FROM TERRITORIAL TO UNIVERSAL—THE EXTRATERRITORIALITY OF TRADEMARK LAW AND THE PRIVATIZING OF INTERNATIONAL LAW♦

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ABSTRACT

Legal doctrines, aided and abetted by interpretations of the courts, carry the force of law. The implication is that when courts settle matters, they often go beyond the scope of current intellectual property legislation. Furthermore, global problems in intellectual property may require the participation of private intellectual property rights owners to bring suit. This, in turn, often creates more problems due to the territorial, trans-territorial, and extraterritorial reach of the law, especially with respect private trademark rights. I explore this and other legal conundrums in this Article. The key concern addressed in the Article is how far trademark law is privatizing international law.

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INTRODUCTION

In a world of multiple legal systems and international legal regimes, the jockeying of one regime or legal system over another is not uncommon. Even if one legal system prevails in the resolution of a conflict, the losing party will feel unsatisfied and can institute measures to make its own system applicable to other territories if it finds that its citizens or corporations have not been treated fairly.[1] The prevailing wisdom is that, despite the pluralistic nature of the global legal order, certain territories' laws are more supreme, and justice can only be achieved using those supreme laws. Situations like this have occurred on a number of occasions concerning criminal, antitrust and trademark law.[2]

One of the earliest questions on the extraterritorial nature of trademark law surfaced in *Steele v. Bulova*,[3] when a U.S. corporation sued a Mexican watch assembler for trademark infringement. Although the U.S. Supreme Court ruled that the use of the trademark in Mexico fell within the scope of the Lanham Act (limited extraterritoriality), the dissenting judge argued that the Lanham Act did not have extraterritorial reach.[4] The dissenting judge argued that even if the Lanham Act had extraterritorial reach, such an application would conflict with "the laws and practices of other nations" and go against the Court's presumption against extraterritoriality.[5] The *Bulova* decision set in motion the vexed question of the extraterritoriality of trademark law, and trademark owners began to question their mark's power under trademark laws of other nations.

For a law to be applied extraterritorially, it must first be a

[1] *See, e.g.*, Case C-441/13, Pez Hejduk v. EnergieAgentur.NRW GmbH, Jan. 22, 2015 (CJEU); BENEDETTA UBERTAZZI, EXCLUSIVE JURISDICTION IN INTELLECTUAL PROPERTY (Mohr Siebeck ed., 2012).

[2] See, e.g., original canons such as in *Murray v. Schooner Charming Betsy*, 6 U.S. 64 (1804) (in relation to criminal jurisdiction) and *American Banana Co. v. United Fruit Co.*, 213 U.S. 347 (1909) (antitrust doctrine). In recent years, the U.S. Supreme Court has questioned the extraterritoriality of U.S. law and developed the doctrine of "presumption against extraterritoriality." *See, e.g.*, Morrison v. Nat'l Australia Bank, 561 U.S. 247 (2010); Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108 (2010).

[3] Steele v. Bulova Watch Co., 344 U.S. 280 (1952).

[4] *Id.* at 292.

[5] *Id.* ("The Lanham Act, like the Sherman Act, should be construed to apply to only acts done within the sovereignty of the United States. While we do not condone the piratic use of trademarks, neither do we believe that Congress intended to make such use actionable irrespective of the place it occurred. Such extensions of power bring our legislation into conflict with the laws and practices of other nations, fully capable of punishing infractions of their own laws, and should require specific words to reach acts done within the territorial limits of other sovereignties.").

territorial law of a state or nation. Intellectual property rights used to be territorial in nature, but in modern legal regimes, they have transcended their territoriality and appeared to have acquired internationalism.[6] This is possible through multilateral and plurilateral treaties,[7] and it has become the *global economic norm*.[8] The territorial nature of contemporary intellectual property rights no longer confines a state to a dominant territorial jurisdiction;[9] rather, it is part of an intricate mix of contemporary legal and universal characteristics, and blurs the lines between private and public international law. The legal implications of the *universal* nature of what was once a territorial private right mirror the challenge that faces the modern economic system.

This Article examines the extraterritorial nature of trademark law and how, as a result, international law has been privatized—that is, private economic matters have turned public international law into a private instrument at the behest of private economic actors. In a sense, this Article arguably endorses similar concerns raised by Susan Sell and Claire Cutler.[10] However, this Article will inject legal arguments from

[6] *See, e.g.*, Eli Lilly v. Canada, Case No. UNCT/14/2, Mar. 16, 2017 (discussing patents in international treaties); Edouard Treppoz, *International Choice of Law in Trademark Disputes From a Territorial Approach to a Global Approach*, 37 COLUM. J.L. & ARTS 557 (2014); P. Sean Morris, *To What Extent Does Intellectual Property Rights Drive the Nature of Private International Law (In the Era of Globalism)?*, 28 U. IOWA TRANSNAT'L L. & CONTEMP. PROBS. (forthcoming 2018).

[7] *See, e.g.*, TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 6, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]; North American Free Trade Agreement (NAFTA), Can.-Mex.-U.S., 32 I.L.M. 289 (1993). The abandoned Trans Pacific Partnership Agreement (TPP) also contained substantial intellectual property provisions that would have been the most protective for intellectual property owners.

[8] WILLIAM R. CORNISH & DAVID LLEWELYN, INTELLECTUAL PROPERTY: PATENTS, COPYRIGHT, TRADE MARKS AND ALLIED RIGHTS 27 (6th ed. 2007) (identifying four principles of territoriality: (1) the right in each country is determined by the law of that country and is independent of equivalent rights governing the same subject-matter (invention, work, trade mark, etc.) in other countries and neither stands nor falls with them; (2) the right only affects activities undertaken by others within the geographical territory for which it is granted—this area is normally defined by the boundaries of the State concerned, with possible extensions for cross-border, sea, air, and space activities connected to it; (3) the right may be asserted only by nationals of the country for which it is granted and such others as the law also includes; (4) the right may be asserted only in courts of the country for which it is granted).

[9] For instance, the trademark rights afforded in Europe under the Trademark Directive and Regulation. *See* Directive 2015/2436, of the European Parliament and of the Council of Dec. 16, 2015, to Approximate the Laws of the Member States Relating to Trade Marks, OJ L (336/1); *see also* Council Regulation 207/2009 of Feb. 22, 2009, on the Community Trade Mark, OJ L (78/1), as amended by Regulation (EU) 2015/2424, OJ L 341/21 (2015). But, my broader point is from the international law perspective. *See, e.g.*, Morris, *supra* note 6. *But see* McBee v. Delica Co., Ltd., 417 F.3d 107 (1st Cir. 2005), at 118 and 119 ("[T]he domestic effect of the international activities may be of lesser importance. . . . [T]here is a risk that absent a certain degree of extraterritorial enforcement, violators will either take advantage of international coordination problems or hide in countries without efficacious antitrust or trademark laws . . . .").

[10] A. CLAIRE CUTLER, PRIVATE POWER AND GLOBAL AUTHORITY: TRANSNATIONAL MERCHANT LAW IN THE GLOBAL POLITICAL ECONOMY (2003); SUSAN K. SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY (2003).

the authoritative nature of the law to explain this phenomenon. The arguments and trajectory of this Article build upon the two papers *Territorial Intellectual Property Rights in an Age of Globalism*[11] and *Trademarks and Territory: Detaching Trademark Law from the Nation-State*,[12] authored by Graeme Dinwoodie and Curtis Bradley, respectively. The latter critiques the principle of territoriality and the former purports to connect the territoriality principle and intellectual property using trademark law to straighten some the anomalies encountered.[13] As such, this Article will demonstrate how the regulation of private goods goes beyond private rights, and is also a public regulatory tool at the global level, which affects legal and economic policies.

I. A THEORETICAL CRITIQUE

The ubiquitous nature of trademarks means they are often taken for granted—regardless of territory and across the globe. It is almost certain that if a person leaves one's country for another country, even in the most remote places in the world, she will stumble across a trademark such as Coca-Cola, or other trademarks that rank among the most recognized in the world.

The ubiquity of trademarks emanates from the fact that domestic trademark instruments and international trademark agreements recognize the territoriality of trademark law;[14] however, the composition of the modern global economic system grants powers to various *institutions* (licensors, importers, etc.) for the use of trademarks outside of their domestic territory. Furthermore, due to the application of domestic trademark law extraterritorially, trademarks have a unique role in the principle of territoriality and the private rights therein. Because of their global scope, trademarks move with the goods to which they are affixed, allowing them to move across borders to different localities of the customer, and also to empower the economic wheels of commerce.[15]

The ubiquitous Coco-Cola trademark, along with hundreds of other marks, has become universal—a form of "public goods" for the

[11] Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505 (1996).

[12] Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law from the Nation-State*, 41 HOU. L. REV. 885 (2004).

[13] Bradley, *supra* note 11; Dinwoodie, *supra* note 12.

[14] *See* Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891, 828 U.N.T.S. 39 (amended Sept. 28, 1979).

[15] J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:27 (4th ed. 2015) ("The territorial scope of a trademark and its good will must be defined in terms of the area from which customers are drawn. . . .").

global user[16]—but this universality is restricted by the territorial nature of trademark law.[17]

While the universality of trademarks and their protections have been advocated for in the past,[18] my suggestion is that trademarks have in fact become global and that global nature encapsulates the spirit of universality in trademark protection. Josef Kohler once advocated a theory of universality of trademark protection, and my arguments in this section are similar in nature.[19] Unfortunately, had Kohler's work been carefully studied and translated to English, it would have offered an opportunity to examine his initial claim on the universality of trademark protection; but in the absence of any such detail of the work, it is impossible to interpret that claim in a modern perspective due to changes in the fundamental economic and legal structure of the world in the last one hundred years.

To achieve this interpretation requires an assessment of the territoriality principle in the context of trademarks;[20] then, one can consider the effect of the territorial principle on such form of global public goods, which are effectively private rights. The starting point

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[16] *See* David W. Barnes, *Congestible Intellectual Property and Impure Public Goods*, 9 NW. J. TECH. & INTELL. PROP. 533 (2011) (discussing the public goods theory, which is commonly understood as something that is produced in several quantities from an economic perspective); *see also* Paul A. Samuelson, *The Pure Theory of Public Expenditure*, 36 REV. ECON. & STAT. 387, 387 (1954) (discussing "collective consumption goods"); David W. Barnes, *A New Economics of Trademark*, 5 NW. J. TECH. & INTELL. PROP. 22 (2006) (discussing how the other intellectual property public goods theory is also applicable to trademarks).

[17] Osawa & Co. v. B & H Photo, 589 F. Supp. 1163, 1171 (S.D.N.Y. 1984) ("A hundred years ago the view was widely held that if a trademark was lawfully affixed to merchandise in one country, the merchandise would carry that mark lawfully wherever it went and could not be deemed an infringer although transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise.").

[18] Walter J. Derenberg, *Territorial Scope of Situs of Trademarks and Good Will*, 47 VA. L. REV. 733, 734 (1961) ("It was the celebrated German jurist, Joseph Kohler, who first advocated this theory of 'universality' of trademark protection, although Kohler himself in the second edition of his famous work no longer adhered to this view.") (citing JOSEF KOHLER, WARENZEICHENRECHT (2d ed. 1910)).

[19] KOHLER, *supra* note 18.

[20] *See generally* FRIEDRICH JUENGER, CHOICE OF LAW AND MULTISTATE JUSTICE (Dordrecht: Martinus Nijhoff ed., 1993). For a review, *see* Stanley E. Cox, *Back to Conflicts Basics: Choice of Law and Multistate Justice*, 44 CATH. U. L. REV. 525 (1995); *see also* TRADEMARK PROTECTION AND TERRITORIALITY CHALLENGES IN A GLOBAL ECONOMY (Irene Calboli & Edward Lee eds., 2014); D. C. Maday, *The Territorial Aspects of Trademark Rights in Switzerland*, 50 TRADEMARK REP. 456 (1960); William Jay Gross, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075 (1990) (discussing "zones" of trademark rights, penetration, and protection); Graeme Austin, *The Territoriality of United States Trademark Law*, INTELL. PROP. & INFO. WEALTH: ISSUES & PRACT. DIGITAL AGE (2006); Torsten Bettinger & Dorothee Thum, *Territorial Trademark Rights in the Global Village – Issues of International Jurisdiction, Choice of Law and Substantive Law for Trademark Disputes on the Internet*, 31 INT'L REV. INTELL. PROP. & COMPETITION L. 163 (2000); H. W. Wertheimer, *The Principle of Territoriality in the Trademark Law of the Common Market Countries*, 16 INT'L & COMP. L.Q. 630 (1967); F. Beier, *Territoriality of Trademark Law and International Trade*, 1 INT'L REV. INDUS. PROP. & COPYRIGHT L. 48 (1970).

understands the formal definition of trademark's territoriality, such as the one developed by Derenberg, who noted that it relates to a complete territorial control of trademark by the owner where it is registered.[21] Other definitions include those that courts often use, where "a trademark has a separate legal existence under each country's laws."[22] Here, I am relying on the neutral definition Derenberg provided to guide my arguments, because that definition takes into account the rejected universality principle, which I deem as seeing a rebirth due to the harmonization of international intellectual property laws, especially via the TRIPS Agreement.[23]

By deconstructing Derenberg's definition of a trademark's territoriality to mean both a territorial entity and a universal one, it is possible to view trademark territoriality and trademark rights through the broader prism of international law to see whether there are any effects through the doctrine of territoriality of trademark law and the doctrine of universality on trademarked goods in the global marketplace. The ubiquitous nature of trademark goods suggests a rebirth of the principle of a trademark's universality, therefore making the principles that constrict a trademark to be territorially confined irrelevant. Thus, if a trademark's territoriality is a nation's toolbox for managing trademarks in a global context, then trademark territoriality can operate within a global *constitutional authority* in which intellectual property law is part of the driving force due to the harmonization of law.

But this Article is not only about trademark law and territoriality in public international law; there is also a private international law context. It is crucial to examine the principles of territoriality and extraterritoriality as instrumental to jurisdictions, given that in the context of international law, the territorial principle is perhaps the most important element in the doctrine of jurisdiction.[24] Here, the concept of international law is as broad as it can be, with no separation from public or private. However, it is through the actual study of private international law that one begins to see the development of the doctrine of jurisdiction in the international system due to the "deep-rooted doctrinal link" in both systems.[25] The discussion in this Article on

[21] *See* Derenberg, *supra* note 18, at 734 ("[T]he trademark and the good will symbolized by it may have a separate legal existence in different parts of the world, and therefore, be subject to territorial assignment and – it must follow – have a 'situs' in more than one country.").

[22] *See Osawa*, 589 F. Supp. at 1171–72; *see also* Grupo Gigante SA De CV v. Dallo & Co., 391 F.3d 1088 (9th Cir. 2004); ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 155 (2d Cir. 2007).

[23] For example, the TRIPS Agreement, in its preamble, recognizes "differences in national legal systems" as part of its effort in the international protection of intellectual property. *See* TRIPS Agreement, *supra* note 7, at preamble c.

[24] *See, e.g.*, FREDERICK "FRANCIS" MANN, THE DOCTRINE OF JURISDICTION IN INTERNATIONAL LAW (A.W. Sijthoff ed., 1964).

[25] *Id.* at 19 ("Is there a special connection between international jurisdiction and private

jurisdiction in the private international law context is interjected at certain points in the Article to support certain claims.

Contemporary scholars such as Alex Mills have corroborated the doctrinal link of jurisdiction between private international law and public international law.[26] Both Mills' and Frederick "Francis" Mann's approach to jurisdiction and their commonality between public and private international law gives a breath of fresh air to how the international system and the harmonizing process create a global constitutional order in which the demise of any one doctrine will only strengthen that order.[27]

Although the scholarship in international law of recent years has been gravitating toward international constitutionalism, it cannot be said convincingly that private international law is an effective tool for deconstructing public international law. The handful of insightful works, such as that of Mills, only manage to scratch the surface (despite the fact that Mills in particular quite powerfully explains how the tool of private law could deconstruct public international law).[28] Other approaches to public international law using different fragments of law have been gaining a foothold in legal scholarship by construing arguments on the effects of the content and process of public international law from other branches of "international private law."[29]

I am aiming to show that by using private rights to regulate what are essentially public goods on a global scale, there is a significant impact; it in turn calls for approaching public international law using a greater involvement of private international law through intellectual property rights. The processes and outcomes of private international law shape public international law—in particular, through the use of private rights in trademarks.[30] Most conceptions of public international law are

international law? . . . [I]t is the function of jurisdiction to define the international scope which the municipal legislator is entitled to give to his enactments. The conflict rule implements and gives effect to the requirements of public international law.").

[26] ALEX MILLS, THE CONFLUENCE OF PUBLIC AND PRIVATE INTERNATIONAL LAW: JUSTICE, PLURALISM AND SUBSIDIARITY IN THE INTERNATIONAL CONSTITUTIONAL ORDERING OF PRIVATE LAW 229 (2009) ("The correspondence in structure between the three aspects of public international law rules of 'jurisdiction' and the three basic components of private international law (jurisdiction, applicable law and the recognition and enforcement of judgments) suggests their underlying commonality.").

[27] See my own assessment in *infra* Section III.

[28] MILLS, *supra* note 26.

[29] I have been addressing this question, or at least attempting to develop a unique argument on how international private law approaches affect the content and process of international law. *See* P. Sean Morris, *Legitimacy of Private Economic Governance in the International Legal Order*, Draft Working Paper (2018) (on file with author); *see also* Julian Arato, *The Private Law Critique of International Investment Law*, 113 AM. J. INT'L L. (forthcoming 2019); Peter Yu, *Key Insights from Intellectual Property and the New International Economic Order*, 36 YALE J. ON REG.: NOTICE & COMMENT, Oct. 8, 2018).

[30] This must be seen in the context of intellectual property laws, such as national patent laws, forming a part of the broader family of "private international law." *See, e.g.*, Eli Lilly v. Canada,

a delusional phenomenon that serves no purpose for the real legal issues that courts must deal with on a daily basis, hence, private international law interpretations of public international law can eliminate delusional thoughts of public international law.

