DIRECTIVE 2001/29/EC

11

THE INFORMATION SOCIETY DIRECTIVE

**Christophe Geiger and Franciska Schönherr (articles 5 and 6(4)) Irini Stamatoudi and Paul Torremans**

**Updated by Stavroula Karapapa**

**of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society**

[2001] OJ L 167/10

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The Information Society Directive is the only EU Directive, so far, which harmonises copyright and related rights issues to a larger extent and in a horizontal manner compared to any other Directive, with the exception of the Enforcement Directive, which is however targeted on enforcement. Although its title relates to the Information Society, its provisions are also valid in the analogue world. The Information Society Directive implements into EU law the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), which were concluded in 1996. Yet, some of its provisions go well beyond these two Treaties and have been rather controversial during the legislative process. This is also the reason why the Commission tabled its initial proposal on 21 May 1999 while the Directive was finally adopted on 22 May 2001.1 The Information Society Directive was part of a set of Directives envisaged already in 1988 in the European Commission’s Green Paper on ‘Copyright and the Challenge of Technology’,2 which sought to strike a balance between the rights of authors and right holders and the challenges of the emerging technologies and the Internet. Two sets of Directives had been initiated in this context. The first set contained six Directives focusing on particular sectors of copyright (‘first generation of Directives’). These were the Computer Programs Directive, the Rental and Lending Rights Directive, the Satellite and Cable Directive, the Term Directive, the Database Directive and the Resale Right Directive. The second set of Directives, known as the ‘second generation Directives’ were rather horizontal in scope and harmonised copy- right and related rights in general. These were the Information Society Direct- ive and the Enforcement Directive. These two Directives are not meant to disturb the function or prejudice in any respect the existing (first set of) Directives in the field. This is the general concept underlying this second set of Directives and provided throughout them. The Orphan Works Directive, the Collective Rights Management Directive (though targeted on specific issues and limited in terms of scope), the Digital Single Market Directive and the

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I. COMMENTARY

**11.01**

1 An amended proposal was tabled on 21 May 1999 whilst the Common Position followed on 28 September 2000. 2 COM (88) 172 Final, 7.6.1988.

Directive on permitted uses for the benefit of persons who are blind, visually impaired or otherwise print-disabled also follow a largely horizontal approach. When one interprets the provisions of the first-generation Directives one should also take into account the provisions of the second set of Directives for the sake of uniformity and consistency of EU law.

NOTES

1. Related instruments

Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, OJ L 290/9, 24.11.1993.

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs, OJ L 111/16, 23.4.2009.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376/28, 27.12.2006.

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20, 27.03.96.

Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art, OJ L 272/32, 13.10.2001.

Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157/32, 30.4.2004.

Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, OJ L 299/5, 27.10.2012.

Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market, OJ L 84, 20.3.2014.

Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled and amending Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 242, 20.9.2017.

Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130, 17.5.2019.

Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 on cross-border portability of online content services in the internal market, OJ L 168, 30.6.2017.

Regulation (EU) 2017/1563 of the European Parliament and of the Council of 13 September 2017 on the cross-border exchange between the Union and third countries of accessible format copies of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled, OJ L 242, 20.9.2017.

World Copyright Treaty (WCT) of 20 December 1996.

WIPO Performances and Phonograms Treaty (WPPT) of 20 December 1996.

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ARTICLE 1: SCOPE

CHAPTER I OBJECTIVE AND SCOPE

ARTICLE 1 SCOPE

**1.**

**This Directive concerns the legal protection of copyright and related rights in the framework of the internal market, with particular empha- sis on the information society.**

**Except in the cases referred to in Article 11, this Directive shall leave intact and shall in no way affect existing Community provisions relat- ing to:**

**2.**

**(a)**

**(b)**

**the legal protection of computer programs;**

**rental right, lending right and certain rights related to copyright in the field of intellectual property;**

**copyright and related rights applicable to broadcasting of pro- grammes by satellite and cable retransmission;**

**the term of protection of copyright and certain related rights; the legal protection of databases.**

**(c)**

**(d)**

**(e)**

SELECTED RECITAL

**(20) This Directive is based on principles and rules already laid down in the Directives currently in force in this area, in particular Directives 91/250/ EEC, 92/100/EEC, 93/83/EEC, 93/98/EEC and 96/9/EC, and it develops those principles and rules and places them in the context of the information society. The provisions of this Directive should be without prejudice to the provisions of those Directives, unless otherwise provided in this Directive.**

I. COMMENTARY

1. Scope (para 1)

Although the title of the Directive relates to the information society, some of its provisions are valid in a wider context, too. It is just the emphasis, which is on the Internet. The Directive also does not aim to harmonise the whole area of copyright and related rights but aspects of it only, which are relevant to the Internal Market.

**11.02**

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2. Relationship with other Directives (para 2)

**11.03**

The Information Society Directive leaves intact (as explained in the introduc- tion to this chapter) all pre-existing Directives. There are, however, particular provisions in it, which introduce changes and which are expressly provided in the relevant articles. More specifically:

(e)

(c)

(d)

(a)

(b)

Note that Directives that were issued after the launch of the Information Society Directive, such as the *Orphan Works Directive*, the *Digital Single Market Directive* and the *Directive on permitted uses for the benefit of blind, visually impaired or otherwise print-disabled persons*, have amended certain provisions of the Information Society Directive. In particular:

1. Article 6 of the *Orphan Works Directive* provides a copyright exception to the right of reproduction and the right of making available to the public provided for respectively in Articles 2 and 3 of the Information Society Directive 2001/29/EC to ensure that cultural organisations are permitted to use orphan works contained in their collections.
2. The *Directive on permitted uses for the benefit of blind, visually impaired or otherwise print-disabled persons* revises the exception available to uses, for the benefit of people with a disability available under Article 5(3) of the Information Society Directive.
3. The *Digital Single Market Directive* leave intact and does affect existing rules laid down in the Information Society Directive (Article 1(2)). It does however introduce new exceptions to reproduction right for purposes of text and data mining (Articles 3 and 4) and preservation of cultural heritage (Article 6); exceptions to the rights of reproduction and

The *Computer Programs Directive* remains intact.

Article 7 of the *Rental and Lending Rights Directive* concerning the right of reproduction for performers and other related rights holders is repealed and instead Article 2 of the Information Society Directive applies. In addition (and always in relation to related rights holders) Article 3(2) applies, which introduces the right of making available to the public, which was not provided under the Rental and Lending Rights Directive; Articles 6 and 7 concerning technological protection measures and rights management information, and Article 11(1)(b) (that modifies Art. 10(3) of the Rental and Lending Rights Directive) which extends the three-step test to related rights holders, too.

The *Satellite and Cable Directive* remains intact.

Article 3(2) of the *Term Directive* is amended by Article 11(2) of the Information Society Directive.

Articles 6 and 7 of the Information Society Directive also apply to authors of databases as well as the *sui generis* right holders (*Database Directive*).

communication to the public by reference to permitted uses of works for the purposes of cross-border teaching (Article 5) and certain uses of out-of-commerce works by cultural heritage institutions (Article 8); expands the scope of the rights of reproduction and communication to the public for press publishers (Article 15); expands the applicability of the three-step test embedded in Article 5(5) of the Information Society Directive to all exceptions and limitations introduced (Article 7); applies further amendments to the Information Society Directive (Article 24).

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs, OJ L 111/16, 23.4.2009.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376/28, 12.2.2006.

Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, OJ L 290/9, 24.11.1993.

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20, 27.03.96.

Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art, OJ L 272/32, 13.10.2001.

Directive 2004/48/EC of the European Parliament and of the Council OF 29 April 2004 on the enforcement of intellectual property rights, OJ L 157/32, 30.4.2004.

Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, OJ L 299/5, 27.10.2012.

Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market, OJ L 84, 20.3.2014.

Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled and amending Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 242, 20.9.2017.

Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130, 17.5.2019.

NOTES

1. Related instruments

ARTICLE 2: REPRODUCTION RIGHT

CHAPTER II RIGHTS AND EXCEPTIONS

ARTICLE 2 REPRODUCTION RIGHT

**Member States shall provide for the exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part:**

**(a)**

**(b)**

**(c)**

**(d)**

**for authors, of their works;**

**for performers, of fixations of their performances; for phonogram producers, of their phonograms;**

**for the producers of the first fixations of films, in respect of the original and copies of their films;**

**for broadcasting organisations, of fixations of their broadcasts, whether those broadcasts are transmitted by wire or over the air, includ- ing by cable or satellite.**

**(e)**

SELECTED RECITAL

**(21) This Directive should define the scope of the acts covered by the repro- duction right with regard to the different beneficiaries. This should be done in conformity with the acquis communautaire. A broad definition of these acts is needed to ensure legal certainty within the internal market.**

I. COMMENTARY

Article 2 deals with the right of reproduction, which is considered one of the most basic economic rights of authors and related rights holders. This right is extended to cover authors of works and four types of related rights holders (as these right holders were also provided in the Rental and Lending Rights Directive)3: (a) all authors of works (with the exception of authors of computer programs and databases, which are covered by separate Directives as provided in Art. 1); (b) performers; (c) phonogram producers; (d) film producers and (e) broadcasting organisations.

**11.04**

3 This was provided in Art. 7 of the Rental Rights Directive, which was repealed by Art. 11(1)(a) of the Information Society Directive.

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**11.05**

The right of reproduction subsists in the right holders’ exclusive right to authorise or prohibit the direct or indirect, temporary or permanent reproduc- tion by any means and in any form, in whole or in part, of their works or subject matter.

**11.06**

*‘By any means and in any form’*: This right covers both analogue and digital reproductions of the work irrespective of the fact whether the original work was in an analogue or digital form and is reproduced in another format (digital or analogue respectively). It may also be reproduced by any means and on any material carrier or immaterial format. It is therefore irrelevant whether a wooden sculpture is photographed, copied by hand from the photograph into a marble, then photographed again and loaded on a site on the Internet. All these acts are considered to be reproductions.

**11.07**

Reproductions may be ‘direct or indirect’, ‘temporary or permanent’ or ‘total or partial’.

**11.08**

*‘Direct or indirect’*: Indirect reproductions are usually those where another medium is involved in the reproduction process. Instead for example of copying a sermon in a church by hand (which would be considered a direct reproduction of the work), record it and then listen to the recording and put it down by hand. This is also the case when the work is broadcast or communicated to the public from the recording.4 Indirect reproductions are sometimes confused with reproductions, which are facilitated by a third party. These strictly speaking are not considered to be reproductions for the party that facilitated them but rather for the party that performs them even if that party has used the facilities provided to it to gain access to the work in order to copy it. A characteristic example in this respect is a hypertext link. The person/entity that places the link may be considered liable for contributory infringement or may not be considered liable at all depending on the facts of the case and the legal traditions at issue. In *Paperboy*5 the German Federal Court held that deep linking by an aggregator who compiled an email list of links to articles on the plaintiff ’s newspaper site was unobjectionable as long as it did not evade technical protection mechanisms and that it did not provide content access that the right holder had not authorised. Hypertext links and search engines constituted reasonable use of the Internet.6 This was also the stance in *Meteodata v Bernegger Bau* (Austria)7 and *Fin Eiendom AS v Notar AS*

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5

See M. Walter and S. von Lewinski, *European Copyright Law*, Oxford University Press, Oxford, 2010, 967. *Verlagsgruppe Handelsblatt GmbH v Paperboy*, Bundesgerichtshof No 1 ZR 259/00, 17 July 2003, [2005] ECDR 7.

Gr.J.H. Smith, *Internet Law and Regulation*, Sweet & Maxwell, London, 2007, 72. Austrian Supreme Court, 17 December 2002.

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(Norway).8 Different approaches were followed in *Havas Numerique SNC and Cadres On Line S.A. v Keljob* (France)9 and in *Newspaper Publishers’ Association v Newsbooster.com ApS* (Denmark).10 11 The original German approach, as it was expressed in *Paperboy*, changed later in a number of other cases.12 In Case C-466/12 *Svensson v Retriever Sverige AB* [2014] EUECJ C-466/12, the CJEU found that provision on a website of clickable links to works freely available on another website must be considered to be ‘making available’ and, therefore, an ‘act of communication’. However, the use in question did not amount to copyright infringement because the communication was not addressed to a new public: as the initial communication was not subject to any restrictive measures, *all* internet users could have free access to the relevant works.

**11.09**

*‘Temporary or permanent’*: The right of reproduction is particularly wide in the sense that it covers both permanent and temporary copies.13 Any act that reproduces the work is considered to constitute reproduction. The only copies that are excluded are the ones exempted mandatorily under Article 5(1); these are copies, which are transient or incidental and form an integral and essential part of a technological process and whose sole purpose is to enable: (a) a transmission in a network between third parties by an intermediary, or (b) a lawful use of a work or other subject matter to be made, and which have no independent economic significance. This means that transmissions between networks, servers or routers of internet service providers where multiple copies are made in order to facilitate the transmission process, and which are not stored or are stored for a limited amount of time and only in the process of such transmission, are exempted altogether. The same applies to copies that are made in the process of conducting a lawful action, such as for example the making of copies in the RAM memory of a computer in order to listen to a piece of music one has legally purchased from the internet. Such acts are not supposed to have independent economic significance. If these acts were not expressly exempted in the Directive, their exemption by means of interpreting the scope of the

Trondheim District Court, 29 January 2004, [2004] ECLR. 9, (7), 18 February 2004.

26 December 2000, Paris Commercial Court (E-Commerce Law Reports, vol. 1, Issue 2, p. 16) then on Appeal (World Internet Law Report, August 2001, 15) and a later decision by the Paris Civil Court as referred to by Smith, 72.

7 May 2002, Denmark Bailiff ’s Court (World eBusiness Law Report, 12 May 2003). See however a later decision in *Home v Ofir,* Maritime and Commercial Court Ruling (Copenhagen), February 24, 2006. *Zoekallehuizen.nl v NVM*, District Court (Arrondissementsrechtbank) Arnhem (The Netherlands), 16 March 2006 (hypertext linking is permissible under the quotation right).

See also *Belgian Association of Newspaper Editors v Google* (5 May 2011).

See, however, *Decision I-20 U 42/11 Düsseldorf Court of Appeal 8 October 2011 and DNPA v Google* (November 2008).

The Court of Justice of the European Union has confirmed that the right of reproduction is to be construed broadly. See Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569.

ARTICLE 2: REPRODUCTION RIGHT

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reproduction right would impinge on the filter of the three-step test (applying to the exceptions and limitations to the exclusive rights of authors and related rights holders). These exceptions are put there in order to avoid the unnecessary expansion of the reproduction right and to leave out acts, which are considered to constitute ‘mere use’ of the work such as browsing and navigating on the Internet. An example of such kind of use was discussed in Case C-360/13 *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd and Others* [2014] EUECJ C-360/13, where subject to discussion was a media monitoring service which sent its customers emails containing the headlines of online articles, hyperlinks to the articles' publishers' websites and short extracts of the articles themselves. The CJEU held that since on-screen copies were deleted when internet users moved away from the website, and since cached copies were automatically replaced with other content, such copies were temporary in nature and the use in question benefited from the temporary copying exception of Article 5(1). (PLEASE ADD FOOTNOTE:

1. Stamatoudi, I. “‘Linking’, ‘Framing’ and ‘Browsing’. The EU Court of Justice’s recent case law”, in G Karnell, A Kur, P J Nordell, D Westman, J Axhamn, S Carlsson (eds) Liber Amicorum Jan Rosen, Eddy.se ab, Halmstad, 2016, 759.
2. Stamatoudi, I. “‘Linking’ and ‘Browsing’ in the light of the EU Court of Justice’s recent case law” in Tana Pistorius (ed.), IP Perspectives on the Regulation of New Technologies, ATRIP IP series, Edward Elgar Publishing, Cheltenham (UK) - Northampton (US), 2018, 179.

**11.10**

Articles 2–5 do not apply to computer programs and to databases for which there are special provisions provided in the Computer Programs Directive (Arts 4–6) and the Database Directive (Arts 5–6) respectively.

**11.11**

There is also an optional exception provided under Article 5(2)(d) of the Information Society Directive in respect of ephemeral recordings of works made by broadcasting organisations by means of their own facilities and for their own broadcasts.

**11.12**

*‘In whole or in part’*: Even partial reproductions of works are considered to constitute reproductions.14 This is especially so in jurisdictions that do not require that a substantial part of the work should be reproduced. In this sense, even music, video or news sampling may be considered a reproduction. See the Belgian case *Belgian Association of Newspaper Editors v Google* (5 May 2011) where the Brussels Court of Appeal confirmed in general terms the decision of the Court of First Instance and ordered Google to withdraw from the ‘cached’ links visible on ‘Google Web’ and ‘Google News’ service, all articles, photo- graphs and graphical representations of the Belgian publishers of French and German press represented by Copiepresse (a Belgian collecting society).15 See also Case C-476/17, *Pelham GmbH et Anor v Ralf Hütter et Anor*[2019] EUECJ C-476/17, where sampling, i.e. copying of the sounds fixed in a phonogram*,* was held to amount to reproduction ‘in part’ of a protected work, however short the extracts taken. In cases involving reproductions ‘in part’, the quotation exception of Article 5(3)(d) of the Information Society Directive may apply.

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See Case 406/10 *SAS Institute Inc. v World Programming Ltd*., 2 May 2012, [2011] EUECJ C-406/10, where the CJEU ruled that

article 2(a) of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society must be interpreted as meaning that the reproduction, in a computer program or a user manual for that program, of certain elements described in the user manual for another computer program protected by copyright is capable of constituting an infringement of the copyright in the latter manual if – this being a matter for the national court to ascertain – that reproduction constitutes the expression of the intellectual creation of the author of the user manual for the computer program protected by copyright.

According to C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* and C-429/08, *Karen Murphy v Media Protection Services Ltd* [2011] ECR I-09083, the reproduction right for authors:

extends to transient fragments of the works within the memory of a satellite decoder and on a television screen, provided that those fragments contain elements which are the expression of the authors’ own intellectual creation, and the unit composed of the fragments reproduced simultaneously must be examined in order to determine whether it contains such elements. Acts of reproduction such as those at issue in Case C-403/08, which are performed within the memory of a satellite decoder and on a television screen, fulfil the conditions laid down in Article 5(1) of Directive 2001/29 and may therefore be carried out without the authorisation of the copyright holders concerned.

*BestWater International GmbH v Michael Mebes, Stefan Potsch* (Case C-348/13)  [2014] EUECJ C-348/13\_CO.

*Football Association Premier League Ltd and Others v QC Leisure and Others* (C-403/08) and *Karen Murphy v Media Protection Services Ltd* (C-429/08) [2011] ECR I-9083.

*GS Media BV v Sanoma Media Netherlands BV, Playboy Enterprises International Inc., Britt Geertruida Dekker* (Case C-160/15) [2016] EUECJ C-160/15.

*Infopaq International A/S v Danske Dagblades Forening* (C-5/08) [2009] ECR I-6569.

*Pelham GmbH et Anor v Ralf Hütter et Anor* (Case C-476/17) 2019] EUECJ C-476/17

*Svensson v Retriever Sverige AB* (Case C-466/12) [2014] EUECJ C-466/12.

ARTICLE 2: REPRODUCTION RIGHT

NOTES

1. Related instruments

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs, OJ L 111/16, 5.6.2009.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376/28, 27.12.2006.

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20, 27.03.96.

2. CJEU case-law

**(25) The legal uncertainty regarding the nature and the level of protection of acts of on-demand transmission of copyright works and subject-matter protected by related rights over networks should be overcome by providing**

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ARTICLE 3

RIGHT OF COMMUNICATION TO THE PUBLIC OF WORKS AND RIGHT OF MAKING AVAILABLE TO THE PUBLIC OTHER SUBJECT MATTER

**1.**

**Member States shall provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.**

**Member States shall provide for the exclusive right to authorise or prohibit the making available to the public, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them:**

**2.**

**(a)**

**(b)**

**(c)**

**for performers, of fixations of their performances; for phonogram producers, of their phonograms;**

**for the producers of the first fixations of films, of the original and copies of their films;**

**for broadcasting organisations, of fixations of their broadcasts, whether these broadcasts are transmitted by wire or over the air, including by cable or satellite.**

**(d)**

**3.**

**The rights referred to in paragraphs 1 and 2 shall not be exhausted by any act of communication to the public or making available to the public as set out in this Article.**

SELECTED RECITALS

**(23) This Directive should harmonise further the author’s right of com- munication to the public. This right should be understood in a broad sense covering all communication to the public not present at the place where the communication originates. This right should cover any such transmission or retransmission of a work to the public by wire or wireless means, including broadcasting. This right should not cover any other acts.**

**(24) The right to make available to the public subject-matter referred to in Article 3(2) should be understood as covering all acts of making available such subject matter to members of the public not present at the place where the act of making available originates, and as not covering any other acts.**

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**for harmonised protection at Community level. It should be made clear that all rightholders recognised by this Directive should have an exclusive right to make available to the public copyright works or any other subject-matter by way of interactive on-demand transmissions. Such interactive on-demand transmissions are characterised by the fact that members of the public may access them from a place and at a time individually chosen by them.**

**(26) With regard to the making available in on-demand services by broad- casters of their radio or television productions incorporating music from commercial phonograms as an integral part thereof, collective licensing arrangements are to be encouraged in order to facilitate the clearance of the rights concerned.**

**(27) The mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Directive.**

**(29) The question of exhaustion does not arise in the case of services and on-line services in particular.This also applies with regard to a material copy of a work or other subject-matter made by a user of such a service with the consent of the rightholder.Therefore, the same applies to rental and lending of the original and copies of works or other subject-matter which are services by nature. Unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every on-line service is in fact an act which should be subject to authorisation where the copyright or related right so provides.**

I. COMMENTARY

1. Introduction

Article 3 of the Directive transposes into EU law Article 8 WCT and Articles 10 and 14 WPPT. In fact, it harmonises the right of ‘communication to the public’ and introduces the right of ‘making available to the public’ for authors and for the four types of related rights holders (i.e. performers, phonogram producers, producers of the first fixations of films and broadcasting organ- isations). In other words, it extends the ‘making available to the public’ right to cover two more types of related rights holders in comparison to the WPPT (i.e. producers of the first fixations of films and broadcasting organisations). Article 3(2) also extends this right to cover audiovisual works (apart from audio works

**11.13**

**11.16**

The right of communication to the public has been partly regulated in the past. In fact, it has been harmonised for databases (Art. 5(d) of the Database Directive) and for satellite broadcasting (Art. 2 of the Satellite and Cable Directive). These provisions remain intact. However, to the extent that they have not been fully harmonised, they are supplemented by Article 3 of the Information Society Directive.

1. Meaning the remaining of the communication right if the right of making available to the public is omitted (since the latter is provided for related rights holders).
2. See Joined Cases C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* and C-429/08, *Karen Murphy v Media Protection Services Ltd* according to which (para 193) ‘the concept of communication must be construed broadly, as referring to *any transmission* of the protected works, irrespective of the technical means or process used’ (emphasis added). See also Recital 23 and the reasoning of the European Copyright Society, Opinion on The Reference to the CJEU in Case C-466/12 *Svensson*, 15 February 2013, 2 seq., [https://ssrn.com/abstract=2220326](https://ssrn.com/abstract=2220326" \t "_blank). Note, however, that by reference to hyperlinks the CJEU did not elaborate on the transmission of content as an essential element of the communication right. See *Svensson v Retriever Sverige AB* (Case C-466/12) [2014] EUECJ C-466/12. See also Stamatoudi, I. “‘Linking’, ‘Framing’ and ‘Browsing’. The EU Court of Justice’s recent case law”, in G Karnell, A Kur, P J Nordell, D Westman, J Axhamn, S Carlsson (eds) Liber Amicorum Jan Rosen, Eddy.se ab, Halmstad, 2016, 759.
3. Stamatoudi, I. “‘Linking’ and ‘Browsing’ in the light of the EU Court of Justice’s recent case law” in Tana Pistorius (ed.), IP Perspectives on the Regulation of New Technologies, ATRIP IP series, Edward Elgar Publishing, Cheltenham (UK) - Northampton (US), 2018, 179.

