their copyrights with U.S. copyright laws against infringement that takes place beyond the borders of the United States.

2. The Ninth Circuit and the Right to Authorize

The right to authorize is a wrinkle that can be found in Section 106 of the Copyright Act, which enumerates exactly what rights copyright owners have. Section 106 states that "the owner of copyright under this title has the exclusive rights to do and to authorize" six exclusive rights, which include the exclusive rights to perform, reproduce, distribute, display, and prepare derivatives of the copyrighted work. The question is whether the phrase "and to authorize" is actually a de facto seventh exclusive right.

In *Peter Starr Production Co. v. Twin Continental Films, Inc.*, the Ninth Circuit held that a right to authorize existed and was violated when a defendant authorized the distribution of videocassettes in Sweden and the United Kingdom without the copyright owner's permission. Again, the court noted that U.S. copyright laws generally have no extraterritorial effect, but went on to find that the copyright owner's right to authorize was violated when the defendant exceeded the authority granted to it in an agreement reached in

193. *Id.*
194. *See Update Art, Inc.*, 843 F.2d at 73.
195. From the opinion, it is clear that the court was noticeably angered by the defendants for their "delaying tactics and bad faith conduct throughout the proceeding." *Id.* The court made it clear that any inferences that were to be drawn by the court in the case were going to be drawn to the detriment of the defendants. *See id.*
197. 783 F.2d 1440 (9th Cir. 1986), overruled by Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088 (9th Cir. 1994) (en banc).
198. *Id.* at 1442-43. The plaintiff claimed that it authorized the defendant to look for a licensee, but specifically withheld the authority to bind it to a licensing agreement. *Id.* at 1441.
the United States.199 The Ninth Circuit found that the fact that the authorization took place within the U.S. was enough to confer jurisdiction and reach the infringing conduct that took place in Sweden and the United Kingdom.200

In 1994, however, the Ninth Circuit overruled the Peter Starr Production Co. decision in Subafilms, Ltd. v. MGM-Pathe Communications Co.201 In that case, the plaintiff entered into an agreement with the defendant to license and distribute certain films on video, but not including the Beatles' film Yellow Submarine.202 The defendant, nonetheless, proceeded to authorize one of its subsidiaries to distribute the film both domestically and internationally.203 Originally, a Ninth Circuit panel relied on Peter Starr Production Co. to hold the defendant liable for authorizing foreign distribution because the authorization agreement was executed in the United States.204 In a rehearing en banc, the Ninth Circuit overruled Peter Starr Production Co., holding that “there can be no liability under the United States copyright laws for authorizing an act that itself could not constitute infringement of rights secured by those laws, and that wholly extraterritorial acts of infringement are not cognizable under the Copyright Act.”205

In Subafilms, Ltd., the Ninth Circuit traced the common law and statutory history of contributory copyright infringement.206 It came to the conclusion that “the addition of the words 'to authorize' in the 1976 Act appears best understood as merely clarifying that the Act contemplates liability for contributory infringement.”207 In overruling Peter Starr Production Co., the Subafilms, Ltd. court stated that the Peter Starr Production Co. court “did not

199. Id. at 1442-43. The authorization agreement was executed in Los Angeles on June 10, 1983. Id. at 1441.
200. Id. at 1442-43. The Ninth Circuit understood the 1976 revision of this section of the Copyright Act to be an attempt to remove the confusion surrounding contributory infringement by doing away with the inquiry into the level of involvement that was previously used to determine jurisdiction. Id. at 1443 (citing H.R. REP. No. 94-1476, at 61 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5674).
201. 24 F.3d 1088, 1090 (9th Cir. 1994) (en banc). In Subafilms, Ltd., the Ninth Circuit specifically addressed whether the Peter Starr Production Co. decision had been overruled by Lewis Galoob Toys, Inc. v. Nintendo of America, Inc., 964 F.2d 965 (9th Cir. 1992). Subafilms, Ltd., 24 F.3d at 1090. In Lewis Galoob Toys, Inc., the court held that there could be no liability for authorizing the use of copyrighted material when such use itself could not be considered infringement. See Lewis Galoob Toys, Inc., 964 F.2d at 970.
202. Subafilms, Ltd., 24 F.3d at 1089.
203. Id.
204. Id. at 1090.
205. Id. (emphasis in original).
206. Id. at 1092-93.
207. Subafilms, Ltd., 24 F.3d at 1093 (using the legislative history of the Copyright Act as support for this view).
consider the applicability of an essential attribute of the doctrine identified above: that contributory infringement, even when triggered solely by an 'authorization,' is a form of third party liability that requires the authorized acts to constitute infringing ones.\textsuperscript{208} Therefore, because actions taken outside of the United States are not reachable by the Copyright Act, they cannot be considered infringing acts and, hence, cannot trigger the contributory infringement/right to authorize clause of the Act.\textsuperscript{209}

