EXTRATERRITORIAL DAMAGES IN COPYRIGHT LAW

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Abstract

A recurring fact pattern in U.S. copyright infringement litigation involves a defendant who makes an unauthorized copy of a copyrighted work in the United States; exports it to another country, where it is used to generate additional copies; and then profits from the use or sale of these copies outside the United States. Under these circumstances, the question that sometimes arises is whether a U.S. court can award damages or profits reflecting the foreign uses and sales, without overstepping traditional territorial limitations on the application of U.S. copyright law. Over the years, several courts have concluded that the answer is yes, as long as the initial act of U.S. infringement is what enabled the subsequent foreign exploitation. This Article argues that this “predicate act” doctrine is largely correct, both doctrinally and as a matter of policy, though subject to certain limitations. More specifically, this Article argues that if the defendant proves that the defendant could have exploited the work in another country by employing a cognizable noninfringing alternative to the predicate act of domestic infringement—for example, by acquiring a lawfully made copy in the U.S. and exporting that copy for further use abroad—the only damages or profits that are properly attributable to the U.S. infringement are those that reflect the incremental loss or benefit occasioned by the defendant’s avoidance of this alternative. In such a case, consistent with the territoriality principle, the amount awarded specifically for the U.S. infringement may be minimal—though U.S. courts should be receptive to exercising jurisdiction over supplemental claims arising under foreign copyright law. In other cases, by contrast, where the defendant could not have engaged in the foreign activity without a predicate act of U.S. infringement, the courts are right to award damages or profits reflecting the foreign exploitation—albeit subject to traditional proximate cause principles and the single-recovery rule. Application of these standards will enable courts to abide by the territorial limitations of U.S. copyright law while at the same time ensuring full compensation as the facts warrant.

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INTRODUCTION
A recurring fact pattern in copyright infringement litigation goes something like this: the defendant makes an unauthorized copy of the plaintiff’s copyrighted work in the United States. The defendant then takes that copy to another country—or sends it to someone in another country—where it is used to generate additional copies or derivative works. These copies or works are then sold to the public outside of the United States. The plaintiff sues the defendant for copyright infringement in a U.S. district court and demands a monetary judgment reflecting the profits the defendant earned from the foreign sales of the foreign-made copies or derivatives (or perhaps, some other type of monetary relief as compensation for the defendant’s foreign exploitation).

The question of whether the defendant is liable for these foreign profits or damages seems to pit two venerable legal principles against one another. On the one hand, U.S. courts generally view copyright as a territorial right, meaning that the defendant’s conduct outside the United States does not violate U.S. copyright law. On the other hand, courts also have long stated that monetary relief for copyright infringement is intended to compensate the plaintiff for its loss, or to prevent unjust

enrichment. Not allowing the plaintiff to recover for a foreign exploitation that is enabled by an initial act of domestic infringement might seem to undercut this latter principle and encourage domestic infringement.

U.S. courts generally have resolved this tension in favor of full compensation by allowing plaintiffs to “collect damages from foreign violations of the Copyright Act so long as the foreign conduct stems from a domestic infringement.” Cases applying this so-called “predicate act” doctrine date back to well over a century. The most famous was Judge Learned Hand’s 1939 decision in *Sheldon v. Metro-Goldwyn Pictures Corp.* The doctrine nevertheless has received sharp criticism from some of the leading U.S. copyright commentators, though it received an implicit boost when the U.S. Supreme Court in its 2018 decision in *WesternGeco LLC v. ION Geophysical Corp.* approved an award of extraterritorial damages in the analogous context of patent infringement. Although the *WesternGeco* decision itself does not refer to the predicate-act doctrine, two of the briefs filed in support of the patent owner in that case noted that courts had long been awarding extraterritorial profits for copyright infringement and argued that there was no good reason to apply a different rule in patent cases (as the U.S. Court of Appeals for the Federal Circuit had been doing before the *WesternGeco* decision).

In a companion article, I argued both that *WesternGeco* was correctly decided and that courts should award damages for extraterritorial losses

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3. Tire Eng’g & Distrib., LLC v. Shandong Linglong Rubber Co., 682 F.3d 292, 306 (4th Cir. 2012) (per curiam) (referring to the predicate-act doctrine as an “exception” to the territoriality principle); see also Update Art, Inc. v. Modiin Pub., Ltd., 843 F.2d 67, 73 (2d Cir. 1988) (recognizing an exception when infringement “permits further reproduction abroad”).
4. 106 F.2d 45, 52 (2d Cir. 1939), aff’d, 309 U.S. 390 (1940). For further discussion and citation to the extensive case law, see infra Part I.
5. See infra notes 62–70 and accompanying text.
7. Id. at 2138.
9. See Power Integrations, Inc. v. Fairchild Semiconductor Int’l Inc., 711 F.3d 1348, 1371 (Fed. Cir. 2013) (“Power Integrations is incorrect that, having established one or more acts of direct infringement in the United States, it may recover damages for Fairchild’s worldwide sales of the patented invention . . . .”).
resulting from an act of domestic patent infringement—subject, however, to the three limiting doctrines of cause-in-fact, proximate cause, and the single-recovery rule.\footnote{10} This Article extends that analysis to copyright cases, arguing that courts should award monetary relief for extraterritorial losses resulting from domestic copyright infringement, subject to the same three limiting principles. Surprisingly, however, the analysis shows that in contrast to the patent case law preceding WesternGeco, the copyright case law on occasion has been overly favorable to plaintiffs, largely because courts have not consistently applied standard cause-in-fact principles.\footnote{11} More specifically, this Article argues that an act of domestic copyright infringement is not a but-for cause of the defendant’s extraterritorial sales of subsequently made foreign copies or derivatives, where the defendant proves that the defendant could have made those foreign copies or derivatives without having committed the initial act of domestic infringement.\footnote{12} This will be the case whenever the facts show that the defendant could have avoided the predicate act of domestic infringement by (1) acquiring a lawfully made copy in the United States and then taking or distributing it abroad; or (2) acquiring a lawfully made copy abroad, and then using it there to make further (unauthorized) copies or derivatives.\footnote{13} In such cases, the copyright owner’s relief (ideally)\footnote{14} should be capped by the benefit, if any, the defendant derived from making the initial unauthorized copy in the United States, in comparison with either of these noninfringing alternatives.\footnote{15} Moreover, the fact that U.S. courts have authority to adjudicate claims arising under foreign copyright law should reduce concerns that this proposal would either result in duplicate recoveries or require litigants to pursue costly parallel litigation in foreign courts.\footnote{16}

Part I provides a brief overview of copyright’s predicate-act doctrine, and how it contrasts with the standards courts (for a time) were applying


\footnote{11} See infra Section II.B.

\footnote{12} See infra Section II.B.

\footnote{13} See infra notes 136–38 and accompanying text. This Article argues below that a third possibility, where the defendant makes the initial unauthorized copies abroad in violation of foreign law, should not be considered an acceptable noninfringing alternative to domestic infringement, even though such conduct would not violate U.S. law. See infra notes 137, 165–69 and accompanying text.

\footnote{14} This Article says “ideally” because, as discussed infra at notes 196–200 and accompanying text, the ability of copyright owners to recover “statutory” damages in lieu of actual damages or profits adds a further complication.

\footnote{15} See infra notes 138, 161, 163 and accompanying text.

\footnote{16} See infra notes 201–06 and accompanying text.
in patent cases. Part II summarizes the general analysis of the extraterritorial damages problem, as set forth at greater length in my companion patent law article and shows why that analysis applies in the present context as well. Part III argues, however, that in the copyright context courts have ignored the but-for causation principle and its various implications for copyright damages. Properly applied, the predicate-act doctrine sometimes should result in only modest recoveries for an initial act of domestic infringement. At the same time, however, and as others have argued before, U.S. courts should be more receptive than they have been in the past in adjudicating related claims for foreign copyright infringement.

I. CASE LAW

As discussed in the companion patent law article, case law holding or suggesting that patent owners could recover extraterritorial damages caused by an act of domestic patent infringement date back to the mid-nineteenth century (before being eclipsed by a series of U.S. Court of Appeals for the Federal Circuit decisions in the 2010s). The leading case addressing this issue in copyright law, however, has long been Judge Hand’s opinion in Sheldon. In an earlier opinion, Judge Hand, reversing the district court, had concluded that the defendant’s film Letty Lynton infringed the copyright in the play Dishonored Lady. On remand, the district court awarded all of the profits from the exhibition of the infringing film. The U.S. Court of Appeals for the Second Circuit again reversed—reasoning that the profits needed to be apportioned in accordance with the significance of the portions the defendants had appropriated from the original—and concluded that the plaintiffs were

17. See Cotter, supra note 10, at 6–10 (discussing Brown v. Duchesne, 60 U.S. 183 (1856), and other early cases on point).
18. 106 F.2d 45, 52 (2d Cir. 1939). There were at least two earlier decisions, however, reaching the same conclusion as Sheldon. See G. Ricordi & Co. v. Columbia Graphophone Co., 270 F. 822, 824 (S.D.N.Y. 1920) (finding the defendant liable for infringing records sold in Canada where the records were manufactured in the U.S.); Fishel v. Lueckel, 53 F. 499, 501 (C.C.S.D.N.Y. 1892) (noting that the defendant likely derived advantages or profits from infringing acts occurring in the U.S., even though there were subsequent infringing acts performed abroad).
20. See Sheldon, 106 F.2d at 48.
entitled to only one-fifth of the net profits. Of relevance here is the court’s discussion of whether the award should include the (apportioned) profits earned from the foreign exhibition of the film. Judge Hand concluded:

The next point is whether to include the profits made from exhibiting the infringing picture outside the United States. At first blush it would indeed seem that these should be excluded. The plaintiffs made no proof of foreign law, and we cannot say that the exhibition of the positives abroad was a tort. . . . [Codefendant] The Culver Company made the negatives in this country, or had them made here, and shipped them abroad, where the positives were produced and exhibited. The negatives were “records” from which the work could be “reproduced,” and it was a tort to make them in this country. The plaintiffs acquired an equitable interest in them as soon as they were made, which attached to any profits from their exploitation, whether in the form of money remitted to the United States, or of increase in the value of shares of foreign companies held by the defendants.

Although several district court decisions from within the Second Circuit have continued to apply the Sheldon court’s analysis of extraterritorial exploitation following an initial act of domestic infringement, there have been only two subsequent cases from the appellate court itself. In its 1976 decision in Robert Stigwood Group Ltd. v. O’Reilly, the Second Circuit acknowledged the Sheldon rule while nevertheless concluding that the plaintiffs were not entitled to recover statutory damages for twelve Canadian performances of the rock opera Jesus Christ Superstar, absent evidence that the Canadian performances were enabled by a preceding infringement within the U.S. By contrast,

22. Sheldon, 106 F.2d at 52. Regarding the plaintiffs’ “equitable interest,” Judge Hand referred to the infringer several times as a “constructive trustee” for the benefit of the copyright owners. See id. at 48, 51, 52.
24. 530 F.2d 1096 (2d Cir. 1976).
25. See id. at 1076. Numerous district court decisions have similarly acknowledged the rule but found it inapposite on the facts, there having been no predicate act of domestic infringement.
in its 1988 decision in *Update Art, Inc. v. Modiin Publishing, Ltd.*, the Second Circuit affirmed an award of profits earned from the reproduction of the plaintiff’s copyrighted poster in the magazine supplement to a widely circulated Israeli newspaper, *Maariv*, based on the inference that the initial infringing copy was made in the U.S. and exported to Israel.

Courts within the Ninth Circuit have also applied the *Sheldon* rule. The first to expressly do so was *Los Angeles News Service v. Reuters Television International, Ltd.* The plaintiff Los Angeles News Service (LANS) owned copyright in two videos which it licensed to NBC for broadcast. Simultaneously with its broadcast but without authorization from LANS, NBC transmitted the broadcast to Visnews, a joint venture of NBC, Reuters, and the British Broadcasting Corporation. Visnews made a copy of the broadcast and transmitted it to subscribers in Europe and Africa, as well as to the European Broadcasting Union (EBU) in New York; EBU, in turn, made a copy and transmitted it to Reuters in


26. *843 F.2d 67 (2d Cir. 1988).*

27. See id. at 73. This appears to be the first opinion that refers to initial domestic infringement as a “predicate act.” Id. (“As the applicability of American copyright laws over the Israeli newspapers depends on the occurrence of a predicate act in the United States, the geographic location of the illegal reproduction is crucial.”). The first reference to a “predicate-act doctrine” appears to be the U.S. Court of Appeals for the Fourth Circuit’s decision in *Tire Engineering*, discussed infra notes 48–51 and accompanying text.

