

C. JURISDICTION TO ADJUDICATE

1. Enforcement of Foreign Judgments

YAHOO!, INC. v. LA LIGUE CONTRE LE RACISME ET L'ANTISEMITISME
169 F. Supp. 2d 1181 (N.D. Cal. 2001)

ORDER GRANTING MOTION FOR SUMMARY JUDGMENT

I. PROCEDURAL HISTORY

Defendants La Ligue Contre Le Racisme Et l'Antisemitisme ("LICRA") and L'Union Des Etudiants Juifs De France, citizens of France, are non-profit organizations dedicated to eliminating anti-Semitism. Plaintiff Yahoo!, Inc. is a corporation organized under the laws of Delaware with its principal place of business in Santa Clara, California. Yahoo! is an Internet¹ service provider that operates various Internet websites and services that any computer user can access at the Uniform Resource Locator ("URL") <http://www.yahoo.com>. Yahoo! services ending in the suffix, ".com," without an associated country code as a prefix or extension (collectively, "Yahoo!'s U.S. Services") use the English language and target users who are residents of, utilize servers based in and operate under the laws of the United States. Yahoo! subsidiary corporations operate regional Yahoo! sites and services in twenty other nations, including, for example, Yahoo! France, Yahoo! India, and Yahoo! Spain. Each of these regional web sites contains the host nation's unique two-letter code as either a prefix or a suffix in its URL (e.g., Yahoo! France is found at <http://www.yahoo.fr> and Yahoo! Korea at <http://www.yahoo.kr>). Yahoo!'s regional sites use the local region's primary language, target the local citizenry, and operate under local laws.

Yahoo! provides a variety of means by which people from all over the world can communicate and interact with one another over the Internet. Examples include an Internet search engine, e-mail, an automated auction site, personal web page hostings, shopping services, chat rooms, and a listing of clubs that individuals can create or join. Any computer user with Internet access is able to post materials on many of these Yahoo! sites, which in turn are instantly accessible by anyone who logs on to Yahoo!'s Internet sites. As relevant here, Yahoo!'s auction site allows anyone to post an item for sale and solicit bids from any computer user from around the globe. Yahoo! records when a posting is made and after the requisite time period lapses sends an e-mail notification to the highest bidder and seller with their respective contact information. Yahoo! is never a party to a transaction, and the buyer and seller are responsible for arranging privately for payment and shipment of goods. Yahoo! monitors the transaction through limited regulation by prohibiting particular items from being sold (such as stolen goods, body

¹ The "Internet" and "World Wide Web" are distinct entities, but for the sake of simplicity, the Court will refer to them collectively as the "Internet." The Internet is a decentralized networking system that links computers and computer networks around the world. The World Wide Web is a publishing forum consisting of millions of individual websites.

parts, prescription and illegal drugs, weapons, and goods violating U.S. copyright laws or the Iranian and Cuban embargos) and by providing a rating system through which buyers and sellers have their transactional behavior evaluated for the benefit of future consumers. Yahoo! informs auction sellers that they must comply with Yahoo!'s policies and may not offer items to buyers in jurisdictions in which the sale of such item violates the jurisdiction's applicable laws. Yahoo! does not actively regulate the content of each posting, and individuals are able to post, and have in fact posted, highly offensive matter, including Nazi-related propoganda and Third Reich memorabilia, on Yahoo!'s auction sites.

On or about April 5, 2000, LICRA sent a "cease and desist" letter to Yahoo!'s Santa Clara headquarters informing Yahoo! that the sale of Nazi and Third Reich related goods through its auction services violates French law. LICRA threatened to take legal action unless Yahoo! took steps to prevent such sales within eight days. Defendants subsequently utilized the United States Marshal's Office to serve Yahoo! with process in California and filed a civil complaint against Yahoo! in the Tribunal de Grande Instance de Paris (the "French Court").

The French Court found that approximately 1,000 Nazi and Third Reich related objects, including Adolf Hitler's *Mein Kampf*, *The Protocol of the Elders of Zion* (an infamous anti-Semitic report produced by the Czarist secret police in the early 1900's), and purported "evidence" that the gas chambers of the Holocaust did not exist were being offered for sale on Yahoo.com's auction site. Because any French citizen is able to access these materials on Yahoo.com directly or through a link on Yahoo.fr, the French Court concluded that the Yahoo.com auction site violates Section R645-1 of the French Criminal Code, which prohibits exhibition of Nazi propoganda and artifacts for sale. On May 20, 2000, the French Court entered an order requiring Yahoo! to (1) eliminate French citizens' access to any material on the Yahoo.com auction site that offers for sale any Nazi objects, relics, insignia, emblems, and flags; (2) eliminate French citizens' access to web pages on Yahoo.com displaying text, extracts, or quotations from *Mein Kampf* and *Protocol of the Elders of Zion*; (3) post a warning to French citizens on Yahoo.fr that any search through Yahoo.com may lead to sites containing material prohibited by Section R645-1 of the French Criminal Code, and that such viewing of the prohibited material may result in legal action against the Internet user; (4) remove from all browser directories accessible in the French Republic index headings entitled "negationists" and from all hypertext links the equation of "negationists" under the heading "Holocaust." The order subjects Yahoo! to a penalty of 100,000 Euros for each day that it fails to comply with the order. The order concludes:

