2012

Transnational Judicial Governance

Christopher A. Whytock
UC Irvine School of Law

Follow this and additional works at: http://scholarship.law.uci.edu/faculty_scholarship

Part of the Law Commons

Recommended Citation

This Article is brought to you for free and open access by UCI Law Scholarly Commons. It has been accepted for inclusion in Faculty Scholarship by an authorized administrator of UCI Law Scholarly Commons.
TRANSMATIONAL JUDICIAL GOVERNANCE

Christopher A. Whytock*

INTRODUCTION

This Essay focuses on “transnational judicial governance”—that is, the regulation of transnational activity by domestic courts.1 Specifically, the Essay makes three points: First, transnational judicial governance is an important form of global governance that interacts with, but is distinct from, other forms of global governance such as international institutions, transgovernmental networks, and private governance. Second, it appears that the influence of U.S. courts in transnational judicial governance may be declining as the transnational litigation system becomes increasingly multipolar. Third, transnational judicial governance seems to be a normatively mixed bag. But, for better or worse, it is likely that domestic courts will continue to play an important role in global governance.

I. TRANSMATIONAL JUDICIAL GOVERNANCE AND OTHER FORMS OF GLOBAL GOVERNANCE

Legal scholars and political scientists have devoted considerable attention to the role of domestic courts in domestic governance,2 as well as to the role of international courts in global governance.3 So far, however,

3 Examples of scholarship on the role of international courts in global governance include Karen J. Alter, Establishing the Supremacy of European Law: The Making of an International Rule of Law in Europe 219–20 (2001) (emphasizing the role of the European Court of Justice in European governance); Courts Crossing
they have devoted little attention to the role of domestic courts in global governance.\(^4\) Yet domestic courts are routinely involved in the regulation of transnational activity.\(^5\) This section briefly discusses the important, but often neglected, role of domestic courts in global governance, and highlights the relationship between transnational judicial governance and other forms of global governance.

**A. The Global Governance Functions of Domestic Courts**

Domestic courts perform two basic global governance functions: they allocate authority to regulate transnational activity (a jurisdictional function), and they determine rights and obligations of transnational actors (a substantive function). These functions correspond to two fundamental questions of global governance: Who governs? And who gets what?

---


1. Who Governs? Allocation of Global Governance Authority

Transnational activity by definition has connections to more than one state—either because citizens of more than one state are involved or because the activity or its effects occur in more than one state’s territory. These multi-state connections mean that more than one state may claim the authority to govern that activity. Which of these states should govern? This “who governs” question has three basic dimensions, corresponding to three different types of governance authority: prescriptive authority (Which state’s laws should govern particular transnational activity?), adjudicative authority (Which state’s courts should adjudicate disputes arising out of that activity?), and enforcement authority (Which state should enforce a law or court decision that applies to transnational activity?).

Domestic courts help answer these questions. For example, when U.S. courts decide whether to apply U.S. statutes extraterritorially, or when they make international choice-of-law decisions, they help allocate prescriptive authority. When they decide whether to assert personal jurisdiction over a defendant or whether to grant a forum non conveniens motion to dismiss a suit in favor of a foreign court, they help allocate adjudicative authority. And when they decide whether to give extraterritorial effect to subpoenas issued by U.S. regulatory agencies or injunctions issued by U.S. courts, they help allocate enforcement authority.

---

6 See Steven Vertovec, Transnationalism 2 (Routledge ed., 2009) (discussing the “cross-border relationships, patterns of exchange, affiliations and social formations spanning nation-states” and how the growth of interest in transnationalism parallels the growth of social scientific interest in globalization over the same period).


8 These three types of governance authority correspond to the three basic categories of jurisdiction under international law. See Restatement (Third) of Foreign Relations Law of the United States § 401 (1987) (defining prescriptive jurisdiction as a state’s jurisdiction “to make its law applicable to the activities, relations, or status of persons, or the interests of persons in things”; adjudicative jurisdiction as a state’s jurisdiction “to subject persons or things to the process of its courts or administrative tribunals”; and enforcement jurisdiction as a state’s jurisdiction “to induce or compel compliance or to punish noncompliance with its laws or regulations”).