28. 149 F.3d 987 (9th Cir. 1998). In an earlier decision holding that merely authorizing, from within the United States, the infringement of a copyrighted work abroad does not violate § 106 of the Copyright Act, the U.S. Court of Appeals for the Ninth Circuit had noted, without expressing judgment, the Second Circuit’s decisions in *Update Art, Stigwood*, and *Sheldon*. See *Subafilms, Ltd. v. MGM-Pathe Commc’ns Co.*, 24 F.3d 1088, 1094–95 (9th Cir. 1994) (en banc). One year later, the Ninth Circuit cited *Subafilms* for the proposition that “for U.S. copyright law to apply, at least one alleged infringement must be completed entirely within the United States,” and concluded that where an unauthorized video transmission was not completed until the signal was received in Canada, U.S. copyright law would not prohibit the defendants’ conduct (therefore not preempting the plaintiff’s state law claims). See *Allarcom Pay Television, Ltd. v. Gen. Instrument Corp.*, 69 F.3d 381, 387 (9th Cir. 1995). Finally, at least one district court within the Ninth Circuit had previously approved of the *Sheldon* rule, albeit in the course of finding that it did not apply on the facts because “none of defendants’ alleged infringing activities occurred in the United States.” See *Zenger-Miller, Inc. v. Training Team, GMBH*, 757 F. Supp. 1062, 1071–72 (N.D. Cal. 1991).


30. See *LANS, 149 F.3d at 990.*
Europe. The Ninth Circuit affirmed on liability, and for the first time expressly adopted the rule that a plaintiff “is entitled to recover damages flowing from exploitation abroad of the domestic acts of infringement committed by defendants.”

Two further doctrinal developments arose from the LANS litigation. First, the defendants argued that the Sheldon rule would permit plaintiffs to circumvent copyright’s three-year statute of limitations “by recovering damages for distribution abroad occurring many years after the infringing act in the United States.” In response, the court stated that “[a]n action must be ‘commenced within three years after the claim accrued,’” and that “[a] claim accrues when an act of infringement occurs, not when consequent damage is suffered,” such that “[a] plaintiff’s right to damages is limited to those suffered during the statutory period for bringing claims, regardless of where they may have been incurred.” On its face, this appears to mean that the plaintiff must commence its action within three years of the domestic predicate act (“when an act of infringement occurs”) and can recover any damages, domestic or foreign, resulting from that predicate act—but only if those damages are “suffered during the statutory period for bringing claims;” that is, within three years of the predicate act. The Ninth Circuit could have probably made this point a bit clearer, however, for the U.S. Court of Appeals for the Fourth Circuit has interpreted the opinion quite differently. As applied to the facts presented in LANS, the issue was irrelevant, since LANS’ claims appear to have been brought within three years of the domestic infringement.

Second, because the district court had rejected the Sheldon rule and awarded statutory damages for the domestic infringement only, the
Ninth Circuit remanded “for a new trial on actual damages.” 41 The Ninth Circuit conditionally vacated the statutory damages award, but stated that “LANS retains the right . . . to make an election before final judgment to recover statutory damages instead of actual damages and profits.” 42 On remand, however, the district court read Sheldon as permitting awards of the infringer’s profits only, 43 and in a subsequent appeal a Ninth Circuit panel affirmed this “narrow application . . . of the Sheldon exception to the general rule” 44 against extraterritorial application of U.S. copyright law:

In particular, the Sheldon constructive trust rationale includes a territorial connection . . . that preserves consistency with Congress's decision to keep the copyright laws—presumably including § 504, which prescribes remedies—territorially confined. Moreover, no rational deterrent function is served by making an infringer whose domestic act of infringement—from which he earns no profit—leads to widespread extraterritorial infringement, liable for the copyright owner's entire loss of value or profit from that overseas infringement, particularly if the overseas infringement is legal where it takes place. . . . Moreover, the resulting over-deterrence might chill the fair use of copyrighted works in close cases. 45

Since there were no foreign profits, and LANS was not allowed to seek actual damages (presumably, the royalty it otherwise would have earned) for the foreign exploitation, its recovery would be limited to the $60,000 statutory damages award for the domestic infringement. 46 In dissent, Judge Barry G. Silverman argued that the majority’s ruling was at odds with the prior panel decision, and that there was no logical basis

owner could elect “an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $500 or more than $20,000 as the court considers just.” See id. at 1282 (quoting 17 U.S.C. § 504(c)(1)). Since then, the statutory amounts have been increased to $750 and $30,000, but the text remains otherwise untouched. See 17 U.S.C. § 504(c)(1). As the text states, a plaintiff is entitled to only one statutory damages recovery for each infringed work, not multiple recoveries based on how often the defendant infringed that work. See Roger D. Blair & Thomas F. Cotter, An Economic Analysis of Damages Rules in Intellectual Property Law, 39 WM. & MARY L. REV. 1585, 1662 (1998) (stating, however, that this interpretation, while correct, creates perverse incentives for both plaintiffs and defendants).

41. See LANS, 149 F.3d at 995.
42. Id.
43. See L.A. News Serv. v. Reuters Television Int’l, Ltd., 340 F.3d 926, 928 (9th Cir. 2003).
44. Id. at 931–32.
45. Id. at 931 (citations omitted).
46. See id. at 928, 931–32.
for distinguishing between awards of extraterritorial damages and extraterritorial profits, where both are caused by domestic infringement.47

The next and last circuit court of appeals to adopt the Sheldon rule is the Fourth Circuit, in its per curiam opinion in Tire Engineering & Distribution, LLC v. Shandong Linglong Rubber Co.48 An employee of the plaintiff copied the blueprints for a type of tire used for mining vehicles, and shared them with the defendants, two foreign firms, which used them to make tires that competed with the plaintiff’s.49 The plaintiff filed suit for, among other things, copyright infringement and, prevailing on liability, was awarded $26 million in foreign profits attributable to the

47. *Id.* at 932 (Silverman, J., dissenting). Curiously, in a subsequent nonprecedential opinion, a Ninth Circuit panel affirmed a judgment that a plaintiff could recover actual damages for the reduction in value of its worldwide distribution rights stemming from act of domestic infringement. *See* Randles Films, LLC v. Quantum Releasing, LLC, 551 F. App’x 370, 370–71 (9th Cir. 2014).


49. *Tire Eng’g*, 682 F.3d at 298–99.
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infringement. The Fourth Circuit affirmed, expressly “join[ing] our sister circuits that have adopted the predicate-act doctrine.”

Aside from its adoption of the predicate-act doctrine, however, Tire Engineering is an odd decision for two reasons. The first stems from § 113(b) of the Copyright Act, which states that the Act “does not afford, to the owner of copyright in a work that portrays a useful article as such, any greater or lesser rights with respect to the making, distribution, or display of the useful article so portrayed than those afforded to such works under the law . . . in effect on December 31, 1977.” The legislative history of the Act clarifies that this obscurely written provision means that “copyright in a pictorial, graphic, or sculptural work, portraying a useful article as such, does not extend to the manufacture of the useful article itself.” Thus, while Tire Engineering (and a few other cases) have awarded damages or profits based on the defendant’s exploitation of an uncopyrightable useful article, the construction of which was enabled by the defendant’s unlawful copying of blueprints, this de facto extension of the scope of copyrightable subject matter is inconsistent with the text and history of § 113(b). Both the text and history indicate that merely using copyrighted blueprints to make the article the blueprint (a pictorial or graphic work) depicts would not constitute an infringement of the copyright in that pictorial or graphic work. This Article returns to this issue in Section III.C below.

50. Id. at 300.
51. Id. at 308.
52. 17 U.S.C. § 113(b).
55. See, e.g., 2 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 3:105 (rev. ed. 2020), Westlaw; 1 MELVILLE W. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2A.12 (rev. ed. 2019); see also 5 id. § 17.02 n.13 (noting that the facts of Tire Engineering “presented no predicate act of infringement within the United States”).
56. Reproducing the pictorial or graphic work in, say, paper copies or computer files, on the other hand, would be an act of infringement, absent a valid defense. See 17 U.S.C. § 101 (defining “copies” as “material objects . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device”); id. § 106(1) (stating that, subject to exceptions, the copyright owner has the exclusive right “to reproduce the copyrighted work in copies”). In addition, depending on the facts, the defendant could be infringing the copyright, if any, in the design of the useful article itself. See id. § 101 (stating that “[t]he design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural
Second, the defendants argued that, because the only act of domestic infringement had occurred more than three years prior to filing the complaint, the plaintiff could not recover any foreign profits enabled by that infringement. The Fourth Circuit rejected this argument, stating:

Absent the predicate-act doctrine, a defendant could convert a plaintiff’s intellectual property in the United States, wait for the Copyright Act’s three-year statute of limitations to expire, and then reproduce the property abroad with impunity. Such a result would jeopardize intellectual property rights and subvert Congress’s goals as engrafted on to the Copyright Act. But lest the doctrine lead to a windfall for plaintiffs and force a defendant to face liability for stale claims, plaintiffs may collect only those damages “suffered during the statutory period for bringing claims, regardless of where they may have been incurred.”

Thus, under Fourth Circuit law, it seems that the defendant can recover extraterritorial profits earned within three years of filing the complaint, even if the only predicate act of domestic infringement occurred more than three years before. For reasons stated above, this is probably not what the sentence the Fourth Circuit lifted from the LANS opinion actually meant. Moreover, for reasons discussed below in Section III.C, it is almost surely wrong.

To date, no other court of appeals has adopted the predicate-act doctrine, though several district courts within other circuits have; and

features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article”); Star Athletica, L.L.C. v. Varsity Brands, Inc., 137 S. Ct. 1002, 1016 (2017) (holding “that an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article”). Or, if the blueprints depict a copyrightable architectural work, the use of the blueprints to construct a building would infringe the copyright in the architectural work. See 17 U.S.C. § 101 (stating that “[a]n ‘architectural work’ is the design of a building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings”).

58. Id. at 308 (quoting L.A. News Serv. v. Reuters Television Int’l, Ltd., 149 F.3d 987, 992 (9th Cir. 1998)).
59. See supra text accompanying notes 35–37.
60. See infra notes 179–81 and accompanying text.
no U.S. courts have rejected it. It may come as a bit of a surprise, then, to learn that two of the three principal U.S. copyright treatises are critical of the doctrine, albeit for different reasons. Goldstein on Copyright simply questions whether Judge Hand’s “constructive trust” rationale survives the 1976 Copyright Act, stating that:

[A] dictum from the United States Supreme Court, that the only remedies for copyright infringement are those prescribed by Congress, may challenge this result. Because constructive trusts are the product of state law, section 301 of the Copyright Act—which preempts all state-created rights, legal or equitable, that are equivalent to copyright and that attach to the subject matter of copyright—may also undermine this result.62

By contrast, Patry on Copyright is harshly critical, referring to the award of profits in Sheldon as “a significant and significantly erroneous departure from basic principles;”63 Judge Hand’s constructive trust rationale as “farfetched,”64 “sophistry,”65 and “hooha;”66 and the predicate-act doctrine as an affront to prescriptive comity67 and contrary to the presumption that U.S. laws do not apply extraterritorially.68 Patry also refers to the Fourth Circuit’s opinion in Tire Engineering as having


62. 3 PAUL GOLDSTEIN, COPYRIGHT § 14.0 (3d ed. 2020) (citation omitted).
63. 7 PATRY, supra note 55, § 25:89.
64. Id.
65. Id.
66. Id. at n.2.
67. See id. § 25:90 (stating that “harm is done to international relations by divesting foreign courts and legislatures over the right to determine the appropriate amount and type of damages, and harm is done to defendants, who may be required to pay greater damages than would be assessed had the case been brought under the laws of the proper jurisdiction,” and that “[i]t is certainly against principles of comity to willy-nilly award a plaintiff remedies against a foreign defendant that would not be imposed in the defendant's country of origin”); id. § 25:92 (referring to the predicate-act doctrine as “a dangerous separation of powers violation”).
68. See id. § 25:89 (“[I]t is not only legal causes of action that are not extraterritorial under the Copyright Act all elements of those cases of action, including equitable remedies, are nonextraterritorial.”).
gone “way, way off the deep end.” 69 While this Article does not agree with his critique of the predicate-act doctrine generally, his objections to the court’s de facto extension of copyright to useful articles and its holding regarding the statute of limitations are spot-on, as discussed in greater detail below. 70

II. CAUSE-IN-FACT AND NONINFRINGEMENT ALTERNATIVES

In a companion article, I argued that the Supreme Court correctly decided WesternGeco v. ION, and that both as a matter of doctrine and policy courts should award damages for extraterritorial losses caused by domestic infringement, subject to three limitations. 71 This Part briefly recaps that analysis and argues that its logic extends to copyright as well. Section II.A summarizes the WesternGeco decision and explains why courts should consider extraterritorial consequences of domestic patent infringement to be cognizable harms, subject to the three limiting principles of cause-in-fact, proximate cause, and the single-recovery rule. Section II.B extends the analysis to copyright. Part III then will explain, however, how courts occasionally have failed to apply the limiting principles (in particular, cause-in-fact), or otherwise have gone astray, in the copyright realm.