We order the Company YAHOO! Inc. to take all necessary measures to dissuade and render impossible any access via Yahoo.com to the Nazi artifact auction service and to any other site or service that may be construed as constituting an apology for Nazism or a contesting of Nazi crimes.

High Court of Paris, May 22, 2000, Interim Court Order. The French Court set a return date in July 2000 for Yahoo! to demonstrate its compliance with the order.

Yahoo! asked the French Court to reconsider the terms of the order, claiming that although it easily could post the required warning on Yahoo.fr, compliance with the order's requirements with respect to Yahoo.com was technologically impossible. The French Court sought expert

opinion on the matter and on November 20, 2000 "reaffirmed" its order of May 22.* The French Court ordered Yahoo! to comply with the May 22 order within three months or face a penalty of 100,000 Francs (approximately U.S. \$13,300) for each day of non-compliance. The French Court also provided that penalties assessed against Yahoo! Inc. may not be collected from Yahoo! France. Defendants again utilized the United States Marshal's Office to serve Yahoo! in California with the French Order.

Yahoo! subsequently posted the required warning and prohibited postings in violation of Section R645-1 of the French Criminal Code from appearing on Yahoo.fr. Yahoo! also amended the auction policy of Yahoo.com to prohibit individuals from auctioning:

Any item that promotes, glorifies, or is directly associated with groups or individuals known principally for hateful or violent positions or acts, such as Nazis or the Ku Klux Klan. Official government-issue stamps and coins are not prohibited under this policy. Expressive media, such as books and films, may be subject to more permissive standards as determined by Yahoo! in its sole discretion.

Yahoo Auction Guidelines <<http://user.auctions.Yahoo.com/html/guidelines.html>>.

Notwithstanding these actions, the Yahoo.com auction site still offers certain items for sale (such as stamps, coins, and a copy of *Mein Kampf*) which appear to violate the French Order. While Yahoo! has removed the *Protocol of the Elders of Zion* from its auction site, it has not prevented access to numerous other sites which reasonably "may be construed as constituting an apology for Nazism or a contesting of Nazi crimes."

Yahoo! claims that because it lacks the technology to block French citizens from accessing the Yahoo.com auction site to view materials which violate the French Order or from accessing other Nazi-based content of websites on Yahoo.com, it cannot comply with the French order without banning Nazi-related material from Yahoo.com altogether. Yahoo! contends that such a ban would infringe impermissibly upon its rights under the First Amendment to the United

* **NOTE:** The French Court's November decision relied on the conclusions of experts to determine that Yahoo! could identify the geographic location of approximately 70% of the French visitors to its Yahoo.com website (French nationals or residents in the French territory) by using the IP addresses of their computers. The experts also pointed out that Yahoo! already posts French-language advertising banners targeted to Yahoo.com visitors who are regarded as French by Yahoo! thus indicating that Yahoo! already makes use of the services of companies that create specialized databases to identify geographic location based on IP addresses. Since this technique would not identify approximately 30 % of the IP addresses allocated to French nationals, the experts recommended and the court ordered Yahoo! to ask visitors to its site, when their IP address is ambiguous, that they declare their nationality. The French Court's November opinion stated, "The declaration upon honor, would concern only the interauts whose IP address cannot be identified as being related to a French ISP (i.e. multinationals ISP like AOL address originating from an anonymous site or encapsulation of an address allocated by an intranet server). The declaration could, as Yahoo! would think it fit, be subscribed either on the index page of its auction sales site, or only, in the case of a query for nazi objects, if the word nazi is mentioned in the user's query, just before it is processed by the search engine."

States Constitution. Accordingly, Yahoo! filed a complaint in this Court seeking a declaratory judgment that the French Court's orders are neither cognizable nor enforceable under the laws of the United States.