9 See Whytock, Domestic Courts, supra note 1, at 80–81 (explaining that domestic courts help allocate prescriptive authority by deciding whether to apply domestic law extraterritorially and by making international choice-of-law decisions).

10 See id. at 77–80 (explaining how courts help allocate adjudicative authority by applying personal jurisdiction doctrine, the forum non conveniens doctrine, and other doctrines).

11 See id. at 81–83 (explaining how courts help allocate enforcement authority); see
In addition to this “horizontal” inter-state dimension of allocation, domestic courts help allocate governance authority “vertically” between domestic and international institutions. For example, when U.S. courts decide whether a treaty is self-executing, whether to recognize a principle of customary international law, or whether to give priority to domestic or international law in the event of a conflict between the two, they help allocate governance authority along this domestic-international dimension.12

Domestic courts also help allocate governance authority along a third, private-public dimension. For example, by determining whether to apply non-state norms such as commercial usages or lex mercatoria on the one hand, or state law on the other hand, they influence whether private or public rules will govern transnational activity; and by determining whether to enforce an arbitration agreement, they can influence whether a private arbitrator or a public court will exercise adjudicative authority over a transnational dispute.13

In summary, domestic courts perform a jurisdictional global governance function by helping to allocate three types of governance authority over transnational activity: prescriptive authority, adjudicative authority, and enforcement authority. They do so along three dimensions: between states, between domestic and international institutions, and between private and public actors. Globalization entails increased transnational activity over which multiple states may have legitimate claims to govern.14 Moreover, with the spread of international law and international courts, there are difficult choices to make about whether they or domestic institutions should govern particular transnational activity. Likewise, with private actors

_12_ See Whytock, _Domestic Courts, supra_ note 1, at 83–88 (explaining how these decisions help allocate authority along this vertical dimension).

_13_ See id. at 89–90 (explaining how these decisions help allocate authority between state and non-state actors). _See also_ Jones v. Sea Tow Servs. Freeport NY Inc., 30 F.3d 360, 366 (2d Cir. 1994) (reversing an order compelling arbitration, finding it improper where an arbitration clause selected English law and an English forum, both parties were U.S. citizens, and the vessel in question was salvaged from U.S. waters); _see also_ Matabang v. Carnival Corp., 630 F. Supp. 2d 1361, 1366–67 (S.D. Fla. 2009) (denying a motion to compel arbitration ).

_14_ See Whytock, _Domestic Courts, supra_ note 1, at 90 (noting that “[b]ecause transnational activity by definition has connections to more than one state, more than one state may have a basis for legitimately exercising the authority to govern it”).
increasingly claiming authority to govern transnational activity traditionally 
governed by states, the allocation of governance authority between private 
and public institutions also poses serious challenges. As a result, the 
jurisdictional function of domestic courts in global governance is likely to 
be of growing importance.

2. Who Gets What? Determination of Rights and Obligations of 
Transnational Actors

It is well understood that domestic courts are important in domestic 
governance not only because they resolve discrete disputes—itself a critical 
governance function—but also because when they do so, they contribute to 
the authoritative allocation of resources within a society. Domestic courts 
perform a similar function in global governance by determining rights and 
obligations of transnational actors.

Neither legal scholars nor political scientists have systematically 
explored the implications of this judicial function for global governance. 
But existing research on three types of transnational litigation demonstrates 
its importance. In transnational regulatory litigation, domestic courts apply 
domestic regulatory norms to determine rights and obligations of 
transnational actors. In transnational public law litigation, “[p]rivate 
individuals, government officials, and nations sue one another directly, and 
are sued directly, in a variety of judicial fora, most prominently, domestic 
courts,” based on rights derived from both domestic and international law.
And in transnational private litigation, domestic courts resolve transnational 
disputes under different states’ private law rules—such as rules governing 
torts, contracts and property—rules that reflect these states’ respective 
distributive and regulatory policies.

15 See The Emergence of Private Authority in Global Governance, 4–7 
(Rodney Bruce Hall & Thomas Biersteker eds., 2002) (highlighting the rise of private 
power in global governance).