The defendants in the \textit{Subafilms, Ltd.} case argued in the alternative that the Ninth Circuit should break new ground and hold the U.S. copyright laws do extend to extraterritorial acts of infringement "when such acts 'result in adverse effects within the United States.'"\textsuperscript{210} The defendant's arguments, referred to by the court as the "parade of horribles," included the "disastrous effect [infringement has] on the American film industry" as well as the fear that foreign copyright laws offer negligible protection and are therefore "not realistic alternatives."\textsuperscript{211} The Ninth Circuit was not sympathetic to these arguments.\textsuperscript{212} Instead, the Ninth Circuit unfurled several of the traditional justifications for the presumption against extraterritoriality. First, the court reasoned that it must be presumed that Congress is primarily concerned with domestic conditions and that no affirmative intention to overcome the presumption was clearly expressed.\textsuperscript{213} The court noted that Congress had seen fit to apply the Copyright Act extraterritorially in one instance.\textsuperscript{214} If, therefore, Congress was "inclined to overturn the preexisting doctrine that infringing acts

\begin{itemize}
\item \textsuperscript{208} \textit{Id.} The court went on to quote Professor Nimmer:
\begin{quote}
Given the undisputed axiom that United States copyright law has no extraterritorial application, it would seem to follow necessarily that a primary activity outside the boundaries of the United States, not constituting an infringement cognizable under the Copyright Act, cannot serve as the basis for holding liable under the Copyright Act one who is merely related to that activity within the United States.
\end{quote}
\textit{Id.} (citing 3 \textsc{Melville B. Nimmer & David Nimmer, Nimmer on Copyright \textsuperscript{\textcopyright} 1993) § 12.04[A][3][b], at 12-85 (1993)). This brought the Ninth Circuit's reasoning in the copyright context into line with its reasoning in the antitrust context. \textit{See generally Timberlane Lumber Co. v. Bank of Am. Nat'l Trust & Savings Ass'n, 749 F.2d 1378 (9th Cir. 1984).}
\item \textsuperscript{209} \textit{Subafilms, Ltd.}, 24 F.3d at 1094.
\item \textsuperscript{210} \textit{Id.} at 1095.
\item \textsuperscript{211} \textit{Id.} The basis for the defendant's claim, as noted by the \textit{Subafilms, Ltd.} court, was Judge Mikva's opinion in \textit{Environmental Defense Fund, Inc. v. Massey, 986 F.2d 528 (D.C. Cir. 1993). See discussion supra notes 58-66.}
\item \textsuperscript{212} \textit{Subafilms, Ltd.}, 24 F.3d at 1095.
\item \textsuperscript{213} \textit{Id.}
\item \textsuperscript{214} \textit{Id.} at 1096. Congress has declared that the Copyright Act extends to unauthorized importation of copyrighted works even if the copies were lawfully made abroad. \textit{Id.} (citing 17 U.S.C. \textsuperscript{\textcopyright} § 602(a) (1992)).
\end{itemize}
that take place wholly outside the United States are not actionable under the Copyright Act, it knew how to do so.215

Second, the court cited United Dictionary Co., as well as other cases and treatises, as support for the "undisputed axiom" that copyright laws have no extraterritorial reach.216 Again, a century of stare decisis is not easily overcome. Third, the court cited the concerns of international comity mentioned in the Aramco case and reasoned that "an extension of extraterritoriality might undermine Congress's objective of achieving 'effective and harmonious copyright laws among all nations.'"217 Finally, the court reasoned that Congress's recent accession to the Berne Convention was evidence enough of Congress's determination that American copyright owners' interests would best be protected by and through the Convention's enforcement system of national treatment.218 To hold otherwise, the court surmised, might undermine the objectives of Congress in joining the Convention.219