II. OVERVIEW

As this Court and others have observed, the instant case presents novel and important issues arising from the global reach of the Internet. Indeed, the facts of this case implicate issues of policy, politics, and culture that are beyond the purview of one nation's judiciary. Thus it is critical that the Court define at the outset what is and is not at stake in the present proceeding.

This case is *not* about the moral acceptability of promoting the symbols or propaganda of Nazism. Most would agree that such acts are profoundly offensive. By any reasonable standard of morality, the Nazis were responsible for one of the worst displays of inhumanity in recorded history. This Court is acutely mindful of the emotional pain reminders of the Nazi era cause to Holocaust survivors and deeply respectful of the motivations of the French Republic in enacting the underlying statutes and of the defendant organizations in seeking relief under those statutes. Vigilance is the key to preventing atrocities such as the Holocaust from occurring again.

Nor is this case about the right of France or any other nation to determine its own law and social policies. A basic function of a sovereign state is to determine by law what forms of speech and conduct are acceptable within its borders. In this instance, as a nation whose citizens suffered the effects of Nazism in ways that are incomprehensible to most Americans, France clearly has the right to enact and enforce laws such as those relied upon by the French Court.

What *is* at issue here is whether it is consistent with the Constitution and laws of the United States for another nation to regulate speech by a United States resident within the United States on the basis that such speech can be accessed by Internet users in that nation. In a world in which ideas and information transcend borders and the Internet in particular renders the physical distance between speaker and audience virtually meaningless, the implications of this question go far beyond the facts of this case. The modern world is home to widely varied cultures with radically divergent value systems. There is little doubt that Internet users in the United States routinely engage in speech that violates, for example, China's laws against religious expression, the laws of various nations against advocacy of gender equality or homosexuality, or even the United Kingdom's restrictions on freedom of the press. If the government or another party in one of these sovereign nations were to seek enforcement of such laws against Yahoo! or another U.S.-based Internet service provider, what principles should guide the court's analysis?

The Court must and will decide this case in accordance with the Constitution and laws of the United States. It recognizes that in so doing, it necessarily adopts certain value judgments, including the fundamental judgment expressed in the First Amendment that it is preferable to permit the non-violent expression of offensive viewpoints rather than to impose viewpoint-based governmental regulation upon speech. The government and people of France have made a different judgment based upon their own experience. In undertaking its inquiry as to the proper application of the laws of the United States, the Court intends no disrespect for that judgment.

III. LEGAL STANDARDS

A motion for summary judgment should be granted if there is no genuine issue of material

fact and the moving party is entitled to judgment as a matter of law. FED. R. CIV. P. 56(c). The moving party bears the initial burden [to] demonstrate the absence of a triable issue of material fact. If the moving party meets this initial burden, the burden shifts to the non-moving party to present specific facts showing that there is a genuine issue for trial.

IV. LEGAL ISSUES

A. Actual Controversy

The Declaratory Judgment Act protects potential defendants from multiple actions by providing a means by which a court declares in one action the rights and obligations of the litigants. 28 U.S.C. § 2201. A declaratory judgment will not expand a federal court's jurisdiction, but if jurisdiction exists, litigants have earlier access to federal courts to spare potential defendants from the threat of impending litigation. The threshold question in any declaratory action thus is whether "there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."

1. Status of the French Order

Defendants contend that the "actual controversy" requirement is not met in the instant case. They point out that Yahoo! appealed the French Court's initial order of May 22, 2000, and that a successful appeal would nullify the order of November 20, 2000 that "reaffirmed" the May 22 order. The facts in the record do not support Defendants' position. First, there are no relevant appellate proceedings presently pending in France. In its order of November 20, 2000, the French Court determined that Yahoo! is technologically and legally capable of complying with the May 22 order and that Yahoo! is subject to a fine of approximately \$ 13,000 for each day of non-compliance. That order was not appealed, and the record indicates that Yahoo! withdrew its appeal of the May 22 order on May 28, 2001.

Second, the fact that any penalty against Yahoo! is provisional and would require further legal proceedings in France prior to any enforcement action in the United States does not mean that Yahoo! does not face a present and ongoing threat from the existing French order. At oral argument, Defendants did not dispute that if the penalty enforcement process were initiated, the French Court could assess penalties retroactively for the entire period of Yahoo!'s non-compliance. Despite their declarations that they are satisfied with Yahoo!'s efforts to comply with the French order, Defendants have not taken steps available to them under French law to seek withdrawal of the order or to petition the French court to absolve Yahoo! from any penalty.