16 See Martin Shapiro, From Public Law to Public Policy, or the “Public” in “Public 
Law,” 5 Pol. Sci. & Pol. 410, 413 (1972) (discussing “[j]udicial allocation of values”); see 
also Robert M. Cover, Dispute Resolution: A Foreword, 88 Yale L.J. 910, 911 (1979) 
(noting that courts both solve disputes and distribute resources).

17 See Janet Koven Levi, The Constitutionalization of Human Rights in Argentina: 
Problem or Promise?, 37 Colum. J. Transnat’l L. 281, 321 (1999) (illustrating how 
domestic courts can determine rights and obligations of transnational actors in the human 
rights context).

18 See generally Hannah L. Buxbaum, Transnational Regulatory Litigation, 46 Va. J. 

19 See generally Harold Hongju Koh, Transnational Public Law Litigation, 100 Yale 

20 See generally Robert Wai, Transnational Private Litigation and Transnational
Notwithstanding the differences between these different types of transnational litigation, in all three contexts one sees domestic courts performing a substantive global governance function: the determination of rights and obligations in ways that contribute to the authoritative allocation of resources among transnational actors. In this way, domestic courts help answer a second fundamental question of global governance: Who gets what?

B. The Transnational Shadow of the Law: Strategic Behavior and Other Forms of Global Governance

The global governance functions of domestic courts are important not only because of their impact on litigants, but also because of their influence beyond borders and beyond the parties to particular disputes. Extending Mnookin and Kornhauser’s concept, I call this the “transnational shadow of the law.”

1. Transnational Judicial Governance and the Strategic Behavior of Transnational Actors

For example, domestic court decisions can affect the strategic behavior of transnational actors. Prior court decisions influence actors’ expectations about future court decisions. Because the strategic behavior of transnational actors often depends on their expectations about future domestic court decisions regarding their activity, domestic court decisions can influence

---


21 See Robert Wai, Transnational Private Law and Private Ordering In a Contested Global Society, 46 HARV. INT’L L. J. 471, 474 (2005) (discussing how domestic courts redistribute resources between actors in private litigation); Whytock, Domestic Courts, supra note 1, at 91–96 (arguing that one of the basic global governance functions of domestic courts is the determination of rights and obligations of transnational actors).

22 See Buxbaum, supra note 18, at 254 (arguing that domestic courts influence the transnational process on a global scale by recognizing and enforcing international norms); Christopher A. Whytock, Litigation, Arbitration, and the Transnational Shadow of the Law, 18 DUKE J. COMP. & INT’L L. 449, 453 (2008) (arguing that “transnational litigation is the foundation of a form of global governance, whereby judges make decisions that not only directly affect the parties to particular disputes, but also indirectly regulate the behavior of actors who engage in activity in the transnational shadow of the law”).

that activity.\textsuperscript{24} For example, international choice-of-law decisions by domestic courts can influence transnational activity by helping transnational actors determine which state’s laws would be applied to their activity in the event of litigation—and, in the same way, these decisions can facilitate bargaining among transnational actors.\textsuperscript{25} Similarly, the personal jurisdiction and forum non conveniens decisions of a particular state’s domestic courts can influence forum shopping behavior by shaping litigants’ expectations about whether a suit would be able to proceed in that state.\textsuperscript{26}

\section*{2. The Relationship Between Transnational Judicial Governance and Other Types of Global Governance}

Of course, transnational judicial governance is only one possible method of global governance. But the transnational shadow of the law extends to other forms of governance. The most familiar (even if not the most pervasive) approach to global governance involves international institutions, such as international law (e.g. the law of the sea), international organizations (e.g. the United Nations), and international courts (e.g. the International Court of Justice).\textsuperscript{27}

Another method of global governance consists of transgovernmental networks between the regulatory agencies of different states.\textsuperscript{28}
Transgovernmental networks are “pattern[s] of regular and purposive relations among like government units working across . . . borders.” An example of a transgovernmental network is the active cooperative relationship between antitrust authorities in the United States and the European Union. Transnational judicial governance itself may sometimes take the form of transgovernmental networks, particularly at the highest levels of national judiciaries. However, it is likely that most domestic judges—especially the busy trial court judges on the front lines of transnational litigation—usually will have insufficient time and resources to actively participate in networks of regular and purposive relations with their foreign counterparts. Therefore, it is likely that most transnational judicial governance occurs outside the context of transgovernmental networks.

