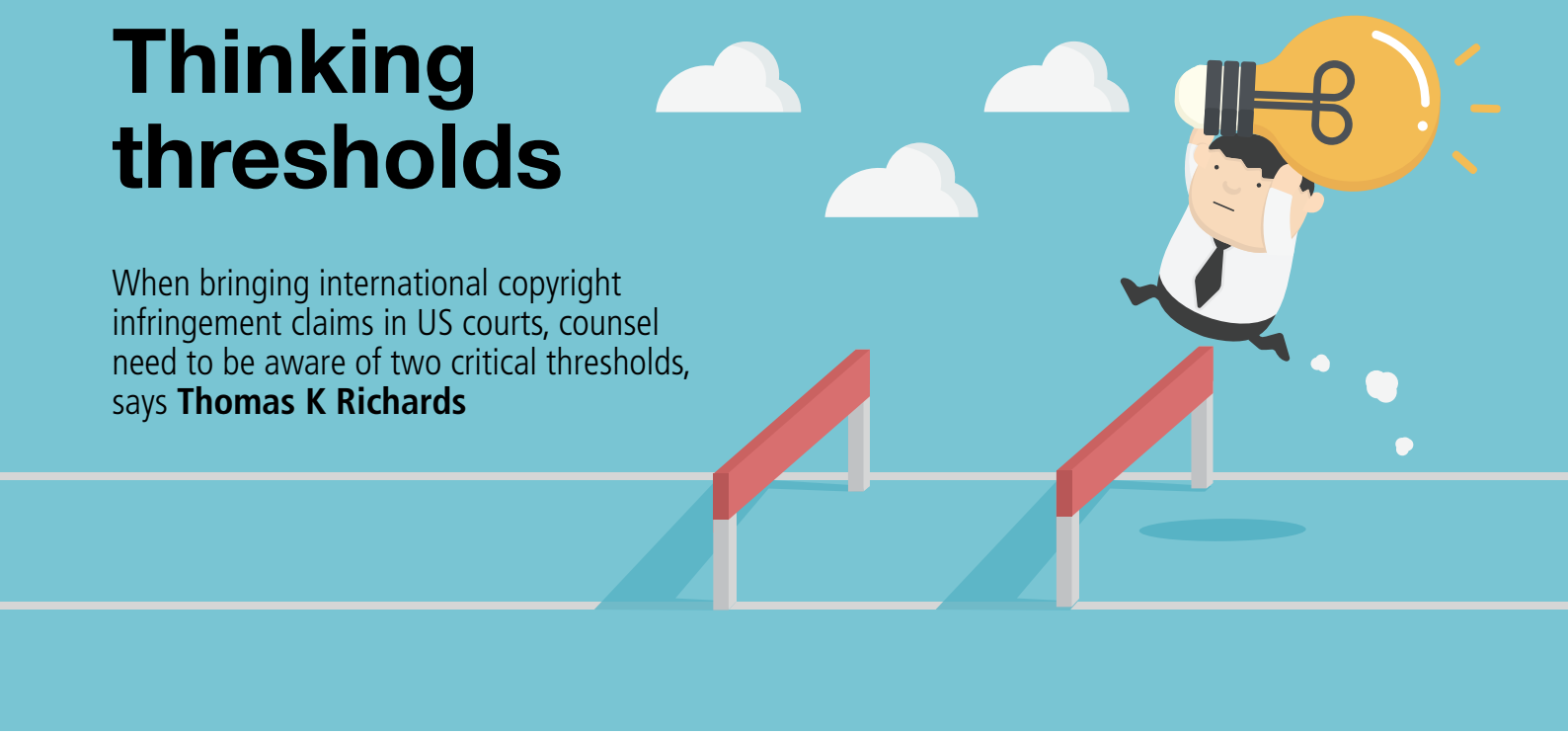
Thinking thresholds

When bringing international copyright infringement claims in US courts, counsel need to be aware of two critical thresholds, says **Thomas K Richards**



Copyright infringement is a global issue that transcends national borders. International copyright infringement claims in a US court ordinarily involve one of two scenarios: (1) a US copyright holder suing in the US for infringing acts that took place outside of the borders of the US; or (2) a holder of a foreign copyright suing in the US for infringing acts that took place inside the US. Such claims involve jurisdictional and conflict of laws issues that counsel must understand in order to analyse the potential likelihood of success of claims and defences.