Despite the fact that the Ninth Circuit seems to have made its peace with the right to authorize, not all courts agree. Beyond distinguishing the Subafilms, Ltd. decision,220 several courts have criticized it. In Curb v. MCA Records, Inc.,221 Judge Wiseman disagreed with how the Subafilms, Ltd. court "[read] the authorization right out of the [Copyright] Act in cases of foreign infringement."222 He stated:

[P]iracy has changed since the Barbary days. Today, the raider need not grab the bounty with his own hands; he need only transmit his go-ahead by wire or telefax to start the presses in a distant land. Subafilms ignores this economic reality, and the economic incentives underpinning the Copyright Clause designed to encourage creation of new works, and transforms infringement of the authorization right into a requirement of domestic presence by a primary infringer. Under this view, a phone call to Nebraska results in liability; the same phone call to France results in riches. In a global marketplace, it is literally a distinction without a difference.223

215. Id.
216. Id. at 1095-96.
217. Subafilms, Ltd., 24 F.3d at 1097 (citations omitted).
218. Id. at 1097-98.
219. Id. at 1098.
222. Id. at 595.
223. Id.
Judge Wiseman apparently would have been sympathetic to the plaintiff’s “parade of horribles” in *Subafilms, Ltd.* He cited the criticisms of the *Subafilms, Ltd.* decision that suggest that the decision “opens the door to massive foreign infringement of American cultural works, a devastating blow considering the worldwide popularity of U.S. films, books, videos and music.” Instead of the view taken by the Ninth Circuit, Judge Wiseman held that a domestic violation of the right to authorize is an actionable infringement whenever the authorizee has committed an act in the United States that would violate one of the copyright owner’s Section 106 rights, which includes the right to authorize. Using this reasoning, if the authorization occurred in the United States, then where actions taken beyond the scope of the authorization agreement occur is irrelevant.

Despite his disagreement with the holding in *Subafilms, Ltd.*, Judge Wiseman did address the international comity and international law concerns raised by the *Subafilms, Ltd.* court. Instead of referring to the United States’ obligations under the Berne Convention, the court cited the country’s obligations to the 1971 Geneva Phonograms Convention as well as the TRIPS component of the General Agreement on Trade and Tariffs (“GATT”). The Judge did not further explain the United States’ obligations under these treaties as he understood them. He did, however, say that “a careful exercise of domestic jurisdiction is consistent with the approach of the leading treatise in the field of international copyright law.”

Judge Wiseman is not the sole proponent of this point of view, nor is he the only judge who has criticized the *Subafilms, Ltd.* decision. In *National Football League v. Primetime 24 Joint Venture*, Judge McKenna also disagreed with the Ninth Circuit. He stated that it does not make sense to...

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225. *Id.* at 595.


227. *Id.*

228. *See id.*

229. *Id.*


231. *Nat’l Football League v. Primetime 24 Joint Venture*, No. 98-Civ-3778, 1999 WL 163181, at *3 (S.D.N.Y. Mar. 24, 1999). In this case, Judge McKenna held that copyrighted football game transmissions being sent by an unauthorized carrier from the United States to other countries was an infringement actionable under the Federal Copyright Act. *Id.* at *5. The Ninth Circuit, in *Allarcom Pay Television, Ltd. v. General Instrument Corp.*, held that this activity was not actionable under the Copyright Act in a similar case involving pirated...
make everything turn on the creation of a material copy within U.S. borders. The economic impact is the same—usurpation of foreign markets—whether defendant first makes an unauthorized reproduction in the United States, then distributes or transmits abroad, or whether it disseminates the work in dematerialized form, such as a satellite feed, from the United States to points outside. Instead, Judge McKenna held the defendant liable for conduct that took place in the United States even though the infringing acts did not.