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only that are covered by the WPPT). Although the communication right16 is not granted (under Art. 3) to related rights holders, performers, phonogram producers and broadcasting organisations may rely on Article 8 of the Rental and Lending Rights Directive and on Article 4 of the Satellite and Broadcast Directive, whose provisions remain intact from the Information Society Direct- ive. Yet, producers of the first fixations of films are not covered.

**11.14**

Both rights (i.e. the communication right and the right of making available to the public) constitute exclusive rights.

2. The right of communication to the public

**11.15**

The notion of ‘authors’ is not defined in the Directive. Therefore anyone who is considered an author according to the national law of a EU Member State is covered by the Directive.

**11.17**

The ‘right of communication to the public’ should be construed broadly. It is an ‘umbrella right’, which encompasses all non-tangible disseminations or trans- missions of the work to the public by wire or wireless means and always in cases where the public is not present at the place where the transmission originates (see also Recital 23). Some sort of ‘transmission’ (or retransmission) is necessary in order for ‘communication to the public’ to take place.17 In fact it is characterised by a distance element in the sense that the transmission originates

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In C-607/11 *ITV Broadcasting Ltd, ITV 2 Ltd, ITV Digital Channels Ltd, Channel 4 Television Corporation, 4 Ventures Ltd, Channel 5 Broadcasting Ltd, ITV Studios Ltd v TV Catchup Ltd* [2013] EUECJ C-607/11, the CJEU provided that the retransmission via the Internet of works included in terrestrial TV broadcasts should be considered as ‘communication to the public’.

See Bechtold, 360. Ibid.

Case C-351/12, OSA – Ochranný svaz autorský pro práva k dílu°m hudebním o.s. v Lécˇebné lázneˇ Mariánské Lázneˇ a.s. [2014] EUECJ C-351/12.

That means that rights owners can prohibit the communication to the public of their content via third-party Internet stream to the extent that this content has previously been authorised for communication via analogue means, C-607/11 *ITV Broadcasting Ltd, ITV 2 Ltd, ITV Digital Channels Ltd, Channel 4 Television Corporation, 4 Ventures Ltd, Channel 5 Broadcasting Ltd, ITV Studios Ltd v TV Catchup Ltd* [2013] EUECJ C-607/11. See also Case C-416/12, *Wikom Elektrik GmbH v VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte mbH* OJ C379/23, 1.12.2012 and Case C-351/12, OSA – Ochranný svaz autorský pro práva k dílu°m hudebním o.s. v Lécˇebné lázneˇ Mariánské Lázneˇ a.s.,, [2014] EUECJ C-351/12.

**11.19**

According to CJEU’s case-law ‘communication to the public’ also covers the transmission of broadcast works, via a television screen and speakers, to the customers present in a public house (Joined cases C-403/08 and C-429/08)20 or a spa establishment (Case C-351/12)21 or rehabilitation centre (Case C‑117/15) and the retransmission of works included in a terrestrial television broadcast (a) where the retransmission is made by an organisation other than the original broadcaster, (b) by means of an internet stream made available to the subscribers of that other organisation who may receive that retransmission by logging on to its server, (c) even though those subscribers are within the area of reception of that terrestrial television broadcast and may lawfully receive the broadcast on a television receiver. It is irrelevant whether the retransmission is funded by advertising and is therefore of a profit-making nature or whether it is made by an organisation, which is acting in direct competition with the original broadcaster (Case C-607/11).22

from one place and is received in another. It includes TV and radio broadcast- ing, internet TV and radio, simulcasting, webcasting, streaming, near-video-on- demand (NVOD), pay-per-view, near-on-demand-pay TV, podcasting as well as cable and online transmissions in general.18

ARTICLE 3: RIGHT OF COMMUNICATION TO THE PUBLIC

**11.18**

It does not include cases where the transmission/communication originates from the same place and at the same time as the location of the public; this is considered to be public performance, recitation or display. If the right of communication is construed narrowly (as the case should be) and the trans- mission, for example, takes place in a room adjacent to the one where the transmission originates and technical means are used to transmit and display the signal in that other room through screens or loudspeakers, then it is not ‘public performance’ which is at stake but rather ‘communication to the public’.19

The mere provision of physical facilities (hardware infrastructure and material equipment) for enabling or making a communication to the public does not in

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Recital 27 is based on the first part of Agreed Statement concerning Art. 8 WCT according to which ‘[i]t is understood that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of this Treaty or the Berne Convention’.

Case C-136/09 *Organismos Sillogikis Diacheirisis Dimiourgon Theatrikon kai Optikoakoustikon Ergon v Divani Akropolis Anonimi Xenodocheiaki kai Touristiki Etaireai* [2010] ECR I-37 confirming C-306/05 *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* [2006] ECR I I-11519. This outcome has been confirmed in Case C-162/10 *Phonographic Performance (Ireland) Ltd v Ireland and Attorney General* [2012] EUECJ C-162/10, according to which:

a hotel operator which provides in guest bedrooms televisions and/or radios to which it distributes a broadcast signal is a ‘user’ making a ‘communication to the public’ of a phonogram which may be played in a broadcast for the purposes of Article 8(2) of the Rental and Lending Rights Directive

and;

A hotel operator which provides in guest bedrooms, not televisions and/or radios to which it distributes a broadcast signal, but other apparatus and phonograms in physical or digital form which may be played on or heard from such apparatus, is a ‘user’ making a ‘communication to the public’ of a phonogram within the meaning of Article 8(2) of Directive 2006/115/EC. It is therefore obliged to pay ‘equitable remuneration’ under that provision for the transmission of those phonograms.

See I. Stamatoudi ‘ACTA, Internet service providers and the *acquis communautaire*’, in J. Rosén, (ed.), *Intellectual Property at the Crossroads of Trade*, ATRIP Intellectual Property, Edward Elgar Publishing, Cheltenham (UK), Northampton (US), 2012, 237; I. Stamatoudi ‘Data protection, secrecy of communications and copyright protection. Conflicts and convergences. The example of *Promusicae v Telefonica*’, in I. Stamatoudi (ed.), *Copyright Enforcement and the Internet*, Information Law Series, Hugenholtz, B. (general ed.), Kluwer Law International, 2010, 199; I. Stamatoudi, ‘The role of Internet Service Providers. Ethics, reality and the law: The example of *Promusicae v Telefonica*’, 8th International Conference, Computer Ethics: Philosophical Enquiry, Ionio University, Corfu, 26–28 June 2009, Nomiki Vivliothiki, Athens, 2009, 750.

Walter and von Lewinski, 979.

C-135/10 *Società Consortile Fonografici (SCF) v Marco Del Corso*, [2012] EUECJ C-135/10.

For the purposes of Art. 8(2) of the Rental and Lending Rights Directive.

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itself constitute a ‘communication to the public’ (Recital 27).23 In C-136/09 the CJEU provided that ‘a hotel operator, by installing televisions in his hotel rooms and by connecting them to the central antenna of the hotel, thereby, and without more, carries out an act of communication to the public […]’.24 This act does not constitute a mere provision of material means. That would be the case if the hotel operator had just bought or rented television sets from a retailer.

**11.21**

The reference to ‘mere provision of physical facilities’ also implies the facilities offered by internet service providers (ISPs). This, of course, does not preclude the instance where ISPs could be held secondary/contributory liable for copy- right infringement.25 The provision of software, which enables the exchange of files over the internet, will likely be considered to constitute more than just mere provision of physical facilities.26

**11.22**

According to Case C-135/1027 the concept of ‘communication to the public’28 does not cover the broadcasting, free of charge, of phonograms within private

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There are various other instances that are not covered by the right of communication to the public. The right does not cover the television broadcasting of a graphic user interface (GUI),30 while it remains unclear whether it covers communicating works to the public by satellite packagers.31 It also does not cover live broadcasting and the act of merely receiving the work privately.32 Hiring out of motor vehicles equipped with radio receivers does not constitute a communication to the public within the meaning of Article 3(1) of [Directive 2001/29/EC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32001L0029" \t "_blank) and Article 8(2) of [Directive 2006/115/EC](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32006L0115" \t "_blank) on rental right and lending right. As noted by the Court in Case C‑753/18 *Föreningen Svenska Tonsättares Internationella Musikbyrå u.p.a. (Stim)* [2020] EUECJ C-753/18, the expression ‘communication to the public’ in the two abovementioned provisions must be interpreted ‘in the light of the equivalent concepts contained in the texts of international law and in such a way that it is consistent with them, also taking account of the context in which those concepts are found and the purpose of the relevant provisions of the agreements as regards intellectual property’ (Recitals no. 28-29). This concept includes two cumulative criteria: an act of communication of a work and its communication of that work to a public. In relation to the act of communication the Court emphasised the indispensable role played by the user and the deliberate nature of his intervention. That user makes an ‘act of communication’ when he intervenes, in full knowledge of the consequences of his action, to give his customers access to a protected work, particularly where, in the absence of that intervention, those customers would not be able to enjoy the broadcast work, or would be able to do so only with difficulty (see, inter alia, judgments of 15 March 2012, *SCF*, C‑135/10, EU:C:2012:140, paragraph 82 and the case-law cited; of 15 March 2012, *Phonographic Performance (Ireland)*, C‑162/10, EU:C:2012:141, paragraph 31; and of 14 June 2017, *Stichting Brein*, C‑610/15, EU:C:2017:456, paragraph 26 and the case-law cited). (ADD FOOTNOTE: PARAGRAPH 32 OF THE JUDGMENT). The mere provision of physical facilities for enabling or making a communication does not in itself amount to an act of communication. That also applies in the case of the supply of a radio receiver forming an integral part of a hired motor vehicle, which makes it possible to receive, without any additional intervention by the leasing company, the terrestrial radio broadcasts available in the area in which the vehicle is located. (ADD FOOTNOTE: PARAGRAPHS 33-34 OF THE JUDGMENT)

**11.23**

dental practices engaged in professional economic activity for the benefit of patients of those practices and enjoyed by them without any active choice on their part.29

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Therefore such an act of transmission, according to the case C-135/10, did not entitle the phonogram producers to the payment of remuneration.

Case C-393/09 *Bezpečnostní softwarová asociace – Svaz softwarové ochrany v Ministerstvo kultury* [2010] ECR I-13971.

See Joined Cases Case C-431/09 *Airfield and Canal Digitaal v Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (Sabam)*, and Case C-432/09 *Airfield NV v Agicoa Belgium BVB* [2011] ECR I-09363:

Article 2 of Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission must be interpreted as requiring a satellite package provider to obtain authorisation from the right holders concerned for its intervention in the direct or indirect transmission of television programmes, such as the transmission at issue in the main proceedings, unless the right holders have agreed with the broadcasting organisation concerned that the protected works will also be communicated to the public through that provider, on condition, in the latter situation, that the provider’s intervention does not make those works accessible to a new public.

Case C-279/13 *C More Entertainment* [2015] EUECJ C-279/13 and Joined Cases C-403/08 and C-429/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* [2011] ECR I-9083

Joined Cases C-403/08 and C-429/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* [2011] ECR I-9083, para. 171; also see Case C-279/13 *C More Entertainment AB v Linus Sandberg***,** [2015] EUECJ C-279/13, para. 24: ‘the concept of “making available to the public”, also used in Article 3(2) of that directive, forms part of the wider “communication to the public”’.

The making available right constitutes an implementation of the 1996 WIPO Treaties into EU law. It is, however, not defined in the Information Society Directive or the 1996 WIPO Treaties.

Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, pp. 27–28.

These are also the differences between the making available right and the broadcasting right. In the case of broadcasting even when the user selects the place and time to use the work, transmission and use are simultaneous. Also the programme available is usually a pre-determined continuous program.

See a case by the Criminal Court of Stuttgart (OLG Stuttgart 21 January 2008, Az. 2 WS 328/07; 2 Ws 328/2007, Telemedicus, <http://tlmd.in/u/488)>where it was decided that in relation to a streaming service for songs it did not matter that the user was not able to make a permanent copy of the works and that the making

ARTICLE 3: RIGHT OF COMMUNICATION TO THE PUBLIC

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**11.24**

Part of the ‘communication to the public’ is also the right of ‘making available’.33 That means that the latter should be interpreted consistently with the com- munication right and that it is also subject the same limitations and excep- tions.34 The characteristic of this right is that works (or subject matter) are made *available* in such a way that members of the *public* may access them from a place and at a time individually chosen by them (*on demand*). As clarified in Case 279/13 C More Entertainment AB v Linus Sandberg [2015] EUECJ C-279/13, paras 24 and 26, ‘the concept of ‘making available to the public’forms part of the wider ‘communication to the public’ and ‘making available to the public’ is intended to refer to ‘interactive on-demand transmissions’ characterised by the fact that members of the public may access them from a place and at a time individually chosen by them. Transmissions broadcast live on internet are not included. The right does not require a simultaneous addressing of the public or that the public is gathered in a particular place or that a pre-established programme is provided.35 The form in which the works are made

3. The right of ‘making available to the public’

**11.25**

There is the view that ‘transmission’ itself is not covered by the ‘making available’ right.39 According to M. Walter and S. von Lewinski:

available to the public does not matter. They can be offered for download or via streaming.36 It is also technologically neutral in the sense that one may use any technological means to access the work such as mobile, i-pod, i-pad, tablet, fixed or wi-fi internet connection and so on.37 Also it is not a requirement that members of the public access the work. It is the act of providing the work to the public that is crucial as well as the possibility for members of the public to access the work when they choose/at their own initiative (on demand). It is also understood that the public should not be present at the place where the act of making available originates.38 It is irrelevant whether or how many times the work is actually accessed or the type of use intended (e.g. whether the work (or subject matter) is made available for viewing, listening or downloading). Also this right is relevant for the person (or entity) that makes the work accessible to the public and not for the member of the public that accesses the work. The act of the latter will probably be covered by the right of reproduction unless it is exempted by an exception or limitation.

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copies generated in the course of the signal transport or with the end-user in browsing are subject to authorization or may be free on the grounds of an exception provided for in the Directive or under national law respectively. Thus, transient or incidental copies generated in transmitting copyright subject matter by an intermediary or by a lawful end-user in browsing are free according to the mandatory exception of article 5(1) of the Directive. On the other hand, the listening, viewing, or downloading of copyright material by the end-user may be permitted under the private use exception anchored in article 5(2)(b) of the Directive.40

Yet, there are others who believe that the whole act of communication is covered by the making available right including the upload and the entire

available right does require that the user makes a new fixation of the recording, as referred to in the Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, p. 39.

Walter and von Lewinski, 978 and 983.

Recital 24 of the Information Society Directive and Case C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Other*s [2011] ECR I-9083, para. 200*seq*. and Case C-238/10 *Circul Globus Bucureşti (Circ & Variete Globus Bucureşti) v Uniunea Compozitorilor şi Muzicologilor din România – Asociaţia pentru Drepturi de Autor (UCMR – ADA)* [2011] ECR I-12031.

Walter and von Lewinski, 983. See also J. Reibothe and S. von Lewinski, *The WIPO Treaties 1996*, Butterworths, Lexis Nexis, London, 2002, where it is referred that this question is controversial.

Walter and von Lewinski, 983. See also A. Ohly, ‘Economic rights’ in E. Derclaye (ed.), Research Handbook on the Future of EU Copyright, Cheltenham, Edward Elgar, 2009, 225; M. Schlesinger, ‘Legal issues in peer-to-peer file sharing, focusing on the making available right’ in A. Strowel (ed), Peer-to-peer file sharing and secondary liability in copyright law, Cheltenham, Edward Elgar, 2009, 47, 68; Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, 338.

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A. Peukert, ‘Territoriality and extraterritoriality in intellectual property law’ in G. Handl & J. Zekoll (eds.), Beyond territoriality: Transnational legal authority in an age of globalization Queen Mary studies in international law, Brill Academic Publishing, Leiden/Boston, 2011 [<http://ssrn.com/abstract=1592263>,](http://ssrn.com/abstract%3D1592263)

p. 17. See also J. Reinbothe & S. von Lewinski, *The WIPO Treaties 1996*, Butterworths, London, 2002,108.

C-173/11 *Football Dataco Ltd and Others v Sportradar GmbH et Sportradar AG* [2012] EUECJ C-173/11, which provides that

Article 7 of [the Database Directive] must be interpreted as meaning that the sending by one person, by means of a web server located in Member State A, of data previously uploaded by that person from a database protected by the sui generis right under that directive to the computer of another person located in Member State B, at that person’s request, for the purpose of storage in that computer’s memory and display on its screen, constitutes an act of ‘re-utilisation’ of the data by the person sending it. That act takes place, at least, in Member State B, where there is evidence from which it may be concluded that the act discloses an intention on the part of the person performing the act to target members of the public in Member State B, which is for the national court to assess..

If it is broadcasts that are selected rather than works it is ‘rebroadcasting’ which is at issue rather than the right of making available to the public. The distinction between these two rights carries considerable legal weight since the making available right is an exclusive right while in the case of broadcasting performers and phonogram producers can only claim equitable remuneration (Art. 8(2) Rental and Lending Rights Directive). In addition in case of broadcasting special provisions apply (Arts 9–12 Satellite and Cable Directive) and the organiser of such a broadcasting activity enjoys a related right under the Rental and Lending Rights Directive as well as under the Information Society Directive.

It is contested whether ‘push services’ (such as email services) whose transmission is controlled by the provider of the content come under the making available right or not. The prevailing view seems to be that since the transmission is controlled by the content provider rather than the end-user the making available right does not apply. It also contested whether it is the communication right that applies or the right or reproduction or even distribution (irrespective of the fact that distribution generally applies to tangible rather intangible copies of works).

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transmission to the download.41 The CJEU in its decision in *Sportradar42* in relation to the interpretation of the re-utilisation right for databases (Article 7 of the Database Directive) it provided that the act of ‘re-utilisation’ takes place in an EU member state where there is evidence from which it may be concluded that the act discloses an intention on the part of the person performing it to target members of the public in that member state. Although this was not an ad hoc decision, it still sheds some light on the issue.

**11.26**

‘Making available to the public’ covers all on-demand services such as video on demand, pay per view TV, the selection of works (or subject matter) from online databases of, for example, films or songs where one can retrieve a work with the aid of a search engine or special software and chooses the time and place to use it. This right even applies in cases where one can choose works incorporated in broadcasts, which are available online to the extent that it is not the broadcast as such that one selects from a variety of broadcasts but rather the works in it.43 Podcasts where the user chooses to access a work from pre-existing materials are also covered by the ‘making available’ right.44 If one cannot choose when and where to retrieve a work then it is not the right of ‘making available to the public’ that applies but rather the right of ‘communication to the public’. Such examples are broadcasting, simulcasting, webcasting, streaming and near- video-on-demand (NVOD) services.

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**11.27**

The ‘making available’ right also covers services relating to works whose legal protection has already been regulated by means of a directive within the EU irrespective of the fact that the Information Society Directive provides that these (earlier directives) remain intact. Therefore the right of ‘making available to the public’ also applies to computer programs and to copyright databases.45

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**11.28**

Hypertext linking is generally not considered to come either under the ‘making available’ right or under the ‘communication’ right.46 It may, however, consti- tute, for the party providing the link (and in case this link facilitates the

4. Hypertext links and cloud services

**please insert new paragraph number**

An interesting development following the introduction of the Digital Single Market Directive (art. 17) is that online content-sharing providers are deemed to perform an act of communication to the public or an act of making available to the public for the purposes of this Directive when they give the public access to copyright-protected works or other protected subject matter uploaded by their users. This means that these providers are primarily liable for acts of copyright infringement. The relationship of art. 17 to the CJEU case-law on communication to the public is presently unclear.

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This is so because the communication right is not dealt with under the Computer Program Directive and therefore the Information Society Directive applies. The communication right for copyright databases is dealt with under Art. 5(d) of the Database Directive. Bechtold, 361.

See *Verlagsgruppe Handelsblatt GmbH v Paperboy*, Bundesgerichtshof No 1 ZR 259/00, 17 July 2003, [2005] ECDR 7.

Bechtold, 358 and 361; Walter and von Lewinski, 985. In Germany the Federal Court of Justice held in 2003 that linking to a third-party’s website (hypertext link) is no communication to the public and therefore does not infringe copyright (Federal Court of Justice, Decision of 17 July 2003, No. I ZR 259/00, ‘*Paperboy*’). In a decision of 8 November 2011, the Court of Appeal of Düsseldorf affirmed the infringement of the right to communicate a work to the public by embedded content (Court of Appeal of Düsseldorf, Decision of 8 November 2011, No. I-20 U 42/11). Yet in its decision of 16 March 2012 the Court of Appeal of Cologne held that the access to infringing content by a frame (framing) was no communication to the public (Court of Appeal of Cologne, Decision of 16 March 2012, No. 6 U 206/11). See also a somehow differing position in Supreme Court, 15 June 2000, *Tommy Olsson* (Sweden) and Court of Appeal, 3 March 2004, *Napster.no* (Norway) and Western High Court, 20 April 2001 (Denmark) where it was mentioned that a hyper link to a work may constitute ‘making a work available to the public’. However, Denmark provides for a particularly broad ‘making available’ right which also encompasses the right of distribution, public performance and exhibition. In the Netherlands see the case *Mom v VNU*, Arrondissementsrechtbank Haarlem – 22 March 2006, 2006 AMI 136, where the Court decided that the publication of the articles of a journalist on distinct websites amounted to distinct acts of ‘communication to the public’ and ‘making available to the public’ especially because they did not constitute simple hypertext links or deep links to another site. Mere hypertext links though (in the form of surface links) were not considered to constitute acts of ‘making available to the public’. In another Dutch case (Rb Haarlem 17 August 2011, case nr 173726 / HA ZA 10–1325, http://ie-forum.nl/index.php?// Onlosmakelijk+daaraan+verbonden+antwoorden////28941/) it was decided that an act of communication to the public was performed in relation to educational works that were made available to viewers of a particular website via hyperlinks provided on that site by its owner (teacher). In the case at issue it was not only the provisions of hyperlinks that was at stake but also the fact that the website owner not only provided links to the works but also stored the works on the server and controlled whether the works remained available. The case was appealed and the Court of Appeal disputed some of the facts at issue. It still however confirmed the decision if the Court of First Instance (Court of appeal of Amsterdam 15 January 2013 (case nr. 200.095. 838/01), <http://ie-forum.nl/index.php?//Eenvoudige+hyperlink+naar+antwoordboeken+en+uitwerkingen+ onrechtmatig////31097/and [www.rechtspraak.nl>.](http://www.rechtspraak.nl/) For more information on links see Strowel, A. & V. Hanley, ‘Secondary liability for copyright infringement with regard to hyperlinks’, in A. Strowel (ed), Peer-to-peer file sharing and secondary liability in copyright law, Cheltenham, Edward Elgar, 2009, 81.