There are two primary points counsel should keep in mind. For claims that involve US copyrights being infringed abroad, counsel should determine at the outset whether an independent act, that constitutes copyright infringement under US law, occurred which then led to further infringement abroad. For claims brought in a US court alleging that foreign copyrights have been infringed inside the US, litigators should analyse the validity and ownership of the claimed copyright under the law of its originating jurisdiction (ie, foreign law) but apply US law (ie, the law of the forum court) to the infringement claims and associated remedies. Keeping these principles in mind from the beginning of any dispute will be critical in any effective analysis of the possible outcomes.

Foreign infringement: applying the predicate acts doctrine

There is a fundamental legal hurdle to anyone attempting to prosecute international infringement of a US copyright inside the US – the copyright laws of the US do not have extra-territorial application.[1] The Berne Convention also confirms that copyrights are created and enforced under national law.[2] However, there is a limited exception to the bar on extra-territorial copyright claims known as the predicate acts doctrine.[3]

Under the predicate acts doctrine, if an act of infringement occurred in the US which then permitted further copyright infringement outside of the US – a so-called "predicate act" – the infringer may be liable in a US court for those extra-territorial acts of infringement.[4] The predicate act within the US must itself constitute copyright infringement – "The clear governing legal rule is that the predicate act occurring in the US must itself constitute *infringement* under the Copyright Act."[5] Merely alleging that defendants authorised copyright infringement abroad without actually committing a predicate act of infringement within the US is insufficient.[6] Similarly, mere preparations within the US that lead to infringement abroad do not suffice.[7]

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The facts of the recent case of *Levitin v Sony Music Entm't,* 101 F. Supp 3d 376, 384 (SDNY 2015) illustrate this point. In *Levitin* the plaintiff sued US based defendant Sony Music Entertainment, for, *inter alia*, acts of foreign copyright infringement following the international release of the song "Timber" by rapper Pitbull and pop star Ke$ha. Plaintiff alleged that the song used a copyrighted melody he owned without his permission. Sony Music was able to successfully argue that it had a licence to use the copyrighted melody inside the US from one of its co-owners, and that no copyright infringement had occurred within the US. Accordingly, there was no predicate act within the US making it liable for the purported foreign infringement, and the court dismissed those claims.

'National Treatment' in the US under *Itar-Tass*

For claims involving copyrights held in foreign jurisdictions that have allegedly been infringed inside the US, jurisdiction is not usually an issue as the infringing acts within the US typically provide the requisite jurisdictional nexus. Instead, there is a threshold conflict of laws issue. Litigators must understand which law applies to the claims at hand, US law (the law of the forum court) or the law of the jurisdiction where the copyright is held (the law of a foreign country or territory). The Berne Convention's "national treatment" doctrine would seem to mandate that US law would apply to all claims.[8]

"In the US, under *Itar-Tass*, law of the jurisdiction in which the copyright is filed or held – ie, foreign law – is applied to any analysis of ownership issues or the inherent validity of the copyright."

However, in the US, the seminal decision of *Itar-Tass Russian News Agency v Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir 1998) changed how US courts apply the Berne Convention's national treatment doctrine. In the US, under *Itar-Tass*, law of the jurisdiction in which the copyright is filed or held – ie, foreign law – is applied to any analysis of ownership issues or the inherent validity of the copyright. Courts then apply US law to infringement claims and remedies questions. This bifurcation of bodies of law within the same case is unique to the US.

In *Itar-Tass* the court rejected the previously accepted interpretation of national treatment as that principle is expressed in the Berne Convention – ie, that the Convention obliges a US court to apply domestic law when resolving issues of copyright ownership and infringement in international copyright litigation between the citizens of member states.