Despite the Ninth Circuit’s about face, the Section 106 right to authorize still appears to be a viable option, albeit not in every jurisdiction, for plaintiffs who wish to enforce their copyrights with U.S. copyright laws against foreign infringers. The “parade of horribles” argument, as well as Judge Wiseman’s anomaly that “a phone call to Nebraska results in liability; the same phone call to France results in riches,” may be persuasive in some courts.

B. Room for Expansion?

So we reach the ultimate question: taking into consideration how the courts have dealt with the presumption against extraterritoriality in general, should or could the Copyright Act be applied extraterritorially? To analyze this question, it is easiest to go back to the five justifications for the presumption offered by Professor Bradley and introduced in Part II.A of this Article. Each will be discussed in turn, drawing on what has been said about the presumption in the areas of law discussed, in an attempt to determine if there is a tendency one way or the other toward applying the Copyright Act extraterritorially.

1. International Law

The term “international law” itself can be ambiguous. Speaking in a very
television transmissions downloaded in foreign countries. 69 F.3d 381, 387 (9th Cir. 1995). The Ninth Circuit applied the reasoning in Subafilms, Ltd. to determine that because the infringement did not occur until the transmission was displayed outside the United States, the actions were not reachable by the Federal Copyright Act and thus could not trigger the contributory infringement/right to authorize clause of the Act. Id. Judge McKenna’s decision was as much a rebuke of the reasoning employed by Subafilms as it was an outright disagreement with the Allarcom decision. Primetime 24 Joint Venture, 1999 WL 163181, at *3.

233. Id. (quoting Ginsburg, supra note 232, at 598).
234. Id. at *5.
235. See supra notes 210-15 and accompanying text.
236. See supra note 223 and accompanying text.
In this generic sense, international law can refer to a series of customs or traditions that countries abide by in recognition of each other's sovereign power. In this broad sense, it is clear that the customs of international law dictate that countries should, where possible, only regulate their own citizens and conduct occurring on their own sovereign soil. It is equally clear that countries may regulate conduct, even if it occurs outside of that country's boundaries, if that conduct has an impact on that country. It is less clear, however, where the limits of these amorphous customs are. Furthermore, it is a practical impossibility to draw lines of demarcation around some areas of law while leaving others out. For this reason, international law, when referring to these general customs, cannot be said to support the extraterritorial application of the Copyright Act one way or the other.

If, however, the term "international law" refers to the group of treaties and agreements reached by individual nations, the outcome is different. The United States is a party to several treaties that implicate copyright law. Although this list is not exhaustive, the Universal Copyright Convention, the Geneva Phonograms Convention, the World Trade Organization ("WTO") Agreement, the World Intellectual Property Organization ("WIPO") Copyright Treaty, the WIPO Performances and Phonograms Treaty, and the Berne Convention are treaties involving international copyright law to which the U.S. is a party.

China, one of worst offenders when it comes to allowing copyright piracy, joined the WTO in December 2001. While China's accession is unlikely to bring any immediate change in the amount of piracy that occurs in China, the WTO does have an enforcement mechanism referred to as the Dispute Settlement Understanding ("DSU"). Under the DSU, if piracy in China continues unabated, the matter can be referred to an independent panel. If that panel finds that China is not fulfilling its obligations, the United States may issue retaliatory sanctions. Unfortunately for U.S.

237. See BLACK'S LAW DICTIONARY 822 (7th ed. 1999).
238. See supra Part II.A.1.
239. See id.
244. See id.
245. See id.
copyright holders, sanctions will not help them recoup lost revenue or prevent further infringing acts. Instead, U.S. copyright holders are going to have to look to the courts to protect their copyrights. In international cases, that means using the national treatment enforcement mechanism of the Berne Convention.

The United States was a longtime holdout before it joined the Berne Convention in 1989—the Convention had been around for over a century before the U.S. became a signatory. It can be fairly inferred from this holdout that Congress thought long and hard about the Berne Convention and the consequences of its national treatment enforcement mechanism before it joined. Courts have certainly inferred as much and some have come to the conclusion that Congress’s accession to the Berne Convention is indicative of a Congressional determination that Berne is the best way for the rights of American copyright owners to be protected.