Third, it is by no means clear that Yahoo! can rely upon the assessment in Defendants' declarations that it is in "substantial compliance" with the French order. The French Court has not made such a finding, nor have Defendants requested or stipulated that such a finding be made. As set forth earlier, Yahoo.com continues to offer at least some Third Reich memorabilia as well as *Mein Kampf* on its auction site and permits access to numerous web pages with Nazi-related and anti-Semitic content. The fact that the Yahoo! does not know whether its efforts to date have met the French Court's mandate is the precise harm against which the Declaratory Judgment Act is designed to protect.

2. Real and Immediate Threat

The French order prohibits the sale or display of items based on their association with a

particular political organization and bans the display of websites based on the authors' viewpoint with respect to the Holocaust and anti-Semitism. A United States court constitutionally could not make such an order. The First Amendment does not permit the government to engage in viewpoint-based regulation of speech absent a compelling governmental interest, such as averting a clear and present danger of imminent violence. In addition, the French Court's mandate that Yahoo! "take all necessary measures to dissuade and render impossible any access via Yahoo.com to the Nazi artifact auction service and to any other site or service that may be construed as constituting an apology for Nazism or a contesting of Nazi crimes" is far too general and imprecise to survive the strict scrutiny required by the First Amendment. Phrases such as "all necessary measures" and "render impossible" instruct Yahoo! to undertake efforts that will impermissibly chill and perhaps even censor protected speech.

Rather than argue directly that the French order could be enforced in the United States in a manner consistent with the First Amendment, Defendants argue instead that at present there is no real or immediate threat to Yahoo!'s First Amendment rights because the French order cannot be enforced until after the cumbersome process of petitioning the French court to fix a penalty has been completed. While Defendants present evidence that further procedural steps in France are required before an actual penalty can be fixed, there is no dispute that the French order is valid under French law and that the French Court may fix a penalty retroactive to the date of the order.

Defendants also claim that there is no real or immediate threat to Yahoo! because they do not presently intend to seek enforcement of the French order in the United States. First, the French order permits *retroactive* penalties. Second, the French order had the immediate effect of inducing Yahoo! to implement new restrictive policies on its auction site. Third, the provisions of the French order that require Yahoo! to regulate the content of its websites on Yahoo.com never have been waived, suspended or stayed and apparently remain in full force and effect. Under these circumstances, Defendants' assurances that they do not intend to enforce the order at the present time do not remove the threat that they may yet seek sanctions against Yahoo!'s *present and ongoing* conduct.²

3. Abstention.

Defendants next argue that this Court should abstain from deciding the instant case because Yahoo! simply is unhappy with the outcome of the French litigation and is trying to obtain a more favorable result here. Indeed, abstention is an appropriate remedy for international forum-shopping.

In the present case, the French court has determined that Yahoo!'s auction site and website hostings on Yahoo.com violate French law. Nothing in Yahoo!'s suit for declaratory relief in this Court appears to be an attempt to relitigate or disturb the French court's application of French law or its orders with respect to Yahoo!'s conduct in France. Rather, the purpose of the present action is to determine whether a United States court may enforce the French order without running afoul of the First Amendment. The actions involve distinct legal issues, and a United States court is best situated to determine the application of the United States Constitution to the

² Legal means are available to Defendants both in France and in this Court to eliminate such a threat, but as yet Defendants have not availed themselves of these procedures.

facts presented. No basis for abstention has been established.

4. Comity

The extent to which the United States, or any state, honors the judicial decrees of foreign nations is a matter of choice, governed by "the comity of nations." *Hilton v. Guyot*, 159 U.S. 113, 163 (1895). Comity "is neither a matter of absolute obligation, on the one hand, nor of mere courtesy and good will, upon the other." United States courts generally recognize foreign judgments and decrees unless enforcement would be prejudicial or contrary to the country's interests.

As discussed previously, the French order's content and viewpoint-based regulation of the web pages and auction site on Yahoo.com, while entitled to great deference as an articulation of French law, clearly would be inconsistent with the First Amendment if mandated by a court in the United States. What makes this case uniquely challenging is that the Internet in effect allows one to speak in more than one place at the same time. Although France has the sovereign right to regulate what speech is permissible in France, this Court may not enforce a foreign order that violates the protections of the United States Constitution by chilling protected speech that occurs simultaneously within our borders. See, e.g., *Matusевич v. Telnikoff*, 877 F. Supp. 1, 4 (D.D.C. 1995) (declining to enforce British libel judgment because British libel standards "deprive the plaintiff of his constitutional rights"). The reason for limiting comity in this area is sound. "The protection to free speech and the press embodied in [the First] amendment would be seriously jeopardized by the entry of foreign [] judgments granted pursuant to standards deemed appropriate in [another country] but considered antithetical to the protections afforded the press by the U.S. Constitution." Absent a body of law that establishes international standards with respect to speech on the Internet and an appropriate treaty or legislation addressing enforcement of such standards to speech originating within the United States, the principle of comity is outweighed by the Court's obligation to uphold the First Amendment.