A. WesternGeco and Its Impact on Extraterritorial Damages in Patent Law

As a general matter, U.S. patents, like U.S. copyrights, are territorial: a U.S. patent is enforceable in the United States but not in Canada, and vice versa. 72 Nevertheless, for well over a century, U.S. courts had

69. Id. § 25:92.50. The third major treatise, Nimmer on Copyright, is also critical of Tire Engineering for its extension of copyright to useful articles, as noted supra note 56, but it does not critique the predicate-act doctrine itself.

70. See supra notes 52–60 and accompanying text; infra notes 176–81 and accompanying text. At times, Patry’s discussion seems a bit confused. In the course of discussing Update Art, Patry refers to the predicate-act doctrine as “essentially an unarticulated application of contributory infringement: If the predicate act is itself noninfringing, as by definition it must be, how can it form the basis for subject matter jurisdiction in U.S. federal courts whose jurisdiction is limited by statute to adjudicating acts of infringement of Title 17?” 7 PATRY, supra note 56, § 25:90. As previously discussed, however, the predicate-act doctrine comes into play only if there is an infringing predicate (that is, antecedent) act within the United States. See supra notes 23–32 and accompanying text.

71. See generally Cotter, supra note 10.

72. See Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 442–44 (2007) (holding that “Microsoft’s liability [does not] extend to computers made in another country when loaded with Windows software copied abroad from a master disk or electronic transmission dispatched by Microsoft from the United States”); Brown v. Duchesne, 60 U.S. 183, 195–97 (1856) (“[T]he
awarded compensation for extraterritorial losses (or reflecting extraterritorial gains to the infringer) resulting from a domestic act of patent infringement. The Federal Circuit, which hears all appeals in patent infringement actions, temporarily abandoned this policy in the 2010s, when it decided a trilogy of cases interpreting the territorial scope of patent rights as precluding damages for losses suffered abroad. The patent owner in one of these cases filed a petition for a writ of certiorari, which ultimately led to the Supreme Court’s decision in *WesternGeco*.

The fact pattern in *WesternGeco* was a bit unusual, as patent cases go. The plaintiff owned a patent on a system used for surveying the ocean floor, which it practiced for paying customers on the high seas (that is, outside U.S. borders). The defendant, ION, made components used in practicing the system in the United States, and then shipped them to customers overseas, who assembled them and practiced the system in competition with WesternGeco at sea. WesternGeco could not sue the customers for infringing, because of the territorial nature of patent rights, so it did the next best thing: sued ION for supplying the components to the customers, in violation of a little-used provision of the Patent Act that forbids the export of components from the U.S. for combination outside U.S. borders. WesternGeco prevailed on liability, but the question remained whether it could recover its lost profit on sales it would have

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73. Until 1946, U.S. courts sometimes would award the infringer’s profit, rather than the plaintiff’s lost profit or a reasonable royalty, as a remedy for patent infringement. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 505 (1964) (noting that the 1946 amendment to the Patent Act was “precisely to eliminate the recovery of [the infringer’s] profits”). Disgorgement of the infringer’s profit remains an available remedy for design patent infringement and for other forms of I.P. in the U.S., and for utility patents elsewhere (but not in the United States). *See Cotter, supra* note 10, at 8 n.33.

74. *See Cotter, supra* note 10, at 8–10 (citing cases).

75. *See Carnegie Mellon Univ. v. Marvell Tech. Grp.,* 807 F.3d 1283, 1306 (Fed. Cir. 2015) (“Where a physical product is being employed to measure damages for the infringing use of patented methods, we conclude, territoriality is satisfied when and only when any one of those domestic actions for that unit (e.g., sale) is proved to be present, even if others of the listed activities for that unit (e.g., making, using) take place abroad.”); *WesternGeco LLC v. ION Geophysical Corp.*, 791 F.3d 1340, 1349–52 (Fed. Cir. 2015) (concluding that lost profits cannot be awarded for infringing services performed abroad), *rev’d*, 138 S. Ct. 2129 (2018); *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348, 1370–72 (Fed. Cir. 2013) (holding that the jury’s award of damages based on worldwide sales was contrary to law).


77. *See id.* at 2135.

78. *See id.*

made to ION’s customers, outside the United States, but for the infringement.80

The Supreme Court concluded that it could, notwithstanding the presumption that U.S. statutes do not apply extraterritorially.81 Writing for the majority, Justice Clarence Thomas stated that, to evaluate questions of extraterritoriality, the Court applies a two-step framework.82 The first step asks whether the statute at issue provides a “clear indication” rebutting the presumption against extraterritoriality.83 If not, then the second step “asks ‘whether the case involves a domestic application of the statute.’”84 This step involves “identifying the statute’s focus”—“the object of its solicitude, which can include the conduct it seeks to regulate, as well as the parties and interests it seeks to protect or vindicate”—and “asking whether the conduct relevant to that focus occurred in United States territory.”85 If so, “‘then the case involves a permissible domestic application’ of the statute, ‘even if other conduct occurred abroad.’”86 Skipping the first step, the Court concluded that the focus of § 284 of the Patent Act, which states that “the court shall award the claimant damages adequate to compensate for the infringement,”87 is “the infringement,” and that in a case involving a violation of § 271(f), the infringing conduct the statute regulates is the export of components from the United States.88 The “focus” therefore is on domestic conduct, and the award of extraterritorial damages resulting from that conduct was “a domestic application of § 284.”89

Since WesternGeco, there has been a trickle of lower court litigation addressing the issue of whether the reasoning in that decision extends to cases in which the defendant makes, uses, or sells the invention in the United States, in violation of (the much more commonly invoked) § 271(a), and in doing so causes the patentee to lose sales abroad.90 So far, the majority of courts have held that it does.91 In the companion

80. See WesternGeco, 138 S. Ct. at 2134–36.
81. See id. at 2136, 2139.
82. See id. at 2136 (citing RJR Nabisco, Inc. v. Eur. Cmty., 136 S. Ct. 2090, 2101 (2016)).
84. Id. (quoting RJR Nabisco, 136 S. Ct. at 2101).
85. Id. at 2136–37 (cleaned up) (first quoting RJR Nabisco, 136 S. Ct. at 2101; then quoting Morrison, 561 U.S. at 267).
86. Id. at 2137 (quoting RJR Nabisco, 136 S. Ct. at 2101).
89. See id. at 2138.
90. See Cotter, supra note 10, at 18–20 (discussing the case law).
article, I argued that these decisions are correct as a doctrinal matter, both because no other interpretation of *WesternGeco* makes much sense, and because this result conforms contemporary patent law to pre-Federal-Circuit case law dating back to the nineteenth century. I also argued that, as a matter of policy, allowing patent owners to recover damages for extraterritorial losses caused by domestic infringement is consistent with general tort law, which allows the recovery of the lost wages or profits a victim would have earned in a foreign country but for an injury suffered in the United States. It is further consistent with other situations in which patent law permits the recovery of losses to unprotected subject matter that are caused by the infringement of protected subject matter. In addition, and contrary to the opinion of some scholars, such recoveries do not undermine other countries’ sometimes conflicting policy choices (for example, regarding what type of subject matter is patentable or what kinds of remedies courts should award) because U.S. courts are not holding that foreign conduct violates U.S. patent law, or adjudicating any foreign rights, but rather only deciding the consequences for an act of domestic infringement.

In addition, however, the companion article argued that U.S. courts should apply three important limiting principles in awarding such damages for extraterritorial losses. The first is that courts should award such damages only when the cause-in-fact of the foreign loss is domestic infringement. Although this requirement sounds trivially obvious, one long-standing (and nonobvious) application of the cause-in-fact principle in U.S. patent law is that, where the plaintiff would have suffered the same loss in the counterfactual world in which the defendant avoided infringing by using the best available non-infringing alternative to the patented technology, the plaintiff’s loss is not caused by the infringement. Therefore, when the defendant could have avoided

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93. See id. at 24–28.
94. See id. at 31–34 (noting, for example, that a patent owner may recover damages for profits he would have earned on sales of complementary products, or on post-patent expiration sales of the patented product, absent an infringement during the patent term).
95. See id. at 24–31.
96. See id. at 35–39. The *WesternGeco* Court did not address this or the other limiting principles discussed in the text above.
97. See id. (citing Grain Processing Corp. v. Am. Maize-Prods. Co., 185 F.3d 1341, 1350–53 (Fed. Cir. 1999)); see also Stephen Yelderman, *Damages for Privileged Harm*, 106 VA. L. REV. 1569, 1582 (2020) (noting that “a patent holder seeking lost profits must contend with the argument that a defendant who sold an infringing product could have made the same sales with a non-infringing product”). More generally, Yelderman argues that in some legal contexts courts
infringing the U.S. patent by outsourcing his otherwise infringing manufacture to another country (where U.S. patent law would not apply, given the presumption against extraterritoriality), the plaintiff’s alleged loss of foreign sales is not caused by the domestic infringement. 98 At most, the plaintiff should recover a royalty reflecting some portion of the value to the defendant of having avoided outsourcing (such as lower costs, or a more highly skilled domestic work force). 99

Second, courts should apply the doctrine of proximate cause to deny the plaintiff a recovery for losses which, though caused in fact by the domestic infringement, are nevertheless too remote (unforeseeable, speculative, and indirect). 100 An example is where an act of domestic infringement enables the defendant to make some initial sales abroad, which in turn stimulates foreign demand for additional foreign-produced goods. 101

Third, the companion article argued that courts should apply the traditional “single recovery” rule to prevent a plaintiff who owns corresponding patents in the U.S. and abroad from obtaining a duplicative recovery, in the U.S. and another country, for the very same loss. 102 By way of example, consider a recent Canadian decision in which the defendant made infringing products in Canada and then sold some of them in the U.S., where the patentee owned a corresponding U.S. patent. 103 Applying the single-recovery rule, the Canadian court reduced the award accruing for infringement of the Canadian patent by the amount the U.S. court already had awarded for the very same sales. 104

reduce a plaintiff’s damages award in the amount the defendant could have caused the plaintiff to suffer by lawful means—and that intellectual property is one such context, because IP laws “are a tailored exception to a general policy of free competition,” such that “infringers often would have had other ways to harm a plaintiff’s business without triggering liability at all.” Id. at 1602. By contrast, in some other areas of law including defamation and antitrust, courts may be justified in not considering the defendant’s ability to have engaged in such “privileged harm,” perhaps because the amount predictably would be low, or because plaintiffs otherwise would be left with no remedy or defendants inadequately deterred. See id. at 1602–27.

98. See Cotter, supra note 10, at 37.
99. See id.
100. See id. at 41.
101. See id. at 41–42 (responding to a hypothetical posed by Justice Neil M. Gorsuch in dissent in WesternGeco).
102. See id. at 42–44.
103. See id. at 12.
B. Extending the Analysis to Copyright

Copyright’s predicate-act doctrine seems consistent with WesternGeco’s two-step framework. As in WesternGeco, the analytical starting point would be the statutory provision that, analogous to Patent Act § 284, authorizes courts to award monetary relief for infringement. In the Copyright Act, this is § 504, which in relevant part reads:

(a) Except as otherwise provided by this title, an infringer of copyright is liable for either—

(1) the copyright owner’s actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.105

The “infringer,” in turn, would be a person who violates any of the provisions of § 106,106 § 106A,107 or § 602.108 Except for § 602, none of

105. 17 U.S.C. § 504(a)–(b). Section 504(c)(1) states:

[T]he copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $750 or more than $30,000 as the court considers just.