A third approach to global governance is private global governance, whereby private actors regulate transnational activity. For example, private actors play an important role in international standard setting, and reasons transgovernmental networks are often thought to be the most efficient means of global governance. See generally ANNE-MARIE SLAUGHTER, A NEW WORLD ORDER (2004) (describing transgovernmental networks).

See SLAUGHTER, supra note 28, at 14 (defining transgovernmental networks as regular and constructive relations among like governments working across borders).


See SLAUGHTER, supra note 28, at 34 (discussing transgovernmental networks of judges).

However, U.S. bankruptcy judges sometimes directly engage with their foreign counterparts in global bankruptcy cases. See id. at 94–96 (noting that U.S. bankruptcy judges sometimes directly engage with their foreign counterparts in global bankruptcy cases).


private arbitral institutions offer dispute resolution services that are widely used by transnational actors.35

Even combined, these methods of global governance do not extend to all transnational activity. But activity to which these international, transgovernmental and private governance methods do not extend are not necessarily ungoverned. To the contrary, they may be governed by domestic law—and when this is the case, domestic courts, as explained above, can help determine which state’s domestic law governs.36 Even when one of these three methods of global governance do apply to particular transnational activity, they may overlap with domestic regulations—here, too, domestic courts can play a significant role by allocating authority along the domestic-international dimension or the private-public dimension.37 In these ways, domestic courts can help fill global governance gaps and resolve governance conflicts.

More fundamentally, these other methods of global governance depend significantly on domestic courts for their effectiveness.38 For example, domestic courts can support efforts to govern through international institutions by contributing to the development of international law;39 and they can support (or limit) those efforts by enforcing (or declining to enforce) international law and the judgments of international courts.40


36 See supra Part I.A.1.

37 See supra Part I.A.1; see also Melissa A. Waters, Normativity in the “New” Schools: Assessing the Legitimacy of International Legal Norms Created by Domestic Courts, 32 YALE J. INT’L L. 455, 458 (2007) (discussing the importance of domestic courts in the transnational legal process).

38 For a more detailed discussion of how domestic courts can support (or hinder) other methods of global governance, see Whytock, Domestic Courts, supra note 1, at 103–14.

39 See Benedetto Conforti, International Law and the Role of Domestic Legal Systems 104 (René Provost trans., 1993) (noting that domestic courts add a greater body of case law to the interpretation of treaties than do international tribunals); see also Anne-Marie Slaughter, A Typology of Transjudicial Communication, 29 U. RICH. L. REV. 99, 137 (1994) (positing that a unified commitment by judicial institutions is more likely to establish international rule of law than a single international court).

40 See Whytock, Domestic Courts, supra note 1, at 104–11 (explaining how domestic courts can support or hinder governance through international law and international courts); see also Melissa A. Waters, Mediating Norms and Identity: the Role of Transnational Judicial Dialogue in Creating and Enforcing International Law, 93 GEO. L.J. 487, 501 (2005) (finding that participation of domestic courts in the transnational judicial dialogue plays a significant role in the creation of international legal norms).
Insofar as domestic courts are involved in the interpretation, application and review of the regulations and other decisions of government agencies that are part of transgovernmental networks, domestic courts can provide support for those networks. And domestic courts support private global governance by interpreting and enforcing transnational contracts.\(^{41}\) In particular, they provide critical support for the transnational commercial arbitration system by enforcing arbitration agreements and arbitral awards.\(^{42}\) Of course, these alternative forms of governance do not rely entirely or necessarily even primarily on domestic courts. But domestic courts can enhance the effectiveness of these alternative methods by providing support, and can sometimes hinder them by withholding support.