V. CONCLUSION

Yahoo! seeks a declaration from this Court that the First Amendment precludes enforcement within the United States of a French order intended to regulate the content of its speech over the Internet. Yahoo! has shown that the French order is valid under the laws of France, that it may be enforced with retroactive penalties, and that the ongoing possibility of its enforcement in the United States chills Yahoo!'s First Amendment rights. Yahoo! also has shown that an actual controversy exists and that the threat to its constitutional rights is real and immediate. Accordingly, the motion for summary judgment will be granted.

SUBSEQUENT HISTORY: The defendant appealed the district court's decision. The Ninth Circuit in an en banc decision reversed the district court without reaching the First Amendment issue. Instead, a divided court ruled 6-5 that the First Amendment issue should not be decided at the present time and the action should be dismissed. Of the 6 judges in the majority, 3 judges concluded that the case should be dismissed because it was not ripe for adjudication (although 5 other judges concluded the case was ripe) and 3 concluded that the action should be dismissed because the district court lacked personal jurisdiction over the defendants (although 8 other judges concluded there was personal jurisdiction over the defendants).

SARL LOUIS FERAUD INTERNATIONAL v. VIEWFINDER, INC.
489 F.3d 474 (2d Cir. 2007)

OPINION

POOLER, *Circuit Judge*:

Plaintiffs-appellants Sarl Louis Feraud International ("Feraud") and S.A. Pierre Balmain ("Balmain") appeal from the September 29, 2005, order of the United States District Court for the Southern District of New York dismissing plaintiffs' action to enforce two judgments issued by the Tribunal de grande instance de Paris ("the French Judgments") against defendant-appellee Viewfinder, Inc. ("Viewfinder"). Plaintiffs challenge the district court's conclusion that enforcement of the French Judgments would be repugnant to the public policy of New York under N.Y. C.P.L.R. § 5304(b)(4) because it would violate Viewfinder's First Amendment rights. Because the district court did not conduct the full analysis necessary to reach this conclusion, we vacate its order and remand for further proceedings consistent with this opinion.

BACKGROUND

Plaintiffs-appellants Feraud and Balmain are French corporations that design high-fashion clothing and other items for women. Defendant-appellee Viewfinder is a Delaware corporation with a principal place of business in New York. Viewfinder operates a website called "firstView.com," on which it posts photographs of fashion shows held by designers around the world, including photographs of plaintiffs' fashion shows. Donald Ashby, the president of Viewfinder, is a professional fashion photographer. Viewfinder styles itself as an Internet fashion magazine akin to the online version of Vogue. The firstView website contains both photographs of the current season's fashions, which may be viewed only upon subscription and payment of a fee, and photographs of past collections, which are available for free. An annual subscription to firstView costs \$ 999. See http://www.firstview.com/subscribe_info.php. Users can also view the content for one hour for \$ 5.95. Viewfinder does not sell clothing or designs.

In January 2001, Feraud and Balmain, along with several other design houses, each filed suit against Viewfinder in the Tribunal de grande instance de Paris seeking money damages from Viewfinder for alleged unauthorized use of their intellectual property and unfair competition. These civil actions stemmed from Viewfinder displaying photographs of the designers' fashion shows, which revealed designs from their upcoming collection, on the firstView.com website. Viewfinder was served in New York in accordance with the terms of the Hague Convention on the Service of Judicial and Extrajudicial Documents in Civil or Commercial Matters. Viewfinder failed to respond to the complaints, however, and therefore, on May 2, 2001, the French court issued default judgment against Viewfinder. The French court found that plaintiffs' "ready-to-wear" and "haute couture" collections from 1996-2001 were available on the firstView.com website. The court further found that Viewfinder's posting of these photographs of plaintiffs' designs "constitute[d] counterfeit and violation of royalties pursuant to articles L 716-1 and L 122-4 of the Intellectual [P]roperty Code." The court also found with respect to each of the plaintiffs that Viewfinder had committed "parasitism" under French law because it had "take[n] advantage of plaintiff's reputation and commercial efforts creating confusion between the two companies." The French court ordered Viewfinder to remove the offending photographs, and

awarded damages of 500,000 francs for each plaintiff, costs of the action, and a fine ("*astreinte*") of 50,000 francs a day for each day Viewfinder failed to comply with the judgment.