Id. § 504(c)(1). Section 504(c)(2) allows courts to increase the amount statutory damages, up to $150,000, for willful infringement, or to decrease it to as little as $200 for innocent infringement. Id. § 504(c)(2). Subject to some exceptions, however, courts may award statutory damages only if the copyright owner timely registered its claim to copyright. See id. § 412.

106. See id. § 106 (conferring, subject to exceptions, exclusive rights “to reproduce the copyrighted work in copies or phonorecords;” “to prepare derivative works based upon the copyrighted work;” “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;” “to perform the copyrighted work publicly,” “to display the copyrighted work publicly,” and “in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission”).

107. See id. § 106A(a) (conferring upon qualifying authors of works of visual art, subject to exceptions, rights of attribution and integrity); see also id. § 1202(b)(1) (making it unlawful to “intentionally remove or alter any copyright management information”).

108. See id. § 602 (conferring, subject to exceptions, rights against “[i]mportation into the United States . . . of copies or phonorecords of a work that have been acquired outside the United States,” and against importation into, or exportation from, the United States, “of copies or phonorecords, the making of which either constituted an infringement of copyright, or which would have constituted an infringement of copyright if this title had been applicable”).
these provisions explicitly limit their application to acts occurring within the United States—though as noted previously, courts have long understood these provisions as applying only to domestic conduct.109 Applying the first step of the *WesternGeco* framework, it seems doubtful that a court would find any “clear indication” of congressional intent to apply § 504 to extraterritorial conduct.110 As in *WesternGeco* itself, however, a court could go directly to step two, which requires identifying the “focus” of the statute and asking “whether the conduct relevant to that focus occurred in United States territory.”111 Assuming further that, analogous to *WesternGeco*, the “conduct relevant” to the damages provision is the conduct that renders the defendant “an infringer,”112 that conduct would be domestic conduct. It would seem to follow, then, that a court could award all damages legally caused by such an act of domestic infringement, “even if other conduct occurred abroad.”113

This result also makes sense as a matter of policy, though—as in the patent sphere—only if courts correctly apply traditional standards of legal causation. In this regard, however, problems could arise because there are very few copyright cases applying the noninfringing-alternatives concept—and at least a couple of cases holding that the concept does not apply to awards of infringer’s profits.114 In an earlier proceeding in *Oracle America, Inc. v. Google Inc.*,115 for example—a case recently decided by the U.S. Supreme Court on fair use grounds116—the district court addressed the issue of possible damages in the event Google’s use was infringing, stating that:

> The calculation of lost profits necessarily turns on thought experiments that consider what the world would look like if Google had not infringed. Thus, consistent with *Altai*, Google may offer testimony regarding non-infringing alternatives to meet Oracle's claim for lost profits (and similarly its claim of market harm in the context of the fourth fair use factor).117

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109. See *supra* text accompanying note 1.
111. See *id*.
112. See *id*.
113. *Id.* at 2137 (quoting RJR Nabisco, Inc. v. Eur. Cmty., 136 S. Ct. 2090, 2101 (2016)).
Nevertheless, with regard to the infringer’s profits, the district court stated:

The idea behind Section 504(b) is to hand over to the copyright owner the actual profits made by the infringer using his copyrighted work. If a copyright infringer could avoid disgorgement by claiming he could have substituted some non-infringing alternative, the infringer would rarely be discouraged from infringing and the purpose of the disgorgement remedy would be eviscerated. Indeed, the remedy of disgorgement would rarely exceed the simple cost of a license (the clearest alternative to infringement), the recovery of which is already available to a copyright owner through the distinct remedy of actual damages. The law cannot be read to permit an infringer to short circuit the disgorgement analysis in this manner.118

With all due respect to the court, however, the distinction it makes—between an award of the plaintiff’s own lost profits and the defendant’s profits attributable to the infringement—does not make much sense, either doctrinally or as a matter of policy. Doctrinally, the statute permitting disgorgement of profits states that the copyright owner is entitled to “any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.”119 As Professors Samuelson, Golden, and Gergen noted in a recent article, “[i]n principle, this should be no more than the profit for which the infringement was more likely than not a but-for cause” (though they also note that, in practice, the rules are more expansive insofar as they require the defendant to “prove deductible expenses and a basis for apportionment”).120 Still, under any sort of but-for causation analysis, the defendant’s ability to earn a similar profit by using a noninfringing alternative should be just as relevant in this context as it is when the plaintiff seeks an award of her own lost profit. More specifically, when the defendant’s use of a noninfringing alternative would have enabled her to make the same number of sales (and to earn the same profit) as she did with the infringing subject matter, the infringement has not actually caused the plaintiff to suffer any loss (or the defendant any gain) that

118. Id. at *4; see also Comput. Assocs. Int’l, Inc. v. Altai, Inc., 775 F. Supp. 544, 571 (E.D.N.Y. 1991) (explaining that “the statutory purpose of the profits factor of damages . . . is to deprive the infringer of any extra benefits it receives that are attributable to the forbidden conduct”), vacated in part on other grounds, 982 F.2d 693 (2d Cir. 1992).


otherwise would not have occurred.\(^{121}\) Alternatively, where the defendant
would have made the same number of sales but at a lower profit because
the infringement enabled her to produce goods at lower cost—or where
she would have made fewer sales because some consumers prefer the
infringed work—it is only that incremental loss to the plaintiff or
incremental gain to the defendant that should matter.\(^{122}\) Indeed, U.S.
courts have long recognized these principles in the patent law context,
where they began employing the noninfringing-alternatives concept to
establish the amount of the infringer’s profit attributable to the
infringement.\(^ {123}\) It was only later that they began applying it to determine
the number of sales, if any, the defendant took from the plaintiff (which
is relevant to establishing the plaintiff’s own lost profit)\(^ {124}\) and to
calculate reasonable royalties\(^ {125}\) (which, typically, are some portion, less
than 100\%, of the value the defendant expected to earn by using the
infringed technology in preference to the best available noninfringing
alternative).\(^ {126}\)

Further, as a matter of economic logic, the noninfringing-alternatives
concept is relevant to all three types of monetary recovery, because to
award more than the incremental loss or gain would result in
overcompensation relative to the social value of its intellectual

\(^{121}\) For discussion of this point, see Cotter, supra note 10, at 35–39.

\(^{122}\) See id.

614–15 (1912); Yale Lock Mfg. Co. v. Sargent, 117 U.S. 536, 548–53 (1886); Black v. Thorne,
111 U.S. 122, 123–24 (1884); Mowry v. Whitney, 81 U.S. 620, 651–53 (1871); Suffolk Co. v.
Hayden, 70 U.S. 315, 320 (1865).

\(^{124}\) In fact, the earliest case in which a U.S. court made the explicit connection between an
award of the plaintiff’s own lost profits and the availability to the defendant of noninfringing
alternatives may be Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1156 (6th
Cir. 1978) (stating that “[t]o obtain as damages the profits on sales he would have made absent
the infringement, i.e., the sales made by the infringer, a patent owner must prove . . . absence of
acceptable non-infringing substitutes”). This may be attributable to the fact that, prior to a 1946
amendment that eliminated awards of defendants’ profits in patent infringement cases, patentees
often sought such awards and courts sometimes viewed them as an approximation of the plaintiff’s
own lost profits. See, e.g., 3 WILLIAM C. ROBINSON, THE LAW OF PATENTS FOR USEFUL
INVENTIONS § 1062, at 344 n.7 (1890).

\(^{125}\) See, e.g., Union Carbide Corp. v. Graver Tank & Mfg. Co., 282 F.2d 653, 669–72 (7th
Cir. 1960).

\(^{126}\) See Thomas F. Cotter, Four Principles for Calculating Reasonable Royalties in Patent
Infringement Litigation, 27 SANTA CLARA COMP. & HIGH TECH. L.J. 725, 740 n.69 (2011). In
stating that “the remedy of disgorgement would rarely exceed the simple cost of a license,”
because a license is “the clearest alternative to infringement,” Oracle Am., Inc. v. Google, Inc.,
No. C 10-03561, 2016 WL 1743154, at *4 (N.D. Cal. May 2, 2016), the Oracle court appears not
to comprehend this point.
property. By definition, this amount cannot be more than the value of the infringing subject matter over the best available noninfringing alternative. There is also no reason, in principle, why the above analysis should be any different when the subject matter at issue is a copyrighted work of authorship rather than a patented invention. In both cases, the economic value of the property cannot exceed its value over the best available noninfringing alternative.

To be sure, as a practical matter it may be extremely difficult, in the typical copyright case, to determine with any degree of confidence exactly what that value is. Consider once again, for example, the facts of *Sheldon v. Metro-Goldwyn Pictures Corp.* Judge Hand’s conclusion that one-fifth of the net profits from *Letty Lynton* were attributable to the infringing use of material from *Dishonored Lady* was, by his own admission, at best an educated guess. But as difficult as it was in that case to make some sort of principled apportionment, it is even harder to imagine a court constructing some hypothetical but-for world in which the defendants used something other than *Dishonored Lady* as the inspiration for a film, and then deducting the hypothetical profits earned from this hypothetical film from the actual profits derived from the actual film. Perhaps this difficulty explains why the noninfringing-

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127. See Thomas F. Cotter et al., *Reasonable Royalties, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS* 6, 19 (C. Bradford Biddle et al. eds., 2019) (noting “a widespread consensus among innovation economists and lawyers that the social value of a technology is its incremental value over the next best alternative, and that the economic value of a patented technology to an implementer is the (actual or expected) profit or cost saving the implementer derives from the use of the patented technology over the next best available non-infringing alternative”).

128. See id.


130. 106 F.2d 45 (2d Cir. 1939), aff’d, 309 U.S. 390 (1940).

131. See id. at 51 (stating that “[i]n cases where plaintiffs fail to prove their damages exactly, we often make the best estimate we can, even though it is really no more than a guess,” while also noting that “[i]t is not our best guess that must prevail, but a figure which will favor the plaintiffs in every reasonable chance of error,” before concluding that “[w]ith this in mind we fix their share of the net profits at one fifth”).

132. But see McGowan, supra note 129, at 14 (stating that “[i]n a case like *Sheldon*, where the defendant paid no incremental cost for rights, the profits [attributable to the infringement] would be the amount the defendant would have paid for rights to a comparable work,” while conceding that “[o]ne cannot compare rigorously the fraction of profits generated by the stars of
alternatives concept has had such little impact in copyright law, despite the central role it plays in the law of patent damages.

Nevertheless, these difficulties are not necessarily intractable. To be sure, as noted above, the statute places on the defendant the burden of coming forward with evidence on apportionment;\textsuperscript{133} so, unless the defendant can present competent evidence of what his profit would have been had he substituted a noninfringing alternative, the court would still award the entire profit the defendant earned minus those portions attributable to other features of the defendant’s work. As a result, in many copyright cases the noninfringing alternatives may have little practical bite. But there are at least two situations in which it clearly would. The first is in cases involving functional subject matter such as software (like \textit{Oracle v. Google}\textsuperscript{134}) for which, as in patent litigation, there may be market substitutes that can be used to compare and quantify the advantage the defendant gained from using the plaintiff’s work instead of the substitute.\textsuperscript{135} The second, central to the topic of this Article, is that in some cases involving extraterritorial use of a copyrighted work, the defendant could have engaged in precisely the same extraterritorial conduct without having committed any predicate act of domestic infringement. More specifically, the evidence may show that the defendant could have first acquired a lawfully made copy in the U.S., then taken it to another country for subsequent exploitation there. In such a case, the availability of the noninfringing alternative of acquiring a lawfully made copy in the United States breaks the causal chain between the defendant’s (actual) domestic infringement and its subsequent extraterritorial use of the work, for which the predicate act of domestic infringement was unnecessary.\textsuperscript{136} Alternatively, the evidence might show

a movie as compared to the fractions, if any, generated by sets, costumes, or the outlines of the story itself”).

\textsuperscript{133} See supra text accompanying note 120.


\textsuperscript{135} See, e.g., id. at *1–3 (discussing Google’s expert’s analysis of the impact on noninfringing alternatives on disgorgement damages).