According the opinion of the European Copyright Society49 in view of the judgment in case C-466/12 *Svensson*,50 hyperlinking in general should be regarded as an activity that is not covered by the right to communicate the work to the public for three reasons:

infringement of copyright or related rights) a contribution to an infringe- ment.47 However links may be relevant in relation to cloud services. The mere upload of works to a cloud service (i.e. the storage of works on the service provider’s server) is not considered an act of making a work available to the public. An act of making available is performed at the earliest at the moment when the links to the content are shared via the Internet with third parties, as a part of a download link collection.48

Hyperlinks are not communications because establishing a hyperlink does not amount to ‘transmission’ of a work, and such transmission is a prerequisite for ‘communication’;

(b) Even if transmission is not necessary for there to be a ‘communication’, the rights of the copyright owner apply only to communication to the public ‘of the work’, and whatever a hyperlink provides, it is not ‘of a work’; (c) Even if a hyperlink is regarded as a communication of a work, it is not to a ‘new public’. This does not mean that creating hyperlinks in no circumstances involves liability. In fact, as is clear from national case-law, different forms of hyperlinking may indeed give rise to the following forms of liability (a) Accessory liability (particularly in respect of knowingly facilitating the making of illegal copies); (b) Unfair competition; (c) Infringement of moral rights; (d) Circumvention of technological measures.51

See Schneider, A., ‘OLG Hamburg: Die Rapidshare-Entscheidung, ein Meilenstein?’ Telemedicus, 29 March 2012. And Press Release ‘Urheberrechtswidrige Downloads: Oberlandergericht Hamburg entscheidet über Prüf- und Handlungspflichten des Online-Speicher-Dienstes Rapidshare’, 15 March 2012. See also the case *Sanoma Media, Playboy Enterprises International andXv GS Media (GeenStijl)*, Rb. Amsterdam 12 September 2012. In this last case the court found that the mere publication of a hyperlink does not constitute an act of communication to the public unless a certain ‘intervention’ takes place and a ‘new public’ and a ‘profitable intent’ are there. As these sources are all referred to in the Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, p. 35.

See also the views expressed by the European Copyright Society, Opinion on The Reference to the CJEU in Case C-466/12 Svensson, 15 February 2013, <http://www.ivir.nl/news/European_Copyright_Society_> Opinion\_on\_Svensson.pdf.

In Case C-466/12, *Svensson and Others*, one of the four Swedish Courts of Appeal addressed to the CJEU the following questions:

**11.29**

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Other cases that have discussed hypertext links and embedded material are Case C-279/13 *C More Entertainment* [2015] EUECJ C-279/13, referred by the UK Supreme Court; Case C-348/13 *BestWater International GmbH v Michael Mebes, Stefan Potsch* [2014] EUECJ C-348/13, concerning the embedding of videos by the German Supreme Court; Case C‑527/15 *Stichting Brein v Jack Frederik Wullems* [2017] EUECJ C-527/15, concerning pre-installed add-ons containing hyperlinks to websites by the District Court of Central Netherlands.

European Copyright Society, 2.

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1.

If anyone other than the holder of copyright in a certain work supplies a clickable link to the work on his website, does that constitute communication to the public?

Is the assessment under question 1 affected if the work to which the link refers is on a website on the Internet which can be accessed by anyone without restrictions or if access is restricted in some way? When making the assessment under question 1, should any distinction be drawn between a case where the work, after the user has clicked on the link, is shown on another website and one where the work, after the user has clicked on the link, is shown in such a way as to give the impression that it is appearing on the same website?

Is it possible for a Member State to give wider protection to authors’ exclusive right by enabling ‘communication to the public’ to cover a greater range of acts than provided for in Article 3(1) of the Information Society Directive?

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**11.31**

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This is not the approach that the CJEU adopted in Case C-466/12 *Svensson*, however. The CJEU held that the concept of communication to the public includes two cumulative criteria, namely, (a) an ‘act of communication’ of a work and (b) the communication of that work to a ‘public’. Regarding the first criterion, namely the existence of an ‘act of communication’, this must be construed broadly to ensure a high level of protection for copyright holders. The Court observed that the provision of clickable links to protected works published without any access restrictions affords users of the first website direct access to those works, which amounts to an act of communication. However, because the content was made freely available to the public, namely all internet users and, as a result, the relevant activity was not addressed to a new public, the activity in question was found not to amount to an act of communication.

This position was affirmed in other CJEU cases. In Case C-348/13 *BestWater International GmbH v Michael Mebes, Stefan Potsch* [2014] EUECJ C-348/13 the CJEU held that the embedding, within one’s own website, of another person’s work made available to the public on a third-party website, by means of a link using the framing technology does not by itself amount to an act of communication to the public, insofar as the work concerned is neither directed to a new public nor communicated by using specific technical means that differ from that used for the initial communication. In Case C-160/15 *GS Media BV v Sanoma Media Netherlands BV, Playboy Enterprises International Inc., Britt Geertruida Dekker* [2016] EUECJ C-160/15, the CJEU held that the determination of whether posting hyperlinks to protected works, which are freely available online without the consent of the copyright holder, is an act of ‘communication to the public’, should take into account whether those links are provided without the pursuit of financial gain by a person who did not know or could not reasonably have known the illegal nature of the publication of those works on that other website or whether, on the contrary, those links are provided for such a purpose, a situation in which that knowledge must be presumed.

*Chapter 11* THE INFORMATION SOCIETY DIRECTIVE

5. The notion of ‘public’

**11.32111**

The notion of public is not defined in the Directive or any other relevant EU legal instrument. Although this term is not harmonised (and thus left to the laws and courts of the Member States) it should be construed in an autonomous and uniform manner throughout the Community.52 That means that the notion of public cannot be broad enough so as to impinge on the legitimate interests of authors or related rights holders.53

**11.33**

Member States usually consider it as encompassing any circle of persons larger than the narrow circle of family and friends, or larger than the immediate social environment.54 The CJEU has described it in *Lagardère*55 (by reference to *MediaKabel*56) and in *PPI*57 as ‘an indeterminate number of potential listen- ers’; in *Rafael Hoteles*58 as ‘an indeterminate number of potential televisions

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Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] EUECJ C-128/11., para. 39

According to settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union (see, inter alia, Case C-5/08 *Infopaq International* [2009] ECR I-6569, paragraph 27; Case C-34/10 *Brüstle* [2011] ECR I-9821, paragraph 25; and Case C-510/10 *DR and TV2 Danmark* [2012] 26 April 2012, not yet published, (paragraph 33).

See also Case C-306/05 SGAE [2006] ECR I-11519 (para 34) where it is provided that in ‘interpreting a provision of Community law it is necessary to consider not only its wording, but also the context in which it occurs and the objectives pursued by the rules of which it is part’ and;

it should be noted that the need for uniform application of Community law and the principle of equality require that where provisions of Community law make no express reference to the law of the Member States for the purpose of determining their meaning and scope, as is the case with Directive 2001/29/EC, they must normally be given an autonomous and uniform interpretation throughout the Community (see, in particular, Case C-357/98 *Yiadom* [2000] ECR I-9265, paragraph 26, and Case C-245/00 *SENA* [2003] ECR I-1251, paragraph 23)(para. 31).

See in this respect Recital 23 where it is provided that ‘[the communication] right should be understood in a broad sense covering all communication to the public not present at the place where the communication originates’ and Recitals 9 and 10 where it is provided that any harmonisation of copyright and related rights must take as a basis a high level of protection and that right holders should receive an appropriate reward for the use of their works.

I. Stamatoudi, ‘Article 3’ in L. Kotsiris and I. Stamatoudi, *Comments on Greek Copyright Law*, Sakkoulas Publications, Athens, Thessaloniki, 2009 (2nd ed., 2012) and I. Stamatoudi and G. Koumantos, ‘Greek Copyright Law’ in Geller, P.E. (ed.) *International Copyright Law and Practice*, Matthew Bender, US, 2014, 114. Case C-192/04 *Lagardère Active Broadcast v Société pour la perception de la rémunération équitable (SPRE) and Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL)* [2005] ECR I-7199.

Case C-89/04 *Mediakabel BV v Commissariaat voor de Media* [2005] ECR I-4891.

Case C-162/10 *Phonographic Performance (Ireland) Limited v Ireland and Attorney General*, [2012] EUECJ C-162/10.

C-306/05 *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* [2006] ECR I I-11519, para. 40. In the same case (as well as in *Premier League* and in *Marco Del Corso*) the Court with regard to the profit-making nature of the communication to the public also referred to the fact that ‘the public which is the subject of communication is both targeted by the user and receptive, in one way or another, to that communication, and bot merely “caught” by chance’.

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See the references from and discussion in the Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, p. 39–40.

C-135/10 *Società Consortile Fonografici (SCF) v Marco Del Corso*, [2012] EUECJ C-135/10, para. 85. In the same case the Court also interpreted the requirement of a ‘fairly large number of people’

as being intended to indicate that the ‘concept of public encompasses a certain de minimis threshold, which excludes from the concept groups of persons which are too small or insignificant’. See the Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, p. 40.

Even if one person is to receive a transmission, this is considered to be a transmission/communication to the public to the extent that these persons are not privately interconnected with each other (as is the case in hotel rooms, private homes for works distributed over the Internet and exchanged between persons (internet file sharing), hospital rooms and so on). Merely ‘private’ communications are excluded. See note 10.12 of the Basic Proposal of WCT.

The CJEU has also occasionally referred to the notion of ‘new public’ in order for to assess whether an act qualifies as a separate right. See Joined Cases Case C-431/09 *Airfield and Canal Digitaal v Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (Sabam)*, and Case C-432/09 *Airfield NV v Agicoa Belgium BVB* [2011] ECR I-09363 and C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* [2011] ECR I-6011 para. 197 meaning a ‘public which was not taken into account by the authors of the protected works when they authorised their use by the communication to the original public’. However, this notion was somehow nuanced in Case C-607/11 *ITV Broadcasting Ltd, ITV 2 Ltd, ITV Digital Channels Ltd, Channel 4 Television Corporation, 4 Ventures Ltd, Channel 5 Broadcasting Ltd, ITV Studios Ltd v TV Catchup Ltd*, 7 March 2012, [2013] EUECJ C-607/11*,* paras 24, 26 and 39–40, where the Court provided that when a work is put to multiple uses, each transmission by a specific technical means must be individually authorised by the author and that a specific technical means different from the original communication technique is a communication to the public in the sense of the Information Society Directive. Each transmission must be authorised individually and separately by the authors, ‘given that each is made under specific technical conditions, using a different means of transmission for the protected works, and each is intended for a public’. It is not necessary then to examine whether a ‘new public’ can be found. Instead, the Court stated that the right of communication to the public covers a ‘retransmission of works included in terrestrial broadcasts, where the retransmission is made by an organisation other than the original broadcaster, by means of an internet stream made available to the subscribers of that other organisation who may receive that retransmission by logging on to its server, even though those subscribers are within the area of reception of that terrestrial television broadcast and may lawfully receive the broadcast on a television receiver’ (quoted from the Study on the Application of Directive 2001/29/EC on copyright and Related Rights in the Information Society, De Wolf & Partners in collaboration with Crids, 2013, 41). The ‘new public’ criterion has also been discussed by reference to the cases concerning hyperlinks and embedded links and was deemed to function as a form of defence in cases where the initial communication was addressed to the public at large without implementing access control protocols.

See also in general S. Karapapa, ‘The requirement for a “new public” in EU copyright law’ *European Law Review*, 2017 (1), 63-81.

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viewers’; and in *Marco Del Corso*59 ‘persons in general, that [are] not restricted to specific individuals belonging to a private group’. We could also define ‘public’ any use that cannot be considered ‘private’60.61 The concept of the ‘public’ involves a certain *de minimis* threshold, excluding groups of persons that are too small, or insignificant. In addition, it takes into account the cumulative effect of making the works available. As per Case C-610/15 *Stichting Brein v Ziggo BV, XS4ALL Internet BV* [2017] EUECJ C-610/15, it is important to know how many persons can access the same work at the same time andhow many of them have access to it in succession.

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**11.35**

The online provision of services should not be confused with the online transmission of works that operates as a substitute to physical distribution. A characteristic example in this respect is the download-to-own (DTO) software market where a seller authorises the download of a copy of a software program and grants a perpetual license in return for payment. In this case the acquirer of the license (buyer) may sell that copy freely to a third party. According to the CJEU’s Press Release63 in the C-128/11 *UsedSoft* case:64

Communication to the public (including the ‘making available to the public’) refers to services rather than goods. The principle of exhaustion does not apply to services (and in particular to online services, Recital 29)62 and consequently it does not apply to these two rights (Art. 3(3)). That means that a work needs to be authorised by the author or related rights holder each time it is made available to the public.

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See also Case C-62/79 *SA v Cine Vog Films* [1980] ECR I-881 (Coditel I); Case 262/81 *Coditel SA Compagnie*

*Generale pour la Diffusion de la télévision v Ciné Vog Films* (Coditel II) [1982] ECR 3381; Case C-158/86 *Warner Brothers Inc. and Metronome Video ApS v Erik Viuff Christiansen* [1988] ECR I-02605; Case C-395/87 *Ministère public v Jean-Louis Tournier* [1989] ECR 2521 and Case C-61/97 *Foreningen af danske Videogramdistributører, acting for Egmont Film A/S, Buena Vista Home Entertainment A/S, Scanbox Danmark A/S, Metronome Video A/S, Polygram Records A/S, Nordisk Film Video A/S, Irish Video A/S and Warner Home Video Inc v Laserdisken* [1998] ECR I-5171.

CJEU Press Release No 94/12, Luxembourg, 3 July 2012.

Case C-128/11 *UsedSoft GmbH v Oracle International Corp*, [2012] EUECJ C-128/11. It is interesting to note that a German decision (Landgericht Bielefeld – Case nr 4 O 191/11) held on 5.3.2013 that, because of the nature of the Software Directive as *lex specialis*, the reasoning in *UsedSoft* could not be applied to other types of works (downloadable e-books and audiobooks in that case). A similar ruling was issued by he Court of Appeal of Hamm (Oberlandesgericht Hamm), 22 U 60/13, 15.5.014. Compare the stance in the US where in *Capitol Records (EMI) v ReDigi* (Case No 12 Civ. 95 (RJS) 30 March 2013) the US District Court Southern District of New York ruled that the ‘first sale’ doctrine does not apply to digital [goods.<http://digitalcommons.law.scu.edu/cgi/vie](http://digitalcommons.law.scu.edu/cgi/viewcontent)wc[ontent.](http://digitalcommons.law.scu.edu/cgi/viewcontent) cgi?article=1334&context=historical>.

See Case C-128/11, para 62:

the objective of the principle of the exhaustion of the right of distribution of works protected by copyright is, in order to avoid partitioning of markets, to limit restrictions of the distribution of those works to what is necessary to safeguard the specific subject-matter of the intellectual property concerned (see, to that effect, Case C-200/96 *Metronome Musik* [1998] ECR I-1953, paragraph 14; Case C-61/97 *FDV* [1998] ECR I-5171, paragraph 13; and *Football Association Premier League and Others,* paragraph 106*)*.

In Case C-128/11, it was held that Article 4(2) of the Computer Programs Directive allows the exhaustion of the distribution of copies of a computer program

if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period.

In addition, the Court held that Articles 4(2) and 5(1) of the Computer Programs Directive 2009/24 have the meaning that a second acquirer of a licence that grants access to a computer program for an unlimited time, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right, and hence be regarded as lawful acquirers of a copy of a computer program and benefit from the right of reproduction provided for in Article 5(1).

This is also the philosophy followed in the WCT and WPPT (known as the ‘umbrella solution’). See also Walter and von Lewinski, 982.

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**11.34**

6. Exhaustion of rights

However, digital exhaustion does not apply to the right of communication to the public available under Article 3 of the Information Society Directive. The resale of ‘used’ ebooks for permanent use by means of downloading is covered by the concept of ‘communication to the public’ and, more specifically, by that of ‘making available to the public of [authors’] works in such a way that members of the public may access them from a place and at a time individually chosen by them’. This was held in Case C-263/18 *Nederlands Uitgeversverbond v Tom Kabinet* [2019] EUECJ C-263/18.

**11.37**

**11.36**

the principle of exhaustion of the distribution right applies not only where the copyright holder markets copies of his software on a material medium (CD-ROM or DVD) but also where he distributes them by means of downloads from his website. Where the copyright holder makes available to his customer a copy – tangible or intangible – and at the same time concludes, in return form payment of a fee, a licence agreement granting the customer the right to use that copy for an unlimited period, that right holder sells the copy to the customer and thus exhausts his exclusive distribution right. Such a transaction involves a transfer of the right of ownership of the copy. Therefore, even if the licence agreement prohibits a further transfer, the right holder can no longer oppose the resale of that copy. The Court observes in particular that limiting the application of the principle of the exhaustion of the distribution right solely to copies of computer programs that are sold on a material medium would allow the copyright holder to control the resale of copies downloaded from the internet and to demand further remuneration on the occasion of each new sale, even though the first sale of the copy had already enabled the right holder to obtain appropriate remunera- tion. Such a restriction of the resale of copies of computer programs downloaded from the internet would go beyond what is necessary to safeguard the specific subject-matter of the intellectual property concerned65.66

*UsedSoft* is important as it affirmed that digital exhaustion is possible by reference to computer programs. It clarified that the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder’s website, which was initially granted for an unlimited period in return for payment of a fee in order to remunerate the rights holder, the second acquirer of the licence, as well as any subsequent acquirer of it, is able to rely on the exhaustion of the distribution right under Article 4(2) of the Computer Programs Directive.

World Copyright Treaty (WCT) of December 20 1996.

WIPO Performances and Phonograms Treaty (WPPT) of December 20 1996.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376/28, 27.12.2006.

Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, OJ L 290/12, 29.10.1993.

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs, OJ L 111, 5.5.2009.

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**11.38**

The extent to which an act over the Internet is considered to be a service rather than an online distribution of goods is a matter of fact and should be judged on the basis of the particular characteristics of each case.

It should also be noted here that Member States are free to introduce/ implement into their national laws the right of communication to the public and the right of making available to the public by other means (i.e. rights, e.g. the reproduction or distribution rights) and not necessarily by the means (names) of the rights mentioned in the Directive. What is crucial though is that these two rights should be provided in substance in the laws of the Member States.67

**11.39**

NOTES

Relevant instruments

*Airfield and Canal Digitaal v Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (Sabam)* (Case C-431/09) and *Airfield NV v Agicoa Belgium BVBA* (Case C-432/09) [2011] ECR I-09363.

*BestWater International GmbH v Michael Mebes, Stefan Potsch* (Case C-348/13)  [2014] EUECJ C-348/13\_CO.

*Bezpečnostní softwarová asociace - Svaz softwarové ochrany v Ministerstvo kultury* **(**Case C-393/09) [2010] ECR 13971.

*Brüstle* (Case C-34/10) [2011] ECR I-9821.

*C More Entertainment v Linus Sandberg* (Case C-279/13) [2015] EUECJ C-279/13.

*Coditel SA v Cine Vog Films* (Case C-62/79) [1980] ECR I-881 (Coditel I).

*Coditel SA Compagnie Generale pour la Diffusion de la télévision v Ciné Vog Films* (Coditel II) (Case 262/81) [1982] ECR 3381.

*DR, TV2 Danmark A/S v NCB – Nordisk Copyright Bureau* (Case C-510/10) [2012] EUECJ C-510/10.

*Football Association Premier League Ltd and Others v QC Leisure and Others* (C-403/08) and *Karen Murphy v Media Protection Services Ltd* (C-429/08) [2011] ECR I-09083.

*Football Dataco Ltd and Others v Sportradar GmbH et Sportradar AG* (Case C-173/11) [2012] EUECJ C-173/11.

*Foreningen af danske Videogramdistributører, acting for Egmont Film A/S, Buena Vista Home Entertainment A/S, Scanbox Danmark A/S, Metronome Video A/S, Polygram Records A/S, Nordisk Film Video A/S, Irish Video A/S and Warner Home Video Inc. v Laserdisken* (Case C-61/97) [1998] ECR I-5171.

*Föreningen Svenska Tonsättares Internationella Musikbyrå u.p.a. (Stim) and Svenska artisters och musikers intresseorganisation ek. för. (SAMI) v Fleetmanager Sweden AB and Nordisk Biluthyrning AB* (Case C‑753/18) [2020] EUECJ C-753/18

*GS Media BV v Sanoma Media Netherlands BV, Playboy Enterprises International Inc., Britt Geertruida Dekker* (Case C-160/15) [2016] EUECJ C-160/15.

*Infopaq International A/S v Danske Dagblades Forening* (Case C-5/08) [2009] ECR I-06569.

*ITV Broadcasting Ltd, ITV 2 Ltd, ITV Digital Channels Ltd, Channel 4 Television Corporation, 4 Ventures Ltd, Channel 5 Broadcasting Ltd, ITV Studios Ltd v TV Catchup Ltd* (Case C-607/11) [2013] EUECJ C-607/11.

*Metronome Musik* (Case C-200/96) [1998] ECR I-1953.

*Ministère public v Jean-Louis Tournier* (Case C-395/87) [1989] ECR 2521.

*Ochranný svaz autorský pro práva k dílům hudebním, o.s. (OSA) v Lécˇebné lázně Mariánské Lázně,*

*a.s.* (Case C-351/12) [2014] EUECJ C-351/12.

*Organismos Sillogikis Diacheirisis Dimiourgon Theatrikon kai Optikoakoustikon Ergon v Divani Akropolis Anonimi Xenodocheiaki kai Touristiki Etaireai* (Case C-136/09) [2010] ECR I-37.

*Phonographic Performance (Ireland) Limited v Ireland and Attorney General* (Case C-162/10) [2012] EUECJ C-162/10.

*Ranks and Vasilevics* (Case C-166/15) [2016] EUECJ C-166/15.

*Reha Training v GEMA* (Case C-117/15) [2016] EUECJ C-117/15.

*SENA* (Case C-245/00) [2003] ECR I-1251.

*Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* (Case C-306/05) [2006] ECR I-11519.

*Società Consortile Fonografici (SCF) v Marco Del Corso* (Case C-135/10) [2011] EUECJ C-135/10.

*Stichting Brein v Jack Frederik Wullems* (Case C-527/15) [2017] EUECJ C-527/15.

*Stichting Brein v Ziggo BV* (Case C-610/15) [2017] EUECJ C-610/15.

*Svensson v Retriever Sverige AB* (Case C-466/12) [2014] EUECJ C-466/12.

*UsedSoft GmbH v Oracle International Corp* (Case C-128/11), [2012] EUECJ C-128/11.

*Nederlands Uitgeversverbond and Groep Algemene Uitgevers v Tom Kabinet*(Case C‑263/18) [2019] EUECJ C-263/18.

*Warner Brothers Inc. and Metronome Video ApS v Erik Viuff Christiansen* (Case C-158/86) [1988] ECR I-02605.

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ARTICLE 3: RIGHT OF COMMUNICATION TO THE PUBLIC

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ARTICLE 4 DISTRIBUTION RIGHT

**1.**

**Member States shall provide for authors, in respect of the original of their works or of copies thereof, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise.**

**The distribution right shall not be exhausted within the Community in respect of the original or copies of the work, except where the first sale or other transfer of ownership in the Community of that object is made by the rightholder or with his consent.**

**2.**

SELECTED RECITALS

**(22) The objective of proper support for the dissemination of culture must not be achieved by sacrificing strict protection of rights or by tolerating illegal forms of distribution of counterfeited or pirated works.**

**(28) Copyright protection under this Directive includes the exclusive right to control distribution of the work incorporated in a tangible article. The first sale in the Community of the original of a work or copies thereof by the rightholder or with his consent exhausts the right to control resale of that object in the Community. This right should not be exhausted in respect of the original or of copies thereof sold by the rightholder or with his consent outside the Community. Rental and lending rights for authors have been established in Directive 92/100/EEC. The distribution right provided for in this Directive is without prejudice to the provisions relating to the rental and lending rights contained in Chapter I of that Directive.**

**(29) The question of exhaustion does not arise in the case of services and on-line services in particular.This also applies with regard to a material copy of a work or other subject-matter made by a user of such a service with the consent of the rightholder.Therefore, the same applies to rental and lending of the original and copies of works or other subject-matter which are services by nature. Unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every on-line service is in fact an act which should be subject to authorisation where the copyright or related right so provides.**

1. Case C-5/11 *Criminal proceedings against Titus Alexander Jochen Donner* [2012] EUECJ C-5/11.
2. See Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] EUECJ C-128/11.