It is through the use of private international law that public international law must be enforced in the territory of a sovereign nation. In *Vanity Fair Mills v. T. Eaton Co.*, there is a stark reminder about the limits of international law even when states are party to international conventions, such as the Paris Convention.[31] The court explained that "the International Convention provides protection to a United States trade-mark owner such as plaintiff against unfair competition and trade-mark infringement in Canada—but only to the extent that Canadian law recognizes the treaty obligation as creating private rights or has made the Convention operative by implementing legislation."[32] There are other circumstances in which a nation has the power to handle issues that can be international in nature, but the national courts are often the main port of call at which state treaty obligations are interpreted through the use of domestic legislations.

Theoretically, I am aligned with John Rawls' interpretation of justice—"fair" and "equal" and "just distribution of goods and services," or what Rawls refers to as "distributive justice,"[33] but only to a degree and with caution. I am cautious about the Rawlsian concept of distributive justice—defined as the allocation of economic resources to ease benefits and burdens—because of its open-ended "structure"[34] of distribution, which is based on a top-down macro approach. For intellectual property, a Rawlsian application would require tact, because Rawls' claim is for state assets or natural resources whilst intellectual property are private rights. For Rawls, distributive justice is the way to determine or share with the disadvantaged "the appropriate distribution of the benefits and burdens of social cooperation."[35] There are certain expectations of intellectual property that this Rawlsian concept can be applied to.[36]

Even with treaty obligations, intellectual property owners would

Case No. UNCT/14/2, Mar. 16, 2017.

31 Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633 (2d Cir. 1956).

32 *Id.* at 641.

33 JOHN RAWLS, A THEORY OF JUSTICE (1971).

34 *Id.* at 7 ("[T]he primary subject of justice is the basic structure of society, or more exactly, the way in which the major social institutions distribute fundamental rights and duties and determine the division of advantages from social cooperation.").

35 *Id.* at 4.

36 For instance, intellectual property rights holders are expected to be rewarded for their innovations, fair compensation, or really simply expected to get pay for their labor in common parlance. But to put that latter argument more diplomatically, I will return to it in my treatment of the Lockean debate on property in the rest of the discussion in this Section on the theoretical assessment leading up to Section II of this Article.

find it difficult to meet the Rawlsian conception of distributive justice. Treaty obligations with respect to IP rights have vital importance. For example, the Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement") allows for flexibilities on compulsory licensing for medicines.[37] Theoretically, under TRIPS, in the event of a global health pandemic, if compulsory licensing was allowed it would be easier for people to get access to medicines that would save lives instead of keeping the prices of said medicines high in order to return a profit.[38] South Africa was the first to put the TRIPS Agreement to the test by amending its constitution so that provisions for compulsory licensing were included.[39] However, pharmaceutical companies were not pleased and used their powerful lobbying groups and allies, including the United States, to force South Africa to compromise without having to raise a World Trade Organization (WTO) complaint.[40] The large pharmaceutical companies raised the concern that South Africa violated Article 31 of the TRIPS Agreement, a provision they viewed as technically not permitting compulsory licensing in national laws.[41]

Thus, my cautious approach to Rawls' conception of distributive justice is for distributive justice to be more than relegated to the nation state only,[42] but moved to the global level[43] when there are cases of global pandemic or other crises that requires fair and equal distribution of medicines or food. Saving thousands of lives at the global level would require for the fair and equitable distribution of patented health medicines rather than maintaining privately held patent rights for those medicines that have the ability to affect global public problems (i.e., pandemics). Under these circumstances, intellectual property such as patents, begin to play a role in social justice at the global level. It is not

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[37] *See* CYNTHIA HO, ACCESS TO MEDICINE IN THE GLOBAL ECONOMY: INTERNATIONAL AGREEMENTS ON PATENTS AND RELATED RIGHTS 125–55 (2011).

[38] *See id.*

[39] Medicines and Related Substances Control Amendment Act, No. 90 of 1997 § 15(c) (S. Afr.).

[40] Bess-Carolina Dolmo, Note, *Examining Global Access to Essential Pharmaceuticals in the Face of Patent Protection Rights: The South Africa Example*, 7 BUFF. HUM. RTS. L. REV. 137, 146 (2001); *see also* Patrick Marc, Note, *Compulsory Licensing and the South African Medicine Act of 1997: Violation or Compliance of the Trade Related Aspects of Intellectual Property Rights Agreement?*, 21 N.Y. L. SCH. J. INT'L & COMP. L. 109 (2001); Sara Ford, Note, *Compulsory Licensing Provisions Under the TRIPS Agreement: Balancing Pills and Patents*, 15 AM. U. INT'L L. REV. 941 (2000); Pier DeRoo, Note, *"Public Non-Commercial Use" Compulsory Licensing for Pharmaceutical Drugs in Government Health Care Programs*, 32 MICH. J. INT'L L. 347 (2011).

[41] *See* Marc, *supra* note 40; *see also* TRIPS Agreement, *supra* note 7, at art. 31.

[42] Interpreting Rawls' definition of major institutions, political constitution, the principal economic and social arrangements, there is no doubt that it is a reference to the nation state and its internal structure and organization. *See* RAWLS, *supra* note 33.

[43] *See* SAMUEL FREEMAN, JUSTICE AND THE SOCIAL CONTRACT: ESSAYS ON RAWLSIAN POLITICAL PHILOSOPHY 260 (2007) (suggesting that Rawls "rejects the idea of a global principle of distributive justice").

inconceivable for other areas of intellectual property rights to also play a role in social justice or an equitable distribution of wealth, innovation, and creativity.

However, my cautious approach to the Rawlsian concept of distributive justice is more justified by the Lockean labor theory. In an elaborate passage in his treatise, John Locke argued that there is a natural right to private property.[44] For one, the passage can mean a lot of different things. Arguably, as ironic as it may be, one interpretation is that Locke was setting in motion the wheels for either abolishing slavery or having slaves in the colonies be compensated for their labor.[45] The time and context in which Locke was writing cannot exclude such an interpretation of his theory.

Legal, economic, political, and philosophical scholars argue that Locke was a fierce defender of the free market when he wrote his treatise, and he would even defend its contemporary form.[46] Locke's argument is that an individual should have exclusive control over his labor on communal things in the world, but more importantly an exclusive private property right in those things on which he labored.[47] For Locke, once an individual "mixed" his labor with common property, that individual can assert an exclusive claim upon said property.[48]

It is this argument that contemporary writers also use for the justification of intellectual labor, which is protected through private rights granted via state-sanctioned intellectual property laws. To bring Locke in sync with the Rawlsian version of distributive justice, Locke appears to share the view that wealth distribution is a role of the

[44] JOHN LOCKE, TWO TREATISES OF GOVERNMENT 145 (Peter Laslett ed., 1988) ("Though the earth, and all inferior creatures be common to all men, yet every man has a *property* in his own *person*: this nobody has any right to but himself. The *labour* of his body, and the *work* of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his *labour* with, and joined to it something that is his own, and thereby makes it his *property*. It being by him removed from the common state nature hath placed it in, it hath by this *labour* something annexed to it, that excludes the common right other men. For this *labour* being the unquestionable property of the labourer, no man but he can have a right to what is once joined to, at least where there is enough and as good left in common for others."); *see also* JOHN DUNN, THE POLITICAL THOUGHT OF JOHN LOCKE: AN HISTORICAL ACCOUNT OF THE ARGUMENT OF THE 'TWO TREATISES OF GOVERNMENT' (1969).

[45] Discussing Locke and the issue of slavery is a complex matter, and Locke's theories regarding slavery are often in contradiction, but for some assessment see .e.g., Wayne Glausser, *Three Approaches to Locke and the Slave Trade*, 51 J. OF HIST. OF IDEAS 199 (1990); William Uzgalis, *John Locke, Racism, Slavery and Indian Lands* in THE OXFORD HANDBOOK OF PHIL. AND RACE (Naomi Zack ed., 2017).

[46] There are serious critiques of Locke's ideas especially by political philosophers, but no doubt they have not ignored his labor theory on private property. *See* Peter Jaworski, *The Metaphysics of Locke's Labour View*, *in* 11 LOCKE STUD. 73 (2011); JEREMY WALDRON, THE RIGHT TO PRIVATE PROPERTY (1988).

[47] LOCKE, *supra* note 44.

[48] LOCKE, *supra* note 44; *see also* Jeffrey M. Gaba, *John Locke and the Meaning of the Takings Clause*, 72 MO. L. REV. 526 (2007).

government. Locke also appears to critique the Rawlsian version of wealth distribution, or at least does not reject it outright.[49] Thus, Locke's views on the state arbitrarily taking wealth suggests that he had mixed views, making it difficult to ascertain if Locke supported or rejected what Rawls refers to as distributive justice.[50] However, it seems clear that Locke endorsed a form of redistributive function that is state-operated.[51] Thus, if Locke is in sync with the Rawlsian concept of distributive justice, it is because Locke was concerned with the inequalities that persisted during his time, especially in real property distribution. In Locke's time, excess land ownership of some prevented others from supporting themselves. For Locke, it was a violation of a divine or natural right to deprive individuals of the ability to support themselves, and as such, did not equate to "fair" or "equal" treatment.[52]

Taking Locke together with Rawls, there is a certain understanding that distributive justice requires state sanctions and has a close affinity with how property is conceptualized and owned. Contemporary notions of property also include intellectual property, as they are regulated as private rights with public functions and are therefore enforced so that any form of free-riding (i.e., distribution of IP without the owner's consent) is prohibited depending on the enforcement of the individual private right.

This form of enforcement provides protection from infringements

[49] *See* Gaba, *supra* note 48, at 564–65 (discussing Locke's take on the arbitrary powers of the state to transfer wealth from the common people to the state itself). To sum up Locke's views on wealth redistribution, Gaba writes, "Arbitrary laws, in Locke's view, were those that had the purpose of transferring wealth from members of society to the powerful within government itself. He states that: the Price or Senate, however it may have power to make Laws for the regulating of *Property* between the Subjects one amongst another, yet can never have a Power to take to themselves the whole or any part of the Subjects *Property*, without their own consent: For this would be in effect to leave them no *Property* at all. Tyranny, the opposite of legitimate government, is in Locke's view: *the exercise of Power beyond Right*, which no Body can have a Right to. And this is making use of the Power any one has in his hands; not for the good of those, who are under it, but for his own private separate Advantage. Locke viewed this limitation on arbitrary redistribution of wealth as perhaps the central constraint of government regulation of property. A prohibition on arbitrary redistribution is not the same, of course, as a prohibition on all redistribution. For example, government regulations which seek to maximize the overall wealth in society, regulations that serve aims of distributive justice, and regulations that seek to protect the environment may impose costs on individual without the obvious conclusion that they are adopted to transfer wealth to an entrenched sovereign." *Id.*

[50] *See id.* at 566, 568–69 (citing arguments where Locke supposedly rejects "any redistributive acts by government"); *see also* ARTHUR MONAHAN, THE CIRCLE OF RIGHTS EXPANDS: MODERN POLITICAL THOUGHT AFTER THE REFORMATION, 1521 (LUTHER) TO 1762 (ROUSSEAU) 179 (2007) (arguing that Locke "approved of unequal distribution of wealth").

[51] MONAHAN, *supra* note 50; *see* Gaba, *supra* note 48, at 569–70 ("Indeed, the basic thrust of Locke's arguments imply some redistributive role for government regulations at least where they do not substantially worse the condition of the individual beyond that which exists in an uncertain State of Nature, if they are not 'arbitrary,' and if they are adopted to advance a concept of the 'public good.'")

[52] *See* MICHAEL THOMPSON, THE POLITICS OF INEQUALITY: A POLITICAL HISTORY OF THE IDEA OF ECONOMIC INEQUALITY IN AMERICA 44 (2007).

whether by the state, corporations, or individuals. We have seen that when a public crisis erupts, such as in the compulsory licensing cases of South Africa, a state can intervene to limit the private right of the intellectual property to ease a health crisis that could have a global impact.[53] In contrast to such instances, trademarks present a different situation—the private right comes with potentially eternal ownership and source identity of goods that, in modern times, move beyond territorial borders without restraint.

Can a theory such as the Rawlsian concept of distributive justice then apply to trademarked goods that cross territorial borders? In other words, should the poor or less fortunate in Country X be given access to luxurious goods that are abundant in Country Y? The theory of distributive justice does not make the case for a plausible scenario nor does Locke's property theory provide any help in this hypothetical situation. The other option is to advance a new theory or use existing laws outside of intellectual property to find a solution or a combination of both Locke and Rawls to create a new theory that can find sympathy in current laws. This new theory must identify the necessity of trademarks as public goods and also justify a trademark's territoriality as something that undermines the public welfare of the global consumption market and weakens the private rights claims in trademarks.

Locke's theory on private property is complex and there are various criticisms and support for it. Locke has successfully convinced generations of scholars that a natural man may take ownership of anything he creates through his labor.[54] This belief essentially creates the building block for modern market-driven economies based on the right to private property. The modern market economy is balanced by a number of laws reinforcing the right to private property, including private rights in intellectual property. Locke's theory cannot be dismissed if we are to find grounds for justification of intellectual property rights or the laws that they are based on.

Moreover, because Locke's theory on private property is set in a territorial state system, modern forms of intellectual property protection such as trademarks are territorial and thus have synergies with the Lockean concept of private property. The ownership of private property goes against the very idea of redistribution—something that Locke's writings are ambivalent on. It is notable, however, that Locke himself argues that individuals should contain a strong appetite for excess ownership at the expense of others. Furthermore, Locke was less than

[53] *See supra* notes 37–40 and accompanying text.

[54] *But see* Karl Widerquist, *Lockean Theories of Property: Justifications for Unilateral Appropriation*, 2 PUB. REASON 3 (2010) (offering a summary and collection of the major protagonists and antagonists of the Lockean approach to property).

forthcoming on government redistribution that would improve the welfare of less fortunate individuals, because Locke argues that labor creates wealth.[55] In contemporary market-driven economies, the labor that private owners of trademarks invest in their territorial and trans-territorial use creates wealth.

Locke was a resolute defender of natural law and subscribed to the natural law theory; intellectual property rights and the law that codified an individual's rights to this property were also part and parcel of natural law. Although Locke made no specific mention of intellectual property protection and as such made no defense of intellectual property as legal doctrine, that did not stop academic scholars[56] or courts[57] from invoking the relevance of Locke's natural law theory for intellectual property protection.

The debate in the academic circles regarding Locke's labor theory and intellectual property is deeply poisonous. Some claim Locke's arguments on private property have been misinterpreted whilst others suggest Locke was only writing in the context of his time.[58] Moreover, some arguments credit Locke for justifying intellectual property whilst other arguments reject the association of Locke's idea of natural law to intellectual property.[59] On the other hand, courts, especially in America, appear to have no problem in crediting Locke's labor theory for intellectual property. For instance, in *Ruckelshaus v. Monsanto*, the U.S. Supreme Court explicitly cited Locke's labor theory of property in order to show the existence of trade secrets as "property."[60]

Courts' decisions and the writings of academics on intellectual property are essential to unlocking the relevance of Locke's labor theory to private rights, because the debate on the effectiveness of

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55 LOCKE, *supra* note 44.

56 *But see, e.g.*, Wendy Gordon, *Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533 (1993).

57 *See, e.g.*, Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003 (1984); Eldred v. Ashcroft, 537 U.S. 186, 207 n.15 (2003) (discussing the right to fair compensation from a rational economic perspective) (citing Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 431 (1984)). Furthermore, the U.S. constitutional provisions on intellectual property (patents and copyrights) for the progress of mankind can be construed as Lockean in nature. *See* U.S. CONST. Art. 1, § 8, cl. 8; *see also* Richard Epstein, *The Constitutional Foundations of Intellectual Property: A Natural Rights Perspective*, 17 FEDERALIST SOC'Y REV. 54 (2016); RANDOLPH MAY & SETH COOPER, THE CONSTITUTIONAL FOUNDATIONS OF INTELLECTUAL PROPERTY: A NATURAL RIGHTS PERSPECTIVE (2015).

58 *See also* Gordon, *supra* note 56. *Compare* Peter Jaworski, *The Metaphysics of Locke's Labour View*, 11 LOCKE STUD. 73 (2011), *with* JEREMY WALDRON, THE RIGHT TO PRIVATE PROPERTY (1988), *and* Edwin Hettinger, *Justifying Intellectual Property*, 18 PHIL. & PUB. AFF. 31 (1989), *and* Lynn Sharp Paine, *Trade Secrets and the Justification of Intellectual Property: A Comment on Hettinger*, 20 PHIL. & PUB. AFF. 247 (1991).

59 *See, e.g.*, Hettinger, *supra* note 58; Paine, *supra* note 58; Gordon, *supra* note 56. *See generally* ROBERT MERGES, JUSTIFYING INTELLECTUAL PROPERTY (2011).

60 *Ruckelshaus*, 467 U.S. at 1003(citing Locke's treatise in the discussion pertaining to the Takings Clause of the Fifth Amendment in the U.S. Constitution).

private ownership and the rights accompanying such ownership, including how the courts interpret such ownership, is relevant to address certain issues that have arisen. Legal doctrines, aided and abetted by interpretations of the courts, carry force of authority to settle matters that often goes beyond the scope of current intellectual property legislation. Those matters often arise in the form of global problems that require that private rights owners participate in the solution of the problems. The territorial, trans-territorial, and extraterritorial reach of the law, especially those related to trademarks, only complicates this matter.

Arguments on the territoriality of trademarks must confront the importance of private rights regulating global public goods because (a) trademark private rights must be justified; and (b) trademarks as global public goods must also be justified. The pros and cons of both these elements in the existence of trademarks must be supported and reinforced with coherent reasoning, taking into account Locke's theory of the right to property.

Simply referring to Locke's right to property alone will not establish the private rights to goods that trademarks represent. We have seen that there are disagreements about the notion of natural rights in intellectual property and that only a few courts are willing to endorse the natural right theory with enthusiasm.[61] The territoriality of trademark law is in itself a cause for pause because of the question of how trademark law should be applied to infringements beyond the law's territorial scope—specifically when those laws are used extraterritorially.