On October 6, 2003, Viewfinder appealed these judgments to the Cour d'appel de Paris, but subsequently withdrew its appeal. The French appellate court accordingly dismissed the appeal. In December 2004, plaintiffs filed separate complaints in the United States District Court for the Southern District of New York to enforce the French Judgments. Plaintiffs sought enforcement under New York's Uniform Foreign Money Judgment Recognition Act, which provides that, subject to certain exceptions, foreign judgments that are "final, conclusive and enforceable" in the country where rendered are deemed conclusive between the parties and enforceable by U.S. courts. N.Y. C.P.L.R. §§ 5302, 5303. Federal jurisdiction is based on diversity of citizenship.

On January 18, 2005, Viewfinder filed a motion to dismiss or, in the alternative, a motion for summary judgment. Viewfinder raised a variety of arguments in its motion papers, one of which was found meritorious by the district court. The district court found that enforcing the French Judgments would be repugnant to the public policy of New York because it would violate Viewfinder's First Amendment rights. *See Sarl Louis Feraud Int'l v. Viewfinder Inc.*, 406 F. Supp. 2d 274, 281 (S.D.N.Y. 2005). Specifically, the district court found that the fashion shows at issue were public events and Viewfinder had a First Amendment right to publish the photographs at issue. Thus, as the district court concluded, the "First Amendment simply does not permit plaintiffs to stage public events in which the general public has a considerable interest, and then control the way in which information about those events is disseminated in the mass media." The district court also stated that to the extent that plaintiffs' designs were protected by copyright, "the copyright law similarly provides, as a matter of First Amendment necessity, a 'fair use' exception for the publication of newsworthy matters." Based on its conclusion that enforcing the judgment would impinge upon Viewfinder's free speech rights, the district court dismissed the action. Plaintiffs filed a timely notice of appeal.

DISCUSSION

The question presented by this appeal is whether the district court properly found that the French Judgments were unenforceable under New York law. In order to address this question, we begin with the language of the relevant state statute: "A foreign country judgment need not be recognized if . . . the *cause of action* on which the judgment is based is repugnant to the public policy of this state." N.Y. C.P.L.R. § 5304(b)(4) (emphasis added). As the plain language of the statute makes clear, the first step in analyzing whether a judgment is unenforceable under Section 5304(b)(4) is to identify the "cause of action on which the judgment is based." The default judgments issued by the French court explicitly state that Viewfinder's actions violated "articles L 716-1 and L 122-4 of the Intellectual Property Code." Article L 122-4 is in Book I, Title II, Chapter II of the French Intellectual Property Code, which are entitled "Copyright," "Authors' Rights," and "Patrimonial Rights," respectively. Article L 122-4 provides: "Any complete or partial performance or reproduction made without the consent of the author or of his successors in title or assigns shall be unlawful." This is analogous to the United States Copyright Act, which defines a copyright infringer as one "who violates any of the exclusive rights of the copyright owner," 17 U.S.C. § 501, including the rights of reproduction, performance, and public display. 17 U.S.C. § 106. Under French copyright law, the "creations of the seasonal industries

of dress and articles of fashion" are entitled to copyright protection. Code de la propriete intellectuelle art. L 112-2 (Fr.), available at <http://www.legifrance.gouv.fr>. The French court found that Viewfinder's publication of numerous photographs depicting plaintiffs' design collections violated plaintiffs' copyrights. Furthermore, the French Judgments concluded that Viewfinder's reproduction and publication of plaintiffs' designs were "without the necessary authorization." Thus, it is apparent that the French Judgments were based in part on a finding of copyright infringement.

We cannot second-guess the French court's finding that Viewfinder's actions were "without the necessary authorization." Viewfinder had the opportunity to dispute the factual basis of plaintiffs' claims in the French court, but it chose not to respond to the complaint. As this court has held: "By defaulting [in the foreign adjudication], a defendant ensures that a judgment will be entered against him, and assumes the risk that an irrevocable mistake of law or fact may underlie that judgment." Thus, for the purposes of this action, we must accept that Viewfinder's conduct constitutes an unauthorized reproduction or performance of plaintiffs' copyrighted work infringing on plaintiffs' intellectual property rights, and the only question to consider is whether a law that sanctions such conduct is repugnant to the public policy of New York.

The "public policy inquiry rarely results in refusal to enforce a judgment unless it is inherently vicious, wicked or immoral, and shocking to the prevailing moral sense." Furthermore, "it is well established that mere divergence from American procedure does not render a foreign judgment unenforceable." "Under New York law [,] . . . foreign decrees and proceedings will be given respect . . . even if the result under the foreign proceeding would be different than under American law."¹ Thus, "[o]nly in clear-cut cases ought [the public policy exception] to avail defendant."