ARTICLE 4: DISTRIBUTION RIGHT

I. COMMENTARY

1. Introduction

Article 4 deals with the right of distribution and implements into EU law Article 6 WCT. The right of distribution deals with the dissemination of works in a tangible form (see Recital 28 which provides for the distribution of works ‘incorporated in a tangible article’) in contrast with the communication right, which deals with the dissemination of works in non-tangible formats. Accord- ing to the *Donner* case the distribution to the public is ‘characterised by a series of acts going at the very least, from the conclusion of a contract of sale to the performance thereof by delivering to a member of the public’.68 Yet, this distinction becomes blurred in a new technology era where works are distributed via the Internet in non-tangible forms substituting physical distribution. In these cases the right of distribution applies irrespective of the strictly speaking intangible nature of the distributed object.69

**11.40**

The right of distribution has been harmonised in the past for certain types of works (i.e. computer programs (Art. 4(1)(c) Computer Programs Directive and databases Art. 5(1)(c) Database Directive and for related rights holders Art. 9 Rental and Lending Rights Directive). However, this is the first time that this right is harmonised horizontally to cover all types of works. As it is expressly mentioned in the Information Society Directive all these provisions (of the preceding directives) remain intact (Art. 1(2) and Recital 28).

**11.41**

**11.42**

The right of distribution is an exclusive right concerning authors in relation to any type of work, in respect of the original or copies of it, and allows them to authorise or prohibit any form of distribution of this work (original or copies) to the public by sale or otherwise.

2. ‘Authors’

The right of distribution refers to authors only with respect to any type of work with the exception of computer programs for which a ‘special’ distribution right applies, which also encompasses the right of rental (Art. 4(c) of the Computer Program Directive in conjunction with Art. 1(2)(a) of the Information Society Directive). The notion of ‘authors’ is not defined in the Directive. Therefore anyone who is considered an author according to the national law of a EU Member State is covered by the Directive.

**11.43**

Although it can be argued that the term ‘copy’ relates to some kind of fixation in tangible form,70 it should, however be broadly construed (as a generic term) so as to meet the aims of the right of distribution and prevent the partitioning of the Single Market by means of the non-exhaustion of rights in copies of the work.71 That means that the term ‘copy’ should also encompass digital copies, which are distributed over the internet. This was made clear in the recent case-law of the CJEU in relation to software programs (C-128/11 *UsedSoft* case).72

See in this respect Recitals 28 and 29 in the Preamble to Dir. 2001/29, Art. 8 WCT and the Agreed Statement concerning Arts 6 and 7 WCT, whose transposition is one of the aims of Dir. 2001/29.

See below the discussion on exhaustion of the distribution right.

See, however, a German regional Court (Landgericht Bielefeld – case no 4 O 191/11) decision (held on 5.3.2013), which distinguishes between software as *lex specialis* and other types of works. In fact it provided that the reasoning in *UsedSoft* could not be applied to other types of works (and in particular downloadable e-books and audiobooks). In other words, the Information Society Directive does not permit the application of the principle of exhaustion to works bearing an intangible form. At the national level, this was also affirmed in another German case: Court of Appeal of Hamm (Oberlandesgericht Hamm), 22 U 60/13, 15.5.2014, and at the EU level in Case C-263/18 *Tom Kabinet*. Compare also the position in the US. Specifically in *Kirtsaeng v John Wiley & Sons* No 11–697 (19 March 2013) (the third case in a trilogy of cases of the US Supreme Court within the last 15 years (the other two yet did not deal with copyright but rather with trademarks: *Quality King Distributors Inc v L’anza Research International Inc* (9 March 1998 (hairproducts)) and *Omega SA v Costco Wholesale Corp* (3 September 2008) (watches)) the US Supreme Court ruled that textbooks and other goods made and sold abroad can be re-sold online and in discount stores without violating U.S. copyright law. In a 6–3 opinion, the court overturned a copyright infringement award to publisher John Wiley & Sons against a Thai graduate student Supap Kirtsaeng, who used eBay to resell copies of the publisher’s copyrighted books that his relatives first bought in Asia at cut-price rates. This case recognized international exhaustion for hard copy books. On the contrary, in *Capitol Records LLC (EMI) v ReDigi Inc* No. 12–00095 (30 March 2013) the Southern District of New York (U.S. District Court) ruled that the ’first sale’ doctrine does not apply to digital goods. This case was about music digital files.

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**11.44**

Related rights holders are not covered by Article 4. They can, however, benefit from Article 9 of the Rental and Lending Rights Directive.

3. ‘Original of their works or of copies thereof’

**11.45**

There was traditionally the view that the right of distribution related to tangible articles incorporating copyright works. Apart from Recital 28, which refers to ‘tangible article[s]’, this also seems to be in line with the Agreed Statements concerning Articles 6 and 7 WCT, which provide that ‘“copies” and “original and copies” […] refer exclusively to fixed copies that can be put into circulation as tangible objects’. Yet, in relation to WCT the ‘umbrella solution’ was followed, according to which States Parties could choose how to implement their international obligations under the communication and the distribution right into their national laws without undertaking the obligation to provide for a right of distribution under a separate heading. They could include it as part of any other right to the extent that authors were provided with the substantive elements of it.

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ARTICLE 4: DISTRIBUTION RIGHT

As the Advocate General in this case observed,73 according to Article 6(1) WCT, in the light of which Articles 3 and 4 of the Information Society Directive, must (so far as possible) be interpreted,74 the existence of a transfer of ownership changes an act of ‘communication to the public’ into an act of ‘distribution’. In paragraph 55 of the *UsedSoft* case it was mentioned that Article 4(2) of the Computer Program Directive by referring (without further specifi- cation) to the ‘sale […] of a copy of a program’, makes no distinction between tangible or intangible copies.

**11.47**

Although it must be recalled that the provisions of the Computer Program Directive constitute a *lex specialis* in relation to the Information Society Directive the concepts used in both directives must in principle have the same meaning.75 The Court also added (para 61) that, from an economic point of view, the sale of a computer program on CD-ROM or DVD and the sale of a program by downloading from the internet are similar. The on-line trans- mission method is the functional equivalent of the supply of a material medium. Interpreting Article 4(2) of Computer Program Directive in the light of the principle of equal treatment confirms that the exhaustion of the distribution right under that provision takes effect after the first sale in the EU of a copy of a computer program by the copyright holder or with his consent, regardless of whether the sale relates to a tangible or an intangible copy of the program.

It can be submitted from the above that Article 4 should be construed in such a way so as to encompass copies both in tangible and intangible form. Some examples are hard copy books as well as books available online for download- ing, CDs and DVDs as well as music, software or films available for downloading.76 In this light it should also be submitted that it is irrelevant for this provision whether the original is in tangible or intangible form. In order for the distribution right to come into play what seems to be important is whether a transfer of ownership has occurred or not. If a transfer of ownership has not occurred then it is the communication right, which is at stake (and thus a service provided) rather than the right of distribution. Even if a copy (tangible or intangible) of a work is offered for sale, the right of distribution does not apply unless this copy is put in circulation (i.e. put actually on the

**11.48**

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In point 73 of his opinion where he also referred to Case C-456/06 *Peek & Cloppenburg* [2008] ECR I-2731, para 30 as this passage is referred to Case C-128/11, para 52.

Case C-277/10 *Martin Luksan v Petrus van der Let* [2012] EUECJ C-277/10,para 59.

C-128/11, para 60 where Case C-456/06 *Peek & Cloppenburg*, para 30 was referred to. See above Art. 3, section 7.

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market).77 Again what is decisive here is that a transfer of ownership takes place to a member of the public.78

**11.49**

The notion of ‘public’ is not defined in the Directive. For the notion of ‘public’ see the discussion under Article 3. In case a copy of the work (or the original) is not sold or a transfer of ownership has not taken place to a member of the public but rather to a relative, friend or acquaintance then the right of distribution does not apply.

**11.50**

It should also be mentioned that it is irrelevant from a legal point of view if it is the author himself or a third party that has produced the copies of the work as long as these copies have been produced and sold (or otherwise distributed) with the consent of their right holder.

4. ‘By sale or otherwise’

**11.51**

In order for the right of distribution to apply a sale or other transfer of ownership should take place. Some examples in this respect are donation, exchange, barter or endowment. This is an issue to be assessed on the basis of the contract, which underpins the transaction at issue. The contract itself is interpreted according to the national law that applies. Rental and lending rights are not covered by Article 4 since they do not relate to any transfer of ownership. These rights are regulated in Article 2 of the Rental and Lending Rights Directive, whose provisions remain intact. If that were the case express reference would have been made in the provision as the case was with Article 4(c) of the Computer Program Directive (‘any form of distribution to the public, including the rental, of the original computer program or of copies thereof ’).

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Neither import nor offering for sale within the EU triggers exhaustion if no sale has taken place. See C-16/03, *Peak Holding AB v Axolin-Elinor AB* [2004] ECR I-11313; Case C-324/08 *Makro Zelfbedieningsgroothandel and Others* [2009] ECR I-10019; Case C-127/09 *Coty Prestige Lancaster Group* [2010] ECR I-4965; Case C-324/09 *L’Oréal SA and Others v eBay International AG and Others* [2011] ECR I-6011. There is also the view that the offer for sale or any other disposal of the original or copies of the work is covered by the right of distribution. See on this the views of Walter and von Lewinski, 996 and A. Ohly in E. Derclaye (ed.), *Research Handbook on the Future of EU Copyright*, Edward Elgar Publishing, Cheltenham UK and Northamptom MA, USA, 2008, 212 and 220 seq.; Walter and von Lewinski, 996–7 also argue that importation should be regarded as an act of distribution since the importer is a member of the public and the copyright material is transferred to him in conveying the legal and actual power of disposal and regularly in transferring ownership.

C-128/11, para 52. See also Bechtold, 364.

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ARTICLE 4: DISTRIBUTION RIGHT

5. Exhaustion of rights

**11.52**

*The principle:* The principle of exhaustion applies in relation to the distribution right. That means that if an author/right holder sells (or otherwise transfers ownership) to members of the public the original or copies of his work in the EU (or the EEA),79 himself or with his consent, he cannot prevent third parties from reselling or further transferring ownership to that original or copy of the work within the EU or the EEA. This principle strikes a balance between the rights of the authors and the free movement of goods (Arts 34–36 TFEU). This is an EU-wide exhaustion (Community exhaustion), which applies only to the extent that an article is sold within the EU (or the EEA). If it is sold outside the EU, the right of distribution in the EU is not exhausted.80

**11.53**

Although Community exhaustion is stipulated expressly for the whole of the EU in relation to all types of works (in a horizontal manner) for the first time,81 this was not considered necessary because it was unequivocally provided in the jurisprudence of the CJEU even in the first cases dealing with the free movement of goods and the exhaustion of the intellectual property rights.82

*‘Sale or transfer of ownership’:* The right of distribution83 is exhausted when the first sale (or transfer of ownership)84 of the work is made by the right holder himself or with his consent and it always relates to the particular original

**11.54**

or

copy of the work rather than generally to the work incorporated in

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See Annex 17 no. 9(e) and Protocol 28 Art. 2 to the EEA Agreement. The EEA countries are Norway, Iceland and Liechtenstein.

For further details see I. Stamatoudi, ‘Community Competition Law and Intellectual Property. Abuse of Dominant Position’, Nomiki Vivliothiki, Athens, 2006, 59 seq (in Greek). See also I. Stamatoudi, ‘From drugs to spirits and from boxes to publicity. Decided and undecided issues in relation to trade marks and copyright exhaustion’, (1999) *Intellectual Property Quarterly*, **1,** 95; I. Stamatoudi, ‘International Exhaustion in the European Union in the Light of *Zino Davidoff*: Contract v Trade Mark Law?’ (2000) *IIC*, **2**, 123, with P. Torremans; I. Stamatoudi, ‘Exhaustion of rights in relation to trademarks’ (2003) *Private Law Chronicles*, 565 (in Greek).

Before the enactment of the Information Society Directive, this was expressly provided solely for computer programs, databases (both for copyright and the sui generis right) and the four related rights in the corresponding Directives.

Stamatoudi, 2006, 59 seq.

It is only the right of distribution that is exhausted.

Earlier Directives followed a narrower approach since they did not refer to ‘other transfer of ownership’ (Art. 4(2) of the Computer Programs Directive; Arts 5(c) and 7(2)(b) of the Database Directive; and Art. 9(2) of the Rental and Lending Rights Directive). It can be submitted though that they should be interpreted in the same manner.

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See Case C-419/13 *Art & Allposters International BV v Stichting Pictoright* [2015] EUECJ C-419/13, where the CJEU was asked whether ‘article 4 of the Copyright Directive governs the answer to the question whether the distribution right of the copyright holder may be exercised with regard to the reproduction of a copyright-protected work which has been sold and delivered within the European Economic Area by or with the consent of the rightholder in the case where that reproduction had subsequently undergone an alteration in respect of its form and is again brought into circulation in that form?’; also see Case C-166/15 *Aleksandrs Ranks and Jurijs Vasiļevičs v Finanšu un ekonomisko noziegumu izmeklēšanas prokoratūra and Microsoft Corp.* [2016] EUECJ C-166/15.

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See e.g. Case C-98/13 *Martin Blomqvist v Rolex SA, Manufacture des Montres Rolex SA* [2014] ETMR 25,para. 28, where the CJEU held that

Distribution to the public is characterised by a series of acts going, at the very least, from the conclusion of a contract of sale to the performance thereof by delivery to a member of the public. A trader in such circumstances bears responsibility for any act carried out by him or on his behalf giving rise to a ‘distribution to the public’ in a Member State where the goods distributed are protected by copyright.

S. Bechtold, 365. Contra: Walter and von Lewinski, 993–4. The opposite view is followed later on in the same publication by M. Walter and L. Riede in M. Walter and S. von Lewinski (eds), *European Copyright Law*, Oxford University Press, Oxford, 2010, 997 seq. See also CJEU’s case-law that distinguishes between rental and cases of transfer of ownership: Case C-158/86 *Warner Brothers Inc. and Metronome Video ApS v Erik Viuff Christiansen* [1988] ECR I-02605; Case C-200/96 *Metronome Musik* [1998] ECR I-1953 and Case C-61/97 *FDV* [1998] ECR I-5171.

See Case C-456/06, *Peek & Cloppenburg KG v Cassina SpA* [2014] EUECJ C-325/13, where it was provided that:

[t]he concept of distribution ‘by sale or otherwise’ for the purpose of Article 4(1) of Directive 2001/29 must be interpreted in the light of the definitions given in the World Intellectual Property Organisation (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty, that directive being intended to implement at Community level the Community’s obligations under the those Treaties. Those Treaties link the concept of distribution exclusively to that of transfer of ownership.

According to Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] EUECJ C-128/11, para. 47:

It makes no difference, in a situation such as that at issue in the main proceedings, whether the copy of the computer program was made available to the customer by the rightholder concerned by means of a download from the rightholder's website or by means of a material medium, such as a CD-ROM or DVD. Even if, in the latter case too, the rightholder formally separates the customer's right to use the copy of the program supplied from the operation of transferring the copy of the program to the customer on a material medium, the operation of downloading from that medium a copy of the computer program and that of concluding a licence agreement remain inseparable from the point of view of the acquirer […].Since an acquirer who downloads a copy of the program concerned by means of a material medium such as a CD-ROM or DVD and concludes a licence agreement for that copy receives the right to use the copy for an unlimited period in return for payment of a fee, it must be considered that those two operations likewise involve, in the case of the making available of a copy of the computer program concerned by means of a material medium such as a CD-ROM or DVD, the transfer of the right of ownership of that copy.

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it.The rule of exhaustion of the distribution right does not apply in cases where a reproduction of a protected work has undergone an alteration of its medium, such as the transfer of that reproduction from a paper poster onto a canvas and is placed on the market again in its new form, as affirmed in case C-419/13 *Art & Allposters*; in addition, the exhaustion rule does not cover copying a computer program and offering it for sale, as per Case C-166/15 *Ranks*.85 The distribution right presupposes a transfer of ownership in all cases.86 That means that acts such as rental and lending are not included.87 This is also in line with the interpretation of the distribution right in the WCT and WPPT.88 If the transfer of ownership is limited in time it is disputed whether exhaustion applies.89

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90 See Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] EUECJ C-128/11, paras 62–3; Case C-200/96 *Metronome Musik*, para. 14; Case C-61/97 *FDV* [1998] ECR I-1953, para. 13; and Case C-403/08 *Football Association Premier League and Others* [2011] ECR I-9083, paras 105–6; for a discussion on the distinction between goods and services in the context of copyright exhaustion see S. Karapapa, ‘Reconstructing copyright exhaustion in the online world’ *Intellectual Property Quarterly*, 2014 (4), 304-322.

ARTICLE 4: DISTRIBUTION RIGHT

**11.55**

*Exhaustion in relation to goods rather than services:* Exhaustion applies in relation to goods rather than services. This does not preclude instances where tangible goods are sold/distributed online as well as instances where intangible goods are distributed online by means of downloads. It does not apply to the communi- cation right or the making available right as well as to the rental and lending rights.

The inclusion of both tangible and intangible copies is dictated by the objective of the principle of exhaustion, which is to avoid the partitioning of markets and to limit restrictions of the distribution of those works to what is necessary to safeguard the specific subject matter of the intellectual property concerned.90

**11.56**

*Consent:* In order for the principle of exhaustion to apply the first sale (or transfer of ownership) of the object should be made by the right holder or with his consent. That means that third parties such as licensees, distributors and so on may also sell the product in the EU (or EEA) after they have been authorised to do so by the right holder on the basis, for example, of an agreement, license or contract.

**11.57**

The fact that different right holders for the same article exist in different EU Member States does not carry any legal weight as long as this article has been put on the market in a Member State with the consent of the right holder of that Member State. Who the right holder is though is a matter to be determined by the law of the State where exhaustion is claimed.

**11.58**

**11.59**

The consent required should always be given by the person having the exclusive right of distribution in the particular article or articles that are put on the market. If more than one person has this right then consent from all persons is required.

**11.60**

The consent has to relate to the first sale of the particular product in the EU. If the license is granted for a particular Member State that means that a first sale in any other Member State will fall outside the scope of the license and will therefore not occur with the consent of the right holder. That means that if a licensee is licensed to sell the products in Greece, but he sells them in France, then exhaustion does not apply, as the sale did not occur with the consent of the right holder. Exhaustion also does not apply in cases where a product is marketed by a third party in an area where there is no copyright protection for

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that particular product. The right holder’s consent cannot be assumed in this case since no protection is available.91

**11.61**

Consent is not defined in the Directive. However, it should be construed in an autonomous and uniform manner in the EU92 for the sake of harmonisation in conjunction also with the ‘consent’ provided under the Trademark Directive.93 Consent can either be expressed (in writing) or be inferred from the facts or circumstances of the case prior to, simultaneous with or subsequent to, the placing of the goods on the market.94 There are differing views as to who bears the burden of proof that an article has been sold with the rightholder’s consent within the EU. It seems however only to be fair and practical (and also consistent with Article 8 of the Enforcement Directive) that once the party alleging that the article has been sold with the right holder’s consent within the EU suffices for it to prove that the article has indeed been sold for the first time within the EU. It is up to the right holder to prove that this sale has either not occurred or did not occur with his consent.95

**11.62**

*Constraints on consent (e.g. geographical, time and mode of distribution):* Right holders may place certain limits on their consent as long as these limits are not geographical concerning the area of the EU and EEA. Such limits would impinge on the free movement of goods and therefore on Articles 34–36 TFEU and potentially on competition rules, too.96

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See, for example, Case C-456/06 *Peek & Cloppenburg KG v Cassina SpA*, in relation to the rental right; C-341/87 *EMI Electrola v Patricia et al.* [1989] ECR 79; C-144/81 *Keurkoop v Nancy Kean Gifts* [1982] ECR 2853.

See also Art. 3, section 5.

See also Joined cases C-414/99; C-415/99; C-416/99; *Zino Davidoff SAvA&G Imports Ltd and Levi Strauss & Co and Others v Tesco Stores Ltd and Others* [2003] ECR I-389 in relation to Dir. 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ L 40/1, 11.2.1989

Joined cases C-414/99 to C-416/99, para 46.

Differing approaches have been followed in Joined cases C-414/99; C-415/99; C-416/99 *Zino Davidoff SA v A & G Imports Ltd and Levi Strauss & Co and Others v Tesco Stores Ltd and Others* [2003] ECR I-389 and in C-244/00 *Van Doren + Q. GmbH v Lifestyle sports + sportswear Handelsgesellschaft mbH and Michael Orth.* [2003] ECR I-3051. According to the latter case:

a trader against whom proceedings are brought on the basis of a trade mark for marketing original goods, and who claims that the trade-mark right has been exhausted within the meaning of Article 7 of Directive 89/104/EEC, has to plead and, if necessary, prove that the goods marketed by him have already been put on the market in the European Economic Area for the first time by the trade-mark owner himself or with his consent […].

Case 78/70 *Deutsche Grammophon GmbH v Metro-SB-Grossmarkte GmbH & Co KG* [1971] ECR 487. Joined Cases C-55 and C-57/80 *Musik-Vertrieb Membran GmbH v GEMA*, [1981] ECR 147. See also C-40/70 *Sirena* [1971] ECR 69; Joined Cases 56 and 58–64, *Établissements Consten S.à.R.L. and Grundig-Verkaufs-GmbH v Commission of the European Economic Community* [1966] ECR 429; Case 170/83 *Hydrotherm Gerätebau GmbH v Compact del Dott. Ing. Mario Andreoli* 1984 ECR 2999 and C-58/80 *Dansk Supermarked A/S v A/S Imerco*, [1981] ECR 181.

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ARTICLE 4: DISTRIBUTION RIGHT

**11.63**

The right holder may place constraints on his consent relating to time or modes of distribution.97 He may, for example, only allow the sale of paperback books or of CDs packed together with a newspaper or magazine. Time constraints seem to be meaningless for articles that have been lawfully sold before time limita- tions expire. The rights of distribution cannot revive for those articles. It is disputed whether exceeding the limits of the license is considered to be a breach of contract or a copyright infringement. This will very much depend on the applicable national law since the Directive is silent on these issues.98

In any case consent relates to particular copies only and it is in relation to those copies only that the right of distribution is exhausted.99

**11.64**

*International exhaustion:* According to the Information Society Directive inter- national exhaustion does not apply. This was expressly provided both by the Court of Justice of the European Union (*Silhouette* case)100 as well as by the EFTA Court (*L’Oréal* case).101 This means that also EU Member States are barred from applying international exhaustion.102

**11.65**

NOTES

1. Related instruments

The WIPO Copyright Treaty (WCT) (1996).

The WIPO Performances and Phonograms Treaty (WPPT) (1996).

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Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157/45, 30.4.2004.

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Bechtold, 366.

For Germany see for example *OEM-Version*, Bundesgerichtshof (BGH) (Federal Supreme Court) 6 July 2000, Case I ZR 244/97 [2001] GRUR 153.

C-173/98 *Sebago Inc and Ancienne Maison Dubois & Fils SA v G-B Unic SA* [1999] ECR I-4103 and Case C-479/04 *Laserdisken ApS v Kulturministeriet* [2006] ECR I-8089.