Thus, because we are confronted with different understandings of the territoriality of trademarks and trademark law—especially with the issue of jurisdiction in international law—a departure from traditional arguments can yield a better line of inquiry. A new line of inquiry can interpret the applicable laws in a different way, where fundamental doctrines in trademark law are immersed in fundamental doctrines of the concept of territoriality with results that favor a broader harmonization of global norms regulating private rights. By opening a new line of inquiry, we are taking the challenge head-on that global norms and territorial norms have on the development of law and the application of that law at the international level. By doing so, it is then possible to determine and contextualize the power to produce desired international norms and how those norms interact at the public and private level.

The power to produce desired international norms stems from the flow of goods in the new global economy and retaining the status quo.

[61] *See supra* notes 58–60 and accompanying text.

In light of evidence clamoring for a new status quo, it would be impossible to maintain the old interpretations.[62] As such, new lines of inquiry present an opportunity to intervene in how the law is applied and interpreted so that when a court or legal system is confronted with gaps in the law, new norms would be relevant.

It is worth noting that this foray into theoretical issues should not be dismissed but rather viewed as the connecting thread for the legal analysis that intellectual property litigation encounters. A number of litigations in trademark law over the decades raised complex problems that were not only of concern to the national law but also international law.[63] We have also seen these scenarios in cases such as *Bulova*, *Vanity Fair*, and *Philip Morris v. Uruguay*, where the extraterritoriality of trademark law raises difficult questions for international law and the limits of private rights in trademarks.[64] Given that said cases raised a set of problems in international law, effectively creating limits and boundaries stretching beyond the territorial border of the nation state, it has become apparent that a harmonized legal order is necessary. This harmonized legal order is one in which trademark law is essentially removed from the nation state.[65]

In any case, as we shall see further below, trademark's territoriality and the national trademark law are also a part of the broader international legal regime on intellectual property such as the TRIPS Agreement, which in turn forms part of the system of international law—both public and private. The problem however is that the international regime for intellectual property protection only sets a minimum threshold, and in the event unforeseen problems surpass the minimum threshold, then national regimes such as those governing trademarks are used to arrive at a solution, because some national regimes are seen as more advanced than the international regime.[66]

Under these circumstances, national and international regimes are competing for the right to regulate. This competition creates

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[62] I am primarily referring to new treaties that relegate present instruments to the side-lines. The new status quo manifests in "TRIPS-Plus" instruments, such as the abandoned Trans-Pacific Partnership Agreement, or efforts to interpret intellectual property under investment treaties. *See also* Peter Yu, *Crossfertilizing ISDS with TRIPS*, 40 LOY. U. CHI. L.J. 321 (2017).

[63] The different levels of the Philip Morris litigations concerning trademarks, plain packaging of cigarettes, and public health are good examples. *See* United States v. Philip Morris USA, Inc., 449 F. Supp. 2d 1 (D.D.C. 2006); Philip Morris Asia Ltd. v. The Commonwealth of Australia, PCA Case No. 2012-12 (award on Jurisdiction and Admissibility, Dec. 17, 2015); Philip Morris Brands Sarl, Abal Hermanos S.A. v. Uruguay, ICSID Case No. ARB./10/7, (award July 8, 2016); *United States – Section 211 of the Omnibus Appropriations Act of 1998*, WTO Doc. WT/DS176/AB/R (Jan. 2, 2002).

[64] Steele v. Bulova Watch Co., 344 U.S. 280 (1952); Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633 (2d Cir. 1956).

[65] *But see* Dinwoodie, *supra* note 12.

[66] *See supra* note 63 and accompany text regarding the Philip Morris litigations in Australian Courts and later in international tribunals; s*ee also* Morris, *supra* note 6.

disharmony in the intellectual property regime at all levels. A discord in the regime gives the owners of private rights opportunity to exploit that discord to their benefit. On the one hand, an owner can argue that her private rights are infringed in a different country whose laws are considered too weak to respond and can therefore use her territorial rights in the original country to make infringement claims.[67] Then, on the other hand, if those same rights are infringed and the property owner is unable to make an extraterritorial claim, she may resort to available laws in the international system. Of course, under these circumstances, the private rights owner is shopping for the best legal forum to air her grievances and in doing so is putting the authority of two different legal forums against each other.

However, such is the reality of the present international legal system with complex problems traversing jurisdiction, applicable law, territoriality, norm conflicts, and private rights. Moreover, these problems are also at the intersection of public and private international law and any meaningful attempt to address these problems should be rigorous but elegantly simple in language and design. Any attempt to dismiss these complex problems as unimportant to public international law or trademark law is dodging the issue, when it is more than certain of a fractious impact.

My intention for the rest of this Article is to use trademarks and trademark law to give an account of private rights that are global in nature; show how territoriality evolves and affects the system of private rights that are global in nature; and ascertain if public international law is being privatized. Of course, there are pitfalls in my arguments, but when private rights are the backbone of a free market economy and are driving the global economic system, it is difficult not to see that public international law is returning to its roots—it is becoming private international law or being privatized, and the driving force behind this prodigal journey is the private intellectual property rights guaranteed to owners.

By embracing the Lockean argument that intellectual property is a natural right, my argument is that public international law has always been private international law. However, to support that position, I am using the private rights to public goods, which are represented by trademark and trademark protection, to assert that claim. I am arguing that the various conflicts that exist in international law and the territorial

[67] *See* Case C-617/15, Hummel Holding A/S v. Nike Inc. (May 18, 2017), where the CJEU effectively endorsed forum shopping pertaining to trademarks beyond EU jurisdiction as per the "domain of establishment doctrine." *See id.* At para. 30. Perhaps the most interesting development is, however, the Trader Joe's litigation where the Ninth Circuit seems to depart from the *Bulov*a standard of the U.S. Supreme Court. *See* Trader Joe's Co. v. Hallatt, 835 F.3d 960 (9th Cir. 2016) (allowing a claim for an infringement activity in Canada).

nature of trademark law present an opportunity to harmonize the systems so that other elements that separate public international law from private international law are fully integrated.

Achieving this requires first going outside the box, then stepping back in to develop a normative discourse in which trademark law and trademark cases are the central actors. What makes the discourse appealing and complex is that most of the cases that test the limits of territorial trademark law are essentially one-sided American case law; yet, they provide a unique insight into the privatizing of public international law.[68]

Relying on case law in trademark that challenges the very concept of territoriality in international law is an effort to reconcile domestic legal provisions with international norms.

Straightforward legal problems are not easily masked behind norms in international law when what is required for solving those problems is clearly stated in domestic laws, such as trademark law. However, in the event that principles and norms in international law are required to solve those legal problems, there is the possibility for a conflict of authority or conflict of norms, and resolving the conflicts requires interpretation of both domestic private law and international legal norms.[69]

Therefore, if trademark laws are applied extraterritorially, their limits and interactions with international legal norms must be worked out. This requires taking into account trademark law's territoriality; the circumstances for which it is applied extraterritorially; and how private rights are used as a tool to affect the interpretation and application of public international law due to the extraterritoriality of trademark law. Doctrinally, the territoriality and extraterritoriality of trademark law may look quite simple—something has to be territorial for it to be extraterritorial—but the truth of the matter is that the problem is much more complex given the international nature of two particular fields of law: private international law, of which trademark law is a part of in this context, and public international law.

One may argue that if domestic trademark law is applied and interpreted in a consistent manner without any form of exceptions, then any form of extraterritorial application should also be consistent, providing there are norms in international law allowing the

[68] American canons include *Bulova* and *Vanity Fair*, but more recently, the developments in *Trader Joe's v. Hallatt* seem to put a challenge to the longstanding *Bulova* doctrine. For an example in Europe, *see* Case C-617/15, Hummel Holding A/S v. Nike Inc.

[69] The literature on the intersection of public international law and domestic "conflict of laws" is instructive, and on this, see, for example JOOST PAUWELYN, CONFLICT OF NORMS IN PUBLIC INTERNATIONAL LAW: HOW WTO LAW RELATES TO OTHER RULES OF INTERNATIONAL LAW (2003); HENNING GROSSE RUSE-KHAN, THE PROTECTION OF INTELLECTUAL PROPERTY IN INTERNATIONAL LAW (2016).

extraterritoriality of domestic trademark law. The problem, however, is that extraterritoriality of trademark law beckons for a larger constitutional framework in the international system so that laws work in harmony and can form an authority that is global in dimension. In other words, the extraterritoriality of trademark law can be an avenue for the emergence of an international legislator with strong constitutional authority. Furthermore, we could take warnings from cases such as *Trader Joe's* as such inevitability.[70]

II. FROM TERRITORIAL TO UNIVERSAL: JURISDICTION

A. *Territorial Principle in Public International Law*

Music has been capable of easily crossing territorial boundaries ever since the invention of modern technology such as records, discs and the Internet. Since the invention of such means of distribution, music crosses territorial boundaries at a rate that eclipsed the rate that even printed books were distributed.[71] Music, like most products, is meant to be distributed in a number of countries; however, copyright protection of music depends on the copyright laws of the territory in which the music was produced.[72] Nevertheless, it is possible to obtain copyright protection in more than one territory and also through a network of treaties.[73] At the international level, these laws can be enforced by those authorized to do so. In *Peer International Corporation v. Termidor Music Publishers Ltd.*,[74] a case relating to territorial copyright law, the English judge adjudicating the case found, after other methods of hearing evidence failed, that he had no other choice but to travel to Cuba to hear testimony related to Cuban copyright law.[75] The central issue in the case was about ownership—

[70] *Trader Joe's*, 835 F.3d at 967 ("The constitutional source of this authority is the same whether or not the alleged infringement implicates the extraterritorial scope of the Lanham Act").

[71] Accurate statistics in terms of books published from the revolution of the printing press to modern day electronic publication, compared against the quantity of music streamed, copied, distributed, or downloaded over the internet is hard to come by; nevertheless, some sources can give an accurate account of developments. *See, e.g.*, ANDRE SCHIFFRIN, THE BUSINESS OF BOOKS: HOW INTERNATIONAL CONGLOMERATES TOOK OVER PUBLISHING (2001); Joel Waldfogel, *Copyright Protection, Technological Change, and the Quality of New Products: Evidence from Recorded Music Since Napster*, 55 J.L. & ECON. 715 (2012).

[72] *E.g.*, Australian Copyright Act, No. 63, 1968 (amended in 2017).

[73] *See* Berne Convention for the Protection of Literary and Artistic Works, July 14, 1967, 828 U.N.T.S. 221; WIPO Performances and Phonograms Treaty (WPPT), Dec. 20, 1996; WIPO Copyright Treaty (WCT), Dec. 20, 1996; TRIPS Agreement, *supra* note 7; Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organization, Oct. 26, 1961.

[74] Peer Int'l Corp. v. Termidor Music Publishers Ltd. [2003] EWCA (Civ.) 1156 (Eng.).

[75] Peer Int'l Corp. v. Termidor Music Publishers Ltd. [2006] EWHC (Ch.) 2883 (Eng.). In the High Court ruling, three days of hearings were held in Cuba from September 26–28, 2005. *See also* Peer Int'l Corp. v. Termidor Music Publishers Ltd. [2005] EWHC (Ch.) 1048 (Eng.) (regarding alternative methods of obtaining evidence from Cuban elderly witnesses that required

who controls the copyright to certain Cuban music.

The plaintiff, Peer International Corporation, incorporated in the state of New Jersey, along with Southern Music Publishing Inc., a New York company, and its British counterpart, Peer Music UK Ltd. (collectively Peer), fought the claims of exclusive licensee made by Termidor Music based on a contract with Editora Musical Cuba, which claimed to be the real owner of certain musical works in the dispute. Thus, the issue was the ownership of property in copyrighted musical works by different entities in different jurisdictions with competing claims based on English and Cuban laws.[76] The English court was asked to assess the copyright laws of Cuba—specifically Cuban Law 860, a post-revolutionary law passed in 1960 which granted the copyright in certain musical works to Peer—and to assess whether the Cuban copyright laws were in conformity with international customs on the transfer of copyrights.[77] The issue of how to interpret Cuban law was complicated by the fact that two sets of Cuban laws were at play: pre-revolutionary laws grounded in the Cuban Civil Code and the post-revolutionary laws in which property was nationalized.[78]

The proceedings themselves involved multiple sets of national laws.[79] The case was decided pursuant to a complicated mixture of the conflict of laws between private international law and public international law.[80] On the matter of jurisdiction and territoriality the court noted that from the perspective of private international law, "public policy may constitute the reason for refusing it enforcement or

dispatching a special examiner and if the judge should assume such role, the judge may act as a special examiner); Simon Burlinson, *Copyright: Procedure – Taking Depositions Abroad*, 16 ENT. L. REV. 69 (2005); Ronald Myrick & Ronald Love, *Obtaining Evidence Abroad for Use in the United States Litigation*, 35 SW. L.J. 585 (1981).

[76] *See Peer Int'l Corp.* [2003] EWCA (Civ.) 1156.

[77] *Id.* at [5]; GERNOT BIEHLER, PROCEDURES IN INTERNATIONAL LAW 192 (2008).

[78] The legislative concerns were the post-revolutionary Cuban Law 860 and laws based on Cuban Civil Code prior to the revolution. Peer claimed the copyrights to the music in the disputes were assigned to it via five agreements. *See Peer Int'l Corp.* [2003] EWCA (Civ.) 1156 at [4]–[5].

[79] *See supra* notes 74–76 and accompanying citations per the different litigations in English courts.

[80] *See Peer Int'l Corp.* [2003] EWCA (Civ.) 1156 at [26], [37], [40]–[43] for broad discussions on public international law. The case is, in general, a conflict of laws case (private international law). Citing Societe Eram Shipping Co. Ltd v. Compagnie Internationale de Navigation [2003] All ER 465, the *Peer* court states, "The near universal rule of international law is that sovereignty, both legislative and adjudicative, is territorial, that is to say it may be exercised only in relation to persons and things within the territory of the state concerned or in respect of its own nationals. But in terms of domestic law these limits are self-imposed. A sovereign legislature has power under its domestic law to disregard them and a court of 'unlimited jurisdiction' (that is to say one which has power to decide the limits of its own jurisdiction) cannot be said to lack power to do so. Where the court observes the limits imposed by international law it may be a matter for debate whether it has no jurisdiction or has a jurisdiction which it refrains from exercising as a matter of principle. But it needs to be appreciated that, whether the court disclaims jurisdiction or merely declines to exercise it, it does so as a matter of principle and not of discretion." *Peer Int'l Corp.* [2003] EWCA (Civ.) 1156 at [42].

recognition in this jurisdiction in rare and exceptional circumstances,"[81] however, the case was not about an act by a foreign government.[82] In the court's ruling, the judge was confronted with recognizing elements of Cuban law from pre- and post-revolution era,[83] and on one occasion argued that it was legitimate under international law for English courts to recognize provisions of Cuban copyright law.[84] But it was those very same provisions in Cuban copyright law, and the later associated agreements purporting to legitimize the copyright held, that plagued the case from the beginning. The English courts were adamant that formal requirements under UK copyright law had to be fulfilled, especially if the copyright for the music in question was said to be governed by foreign law, or *lex protectionis*. Thus, if the agreement in question was not recognized under its governing law, the same is also applicable to the copyright in question—*void*.[85]

By 2006, when the proceedings at the English High Court were winding down, Peer failed to convince the court that it actually owned the British copyrights in the Cuban songs that were at the center of the disputes. [86] This was largely due to the territorial nature of private international law—that is, copyright law.[87] The trail that the trial left behind raised a number of questions about the territoriality of law and the reach of private international law and public international law.

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[81] *Id.* at [62].

[82] *Id.* at [63].

[83] *Id.* at [4] ("Essentially these proceedings are a dispute about the ownership of the UK copyright in certain Cuban musical works. Peer's claim to ownership depends upon agreements made between the 1930s and the 1950s with the Cuban composers and documents signed in about 1989 or 1990 consisting of 'Confirmations' and 'Addenda', conveniently referred to as the 'Confirmation of rights' documents. EMC's title depends upon the operation of Cuban Law 860 which was passed in 1960."). For a discussion of the case, see Stephen Sampson, *Music Publishing – Conflict of Laws*, 15(1) ENT. L. REV. 26 (2004).

[84] *Peer Int'l Corp.* [2003] EWCA (Civ.) 1156 at [26] ("[I]t was legitimate for an English court to have regard to international law in deciding whether to recognise a provision of foreign law.").

[85] *Id.* at [7] ("It was common ground between the parties that, in order for an agreement to have been an effective assignment of English copyright, it must be effective to transfer the copyright according to English law and must not be invalid by its proper law. Under English law all that was needed was a written and singed agreement which on its true construction effected an assignment of the title to the copyright. It was common ground that all the agreements complied with this requirement of English law.").

[86] Peer Int'l Corp. v. Termidor Music Publishers Ltd. [2006] EWHC (Ch.) 2883 (Eng.).

[87] For the rare commentaries on the case, see DAVID I. BAINBRIDGE, INTELLECTUAL PROPERTY 102–03 (7th ed. 2008) ("An assignment of UK copyright cannot be defeated by the law of another state which attempts to confiscate that copyright if the agreement is not presented for approval or does not warrant approval. . . . Generally, the laws of one state cannot affect the ownership of property situated in another state, unless there are compelling public policy reasons for doing so. In any case, such laws will not be effective in the UK if they are confiscatory in nature. That was the position here in that failure to present agreements or withholding approval of any agreement presented would result in confiscation. Therefore, the claimant was entitled to the UK copyrights and subsequent purported assignment by the Cuban organisation which administered copyright to the defendant were ineffective."). Note that Bainbridge's comments were in relation to the Supreme Court decision of 2004.