Laws that are antithetical to the First Amendment will create such a situation. Foreign judgments that impinge on First Amendment rights will be found to be "repugnant" to public policy. See, e.g., *Bachchan v. India Abroad Publ'ns Inc.*, 154 Misc. 2d 228, 585 N.Y.S.2d 661, 662 (N.Y. Sup. Ct. 1992) ("[I]f . . . the public policy to which the foreign judgment is repugnant is embodied in the First Amendment to the United States Constitution or the free speech guaranty of the Constitution of this State, the refusal to recognize the judgment should be, and it is deemed to be, 'constitutionally mandatory.'"); *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 169 F. Supp. 2d 1181, 1189-90 (N.D. Cal. 2001) (holding unenforceable French judgment rendered under law prohibiting Nazi propaganda because such law would violate the First Amendment), *rev'd on other grounds*, 433 F.3d 1199 (9th Cir. 2006) (en banc). The district

¹ For this reason, we reject the argument advanced by Viewfinder and amici that holding Viewfinder liable under French copyright laws would be repugnant to public policy because plaintiffs' dress designs are not copyrightable in the United States. While it is true that United States law does not extend copyright protection to dress designs, Viewfinder presents no argument as to why this distinction would offend the public policy of New York. As the district court found in rejecting this argument below -- which Viewfinder has not challenged on appeal -- copyright laws are not "matters of strong moral principle" but rather represent "economic legislation based on policy decisions that assign rights based on assessments of what legal rules will produce the greatest economic good for society as a whole."

court in this case reached the conclusion that the French Judgments were unenforceable because they impinged on Viewfinder's First Amendment rights. In doing so, however, it appears not to have conducted the full analysis for us to affirm its decision.

The district court's decision appears to rest on the assumption that if Viewfinder is a news magazine reporting on a public event, then it has an absolute First Amendment defense to any attempt to sanction such conduct. The First Amendment does not provide such categorical protection. Intellectual property laws co-exist with the First Amendment in this country, and the fact that an entity is a news publication engaging in speech activity does not, standing alone, relieve such entities of their obligation to obey intellectual property laws. While an entity's status as a news publication may be highly probative on certain relevant inquiries, such as whether that entity has a fair use defense to copyright infringement, it does not render that entity immune from liability under intellectual property laws. In rejecting a First Amendment defense to a lawsuit by a confidential informant against a newspaper under a promissory estoppel theory, the Supreme Court stated:

This case . . . is . . . controlled . . . by the . . . well-established line of decisions holding that generally applicable laws do not offend the First Amendment simply because their enforcement against the press has incidental effects on its ability to gather and report the news The press may not with impunity break and enter an office or dwelling to gather news. . . . The press, like others interested in publishing, may not publish copyrighted material without obeying the copyright laws. . . . It is, therefore, beyond dispute that [t]he publisher of a newspaper has no special immunity from the application of general laws. He has no special privilege to invade the rights and liberties of others. . . .

. . . .

. . . The dissenting opinions suggest that the press should not be subject to any law, including copyright law for example, which in any fashion or to any degree limits or restricts the press' right to report truthful information. The First Amendment does not grant the press such limitless protection.

Cohen v. Cowles Media Co., 501 U.S. 663, 669-671 (1991); *see also Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 557 (1985) ("The fact that the words the author has chosen to clothe his narrative may of themselves be 'newsworthy' is not an independent justification for unauthorized copying of the author's expression prior to publication."); *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562, 574-75 (1977) ("Wherever the line in particular situations is to be drawn between media reports that are protected and those that are not, we are quite sure that the First and Fourteenth Amendments do not immunize the media when they broadcast a performer's entire act without his consent."); *Int'l News Serv. v. Associated Press*, 248 U.S. 215, 239-40 (1918) (Associated Press may be held liable under unfair competition laws for copying plaintiff's news articles published on bulletin boards and then selling them to competitors). Because the First Amendment does not provide news entities an exemption from compliance with intellectual property laws, the mere fact that Viewfinder may be characterized as a news magazine would not, standing alone, render the French Judgments repugnant to public policy.