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The European Free Trade Association (EFTA) Court in the Joined Cases E-9/07 and E-10/07 *L’Oréal Norge AS v Per Aarskog AS and L’Oréal SA v Smart Club AS* [2008] ETMR 60, which overturned Case E-2/97 *Mag Instruments* (1997 EFTA Court Report, 127).

See Bechtold, 366 who refers to the Explanatory Memorandum to the Directive and to Case 270/80 *Polydor Ltd and RSO Records Inc v Harlequin Record Shops Ltd and Simons Records Ltd* [1982] ECR 329 where it is provided that international exhaustion also applies to countries that have signed a free trade agreement with the EU.

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2b. EctHR

*Neij and Sunde Kolmisoppi v Sweden case* (application no. 40397/12) – 19.2.2013

*Aleksandrs Ranks and Jurijs Vasiļevičs v Finanšu un ekonomisko noziegumu izmeklēšanas prokoratūra and Microsoft Corp.* (Case C-166/15) [2016] EUECJ C-166/15.

*Art & Allposters International BV v Stichting Pictoright* (Case C-419/13)[2015] EUECJ C-419/13.

*Coty Prestige Lancaster Group* (Case C-127/09) [2010] ECR I-4965.

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*Dansk Supermarked A/S v A/S Imerco* (C-58/80) [1981] ECR 191.

*Deutsche Grammophon GmbH v Metro-SB-Grossmarkte GmbH & Co KG* (Case 78/70) [1971] ECR 487.

*EMI Electrola v Patricia et al.* (C-341/87) [1989] ECR 79.

*Établissements Consten S.à.R.L. and Grundig-Verkaufs-GmbH v Commission of the European Economic Community* (Joined Cases 56 and 58–64) [1966] ECR 429.

*FDV* (C-61/97) [1998] ECR I-5171.

*Football Dataco Ltd and Others v Sportradar GmbH et Sportradar AG* (Case C-173/11) [2012] EUECJ C-173/11.

*Hydrotherm Gerätebau GmbH v Compact del Dott. Ing. Mario Andreoli* (Case 170/83) [1984] ECR 2999.

*Keurkoop v Nancy Kean Gifts* (C-144/81) [1982] ECR 2853.

*Laserdisken ApS v Kulturministeriet* (Case C-479/04) [2006] ECR I-08089.

*L’Oréal SA and Others v eBay International AG and Others* (C-324/09) [2011] ECR I-6011.

*Martin Luksan v Petrus van der Let* (C-277/10) [2012] EUECJ C-277/10.

*Metronome Musik* (C-200/96) [1998] ECR I-1953.

*Musik-Vertrieb Membran GmbH GEMA* (Joined Cases C-55 and C-57/800 [1981] ECR 147.

*Peak Holding AB v Axolin-Elinor AB* (C-16/03) [2004] ECR I-11313.

*Peek & Cloppenburg* (C-456/06) [2008] ECR I-2731.

*Polydor Ltd and RSO Records Inc. v Harlequin Record Shops Ltd and Simons Records Ltd* (Case 270/80) [1982] ECR 329.

*Silhouette International Gmbh and Co KG v Hartlauer Handelsgesellschaft mbH* (Case C-355/96) [1998] ECR I-676.

*Sirena* (C-40/70) [1971] ECR 69.

*UsedSoft GmbH v Oracle International Corp* (Case C-128/11) [2012] EUECJ C-128/11.

*Van Doren + Q. GmbH v Lifestyle sports + sportswear Handelsgesellschaft mbH and Michael Orth.*

(C-244/00) [2003] ECR I-3051.

*Warner Brothers Inc. and Metronome Video ApS v Erik Viuff Christiansen* (Case C-158/86) [1988] ECR I-02605.

*Zino Davidoff SA v A & G Imports Ltd and Levi Strauss & Co. and Others v Tesco Stores Ltd and Others* (Joined cases C-414/99, C-415/99 C-416/99) [2003] ECR I-389.

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ARTICLE 4: DISTRIBUTION RIGHT

3. Bibliography

**Member States may provide for exceptions or limitations to the rights provided for in Articles 2 and 3 in the following cases:**

**(a) use for the sole purpose of illustration for teaching or scientific research, as long as the source, including the author's name, is indicated, unless this turns out to be impossible and to the**

**(d)**

**(e)**

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ARTICLE 5 EXCEPTIONS AND LIMITATIONS

**1.**

**Temporary acts of reproduction referred to in Article 2, which are transient or incidental [and] an integral and essential part of a tech- nological process and whose sole purpose is to enable:**

1. **a transmission in a network between third parties by an inter- mediary, or**
2. **a lawful use of a work or other subject matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right provided for in Article 2.**

**Member States may provide for exceptions or limitations to the repro- duction right provided for in Article 2 in the following cases:**

**2.**

**(a)**

**in respect of reproductions on paper or any similar medium, effected by the use of any kind of photographic technique or by some other process having similar effects, with the exception of sheet music, provided that the right holders receive fair compen- sation;**

**in respect of reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the right holders receive fair compensation which takes account of the application or non- application of technological measures referred to in Article 6 to the work or subject-matter concerned;**

**in respect of specific acts of reproduction made by publicly accessible libraries, educational establishments or museums, or by archives, which are not for direct or indirect economic or commercial advantage, without prejudice to the exceptions and limitations provided for in Directive (EU) 2019/790 of the European Parliament and of the Council;**

**in respect of ephemeral recordings of works made by broadcasting organisations by means of their own facilities and for their own broadcasts; the preservation of these recordings in official archives may, on the grounds of their exceptional documentary character, be permitted;**

**in respect of reproductions of broadcasts made by social insti- tutions pursuing non-commercial purposes, such as hospitals or prisons, on condition that the right holders receive fair compen- sation.**

**(b)**

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**extent justified by the non-commercial purpose to be achieved, without prejudice to the exceptions and limitations provided for in Directive (EU) 2019/790;**

**uses, for the benefit of people with a disability, which are directly related to the disability and of a non-commercial nature, to the extent required by the specific disability, without prejudice to the obligations of Member States under Directive (EU) 2017/1564 of the European Parliament and of the Council;**

**reproduction by the press, communication to the public or mak- ing available of published articles on current economic, political or religious topics or of broadcast works or other subject-matter of the same character, in cases where such use is not expressly reserved, and as long as the source, including the author’s name, is indicated, or use of works or other subject-matter in connection with the reporting of current events, to the extent justified by the informatory purpose and as long as the source, including the author’s name, is indicated, unless this turns out to be impossible; quotations for purposes such as criticism or review, provided that they relate to a work or other subject-matter which has already been lawfully made available to the public, that, unless this turns out to be impossible, the source, including the author’s name, is indicated, and that their use is in accordance with fair practice, and to the extent required by the specific purpose;**

**use for the purposes of public security or to ensure the proper performance or reporting of administrative, parliamentary or judicial proceedings;**

**use of political speeches as well as extracts of public lectures or similar works or subject-matter to the extent justified by the informatory purpose and provided that the source, including the author’s name, is indicated, except where this turns out to be impossible;**

**use during religious celebrations or official celebrations organ- ised by a public authority;**

**use of works, such as works of architecture or sculpture, made to be located permanently in public places;**

**incidental inclusion of a work or other subject-matter in other material;**

**use for the purpose of advertising the public exhibition or sale of artistic works, to the extent necessary to promote the event, excluding any other commercial use;**

**use for the purpose of caricature, parody or pastiche;**

**use in connection with the demonstration or repair of equipment; use of an artistic work in the form of a building or a drawing or plan of a building for the purposes of reconstructing the building; use by communication or making available, for the purpose of**

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ARTICLE 5: EXCEPTIONS AND LIMITATIONS

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**research or private study, to individual members of the public by dedicated terminals on the premises of establishments referred to in paragraph 2(c) of works and other subject-matter not subject to purchase or licensing terms which are contained in their collec- tions;**

**use in certain other cases of minor importance where exceptions or limitations already exist under national law, provided that they only concern analogue uses and do not affect the free circulation of goods and services within the Community, without prejudice to the other exceptions and limitations contained in this Article.**

**(o)**

**4.**

**Where the Member States may provide for an exception or limitation to the right of reproduction pursuant to paragraphs 2 and 3, they may provide similarly for an exception or limitation to the right of distribu- tion as referred to in Article 4 to the extent justified by the purpose of the authorised act of reproduction.**

**The exceptions and limitations provided for in paragraphs 1, 2, 3 and 4 shall only be applied in certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the right holder.**

**Notwithstanding the legal protection provided for in paragraph 1, in**

**5.**

**6.**

**the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, Mem- ber States shall take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with Article 5(2)(a), (2)(c), (2)(d), (2)(e), (3)(a), (3)(b) or (3)(e) the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned.**

**A Member State may also take such measures in respect of a benefi- ciary of an exception or limitation provided for in accordance with Article 5(2)(b), unless reproduction for private use has already been made possible by rightholders to the extent necessary to benefit from the exception or limitation concerned and in accordance with the pro- visions of Article 5(2)(b) and (5), without preventing rightholders from adopting adequate measures regarding the number of reproductions in accordance with these provisions.**

**The technological measures applied voluntarily by rightholders, including those applied in implementation of voluntary agreements, and technological measures applied in implementation of the measures taken by Member States, shall enjoy the legal protection provided for in paragraph 1.**

ARTICLE 5: EXCEPTIONS AND LIMITATIONS

**The provisions of the first and second subparagraphs shall not apply to works or other subject-matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them.**

**When this Article is applied in the context of Directives 92/100/ EEC and 96/9/EC, this paragraph shall apply mutatis mutandis.**

I. COMMENTARY

**11.66**

The economic rights set out in Articles 2–4 of the Directive on copyright and related rights reserve the acts described therein to the author or the holder of a neighbouring right only. Yet not all uses of works protected by copyright amount to infringement of an exclusive right. First, the right holder may of course authorise certain uses of his work, e.g. by contract. Second, certain uses are left outside the sphere of control of the right holder, if they are covered by an ‘exception or limitation’103 to copyright law.

Before 22 December 2002, the date on which Member States should officially have implemented the provisions of the Directive into their national laws,104 the regimes of exceptions and limitations to copyright law diverged largely. The rapid rise of digital markets and the new possibilities to exploit copyright works in the digital environment called, however, for a more transparent and harmonised legal framework across European borders. While exclusive rights aim at ensuring the economic interests of the creator, limitations to the rights also help ensure freedom to create.105 Limitations can therefore be considered as a stimulus to creativity on the same level as exclusive rights; they have, indeed, often been qualified as ‘rights’ granted to users and future creators.106 Of course, Recital 4 of the Directive sets out that a ‘harmonised legal framework

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On the terminology and its consequences, see infra. Art. 10(1) of the Directive.

See, for instance, C. Geiger, (2010a) Promoting Creativity through Copyright Limitations, Reflections on the Concept of Exclusivity in Copyright Law’, (2010), *Vanderbilt Journal of Entertainment & Technology Law*, 12, 515, 525.

See, with further references C. Geiger, ‘De la nature juridique des limites au droit d’auteur’, (2004), *Propriétés intellectuelles*, **13**, 882–91, 882; Geiger 2010a; Christophe Geiger, ‘Effectivité et flexibilité: deux impératifs de l’adaptation du droit des “exceptions”’ (2013), RLDI, Special issue No 94, 41. See in this sense the decisions of the Supreme Court of Canada, 4 March 2004, *CCH Canadienne Limitée v Barreau du Haut-Canada* (2004 CSC 13) and more recently the decision of 12 July 2012, *Société canadienne des auteurs, compositeurs et éditeurs de musique v Bell Canada*, 2012 CSC 36, 2 RCS 3326; *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 CSC 37, 2 RCS 345. The Washington Declaration on Intellectual Property and the Public Interest refers to exceptions and limitations as ‘positive enabling doctrines that function to ensure that intellectual property law fulfills its ultimate purpose of promoting essential aspects of the public interest’ (3), available at <http://infojustice.org/washington-declaration-html>(last accessed on 17 December 2012).

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on copyright and related rights, through increased legal certainty and while providing for a high level of protection of intellectual property, will foster substantial investment in creativity and innovation […]’. Recital 31 adds, however, that a ‘fair balance of rights and interests […] between the different categories of rightholders and users of protected subject-matter must be safeguarded’. The recital goes on to say that ‘existing differences in the excep- tions and limitations to certain restricted acts have direct negative effects on the functioning of the internal market of copyright and related rights. […] The degree of their harmonisation should be based on their impact on the smooth functioning of the internal market’.107 Therefore, even if the idea of achieving a fair balance of interest is explicitly stated, the focus of the EU institutions in the domain of exceptions and limitations appears to have been the proper function- ing of the internal market, and not the promotion of creativity. Moreover, the critique generally brought forward is that the potential of limitations has been underestimated, and that the EU concentrated too much on strengthening exclusive rights.108

II. METHOD OF HARMONISATION OF ARTICLE 5

1. An exhaustive list of limitations

*A. Exceptions or limitations?*

Article 5 of the Directive is entitled ‘Exceptions and limitations’, and its text refers to ‘exceptions or limitations’ and to exempted acts. These terms, which appear to be put on the same level, are not defined further. They do, however, refer to different legal concepts: an exception describes the derogation from a

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See also in this sense the reflection paper of the European Commission adopted on 22 October 2009, ‘Creative content in a European digital single market: challenges for the future, a reflection document of DG INFSO and DG MARKT’, 15:

Community rules on copyright have harmonised the scope and tenor of the exclusive rights without, however, providing clear boundaries for these rights by means of uniform exceptions. This is indeed a state of affairs that should not persist in a truly integrated market. The unclear contours of strong ‘exclusive rights’ are neither beneficial for the internal market in knowledge products nor for the development in internet services. Further harmonisation of copyright laws in the EU, in particular relating to the different and optional limitations and exceptions, would create more certainty for consumers about what they can and cannot do with the content they legally acquire.

See, with further references, C. Geiger, 2010, ‘The Future of Copyright in Europe: Striking a Fair Balance between Protection and Access to Information/L’avenir du droit d’auteur en Europe: Vers un juste équilibre entre protection et accès à l’information’. However, in its Green Paper on ‘Copyright in the Knowledge Economy’, Brussels, COM (2008) 466/3, the Commission seems to admit that it is the exceptions and limitations that ensure the dissemination of knowledge within copyright law and which are the key to the balance to be sought by Community legislation. For a comment, see Geiger et al., ‘What limitations to copyright in the information society? A comment on the European Commission’s Green Paper “Copyright in the Knowledge Economy”,’ (2009) *IIC* 412. Unfortunately, no initiative of reform has been taken since.

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rule or a principle, whereas a limitation indicates that the exclusive right does not extend to a particular use of the work.109 Such differing concepts would normally impact the understanding and interpretation of the respective pro- visions. Yet, it has been argued that the European institutions in their legislative function focus on results, and do not usually adopt a dogmatic attitude.110 In accordance with the legal nature of a Directive, the choice of form and methods of achieving the result aimed at by the Directive is left up to the Member States (Art. 288 TFEU).111 In our view, the term ‘limitation’ is, nonetheless, more accurate:112 what should be expressed is the need to determine the exact scope of the author’s right, i.e., to *delimit* the right, and not the idea that unauthorised uses shall be considered as the exception to the broad exclusive right.113

*B. An open or closed list of limitations?*

As Burrell and Coleman sum up, there are, broadly speaking, two ways of construing exceptions or limitations to copyright law: ‘The first approach is to provide a small number of generally worded exceptions. The second approach is to provide a larger number of much more specific exceptions, encompassing carefully defined activities.’114 Whereas this broad classification is not a rigid one, the US fair use approach is often named as a prime example for a generally

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See R. Hilty and C. Geiger, (eds), *Impulse für eine europäische Harmonisierung des Urheberrechts, Urheberrecht im deutsch-französischen Dialog/ Perspectives d’harmonisation du droit d’auteur en Europe,* Berlin/ Heidelberg/ New York and Paris, Springer/ Litec LexisNexis, 2007, 363; J.N. Ullrich ‘Clash of copyrights – Optionale Schranke und zwingender finanzieller Ausgleich im Fall der Privatkopie nach Art. 5 Abs. 2 lit. b) Richtlinie 2001/29/EG und Dreistufentest’ (2009) *GRUR Int*. 283, 285.

See Hilty and Geiger, 609.

The open language of Art. 5 should also allow Member States to implement the text in accordance with their own legal tradition.

Moreover, the term ‘limitation’ would be more coherent with the general structure of copyright law: the exclusive right is limited in time, since there is a term to its protection prescribed by law; the right to distribution is equally limited by exhaustion within the EU under certain conditions (Art. 4(2) of the Directive). Access to protection is limited to certain categories of original works, and to authors fulfilling a number of legal conditions.

See C. Geiger, (2004b), *Droit d’auteur et droit du public à l’information, approche de droit comparé*, Paris, Litec, 194; ‘Les exceptions au droit d’auteur en France (analyse critique et prospective)’ in Hilty and Geiger, 349 et seq; P.B. Hugenholtz, 1997, ‘Fierce Creatures, Copyright Exemptions: Towards Extinction?’ 13 et seq; Hugenholtz, P.B. ‘Adapting copyright to the information superhighway’, in P.B. Hugenholtz (ed.), *The Future of Copyright in a Digital Environment*, Kluwer Law International, The Hague, 1996, 94. For an attempt to conceptualise the nature of exceptions and limitations, see A. Christie, ‘Maximising permissible exceptions to intellectual property rights’, in Kur, A. and V. Myzaras (eds.), *The Structure of Intellectual Property Law - Can One Size Fit All?,* Cheltenham, UK/Northampton 2011, 121. It has been stated however, that the terms of exceptions and limitations in the Directive were consciously used to express that they are construed as defenses against accusations of infringement of a property right, and not as users’ rights. See von Lewinski in Walter and von Lewinski, 2010, at 11.5.11. In joined cases C-457/11 to C-460/11 *VG Wort* [2013] EUECJ C-457/11, the CJEU held that the distinction in the ‘in the very title’ of article 5 should be given effect. In its view, ‘the exclusive right may, depending on the circumstances, be either, as an exception, totally excluded, or merely limited. It is conceivable that such a limitation may include, depending on the particular situations that it governs, in part an exclusion, a restriction, or even the retention of that right’ (para. 34).

R. Burrell and A. Coleman, *Copyright Exceptions: The Digital Impact*, Cambridge University Press, 2005, 4.

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worded exception. In Europe, longer lists of specific exceptions prevail. This has been said to include the UK copyright system, since the generally worded fair dealing contains a number of limitations itself, e.g. as to the purposes for which it may be invoked.115 In addition to the copyright exceptions and limitations listed in Aritcle 5, there is a number of copyright exceptions and limitations listed in the Digital Signle Market Directive (Directive 2019/790).

Recital 32 of the Directive apparently confirms the choice of the EU legislature to adopt a ‘closed list-approach, stating that the ‘Directive provides for an exhaustive enumeration of exceptions and limitations to the reproduction right and the right of communication to the public’. However, Article 5(3)(o) of the Directive, the so-called ‘grandfather clause’, allows uses ‘in certain other cases of minor importance where exceptions or limitations already exist under national law, provided that they only concern analogue uses and do not affect the free circulation of goods and services within the Community’. Thus, if Member States are not allowed to introduce new exceptions or limitations other than those listed in Article 5, the ‘grandfather clause’ allows some room for the diversity of the Member States’ regimes of limitations.116 The choice of an exhaustive list, which reflects the civil law rather than the common law tradition, has often been criticised. Flexibility is thought to be lacking in two respects: for the accommodation of the specificities of national copyright laws on the one hand; and for adaptation to the extremely rapid development of the, in particular, digital environment on the other.117 However, the open wording of Article 5 does, despite the latter’s closed nature, offer some room for flexibility.118 We will get back to this point below.

2. A list of predominantly optional limitations

**11.71**

*A. One mandatory exception*

As stated above, the approach chosen in Article 5 is the one of an optional exhaustive list of exceptions and limitations. Yet, the transposition of one limitation, the limitation for transient or incidental copies laid down in its first paragraph, was mandatory for Member States. Context and conditions of applicability of Article 5(1) will be explained in more detail below.

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See E.J. Hudson, ‘Copyright exceptions: The experiences of cultural institutions in the United States, Canada and Australia’, 2011, 15.

See M. Van Eechoud, et al., *Harmonizing European Copyright Law, The Challenges of Better Lawmaking*, Wolters Kluwer Law & Business, Alphen aan den Rijn, 2009, 103, see infra.

See, for instance, L. Guibault, ‘Why cherry-picking never leads to harmonisation: The case of the limitations on copyright under Directive 2001/29/EC’, (2010) *JIPITEC* **1**, 55 57; see also for example M. Senftleben (2010a), ‘The international three-step test. A model provision for EC Fair Use Legislation’, (2010) *JIPITEC*, **1**, 67, or Van Eechoud et al., 104.

As convincingly demonstrated in P.B. Hugenholtz and M. Senftleben, 2011, ‘Fair use in Europe. In search of flexibilities’, 13 et seq. Detailed on the flexibilities left by the Directive, see also C. Geiger and F. Schönherr, ‘Defining the scope of protection of copyright in the EU: The need to reconsider the acquis regarding limitations and exceptions’, in T-E. Synodinou (ed.), *Codification of European Copyright Law, Challenges and Perspectives*, Kluwer Law International, Alphen aan den Rijn, 2012, 133 et seq.

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**11.70**

It has often been suggested that exceptions and limitations be divided into different categories according to their respective justification. Possible cat- egories would be freedom of expression or fundamental rights in general (also including, e.g. the right to privacy), public interest, and market failure or practical justifications.119 In the exhaustive list, limitations justified by funda- mental rights would be the ones relating to press, to quotations, to caricature, to religious celebrations or to private copying (see infra); public interest consider- ations justify limitations relating to education and libraries, social institutions, people with a disability, public security, use of works made to be located in public places or to promote a public exhibition; limitations relating to tempor-

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**11.74**

*B. Twenty optional exceptions or limitations*

Next to the mandatory exception for ephemeral copies, Article 5 offers Mem- ber States a list of twenty exceptions or limitations which they can choose to implement or not. Article 5(2) provides for five optional exceptions or limita- tions to the reproduction right: reprographic copying, private copying, non- profit copying by public libraries, educational establishments or museums, ephemeral copying by broadcasters, and reproductions of broadcasts made by social institutions. Article 5(3) then lists 15 optional exceptions or limitations to both the right to reproduce and the right to communicate to the public or make available to the public: use for teaching and scientific purposes, uses for people with disabilities, use for reporting current events, quotations, uses for public security, use of political speeches, use during religious celebrations, use of works of architecture, incidental inclusion of a work or other subject-matter, use for advertising public exhibitions, use for caricature, parody or pastiche, use related to the demonstration or repair of equipment, use for the reconstruction of buildings, use for research or private study, and use in other cases of minor importance. The wording of some of the above-mentioned exceptions has been amended by the Digital Single Market Directive (Directive 2001/29/EC) and the Directive implementing the Marrakesh Treaty in the EU (Directive (2017/1564).

In addition to the exceptions and limitations of Article 5, other Directives, such as the Oprhan Works Directive (Directive 2012/28/EU) and the Digital Single Market Directive, introduced further exceptions and limitations to Articles 2 and 3 of the Information Society Directive, corresponding to the reproduction right and the right of communication to the public. These exceptions and limitations are discussed in the chapters corresponding to each Directive. Some of the exceptions or limitations listed in Article 5’s second and third paragraphs will be discussed in more detail below.

Article 5(4) allows Member States – where necessary – to provide for excep- tions or limitations to the distribution right; this applies to cases where Member States equally allow those exceptions or limitations in relation to the reproduc- tion right.