Nevertheless, the Berne Convention’s system of national treatment does not state that countries may not apply their copyright laws extraterritorially. It merely states that copyright owners “shall enjoy in [each member] country the same rights as national authors.” If the United States did apply its copyright laws extraterritorially, the only further obligation the United States would incur under the terms of the Berne Convention is that it would have to protect the rights of foreign copyright holders extraterritorially as well. This may run afoul of the “spirit of the Berne Convention,” but it is a possibility at the very least.

Despite the fact that the extraterritorial application of the Copyright Act is not actually precluded by the terms of the Berne Convention, it must be admitted that application of national laws extraterritorially is inconsistent with the very nature of the idea of national treatment. For this reason, the international law justification for the presumption against extraterritoriality must be said to weigh against the extension of the Copyright Act to conduct abroad.

2. International Comity

As previously mentioned, the international comity justification can trace its lineage all the way back to Justice Holmes’s statement in the American

247. See Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1097-98 (9th Cir. 1994) (en banc).
248. Berne Convention, supra note 7, art. 5(3).
249. Subafilms, Ltd., 24 F.3d at 1097.
Despite its relative age, international comity still plays a large role in the determination of whether statutes are applied extraterritorially.\textsuperscript{251} Lanham Act jurisprudence generally requires an absence of conflict with the laws of other nations.\textsuperscript{252} Antitrust jurisprudence has involved some of the most developed inquiries into how U.S. statutes affect other countries. In the Ninth Circuit’s \textit{Timberlane Lumber Co.} case, the court’s “rule of reason” test specifically addresses the appropriateness of exercising extraterritorial jurisdiction in light of considerations of international comity and fairness.\textsuperscript{253}

The United States Supreme Court, however, put a very different spin on notions of comity in its decision in \textit{Hartford Fire Insurance Co. v. California}.\textsuperscript{254} In that case the Supreme Court stated that to satisfy notions of comity the statute in question need not require conduct that would be violative of another country’s laws.\textsuperscript{255} In other words, where a party could satisfy the laws of both countries, comity is satisfied.\textsuperscript{256}

Justice Scalia’s strong dissent in \textit{Hartford Fire Insurance Co.} suggested that the interest-balancing approach taken by the \textit{Restatement (Third) of Foreign Relations Law of the United States} would likely reach the opposite conclusion.\textsuperscript{257} Nevertheless, no one has ever argued that the Copyright Act requires conduct that would violate the laws of other nations. For this reason, considering the Supreme Court’s interpretation of comity, the international comity justification for the presumption would most likely be satisfied in the instance of the Copyright Act and therefore must be said to weigh in favor of the extraterritorial application of the Copyright Act.

3. Domestic Choice of Law Principles

The critics of this justification have a valid point. The nineteenth century’s
choice-of-law rule of lex loci delicti has been forsaken in favor of the
Restatement (Second) of Conflict of Laws' most significant relationship test.
Here the issue of the extent to which the conduct involved affects U.S.
commerce enters the picture. Elements of this most significant relationship test
are scattered throughout the discussions of securities, trademark, and antitrust
law.

First, in the securities context, courts consider the effect or intended effect
on the foreign commerce of the United States and the type and magnitude of the
alleged illegal behavior. These factors are further broken down into an
inquiry into "[t]he relative importance to the violations charged of conduct
within the United States as compared with conduct abroad." Next, in the
trademark context, the circuits are split as to how much the alleged conduct
must affect U.S. commerce, but all three circuits agree that an effect on U.S.
commerce is highly probative in the determination of the extraterritorial
application of the Lanham Act. Finally, in the securities context, the effects
test and the conduct test involve inquiries into whether the domestic conduct
that took place was more than "merely preparatory" and whether the alleged
conduct had a substantial adverse impact on American investors or securities
markets. The considerable effort expended by courts and relative emphasis
placed upon these inquiries into the extent of the conduct's effect on U.S.
commerce make it likely that courts will consider the effect that alleged
copyright infringements will have on U.S. commerce.

The copyright industries estimated annual losses totaled over $16.5 billion
dollars for 1999 and 2000 alone. In the copyright context, the Ninth Circuit
has looked past this "parade of horribles," while some courts are unwilling to
do so. However, in the other areas of law discussed, courts have focused
intently on the effect the actions in question have on U.S. commerce and have
more often than not used these effects to reach conduct abroad. It is a close
call, but in the interest of consistency with the jurisprudence in other areas of
the law, the choice of law justification for the presumption may be said to
weigh in favor of the extraterritorial application of the Copyright Act.