\textsuperscript{136} This assumes that the defendant’s importation of the work into another country, by itself, does not violate the other country’s copyright laws. Cf. 17 U.S.C. § 602(a)(3)(B) (stating that § 602(a) is not violated if “[i]mportation or exportation, for the private use of the importer or exporter and not for distribution, by any person with respect to no more than one copy or phonorecord of any one work at any one time, or by any person arriving from outside the United States or departing from the United States with respect to copies or phonorecords forming part of such person’s personal baggage”). If for some reason the importation standing alone does violate the other country’s law, then as discussed in Part III the noninfringing (from the U.S. perspective) alternative of importing a lawfully made copy of the work into that country would not be a cognizable noninfringing alternative. See infra notes 165–69 and accompanying text.
that the defendant could have acquired a lawfully made copy outside the United States—and then used that copy to make additional copies or derivatives outside the United States. This would, again, break any necessary connection between the actual domestic infringement and the subsequent exploitation of the work abroad. Under either scenario, the defendant would have deprived the plaintiff of the same number of subsequent foreign sales, without any violation of U.S. law, and the plaintiff’s award for the domestic infringement alone should be limited to the benefit the defendant derived from avoiding these alternatives.

In short, awarding the copyright owner profits that the defendant would have earned even if she had not infringed the U.S. copyright (or, alternatively, awarding the owner lost profits on sales she never would have made absent the infringement) systematically renders copyright owners better off, and infringers worse off, than they would have been absent the infringement. To be sure, there may be circumstances in which it is appropriate to award supracompensatory monetary relief for infringement (for example, to deter infringements that are difficult to detect); but awards that are systematically overcompensatory reward intellectual property owners out of proportion with their contributions to their fields at the expense of consumers and users. (One might also argue, in the present context, that compensating owners for extraterritorial harms that would have occurred absent the domestic infringement in some sense does extend extraterritorial application of U.S. copyright law.) In contrast, courts can avoid such overcompensation by limiting the predicate-act doctrine to cases in which, for lack of a noninfringing alternative, a predicate act of domestic infringement really was the but-for cause of the defendant’s extraterritorial exploitation of the plaintiff’s work. Part III elaborates on these points by way of examples drawn from the case law and responds to some possible

137. A third possibility is that the defendant might have been able to engage in the identical predicate act outside of the United States (for example, by outsourcing production of the initial unauthorized copy or copies), and then used that initial foreign-made copy to make additional copies or derivatives. As discussed in Part III, however, this Article concludes that this noninfringing (from the U.S. perspective) alternative should not “count” for purposes of the analysis. See infra notes 165–69 and accompanying text.


139. See, e.g., Colleen V. Chien et al., Enhanced Damages, Litigation Cost Recovery, and Interest, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS, supra note 128, at 90, 97–99 (discussing rationales for enhanced damages).

140. See Norman V. Siebrasse & Thomas F. Cotter, The Value of the Standard, 101 MINN. L. REV. 1159, 1189–90 (2017) (discussing, in the context of patent law, how overcompensating owners above the value of their contributions to the art poses both static and dynamic efficiency harms). As noted in Part III.E, however, it may be appropriate for a U.S. court to adjudicate, and award monetary relief for, claims arising from the defendant’s violation of foreign copyright law.
critiques. With respect to possible critiques, Part III argues that there is no corresponding risk of undercompensation when applying the predicate-act doctrine in accordance with the preceding analysis, as long as U.S. courts are receptive to exercising their statutory authority to adjudicate copyright infringement claims arising under foreign law, where appropriate.

III. EXAMPLES

Part II argued that courts deciding copyright infringement cases have wrongly ignored the relevance of noninfringing alternatives to the calculation of damages or profits. This Part argues that proper application of the noninfringing-alternatives concept would have led to a different result in some of the predicate-act cases litigated to date. Part III begins by setting out two premises that are crucial to the proper application of the concept and then proceeds to reexamine the leading cases, before concluding with responses to potential counterarguments.

A. Two Premises

Two premises undergird this Part’s analysis of the cases discussed in Part I. The first is that the defendant should have the burden of coming forward with evidence that he could have employed a “cognizable” noninfringing alternative. The second is that U.S. courts have the authority to consider whether the defendant’s actual or hypothetical conduct would infringe under foreign copyright law. This section clarifies these premises; their practical importance will become apparent in Sections III.B–E below.

To understand the first premise, recall that when a copyright owner seeks to recover the defendant’s profits from the infringement, the defendant has the burden of proving any “deductible expenses and a basis for apportionment.” More specifically, as one court has put it:

[T]he plaintiff must meet only a minimal burden of proof in order to trigger a rebuttable presumption that the defendant’s revenues are entirely attributable to the infringement; the burden then shifts to the defendant to demonstrate what

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141. In other situations, traditional proximate causation principles and the single-recovery rule also might play a role in limiting the recovery of damages or profits for extraterritorial sales. See infra text accompanying notes 174–75.

142. This Article’s use of the word “cognizable” is explained infra in the text accompanying notes 165–69.

143. Samuelson et al., supra note 120, at 2007.
portion of its revenues represent profits, and what portion of its profits are not traceable to the infringement.144

As Patry notes, the standard reasons for shifting the burden to the defendant include the following:

First, as a policy matter, a wrongdoer should not benefit from any ambiguities about the extent of its infringement. Second, as an economic matter, an infringement may well permit a defendant to make a higher level of profit than it would have absent the infringement since the infringement likely allowed defendant to save numerous development costs. Finally, defendant has the best information about the effects of its own conduct.145

Therefore, if the plaintiff has come forward with sufficient evidence, under existing case law, to trigger the presumption of causation without consideration of any possible noninfringing alternatives, the burden should shift to the defendant to come forward with any evidence of such alternatives as part of its overall burden of proving apportionment. In particular, the defendant normally will, as Patry states, have “the best information about the effects of its own conduct”146—specifically, how (if at all) she could have exploited the work outside the United States without committing a predicate act of U.S. infringement. Similarly, although the copyright plaintiff bears the general tort-law burden of proving causation and proximate cause to recover actual damages,147 this


145. 6 Patry, supra note 56, § 22:121 (citation omitted).


147. See Data Gen. Corp., 36 F.3d at 1170–71 (stating that, consistent with “familiar tort law principles of causation and damages,” “the plaintiff should first establish that the infringement was the cause-in-fact of its loss by showing with reasonable probability that, but for the defendant’s infringement, the plaintiff would not have suffered the loss,” and that “the infringement was a proximate cause of its loss by demonstrating that the existence and amount of the loss was a natural and probable consequence of the infringement”); see also 6 Patry, supra note 56, § 22:101 (explaining that “plaintiff bears the burden of establishing a causal connection
rationale would also weigh in favor of allocating to the defendant the burden of proving that she could have deprived the plaintiff of the same foreign sales by means of a noninfringing alternative—especially where this entails proof of foreign law.

The second premise is that U.S. courts have the authority not only to determine the content of foreign copyright law, but also to adjudicate copyright infringement claims arising under foreign law when necessary. Thus, a U.S. court can take evidence on whether a hypothetical alternative that is noninfringing purely from the perspective of U.S. law would infringe under corresponding foreign law—a matter of some importance, as discussed below.

B. Update Art

Consider first, by way of example, the facts of Update Art, Inc. v. Modiin Publishing, Ltd. The work at issue in that case, a photomontage created by Artist Alfred Gescheidt and titled “Ronbo,” mimicked Actor Sylvester Stallone’s “Rambo” character by superimposing then-President Ronald Reagan’s head “on a bare-chested muscular man’s body wearing dog tags and carrying a machine-gun in a jungle setting.” According to the defendants, “an editor of the magazine section observed the poster ‘on an office wall’; he thought the poster would be a good illustration for an article and had a photographer photograph it.” The parties disputed where this initial reproduction took place, but the court credited the plaintiff’s allegation that it occurred in New York rather than Israel. Apparently, then, the defendants exported the photo to Israel, where they included “full-page, full-color reproduction[s]” of it in the magazine supplement to the widely circulated Israeli newspaper Maariv.

between its lost revenue and the infringement,” which is “expressed as a ‘cause-in-fact’ or ‘but for’ relationship” (citation omitted).

148. See Fed. R. Civ. P. 44.1 (“A party who intends to raise an issue about a foreign country's law must give notice by a pleading or other writing. In determining foreign law, the court may consider any relevant material or source, including testimony, whether or not submitted by a party or admissible under the Federal Rules of Evidence. The court's determination must be treated as a ruling on a question of law.”).

149. See infra Section III.E.

150. See infra notes 165–69 and accompanying text.

151. 843 F.2d 67 (2d Cir. 1988).

152. Id. at 68. A copy of the photomontage is available on the Library of Congress’s website, which identifies Gescheidt as the author and states that the Library has exhibited the poster at two exhibits, in 2010–11 and in 2016. See Alfred Gescheidt, Ronbo, LIBR. OF CONG. (1985), https://www.loc.gov/pictures/item/2010633620/ [https://perma.cc/UK9V-WYUY].

153. Update Art, 843 F.2d at 73.

154. See id.

155. See id. at 69, 73.
Concluding that the predicate act of infringement in the United States “permit[ted]” the defendants’ extraterritorial conduct, the court affirmed an award of $475,406, comprised of the plaintiff’s lost profits and defendant’s illegally obtained profits.156

Under this Article’s proposed analysis, defendants in cases like Update Art should be allowed to come forward with evidence that they could have engaged in the same conduct abroad without having committed a predicate act of infringement in the U.S. If the facts of the Update Art case were to arise today, this evidence could take a few different forms.

First, the defendants might come forward with evidence that they could have simply bought a lawfully made copy of the poster in the United States and lawfully exported157 it to Israel before making and distributing additional copies there. In fact, it seems very likely that this alternative would have been feasible at the time the case was litigated. The opinion itself states that the plaintiff sold copies of the poster in the U.S.;158 and while it does not indicate how many, for what it’s worth Wikipedia describes the poster as one of Gescheidt’s most successful works159 and in recent years it has been the subject of two retrospective Library of Congress exhibitions.160 In any event, if the defendants had proved that they could have avoided the predicate act of U.S. infringement by employing this alternative, the court should have limited monetary recovery for the infringement of the U.S. copyright to the plaintiff’s (presumably minuscule) lost profit on the poster the defendant did not buy (or, if available, statutory damages, which at the time of the decision were capped at $10,000 per work infringed, or $50,000 for

156. See id. at 70, 73–74.
157. That is, by physically taking or sending a lawfully made poster to Israel. The digital transmission of a lawfully made copy to a location outside the United States may be lawful as well. See 7 PATRY, supra note 56, § 25:99.10 (reviewing the case law addressing this topic). For reasons discussed below, however, the legality of the importation or transmission under Israeli law conceivably could be an issue. See infra notes 165–69 and accompanying text.
158. Update Art, 843 F.2d at 73.
159. See Alfred Gescheidt, WIKIPEDIA, https://en.wikipedia.org/wiki/Alfred_Gescheidt [https://perma.cc/3QRD-EDH3]. Also—and again, for whatever it’s worth—the Author is old enough to remember seeing copies of it publicly displayed in Madison, Wisconsin during the 1980s.
160. See supra note 152.
willful infringement). Any remedy for the (probably unlawfully made) Israeli copies would have to be litigated as a matter of Israeli law.

Second, the defendants may have also proved that they could have acquired a lawfully made copy in Israel and then used that copy to make their additional, unlawful copies. Presumably, the defendants would have preferred this alternative to the first only if the price of a lawful Israeli copy was lower than the price of a lawful U.S. copy. This seems unlikely, given transportation and other costs, if the poster was initially made in the U.S. However, suppose the price of a lawfully made Israeli copy was only $5, compared to $10 in the U.S. Under this scenario, the U.S. infringement deprived the plaintiff of a legitimate sale in Israel, and he would be entitled to recover either his lost profit on that sale or the marginal benefit the defendants derived from making an unlawful copy in the U.S. instead of purchasing a lawful copy in Israel. Either way, the recovery would be minuscule, unless statutory damages are available as alternative compensation.

A third possibility worth considering is that the defendants might have proved that they could have made their initial, unauthorized copy of the poster in Israel. Because U.S. copyright law does not apply in Israel,
this alternative would not have violated U.S. law. To be sure, this would likely still violate Israeli law. But assume that the defendants could have proven that some exception available under Israeli law would have rendered this initial act of copying lawful. If this were the case, the plaintiff would have suffered no actual loss attributable to the U.S. infringement; and the gain the defendants derived from the (actual) U.S. infringement would be only the marginal benefit they derived from making the initial infringing copy in the U.S. as opposed to making an initial (lawful) copy in Israel.