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119 See Hugenholtz, 1997; also see in general S. Karapapa *Defences to Copyright Infringement: Creativity, Innovation and Freedom on the Internet*. Oxford University Press, 2020.

120 The European Copyright Code speaks of ‘uses with minimal economic significance’ (Art. 5(1) of the Code), and thereby proposes to introduce a *de minimis* rule. The Code, moreover, proposes to introduce a new category of limitations covering ‘uses for the purpose of enhancing competition’ (Art. 5(4) of the Code).

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ary acts of reproduction, to ephemeral recordings related to broadcasting, use in connection with the demonstration or repair of equipment or reconstruction of a building may rather be explained by practical reasons.120 Yet, although such a categorisation is useful insofar as it helps to identify the rationale underlying the permitted use, it is not easy to establish, since exceptions and limitations often have multiple justifications.

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3. The limit of Member States' discretion: the Three-step Test of Article 5(5)

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AG Cruz Villalón takes the view that given the principle of narrow interpretation and the fact that the three-step-test is to be applied in addition to the conditions of each individual exception or limitation, the private copying exception could not be extended to situations not expressly foreseen by the Directive. AG Cruz Villalón in Case C-435/12 *ACI Adam BV* ,, Opinion delivered on 9 January 2014, at 71. As affirmed in Case C-435/12 *ACI Adam BV* [2014] EUECJ C-435/12

Article 5(5) of Directive 2001/29 is not intended either to affect the substantive content of provisions falling within the scope of Article 5(2) of that directive or, inter alia, to extend the scope of the different exceptions and limitations provided for therein.

Senftleben argues that the option chosen in the Directive, an ‘open-ended three-step test’ that erodes ‘legal certainty following from precisely defined exceptions instead of using the test as a means of providing sufficient flexibility’, leads to a ‘worst case scenario’: a system that offers neither flexibility nor legal certainty. Senftleben, 2010a, 68.

Senftleben, 2010, 67. See also detailed on the issue, C. Geiger, D. Gervais and M. Senftleben, ‘The Three Step Test Revisited: How to Use the Test’s Flexibility in National Copyright Law’ (with D. Gervais and M. Senftleben), *PIJIP* Research Paper no. 2013–04.

Article 31(1) of the 1969 Vienna Convention of the Law of Treaties states that a ‘treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and

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*A. International and EU Three-step Test*

All uses potentially covered by one of the exceptions and limitations listed in Article 5 have, in addition, to comply with the so-called three-step test laid down in Article 5(5) of the Directive. According to the latter, limitations shall only apply in ‘certain special cases which do not conflict with a normal exploitation of the work or other subject-matter and do not unreasonably prejudice the legitimate interests of the right holder’. Recital 44 specifies that, in particular with regard to the electronic environment, ‘the scope of certain exceptions or limitations may have to be even more limited when it comes to certain new uses of copyright works and other subject-matter’.121 The fifth paragraph of Article 5, in potentially further restricting the scope of unauthor- ised uses of works protected by copyright, has been the subject of broad debate and criticism.122 In fact, the idea that the ‘three-step test’ in the Directive is a further restriction mechanism to the scope of limitations and exceptions appears to deviate from its model: the international three-step test, laid down in Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement, and Article 10 of the WIPO Copyright Treaty (the WCT, which extends the scope of application of the test to all rights set out in the Berne Convention and the WCT). Of central importance to copyright, this international tool has been qualified as ‘an essential, flexible element that allows national law makers to satisfy domestic social, cultural, and economic needs’.123 Indeed, the agreed statement concerning Article 10 of the WCT124 permits Contracting Parties ‘to

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carry forward and approximately extend into the digital environment limita- tions and exceptions in their national laws’, and ‘to devise new exceptions and limitations that are appropriate in the digital network environment’.125 More- over, the preamble to the WCT recognises ‘the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Con- vention’.126 According to Recital 44 of the Directive, exceptions and limitations ‘should be exercised in accordance with international obligations’.127

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In order to open up the current EU system of limitations, it would be advisable to read the EU three-step test in a manner coherent with its international background originating from the WIPO treaties or the TRIPS Agreement;128 the aim being to achieve a better balance of interests (see *infra*). International agreements concluded by the Union are binding upon EU institutions and Member States (Art. 216 TFEU).129 Considering the currently fragmented harmonisation of copyright law, it could, therefore, be argued that the EU three-step test should at least have to be read in the light of the corresponding provisions of WCT and TRIPs,130 both mixed agreements.

in the light of its object and purpose’. Such context shall include, amongst other things, ‘any agreement relating to the treaty which was made between all the parties in connection with the conclusion of the treaty’ (Art. 31(2)(a)).

The agreed statement adds, however, that Art. 10(2) of the WCT ‘neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention’. It has been suggested that WCT members agree to remove this last statement: S. Ricketson, ‘WIPO information session on limitations and exceptions’, 2008. Ricketson, moreover, proposes adding further steps to the test, thereby increasing focus on public interest justifications and recognition and protection of moral rights.

See for example in this sense, M-C. Janssens, ‘The issue of exceptions: Reshaping the keys to the gates in the territory of literary, musical and artistic creation’, in E. Derclaye (ed.), *Research Handbook on the Future of EU Copyright*, Edward Elgar, Cheltenham, UK and Northampton, MA, USA, 2009, 323.

One of the goals of the Directive was, indeed, to transpose the international obligations arising from the WCT. Recital 44 has, therefore, been said to particularly address Art. 10 WCT. As confirmed by the agreed statement and the preamble, Art. 10 is also thought to be a guideline for the extension of existing and introduction of new limitations (see M. Senftleben, ‘Comparative approaches to fair use: An important impulse for reforms in EU Copyright Law’, in G.B. Dinwoodie (ed.), *Methods and Perspectives in Intellectual Property*, Edward Elgar, Cheltenham, UK, and Northampton, MA, USA, (2014), 30 sq.).

See C. Geiger, D. Gervais and M. Senftleben, ‘Understanding the “Three-Step Test”’, in: D. Gervais (ed)*, Research Handbook on International Intellectual Property Law*, Cheltenham, UK / Northampton, MA, Edward Elgar, 2014. In *Hermès*, the Court stated that EU law should be interpreted in the light of the TRIPs as a WTO agreement, and thereby affirmed the principle of harmonious application (Case C-53/96 *Hermès International v FHT Marketing Choice* [1998] ECR I-3603).

In Case 181/73 *Haegemann v Belgian State* [1974] ECR 449, concerning a mixed agreement, the Court held that the provisions of an agreement, ‘from the coming into force thereof, form an integral part of Community law’ (para. 5). In Case C-61/94 *Commission of the European Communities v Federal Republic of Germany* [1996], ECR 1996 Page I-03989, the Court held that secondary law must, in so far as is possible, be interpreted in a manner that is consistent with international agreements concluded by the EU (para 52).

Regarding Art. 13 TRIPs, it might, read with reference to the public interest considerations in Arts 7–8 TRIPS, allow for wider exceptions. Article 2(2) TRIPS emphasises that the provisions of the Agreement shall not ‘derogate from existing obligations that Members may have to each other under the […] Berne Convention’;

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*B. Article 5(5) as a tool for flexible interpretation of limitations*

Proposals suggesting that the three-step test could be construed as an enabling clause similar to a generally worded ‘EU-fair use’ type provision131 have been welcomed by many. It is argued that rights of users and right holders could be better balanced if the criteria of the three-step-test were understood as open- ended factors; at the same time, it should be recognised that such criteria equally allow for the introduction and broadening of limitations (and not only for their restriction).

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For better practical applicability of proposals suggesting a more open interpret- ation of the three-step test at the international, regional, and national level, a group of scholars elaborated a ‘Declaration on the Balanced Interpretation of the Three-step test in Copyright law’ (the Declaration)132. The drafters of the Declaration call, among other things, for a comprehensive overall assessment, whereby ‘no single step is to be prioritized’.133 Moreover, the Declaration clearly states that limitations are not necessarily to be interpreted narrowly, and

yet, it has been held that if Art. 2(2) does not allow the creation of new exceptions, further restrictions may be added cumulatively as long as they are consistent with existing provisions. See Ricketson, 2008.

In this sense see K.L. Koelman, ‘Fixing the three-step test’ (2006) *EIPR* **28**(8), 407–12, 407; M. Senftleben, ‘Beperkingen à la carte: Waarom de Auteurrechtrichtlijn ruimte lat voor fair use’, (2003) AMI, 10, M. Senftleben ‘L’application du triple test: vers un système de fair use européen?’ (2007), *Propriétés intellectuelles* **25,** 453–60, 453 et seq, M. Senftleben, ‘Fair use in The Netherlands–A renaissance?’ (2009), *Tijdschrift voor auteurs, media en informatierecht* **1**, 1; Senftleben, 2010a, 68; C. Geiger ‘Flexibilising copyright’*,* (2008a), *IIC*, 178; C. Geiger, ‘The role of the three-step test in the adaptation of copyright law to the information society’, (2007b), *e-Copyright Bulletin*, 15 et seq; C. Geiger, ‘Limitations and exceptions, “fair use” and the three-step test in relation to educational materials – A European perspective’, 2012. See, for example, the decision of the Court of Appeal of Barcelona (SAP), 17 September 2008. Westlaw AC 2008/1773. Commenting on this decision, one scholar notes that the three-step test:

is set to guide the interpretation and application of the statutory exceptions in similar terms to what the ‘fair use’ doctrine does in sec. 107 USCA, the ruling showing the tendency of Spanish Courts to use the three-step-test as a flexible interpretation clause, and not only as a restrictive instrument, in the application of the statutory exceptions

R. Xalabarder, ‘Google News and Copyright’, in A. Lopez-Tarruella (ed.), *Google and the Law,* T.M.C. Asser Press, The Hague, 2012, 147, note 168. According to this scholar, ‘Spanish case law proves that the test can be used by courts not to further “restrict” the scope of a statutory exception but to provide for some well-needed room to “manoeuvre” in applying the exceptions to specific cases and scenarios’, R. Xalabarder, ‘Fair Use in Spain. The EUCD Aftermath’, in G. Ghidini and L.M. Genovesi (eds.), *Intellectual Property and Market Power*, EUDEBA, Buenos Aires, 2008, 819.

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132 On this declaration, see C. Geiger, R. Hilty, J. Griffiths and U. Suthersanen, ‘Declaration a balanced

interpretation of the ‘three-step test’ in copyright law’ (2010) *JIPITEC*, **1**, 119 , 2008, 489. For a proposal to take the declaration further and draft interpretation guidelines to be incorporated in a soft law instrument at the international level, see C. Geiger, ‘Implementing an International Instrument for Interpreting Copyright Limitations and Exceptions’, 2009, 627.

133 See the considerations of the Declaration. According to Art. 1 of the Declaration, ‘the three-step test constitutes an indivisible entirety. The three steps are to be considered together and as a whole in a comprehensive overall assessment’.

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according to their objectives and purposes.134 With regard to the first step, it might be considered that a certain special case is assumed in all situations described in Article 5;135 the Declaration suggests that step number one should neither be an impediment to the introduction, under certain conditions, of open ended limitations, nor to the extended application of existing limitations or to the creation of new ones by the judiciary.136 As to the second step, the Declaration claims that its conditions should be fulfilled if the limitation is based on important competing considerations, or helps counter anti- competitive practices or effects.137 With regard to the third step, the Declar- ation focuses on adequate compensation, which should provide for sufficient incentives for the continued creation and dissemination of works.138 Consider- ation should also be given to third parties’ interests, relating, amongst others, to human rights, public interests, or competition.139

III. EFFECT OF ARTICLE 5

1. A degree of harmonisation

*A. Increased convergence among the different systems*

Recital 32 of the Directive states that ‘Member States should arrive at a coherent application of these exceptions and limitations, which will be assessed when reviewing implementing legislation in the future’. Indeed, various studies were carried out once all Member States had actually finished the implemen- tation of the Directive.140 Given the optional nature of the 20 exceptions and limitations proposed in Article 5, the general feedback of academia has been

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Point 2 of the Declaration. (On the ‘principle’ of narrow interpretation, see infra).

The Court of Justice’s reasoning in *FAPL,* as well as in Case C-302/10 *Infopaq II* [2012] EUECJ C-302/10, suggests that, at least in relation to Art. 5(1), the text of the provision itself has taken into consideration all three steps:

[…] suffice it to note that if those acts of reproduction fulfil all the conditions of Article 5(1) of Directive 2001/29, as interpreted by the case-law of the Court, it must be held that they do not conflict with the normal exploitation of the work or unreasonably prejudice the legitimate interests of the rightholder […]. (*Infopaq II*, para. 56).

In AG Cuz Villalón’s view, the precise definition of exceptions and limitations in article 5 in any case strives at passing the first step of the test. AG Cruz Villalón in Case C-435/12 *ACI Adam BV* , Opinion delivered on 9 January 2014, at 51.

Point 3 of the Declaration.

Point 4 of the Declaration.

Point 4 and considerations of the Declaration. Point 6 of the Declaration.

See, for instance, Van Eechoud et al., 2009, or G. Westkamp ‘Part II, The Implementation of Directive 2001/29/EC in the Member States’, Centre for Commercial Law Studies, Queen Mary, University of London, February 2007. These studies revealed that the Member States’ regimes of exceptions and limitations still diverged in many ways after implementation of the Directive. The number, as well as the form and extent of limitations available is thus not uniform throughout the EU.

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However, some positive effects might be noted: the implementation process did give Member States the opportunity to review their copyright regimes and thereby to reconsider their definition of the scope of exclusive rights;145 many Member States have thus introduced new exceptions and limitations. In any case, a thorough review of Article 5 is necessary (see *infra*); yet, some of the items that are being discussed such as, e.g. the possible introduction of a fair use type opening clause into EU law, are politically and legally difficult to realise. A few Member States, as for instance the UK, therefore envisaged reforming their regime of exceptions and limitations within the legal framework of Article 5. The Hargreaves Review stated that the UK did not use to exploit all exceptions available in EU

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that the provision’s harmonising effect proved to be minimal.141 Not only was the optional character considered to be an obstacle to proper approximation of national laws. The fact that Member States also had discretion as to the way in which the relevant provisions are both transposed and interpreted has helped them hold on to particularities of their national regimes.142 It might, however, be objected that such criticism actually amounts to criticism of the choice of a directive as a legal instrument: directives are only binding as to the result to be achieved, and by nature leave the choice of form and methods up to the Member States (Art. 288 TFEU, see *supra*).143 The cautious approach of Article 5 has also been justified by reasons of competence.144 Yet, the frag- mented landscape of limitations across Europe fails to offer legal certainty, even though, especially in the context of the online environment, certainty regarding allowed uses is crucial.

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See, amongst others, Guibault, 2010, 57. See also S. Bechtold, ‘Information Society Directive, article 5’, in Th. Dreier and P.B. Hugenholtz, *Concise European Copyright Law*, Kluwer Law International, Alphen aan den Rijn, 2006, 369: ‘Due to the broad latitude left to Member States regarding which limitations to implement in what way, it is questionable whether art. 5 will lead to true harmonisation of copyright limitations across the European Union’; Janssens, 332. More generally on this issue see P.B. Hugenholtz, ‘The dynamics of harmonization of copyright at the European level’, in C. Geiger (ed.), *Constructing European Intellectual Property: Achievements and New Perspectives,* EIPIN Series vol 1, Edward Elgar, Cheltenham, UK and Northampton, MA, USA, 2013, 273 *et seq*.

See Van Eechoud et al., 2009, 105.

It has been argued that harmonisation should not lead to uniformity, and that Directives should thus leave some discretion to Member States to adapt to their domestic needs and local cultural traditions. See Guibault, 2010, 57, referring to the Legal Advisory Board (LAB), LAB, *Commentaires du Legal Advisory Board sur la Communication de la Commission du 20 novembre 1996: Suivi du Livre vert*, § 9A.

Sentence 3 of Recital 32 states that the ‘list takes due account of the different legal traditions in Member States, while, at the same time, aiming to ensure a functioning internal market’. A *higher degree* of harmonisation was, at the time of the adoption of the Directive, considered sufficient in view of the criterion of necessity to ensure the proper functioning of the internal market. See von Lewinski, 2010, at 11.5.9.

See F. Gotzen, ‘Copyright in Europe: quo vadis? Some conclusions after the implementation of the information society harmonisation directive’, (2007) *RIDA*, 211, 3, 4; See von Lewinski, 2010, at 11.5.9.

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See Hargreaves, 2011, 42. Hargreaves concludes that there are ‘genuine legal doubts about the viability of a US case law based legal mechanism in a European context’. (52). See also J. Smith and R. Montagnon, ‘The Hargreaves Review–A “digital opportunity”’, (2011) *EIPR*, **33**(9) 596–9, 597.

HM Government, ‘Modernising copyright: a modern, robust and flexible framework, Government response to consultation on copyright exceptions and clarifying copyright law’, published on 20 December 2012; it had already broadly accepted the Hargreaves’s ten recommendations in its response issued on 3 August 2011.

Ibid, 21. It is proposed, among other things, to introduce a narrow private copying exception, allowing copying of content lawfully owned by an individual to another medium for their strictly personal use; a fair dealing exception for non-commercial use of copyright materials in teaching; an exception allowing fair dealing with quotations, the source needing to be indicated; a new ‘copyright exception to cover text and data analytics for non-commercial research within certain restricted limits, which will protect publishers from large-scale copyright infringement’; ‘a fair dealing exception allow limited copying for parody, pastiche, while maintain current system of moral rights’; the scope of the research and private study exception is to be extended (16). In summer 2013, the UK government released sets of draft legislation on copyright exceptions for technical review; they included proposed amendments relating to persons with a disability, data analysis for non- commercial research, education, and research, libraries and archives, as well as for private copying, parody, quotation and public administration. In March 2014, the UK Government informed that it had made a number of technical changes to the draft regulations, and that it would lay the regulations before Parliament soon.

See Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014.

See Westkamp, 2007, 12.

It states, among other things, that:

[…] this exception should include acts which enable browsing as well as acts of caching to take place, including those which enable transmission systems to function efficiently, provided that the intermediary does not modify the information and does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information. A use should be considered lawful where it is authorised by the right holder or not restricted by law.

‘[…] access providers which merely provide users with Internet access, without offering other services such as email, FTP or file sharing services or exercising any control, whether *de iure* or *de facto*, over the services which users make use of, must be regarded as “intermediaries”’. Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* (Order of the Court) [2009] EUECJ C-557/07\_O, (para. 46).

*B. One EU-wide mandatory limitation for transient copies (Art. 5(1))*

Article 5(1), the only mandatory provision, was implemented literally in almost all Member States.150 Recital 33 explains the purpose of Article 5(1) in more detail.151 In a number of decisions, the Court of Justice has, moreover, clarified the meaning and scope of the provision. In *LSG*, the Court shed some light on the meaning of ‘intermediaries’.152 In *Infopaq*, the Court held that the

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law.146 In its response to the copyright consultation,147 the UK Government announced it would ‘legislate for a new system of permitted acts for copyright works […] through the smallest possible number of Statutory Instruments’ to help the ‘system be clear and consistent.’148 Indeed, the UK Copyright, Designs and Patents Act was subject to reform in 2014.149 The result was the introduction of new copyright exceptions and limitations and the broadening of the scope of previously existing exceptions and limitations.

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conditions set out in article 5(1) are cumulative, and need to be interpreted in a restrictive manner, in the light of article 5(5).153 In *Infopaq II*, however, the Court stated that the three-step test should, in theory, not further restrict the scope of the exception for transient copies: ‘[…] if those acts of reproduction fulfil all the conditions of Article 5(1) of Directive 2001/29, as interpreted by the case-law of the Court, it must be held that they do not conflict with the normal exploitation of the work or unreasonably prejudice the legitimate interests of the rightholder’.154 In *FAPL*, the CJEU acknowledged that the ‘interpretation of those conditions must enable the effectiveness of the excep- tion […] and permit observance of the exception’s purpose’155 (see also *infra*). Besides, the Court clarified the meaning of independent economic significance, stating that, in this case, ‘significance must also be independent in the sense that it goes beyond the economic advantage derived from mere reception of a broadcast containing protected works […]’156. *In Infopaq II*, the Court added that ‘[…] an advantage derived from an act of temporary reproduction is distinct and separable if the author of that act is likely to make a profit due to the economic exploitation of the temporary reproductions themselves’.157 ‘The same is true if the acts of temporary reproduction lead to a change in the subject matter reproduced, as it exists when the technological process concerned is initiated, because those acts no longer aim to facilitate its use, but the use of a different subject matter.’158 In *Meltwater*, clarification was given on the ‘application of copyright law to the technical processes involved in viewing copyright material on the internet’.159 According to the British court, one objective of Article 5(1) is to ‘authorise the making of copies to enable the end-user to view copyright material on the internet’, and the article’s conditions should be construed in a manner consistent with that purpose; indeed, the CJEU held that such activity satisfies the conditions that the copies must be temporary, that they must be transient or incidental in nature and that they must constitute an integral and essential part of a technological process, as well as the conditions laid down in Article 5(5) of the Information Society Directive, with the effect that authorisation from the copyright holders is not necessary.160In Case C‑527/15 *Stichting Brein v Jack Frederik Wullems* [2017] EUECJ C-527/15, the CJEU held that according to Articles 5(1) and (5), acts of temporary copying on a multimedia player of a copyright work obtained by streaming from a third-party website without the consent of the copyright holder does not satisfy the conditions set out in those Articles.

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Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569, para. 56–58.

Case C-302/10 *Infopaq International A/S v Danske Dagblades Forening* (Order of the Court) [2012] EUECJ C-302/10, para. 56.

Joined cases C-403/08 and C-429/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* (C-403/08) and *Karen Murphy v Media Protection Services Ltd* (C-429/08) [2011], para. 163.

*FAPL*, para. 175. Sentence 2 of Recital 33 states that ‘the acts of reproduction concerned should have no separate economic value on their own’.

*Infopaq II*, para. 52. Ibid, para. 53.

UKSC 18 *Public Relations Consultant Association Limited (Appellant) v The Newspaper Licensing Agency and others (Respondents)* [2013], para. 1. See Case C-360/13 *Public Relations Consultants Association Ltd v The Newspaper Licensing Agency Ltd and others* [2014] EUECJ C-360/13.

UKSC 18, para. 27; Also see Case C-360/13 *Public Relations Consultants Association v Newspaper Licensing Agency Ltd & Ors* [2014] EUECJ C-360/13.

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2. The role of case-law

*A. Case-law of the CJEU: enhancing transparency through harmonious interpretation*

So far, Article 5’s harmonising effect has been modest. It has, however, been advanced by the CJEU by way of interpretation.

*i. Harmonising effect of the Directive's recitals*

When interpreting the exceptions and limitations set out in Article 5, the CJEU often refers to one of the numerous recitals of the Directive.161 Recital 9, for instance, states that ‘[a]ny harmonisation of copyright and related rights must take as a basis a high level of protection […]’; Recital 4 explains that ‘[a] harmonised legal framework on copyright and related rights’ should provide ‘for a high level of protection of intellectual property’. These statements of reasons have reinforced the principle of a broad interpretation of rights, and of a narrow interpretation of exceptions.162 In principle, ‘the purpose of the recitals is to set out concise reasons for the chief provisions of the enacting terms, without reproducing or paraphrasing them. They shall not contain normative provisions or political exhortations’.163 As to basic legislative acts, ‘the statement of reasons should seek to expound the general philosophy of the act […]. But specific reasons will be given for a number of individual provisions either because of their importance or because they are not inherent in the general philosophy’.164 As to special provisions, recitals should pay particular attention to provisions such as ‘derogations; departures from the general scheme of rules; exceptions to a general principle […]’.165 Indeed, Recitals 31–40 of the Directive relate to limitations: they explain the general functioning of Article 5, and of some of the specific exceptions included in the latter. There has been debate about the actual legal effect of recitals in EU legislation. The Court clarified that ‘[…] the preamble to a Community act has no binding legal force and cannot be relied on

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The Directive contains 61 recitals, placed between the citations and the enactment terms, i.e. the legislative provisions.