The events described in the preceding paragraphs are part of a complex web of issues that surround how private international law and public international law clash in domestic courts, particularly when the object of the clash is intellectual property. The conflict in music copyright law raised in the case discussed above addressed the role of the territorial principle in international law. Throughout the proceedings, the judges were aware of the repercussions of using English copyright law to breach Cuban sovereignty in order to claim ownership of what was still technically Cuban property.[88] Not only would such a move be a territorial breach of international law, but would also undermine the confidence of English courts at the center of adjudicating international disputes—the judges were aware of those scenarios and were cautious in their approach.[89]

Intellectual property cases are always full of surprises, and although *Peer International Corporation v. Termidor Music Publishers* is a copyright case, its wider impact can be felt on trademark law because of the central theme of jurisdiction. If the term "jurisdiction," for example, is temporarily eliminated from the argument, then the only other principle that can fill that gap is territoriality.

The territorial principle in public international law has long been widely debated, ever since the Permanent Court of International Justice (PCIJ) first elaborated on it in *The Case of the S.S. Lotus*.[90] Yet, even to this day, the territorial principle is the most crucial element for establishing jurisdiction in international law. [91] Since *S.S. Lotus*, there

[88] *See supra* notes 80–84 and accompanying citations.

[89] *See, e.g.*, *Peer Int'l Corp.* [2003] EWCA (Civ.) 1156 at [63] ("The present case is not, however, concerned with an act by a foreign government in relation to an asset within its jurisdiction. The copyright with which we are concerned is in this country, not in Cuba. We are asked to give positive effect to a foreign government's act in relation to property in England; and to elevate public policy to the level of an appropriate connecting factor, using it to displace the ordinary law of copyright applicable in the English situs.").

[90] The Case of S.S. Lotus (France v. Turkey), Judgement 1927 P.C.I.J. ¶¶ 9–18 (Sept. 7).

[91] For the purposes of this work, jurisdiction is, as understood in public international law, how a state exercises its powers and its rights to regulate and adjudicate as a sovereign state. Working definitions of jurisdiction adopted in this article reflect this position. *See, e.g.*, D.W. Bowett, *Jurisdiction: Changing Patterns of Authority over Activities and Resources*, *in* THE STRUCTURE AND PROCESS OF INTERNATIONAL LAW: ESSAYS IN LEGAL PHILOSOPHY, DOCTRINE, AND THEORY 555 (Ronald St. *in* J. MacDonald and Douglas M. Johnston eds., 1983) ("Jurisdiction is a manifestation of state sovereignty. It has been defined as the capacity of a state under international law to prescribe or to enforce a rule of law. There is, of course, a necessary distinction to be drawn between prescriptive jurisdiction and enforcement jurisdiction. The former embraces those acts by a state, usually in legislative form, whereby the state asserts the right to characterize conducts as a dialectic. Examples would be the enactment of criminal, civil, commercial codes, or regulations governing tax or currency transactions. The latter embraces acts designed to enforce the prescriptive jurisdiction, either by way of administrative actions such as arrest or seizure or by way of judicial action through the courts or even administrative agencies of a state. The relationship between the two kinds of jurisdiction is reasonably clear. There can be no enforcement of jurisdiction unless there is prescriptive jurisdiction; yet there may be a prescriptive jurisdiction without the possibility of an enforcement jurisdiction, as, for example,

has not been any significant departure from the established principle that "jurisdiction is certainly territorial."[92] However, *S.S. Lotus* left plenty of room for states to circumvent this limitation, and in this regard, states are also able to exercise certain laws beyond their borders by maneuvering international law in a discretionary way so that states can apply their laws and jurisdictions to "persons, property and acts outside their territory."[93] This form of extraterritorial jurisdiction has been responsible for some of the controversies in terms of the doctrine of jurisdiction.

States that are economically strong have, on a number of occasions, challenged the territorial principle with extraterritorial applications of certain areas of law such as antitrust,[94] securities,[95] criminal,[96] and trademark, among others. I will further elaborate on the extraterritorial application of trademark law in the section below; however, at this juncture, it is essential to trace the evolution of the territorial principle in public international law.

Prior to the establishment of the PCIJ in the early part of the 20th century, 18th and 19th century international law had a number of cases pertaining to jurisdiction. These cases mainly involved piracy on the high seas and other forms of criminal activities.[97] Even established statutes, such as the Alien Tort Statute (ATS) in the U.S., were applied on a purely jurisdictional basis.[98] On some occasions, rulings would reinforce the jurisdictional nature of the ATS, whilst on other occasions, interpretation by the courts and high chancelleries (i.e., embassies), warned of the dangers of applying the ATS to acts committed on foreign territories.[99] States would often protest such grave acts against

where the accused is outside the territory of the prescribing state and not amenable to extradition.") (quotations and citations omitted).

92 *The Case of S.S. Lotus*, 1927 P.C.I.J.

93 *Id.* ¶¶ 45–46 ("[J]urisdiction is certainly territorial; it cannot be exercised by a State outside its territory by virtue of a permissive rule derived from international custom or from a convention. It does not, however, follow that international law prohibits a State from exercising jurisdiction in its own territory, in respect of any case which relates to acts which taken place abroad, and in which it cannot rely on some permissive rule of international law. . . . Far from laying down a general prohibition to the effect that States may not extend the application of their laws and the jurisdiction of their courts to persons, property and acts outside their territory, [international law] leaves them in this respect a wide measure of discretion which is only limited in certain cases by probative rules. . . .").

94 *See* American Banana Co. v. United Fruit Co., 213 U.S. 347 (1909).

95 *E.g.*, Des Brisay v. Goldfield Corp., 549 F.2d 133 (9th Cir. 1997); *cf.* Morrison v. Nat'l Australia Bank, 561 U.S. 247 (2010).

96 *See* United States v. Yousef, 327 F.3d 56 (2d Cir. 2003).

97 *See generally* JENNY MARTINEZ, THE SLAVE TRADE AND THE ORIGINS OF INTERNATIONAL HUMAN RIGHTS LAW (2012).

98 Alien Tort Statute, 28 U.S.C. § 1350 (1948) (recognizing jurisdiction over a "civil action by an alien for a tort only, committed in violation of the law of nations"); *see also* Bradford Clark, *The Alien Tort Statute and the Law of Nations*, 78 U.CHI. L. REV. 445 (2011).

99 Sosa v. Alvarez-Machain, 542 U.S. 692 (2004) (citing Respublica v. De Longchamps, 1 U.S. 111 (1784) (regarding the assault of a French diplomat and the application of the ATS to acts

civilized norms through diplomatic channels and invoke the law of nations to find the appropriate legal solution. However, the law of nations was falling apart by the end the 19th century, or at least, its chaotic state, was in no way prepared to handle questions regarding jurisdiction.[100]

At the turn of the 20th century, it was the *Nationality Decrees Issued in Tunis and Morocco* advisory opinion that first presented the question of jurisdiction in international law.[101] In that decision, it was explained that if nationality were to be extended to a territory that is under protection, it would require both a mixture of international law and the domestic jurisdiction of the states to find a remedy.[102] At the heart of this case was the issue of nationality for protectorate subjects under French protection in Tunis and Morocco's French zone.[103]

France and Britain, which were the two major colonial powers at the time, disagreed over the two North African Protectorates, and their disagreement was further heightened by the legality of certain French nationality decrees proclaimed in 1921 which were applicable to British subjects.[104] Britain complained to the PCIJ, but France believed the court had no jurisdiction and argued that nationality was within its "reserved domain" of domestic jurisdiction.[105] From my point of view, the PCIJ found the French position untenable, but as a court in its formative years it was also aware of the implications such a decision would have. As such, the PCIJ believed that nationality was largely for states to be decided, but due to the existence of treaties between France, Britain, Tunisia, and Morocco, the dispute was now an international dispute.[106]

committed on French diplomatic soil in the United States)); *see also* Clark, *supra* note 98; Julian Ku, *Kiobel and the Surprising Death of Universal Jurisdiction Under the Alien Tort Statute*, 107 AM. J. INT'L. L. 835 (2013).

100 *See* The Case of S.S. Lotus (France v. Turkey), Judgement 1927 P.C.I.J. (Sept. 7) (confirming that by the 1920s, the question of jurisdiction was a territorial matter that is for individual nation states to address, as opposed to the corpus of international law); *cf.* Nationality Decrees, *infra* note 101; *see also* MARTTI KOSKENNIEMI, THE GENTLE CIVILIZER OF NATIONS: THE RISE AND FALL OF INTERNATIONAL LAW 1870–1960 121 (2001) (discussing how the end of empire presented problems of conflicts of jurisdiction in international law).

101 Nationality Decrees Issued in Tunis and Morocco (French Zone), Advisory Opinion, 1923 P.C.I.J. (Feb. 7).

102 *Id.* ¶ 28 ("The question whether the exclusive jurisdiction possessed by a protecting State in regard to nationality questions in its own territory extends to the territory of the protected State depends upon an examination of the whole situation as it appears from the standpoint of international law."); *see also infra* note 108.

103 *See generally* Nationality Decrees, *supra* note 101.

104 *Id*. at ¶ 16.

105 *Id*. at ¶ 24.

106 *Id*. at ¶ 24 ("The question whether a certain matter is or is not solely within the jurisdiction of a State is an essentially relative question; it depends upon the development of international relations. Thus, in the present state of international law, questions of nationality are, in the opinion of the Court, in principle within this reserved domain. For the purpose of the present opinion, it is enough to observe that it may well happen that, in a matter which, like that of

The PCIJ, although haphazardly, fielded its way through the question of jurisdiction, finding a middle path: "The question therefore does not, according to international law, fall solely within the domestic jurisdiction of a single State."[107] From this period, when disputes between states were no longer deemed necessary to be settled by the barrel of the gun due to the formation of the League of Nations and its associated dispute settlement tribunal, the PCIJ, the scope and trajectory of international law would take on a new form: to develop modern international law.[108] International law was now a legitimate concern of states, and if those disputes also involved treaty obligations, no single state was able to act unilaterally. It was under these circumstances that the principle of jurisdiction generally developed under the auspices of the PCIJ, and later, under its successor, the International Court of Justice (ICJ). However, at the PCIJ, there still remained other decisions that would help to carve out the development of jurisdiction in international law.[109]

With the doctrine of jurisdiction firmly established in international law by the PCIJ in *Nationality Decrees Issued in Tunis and Morocco* and in other subsequent advisory opinions and cases,[110] a technical problem arose: the carving up of jurisdiction. What did having jurisdiction really mean? Were there different types of jurisdictions, and if so, how do they operate? The *Nationality Decrees Issued in Tunis and Morocco* advisory opinion achieved an important result in answering some of these questions: there are different types of jurisdictions, such as the nationality principle.[111] However, the structure of international law is complicated due to the number of states in which it operates, and jurisdiction proves to be a complex aspect of international law's evolving nature. In addition to the complexities of international law and state relations, questions on jurisdiction become even more problematic when those questions must consider criminal or civil liability.

The answer to that dilemma is a matter of state interests—the interests of the state and the policy options in executing those interests.

nationality, is not, in principle, regulated by international law, the right of a State to use its discretion is nevertheless restricted by obligations which it may have undertaken towards other States. In such a case, jurisdiction which, in principle, belongs solely to the State, is limited by rules of international law.").

107 *Id.* at ¶ 30.

108 There were high hopes for the PCIJ to prevent a second war and to be the main guardian and overseer of the development of international law; unfortunately by 1939, this was not the case. *See generally* Iain Scobbie, *The Permanent Court of International Justice, Arbitration, and Claims Commissions of the Inter-War Period*, *in* LEGACIES OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE (Malgosia Fitzmaurice & Christian J. Tams eds., 2013).

109 *See* The Case of S.S. Lotus (France v. Turkey), Judgement 1927 P.C.I.J. (Sept. 7).

110 *Id.*

111 *Id.*

Ideally, based on how jurisdiction is defined in international law,[112] as elaborated in the next paragraph, a state must be in control in order to assert jurisdiction. As such, state interests as executed by policies often reflect how jurisdiction is asserted regardless of criminal or civil liabilities from a legal perspective.[113]

The classical textbooks on international law tell us that jurisdiction concerns "the limits of the legal competence of a State or other regulatory authority (such as the European Community) to make, apply, and enforce rules of conduct upon persons. It concerns essentially the extent of each state's right to regulate conduct or the consequences of events."[114] The language to define jurisdiction in international law, used by Michael Shaw, is similar in other textbooks on international law: "jurisdiction concerns the power of the state to affect people, property and circumstances and reflects the basic principles of state sovereignty, equality of states and non-interference in domestic affairs."[115] These understandings of jurisdiction are easily acceptable, because they have not departed from similar definitions, and furthermore, they reflect both private and public international law—with the injection of sovereignty and domestic affairs—in how jurisdiction is defined. When these definitions are carefully considered among other definitions and approaches to jurisdiction, what comes to the forefront is a vastly and scattered material and principles for both private and public international law.

In the same vein of the Shaw definition of jurisdiction above,[116] Michael Akehurst also defined jurisdiction as "the power of one State to perform acts in the territory of another State (executive jurisdiction), the power of a State's courts to try cases involving foreign element (judicial jurisdiction) and the power of a State to apply its laws to cases involving a foreign element (legislative jurisdiction)."[117] These different aspects of jurisdiction are equally important because, for example, in matters relating to intellectual property and the broader context of this Article, these aspects of jurisdictions are what really mattered.

But it is perhaps the writings of the German-born jurist Frederick "Francis" Mann that have had the most profound effect on the development of jurisdiction in international law alongside the decisions

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112 *E.g.*, Bowett, *supra* note 91.

113 Bowett, *supra* note 91, at 556 ("[W]hat matters is not whether the jurisdiction is civil or criminal, but rather whether the jurisdiction is a manifestation of state policy, designed to confer on the state control over activities or resources to the extent necessary to pursue that policy.").

114 Christopher Staker, *Jurisdiction*, *in* INTERNATIONAL LAW 309 (Malcolm Evans ed., 4th ed. 2014) (quotations and citations omitted).

115 MICHAEL SHAW, INTERNATIONAL LAW 572 (5th ed. 2003).

116 *Id.*

117 *See* Michael Akehurst, *Jurisdiction in International Law*, 46 BRIT. Y.B. INT'L L. 145, 145 (1972).

of the various international courts.[118] Mann defined jurisdiction in rather simple terms: "When public international lawyers pose the problem of jurisdiction, they have in mind the State's right under international law to regulate conduct in matters not exclusively of domestic concern."[119] Of course, this rather simplistic way of defining jurisdiction did not mean that was the end game. Mann, in fact, went on to elaborate and distinguish jurisdiction in terms of state activities, state rights in terms of exercising powers and regulation, jurisdiction in international law and other legislative aspects of jurisdiction. Mann demonstrated that jurisdiction comes in three main forms: prescriptive, adjudicative and enforcement. These forms are similar to Akehurst's views as explained above.

Perhaps, for the purpose of this Article, the most important element in the construction and definition of jurisdiction by Mann is his incorporation of private international law (conflict of laws) elements into the public international law definition of jurisdiction. Mann used history to justify his linkage of private international law jurisdiction in his discussion of public international law jurisdiction and argued that jurisdiction in private international law gives "effect[s] to the requirements of public international law."[120] This connection of public international law to private international law origins is important, because the origins of public international law often leads to elements in private international law; moreover, private international law analogies and elements are often transposed to public international law merely in language only. In other words, for public international law to be effective at the nation level, it must be able to do so via private international law, given that as domestic law, private international law can operate effectively without any external pressure or rules.[121]

Based on these definitions of jurisdiction and support by the case laws of the international courts, jurisdiction is a cornerstone of the international legal system and is on par with the notion of sovereignty.

Thus, jurisdiction in international law is a pillar that supports and

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118 MANN, *supra* note 24.

119 *Id.*

120 *Id.* at 19–20 ("[C]onflict rules are a product of municipal law, which has to stand the test of the international doctrine of jurisdiction. In other words, it is the function of jurisdiction to define the international scope which the municipal legislator is entitled to give his enactments. The conflict rule implements and gives effect to the requirements of public international law. . . . If the doctrine of jurisdiction defines the States enjoying, in given circumstances, the international right of regulation, private international law decides which of several laws enacted in the exercise of such right shall prevail in a given country. However, public international law does not contain detailed rules regulating the application of this or that legal system. It merely provides the principles which limit the freedom or competence of States in enacting the conflict rule. In this sense the international rule of jurisdiction and the municipal rule are complementary.").

121 KURT LIPSTEIN, PRINCIPLES OF THE CONFLICT OF LAWS: NATIONAL AND INTERNATIONAL 20 (1981).

keeps international law as both a tool at state's disposal and also a policy weapon to relate to other states in the international legal system. With these straightforward explanations of jurisdiction and a certain level of decorum by states not to trespass thy neighbor's property (non-intervention in another state's affairs) no matter the circumstances, there should be little or no problems regarding the matter in international law.[122] However, when the various principles of jurisdiction are closely analyzed, there is a certain level of ill-faith with the doctrine of jurisdiction. That ill-faith stems from the various approaches and interpretation of jurisdiction.

If the concept of jurisdiction was as simple as when two neighbors have opposing views on how to trim the hedges, then the issues that are raised in international law, in particular those concerning jurisdiction, are more complex and require that the doctrine of jurisdiction be interpreted based on a case-by-case basis.

It is this case-by-case approach to jurisdiction that has in fact carved up the doctrine of jurisdiction into a number of enclaves that broadly covers the prescriptive, adjudicative, and enforcement operatives of states[123]—more narrowly, certain principles of jurisdiction that include personal,[124] exclusive, universal,[125] protective, nationality, and territorial. It is the latter principle that is the object of this section for the broader purposes of this Article. I want to use the next few paragraphs to frame the doctrine of jurisdiction before making a connection to the territoriality principle and its linkage to trademarks for the rest of the discussion in this section of the Article.

Through the interpretation of jurisdiction by various tribunals ranging from the PCIJ, ICJ, International Centre for Settlement of Investment Disputes (ICSID),[126] World Trade Organization (WTO), and International Tribunal for the Law of the Sea (ITLOS) among others, and through the writings of various international law scholars,[127] the

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122 *See also* Akehurst, *supra* note 117.

123 *See, e.g.*, COUNCIL OF EUROPE, AMENDED MODEL PLAN FOR THE CLASSIFICATION OF DOCUMENTS CONCERNING STATE PRACTICE IN THE FIELD OF PUBLIC INTERNATIONAL LAW (1968), revised by Resolution (97) 11 (June 12, 1997).