Suppose, however, that the defendants cannot sustain the burden of showing that making the initial copy of the poster in Israel would be permitted under Israeli law. Could they nevertheless argue that, because making the copy in Israel does not violate U.S. law, the U.S. court should consider the making of this predicate copy in Israel a noninfringing alternative anyway, such that the profits earned from the subsequent exploitation in Israel were not caused in fact by the predicate U.S. infringement?

This seems logical, but this Article contends that it is wrong for two reasons. First, characterizing an infringing act under foreign copyright law as a noninfringing alternative that reduces the defendant’s liability under domestic law might be perceived as endorsing, or even encouraging, defendants to violate foreign law. Any such endorsement or

165. See Copyright Act of 2007, 5768-2007, 2199 LSI §§ 11(1), 12 (2007) (Isr.), https://www.wipo.int/edocs/lexdocs/laws/en/il/il033en.pdf [https://perma.cc/SFC5-6J48] (providing a copyright holder the exclusive right of reproduction). (This Article made no inquiry into the content of Israeli law at the time the Update Art case was litigated, however.) Israel today, like the United States but unlike most other countries, also recognizes a version of the fair use doctrine, see id. § 19, though it is doubtful that a photographic copy of the poster for the purpose of enabling its subsequent mass reproduction would qualify as a fair use under any country’s law. See, e.g., Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 562 (1985) (referring to commercial use as presumptively unfair).

encouragement, however, is difficult to reconcile with the principle of comity—that is, that courts generally should respect the judicial and legislative acts of foreign nations. Second, there are no countervailing reasons (as there arguably are in the context of patent litigation) for a U.S. court to simply ignore the content of foreign copyright law. As noted above, U.S. courts can take evidence on foreign law, and, if need be, even adjudicate copyright infringement claims arising under foreign law. Therefore, there is no insurmountable obstacle to a U.S. court considering whether a hypothetical act committed abroad would violate foreign copyright law. For these reasons, the defendant’s ability to avoid

166. See, e.g., Hilton v. Guyot, 159 U.S. 113, 163–64 (1895) (defining comity as “the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens or of other persons who are under the protection of its laws”); Thomas Raphael, The Anti-Suit Injunction 8 (Andrew Dickinson & Jonathan Harris eds., 2d ed. 2019) (stating that comity of nations “refers to several different concepts that bear a family relationship,” and that “[t]he linking idea is the underlying notion that different nations, and in particular their courts and legal systems, owe each other mutual and reciprocal respect, sympathy, and deference, where appropriate”); Christopher R. Drahozal, Some Observations on the Economics of Comity, in Economic Analysis of International Law: Contributions to the Thirteenth Travemünde Symposium on the Economic Analysis of Law (March 29–31, 2012) 147 (Thomas Eger et al. eds., 2014) (explaining comity as the “deference one State shows to the decisions of another State,” which is manifested in a “presumption in favor of recognition of foreign judgments”).

167. More specifically, in my companion article on extraterritorial patent damages, I argued that courts should consider the extraterritorial manufacture, use, or sale of a patented invention, in possible defiance of foreign patent rights, as a noninfringing alternative under U.S. law, for several reasons. See Cotter, supra note 10, at 37–39, 44–47. First, in contrast to the situation in copyright law, U.S. courts generally do not adjudicate claims for the infringement or validity of foreign patent rights. See id. at 4, 46–49. Second, and relatedly, patents (unlike copyrights) do not arise simply by operation of law, but rather are acquired only at the request of the inventor, and only after a lengthy process of examination for compliance with the many requirements for patentability—and even then, a substantial plurality of issued patents, if challenged, are held to be invalid in whole or in part. See id. at 34 n.155, 42 n.189. Thus, even if it were permissible for a U.S. court to consider the infringement and validity of a foreign patent, for purposes of determining whether the defendant could have lawfully outsourced production to another country, having to pass judgment on such matters to determine the damages due for the infringement of a U.S. patent might require holding a complex trial-within-a-trial on these various questions of foreign patent rights. Alternatively, simply assuming that a foreign patent that corresponds to a U.S. patent is valid and infringed risks overcompensating the U.S. patent owner, given the nontrivial possibility that the foreign patent actually is invalid or not infringed. See id. at 46–49. Thus, while the question is a close one, I argued that courts considering whether to award damages for extraterritorial losses caused by domestic patent infringement should ignore the possible existence of foreign patent rights and leave it to foreign courts to decide whether a foreign patent would read on the defendant’s foreign activities, if any. See id. at 42–43, 46–49.


a predicate act of U.S. infringement by committing the identical predicate act abroad, in violation of another country’s law, should not be viewed as a *cognizable* noninfringing alternative.

In conclusion, courts should consider a predicate act of U.S. infringement a cause-in-fact of the subsequent foreign exploitation of the work if the defendant cannot prove that he had a lawful means of acquiring the initial copy, under either U.S. or foreign law. If, on the other hand, the defendant succeeds in proving that he could have lawfully acquired the initial copy, in either the U.S. or the foreign country, then the only damages or profits flowing from the U.S. infringement are those that reflect the incremental harm or benefit from not employing the noninfringing alternative. As discussed below, however, in that scenario the U.S. court could still adjudicate a supplemental claim for infringement—under the foreign country’s law—based on the defendant’s subsequent acts in the foreign country. Therefore, the plaintiff can still recover full compensation for his losses in accordance with foreign law, but without the U.S. court extending the territorial reach of U.S. copyright law or ignoring standard causation principles.

C. Sheldon and Tire Engineering

The result in *Sheldon*, by contrast, probably would not change at all under this Article’s proposed analysis. In *Sheldon*, recall that after the infringing motion picture was produced in the United States, one of the defendants copied the negatives and exported them to the U.K., where positives were then produced to show the picture. Since the motion picture itself was an infringing work, there was no way for the defendant to have exploited the picture in the U.K. without the initial act of domestic U.S. infringement. Nor would there be any problem posed by proximate cause (the subsequent exploitation of the film in the U.K. surely would have been a foreseeable consequence of the initial infringement) or the single-recovery rule (given the apparent lack of any foreign litigation over the film). However, one could imagine variations on the facts in which such issues might have arisen. For example, suppose that the plaintiff copyright owner had been a U.K. movie studio; that *Letty*

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170. See infra Section III.E.

171. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939), aff’d, 309 U.S. 390 (1940).

172. See id. at 52.

173. However, to the extent there may have been countries in the 1930s in which making the picture would not have violated any local copyright laws, there may have been some noninfringing alternative open to the defendants. Whether making the film in such a country in the 1930s would have been a feasible alternative to making it in Hollywood, however, is questionable.
Lynton had been a blockbuster hit on the scale of, say, *The Wizard of Oz* or *Gone with the Wind*; and that the defendants had used the publicity from its successful release to lure away some of the actors, writers, and directors who were under contract with the plaintiff, causing the plaintiff to suffer losses in the U.K. Under this scenario, the plaintiff’s ensuing financial losses may well be caused in fact, in some sense, by the defendants’ domestic U.S. infringement, but it seems very likely that recovery for such losses would be precluded by standard proximate causation principles.\(^\text{174}\) Similarly, if the plaintiffs had commenced parallel copyright infringement litigation in the U.K., one would expect the second court to reach its decision to deduct from the plaintiff’s recovery any compensation already received for the same injury under the single-recovery rule.\(^\text{175}\)

*Tire Engineering*,\(^\text{176}\) on the other hand, was wrongly decided for two reasons. The first, as noted above, is that while the initial copying of the blueprints was a violation of U.S. law, the subsequent use of the blueprints to make tires—even if this conduct had occurred in the U.S.—would not be an act of infringement.\(^\text{177}\) Allowing the plaintiff to recover damages or profits from the sale of the tires would seem to undermine this rule by extending de facto protection to subject matter that U.S. copyright law relegates to the public domain.\(^\text{178}\) But if that is true when the tires are made and sold in the U.S., then clearly there is no warrant for awarding profits from tire sales when those sales take place outside the United States. If anything, that treats the defendant’s extraterritorial conduct less favorably than the corresponding domestic conduct.

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174. See supra text accompanying notes 100–01 (noting that proximate cause generally precludes recovery for injuries that are considered too unforeseeable, remote, speculative, or indirect).

175. See supra text accompanying notes 102–04.


177. See supra notes 52–56 and accompanying text.

178. In the companion article, I argued that such a practice is meaningfully different from merely awarding damages for extraterritorial losses caused by an act of domestic infringement. In many common settings (e.g., personal injury law), courts fully compensate tort victims by awarding damages for extraterritorial losses (e.g., lost wages from employment in a foreign country) caused by a domestic tort. By contrast, awarding damages for making a non-copyrightable useful article would appear to undermine federal copyright policy that, absent some other form of IP protection, such subject matter is in the public domain. See Cotter, *supra* note 10, at 32 n.145. In other words, awarding monetary relief for the exploitation of the useful articles is like awarding damages for emotional harm, something which—even if caused by an act of infringement—is probably not a cognizable injury under U.S. copyright law. See Thomas F. Cotter, *Damages for Noneconomic Harm in Intellectual Property Law*, 72 HASTINGS L.J. 1055, 1109–12 (2021).
The second error in *Tire Engineering* was the court’s decision to award profits earned within three years of the date on which the plaintiff filed its infringement action, even though the only act of domestic infringement occurred more than three years earlier.\(^{179}\) In so ruling, the court (probably) misread a portion of the Ninth Circuit’s decision in *LANS*.\(^ {180}\) But it also relied on a policy argument that otherwise “a defendant could convert a plaintiff’s intellectual property in the United States, wait for the Copyright Act’s three-year statute of limitations to expire, and then reproduce the property abroad with impunity,” thus “jeopardiz[ing U.S.] intellectual property rights.”\(^ {181}\) This reasoning overlooks the fact, however, that the defendant’s conduct abroad does not violate U.S. intellectual property rights, and that the only conduct actionable under U.S. copyright law was the defendants’ predicate act of domestic infringement. If *that* act had occurred within three years of the filing of the complaint, the court would have been correct to award monetary relief for any subsequent exploitation of the plaintiff’s work, if that exploitation was cognizable, caused in fact, and proximately caused by the domestic infringement within that three-year period. But in *Tire Engineering*, there was no act of domestic infringement within the limitations period, and so the court should have dismissed the copyright infringement claim altogether—subject to one possible qualification. There is, at present, a circuit split on whether a claim for copyright infringement accrues within three years of the infringement’s occurrence, or within three years of the date on which the plaintiff reasonably should have discovered the infringement.\(^ {182}\) If the discovery rule is correct (a matter beyond the scope of this Article), then it is certainly possible that in some cases the plaintiff may have no reason to suspect a predicate act of domestic infringement until the defendant exploits the fruit of that infringement abroad—and that the claim for domestic infringement therefore might not accrue until more than three years from the occurrence of the domestic infringement. (Indeed, that may well have been the case in *Tire Engineering* itself, although the facts are a bit fuzzy.)\(^ {183}\) Unless the discovery rule both (1) exists and (2) applies on the

\(^{179} \) See *Tire Eng’g*, 682 F.3d at 308–09.

\(^{180} \) See *supra* notes 57–59 and accompanying text.

\(^{181} \) *Tire Eng’g*, 682 F.3d at 308.

\(^{182} \) *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 670 n.4 (2014) (noting the split); 6 *PATRY*, *supra* note 56, § 20:20 (arguing that the correct rule is that the limitations period runs from the occurrence of the infringement).

\(^{183} \) According to the opinion:
facts of the case, however, a court should never award monetary relief for the infringement of a U.S. copyright when the only act of domestic infringement occurred more than three years prior to the commencement of the action. In holding otherwise, *Tire Engineering* is an aberration.

**D. LANS**

*LANS* \(^{184}\) presents another interesting variation on the themes above. As discussed previously, LANS licensed two videos for broadcast to NBC. \(^{185}\) NBC transmitted the videos without authorization to Visnews—a joint venture in which NBC held an ownership interest—which in turn made videotape copies which Visnews broadcast to Europe and Asia, as well as to EBU in New York—which made its own copy and transmitted it to Europe. \(^{186}\) The court held that the defendants could be responsible for extraterritorial damages, given the predicate acts of infringement within the United States. \(^{187}\) In this regard, however, Professor Jane Ginsburg has argued that “if NBC had fed the footage to foreign broadcasters directly, rather than making videotapes first, there would have been no cognizable act of infringement in the United States,” and thus, under the predicate-act doctrine, no monetary recovery for the ensuing foreign exploitation. \(^{188}\) Professor Ginsburg then argued that it made no sense for damages liability in such a case to hinge “on the creation of a material copy within U.S. borders” because:

> The economic impact is the same—usurpation of foreign markets—whether defendant first makes an unauthorized reproduction in the United States, then distributes or

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During the winter of 2006, Jordan Fishman, founder and CEO of Alpha, began to suspect that Vance had stolen Alpha’s blueprints and given them to Al Dobowi. Fishman saw an Infinity tire catalogue, which featured products almost identical to Alpha’s. He confirmed his suspicions at a trade show in the fall of 2006, where he saw the Infinity tires up close and was struck by their similarity to Alpha’s line of tires.