See, for instance, *Infopaq*, paras 56–9 (see supra). With regard to the cumulative conditions of applicability of Art. 5(1), the Court stated that ‘[i]n accordance with recitals 4, 6 and 21 […], the conditions laid down in Article 5(1) thereof must also be interpreted in the light of the need for legal certainty for authors with regard to the protection of their works’. (para. 59).

Point 10 of the Joint Practical Guide of the European Parliament, the Council and the Commission for persons involved in the drafting of legislation within the Community institutions (’the Guide’), accessible at [http://eur-lex.europa.eu/en/techleg/10.htm.](http://eur-lex.europa.eu/en/techleg/10.htm) Point 10.2 of the Guide specifies:

[t]he purpose [of stating reasons] is to enable any person concerned to ascertain the circumstances in which the enacting institution exercised its powers as regards the act in question (see Case 24/62 *Germany v Commission* [1963] ECR 63), to give the parties to a dispute the opportunity to defend their interests and to enable the Community judicature to exercise its power of review.

Point 10.9 of the Guide.

Point 10.14 of the Guide.

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as a ground for derogating from the actual provisions of the act in question’.166 A recital could therefore not restrict a right.167 Recitals may be used as an interpretative tool in the context of ambiguous provisions, i.e. to clarify the nature or scope of a provision; it has, however, been held that purposive interpretation by reference to a recital diminishes legal certainty.168 Yet, in the case of Article 5, the regular reference to recitals has, by clarifying the scope of certain exceptions, often led to a more harmonious application of the different provisions. In *DR, TV2 Danmark A/S*, for instance, the Court stated, in regard to the divergence between the different language versions of Recital 41, that the latter had ‘to be interpreted by reference to the purpose and general scheme of the rules of which it forms part’;169 it clarified that the two conditions set out in Recital 41 must be understood as being equivalent and, therefore, alternative in nature.170 Interestingly, this interpretation of a broadcaster’s own facilities led to a broader scope of the exception of Article 5(2)(d).171 With a view to a possible revision of the Directive, it would be desirable that the recitals take the above-outlined importance of limitations for the enhancement of creativity into account. If legal certainty for right holders is important, this equally applies to users and potential creators regarding allowed uses of works.

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*ii. The ‘mitigated’ principle of narrow interpretation*

In the CJEU’s view, the exclusive right appears to be the principle, and the exception the derogation from the principle.172 Apart from the above- mentioned Recitals 4 and 9, Recital 21 states, with regard to the reproduction right, that ‘[a] broad definition of these acts is needed to ensure legal certainty within the internal market’. Consequently, the right will be interpreted broadly,

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Case-162/97 *Nilsson and others* [1998] ECR I-7477, para. 54.

See T. Klimas and J. Vaiciukaite, ‘The law of Recitals in European Community Legislation’ (2008) *ILSA Journal of International and Comparative Law*, 15, 26. Such reasoning would not only favour right holders, but also legitimate users, if limitations were to be understood as subjective rights.

Ibid, 26–7. Recitals’ legal effect is limited: as stand-alone provisions (i.e. not in correlation with legislative provision), they cannot create any legitimate expectations. In Case C-63/93 *Duff and others* [1996] ECR I-569, the Court held that:

[the principle of legitimate expectations] […] which is part of the Community legal order (see the judgement in Joined Cases 205/82 to 215/82 *Deutsche Milchkontor and Others v Germany* [1983] ECR 2633, paragraph 30), is the corollary of the principle of legal certainty, which requires that legal rules be clear and precise, and aims to ensure that situations and legal relationships governed by Community law remain foreseeable(para. 20).

Such a definition should not be applicable to recitals, which constitute statements of intent. See Klimas and Vaiciukaite, 30.

Case C-510/10 *DR, TV2 Danmark A/S v NCB – Nordisk Copyright Bureau* [2012] EUECJ C-510/10.

Ibid, paras 55–6.

The Court comes to the conclusion that in view of the aim and objective of the exception, the conditions set out in the recital are to be seen as cumulative – even if the recital uses the connective term ‘and’.

It has been held that narrow interpretation of exceptions is ‘based upon an alleged principle of European Law, rather than on a principle of copyright law’. Westkamp, 2013.

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In Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR I-6569, the Court held, in relation to Art. 5(1) of the Directive and to the reproduction right, that:

[…] according to settled case-law, the provisions of a directive which derogate from a general principle established by that directive must be interpreted strictly […]. This holds true for the exemption provided for in Article 5(1) of Directive 2001/29, which is a derogation from the general principle established by that directive, namely the requirement of authorisation from the rightholder for any reproduction of a protected work (paras 56–7).

See also Joined Cases C-403/08 and C-429/08 *FAPL*, para. 162, or Case C-302/10 *Infopaq II*, para. 27.

It has been held that the narrow interpretation of ‘exceptions’ to the exclusive right in authors’ rights countries such as France can be explained by the natural justice rationale that still underlies these copyright systems. A counterexample is the US copyright system, based on a mainly utilitarian doctrine, where fair use allows a wide range of uses under certain conditions, with special focus being on the notion of possible harm. See P. Goldstein and B. Hugenholtz, *International Copyright, Principles, Law and Practice*, 2nd ed., Oxford University Press, New York, 2010, 6–7.

See on this issue Th. Dreier, ‘Limitations: The centrepiece of copyright in distress’, 2010, *JIPITEC*, 1, 51.

In C-607/11 *ITV Broadcasting Ltd, ITV 2 Ltd, ITV Digital Channels Ltd, Channel 4 Television Corporation, 4 Ventures Ltd, Channel 5 Broadcasting Ltd, ITV Studios Ltd v TV Catchup Ltd*, 7 March 2012, [2013] EUECJ C-607/11*,* the Court stated that the concept of communication must be defined in the light of the context in which it occurs and in light of the objective to establish a high level of protection of authors (para. 22). Exhaustion does not apply to the right of communication to the public, which is granted for each transmission or retransmission of a work which uses a specific technical means (paras 23–24).

See J. Malenovský, ‘La contribution de la Cour de justice à l’harmonisation du droit d’auteur dans l’Union européenne’, ERA Forum, August 2012. See also Geiger, 2010, 255.

See Malenovský, 2012.

In Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271, the Court had to weigh the IP right against the right to privacy, and held that:

[…] the Member States must, when transposing the directives mentioned above, take care to rely on an interpretation of the directives which allows a fair balance to be struck between the various fundamental rights protected by the Community legal order. Further, when implementing the measures transposing those directives, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with those directives but also make sure that they do not rely on an interpretation of them which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality […] (para. 68).

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and the exception in a restrictive manner.173 This tendency to interpret excep- tions and limitations narrowly can also be observed at the national level in most Member States;174 it has been qualified as a symptom of the ‘right owner’- centred perspective of the EU copyright acquis.175 Recent decisions defining ‘communication to the public’ broadly confirm this view.176 Furthermore, with the coming into force of the Treaty of Lisbon on 1 December 2009, the Charter of Fundamental Rights of the European Union (‘the Charter’) has become primary law of the EU. Copyright has been said to henceforth enjoy a special status within EU law: it is, first, protected by secondary law (i.e. the various directives at the legislative level), and, secondly, by primary law, as the funda- mental right to intellectual property.177 The broad interpretation of notions such as ‘work’, ‘communication to the public’, or ‘remuneration’ (see *infra*) has thus been held to amount to a broad interpretation of the exclusive right, which would also be enshrined in Article 17(2) of the Charter.178 As the Court clarified in *Promusicae*, the Directive and the national law implementing its provisions need to respect the fundamental rights guaranteed in the Charter.179

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See Geiger, 2009a, ‘Intellectual Property shall be protected!? Article 17(2) of the Charter of Fundamental Rights of the European Union: a Mysterious Provision with an Unclear Scope’, (2009) *EIPR* **31**(3), 113–7; J. Griffiths and L. McDonagh, ‘Fundamental rights and European IP law: The case of Art 17(2) of the EU Charter’ in C. Geiger (ed.), *Constructing European Intellectual Property: Achievements and New Perspectives*, 75 *et seq*.

The German Constitutional Court confirmed, in a case relating to the making available of articles including pictures of works of art in an online archive, that in cases involving conflicting fundamental rights, narrow interpretation of copyright limitations must not be the rule. At the same time, the conflicting fundamental right, in this case the freedom of press, cannot, as a general rule, always prevail over the right to property. Interpretation of the statutory limitation must take into account the wording of the provision, the motivation of the legislator, and aim and objective of the rule. See 1 BvR 1145/11, MMR 2012, 177.

In *Ashby Donald and others v France*, appl. no 36769/08 [2013], the ECHR recognised that Art. 10 of the Convention can be applicable to copyright cases but leaves a wide margin of appreciation to Member States, notably when it comes to commercial speech (paras 39, 40). For a commentary, see D. Voorhoof and I. Høedt-Rasmussen, ‘ECHR: Copyright vs. freedom of expression’, who take the view that although the criteria

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In any case, any maximalist reading of Article 17 (2) in the copyright context, as brought forward by some commentators does not seem to be justified.180 The rights of the Charter are never absolute. Article 17(1) of the Charter, in the light of which article 17(2) needs to be read, states that ‘the use of property may be regulated by law in so far as is necessary for the general interest’ (see *infra*). It could therefore be argued that where a limitation is justified by the public interest, e.g. by public policy goals relating to education or culture, the scope of that limitation should not be further narrowed. Moreover, intellectual property rights need to be weighed against other competing fundamental rights and freedoms, such as the freedom of expression or freedom to conduct business. A general principle according to which one fundamental right, i.e. the right to property, should always be given more weight than competing fundamental rights cannot, in this perspective, be sustained.181 In theory, there should be no hierarchy among the rights guaranteed in the Charter and the weighting will depend on the circumstances of each specific case. Article 52(1) states that:

The European Court of Human Rights clarified its understanding of the interface between copyright and freedom of expression in two decisions.182 In *Ashby Donald*, the complainants, three fashion photographers,

any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.

This provision could, at first sight, appear to support the restrictive interpret- ation of limitations to copyright. Yet it should, in reality, also apply vice versa: a limitation to certain rights and freedoms guaranteed in the Charter by another person’s copyright needs to be necessary and proportional.

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argued that their condemnation by French courts for copyright infringement (uploading of photographs to a website without the author’s consent) violated their freedom of expression as guaranteed by Article 10 of the Convention.

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In this case, the ECHR first established that the condemnation does constitute interference by a public authority to the complainants’ freedom of expres- sion.183 The large discretion accorded to Member States in the context of, in particular, commercial speech, is being highlighted.184 In considering that the restriction of freedom of expression for the protection of copyright was pre- scribed by law and necessary in a democratic society, for the protection of rights of others, the French courts did not exceed their margin of appreciation.185

The *Ashby Donald* decision is particularly interesting because it addresses copyright law from a different angle: *as derogation to the principle*, which is freedom of expression. Such derogation needs to be prescribed by law and be necessary. If intellectual property is considered as an exception, even the exclusive right might be interpreted narrowly in the future. In this perspective, it may be asked whether the dogma of narrow interpretation of limitations and broad interpretation of rights can be sustained in the future. Considering the foregoing, it seems difficult to justify such reasoning.

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In this vein, the Court held in *FAPL* that Article 5(1)’s conditions must be interpreted in such a way as to allow for the effectiveness and purpose of the exception, and that ‘[i]n accordance with its objective, that exception must allow and ensure the development and operation of new technologies and safeguard a fair balance between the rights and interests of right holders, on the one hand, and of users of protected works who wish to avail themselves of those new technologies, on the other’.186 In *Painer*, the CJEU explained that the purpose of the exception of Article 5(3)(d) was to ‘strike a fair balance between the right

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for balancing the various rights remain unclear, in future cases freedom of expression might be given more weight as compared to copyright. Examples they give are situations involving artistic freedom of expression, political speech, reproduction and communication to the public for the purpose of education or science, etc. See also the ECHR’s decision in *Fredrik Neij and Peter Sunde Kolmisoppi (The Pirate Bay) v Sweden* [2013], appl. no 40397/12. On these decisions see Geiger, 2013a, ‘L’utilisation jurisprudentielle des droits fondamen- taux en Europe en matière de propriété intellectuelle: Quel apport? Quelles perspectives?’; C. Geiger and E. Izyumenko, “Copyright on the Human Rights Trial: Redefining the Boundaries of the Exclusive Right through Freedom of Expression”, IIC 2014.

At para. 35.

At paras 39–41.

At para. 42.

Joined cases C-403/08 and C-429/08 *Football Association Premier League Ltd and Others v QC Leisure and Other*s (C-403/08) *and Karen Murphy v Media Protection Services Ltd* (C-429/08) [2011] EUECJ C-403/08, para. 164. The suggested flexible interpretation of limitations has been welcomed: See A. Metzger, ‘Der Einfluss des EuGH auf die gegenwärtige Entwicklung des Urheberrechts’, 2012, 123.

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Case C-145/10 *Eva-Maria Painer v Standard VerlagsGmbH and Others*, [2011] EUECJ C-145/10, para. 134. The Court concluded:

[t]hat fair balance is struck, in this case, by favouring the exercise of the users’ right to freedom of expression over the interest of the author in being able to prevent the reproduction of extracts from his work which has already been lawfully made available to the public, whilst ensuring that the author has the right, in principle, to have his name indicated (para. 135).

See C. Berger, Aktuelle Entwicklungen im Urheberrecht – Der EuGH bestimmt die Richtung’ (2012) ZUM,

358. Berger suggests that the future formula of interpretation of limitations might be phrased as follows: ‘narrow, but appropriate to the purpose’. See also Metzger, 2012, who speaks about a partial renunciation to the narrow interpretation of limitations, and of an emerging ‘flexibilisation’ of interpretation of limitations (123 *et seq*.).

In the EU legal order, rights of the Charter would have primacy over the principle of uniform application of EU law. Standard for review would have to be EU primary law, and not national constitutional provisions. Such review would be limited to individual cases relating to individuals, while the construction of general legal principles would remain competence of the CJEU. See D. Leczykiewicz, ‘“Effective judicial protection” of human rights after Lisbon: Should national courts be empowered to review EU secondary law’ (2010) *European Law Review*, **35**(3), 341–5.

On the intersection of copyright and human rights, the question arises whether a defendant can rely directly on the fundamental right underpinning a copyright exception in order to build a defence against allegations for copyright infringement. On July 2019, the CJEU held that fundamental rights, such as freedom of information and of the press cannot justify a derogation from the rights of copyright holders beyond what is allowed under copyright exceptions and limitations. Yet, fundamental rights can and should be taken into account when applying the existing exceptions and limitations as these are enshrined in EU law. There is a trilogy of cases that have addressed this issue: Case C-469/17 *Funke Medien* [2019] EUECJ C-469/17; Case C‑476/17 *Pelham* [2019] EUECJ C-476/17 and Case C‑516/17 Spiegel Online [2019] EUECJ C-516/17. In *Pelham*, the question was whether sampling, i.e. copying of the sounds fixed in a phonogram*,* requires a licence from the relevant phonogram

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In the absence of clear guidance by the CJEU, national courts may play a role in strengthening the position of users. It has been advocated that national courts should, under certain conditions, be authorised to review EU secondary legisla- tion where effective protection of human rights guaranteed in the Charter is not ensured.189 At least, even without such a radical understanding, a reading of the different limitations and exceptions in the light of fundamental rights could lead to greater understanding of the existing provisions in the Directive.

to freedom of expression of users of a work or other protected subject-matter and the reproduction right conferred on authors’.187 It has been argued that this ‘opening up’ of an exception by *FAPL* should be understood to apply to all limitations of Article 5, even if a broad interpretation of limitations has so far not been advocated by the CJEU.188

producer. The CJEU held that unauthorized samples, however short, may infringe a phonogram producer’s rights as they are deemed to be reproductions ‘in part’ of the original work. Commenting on the relationship between fundamental rights and copyright exceptions, the Court held in [34] that

A balance must be struck between [intellectual property rights] and other fundamental rights, including freedom of the arts, enshrined in Article 13 of the Charter, which, in so far as it falls within the scope of freedom of expression, enshrined in Article 11 of the Charter and in Article 10(1) of the European Convention for the Protection of Human Rights and Fundamental Freedoms, signed at Rome on 4 November 1950, affords the opportunity to take part in the public exchange of cultural, political and social information and ideas of all kinds.

In *Funke Medien*, the Court offered more clarity on how such a balance can be achieved. The case concerned the owner of a website of a German newspaper requested from competent Germany authorities access to classified, weekly military status reports. The application was rejected for reasons of public security. Funke Medien obtained a portion of the aforementioned documents from an undisclosed source and published individually scanned pages online. The Federal Republic of Germany brought proceedings, requesting the removal of the materials on grounds of copyright infringement. The CJEU held that

freedom of information and freedom of the press, enshrined in Article 11 of the Charter of Fundamental Rights of the European Union, are not capable of justifying, beyond the exceptions or limitations provided for in Article 5(2) and (3) of Directive 2001/29, a derogation from the author’s exclusive rights of reproduction and of communication to the public, referred to in Article 2(a) and Article 3(1) of that directive respectively.

In striking the balance which is incumbent on a national court between the exclusive rights of the author referred to in Article 2(a) and in Article 3(1) of Directive 2001/29 on the one hand, and, on the other, the rights of the users of protected subject matter referred to in Article 5(3)(c), second case, and (d) of that directive, the latter of which derogate from the former, a national court must, having regard to all the circumstances of the case before it, rely on an interpretation of those provisions which, whilst consistent with their wording and safeguarding their effectiveness, fully adheres to the fundamental rights enshrined in the Charter of Fundamental Rights of the European Union.

In *Spiegel Online*, subject to discussion was the compatibility with EU law of an open-ended general copyright exception like the German 'free use'. The CJEU held that

the exception for quotations applies only if the quotation in question relates to a work which has already been lawfully made available to the public. That is the case where the work, in its specific form, was previously made available to the public with the rightholder’s authorisation or in accordance with a non-contractual licence or statutory authorisation.

On the relationship between intellectual property rights and fundamental freedom the Court echoed the approach adopted in *Funke Medien*, holding that freedom of information and freedom of the press are not capable of justifying a derogation from the author’s exclusive rights of reproduction and of communication to the public, beyond what is covered in the exceptions or limitations provided for in Article 5(2) and (3) of the Information Society

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*iii. Autonomous concepts of EU-law*

The CJEU, when interpreting the Treaties,190 renders decisions on the limits of the EU’s competence, defines principles of EU law,191 and has at times significantly advanced the process of European integration.192 Its interpretative method is often described as teleological or purposive, and thereby, the purpose of EU law is, e.g. by use of systemic values such as effectiveness or unity, characterised at a broad level.193 Historical interpretation usually plays an ancillary role in the Court’s interpretation, its aim being the coherent and

In accordance with Art. 19(1) TEU. Such as direct effect or supremacy.

P. Craig and G. De Búrca, *EU Law, Text, Cases, and Materials*, 2011, 63–4.

See, for instance, G. Conway ‘Levels of generality in the legal reasoning of the European Court of Justice’ (2008) *European Law Journal*, **14**(6), 790 *et seq*. See also *supra* on the role of recitals.

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Directive 2001/29. The CJEU further held that in striking the balance between the exclusive rights on the one hand, and, on the other, the rights of the users, a national court should interpret the relevant provisions which, whilst consistent with their wording and safeguarding their effectiveness, fully adheres to the protection of fundamental rights.

The aforementioned cases illustrate the significant influence of fundamental freedoms on the scope and exceptions to intellectual property fundamental freedoms, such as freedom of expression, are vital towards defining the scope of exclusive rights, e.g. the subject-matter of copyright protection and, importantly, the contours of copyright exceptions and limitations. According to the CJEU in *Funke Medien,* para. 70 and *Spiegel Online*, para. 54

[a]lthough Article 5 of Directive 2001/29 is expressly entitled ‘Exceptions and limitations’, it should be noted that those exceptions or limitations do themselves confer rights on the users of works or of other subject matter.

This express affirmation of the nature of copyright exceptions and limitations as user rights, particularly when such exceptions and limitations are underpinned by a fundamental rights justification, was supported by cross-references to the case-law of the European Court of Human Rights. *Funke Medien*, *Pelham* and *Spiegel Online*, however, categorically refuse the application of fundamental rights defences beyond the list of exceptions and limitations enumerated in Article 5 of the Information Society Directive, hence reiterate that copyright has its internal balancing mechanisms in place.

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harmonious application of EU law throughout the Union.194 One technique used by the Court, including when it interprets secondary legislation relating to copyright, is the definition of certain notions of a provision as ‘autonomous concepts of Union law’.195 In *Padawan*, for instance, the Court argued that ‘the concept of “fair compensation” which appears in a provision of a directive which does not contain any reference to national laws must be regarded as an autonomous concept of European Union law and interpreted uniformly throughout the European Union’.196 It has been argued that such an interpret- ation could be understood to mean that where a limitation of the Directive does not expressly refer to national law regarding the determination of its scope, the EU version of the limitation should be applied.197 In that perspective, many situations listed in Article 5198 could be considered as referring to ‘autonomous concepts of EU law’. In Member States where a limitation’s wording is narrower than the one of the Directive, the wording and scope of the Directive would then have to be applied by national courts.199 In *TV2 Danmark*, the Court declared the expression ‘by means of its own facilities’ an autonomous concept of EU law. Interestingly, the CJEU emphasised that even if the exception in question (Art. 5(2)(d)) were optional, its interpretation would have to be uniform throughout the Union; in line with the objectives of the

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See J.L. Murray, ‘Methods of interpretation – Comparative law method’, 40. In Case C-283/81 *SRL CILFIT v Ministero della Sanità* [1982] ECR 3415, the Court stated that: ‘[…] Community law uses terminology which is peculiar to it. Furthermore, it must be emphasized that legal concepts do not necessarily have the same meaning in Community law and in the law of the various Member States’. (para. 19)

Finally, every provision of Community law must be placed in its context and interpreted in the light of the provisions of Community law as a whole, regard being had to the objectives thereof and to its state of evolution at the date on which the provision in question is to be applied’ (para. 20).

In Case C-245/00 *Stichting ter Exploitatie van Naburige Rechten (SENA) v Nederlandse Omroep Stichting (NOS)* [2003] ECR I-1251, the Court justified this method as follows:

[…] the Court has already held that the need for uniform application of Community law and the principle of equality require that the terms of a provision of Community law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an autonomous and uniform interpretation throughout the Community; that interpretation must take into account the context of the provision and the purpose of the legislation in question […] (para. 23).

Case C-467/08 *Sociedad General de Autores y Editores (SGAE) versus Padawan SL* [2011] ECDR 1 para. 33. The Court also refers to Recital 32, ‘which calls on the Member States to arrive at a coherent application of the exceptions to and limitations on reproduction rights, with the aim of ensuring a functioning internal market’, and stresses that the Directive’s objective is to ‘[…] ensure competition in the internal market is not distorted as a result of Member States’ different legislation, […] which requires the elaboration of autonomous concepts of European Union law’ (para. 35).

V-L. Bénabou, ‘Propriétés intellectuelles No. 38’, 2011, at 112. Generally, where national legislators chose to implement one of the exceptions and limitations of Art. 5, ‘these must comply with the specific requirements thereunder […]’, von Lewinski in von Lewinski and Walter, 2010, at 11.5.21.