124 *See* Anderson v. Dassault Aviation, 361 F.3d 449 (8th Cir. 2004), *cert. denied*, 543 U.S. 1015 (2004) (assessing a personal jurisdiction claim against a foreign defendant).

125 MITSUE INAZUMI, UNIVERSAL JURISDICTION IN MODERN INTERNATIONAL LAW: EXPANSION OF NATIONAL JURISDICTION FOR PROSECUTING SERIOUS CRIMES UNDER INTERNATIONAL LAW (2005); Leila Sadat, *Redefining Universal Jurisdiction* 35 NEW ENG. L. REV. 241 (2001).

126 *See, e.g.*, C.F. Amerasinghe, *Jurisdiction Ratione Personae Under the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States*, 47 BRIT. Y.B. OF INT'L L. 227 (1975).

127 *E.g.*, MANN, *supra* note 24; CEDRIC RYNGAERT, JURISDICTION IN INTERNATIONAL LAW (2008); VANDA LAMM, COMPULSORY JURISDICTION IN INTERNATIONAL (2014); Richard Ford, *Law's Territory (A History of Jurisdiction)*, 97 MICH. L. REV. 843 (1999); Edwin Dickinson, *Jurisdiction Following Seizure or Arrest in Violation of International Law*, 28 AM. J. INT'L L. 231 (1934); Kenneth Randall, *Universal Jurisdiction Under International Law*, 66 TEX. L. REV.

doctrine of jurisdiction has become a *tour-de-force* in examining most questions of international law. Furthermore, due to the extraterritorial reach of a number of domestic laws[128]—jurisdiction has become notoriously plagued with conflicts, self-interests, and other forms of interpretation in international law, with the result being an ill-faith approach to jurisdiction.

This ill-faith approach to jurisdiction is further backed by various interpretations of *S.S. Lotus*, in which the PCIJ declared that "the first and foremost restriction imposed by international law upon a State is that – failing the existence of a permissive rule to the contrary – it may not exercise its power in any form in the territory of another State."[129] Depending on how one is inclined to interpret the doctrine of jurisdiction, the position by the PCIJ was either a blessing in disguise or controversial. One view is that the verdict was a blessing in disguise, because the question of jurisdiction in international law is now settled. The PCIJ's position was also controversial, because it touched upon the very nature of territory as well as a state's right to enforce its sovereignty through legal means upon its territory. In *S.S. Lotus*, since the S.S. Lotus entered a Turkish harbor, it was established that the arrest of a French citizen took place on Turkish territory.[130] Thus, the PCIJ only asserted that a state's jurisdiction was merely limited to its territory.[131] The real issue was whether Turkey could prosecute a French citizen on Turkish territory, which raises two connecting principles of jurisdiction in international law: nationality and territoriality.[132] As mentioned earlier, the focus of this section is the territoriality principle.

The territorial principle of jurisdiction is largely intertwined with that of the broader doctrine of jurisdiction. This is so because, based on the doctrine and definition of jurisdiction, a state primarily has jurisdiction for activities on in its territory,[133] and arguably, the territorial principle is one of the most important principles in the jurisdiction doctrine.[134] For the purposes of this Article, the reason for extrapolating the territorial doctrine is not because it is the most

785 (1988).

128 This is mostly so in areas of antitrust laws, securities laws, intellectual property laws, and other domestic laws mostly in the United States. *See, e.g.*, P. Sean Morris, *Iron Curtain at the Border: Gazprom and the Russian Blocking Order to Prevent the Extraterritoriality of EU Competition Law*, 35(12) EUR. COMPETITION L. REV. 601 (2014).

129 *See* The Case of S.S. Lotus (France v. Turkey), Judgement 1927 P.C.I.J., at ¶ 18 (Sept. 7).

130 *See generally id.*

131 *See id.* at ¶¶ 18–19; *see also* Staker, *supra* 114.

132 See full discussion in Staker, *supra* 114, at 315.

133 *See, e.g., id.* at 316 ("The territorial principle is a corollary of the sovereignty of a State over its territory. That sovereignty entails the right of the State to prescribe the laws that set the boundaries of the public order of the State.").

134 Bowett, *supra* note 91, at 558 ("[The territorial principle] may be regarded as the most fundamental of all principles governing jurisdiction. Indeed, the proposition that a state has the right to regulate conduct within its territory would be regarded as axiomatic.").

important principle, but because it is the principle that most affects intellectual property laws.

Any attempts to enforce public international law through international intellectual property agreements occur through the enforcement of territory-based national intellectual property laws.[135] Furthermore, states that do not have faith in the enforcement of international intellectual property law by other states will resort to using their own intellectual property law for its enforcement purposes.[136] Insofar as territoriality is concerned, it still remains, in the system of international law, as one of the connecting pillars of jurisdiction of the *modus operandi* of states, so long as states are able to exercise control over their territories. The nation state has always been about territory, for it reflects sovereignty, power, and an inescapable appetite for expansion.[137] From the founding roots of contemporary international law—*Lex Westphalia*—to modern practices in international law, the display and exercise of territorial power shape the formation of international law.[138]

International law from the origins of the Westphalian system, the development of the Law of Nations, and the modern approaches to international law, create a nexus to the territorial space of the nation state.[139] Under the *Lex Westphalia* conception of territory, nations were able to develop institutions, legal rules, and military power to defend its territories—even those located abroad—with the underlying assumption that a state will not intervene in the domestic affairs of another state.[140]

The rule of law was essential to the post-Westphalian peace process. As nations developed laws, they became applicable to the

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135 *See, e.g.*, TRIPS Agreement, *supra* note 7, at art. 41–61 (setting out the enforcement procedures).

136 *See, e.g.*, Trader Joe's Co. v. Hallatt, 835 F.3d 960 (9th Cir. 2016); Eli Lilly v. Canada, Case No. UNCT/14/2, Mar. 16, 2017; Philip Morris Brands Sarl, Abal Hermanos S.A. v. Uruguay, ICSID Case No. ARB./10/7 (award July 8, 2016).

137 *See, e.g.*, ROBERT JENNINGS, THE ACQUISITION OF TERRITORY IN INTERNATIONAL LAW (1963); HUGO GROTIUS, THE RIGHTS OF WAR AND PEACE (Jean Barbeyrac & Richard Tuck eds., 2005), OLAF ASBACH AND PETER SCHRODER, WAR, THE STATE AND INTERNATIONAL LAW IN SEVENTEENTH-CENTURY EUROPE (2010); EMER DE VATTEL, THE LAW OF NATIONS, OR, PRINCIPLES OF THE LAW OF NATURE, APPLIED TO THE CONDUCT AND AFFAIRS OF NATIONS AND SOVEREIGNS (Bèla Kapossy & Richard Whatmore eds., 2008); VINCENT CHETAIL AND PIERRE-MARIE DUPUY, THE ROOTS OF INTERNATIONAL LAW: LIBER AMICORUM PETER HAGGENMACHER (2013).

138 Here I am referring to the Westphalian Peace Treaties of 1648, seen as the origins of modern international law. *See also* ANTHONY ANGHIE, IMPERIALISM, SOVEREIGNTY AND INTERNATIONAL LAW (2005).

139 For similar arguments, *see* Kal Raustiala, *The Evolution of Territoriality: International Relations and American Law*, *in* TERRITORIALITY AND CONFLICT IN AN AGE OF GLOBALIZATION (Miles Kahler & Barbara F. Walter eds., 2006).

140 *See also* Sarah Krakoff, *A Narrative of Sovereignty: Illuminating the Paradox of the Domestic Dependent Nation*, 83 OR. L. REV. 1109 (2004).

territory—including overseas possessions—in question.[141] Nonetheless, hidden in the application of laws to a territory was also the principle of transposition of territory, which came from the practice and implementation of the law of nations.[142] Most of the sovereign territories were European-based with overseas possessions in which the applicable laws were also transposed.

These principles presented sovereign states with a new inter-relation relationship with other sovereign states. Thus, the custom of territory in the law of nations gradually developed. Territorial rights became applicable beyond the physical European state to its possessions.[143] Territorial laws were also applicable to territories' citizens, property, or corporations in which the nation state controlled the physical domain.[144] Laws, such as those on copyright, were directly applicable to certain colonial possessions such as the Statue of Anne, as opposed to being extraterritorially applicable.[145]

With the modification of the Westphalian system by the Treaty of Versailles in the first part of the 20th century, the notion and interpretation of territory and the jurisdiction of sovereign states over territory was no longer the ambit of the customary Law of Nations, but subject to international courts beginning with the PCIJ.[146] The *Tunis-Morocco* nationality dispute and the *S.S. Lotus* case discussed earlier are reflections of this transposition of territoriality in modern international law.

The construction and interpretation of territoriality in international

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141 *See, e.g.*, LAUREN BENTON, LAW AND COLONIAL CULTURES: LEGAL REGIMES IN WORLD HISTORY, 1400–1900 (2002).

142 *See* Nathalie Mrgudovic, *The French Overseas Territories in Transition*, *in* THE NON-INDEPENDENT TERRITORIES OF THE CARIBBEAN AND PACIFIC: CONTINUITY OR CHANGE? (Peter Clegg & David Killingray eds., 2012). *See generally* JENNINGS, *supra* note 137; ANGHIE, *supra* note 137.

143 *See, e.g.*, VATTEL *supra* note 137; ANGHIE, *supra* note 137.

144 *See generally* STEPHEN NEFF, FRIENDS BUT NO ALLIES: ECONOMIC LIBERALISM AND THE LAW OF NATIONS (1999); Anthony G. Hopkins, *Property Rights and Empire Building: Britain's Annexation of Lagos, 1861*, 40 J. ECON. HIST. 777 (1980); Philip J. Stern, *The English East India Company and the Modern Corporation: Legacies, Lessons, and Limitations*, 39 SEATTLE U. L. REV. 423 (2016).

145 *See generally* Oren Bracha, *The Adventures of the Statute of Anne in the Land of Unlimited Possibilities: The Life of a Legal Transplant*, 25 BERKELEY TECH. L.J. 1427 (2010); Lionel Bently, *The "Extraordinary Multiplicity" of Intellectual Property Laws in the British Colonies in the Nineteenth Century*, 12 THEORETICAL INQUIRES IN L. 161 (2011).

146 The First World War changed the old order of international law, where nineteenth century "law of nations" gave way to modern practical international law and treaties, such as the creation of the League of Nations, the PCIJ, and their successor organizations; the United Nations and the International Court of Justice would continue to support the modern practice of international law. *See also* KOSKENNIEMI, *supra* note 100; Cecelia Lynch, *Peace Movements, Civil Society, and the Development of International Law*, *in* THE OXFORD HANDBOOK OF THE HISTORY OF INTERNATIONAL LAW (Bardo Fassbender, Anne Peters, Simone Peter, and Daniel Högger eds., 2012); S.W. Armstrong, *The Doctrine of the Equality of Nations in International Law and the Relation of the Doctrine to the Treaty of Versailles*, 14 AM. J. INT'L. L. 540 (1920).

law in this Article is based on separating territoriality from the overarching conception of jurisdiction, although both principles are intertwined with each other. Territoriality is intertwined with jurisdiction as part of the regulatory domain of the sovereign state over conducts, especially those of an economic nature. The legal construct of territoriality presents a challenge for international law whenever the territorial laws regulating conduct, such as criminal or economic (although the primary focus in this work is economic), is being used to apply to transactions in another sovereign state—hence creating the problem of extraterritoriality. Transactions of an economic nature have proven time and time again to be the most problematic area in international law. The territorial principle given in economic transactions such as antitrust (*Alcoa*),[147] intellectual property, or trademarks (*Bulova*)[148] pushes the boundaries of said principle.

The territorial principle in this section advances the idea that economic transactions are primarily the concern of the private law of the nation state that has jurisdiction when those laws are applied beyond the nation state. This mixture of the use of private domestic law and the extraterritorial use involves an additional player, which is appropriately labelled private international law (i.e., conflict of laws). This approach to territoriality in private international law is based upon a mixture of public international law from a continental perspective and also *stricto sensu* private international law (i.e., conflict or choice of laws). Furthermore, in legal systems such as the Anglo-American system, with its conceptions of territoriality, conflict, or choice of law (i.e., private international law) takes an inward approach to resolving problems that are of an international nature, while the continental system (i.e., civil law) often relies on the language of public international law to resolve the same problems.

B. *Territorial Principle in Private International Law*

Territoriality in private international law is as much of a mess as it is in public international law. For private international law, the principle of territoriality still remains a domestic prerogative.[149]

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147 United States v. Alcoa, 148 F.2d 416 (2d Cir. 1945).

148 Steele v. Bulova Watch Co., 344 U.S. 280 (1952).

149 *See* EXTRATERRITORIALITY AND COLLECTIVE REDRESS (Duncan Fairgrieve & Eva Lein, eds., 2012); FRANCIS WHARTON, A TREATISE ON THE CONFLICT OF LAWS, OR PRIVATE INTERNATIONAL LAW, INCLUDING A COMPARATIVE VIEW OF ANGLO-AMERICAN, ROMAN, GERMAN, AND FRENCH JURISPRUDENCE (1872); GONZALO PARRA-ARANGUREN, GENERAL COURSE OF PRIVATE INTERNATIONAL LAW: SELECTED PROBLEMS (1988); JOSEPH HENRY BEALE, A TREATISE ON THE CONFLICT OF LAWS, OR, PRIVATE INTERNATIONAL LAW (1916); PIETER ADRIAANSE, CONFISCATION IN PRIVATE INTERNATIONAL LAW (1956); AN ECONOMIC ANALYSIS OF PRIVATE INTERNATIONAL LAW (Jürgen Basedow, Toshiyuki Kono & Giesela Rühl, eds., 2006); PAVEL KALENSKY, TRENDS OF PRIVATE INTERNATIONAL LAW (1971); KURT LIPSTEIN, PRINCIPLES OF THE CONFLICT OF LAWS, NATIONAL AND INTERNATIONAL (1981);

Private international law has always been the natural domain of the principle of territoriality. Furthermore, the rules on jurisdiction and applicable law are dependent on the territorial principle in private international law. However, questions of "territory" involve public international law, wherein lies the irony: territory requires the involvement of public international law, and "territorial sovereignty" is ostensibly involved in these questions.

On a whole, any discussion of sovereignty is generally perceived to be rather complex, especially when international law is part of the discussion. This is regardless of whether international law is public or private. Given that it is difficult to escape the question of sovereignty when discussing territoriality—the two are inextricably linked[150]—private international law is an instrument that retains and elevates sovereignty, especially if such sovereignty is deemed to be lost in public international law. Private international law is the channel that implements public international law at the domestic level and controls "sovereignty." Thus, in one direction, public international law appears to be pulling sovereignty away from the nation state, but in the other direction, private international law, particularly through the principle of territoriality, is retaining sovereignty on behalf of the nation state. This dual sway of sovereignty allows the nation state to realign its interests in public international law via domestic control of sovereignty through private international law.

However, the territorial principle is very challenging for modern public and private international law because of factors such as trademark infringements committed online.[151] In other areas such as patent law, where the territorial nature is retained, territoriality attacks on territorial national patent laws are often encouraged for the purposes of greater economic enhancement of the internal market. For example, the European Union (EU) does not have single instrument for such an "EU patent law," but does have a more harmonized system for "EU trademark law."[152] On the other hand, EU courts generally exercise a

Saskia Sassen, *When Territory Deborders Territoriality*, 1 TERRITORY, POLICY, GOVERNANCE 21 (2013); Ralf Michaels, *Territorial Jurisdiction after Territoriality*, *in* GLOBALISATION AND JURISDICTION (Pieter Jan Slot & Mielle Bulterman, eds., 2004); Hans-Jörk Schmidt-Trenz & Dieter Schmidtchen, *Private International Trade in the Shadow of the Territoriality of Law: Why Does it Work?*, 58 S. ECON. J. 329 (1991).

150 CHRISTOPHER K. ANSELL, RESTRUCTURING TERRITORIALITY: EUROPE AND THE UNITED STATES COMPARED 7 (Christopher K. Ansell & Giuseppe Di Palma, eds., 2004).

151 *See also* Jane Ginsburg, *Global Use/Territorial Rights: Private International Law Questions of the Global Information Infrastructure*, 42 J., COPYRIGHT SOC'Y U.S.A. 318 (1995); Wolff Heintschel von Heinegg, *Territorial Sovereignty and Neutrality in Cyberspace* 89 INT'L L. STUD. 123 (2013); Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 WM. & MARY L. REV. 711 (2009).

152 *See supra* note 9 on Trademark Directive and Regulation in the EU; *see also* European Patent Convention; Patent Cooperation Treaty. Efforts are still underway for a Unitary Patent and a Unified Patent Court in the EU. *See* Gretchen Bender, *Clash of the Titans: The Territoriality of*

cautious approach to questions of national patent laws. For instance, in *GAT v. LuK*,[153] the Court of Justice of the European Union (CJEU) observed that territorial patent laws (in this case, French law), were best suited to adjudicate the proceedings, because French patent law was closely "linked to the proceedings."[154] While this may be a perfectly rational argument, this decision cast a dividing line in Europe and partially led to the reform of the Brussels I Regulation.[155]

Although the territorial principle in private international law is also a matter of public international law,[156] it is difficult to envisage territory without the corpus of private international law. It is in this way that sovereignty and the opus of domestic legislation-making shift the arguments in favor of the nation state. This reassertion of sovereignty by the nation state seems to suggest that the argument that private interests have colluded and taken over international law, making and imposing laws on the nation state, is still a work in progress. In fact, what the reassertion of sovereignty via private international law does is that it allows for both public and private international law to operate on equal grounds and level the playing field, especially when intellectual property is the object of concern for both areas.

C. *Territorial Principle and Intellectual Property Law: Patents, Copyrights, and the Consolidation of Global Private Rights*

The territorial principle has a special place in intellectual property rights, particularly in patents, copyrights, and trademarks. Similarly to the *Peer* decision discussed earlier,[157] a number of intellectual property rights cases in patents, copyrights, and trade secrets have raised the problem of territoriality and how it ought to be addressed.

