

Outline for Conference of the Legal Aspects of an E-Commerce Transaction: Oct. 26, 2004 (revised, Nov. 15, 2004)

Jane Ginsburg, Columbia Law School; Faculty of Law, University of Cambridge

Problem: Different countries, including those party to the same international treaties, manifest disparities in the duration of copyright and neighboring rights. While the term of copyright in the EU and the US is 70 years *post mortem auctoris*, in many other countries it remains at 50 *pma*. The term of protection of phonograms in the EU is 50 years from publication, but the term may be longer, or shorter, elsewhere. As a result, works of authorship or phonograms may be in the public domain in some countries, while they are still protected in others.

Hypothetical: Assume that in the year 2010, the first Beatles albums will be going into the public domain in the EU, but that they will not go into the public domain in the US for many more years to come. Suppose you are located in the EU and wish to start an e-commerce business – tentatively titled *yeah-yeah-yeah.com* -- offering digital streams or downloads of cuts from those albums.¹ Assume also that you have cleared all necessary rights in the underlying still-copyrighted musical compositions, but you are unable (or do not wish) to negotiate rights from the record producers. How can you structure your website and business to avoid being amenable to suit in the US by right holders in the phonograms? If you nonetheless incur a risk of being sued in the US, what can you be sued for, and what law applies?

1. **Jurisdiction** of the US court to hear claims concerning US downloads, as well as claims concerning downloads occurring elsewhere in the world of works of which US plaintiffs are copyright owners.

- a. Jurisdiction with respect to US downloads: on the "long-arm jurisdiction" basis of
 - (i) Committing a wrongful act in the territory, or
 - (ii) Committing a wrongful act outside the territory with a harmful impact in the territory, when the defendant derives substantial revenue from interstate commerce. Jurisdiction may also be available on the "doing business" basis of general (not specific) jurisdiction, if defendant has substantial and continuous business contacts with the US forum.
- b. Jurisdiction with respect to extra-US downloads: if the elements of "doing business" jurisdiction are met, then jurisdiction over foreign defendant concerning non forum-related claims as well.
- c. Thus, the e-commerce business should endeavor to avoid being held to be "doing business" in the US, or to be committing a wrongful act directed to the

¹ For a real life example, see the following news story, concerning digital distribution of the novel *Gone With The Wind*, from a website in Australia, where the work is the public domain because the copyright term there is currently shorter than the term in the EU and the US:
http://news.com.com/One+Internet%2C+many+copyright+laws/2100-1026_3-5442386.html?tag=sas.email

territory, such as distributing digital copies, or making available digital streams, to US consumers. It should confine the market for its products and services to those countries where the copyright or neighboring rights term has expired. Appropriate steps include:

- i. Employing available technological protection measures to screen out communications from US users
- ii. Adopting a domain name that points away from the US, e.g., instead of “yeah-yeah-yeah.com” consider “yeah-yeah-yeah.co.uk”
- iii. Posting prices in GB£ rather than US\$
- iv. Rejecting payment from US bank cards
- v. Rejecting advertisements from US businesses
- vi. Employing British rather than US spelling

2. Applicable law: for US downloads; for extra-US downloads.

a. US downloads: *lex loci delicti* will almost certainly apply; the *locus* here being the place of download, rather than the point of departure of the infringing communication.

b. Extra-US downloads: probably would be the laws of the various countries of download. This might make a US court reluctant to hear these claims at all, thus inclining it to decline jurisdiction on grounds of *forum non conveniens*, but this is not a legitimate basis for non retention of a claim over which the court otherwise has jurisdiction.

3. Substantive law issues:

a. Liability for copyright (neighboring rights) infringement will depend on which term(s) of protection apply.

b. Liability of US online service providers for providing US consumers with access to website carrying or communicating infringing content:

i. The DMCA provides a safe harbor for access providers, but they may be required to cut off access to identified off-shore websites.

ii. If the EU business’ website is hosted on a US server, the host service provider, in order to benefit from DMCA safe harbor, will cut off access in response to a proper notice and takedown procedure initiated by the copyright owner.

iii. The DMCA also provides a safe harbor for search engines who link to the accused websites: if they follow the notice and takedown procedure and sever the link, they will not incur liability for directing users to the infringing site.