*Tire Eng’g*, 682 F.3d at 299. The complaint was filed in October 2009. See *id.*

184. L.A. News Serv. v. Reuters Television Int’l, Ltd., 149 F.3d 987 (9th Cir. 1998).

185. See *id.* at 990; see also supra notes 28–32 and accompanying text (summarizing the facts of LANS).

186. See *id.*

187. See *id.* at 992.

188. Jane C. Ginsburg, Comment, *Extraterritoriality and Multiterritoriality in Copyright Infringement*, 37 VA. J. INT’L L. 587, 598 (1997). This is because the defendant was the lawful owner of his own copy of the video, and under the law of the Ninth Circuit, his transmission of the footage to a recipient outside the United States would not have infringed U.S. law. See *id.* at 598 n.41 (citing Allarcom Pay Television Ltd. v. Gen. Instrument Corp., 69 F.3d 381 (9th Cir. 1995)).
transmits abroad, or whether it disseminates the work in
dematerialized form, such as a satellite feed, from the United
States to points outside.\textsuperscript{189}

Ginsburg concluded that a more rational result was “to identify the
place where the plan to engage in unauthorized dissemination was
devised, and then . . . consider the application of that country's law.”\textsuperscript{190}

Whether Ginsburg is right that “a more rational result” would be to
apply the law of the country where the plan was devised regardless of
where the actual reproduction, distribution, or performance took place,
er proposal would be difficult to square with current law. Specifically,
her view does not align with the presumption of territoriality and the
majority view that Copyright Act § 106 does not prohibit the mere
authorization, from within the United States, of reproduction and other
conduct regardless of where such conduct takes place.\textsuperscript{191}

Ginsburg’s discussion nevertheless raises the question whether these
defendants should be liable for the extraterritorial consequences of their
(actual) domestic infringement if they could have achieved those same
consequences by feeding “the footage to foreign broadcasters
directly.”\textsuperscript{192} Under this proposal, the answer hinges on whether the
defendants could prove that they could have exploited the work abroad
without committing a predicate act of infringement under U.S. or foreign
law.\textsuperscript{193} Stated differently, a court should presume that transmitting the

\textsuperscript{189.} Id. at 598.
\textsuperscript{190.} Id. at 598–99.
\textsuperscript{191.} See supra note 28 (citing Subafilms, Ltd. v. MGM–Pathe Comm’ns Co., 24 F.3d 1088
(9th Cir. 1994) (en banc)). The majority of courts that have considered the issue have agreed with
Subafilms. See, e.g., Geophysical Serv. Inc. v. TGS-NOPEC Geophysical Co., 850 F.3d 785, 799
(5th Cir. 2017) (following the Ninth Circuit’s holding in Subafilms); Datacarrier S.A. v. WOCCU
Servs. Grp, Inc., 221 F. Supp. 3d 1078, 1081 (W.D. Wis. 2016) (stating that the holding in
Subafilms is “better reasoned” and “more consistent with the fundamentally territorial approach
to international copyright law” than cases that did not follow Subafilms); Rundquist v. Vapiano
SE, 798 F. Supp. 2d 102, 123 (D.D.C. 2011) (“[A] foreign actor who engages in
or authorizes infringing activity while abroad, and no part of the infringing activity takes place in
the United States, does not thereby violate U.S. copyright law . . . .”); Iverson v. Grant, 946 F.
Supp. 1404, 1411 (D.S.D. 1996) (applying the holding in Subafilms to the facts of the case), aff’d,
133 F.3d 922 (8th Cir. 1998); Fun-Damental Too, Ltd. v. Gemmy Indus. Corp., No. 96 CIV. 1103,
1996 WL 724734, at *6 (S.D.N.Y. Dec. 17, 1996) (“[M]ere authorization and approval of
copyright infringements taking place outside the United States is not a copyright violation and
does not create jurisdiction over those extraterritorial acts.”). From a policy perspective, this
reluctance to construe Section 106 as prohibiting mere authorization may be justified on the
ground that a more expansive interpretation would invite other countries to forbid the similar
authorization of conduct within the United States. See generally Drahozal, supra note 166
(presenting a game theoretic model of comity as a means for inducing cooperation among
nations).

\textsuperscript{192.} Ginsburg, supra note 188, at 598.
\textsuperscript{193.} See supra notes 165–69 and accompanying text.
original video—which was licensed for broadcast only in the United States—directly to Europe and Africa would infringe the laws of the recipient countries, absent proof to the contrary. If the defendants would have been unable to dislodge this presumption, the LANS court was right to award some form of monetary relief under the predicate-act doctrine.

E. But Is It Fair?

To summarize the proposed framework, if the plaintiff proves that a predicate act of domestic infringement enabled the defendant to engage in further copying outside the United States, the defendant should be required to restore the plaintiff to the position she would have occupied but for the domestic infringement (or, alternatively, to disgorge whatever benefit she earned from the foreign conduct), subject to traditional proximate causation principles and to the single-recovery rule. The words “but for,” however, imply the basic principle of causation: if the defendant could have engaged in the same foreign conduct without committing the predicate act of domestic infringement, either by

194. See Berne Convention, supra note 165, art. 14(1) (stating that “[a]uthors of literary or artistic works shall have the exclusive right of authorizing: (i) the cinematographic adaptation and reproduction of these works, and the distribution of the works thus adapted or reproduced; (ii) the public performance and communication to the public by wire of the works thus adapted or reproduced”); id. art. 14 bis. (1) (stating that “[w]ithout prejudice to the copyright in any work which may have been adapted or reproduced, a cinematographic work shall be protected as an original work,” and that “[t]he owner of copyright in a cinematographic work shall enjoy the same rights as the author of an original work, including the rights referred to in the preceding Article”). Moreover, as Professor Ginsburg further notes:

[T]he Internet may come to the aid of those seeking a U.S.-made copy. If the U.S. actor makes copies available to foreign participants over the Internet, there will have been initial copying in the United States, when the U.S. originator of the offshore dissemination uploads the document to a U.S. server from which it will transit abroad. That is, to send a document via e-mail, the sender does not divest herself of “her” copy; she makes a new copy when she executes the command to attach to the e-mail the file containing the document.

Ginsburg, supra note 188, at 598; cf. Capitol Recs., LLC v. ReDigi Inc., 910 F.3d 649, 657–60 (2d Cir. 2018). Professor Ginsburg then goes on to state, however, that “[o]f course, the e-mailer could just as easily avoid the United States by ensuring that copies are ‘sent’ from a server outside the United States,” and that “[t]his illustrates the problem with defining as the ‘source’ of the infringement the place where physical copies are made.” Ginsburg, supra note 188, at 598 (emphasis omitted). Again, the merits of her proposed response to this workaround are beyond the scope of this Article. It should be noted that under the proposed analysis, the mere ability to deploy the workaround should not prevent a U.S. court from finding the defendant who actually infringes within the U.S. liable for the resulting extraterritorial harm, absent proof that moving the server would result in no liability for an infringing reproduction, distribution, or performance in either the server or recipient country.
exporting a lawfully made and acquired copy from the United States, or acquiring such a copy outside the United States, then the court should limit the plaintiff’s recovery to the incremental loss he suffered or that the defendant gained by reason of the defendant’s avoidance of this noninfringing alternative course of conduct. As a result, in cases like Update Art, the plaintiff may wind up with only trivial compensation for the predicate act of domestic infringement. But is this fair?

The answer is yes, for two reasons alluded to above. First, as a purely doctrinal matter, the plaintiff is entitled to statutory damages for the predicate act of domestic infringement as long as the plaintiff registered the U.S. copyright to his work within three months of publication. The amount of these damages can range from $750 to $30,000 for each work infringed, and for willful infringement damages can be as high as $150,000. The relevant factors courts consider in setting the amount of statutory damages include:

1. The infringer's state of mind; 2. the expenses saved, and profits earned, by the infringer; 3. the revenue lost by the copyright holder; 4. the deterrent effect on the infringer and third parties; 5. the infringer's cooperation in providing evidence concerning the value of the infringing material; and 6. the conduct and attitude of the parties.

Notwithstanding these factors, courts sometimes have awarded statutory damages in amounts that strike some observers as excessive or otherwise unfair. The point here, however, is not to defend the U.S. law of statutory damages as it currently exists, but merely to point out that the availability (assuming timely registration) of statutory damages

195. Putting to one side, for the moment, the question whether the plaintiff is entitled to statutory damages.
197. See id. § 504(c).
198. Bryant v. Media Right Prods., 603 F.3d 135, 144 (2d Cir. 2010); see also 6 PATRY, supra note 56, § 22:174 (surveying factors used by other courts); 3 GOLDSTEIN, supra note 62, § 14.2 (positing as a justification for statutory damages that “because actual damages are so often difficult to prove, only the promise of a statutory award will induce copyright owners to invest in and enforce their copyrights and only the threat of a statutory award will deter infringers by preventing their unjust enrichment”). The amount of statutory damages is a question for the jury, however, if either party requests a jury trial. See Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 342 (1998).
199. For cogent critiques of the U.S. law of statutory damages, see, for example, Oren Bracha & Taha Syed, The Wrongs of Copyright’s Statutory Damages, 98 TEX. L. REV. 1219, 1238–48 (2020), which critiques the optimal deterrence rationale; and Pamela Samuelson & Tara Wheatland, Statutory Damages in Copyright Law: A Remedy in Need of Reform, 51 WM. & MARY L. REV. 439, 441 (2009), which criticizes the open-ended framework for awarding statutory damages in copyright cases.
for the predicate act should allay some of the concern that, in a case like *Update Art*, the copyright owner might be left with little more than nominal damages for the domestic infringement. Second, copyright infringement claims are “transitory,” meaning that a U.S. court has the authority to adjudicate copyright infringement claims arising under foreign law. There are two rationales for this rule. The first is that it may be more efficient and less costly for one forum to resolve all of the plaintiff’s copyright claims against the defendant involving the same work of authorship. The second is that, because copyrights (unlike

200. Of course, nominal damages may be all that the copyright owner should obtain under U.S. law, in a case like *Update Art*, if statutory damages are unavailable; and if the relevant foreign law turns out to be materially different from U.S. law—if, say, Israel would permit the defendant’s unauthorized reproduction of the *Ronbo* poster in *Maariv*, under its fair use defense—this might mean that the plaintiff will walk away with very little in the way of monetary relief. Whether this strikes one as unfair or not, however, it is simply a consequence of U.S. copyright law not applying extraterritorially. In any event, as matters stand, this Article suspects such cases would be rare, both because of the possibility of statutory damages and the adherence of most of the world’s nations to the minimum standards set forth at the Berne Convention and in the Agreement on Trade-Related Aspects of Intellectual Property Rights. See supra text accompanying note 165.

Further, as discussed in the text above, since copyright infringement claims are transitory, the potential unfairness of requiring the plaintiff to incur the cost of litigating its claims for infringement under foreign law separately, in a foreign court, need not arise at all.