As a universally accepted general rule, intellectual property territoriality is limited to the law governing private rights in the nation or territory in question, because the territoriality principle is enshrined

Patent Law vs. The European Union, 40 IDEA 49 (2000).

153 Case C-4/03, GAT v. LuK, 2006 E.C.R. I-6509.

154 *Id.* at ¶ 21.

155 Regulation (EU) No 1215/2012 of the European Parliament and of the Council of Dec. 12, 2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (recast) OJ L/351/1 (Brussels 1 Regulation); Council Regulation (EC) No 44/2001 on Jurisdiction and the Recognition of Judgments in Civil and Commercial Matters, Dec. 22, 2000, OJ 2001 L/ 12/1 (Brussels Regulation). *See generally* Alavi Hamed and Khamichonak Tatsiana, *A Step Forward in the Harmonization of European Jurisdiction: Regulation Brussels I Recast*, 8 BALTIC J. L. & POL. 159 (2015); Torsten Bjørn Larsen, *The "Fall Back" Rules under the European Union Trade Mark Regulation*, 40 EUR. INTELL. PROP. REV. 368 (2018); Annette Kur, *Abolishing Infringement Jurisdiction for EU Marks? The Perfume Marks Decision by the German Federal Court of Justice*, 49 IIC 452 (2018).

156 *See generally* Pippa Rogerson, *Kuwait Airways Corp v. Iraqi Airways Corp: The Territoriality Principle in Private International Law—Vice or Virtue?*, 56 CURRENT LEGAL PROBS. 265 (2003).

157 *See* Peer Int'l Corp. v. Termidor Music Publishers Ltd. [2006] EWHC (Ch.) 2883 (Eng.).

in Article 4*bis* of the Paris Convention.[158] In other words, John Doe can only sue Mary Jane for intellectual property infringement in Country X, but cannot use Country X's intellectual property laws to sue Mary Jane in Country Y.[159] This is because the principle of territoriality in intellectual property depends on national intellectual property laws. Thus, an infringement in Country X is not the same as an infringement in Country Y.

The principle of territoriality in intellectual property is a normative principle and its reach is linked to the domestic intellectual property laws, to wit: patents, copyrights, trade secrets, trademarks, designs, and other allied rights. These laws are a complex set of rules that behave in special ways. Even a simple doctrine such as territoriality in intellectual property can influence the behavior of laws in other areas.

Few would have thought when the TRIPS Agreement came into force at the turn of 1995 that five months later the international intellectual property system would be put to the test not by the capitalist West, which staunchly advocated for a uniform set of global rules for intellectual property, but by entrepreneurs in the former Soviet Republic of Russia.[160] However, the test of the international intellectual property system was not grounded in the newly formed TRIPS. Rather, the issue arose in different area that confronts private international law or choice of law rules, and was manifested when the successor of the Soviet news agency Itar-Tass sued a rival for copyright infringement in New York.[161] In that case—*Itar-Tass Russian News Agency v. Russian Kurier, Inc.*[162]—a U.S. federal court simply explained that "Russian law is the appropriate source of law to determine issues of ownership of rights."[163] Since that ruling, questions on the choice of law in intellectual property rights have become a contentious issue.

That being said, it is not the choice of law issues that I want to discuss in this section, but rather the territorial principle in an intellectual property context as one of the broader implications of the *Itar-Tass v. Kurier* decision. Questions on choice of law have been dealt with elsewhere by connecting the territoriality principle with other

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158 Paris Convention for the Protection of Industrial Property (Mar. 20, 1883) as last revised at Stockholm on Jul. 14, 1967, art. 4*bis*, 828 U.N.T.S. 305; Berne Convention, *supra* note 73 (as amended on Sept. 28, 1979).

159 DICEY & MORRIS CONFLICT OF LAWS (12th ed. 1993) ¶ 1516 ("[T]he holder of a French patent, trade mark or copyright [cannot] sue in England for its infringement in France. Since the French patent, trade mark or copyright is territorial in its operation and the act complained of would not be a tort if committed in England[.]").

160 Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 89 (2d Cir. 1998) (invoking the national treatment provisions of the Berne Convention and the Universal Copyright Convention).

161 *Id.* at 89–90.

162 *Id.*

163 *Id.* at 90.

aspects of intellectual property law, such as patents and copyrights, and showing the overlap between choice of law and territoriality (to include national treatment).[164] Here, my main focus in this section is the territoriality in intellectual property law; specifically, patents and copyrights.

Intellectual property law is perhaps the main part of private international law that has a long period of development alongside public international law. The Paris and Berne Conventions in the latter part of the 19th century are the main international legal instruments that have grounded the development of principles in international intellectual property law.[165] As shown above, the principle of territoriality began to take shape in the context of public international law via the PCIJ in the early part of the 20th century; however, the territorial principle has long been recognized in intellectual property law and international instruments, such as the Paris and Berne Conventions, which reinforced the territoriality principle in international intellectual property law.[166]

Article 11*bis*(2) of the Berne Convention, for instance, provides that "it shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights . . . may be exercised, but these conditions shall apply *only in the countries where they have been prescribed*."[167] This provision in the Berne Convention confirms the territoriality principle in intellectual property law and international law and the role of the territoriality principle in allowing countries to implement international treaty obligations by national laws. Despite this obvious endorsement of the territorial principle in the Berne Convention, it is still not so clear because of the national treatment principle in Article 5(1) and 5(2).[168] The *Subafilms v. MGM* court endorses the interpretation that the national treatment provision implicates a rule of territoriality.[169]

When judgments on territoriality in intellectual property law are acknowledged by courts, judges frequently have to reconcile between the scopes of territoriality in intellectual property law. This scope is determined by whether the intellectual property in question is both territorial and *trans-territorial*, the latter meaning the applicability of

164 *See* PAUL GOLDSTEIN & BERNT HUGENHOLTZ, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE 93 (2d ed. 2010) (discussing the overlap).

165 Paris Convention, *supra* note 158; Berne Convention, *supra* note 73.

166 Berne Convention, *supra* note 73; Paris Convention, *supra* note 158, at 121. Article 4*bis* of the Paris Convention is widely seen as confirming the territoriality of patents; for instance, Article 4*bis*(1) provides, "patents applied for in the various countries of the Union by nationals entitled to the benefits of the Union of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not." *Id.*

167 Berne Convention, *supra* note 73, art. 11*bis* (discussing broadcasting and related rights).

168 Berne Convention, *supra* note 73, art. 5(1), 5(2).

169 Subafilms, Ltd. v. MGM-Pathe Commc'ns Co., 24 F.3d 1088, 1097 (9th Cir. 1994) ("[I]t is commonly acknowledged that the national treatment principle implicates a rule of territoriality.").

the intellectual property to more than one nation state.[170] Trans-territorial intellectual property regimes are more common in groupings of states such as the EU, where efforts to harmonize intellectual property law have been done in trademark law and efforts to harmonize are underway for patent law.[171] In *Lagardere v. SPRE*, the court declared that the territoriality principle in intellectual property law is both acknowledged in international law and trans-territorial treaty regimes such as the Treaty on the Functioning of the European Union (TFEU).[172]

Copyright laws represent the treasure chest in the "grand bargain" that is intellectual property law. It is a bargain in the sense that it brings together distinct areas of creativity, innovation, and literary works created by individuals. Some of the earliest intellectual property laws are copyrights, with the Statute of Anne as perhaps the most famous.[173] With the invention of the printing press, books and pamphlets were no longer subject to a single locality—they were able to cross borders on boats and ships at record speed and provide enlightenment to people in different parts of the world. As the multiplicity of those works crossed borders, there was concern about rampant unauthorized reproductions; copyright laws were put into motion to prevent this. However, the territorial scope of copyright laws was still problematic in the early days due to issues of territory and the advent of colonialism.[174]

It was only through modern copyright law that issues of territoriality were ironed out so that copyright law relating to the territory in which the work was produced was applicable. Modern technology and the rate of globalization are now challenging the foundations of copyright law, patent law, trademark law, and laws in other fields.[175] As such, the demand for a global system of copyright law and other general intellectual property laws has grown.[176] A number of copyright cases from South Africa, UK, France, U.S., and other countries have surfaced in recent years; these cases concern copyright infringement in countries outside of where the copyrighted work is

170 Here, I am thinking of the EU and its treaty regime as a "trans-territorial" space. *See also supra* note 155 and accompanying text.

171 *Id*.

172 Case C-192/04, Lagardère Active Broadcast v. Société pour la perception de la rémunération équitable (SPRE), et al., [2005] E.C.R. I-7218, ¶ 46 ("[T]he principle of the territoriality of [copyrights], which is recognised in international law and also in the [TFEU].").

173 Copyright Act 1710, 8 Ann. c. 21 (1710) (known as Statute of Anne).

174 *See generally* Bently, *supra* note 145.

175 *See, e.g.*, Lucas Osborn, *Foreword: Globalization, Intellectual Property, and Prosperity*, 34 CAMPBELL L. REV. 517 (2012).

176 SHELDON HALPERN & PHILIP JOHNSON, HARMONISING COPYRIGHT LAW AND DEALING WITH DISSONANCE: FRAMEWORK FOR CONVERGENCE OF US AND EU LAW 3 (2014) ("[T]here is a need for a transnational law to deal with the transnational realities of the present copyright world.").

protected. In *Gallo Africa v. Sting Music*,[177] a South African high court ruled that South African courts have no jurisdiction to hear copyright infringement claims with respect to foreign copyright, and "enforcement may involve a clash of the IP policies of different countries; that extraterritorial jurisdiction involves a restraint on actions in another country – an interference which prima facie a foreign judge should avoid."[178] Early copyright cases in U.S. courts, such as *United Dictionary v. Merriam*, have applied similar reasoning.[179]

Patents definitely deserve the name "intellectual property," because patent law has been the most practical area where the territorial principle has been considered unequivocally territorial.[180] One can argue that patent law—governing the innovations and inventions of a state— represents, in one sense, the sovereignty of the state to the extent that patent law commands constitutional-like features. Patent law acts in a constitutional way by giving inventors exclusive monopoly over a period of time to exploit those inventions, similarly to how a constitution grants the state exclusive powers to rule over its territory.[181] Patent law stops external enemies that invade (i.e., infringers) while constitutions authorize the power to destroy external enemies who invade (i.e., war).

Patent law protects the territorial integrity of the state and its inventions and seemingly creates conflicts with other areas of law. While Locke argued that property is a natural right, applying that argument to patent law can be troublesome because of the state-granted monopoly in patents.[182] As such, patent law is designed to reward inventors for their discoveries as opposed to protecting their natural right to their discoveries.[183] Based on this reasoning, Locke's thesis on natural rights to property, which can be construed as both broad and

177 Gallo Africa v. Sting Music, 2010 (6) SA 96 (SCA) (S. Afr.).

178 *Id.* at ¶ 25.

179 United Dictionary Co. v. G. & C. Merriam Co., 208 U.S. 260, 266 (1908) ("[T]he statute does not require notice of the American copyright on books published abroad and sold only for use there.").

180 Patent cases confirming the territoriality of patent law include: Voda v. Cordis Corp., 476 F.3d 887, 901 (Fed. Cir. 2007) ("The territorial limits of the rights granted by patents are similar to those conferred by land grants. A patent right is limited by the metes and bounds of the jurisdictional territory that granted the right to exclude."); Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its Territories . . . and infringement of this right cannot be predicated of acts wholly done in a foreign country.").

181 *See, e.g.*, Patents Act 1977 (UK) c. 37 (as amended); The Manual of Patent Practice (UK), Feb. 16, 2016. Sec. 25, Term of Patent, provides that a patent granted under the Act shall last for 20 years. *Id.*

182 *See, e.g.*, Srividhya Ragavan, *Correlative Obligation in Patent Law: The Role of Public Good in Defining the Limits of Patent Exclusivity*, 6 N.Y.U. J. INTELL. PROP. & ENT. L. 46 (2016).

183 *See* Graham v. John Deere Co., 383 U.S. 1, 9 (1966) ("The patent monopoly was not designed to secure to the inventor his natural rights in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge.").

narrow, failed to adequately explain the social dimensions of property.[184] In a broader sense, if patents are accepted as a form of property, then patent protection espouses a social relationship with the state. Thus, inventors are rewarded for their discoveries, and patent law protects the territorial scope of those discoveries, allowing both the state and the inventor to reap the rewards for a social discovery.

Due to the fact that territorial intellectual property law regulates and governs the internal practices of innovators and literary artists, it is in the state's interest to limit the reach of its intellectual property laws to its borders in order to encourage social and economic development. This continues to be the general approach to the principle of territoriality, stemming from the early days when intellectual property laws emerged.[185] This general approach has been constant over the last 350 years.

However, the dynamic in the world trading system has changed. What was initially considered a "round world" is now a "flat world," where borders are no longer relevant for goods and services protected by intellectual property. Thus, a round world has now been flattened by cyber-space, the Internet, free trade, and a general desire to create wealth. Goods and services are far more global than they were a century ago. Furthermore, with globalism, global private rights are consolidating beyond the territorial state.[186] Multiple patents, trademarks, and copyrights are seeking copyright protections in various countries.[187] Current international intellectual property regimes are trying their best to keep up with the rate at which intellectual property has created a borderless world.[188]

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184 Arguments on social contracts clearly deviate from the focus of this section or work in a comprehensive manner, and I wanted to merely point out how the courts, such as in *Graham*, 383 U.S. at 9 (1966), often reject the natural right theory of patents and prefer to see the social and economic benefits of patents. On matters of social contract theory broadly and its linkage with the law, see Anita L. Allen, *Social Contract Theory in American Case Law*, 51 FLA. L. REV. 1 (1999).

185 *See generally* Bently, *supra* note 145.

186 *See generally* SELL, *supra* note 10.

187 This is desirable under treaties such as TRIPS Agreement and the National Treatment principle; furthermore, the intellectual property regime of the EU, specifically for trademarks and, to an extent, patents, reflects developments of cross-border protection of intellectual property under a single legal space. For a discussion, *see, e.g.*, Ulrich Loewenheim, *The Principle of National Treatment in the International Conventions Protecting Intellectual Property*, *in* PATENTS AND TECHNOLOGICAL PROGRESS IN A GLOBALIZED WORLD (Wolrad Prinz zu Waldeck und Pyrmont, Martin J. Adelman, Robert Brauneis, Josef Drexl, and Ralph Nack eds., 2009); *see also* Patent Cooperation Treaty, *supra* note 152. The Viagra patent that was registered in a number of countries such as Australia, Canada, and the EU, amongst others, has been challenged extensively in the courts, and those challenges revealed insights into the various patents that were issued for the drug. For a comparative assessment, *see* Yinliang Liu, *The Tale of Viagra Patents: Comparative Studies of the Global Challenges in China and Other Countries*, 18 J. INTELL. PROP. RTS. 523 (2013).

188 The EU for instance has been constantly modernizing its copyright regime to meet the challenges of cross-border access to content online, and it recently proposed new regulations and directive. *See* Proposal for a Directive of the European Parliament and of the Council on

This new borderless world has resulted in an increase in the amount of infringement cases in intellectual property. These cases are diverting intellectual property owners from their original goal of creation and innovation to fighting infringement in multiple jurisdictions. Intellectual property owners no longer see themselves as fending off invaders (i.e., infringers) in their own landlocked territorial borders, but also as clashing with those who have already carried out acts of invasion (i.e., infringements) using the territory of another state.

The war against global infringements, which intellectual property owners must now wage makes the concept of territoriality in intellectual property elusive, obstructive, and detrimental to the international intellectual property community. In order to survive in this guerrilla form of infringement warfare, where territoriality is elusive, the intellectual property owner will need to either have the right to strike first or have the ability to consolidate his or her private rights at the global level.[189]

The option to strike first is unlikely because it is impossible to predict when and where infringement warfare may occur. The second option of consolidating private rights at the international level requires a new approach to international intellectual property law, which requires a more harmonized and global regime that is equipped with more tools to fight the territorial guerrilla warfare. A global intellectual property law regime that goes beyond the TRIPS at this juncture is not as farfetched, because it would remove territorial obstacles in intellectual property law. The different "TRIPS-plus" attempts such as the now abandoned Trans-Pacific Partnership (TPP), the Comprehensive Economic and Trade Agreement (CETA), and other harmonizing efforts in Europe,[190] for example, are options for a global copyright code that do not seem as implausible.[191]

Although there have been various efforts for a convention on jurisdiction and recognition of intellectual property judgments, those efforts would encounter the question of territoriality in intellectual property law, which remains strongly state-centered.[192] Territoriality is

Copyright in the Digital Single Market, COM(2016)593; Directive on Copyright in the Digital Single Market 2016/0280 (COD).

[189] *See* Jane C. Ginsburg, *Copyright Without Borders? Choice of Forum and Choice of Law for Copyright Infringement in Cyberspace*, 15 CARDOZO ARTS & ENT. L.J. 153, 154 (1997) ("[T]he concept of territoriality becomes elusive when the alleged infringements are accomplished by means of digital communications originating offshore.").

[190] *See* Trevor Cook & Estelle Derclaye, *An EU Copyright Code: What and How, if Ever?*, INTELL. PROP. Q. 259 (2011) (discussing efforts in creating a EU copyright code); *see also* GLOBAL COPYRIGHT: THREE HUNDRED YEARS SINCE THE STATUTE OF ANNE, FROM 1709 TO CYBERSPACE (Lionel Bently, Uma Suthersanen & Paul Torremans eds., 2010).

[191] *See also* P. Sean Morris, *Beyond Trade: Global Digital Exhaustion in International Economic Regulation*, 36 CAMPBELL L. REV. 107 (2013) (discussing the need for a global copyright code).

[192] Rochelle C. Dreyfuss & Jane C. Ginsburg, *WIPO Forum on Private International Law and*

still restricted to the internal territorial borders of the state where the intellectual property law is enforced. In an ideal "flat world" of globalism and borderless states, where intellectual property rights are no longer a territorial problem for a single state because of cross-border technology and trade, harmonized rules would deliver more legal certainty.