In summary, the effects of domestic court decisions in transnational litigation radiate beyond borders and beyond the parties to particular lawsuits.\(^{43}\) Domestic courts not only influence the strategic behavior of transnational actors, but also provide support for other methods of global governance, including international institutions, transgovernmental networks, and private governance.

II. INCREASING MULTIPOLARITY IN TRANSNATIONAL JUDICIAL GOVERNANCE?

What is the role of the United States in transnational judicial governance? The conventional wisdom is that, for a variety of reasons, the United States is the leading provider of courts and law for transnational disputes, perhaps along with England. Thus, the general impression seems to be that the transnational litigation system is unipolar, or perhaps bipolar. This would imply that the United States is among the most influential participants in transnational judicial governance.

But several empirical trends seem to indicate that other countries are playing an increasingly influential role in the transnational litigation system.

---

\(^{41}\) See Whytock, \textit{Domestic Courts}, supra note 1, at 111–14 (explaining how domestic courts can support or hinder governance through private institutions, including private contracting and transnational arbitration).


These trends suggest that compared to other states, the influence of the United States in transnational judicial governance may be declining.

First, according to data collected by the Administrative Office of the U.S. Courts, alienage litigation—that is, transnational litigation over which federal subject matter jurisdiction exists because the suit is between a U.S. citizen and a foreign citizen—is declining. Transnational tort claims are declining, which would seem to suggest less ex post forum shopping into U.S. courts by plaintiffs; and transnational contract claims are likewise declining, which would seem to suggest fewer ex ante forum selection clauses favoring U.S. courts. The U.S. Supreme Court’s recent decision in J.M. McIntyre Machinery, Ltd. v. Nicastro—which rejected personal jurisdiction in a suit by a U.S. plaintiff against a foreign defendant for an injury caused in New Jersey by a machine manufactured by the defendant—suggests that this trend will continue.

Second, there is evidence of a growing number of foreign judgments being brought to the United States for enforcement. Unfortunately, there is not good data on foreign judgment enforcement in the United States. But analysis of opinions published in Westlaw by the U.S. District Court for the Southern District of New York indicates an overall upward trend between 1990 and 2009. This trend is consistent with the observations of transnational litigators who have identified foreign judgment enforcement as a growing field of legal practice in the United States. If there is indeed an increase in foreign judgments, this would seem to suggest an underlying

---


45 Whytock, Forum Shopping, supra note 26, at 510–11 (emphasizing that if there is a wave of foreign plaintiffs in the U.S. federal court system, it is not a result of alienage claims).

46 See Quintanilla & Whytock, supra note 44, at 33 (stating that “the decline in transnational contract claims suggests that the world’s commercial actors may be negotiating fewer forum selection clauses that provide for litigation in the United States.”).


48 Id. (concluding that New Jersey did not have personal jurisdiction over petitioner).

49 See Quintanilla & Whytock, supra note 44, at 36–37.

50 See GARY B. BORN & PETER B. RUTLEDGE, INTERNATIONAL CIVIL LITIGATION IN UNITED STATES COURTS 1078 (4th ed. 2007) (noting “increasingly frequent efforts by courts and legislatures around the world to impose substantial judgments against companies perceived to have the wherewithal to pay them”); see also Press Release, Gibson Dunn Launches Transnational Litigation and Foreign Judgments Practice Group, Dec. 15, 2010, available at http://www.gibsondunn.com/news/Pages/GibsonDunnLaunchesTransnationalLitigationandForeignPracticeGroup (announcing the creation of a new practice group focused on representing clients in foreign judgment enforcement actions).
increase in transnational litigation in foreign courts. Moreover, this trend would suggest that if U.S. courts in some ways function as “world courts,” they may increasingly be perceived less as the world’s trial courts and more as the world’s appellate courts as they review the judgments of foreign courts to decide whether they are enforceable. 

Third, there is evidence that U.S. courts are applying the law of other countries with increasing frequency. Contrary to the conventional wisdom, recent empirical analysis suggests that U.S. judges making international choice-of-law decisions are not systematically biased in favor of U.S. law. Moreover, an analysis of decisions of the U.S. District Court for the Southern District of New York shows a steady increase since 1990 in the number of references to Rule 44.1 of the Federal Rules of Civil Procedure, which is the rule governing determinations of foreign law. This trend suggests that even when U.S. courts do adjudicate transnational disputes, foreign law is increasingly being applied to govern the underlying transnational activity.