Instead, the court concluded that foreign law should be consulted to determine whether foreign plaintiffs owned exclusive copyrights in works created overseas, and, if so, US law would be applied to determine whether a US defendant infringed the copyright in those works by copying them. Accordingly, counsel should keep the holding of *Itar-Tass* in mind from the outset of any dispute in order to analyse the merits of any claims and defences.

Immediate action points for in-house counsel

For claims involving international copyright infringement in the US, counsel should consider the following initial action items.

Where a claim is brought, or defended, involving foreign infringement of a US copyright, analyse at the outset whether there was a predicate act of infringement in the US.

- For plaintiffs, a solid predicate act of copyright infringement within the US should be identified and pled in the complaint if damages for foreign acts of infringement are sought.
- For defendants, counsel should scrutinise any initial demands or pleadings (such as the complaint) with care to determine where a predicate act has been adequately alleged. If it has not, counsel should consider a pre-answer motion to dismiss any foreign infringement claims.

Where a claim is brought for infringement in the US of a foreign copyright, *Itar Tass* must be kept in mind.

- Analyse whether the foreign copyright is validly owned under the laws of the foreign jurisdiction where the copyright is filed or held.
- Analyse the merits of the infringement claim and any remedies under US law.

Footnotes

1. *See Update Art, Inc v Modiin Publ'g, Ltd*, 843 F.2d 67, 73 (2d Cir 1988) (quoting *De Bardossy v Puski*, 763 F.Supp. 1239, 1243 (SDNY 1991) ("The United States Copyright Act does not have extraterritorial application, and district courts do not have subject matter jurisdiction over infringement occurring outside of the United States.").
2. Berne Convention for The Protection of Literary and Artistic Works, 24 July, 1971, art 5(1), 1971 U.S.T. 263, 1161 U.N.T.S. 35. *See also* 4-17 Melville B. Nimmer & David Nimmer, Nimmer on Copyright §17.05[A] (2012).
3. At this time, the predicate acts doctrine is not the law of the entire US, but is the law of the US' federal courts that govern New York and California, and a number of other states.
   The predicate acts doctrine is the law in the Second Circuit, which covers the States of New York, Connecticut and Vermont. *See Update Art, Inc v Modiin Publ'g, Ltd*, 843 F.2d 67, 73 (2d Cir1988) as well as in the 9th Circuit, which covers the States of California, Oregon, Washington, Arizona, Nevada, Idaho, Montana, Alaska, Hawaii, and the overseas territories of Guam and the Northern Mariana Islands. *See LA News Serv v Reuters Television Int'l, Ltd* 149 F.3d 987, 992 (9th Cir1998). Additionally, the 4th Circuit recently adopted the predicate acts doctrine as well in *Tire Eng'g & Distrib, LLC v Shandong Linglong Rubber Co*, 682 F.3d 292, 306-07 (4th Cir 2012). The 4th Circuit covers Maryland, Virginia, West Virginia, North Carolina and South Carolina.
4. *Levitin v Sony Music Entm't,* 101 F Supp 3d 376, 384 (SDNY 2015).
5. *See* Id. [emphasis original].
6. See *Subafilms, Ltd v MGM-Pathe Commc'ns. Co*, 24 F.3d 1088, 1093-94 (9th Cir 1994).
7. *See Robert Stigwood Group Ltd v O'Reilly,* 530 F.2d 1096, 1101 (2d Cir1976).
8. "Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention." Berne Convention, supra note 2, art. V(1) (emphasis added).

Author

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Admitted in California and New York, with significant experience handling international copyright and other IP disputes involving a wide range of products, Richards works and services such as apparel, toys and dolls, motion pictures, and television and literary works.

He has handled numerous disputes in the US involving international claims of infringement, including claims alleging infringement of copyrights held, or infringed in, China, Singapore, Australia, New Zealand, UK and the EU.