Although the territorial principle is entrenched in intellectual property law, it faces a number of challenges that have only surfaced in the last few decades and will continue to challenge the territoriality principle. These challenges range from the spread of new technology systems such as the Internet and wireless communications, which are challenging territoriality in copyrights, to the flat world concept, in which territorial borders would be eliminated entirely. For patents, the challenges are even more problematic due to the existence of recent phenomena in Europe, like the Unitary Patent System.[193]

While the idea of territoriality was ideal and exotic a century ago, it is no longer so in a flat world where private intellectual property rights are shaping how globalization is being transformed. Private individuals who are the owners of intellectual property rights are using the convergence of world economies to shape the outcome and process of the international legal system, and to this end, are consolidating their rights at the regional and international level.[194] The consolidations of these rights are taking place through legal instruments that are aimed at promoting *free and fair trade* or *harmonization*. The TRIPS was the first example of the consolidation of global private rights in intellectual property. However, because the TRIPS became somewhat submissive due to initial opposition and later resistance at trade negotiations, private rights in intellectual property are increasingly being consolidated into other instruments, such as those at the bilateral level. The intellectual property provisions in the Australia-U.S. Free Trade Agreement (AUSFTA) or the intellectual property provisions in the now abandoned TPP and the CETA are examples of the consolidation of

Intellectual Property: Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters, WORLD INTELL. PROP. ORG. (Jan. 24, 2001), www.wipo.int/edocs/mdocs/mdocs/en/wipo_pil_01/wipo_pil_01_7.doc.

193 There are efforts underway to create a single approach to patent registration and litigation in the EU legal space, the so-called "unitary patent" backed by a Unified Patent Court, coordinated by the European Patent Office. It is important to note that a unitary patent will be subjected to the jurisdiction of the Unified Patent Court and thus is not the same as a European patent. *See* Unified Patent Court Agreement; EU Regulation No. 1257/2012, on the creation of unitary Patent, OJ L 361/1 (2012); *see also* Léon Dijkman & Cato Van Paddenburgh, *The Unified Patent Court as Part of a New European Patent Landscape: Wholesale Harmonization or Experiment in Legal Pluralism?*, 26 EUR. REV. PRIVATE L. 97 (2018).

194 *See, e.g.*, Morris, *supra* note 6; Courtenay Atwell, *Corporate Involvement in Intellectual Property Policy-Making*, 36 EUR. INTELL. PROP. REV. 306 (2014).

private rights at the international level.[195]

D. *Exhaustion: "Curious Blend of Universalism and Territorialism"*[196]

Exhaustion in intellectual property is a rather peculiar topic.[197] In fact, one must always tread carefully when discussing international exhaustion, which, according to the TRIPS Agreement, does not exist, leaving countries on their own to decide at a national level their exhaustion regime.[198] As a regional example, in the EU, the doctrine of exhaustion in relation to trademarks is codified in the Trade Marks Directive (TMD) Article 7(1).[199] This principal exhaustion provision in the TMD is in effect regional exhaustion, given that it primarily covers the internal market of the EU.[200] Furthermore, Article 7 of the TMD is mum on international exhaustion. Outside of the domain of trademarks, the territoriality problem and its relation to exhaustion applies equally to copyrights in the EU, even if the "territory" is in cyberspace and the copyright infringement occurs in the physical territory of the EU (i.e., downloading software within EU territory).[201]

Similar to the TMD, which provides for a community-wide exhaustion in the EU, other legislations such as the "copyright directive," generally known as the Information Society Directive, also provides for community-wide exhaustion for the distribution of

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195 United States-Australia Free Trade Agreement Implementation Act, Pub L. 108–286, 118 Stat. 919 (2004); 19 U.S.C. § 3805 (2004).

196 Shuba Ghosh, *Pills, Patents, and Power: State Creation of Gray Markets as a Limit on Patent Rights*, 14 FLA. J. INT'L L. 217, 251 (2002) ("The principle of exhaustion offers a curious blend of universalism and territorialism.").

197 This doctrine has roots in German law. *See, e.g.*, Irini Stamatoudi & Paul L.C. Torremans, *International Exhaustion in the European Union in the Light of "Zino Davidoff": Contract Versus Trade Mark Law?*, 31 INT'L REV. INTELL. PROP. & COMPETITION L. 123, 136 (2000) ("The principle of exhaustion was developed by the German Reich Supreme Court at the beginning of this century and it represents the demarcation line between the intellectual property rights of the manufacturer in the product and the proprietary rights of the purchaser in the product. 'Exhaustion' means that all intellectual property rights in the product are exhausted by the first marketing of the product with the consent of its manufacturer. In that sense the original manufacturer losses control over the product in so far as he cannot control its further distribution and commercialisation, and therefore cannot tie licensees and fix retail prices by fragmenting the market geographically.") (citation omitted). For other recent commentaries on international exhaustion, see generally Ioannis Avgoustis, *Parallel Imports and Exhaustion of Trade Mark Rights: Should Steps Be Taken Towards an International Exhaustion Regime?*, 34 EUR. INTELL. PROP. REV. 108 (2012); Surinder Kaur Verma, *Exhaustion of Intellectual Property Rights and Free Trade – Article 6 of the TRIPS Agreement*, 29 INT'L REV. INTELL. PROP. & COMPETITION L. 534 (1998).

198 TRIPS Agreement, *supra* note 7.

199 Trademark Directive, *supra* note 9 ("The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.")

200 Generally referred to as "community-wide exhaustion."

201 *See* Case C-128-11, UsedSoft GmbH v. Oracle Int'l Corp., 2012. The CJEU said that the doctrine of exhaustion applies to downloaded software; *see also* Morris, *supra* note 6 (discussing the UsedSoft decision).

copyright work.[202] According to Article 4(2), the "distribution right shall not be exhausted within the Community in respect of the original or copies of the work." Thus, in one sense, the codification of the exhaustion doctrine in the copyright directive shed some light on the territorial nature of the exhaustion. Recently in *Art & Allposters Int'l BV v. Stichting Pictoright*, the CJEU confirmed the exhaustion principle, especially in relation to tangible work echoing the provisions of recital 28 of the copyright directive.[203]

Given that international exhaustion is not recognized at the international level, as per the TRIPS Agreement,[204] the question is whether things can change. Exhaustion under the TRIPS is somewhat like snowflakes stalling mid-air: there is a possibility that they might hit the ground, liquify, or form hard ice. Article 6 of the TRIPS Agreement is neither an international regime nor regional regime for exhaustion; rather, it is in mid-air, giving states the power to decide their regime for exhaustion. The TRIPS Agreement should be reformed to include, among other things, international exhaustion, but this might take decades, and recent efforts for super TRIPS-like agreement such as the abandoned TPP, or the TTIO, would have arguably presented some hope to challenge this TRIPS exhaustion regime. However, this argument is moot at this stage. In terms of the TRIPS Agreement, some efforts were made to include exhaustion in a revised agreement; however, those efforts never materialized, and the TRIPS Working Group essentially declared international exhaustion dead in the water.[205]

In the now abandoned "quasi-multilateral" agreement, the TPP intellectual property provisions say nothing about international exhaustion, and, as such, there is likely to be little or no further effort in multilateral negotiations in relation to international exhaustion. Further, although that intellectual property litigation and other problematic issues at the international level occur primarily among the tripartite of the U.S., the EU, and Japan, it is only Japan that has been in favor of international exhaustion in intellectual property.[206]

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[202] Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, OJ L 167/10 (2001), art. 4(2). EU copyright law is undergoing reform and a new copyright directive has been proposed, *see supra* note 193.

[203] Case C-419/13, Art & Allposters Int'l BV v. Stitching Pictoright, 2015 EUR-Lex CELEX LEXIS 62013CJ0419 (Jan. 22, 2015).

[204] TRIPS Agreement, *supra* note 7, art. 6.

[205] *See generally* Vincent Chiappetta, *The Desirability of Agreeing to Disagree: The WTO, TRIPS, International IPR Exhaustion and a Few Other Things*, 21 MICH. J. INT'L L. 333 (2000); Robert D. Anderson, *Intellectual Property Rights, Competition Policy and International Trade: Reflections on the Work of the WTO Working Group on the Interaction between Trade and Competition Policy* (1996–1999) *in* INTELLECTUAL PROPERTY: TRADE, COMPETITION, AND SUSTAINABLE DEVELOPMENT (Thomas Cottier & Petros C. Mavroidis eds., 2003).

[206] *See also* Chiappetta, *supra* note 205, n.72. *See generally* Darren E. Donnelly, *Parallel Trade and International Harmonization of the Exhaustion of Rights Doctrine*, 13 SANTA CLARA HIGH TECH L.J. 445 (1997).

At the national level, it can get a bit more complicated. The complicated nature of exhaustion in intellectual property, whether it be patents, trademarks, or copyrights, suggests that exhaustion in intellectual property is what one academic refers to as a "curious blend of universalism and territorialism."[207] In other words, exhaustion is universal, whereas, at the international level, despite not being codified in international agreements, it is widely accepted as a territorial (i.e., nation state) problem.

In the U.S., for example, where the exhaustion doctrine is better known as the doctrine of first sale, especially in relation to copyrighted works. [208] The Supreme Court has ruled in *Kirtsaeng v. John Wiley & Sons, Inc.* that Section 109(a) of the Copyright Act also applies to products "lawfully made" either in the U.S. or abroad.[209] This controversial position raises the question of whether the principle of exhaustion is both national and international for copyright purposes. Since *Kirtsaeng*, the U.S. continues to maintain a national exhaustion approach to international negotiations in relation to intellectual property provisions.[210]

Outside of copyright, patent exhaustion in the U.S., for instance, is based on territorial exhaustion, which means that patent rights are exhausted upon domestic sale. However, some U.S. courts have been suggesting that international patent exhaustion is a preferred alternative.[211] Perhaps *Lexmark International, Inc. v. Ink Technologies Printer Supplies, LLC* is one of few decisions that have been moving favorably towards an international regime for patent exhaustion in recent times, as case law in the U.S. suggests. [212] The significance of the lower courts in terms of looking favorably upon an international regime for patent exhaustion is that they are better placed to "force" the U.S. Supreme Court to clarify the matter.[213]

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[207] Ghosh, *supra* note 196, at 251.

[208] *See* Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519 (2013); *see also* Apollinaris Co. v. Scherer, 27 F. 18 (S.D.N.Y. 1886) (widely reported to be first trademark case on exhaustion in the U.S.); Bobbs-Merrill Co. v. Straus, 210 U.S. 339 (1908) (discussing attributes for copyright exhaustion).

[209] *See Kirtsaeng*, 568 U.S. at 525 ("[T]he 'first sale' doctrine applies to copies of a copyrighted work lawfully made abroad.").

[210] *See* Irene Calboli, *The United States Supreme Court's Decision in Kirtsaeng v Wiley & Sons: An "Inevitable" Step in Which Direction?*, 45 INT'L REV. INTELL. PROP. & COMPETITION L. 75, 85 (2014) (discussing the negotiating position of the U.S. in FTAs); *see also* Marketa Trimble, *The Marrakesh Puzzle*, 45 INT'L REV. INTELL. PROP. COMPETITION L. 768, 790, 790 n.122 & n.126 (2014) (discussing the U.S. maintaining a national exhaustion).

[211] Lexmark Int'l, Inc v. Ink Techs. Printer Supplies, 9 F. Supp. 3d 830, 838 (S.D. Ohio 2014).

[212] *Id.*; *see also* Jazz Photo Corp. v. Int'l Trade Comm'n, 264 F.3d, 1094 (Fed. Cir. 2001) (requiring for an authorized sale to take place in the U.S. for patent exhaustion); Robert Bosch LLC v. Trico Prods. Corp., No. 12C437, 2014 WL 2118609 (N.D. Ill. May 21, 2014); San Disk Corp. v. Round Rock Research LLC, No. C11-5243RS, 2014 WL 2700583 (N.D. Cal. June 13, 2014).

[213] *But see* Quanta Comput., Inc. v. LG Elecs., Inc. 553 U.S. 617 (2008), where the Supreme

Furthermore, the territorially requirement that is currently the case in patent exhaustion in the U.S. is somewhat in contradiction given that for one form of intellectual property—copyright—there is a presumption of international exhaustion, whilst for the other—patent—there is none.[214] Thus, on some occasions, the lower courts in the U.S. develop tests suggesting that patent exhaustion is territorial, while other courts are saying that there are no territorial limits on patent exhaustion.[215]

In the context of international patent agreements, such as the Patent Cooperation Treaty (PCT), the doctrine of patent exhaustion is not included, because the PCT does not grant global patent rights per se. Rather, the PCT is a procedural treaty that builds upon the Paris Convention to create a system for the filing of an international patent. Although the multilateralization of intellectual property through the TRIPS, bilateral treaties, and Free Trade Agreements (FTAs) has increased the need for unrestricted barriers to trade, intellectual property exhaustion continues to be a restrictive barrier to the goals of global free trade.[216] While the EU is reaping the benefits of community-wide exhaustion in trademarks, the same cannot be said of the U.S. or other countries. This is primarily because intellectual property laws still remain the domain of territorial rights. As such, these laws still face obstacles in the context of trade liberalization. These obstacles are even more pronounced where patent laws are concerned. Patent laws, which generally protect markets, are more restrictive and prone to territoriality as opposed to other forms of intellectual property law, such as trademark law and copyright law.

It is likely that exhaustion in intellectual property will remain what it has been for a long time: dead in the water, if one should take the cue from Article 6 of the TRIPS Agreement. Although courts in some nations have been sending conflicting views on patent exhaustion, it is possible that those conflicting views stem from the fact that those courts would like to see a gradual progression to international exhaustion so

Court shed some light, but did not fully clarify, international patent exhaustion in the U.S.

214 *Quanta Computer Inc.*, 553 U.S. at 617.

215 *See* Sarah R. Wasserman Rajec, *Free Trade in Patent Goods: International Exhaustion for Patents*, 29 BERKELEY TECH. L.J. 317 (2014); Jay A. Erstling & Frederik W. Struve, *A Framework for Patent Exhaustion from Foreign Sales*, 25 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 499 (2015); Kate E. Kim, Patent *Exhaustion: Conflicting Views* on the *Territoriality Requirement*, SQUIRE SANDERS & DEMPSEY L.L.P. (2010), http://www.squirepattonboggs.com/~/media/files/insights/publications/2010/12/intellectual-property-update/files/updateintellectual_propertyfall_2010/fileattachment/updateintellectual_propertyfall_ 2010.pdf; Derek F. Dahlgren, *The Role of Territoriality in Patent Exhaustion*, IPWATCHDOG (Dec. 8, 2012), http://www.ipwatchdog.com/2012/12/18/the-role-of-territoriality-in-patent-exhaustion/id=31600/.

216 *See generally* Wassermann, *supra* note 215, at 356 ("International patent exhaustion may present particular concerns . . . such as the appropriate treatment of restrictive licensing and the need-or potential-for differential treatment . . . .").

that global free trade can deliver what it promises. However, it is not in the ambit of the courts to be legislators, especially if the matter concerns international regulation.

The more challenging issue for exhaustion in intellectual property is that of digital exhaustion and the jurisdictional problems that it creates. As I have suggested elsewhere, it is perhaps best if some expansive rules on global digital exhaustion are created at the international level. The result, in theory, should be positive for global free trade.

III. EXTRATERRITORIAL TRADEMARK LAW AND THE PRIVATIZING OF INTERNATIONAL LAW

The lack of a legislature in international law has implications for how states respond to activities that affect their domestic subjects at the international level. States will sometimes respond to an infringing activity in another state with the extraterritorial application of its domestic laws. What is striking about the extraterritorial application of domestic laws is not that it is contrary to the principle of non-intervention, but rather that the extraterritorial application of domestic laws that regulate economic activities is, in a sense, privatizing international law.

The privatization of international law is the domestic response of laws to infringing activities in another state that pertain to economic activities.[217] This shows how the magnitude of international law is no longer about state centric *politico-jus bello* concerns, but rather is concerned about economic activities only.[218]

Domestic laws covering economic activities, such as intellectual property, are rules that govern most effectively, and the high standards of compliance in domestic rules can therefore be replicated at the international level. Intellectual property rules reflect the privatization of international law particularly well, given that the protection and regulation of intellectual property enable and constrain different economic activities in a domestic economy with implications for the external global economy. The privatizing of international law has had positive effects for firms that operate in a global market.[219] As they reap the benefits, firms are also able to use their intellectual property as leverage for further global norms in intellectual property regulation.

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[217] *See* Morris *supra* note 6.

[218] *Id.*

[219] *See* THE NEW GLOBAL RULERS: THE PRIVATIZATION OF REGULATION IN THE WORLD ECONOMY 6 (Tim Büthe & Walter Mattli eds., 2011) ("[T]he shift from domestic regulation to global private rule-making brings substantial gains, particularly to multinational and internationally competitive firms."); A. Michael Froomkin, *Semi-Private International Rulemaking: Lessons Learned from the WIPO Domain Name Process*, *in* REGULATING THE GLOBAL INFORMATION SOCIETY 211 (Christopher T. Marsden ed., 2000).

The ability of intellectual property regulation to enable and constrain different economic activities gave rise to new powers of intellectual property at the global level; it has largely been responsible for the privatizing of international law. Because intellectual property regulation is privatizing international law, global intellectual property litigation in tribunals (e.g., even the minimal amount litigated in the WTO), along with the various forms of intellectual property protection enshrined in various treaties at the international and regional levels, creates an upward tornado of private norms in public international law. These private norms are a response to the rights and obligations of private economic actors.