These are just snapshots of discrete trends—but together they provide some support for the conjecture that transnational judicial governance has been, and will continue to be, increasingly multipolar.

---


53 See Whytock, Myth of Mess, supra note 5, at 764–69 (providing empirical evidence suggesting that U.S. judges are not biased in favor of domestic law in their international choice-of-law decisions).

54 See Quintanilla & Whytock, supra note 44, at 38 (empirically documenting this increase). Rule 44.1 provides as follows: “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.” FED. R. CIV. P. 44.1.
III. TRANSNATIONAL JUDICIAL GOVERNANCE: FOR BETTER OR WORSE?

Is it a good thing that domestic courts play an important role in global governance? On the one hand, at least in the more “high politics” world of foreign relations law, there are plausible arguments to be made that courts are not institutionally well suited to get involved in transnational matters. On the other hand, empirical research suggests that U.S. district court judges do a surprisingly good job applying frustratingly vague principles of transnational litigation, including choice-of-law principles and the forum non conveniens doctrine.\footnote{See Whytock, \textit{Myth of Mess}, supra note 5, at 790 (arguing that judges do a better job at applying choice of law principles than many scholars assume); see also Whytock, \textit{Forum Shopping}, supra note 30, at 528 (concluding that “judges apply the forum non conveniens doctrine fairly well”).} Empirical evidence also suggests that while generally staying true to the U.S. Supreme Court’s pro-enforcement policy in arbitration, U.S. judges also appear to take seriously their role in supervising the transnational arbitration system.\footnote{See Christopher A. Whytock, \textit{The Arbitration-Litigation Relationship in Transnational Dispute Resolution: Empirical Insights from the U.S. Federal Courts}, 2 WORLD ARB. & MEDIATION REV. 39, 80–81 (2008) (suggesting that courts supervise arbitration in a manner that helps reinforce arbitration’s status as the leading method of transnational dispute resolution).} Moreover, U.S. judges do not appear to carry out these governance functions in a manner that is strongly influenced by partisan or ideological biases.\footnote{See Whytock, \textit{Myth of Mess}, supra note 5 at 777–78 (presenting statistics showing that even if ideological factors influence judge’s choice-of-law decisions, the influence is rather small when compared to other factors); see also Whytock, \textit{Forum Shopping System}, supra note 26 at 525–26 (finding that a judge’s ideology may affect the factors emphasized in a forum non conveniens decision, but that ideology does not appear to have a strong impact on the probability of dismissal in general).} This is not to say that domestic courts are necessarily the best suited institutions for making global governance decisions. But in the absence of other governance institutions—international, transgovernmental or private—transnational judicial governance may end up filling some of the gaps.\footnote{See Whytock, \textit{Domestic Courts}, supra note 1, at 88 (discussing the increasingly prevalent role domestic courts will play in the absence of supranational governance institutions).}

Second, aside from whether transnational judicial governance in general is a good thing, is increased multipolarity in transnational judicial governance—the trend suggested in Part II—a good thing? On the one hand, from a U.S. perspective, one might lament a decline in the influence of U.S. courts and U.S. law in global governance. On the other hand, this may be seen as good news for other states that previously exerted relatively little influence in the governance of transnational activity. Moreover,
business-oriented interest groups, like the U.S. Chamber of Commerce, have been fighting for years to reduce the flow of transnational litigation into U.S. courts and limit the application of U.S. tort law to transnational activity because of concerns about the negative impact on U.S. and U.S.-based businesses. For them, perhaps the declining role of the United States might be viewed as good news. But it is far from clear that these businesses will ultimately find foreign courts and foreign law more beneficial.

The bottom line is that, for better or worse, domestic courts play an important role in global governance, and it is likely that they will continue to do so even if the influence of U.S. courts is declining. It is therefore important for legal scholars, political scientists and policymakers to develop a better understanding of transnational judicial governance.

---