201. See London Film Prods. Ltd. v. Intercontinental Commc’ns, Inc., 580 F. Supp. 47, 49 (S.D.N.Y. 1984). Since London Film, other courts and commentators have agreed that U.S. courts have authority to adjudicate foreign copyright claims. E.g., 3 GOLDSTEIN, supra note 62, § 18.2.2.1 (collecting cases); 5 NIMMER & NIMMER, supra note 56, § 17:03 (noting, however, that U.S. courts sometimes dismiss such claims, when raised, on forum non conveniens grounds); PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, § 211 (Am. L. Inst. 2007) (stating that “a court is competent to adjudicate claims arising under foreign laws pertaining to the subject matter of these Principles”); Graeme W. Austin, Domestic Laws and Foreign Rights: Choice of Law in Transnational Copyright Infringement Litigation, 23 COLUM.–VLA J.L. & ARTS 1, 28 (1999) (stating that “[t]he weight of authority suggests that as a matter of law domestic courts have subject matter jurisdiction to apply foreign copyright laws”); accord Ginsburg, supra note 188, at 601; see also Lucasfilm Ltd. v. Ainsworth, [2011] UKSC 39, [105] (appeal taken from EWCA), https://www.supremecourt.uk/cases/docs/uksc-2010-0015-judgment.pdf [https://perma.cc/R44D-92JS] (holding that U.K. courts have jurisdiction to adjudicate foreign copyright claims). Of course, to adjudicate such a claim a federal court must have jurisdiction over the person of the defendant, and over the subject matter of the case (based either on diversity of citizenship among the parties, or as supplemental to a federal claim). See Ginsburg, supra note 188, at 601; see also 7 PATRY, supra note 56, § 25:105 (arguing that in cases in which there is no allegation of infringement under U.S. law, the court has no legitimate interest in adjudicating foreign copyright claims, but suggesting that courts properly exercise jurisdiction to adjudicate foreign claims where the case “involve[s] acts of infringement that occurred both in the United States and in foreign countries”).

202. See London Film, 580 F. Supp. at 50 (noting that dismissal on the ground of forum non conveniens would result in “considerable hardship and inconvenience for both parties”); PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, supra note 201, § 211, Reporters’ Notes 2 (stating that “[t]he plaintiff should be permitted to choose between a single forum competent to
patents and trademark registrations) arise from the moment of creation by operation of law, adjudicating a foreign copyright claim does not risk requiring a domestic court to question the acts of another state. For this reason, in cases like Update Art, the U.S. court should be receptive to determining the appropriate damages or profits to which the plaintiff would be entitled under the laws of another country for the unauthorized exploitation of the work of authorship in that country. Doing so hear all claims, yet inexpert in intellectual property, and a multiplicity of more expert fora competent to hear only national claims”); Austin, supra note 201, at 41 (arguing that “jurisdiction” favors retention of jurisdiction in foreign copyright infringement cases); Ginsburg, supra note 188, at 596, 600 (citing “judicial economy” as a rationale for hearing all claims in one forum, and expressing concern that dismissing claims for the infringement of foreign copyright rights on the ground of forum non conveniens and “remitting the plaintiff to sue in each of the countries where copying occurred” might “prove prohibitive for many plaintiffs”).

203. See London Film, 580 F. Supp. at 49 (“no ‘act of state is called into question here”’); 5 NIMMER & NIMMER, supra note 56, at § 17:03 (stating that “there is . . . no need to pass on the validity of acts of foreign governmental officials”); Austin, supra note 201, at 29 (noting that because “copyrights do not owe their existence to administrative actions,” “[d]omestic courts adjudicating foreign copyright infringement would not be involved in second-guessing the actions of delegates of the foreign sovereign”); cf. PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, supra note 201, § 211, cmt. b (noting “substantial sentiment that issues regarding the validity of a registered right, particularly a patent right, should be adjudicated in the courts of the State in which the right is registered”).

204. See Austin, supra note 201, at 45–46 (stating that, although “[t]raditionally, matters of procedure are determined by the lex fori, whereas matters of substance are determined by the lex causae,” and that “conventional analysis is that the availability of heads of damages is a matter of substance, whereas quantum is a matter of procedure,” “[i]n the context of foreign copyright infringement, the close link between the existence of the right and the basis for relief suggests that only those remedial principles that arise under the law that applies to the infringements in the foreign markets ought to apply. In effect, a domestic court seized of an action involving infringements abroad would stand in the shoes of the foreign courts and apply foreign substantive and remedial principles.” (footnotes omitted)); PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, supra note 201, § 301 (stating that, in general, “[t]he law applicable to determine the existence, validity, duration, attributes, and infringement of intellectual property rights and the remedies for their infringement is,” for unregistered rights such as copyrights, “the law of each State for which protection is sought” (emphasis added); cf. Gregory Swank, Comment, Extending the Copyright Act Abroad: The Need for Courts to Reevaluate the Predicate-Act Doctrine, 23 DEPAUL J. ART TECH. & INTELL. PROP. L. 237, 261 (2012) (concluding that, “[w]hen deciding between adopting the predicate-act doctrine and applying foreign copyright law, courts should choose the latter”); Russell J. Weintraub, Choice of Law for Quantification of Damages: A Judgment of the House of Lords Makes a Bad Rule Worse, 42 TEX. INT’L L.J. 311, 318 (2007) (critiquing a judgment of the U.K.’s House of Lords, Harding v. Wealands, [2006] UKHL 32, which held that the quantification of damages is procedural, and therefore governed by forum law). By way of analogy, in cases involving application of the Erie doctrine, federal courts sometimes are required to apply state law rather than federal law to matters involving remedies, despite the traditional characterization of remedies as procedural in nature. See, e.g., Gasperini v. Ctr. for Humanities, Inc., 518 U.S. 415, 430–31 (1996) (“Just as the Erie principle precludes a federal court from giving a state-created claim ‘longer life . . . than [the claim] would have had in
promotes efficiency while avoiding both the extraterritorial application of U.S. law and the distortion of standard cause-in-fact principles. Of course, if the court awards relief under both U.S. and foreign law, it needs to be careful not to award duplicative damages for the same conduct. In a case like Sheldon or LANS, for example, if the plaintiff seeks damages in a U.S. court for infringement under both U.S. and U.K. law, the court should not award damages for the U.S. infringement that reflect the subsequent use of the work in the United Kingdom. Subject to that caveat, however, there should be no obstacle to courts applying foreign copyright law, where appropriate.

The ability of U.S. courts to adjudicate foreign copyright claims nonetheless raises some additional issues. One is that if U.S. courts can adjudicate foreign copyright claims, one could argue that there is no need for the predicate-act doctrine at all. However, that does not seem right for several reasons. First, and most importantly, as long as we adhere to the principle that copyright owners are entitled to recover compensation for the harms flowing from domestic infringement, there is no obvious reason why that principle should give way when those harms occur outside the territorial boundaries of the United States. Second, and relatedly, in cases like Sheldon and LANS, the proper application of the predicate-act doctrine allows U.S. courts to award full compensation without necessarily requiring the parties and the court to incur the time and expense of proving up foreign law. At least to that extent, the predicate-act doctrine conserves on adjudication costs. Third, if in a

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205. Alternatively, if the plaintiff only seeks damages under U.S. law, and if under the rules proposed in the text above the appropriate amount includes losses suffered or benefits gained from the U.K. exploitation, one would expect a U.K. court (were it to entertain litigation for the infringement of the U.K. copyright) to apply the single-recovery rule; or, if the U.K. court went first, for the U.S. court to subtract any damages awarded in the U.K. from any U.S. award reflecting the extraterritorial use of the copyrighted work. See Cotter, supra note 10, at 42–43 (noting that the single-recovery rule appears to be well established in both common law and civil law countries).

206. See Austin, supra note 201, at 42 (stating that, while U.S. courts may be reluctant to apply foreign copyright law out of concern for doing so incorrectly, “a significant part of the public international law agenda in this context is achieving uniform minimum standards within domestic copyright regimes,” and that “there is now much common ground between different copyright law systems”).

207. See supra note 178.

208. Alternatively, in cases involving “ubiquitous infringement” (caused, for example, by unlawfully uploading copyrightable material to a website from which it can be accessed anywhere in the world), the American Law Institute (ALI) recommends that, for simplification, a court:
case like *Update Art* a U.S. court were to award substantial statutory damages for an act of domestic infringement which, by itself, caused only minuscule harm,\(^{209}\) and then added on substantial damages or profits under foreign law for the foreign exploitation, the aggregate monetary award could be excessive compared to the harm suffered or benefits incurred. This is surely a risk, but in such a case the proper response is for the U.S. court to award the lowest amount of statutory damages permissible—$750 under current law—for the U.S. infringement, rather than to decline to apply foreign law or, as in the real case, to award substantial damages that probably were not caused in fact by the U.S. infringement.\(^{210}\) By the same token, if under proper application of the predicate-act doctrine the harm caused by the U.S. infringement includes the foreign exploitation—as in *Sheldon* or *LANS*—an award of

[M]ay choose to apply to the issues of existence, validity, duration, attributes, and infringement of intellectual property rights and remedies for their infringement, the law or laws of the State or States with close connections to the dispute, as evidenced, for example, by: (a) where the parties reside; (b) where the parties' relationship, if any, is centered; (c) the extent of the activities and the investment of the parties; and (d) the principal markets toward which the parties directed their activities.

PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, *supra* note 201, § 321; see also Kyoto Guidelines, *supra* note 48, Guideline 26.1 (recommending that in such cases courts may apply the law of the state “having an especially close connection with the global infringement,” and listing relevant factors). Under the ALI’s proposal, however, a court would reduce the resulting damages award if the copyright has expired in one or more of the countries in which it is downloaded or made available. See PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY, *supra* note 201, § 321, illus. 1; see also Kyoto Guidelines, *supra* note 48, ¶ 26.2 (stating that “[i]n situations where paragraph (1) is applied, any party may prove that, with respect to particular States covered by the action, the solution provided by any of those States’ laws differs from that obtained under the law(s) chosen to apply to the case as a whole,” and that “[t]he court must take into account such differences when fashioning the remedy”). Under the analysis above, on the assumption that the initial act of uploading constitutes an act of infringement under U.S. law, the court could award damages for the copyright owner’s global harm, to the extent that subsequent acts of downloading or other use were caused in fact and proximately caused by the initial act of U.S. infringement. As a practical matter, this might obviate the need to consider whether these other acts infringe under other countries’ laws. On the other hand, if the initial act could have been carried out lawfully in another country (in which the copyright has expired, for example), then under this Article’s analysis the only actual damages or profits from carrying out the initial act in the U.S. would be those reflecting the comparative benefit of engaging in that initial act domestically, rather than in the other country. The problem of having to plead and prove infringement under other countries’ laws might remain, absent some sort of streamlining as recommended by Section 321 of the ALI’s *Principles* or the ILA’s *Guidelines*.

\(^{209}\) See *supra* note 161 and accompanying text (arguing that, if the defendants in *Update Art* could have purchased a lawfully made copy in the U.S. and lawfully taken it to Israel, the harm properly attributable to the U.S. infringement would have been minuscule).

\(^{210}\) See *supra* note 161 and accompanying text.
substantial statutory damages could obviate the need to calculate the foreign harm or profits with precision. If that was clearly the purpose of the statutory damages award, moreover, one would expect that if a foreign court were to adjudicate a claim involving the identical acts of foreign exploitation, it would apply the single-recovery principle to deduct from its own judgment the statutory damages previously awarded by the U.S. court.  

**CONCLUSION**

Occasionally, copyright owners have attempted to prove that the domestic infringement of their works enables the defendant to further exploit those works outside the United States. In some of these cases, U.S. courts have awarded monetary relief reflecting subsequent extraterritorial uses, despite criticism from some scholars that this ignores the territorial limitation of U.S. copyright law. This Article has argued that these cases are consistent with the logic of the Supreme Court’s recent *WesternGeco* opinion to the extent they permit courts to award full compensation for the consequences of domestic infringement. Nothing in *WesternGeco*, however, provides any justification for awarding damages or profits for losses or benefits that were not caused in fact by the domestic infringement. In particular, where the evidence shows that the defendant could have exploited the work in another country without having committed the predicate act of domestic U.S. infringement— for example, by acquiring a lawfully made copy in the United States and exporting it for further use abroad—the only damages or profits that are properly attributable to the U.S. infringement are those that reflect the incremental loss or benefit occasioned by the defendant’s avoidance of this noninfringing alternative. In such a case, consistent with the territoriality principle, the amount awarded for the U.S. infringement may be minimal, though U.S. courts should be receptive to exercising jurisdiction over claims arising under foreign copyright law. In other cases, however, where the defendant could not have engaged in the foreign activity without a predicate act of U.S. or foreign infringement, courts should award damages or profits reflecting the foreign exploitation, albeit subject to both traditional proximate cause limitations and the single-recovery rule. Application of these standards will enable courts

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211. *See supra* notes 102–04 and accompanying text (discussing the single recovery principle).

212. Or a corresponding predicate act that would constitute infringement under foreign law. *See supra* notes 165–69 and accompanying text.
to abide by the territorial limitations of U.S. copyright law while at the same time ensuring full compensation, as the facts warrant.