In this upward tornado, ever inching towards the unlimited open and broad sky, private intellectual property rights and obligations are situated at the base of the condensation funnel with a narrow exit to the ground. However, in this process, those private intellectual property rights and obligations do not head for the ground. They, in fact, take the opposite direction and shoot upward in the cone of the tornado, heading for the funnel cloud fields of international law (i.e., ceiling)—with unlimited possibilities. Throughout this process, a vortex for intellectual property infringement occurs, leaving the open field at the top of the funnel to respond to the vortices of infringements. The vortices of infringements are enriching the cyclonic nature of privatization of public international law. One of the latest vortices of infringements—if a real life parallel can be made—is perhaps the plain packaging cigarette arbitration cases, where public international law (e.g., investment law) is the new open channel to respond to the private rights of trademark infringement.[220]

The privatization of international law, of course, cannot be solely attributed to intellectual property, or, as I suggest in the previous paragraphs, to cyclonic vortices of intellectual property infringements. Actually, the privatization of international law has been taking place for a while (in the modern sense) through other areas, such as standard setting organizations, influential non-governmental organizations, and, as Susan Sell and Claire Cutler discuss in their works, "corporate interests."[221] For instance, at the WTO, the incorporation of the standard setting instrument for the protection of public health and fair practices in food trade, the Codex Alimentarius Commission, into the Technical Barrier to Trade (TBT) Agreement, is one example of the privatization of public international law.[222] Perhaps the International Organization for

[220] *See* Philip Morris Asia Ltd. v. The Commonwealth of Australia, PCA Case No. 2012-12 (award on Jurisdiction and Admissibility, Dec. 17, 2015).

[221] *See generally* CUTLER, *supra* note 10; SELL, *supra* note 10; THE NEW GLOBAL RULERS, *supra* note 219.

[222] *See* Agreement on Technical Barriers to Trade, Apr. 14, 1994, Marrakesh Agreement

Standardization (ISO), which is responsible for adopting technical standards, is the best-known example of how private initiatives wound up as part of the system of contemporary public international law.[223]

These forms of regulatory delegation are, in a sense, not new. Taking into consideration the tornado parallel, they are forcibly migrated or, as a result of a genuine engagement with the international economic structure and regulatory norms, such private initiatives have had resounding impact on public international law, especially through the test of "relevant international standards."[224] The greater impact of such private standards, when viewed as part of the corpus of public international law, is that they arguably advance the liberalization of trade, thereby making the global economic system more inclusive and participatory.

Furthermore, the incorporation of the Codex and the ISO standards of the WTO Agreements have not had the amount of negative criticisms that other private rights have had, such as intellectual property in the WTO. One possible reason for such an anomaly is that the Codex and the ISO operate more quietly behind the scenes and do not touch upon the daily economic life of consumers per se as do intellectual property.

However, there is another argument for such an anomaly: the "shifting mosaic of issues."[225] Intellectual property at the international level must cover and involve various actors.[226] This wider global shift in intellectual property includes, "overlapping[] and parallel treaties and institutions" that must also respond to the domestic implementation rules.[227] At the domestic level, private international law, such as intellectual property rules, which is wholly responsible for such implementation, often leaves a number of states defending their implementation of "international rules" when other domestic rules overlap. Furthermore, the politics at the domestic level are often grounded in economic arguments and can thwart the domestic implementation of internationally designed rules if such rules do not provide economic benefits.

Establishing the World Trade Organisation, Annex 1A; *see also* Robert Howse, *A New Device for Creating International Legal Normativity: The WTO Technical Barriers to Trade Agreement and "International Standards", in* CONSTITUTIONALISM, MULTILEVEL TRADE GOVERNANCE AND SOCIAL REGULATION 383 (Christian Joerges & Ernst-Ullrich Petersmann eds., 2006).

[223] *See also* Filippo Fontanelli, *ISO and Codex Standards and International Trade Law: What Gets Said is Not What's Heard,* 60 INT'L & COMP. L. Q. 895, 915 (2011) ("[R]egulations based upon widely agreed standards are less likely to cover a State policy aimed at externalizing the cost of compliance by shifting it onto foreign players[.]"); Janelle M. Diller, *Private Standardization in Public International Lawmaking*, 33 MICHIGAN J. INT'L L. 481 (2012).

[224] Appellate Body Report, *European Communities — Trade Description of Sardines*, WT/DS231/AB/R (adopted Sept. 26, 2002).

[225] Laurence Helfer, *Regime Shifting in the International Intellectual Property System*, 7 PERSP. ON POL. 39, 43 (2009).

[226] *Id.*

[227] *Id.*

Perhaps it is globalization and the move towards global economic constitutionalism that has given legitimacy to the newfound powers of private international law via intellectual property rights; as such, international trade and commerce or the wheels of corporate economic expansionism are well maintained. This has brought into the international legal discourse the role of both private and public international law; the distinction between them is no longer oblique, but rather complementary, given that history has shown that legal thought concerning law of private transactions and the interest of states often collide.[228]

Thus, it is the codification efforts of private international law at the global level that are responsible, in part, for the privatization of public international law. This is largely because historical codification efforts in private international law are generally seen as one form of a state concern with the fundamental principles of private international law. Furthermore, if the variety of "regulation in contemporary international law," including intellectual property, is seen as part of harmonizing domestic law, then such goals may also be supported in international law, thereby indicating a "willingness of states to discover public interests in seemingly private matters."[229]

Conversely, the interests of private actors, which drive the international normative agenda in intellectual property or private international law, cannot be ignored, even if not all legislative proposals were successful. This is because, in reality, aside from soft law legislative efforts in public international law since the advent of the TRIPS, the weight of economic globalization since the late 1990s has empowered private actors and soft law norms.[230] The result of such empowerment is that "the actors, and process of 'public' international law has been expanded—'privatized. . . .'"[231] What determines international standards and international legal norms is no longer the sole domain of state-to-state relations, but rather of economic and corporate ambitions of private economic actors.

Traditionally, intellectual property regulation at the global level has influenced such narrative and development in public international law since the latter part of the 19th century. This prognosis has also been endorsed by scholars of international law in the past.[232] Since Hersch

[228] *See, e.g.*, Morton J. Horwitz, *The History of the Public/Private Distinction*, 130 U. PA. L. REV. 1423 (1982).

[229] Ralph Steinhardt, *The Privatization of Public International Law*, 25 GEO. WASH. J. INT'L L. & ECON. 523, 537 (1992).

[230] *See generally* Helfer *supra* note 225.

[231] Steinhardt, *supra* note 229, at 544.

[232] *See* HERSCH LAUTERPACHT, PRIVATE LAW SOURCES AND ANALOGIES OF INTERNATIONAL LAW: WITH SPECIAL REFERENCE TO INTERNATIONAL ARBITRATION 6 (1927); *see also* Paul B. Stephan, *Privatizing International Law*, 97 VA. L. REV. 1573 (2011).

Lauterpacht's ground-breaking work, only sporadic literature has addressed the precise private international law nature of public international law, particularly in the aspects of political economy.[233] The legal literature is, in one way, playing catch up to the political economy literature, and impressive works have been produced that paint how private international law (private legal aspects of global business) has been immersed into public international law.[234] Moreover, as I also posit in this section of the Article, there has always been a historic and often delegatory role of private international law in regards to public international law. That delegatory role, however, has not been addressed in the legal literature from a technical legal analysis point of view, as I attempt to do so in this Article.[235]

As developments from the 1970s has shown, the process of international law-making has seen a much greater emphasis on the engagement of private actors, thereby displacing the traditional role the state plays in international law-making. The majority of the contemporary economic treaties are the result of the behind-the-scenes engagement of private actors. States, for their part, only ratify such treaties.[236] The TRIPS Agreement bears the hallmark of such privatization of international law.

IV. TRADEMARKS' TERRITORIALITY: REGULATION AND THE PRIVATE RIGHTS TO GLOBAL GOODS

One of the first examples of when the extraterritorial nature of trademark law surfaced was in *Steele v. Bulova*.[237] The U.S. Supreme Court held that the Lanham Act, which the senior mark holder relied on, could not be applied extraterritorially, and even if it could, an extraterritorial application of the Lanham Act would be contrary "with the laws and practices of other nations."[238] There are no clear cut

[233] SUSAN STRANGE, THE RETREAT OF THE STATE: THE DIFFUSION OF POWER IN THE WORLD ECONOMY (1996). *See generally* A. CLAIRE CUTLER, PRIVATE POWER AND GLOBAL AUTHORITY: TRANSNATIONAL MERCHANT LAW IN THE GLOBAL POLITICAL ECONOMY (2003); SUSAN K. SELL, PRIVATE POWER, PUBLIC LAW: THE GLOBALIZATION OF INTELLECTUAL PROPERTY (2003); ANNE-MARIE SLAUGHTER, A NEW WORLD ORDER (2004); THE NEW GLOBAL RULERS, *supra* note 219.

[234] *See generally* MILLS, *supra* note 26; RUSE-KHAN, *supra* note 69; PAUWELYN, *supra* note 69; VALENTINA VADI, ANALOGIES IN INTERNATIONAL INVESTMENT LAW AND ARBITRATION (2015).

[235] Although I do have a draft book monograph (forthcoming 2018) addressing this in-depth, this Article and the one mentioned *supra* note 6 are only "highlights" of my broader arguments.

[236] *See* Duncan B. Hollis, *Why State Consent Still Matters—Non-State Actors, Treaties, and the Changing Sources of International Law*, 23 BERKELEY J. INT'L. L. 137 (2005).

[237] Steele v. Bulova Watch Co., 344 U.S. 280 (1952); *see supra* note 3 and accompanying text.

[238] *Id.* at 292 ("The Lanham Act, like the Sherman Act, should be construed to apply to only acts done within the sovereignty of the United States. While we do not condone the piratic use of trade-marks, neither do we believe that Congress intended to make such use actionable irrespective of the place it occurred. Such extensions of power bring our legislation into conflict

guidance and procedures for the extraterritorial application of laws, nor is the practice well-defined in international law. Therefore, in the absence of an enforcer of international law, states are free to apply their domestic laws abroad when they see it necessary for their own domestic economic preservation.

In recent years, however, the extraterritorial application of domestic laws has come under fire by domestic courts, such as the U.S. Supreme Court. In *Morrison v. National Australia Bank Ltd.*[239] and *Kiobel v. Royal Dutch Petroleum Co.*,[240] the Court condemned the practice. For example, in *Morrison*, the Supreme Court placed a bar as to how far U.S. securities law could be applied extraterritoriality by stating "the focus of the Exchange Act is not upon the place where the deception originated, but upon purchases and sales of securities in the United States."[241] Similarly, in the later *Kiobel* decision, the Supreme Court explicitly noted that Congress had not intended for the Alien Tort Statute to have extraterritorial reach.[242] These developments suggest that there is a limit to the extent domestic law can go. Nevertheless, the Supreme Court often takes a somewhat pragmatic view in relation to patent liability and the reach of U.S. patent laws, and the recent *Western Geco v. ION*[243] decision seems to suggest that there are limits to "permissible" and "impermissible" extraterritoriality.[244]

The situation for the extraterritorial reach of U.S. trademark law seems to take contrary views in federal courts and the recent *Trader Joe's* decision,[245] where the Ninth Circuit found that a U.S. trademark owner could sue a foreign defendant whose infringing activities occur outside the U.S. under the Lanham Act, provided some link to U.S. commerce could be established. This seems to challenge the established decisions of the Supreme Court and seeks to revise the Court's position on intellectual property extraterritoriality. However, the *Trader Joe's*

with the laws and practices of other nations, fully capable of punishing infractions of their own laws, and should require specific words to reach acts done within the territorial limits of other sovereignties.")

239 *See* Morrison v. Nat'l Austl. Bank Ltd., 561 U.S. 247 (2010).

240 *See* Kiobel v. Royal Dutch Petroleum Co., 569 U.S. 108 (2013). For commentaries, see Roger P. Alford, *Human Rights After* Kiobel*: Choice of Law and the Rise of Transnational Tort Litigation*, 63 EMORY L.J. 1089 (2014); Ernest A. Young, *Universal Jurisdiction, the Alien Tort Statute, and Transnational Public-Law Litigation After* Kiobel, 64 DUKE L.J. 1023 (2015) (noting that tort violations in the law of nations have previously been recognized by U.S. courts); P. Sean Morris, *Lex Internationalis: Kiobel, Empires, and the Color of Human Rights*, 7 GEO. J.L. & MOD. CRITICAL RACE PERSP. 71 (2015).

241 *Morrison*, 561 U.S. at 267.

242 *Kiobel*, 569 U.S. at 124.

243 WesternGeco LLC v. ION Geophysical Corp., 138 S.Ct. 2129 (2018).

244 *Id.* (reversing a Federal Circuit ruling which held that WesternGeco's award for lost profits was a permissible domestic application of Section 284 of the Patent Act and not an impermissible extraterritorial application of Section 271).

245 Trader Joe's Co. v. Hallatt, 835 F.3d 960 (9th Cir. 2016).

ruling only confirms that contemporary trademarks are, more "trans-territorial" when compared to the days of *Bulova v. Steele*. Today's trademarks have become trans-territorial not out of voluntary submission or ignorance of territorial trademark law, but because, as part of their natural expansion in the global economic system, goods were and continue to be international in nature.

The international nature of goods and the marks used to signify their source creates a universal norm that poses challenges to territorial trademark law.[246] Furthermore, as a result of the natural expansion of trademarks in the global economic system, the state, aided and abetted by private economic operators who own the proprietor rights (private rights) in trademarks, has resisted exporting domestic trademark law extraterritorially on a number of occasions,[247] but to a degree that recognizes the importance of international law.[248] However, when trademark laws are extraterritorially applied, they in effect create some form of universal guarantee or global norm. What this means is that trademark protection standards in one domestic state system ought to be similar in another. The effect of an extraterritorial application of domestic trademark law is that it might also unwittingly prop up the natural expansion of trademarks so that in the process, the universal guarantee the marks represent is also buttressed by legal norms and standards not fully accountable to "international law." Under this scenario, trademark norms are accountable to strong domestic trademark law. The regulation of the proprietors' rights is, as a matter of course, also guaranteed, and perhaps that is the subtle message of the ruling in *Trader Joe's*—the long arm of the Lanham Act is now extended to foreign sales.

Another argument that can be made to explain the natural expansion of trademarks and the extraterritorial response or application of trademark law is that domestic trademark law tends to be very rigid (it was not designed for international application), and such rigidity often opens the door for other options in enforcing trademark rights abroad. In light of globalism and the path it creates for the natural expansion of trademarks, the rigidity of domestic trademark law needs to move in the same direction as globalism. This is because a rigid territorial approach is no longer in sync with economic globalization nor with the various changes that nation state territories make in the

246 *See* Robert Bird & Elizabeth Brown, *The Protection of Well-Known Foreign Marks in the United States: Potential Global Responses to Domestic Ambivalence*, 38 N.C. J. INT'L L. & COM. REG. 1, 7 (2013). *See generally* Timothy Zick, *Territoriality and the First Amendment: Free Speech At–and Beyond–Our Borders*, 85 NOTRE DAME L. REV. 1543 (2010).

247 A recent example is *Trader Joe's*, 835 F.3d.

248 *Id.* at 972 (noting "we construe statutes to avoid unreasonable interference with other nations' sovereign authority where possible") (citing Hartford Fire Insurance Co. v. California, 509 U.S. 764, 797–98 (1993)).

international legal sense—through various economic super entities, such as the EU or trading partnerships such as North America Free Trade Agreement (NAFTA), CETA, and the Caribbean Community (CARICOM), among others.

The question one must ponder is, what is the relevance of domestic trademark law when economic globalization, economic bilateralism, free trade areas, and trading blocs are formed? They in turn need a super-trademark law to operate within their sphere. At least in the EU, when one can consider the registration of an EU-level mark in the European Union, the so-called "European Union trade mark" (EUTM) is an example of a "super-trademark" and the laws for its protection are super-trademark laws.[249] However, the same cannot be said for other entities and other trading areas. In light of trademark universal norms, their natural expansion, and the continued rise of economic globalization, territoriality as a principle no longer holds. The principle of territoriality, as such, should be reconsidered to match the realities of today's world.

Another factor that should not be ignored, and where I find some level of accommodation with Sell, Cutler, and others, is that intellectual property protection, whether at the domestic or international level, is indeed driven by private interests. As a result, international intellectual property rules are increasingly shaped by private regulatory activities. The TRIPS and the then Intellectual Property Committee, better known as the "Council of Twelve," is perhaps the most well-known example.[250] Where international intellectual property rules are driven by private interests, the greater implication for the system is that it leads to a sufficient degree of harmonization of global intellectual property rules; this harmonization would have been more difficult to achieve outside of private regulatory interests.

Apart from market access and protection, the private regulation of intellectual property entails various aspects of normative rules that complement domestic rules yet firmly place the international regulation of intellectual property in the hands of states. Historically, as with the TRIPS, the internationalization of intellectual property rules has been driven by private regulation. The Paris and Berne Conventions are such examples where private regulation, via the modern *Association International pour la Protection de la Properiété Intellectuelle* (AIPPI), resulted in international norms and conventions.[251]

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[249] *See supra* note 9 and accompanying text.

[250] *See* SELL, *supra* note 10, ch. 5 (discussing the impact the twelve powerful CEOs of American companies had on the TRIPS negotiations).

[251] The AIPPI is one of the oldest "lobby" group that has the power to initiate diplomatic conferences that can result in an amendment of the Paris Convention. *See* H.A. Gill, *Objects of the AIPPI and its Influences on the Drafting and Amendment of the International Convention*, 44 TRADEMARK REP. 244 (1954).

CONCLUSION

International intellectual property law will continue to expand. Such expansion is increasingly moving into the direction of a new global economic system of norms, thereby pushing territorial laws into a global hub. Of course, states cannot exist without their territorial laws, but it is also not inconceivable that an international "state system" of laws could serve as the basis of reducing state territorial laws. This Article traces the outlines of the extraterritoriality of trademark law and how trademark law is increasingly becoming privatized as a result international law. A key argument that the Article makes is that the territoriality doctrine is slowly diminishing and the regulation of private rights is becoming increasingly universal. However, the Article also demonstrates that the territoriality doctrine is still unsettled in the context of trademark law, despite efforts in other jurisdictions to limit the extraterritorial effects of their economic laws. Another crucial argument that the Article demonstrates is that when states did employ extraterritorially their trademark law, which has now become a rare event, such actions were creating or leading to trends that privatize international law in the sense that international law became a tool employed by private economic actors. Conflicts concerning different private actors at the state level or their counterparts in other states will continue to develop. When such conflicts arise, states' territorial laws are the subject of attention to determine questions of applicable law or jurisdiction.