258. See supra Part II.A.3.
260. Id. at 1385.
261. See supra notes 130-59 and accompanying text. The Second Circuit requires a
"substantial effect," the Ninth Circuit requires "some" effect, and the Fifth Circuit requires
a "more than insignificant" effect. See supra notes 133, 152, 159 and accompanying text.
262. See supra notes 164-66 and accompanying text.
263. See supra note 2 and accompanying text.
264. See supra notes 210-34 and accompanying text.
4. Constitutional Separation of Powers Concerns

This justification refers to the deference that courts give to the legislative and executive branches of the U.S. government in the policymaking and foreign affairs realm. Professor Bradley goes into detail on this justification and explains why the judicial branch lacks the "constitutional authority," as well as the "institutional competence," to determine whether the laws should or should not apply extraterritorially.265

Despite these justifiable concerns, courts are often forced to fill the void left by congressional silence in the application of laws.266 Our system of checks and balances permits the legislature to step in when courts overstep their bounds.267 Until that happens, however, the courts must continue applying the law in the manner in which they deem to be the intent of the legislature. As it did in the instance of the Aramco decision, Congress can step in and effectively overrule any decision by statute when the courts misinterpret the intentions of Congress.268 The Copyright Act does not specifically state that it does or does not apply to extraterritorial conduct, therefore placing it in the nebulous arena of congressional silence. For this reason the separation of powers justification for the presumption does not prevent the Copyright Act from being applied extraterritorially by the courts.

5. Congressional Intent

Whenever a court is contemplating applying a U.S. statute to extraterritorial conduct, possibly the most important determination to be made is whether Congress has affirmatively stated an intention that it be so applied. Since it is acknowledged that Congress does in fact have the power to regulate extraterritorially, if an affirmative intent can be found, then the other factors

265. See Bradley, supra note 20, at 550-66. Professor Bradley argues, primarily upon the grounds of separation of powers concerns, that the extraterritorial application of intellectual property laws would be inconsistent with the presumption against extraterritoriality. Id. at 562.

266. See, e.g., Robinson v. TCI/US W. Communications Inc., 117 F.3d 900, 905 (5th Cir. 1997) (stating that the court was "faced with the task, . . . of 'fill[ing] the void' created by a combination of congressional silence and the growth of international commerce since the Exchange Act was passed in 1934").

267. See Bradley, supra note 20, at 552-53.

268. Id. Congress disagreed with the Court's finding that the Civil Rights Act could not be applied to protect U.S. citizens working abroad from the business practices of U.S. companies and overruled the Aramco decision with a statutory amendment that extended the protection of Title VII to American citizens working for American companies overseas. See 42 U.S.C. § 2000e(f) (1994).
This requirement of an affirmative statement, however, has not been uniformly enforced. The Supreme Court stated in *Aramco* that mere "boilerplate" language that does not speak directly to the issue of extraterritorial application cannot be enough to overcome the presumption against extraterritoriality.\(^{270}\) The statute in question in that case was Title VII of the Civil Rights Act.\(^{271}\) The Court found Title VII’s "broad jurisdictional language" to be ambiguous and not enough to amount to an affirmative intention of Congress to apply the law extraterritorially.\(^{272}\) The Court referred to several other statutes with similar boilerplate language that have not been applied extraterritorially in reaching its conclusion.\(^{273}\) However, the Supreme Court should rethink this line of reasoning since Congress went back and amended Title VII to reflect its intent that the statute encompass extraterritorial application.\(^{274}\)

Beyond Congress’s reversal of the Supreme Court’s holding in *Aramco*, the Lanham Act stands out as inconsistent with the reasoning that "boilerplate" language cannot overcome the presumption.\(^{275}\) The jurisdictional language of the Lanham Act is no less broad than language that the Court has found to be "boilerplate" in the past.\(^{276}\) Though the Court tried to distinguish the Lanham Act, commentators have not found the distinction credible.\(^{277}\)

The jurisdictional language of the Copyright Act does not reveal a clear statement that the Act should be applied extraterritorially. In *Subafilms, Ltd.*, the Ninth Circuit inferred a congressional intent not to apply the Act extraterritorially from the accession of the United States to the Berne Convention in 1989.\(^{278}\) Congressional silence on this issue, however, has persisted.