Rather, because Section 5304(b) requires courts to examine the cause of action on which the

foreign judgment was based, the district court should have analyzed whether the intellectual property regime upon which the French Judgments were based impinged on rights protected by the First Amendment. This is consistent with the two-step analysis courts apply in deciding whether foreign libel judgments are repugnant to public policy: (1) identifying the protections deemed constitutionally mandatory for the defamatory speech at issue, and (2) determining whether the foreign libel laws provide comparable protection. *See, e.g., Bachchan*, 585 N.Y.S.2d at 663-65; *Abdullah v. Sheridan Square Press, Inc.*, 154 F.R.D. 591, 1994 WL 419847, at *1 (S.D.N.Y. 1994). For instance, in *Bachchan*, the defamatory speech at issue related to a matter of public concern. Because the First Amendment requires a plaintiff to bear the burden of proving falsity when the speech involves matters of public concern, the New York court refused to enforce a British libel judgment because the British laws failed to provide this protection, placing the burden of proof on the defendant to prove the truth. The same analysis is appropriate here. In deciding whether the French Judgments are repugnant to the public policy of New York, the district court should first determine the level of First Amendment protection required by New York public policy when a news entity engages in the unauthorized use of intellectual property at issue here. Then, it should determine whether the French intellectual property regime provides comparable protections.

With regard to the protections provided by the First Amendment for the unauthorized use of copyrighted material, this court has held that absent extraordinary circumstances, "the fair use doctrine encompasses all claims of first amendment in the copyright field." *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1378 (2d Cir. 1993) (holding that book containing detailed synopses of episodes of television show "Twin Peaks" would, absent a fair use defense, infringe copyright on television show); *see also, Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 74 (2d Cir. 1999) ("We have repeatedly rejected First Amendment challenges to injunctions from copyright infringement on the ground that First Amendment concerns are protected by and coextensive with the fair use doctrine."); *Wainwright Sec., Inc. v. Wall St. Transcript Corp.*, 558 F.2d 91, 95 (2d Cir. 1977) ("Conflicts between interests protected by the first amendment and the copyright laws thus far have been resolved by application of the fair use doctrine."). Because the fair use doctrine balances the competing interests of the copyright laws and the First Amendment, some analysis of that doctrine is generally needed before a court can conclude that a foreign copyright judgment is repugnant to public policy. Factors that must be considered in determining fair use are:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. As the Supreme Court has explained: "The task [of applying the fair use doctrine] is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. . . . Nor may the four statutory factors be treated in

isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577-578 (1994).

In this case, the district court dispensed with the issue of fair use in a single sentence: "Similarly, even were plaintiffs' designs copyrightable, the copyright law similarly provides, as a matter of First Amendment necessity, a 'fair use' exception for the publication of newsworthy matters." To the extent the district court believed that Viewfinder's use was necessarily fair use because it was publishing "newsworthy matters," this was erroneous. *See, e.g., Harper & Row*, 471 U.S. at 557 (finding that The Nation's use of verbatim quotes from upcoming Gerald Ford memoir regarding Watergate scandal was not fair use even though material related to matter of public importance); *Iowa State Univ. Research Found., Inc. v. Am. Broad. Cos.*, 621 F.2d 57, 61 (2d Cir. 1980) ("The fair use doctrine is not a license for corporate theft, empowering a court to ignore copyright whenever it determines the work contains material of possible public importance."). Whether the material is newsworthy is but one factor in the fair use analysis.

While both parties urge this court to resolve the issue of fair use, the record before us is insufficient to determine fair use as a matter of law. For instance, the record is unclear as to the percentage of plaintiffs' designs that were posted on firstView.com. Such factual findings are relevant in determining whether Viewfinder's use would constitute "fair use" under United States law. If the publication of photographs of copyrighted material in the same manner as Viewfinder has done in this case would not be fair use under United States law, then the French intellectual property regime sanctioning the same conduct certainly would not be repugnant to public policy. Similarly, if the sole reason that Viewfinder's conduct would be permitted under United States copyright law is that plaintiffs' dress designs are not copyrightable in the United States, the French Judgment would not appear to be repugnant. However, without further development of the record, we cannot reach any conclusions as to whether Viewfinder's conduct would fall within the protection of the fair use doctrine.

The record is similarly unclear as to the manner of protection afforded plaintiffs' fashion shows by French law as well as the protections afforded to alleged infringers generally, and photographers specifically, under French law. The minutes of the French criminal judgment contained in the record² suggest that photographers may well enjoy some protection. Moreover, Article L 122-5(3) of the French Intellectual Property Code permits unauthorized use of copyrighted material in limited circumstances similar to uses deemed "fair use" under United States law. Whether such protections are sufficiently comparable to that required by the public policy of New York is a question best addressed in the first instance by the district court on a fully-developed record.

CONCLUSION

For the foregoing reasons, we vacate the judgment of the district court and remand for further proceedings consistent with this opinion.

² Criminal proceedings were initiated in France against certain Viewfinder employees for the conduct at issue in this case. The French court found each of the defendants not guilty.