The importance of the copyright industries to the U.S. economy is well

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269. *See* EEOC *v.* Arabian Am. Oil Co., 499 U.S. 244, 248 (1991) (*Aramco*) (stating that Congress has the power to enforce laws beyond the boundaries of the United States and that the Court looks to the language of the statute in question to determine the congressional purpose of the law).

270. *Id.* at 250-51.

271. *Id.* at 246-47.

272. *Id.* at 250-51.


274. *See supra* note 268.

275. *See supra* notes 161-63 and accompanying text.

276. *See supra* notes 161-63 and accompanying text.

277. *See supra* note 162 and accompanying text.

278. *See supra* notes 218-19 and accompanying text.
documented.\textsuperscript{279} Certainly, one need look no further than the retroactive application of the Copyright Extension Act for a concrete example of the strength the copyright industries and their lobbyists can bring to bear on Capitol Hill.\textsuperscript{280} The "parade of horribles" argument that has met mixed success in the courts\textsuperscript{281} is likely to resonate clearly in Congress. For this reason, the final determination of this issue may lie not in the courts, but in the backrooms and antechambers of Washington D.C. Given the statements of the Supreme Court in \textit{Aramco} against broad jurisdictional language such as that in the Copyright Act, the congressional intent justification of the presumption against extraterritoriality would appear to weigh against the extraterritorial application of the Copyright Act. Congress, however, remains the five hundred pound gorilla here and the copyright industries will assuredly have Congress's ear should the issue ever be revisited by the Supreme Court.

\section*{V. Conclusion}

So what is the final analysis? Could the Copyright Act be applied extraterritorially? The answer is likely to be yes. International law, as well as the obligations of the United States to several copyright treaties, would not stand in the way of the extraterritorial application of the Act. The Supreme Court's view of international comity would likewise not be any barrier to such application. The most significant relationship/effect on U.S. commerce tests employed by the courts appear to cut in favor of extraterritorial application. Finally, while the Supreme Court may not find the jurisdictional language of the Copyright Act sufficient to overcome the presumption against extraterritoriality, the Court would be the first to admit that constitutional separation of powers mandates that the Court take its cue from Congress as to congressional intent of legislation. Congress, with lobbyists from the copyright industries at its side, may have the final word. Therefore, it can fairly be said that there is nothing that squarely prevents the United States from applying the Copyright Act extraterritorially.

Putting aside the question of whether the Copyright Act \textit{should} be applied extraterritorially, which is a policy question for Congress rather than the courts, if the Copyright Act \textit{were} applied extraterritorially, would that application be consistent with the presumption against extraterritoriality? Here,

\begin{footnotesize}
\textsuperscript{279} See supra note 6.
\textsuperscript{280} See generally Urged on by Disney, Congress Extends Copyrights by 20 Years, \textit{LEGAL INTELLIGENCER}, Oct. 19, 1998, at 4 (giving credit to the lobbyists in the employ of Disney Co. for securing an additional twenty years of copyright protection under the Copyright Act).
\textsuperscript{281} See supra notes 210-15 and accompanying text.
\end{footnotesize}
the answer is not nearly as clear. Extraterritorial application of the Copyright Act would clearly run counter to the Berne Convention’s enforcement mechanism of national treatment. For that reason, the extraterritorial application of the Copyright Act does not seem like it would be consistent with the presumption. Likewise, the congressional intent justification would seem to cut against the extraterritorial extension of the Copyright Act since, in light of the Supreme Court’s reasoning in Aramco, the language of the Copyright Act is not likely to be sufficient to support a conclusion that such application is warranted. However, using the Supreme Court’s view of international comity, and seeing how courts have focused on the effects that foreign conduct has on U.S. commerce, the choice-of-law and international comity justifications for the presumption would appear to support extraterritorial application of the Copyright Act. The answer to this question, therefore, may not be given until Congress makes its intentions more clear or until the Supreme Court revisits the issue, thereby forcing Congress to address the issue.