Except Art. 5(3)(o) which refers to limitations present in national legislation.

See Geiger and Schönherr, 154. On the harmonising effect of the decisions of the Court of Justice in the field of IP, see Geiger, 2013c, “The Construction of Intellectual Property in the European Union: Searching for Coherence”, 5; see also Metzger, 2012.

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Directive, the guiding principle must be a ‘coherent application of the excep- tions to and limitations on reproduction rights, with a view to ensuring a functioning internal market’.200 In *Johan Deckmyn*, the CJEU held that the concept of ‘parody’ should be considered an autonomous concept of Union law, and clarified the specific conditions that a parody must fulfil.201 This technique, in taking an overall, transversal perspective of the various Directives in the field of copyright law,202 has been qualified as a ‘notional approach’.203 It has been criticised as amounting to ‘creeping codification’204 or ‘harmonization by stealth’.205

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*B. National case-law: taking advantage of flexibilities*

Interpretation has thus helped increase the harmonising effect of Article 5; it has, at the same time, been a tool to accommodate the Member States’ diversity and to adapt to a changing context.

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*i. Respect of the diversity of legal traditions – the openness of Art. 5*

In a Union of 28 Member States, compromise on single provisions applicable to all national legal traditions is usually hard to achieve. A common assumption is that the two main legal regimes represented in the EU, i.e. the common law’s copyright, and the civil law’s authors’ rights, are at times irreconcilable since they are based on approaches influenced by either utilitarianism or natural rights. Both philosophical justifications are, however, present in the two sys- tems; some argue that the traditions will continue to converge as a consequence of regional and international harmonisation and the globalisation of infor- mation markets.206 Yet, copyright at the EU level has until now only been partially harmonised and certain key aspects have, apart from harmonisation

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Case C-510/10 *DR, TV2 Danmark A/S v NCB – Nordisk Copyright Bureau*, [2017] EUECJ C-649/15, para. 35.

Case C-201/13 *Johan Deckmyn, Vrijheidsfonds VZW v Helena Vandersteen and Others* [2014] EUECJ C-201/13.

In *Padawan*, the Court refers, inter alia, to the concept of ‘equitable remuneration’ of Art. 8(2) of [the Rental Right Directive] (*Padawan*, para. 33). In Case C-271/10 *Vereniging van Educatieve en Wetenschappelijke Auteurs (VEWA) v Belgische Staat* [2011], the Court ruled as follows:

With regard to the context in which the concept of remuneration arises, it must be observed that Directive 92/100 is not the only instrument in the field of intellectual property and that, regard being had for the requirements deriving from the unity and coherence of the legal order of the European Union, that concept of remuneration must be interpreted in the light of the rules and principles established by all of the directives on intellectual property, as interpreted by the Court (para. 27).

See Malenovský, 2012. Ibid.

See L. Bently, ‘Harmonization by stealth: The role of the ECJ’, 2012.

See Goldstein and Hugenholtz, 2010, 6; G. Davies, ‘The convergence of copyright and authors’ rights – Reality or Chimera’, (1995) IIC, 964; A. Strowel, ‘Convergences entre droit d’auteur et copyright dans la société de l’information’, 1998, 59.

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through international treaties, not been touched. Different intellectual concep- tions of copyright do therefore still influence the making and practice of copyright law; this will also have an impact on the way provisions on limitations will be justified and interpreted.

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We have seen that the choice of an optional exhaustive list as part of a Directive does represent a compromise: it leaves it up to Member States to implement those provisions which best suit their needs, in the way that best fits their respective legal tradition. First, Article 5(3)(o), the ‘grandfather clause’ (see *supra*), allows Member States, under a number of conditions, to maintain certain exceptions that already existed before the coming into force of the Directive. In practice, however, because of the conditions of application of the provision and the three-step test, few exceptions in national laws might be exempted.207 Second, Article 5(4) allows Member States to extend (‘provide similarly’ for) exceptions granted to the right of reproduction to the right of distribution, to the extent that this is justified by the purpose. This provision appears to broaden Member States’ leeway to introduce new exceptions; however, according to some commentators, a closer look reveals that such an extension might in practice often be impossible or pointless.208 Third, the open wording of Article 5 gives leeway to national courts when they interpret their law in the light of the Directive. Hugenholtz and Senftleben convincingly demonstrated that, to a certain extent, the scope of protection granted by copyright may be redefined by means of interpretation.209 Apart from the above-mentioned three-step test, a number of openly formulated, undefined notions and expressions in the text of Article 5 may provide national courts with flexibility.210 To name but some examples, reproductions may be permitted for non-commercial private use ‘on any medium’ (Art. 5(2)(b)); uses for ‘non- commercial’ scientific research and illustrations for teaching may be permitted, provided that the source is indicated (Art. 5(3)(a)).211 Unless such ‘open notions’ are defined by the CJEU, they thus leave some discretion to the Member States’ judges. Yet, it has been advocated that to ensure some coher- ency in the application of EU law, judges should take into consideration how

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See von Lewinski, 2010, at 11.5.73.

Ibid at 11.5.74. Exceptions to the reproduction right which might legitimately be extended to the right to distribution are, for instance, the ones listed in Art. 5(3)(a), (b), (c), (f ), (h), or (d).

Hugenholtz and Senftleben analysed, among other things, how far the current EU and international legal framework leaves Member States space to adopt open limitations and exceptions, using the example of the American ‘fair use’ model (2011).

Gotzen had pointed out that ‘the rather vague wording at times of a number of these permitted exceptions is not very conducive from the outset to a true “harmonisation” in this sector’. Gotzen, 15.

See Hugenholtz and Senftleben, 14. They furthermore refer to the open notions of ‘specific acts of reproduction’ (Art. 5(2)(c)), the ‘informatory purpose’ of press articles which will justify use for the reporting of current events (Art. 5(3)(c) and (f )), the term of ‘fair practice’ in relation to quotations (Art. 5(3)(d)), or the purposes of ‘caricature, parody or pastiche’ (Art. 5(3)(k)).

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provisions have been interpreted in other national jurisdictions.212 In that way, national decisions interpreting a specific exception in a broad manner or extending it to new uses could serve as an example for courts in other Member States.

*ii. Adaptation to new challenges in the digital environment – redefining exempted uses and uses consented to*

Interpretation may also play an important role when it comes to deciding whether the exclusive right should apply to new uses, i.e. uses that were not an issue or not practically possible at the time the Directive was adopted. A lot of those uses are related to the online environment and search engines. One example of such judge-made solutions is the so-called doctrine of implied

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licence. In the 2010 German case *Vorschaubilder*

*I*,213

the Federal Court of

Justice ruled that the use of an image as a thumbnail without permission of the

author did not constitute copyright infringement where the latter had not taken any measures to prevent such use. While rejecting the applicability of any of the limitations invoked, the German Court thus allowed the use of the protected

material as *consented to* by the author.214 In *Vorschaubilder*

*II*,215

the Federal

Court extended its permissive attitude to images which had been made

available online without authorisation of the right holder. In this case, no implied consent due to lack of preventive measures was found; however, the consent given by the right holder to any third party to make the image in question available online was considered a sufficient justification for Google to use such an image as a thumbnail.

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Indeed, the solution of assuming an implied license has been applied in several Member States in the context of linking. Recital 30 of the Directive states that exclusive rights “may be transferred, assigned or subject to the granting of contractual licences, without prejudice to the relevant national legislation on copyright and related rights”. Copyright contract law not being harmonised, the conception of an implied licence will thus depend on the respective national law

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Murray, 40.

Bundesgerichtshof, I ZR 69/08 *Vorschaubilder,* 29 April 2010.

As Westkamp explains, such consent does not amount to authorisation: it does not confer rights on third parties, but creates a *defence* (in addition to the exceptions and limitations listed in Art. 5). See Westkamp, 2013.

Bundesgerichtshof, I ZR 140/10 *Vorschaubilder II,* 19 October 2011. For a commentary, see Fahl, C. ‚BGH: Vorschaubilder II’ (2012) *MMR-Aktuell* who criticises that the making available of the image, which constitutes an exclusive right of the author, should not have been considered as an authorisation if realised by a third party. In addition, the relevant provision of German law would not allow the right holder to give an authorisation which includes images on other websites.

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relating to assignments and waivers.216 The CJEU addressed the question of linking in *Svensson and Others*217*,* upholding that the provision of clickable links does not amount to an ac of communication to the public insofar as a ‘new public’ has not been reached, namely a public that was not taken into account by the copyright holders when they authorised the initial communication to the public. This was upheld in other cases of the Court of Justice, too.218 It has been argued that the ‘new public’ requirement as developed in *Svensson* reflected an implied license argument (with some scholars accepting that it introduced a “waiver *erga omnes* (or at least, as to all members of the intended public)”, having an equivalent effect to the exhaustion of rights).219

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See T. Pihlajarinne, Setting the limits for the implied license in copyright and linking discourse – The European perspective’ (2012) *IIC*, 706 et seq.

Case C-466/12 *Nils Svensson, Sten Sjögren, Madelaine Sahlman, Pia Gadd v Retreiver Sverige AB*, [2014] EUECJ C-466/12. For a commentary see Bently *et al*. ‘The reference to the CJEU in Case C-466/12 *Svensson*’, 2013.

See e.g. Case C-279/13 *C More Entertainment v Linus Sandberg* [2015] EUECJ C-279/13; Case C-348/13 *BestWater International GmbH v Michael Mebes, Stefan Potsch* [2014] EUECJ C-348/13.

On the exhaustion argument see: Association Littéraire et Artistique Internationale (ALAI), ‘Opinion on the Criterion “New Public”, Developed by the Court of Justice of the European Union (CJEU), Put in the Context of Making Available and Communication to the Public’, 17 September 2014, available at <http://www.alai.org/en/assets/files/resolutions/2014-opinion-new-public.pdf>, 15-16; M.J. Ficsor, ‘*Svensson*: Honest Attempt at Establishing Due Balance Concerning the Use of Hyperlinks – Spoiled by the Erroneous “New Public” Theory’, 2015, available online at <<http://www.copyrightseesaw.net>>, at 1.2.3. On the implied license argument see: [Karapapa, S.](http://centaur.reading.ac.uk/view/creators/90004851.html)’The requirement for a “new public” in EU copyright law’ *European Law Review*, 2017 (1), 63-81.

A. Wiebe, ‘Vertrauensschutz und geistiges Eigentum am Beispiel der Suchmaschinen’ (2011) *GRUR* 888. explains that the (politically difficult) introduction of a fair use clause into the EU regime of limitations might be one option (see infr*a*). In *Kelly v Arriba Soft Corp*, 336 F. 3d 811 (2003), the 9th circuit allowed the use of images as thumbnails as being a transformative use. Another option would be to add a specific exception to the closed catalogue. Focus on a balance of interests is crucial to foster the understanding of copyright as a veritable right to communication. See Wiebe, 893 *et seq*. Aforementioned proposals for a balanced reading of the three-step test could also lead to the desired result, as thumbnails are usually unlikely to unreasonably harm the interests of the right holder. Use of a ‘robots.txt’-file to prevent use of an image could be considered a reasonable, proportionate requirement. M. Leistner, ‘The German Federal Supreme Court’s judgment on Google’s Image Search – a topical example of the ‘limitations’ of the European approach to exceptions and limitation’ (2011) *IIC*, **42**(4) points out that the search engine service and the copyright holder act on different markets; the former does not aim at exploiting the image commercially, and the latter rather profits from the additional traffic generated to his website. As to legislative amendments adapting the current framework to new uses in the online environment, Leistner prefers a ‘careful “opening” of the catalogue of exceptions at European level’. See Leistner, 418, 441.

In this context, the importance of search engines for the functioning of the Internet is regularly stressed. See Leistner, 2011, 431.

It has been suggested that national jurisprudential constructions, looking for solutions in general civil and contract law, should lead to changes at the legislative level; the idea being that uses of images such as thumbnails be covered by an exception or limitation.220 It has been pointed out that a balance of interests of the right holder, the user, and the general public221 is primordial in this context. Notably the issue of combining such uses with a remuneration claim might need to be discussed.222 Professor Hargreaves recommended that the UK, apart from extending its portfolio of exceptions within the possibilities offered by Article 5 (see *supra*), explores, with its EU partners ‘a new mechanism in copyright law to create a built-in adaptability to future technologies which,

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Such uses “do not compete with the normal exploitation of the work itself” but “may facilitate it”.224 Such a mechanism has neither been introduced during the 2014 copyright reform in the UK nor through the Digital Single Market Directive (Directive 2019/790), however.

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by definition, cannot be foreseen in precise detail by today’s policy makers’.223 He advocates the:

introduction of an exception allowing uses of a work enabled by technology which do not directly trade on the underlying creative and expressive purpose of the work […]. The idea is to encompass the uses of copyright works where copying is really only carried out as part of the way the technology works.

IV. POSSIBLE REVISION OF ARTICLE 5

1. Willingness to reform the EU system of limitations to copyright law

Calls for change of the EU legal framework of exceptions and limitations to copyright law have been numerous.225 Indeed, the European Commission itself recognised the limits of Article 5. In its 2008 Green Paper on copyright in the knowledge economy,226 the Commission highlighted the pre-eminent role of certain exceptions and limitations in the dissemination of knowledge. It also noted that the phrasing of Member States’ exceptions or limitations is often narrower as compared to the text of the Directive; in this public consultation aimed at stakeholders, the Commission asked whether certain categories of exceptions should be made mandatory. The Green Paper also emphasised the option of contractual arrangements between right holders and users for the implementation of copyright exceptions, and relating to other aspects not covered by copyright exceptions.227 In a 2009 Reflection Document, the Commission’s services stated that:

a rather more nuanced approach to exceptions and limitations might be in order in the medium term. There are ‘public interest’ exceptions for research and teaching or for access to works in favour of persons with a disability on the one hand, and there are the ‘consumer’ exceptions, such as private copying, on the other hand. […] Future policy

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Hargreaves at 5.23, 47.

Ibid, 5.24, 47.

For instance, Janssens, 2009; Geiger, 2010c, ‘The future of copyright in Europe: Striking a fair balance between protection and access to information’; Hugenholtz, 2013; Hilty and Geiger, 2007.

Green Paper from the European Commission on Copyright in the Knowledge Economy, COM(2008) 466 final, Brussels, 16 July 2008. For a commentary see, for instance, Geiger et al., 2009, 412; Hilty et al., 2009,

309. In October 2009, the Commission issued a Communication in order to provide an overview of the outcome of the public consultation and announced a number of planned actions; Communication from the Commission on Copyright in the Knowledge Economy, COM(2009) 532 final, Brussels, 19 October 2009. See Geiger and Schönherr, 157 *et seq*.

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In its Communication of 24 May 2011, the Commission evoked the possibility of creating a European Copyright Code to allow for a ‘comprehensive codifica- tion of the present body of EU copyright directives in order to harmonise and consolidate the entitlements provided by copyright and related rights at EU level’.229 The Commission took the view that ‘a Code could […] help to clarify the relationship between the various exclusive rights enjoyed by rightsholders and the scope of the exceptions and limitations to those rights’.230 An orien- tation debate (28 November 2012) reiterated the need to modernise the copyright system: ‘[a] revision of the framework must be based on a compre- hensive economic and legal analysis, taking into account impacts on the value chain [consisting of content, content providers, Internet service providers, and end-users]’.231 One of the elements to be addressed was ‘the extent to which the current level of harmonisation as well as the scope of the limitations and exceptions to copyright are appropriate for the digital age, given that they [are] implemented to varying degrees in the Member States’.232 In its follow-up Communication of 18 December 2012,233 the Commission acknowledged that ‘good progress has been made in delivering the copyright-related actions identified in the Digital Agenda234 and the Intellectual Property Strategy [but that] there remains work to be done to ensure an effective single market in the area of copyright’.235 The Commission proposed to work on ‘two parallel tracks of action. On the one hand, it will complete its on-going effort to review and to

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should make a clear distinction and proposals should clearly state which exceptions should be harmonised and made mandatory in scope as a matter of priority and the precise goals pursued in doing so.228

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Creative Content in a European Digital Single Market: Challenges for the Future, Reflection Document of DG INFSO and MARKT of the European Commission, 22 October 2009, 15. For a differentiated approach see also Geiger, 2010c, 14, recommending identifying ‘the exceptions and limitations essential for freedom of expression and information in a democratic society and ensure that these are fully effective. In contrast, identify the exceptions and limitations which are merely incidental to this objective and propose a differenti- ated approach’.

Commission Communication on a Single Market for Intellectual Property Rights, Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe, COM(2011)0287 final, 11.

Ibid.

Orientation debate on content in the Digital Economy, Secretary General of the European Commission, addressed to the members of the Commission and the Director-Generals and head of units (chefs de service), SEC(2012) 680, 28 November 2012, 4.

Ibid*.* Other specific issues to be addressed in the short term are user-generated content, text and data mining, the issue of private copying levies, and exceptions to exclusive rights in relation to cultural heritage institutions. Communication from the Commission on content in the Digital Single Market, COM(2012) 789 final, Brussels, 18 December 2012.

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Digital Agenda for Europe, COM(2010)245 final, Brussels, 19 May 2010.

Communication from the Commission on content in the Digital Single Market, COM(2012) 789 final, Brussels, 18 December 2012, 2.

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Ibid, 2–3.

End of 2013, stakeholders made a number of pledges in order to address practical problems. See ‘Licences for Europe: industry pledges solutions to make more content available in the Digital Single Market’ IP/13/1072 of 13 November 2013.

Ibid, 5. In accordance with Art. 12 of the Directive, reports on the application of the Directive should regularly be submitted to the Commission; in particular, the application of Arts 5 and 6 to be examined in the light of the development of the digital market.‘Where necessary, in particular to ensure the functioning of the internal market pursuant to Article 14 of the Treaty, it shall submit proposals for amendments to this Directive.’ There has, indeed, been an increased call for empirical studies prior to any further harmonising action or legislative amendment in the field of exceptions and limitations to copyright. See, to this end, Hudson, 2011, calling for a change of paradigm and concluding that it ‘is only through use of both doctrinal and empirical techniques that accurate assessments can be made regarding the scope and utilisation of existing exceptions, whether there are any issues in their operation, and the efficacy of proposed solutions’ (270).

European Commission ‘Public Consultation on the review of the EU copyright rules’ (from 5 December 2013 to 5 March 2014, available at <http://ec.europa.eu/internal_market/consultations/2013/copyright-rules/docs/> consultation-document\_en.pdf ).

See Geiger, 2013a, ‘Effectivité et flexibilité: deux impératifs de l’adaptation du droit des “exceptions’”, with further references.

Creative Content in a European Digital Single Market: Challenges for the Future, Reflection Document of DG INFSO and MARKT of the European Commission, 22 October 2009, 15, see *supra*.

The ‘European Copyright Code’, released on 26 April 2010, can be found at: [www.copyrightcode.eu.](http://www.copyrightcode.eu/) A version was published in the *European Intellectual Property Review (EIPR)* 2011, 76. For commentaries, see, among others, J.C. Ginsburg ‘European copyright code – Back to first principles (with some additional detail)’, 2011; E. Rosati, ‘The Wittem Group and the European Copyright Code’, 2010; R. Kuhlen,

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modernise the EU copyright legislative framework. In parallel, [it] will set out to address a number of issues on which rapid progress is necessary and possible’.236 As to the short-term objectives, the initiative ‘Licences for Europe’ chose the approach of a stakeholder dialogue and addressed, amongst other things, the issues of user-generated content and licensing for small-scale users of protected materials, and text and data mining.237 As to a general review of limitations and exceptions to copyright law, the Commission announced to ‘complete its on-going review of the EU copyright framework, based on market studies and impact assessment and legal drafting work, with a view to a decision in 2014 whether to table the resulting legislative reform proposals’.238 In December 2013, it launched a public consultation on the review of EU copyright law, including an important section on copyright limitations.239 The result of these initiatives was the launch of the Digital Single Market Directive (Directive 2019/790), which introduced a number of new copyright exceptions and limitations, such as text and data mining, and ensured that copyright exceptions and limitations will be mandatory against contractual restriction. Even though this Directive did not result in the introduction of a European Copyright Code, it enhanced the breadth of available exceptions and limitations.

2. A transparent framework capable of coping with future developments

*A. Setting the framework: education, information and expression as guiding objectives*

A logical consequence of the criticism of Article 5’s mainly optional nature is the call for – at least some – mandatory exceptions.240 As mentioned above, the Commission already makes the distinction between ‘public interest’ and ‘con- sumer’ exceptions.241 One example implementing the idea of limitations cat- egorised according to their purpose is the Wittem group’s draft of a European Copyright Code (‘the Code’).242 Chapter 5 of the Code on limitations defines

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four different categories of uses: uses with minimal economic significance; uses for the purpose of freedom of expression and information; uses permitted to promote social, political and cultural objectives; and uses for the purpose of enhancing competition.243 Article 5(2)–(4) moreover, distinguishes free uses from uses for which remuneration is due.244 With regard to remuneration, reference to collective management of rights or to individual negotiation is often made. A parallel could be drawn with proposals for minimum mandatory limitations at the international level.245 Both at the international and EU level, exceptions for libraries and archives, including the issues of digitisation and orphan works, the dissemination of works for teaching and research, and exceptions and limitations for the benefit of persons with a disability are considered crucial,246 not least because they are justified by the fundamental rights of equal access to education, culture, information and communication. Whether any remuneration is due for such use of a work protected by copyright is often left to Member States to decide. At the EU level, amended versions of the limitations relating to libraries, teaching and scientific research could thus be declared mandatory. In *Laserdisken*, the Court held that ‘the right to education, which the Community legislature must take into account in its action, ha[s] been fully taken into consideration by the Community institutions in the drafting and adoption of Directive 2001/29’.247 Yet, modern teaching

‘Richtungsweisend oder eine nur begrenzt wahrgenommene Chance? Der Copyright-Code des Wittem- Projekts’ 2011; L. Belder, L.E. Dijkman and A.E.M. Mombers, ‘The age of copyright: Wittem’s copyright reform proposal compared to Samuelson’s Preliminary Thoughts’, 2011.

Article 5(1)–(4) of the Code. Besides, the chapter contains a provision on further limitations (see infra), on the relation of limitations with moral rights, on the amount and collection of remuneration, and on the relation between limitations and technical protection measures. Chapter 5’s temerity has been appraised for:

[…] displaying an impetus to break through the rigidity of the current EU and national systems of copyright exceptions in order to favour EU-wide uses of copyrighted works in which, in the drafters’ perception, the interests of third parties, including the public, outweigh those of the authors or copyright owners (Ginsburg, 2011, 2).

In the drafters’ view, the chapter on limitations is the most expansive one, which differs most from the EU copyright law acquis (Dreier, 2013, 305).

In the drafters’ view, the public has a strong interest in accessing certain works; at the same time, the author has, in some instances, a greater interest in receiving compensation for third parties’ use than in preventing such use. See Dreier, 2013, 306.

See, for instance, the Proposal of the African Group for a Draft WIPO Treaty on Exceptions and Limitations for the Persons with Disabilities, Educational and Research Institutions, Libraries and Archives, SCCR/22/ 12, Geneva, 15–24 June 2011. In a 2006 study within the framework of the UNCTAD/ICTSD Project on Intellectual Property Rights and Sustainable Development, Okediji identified ten exceptions which should be accorded international status. Insisting on the ‘critical strategic value’ of enhancing the international legal framework in exceptions and limitations, she highlights the important role of international law for shaping intellectual property law. See R. Okediji, ‘The international copyright system: Limitations, exceptions and public interest considerations for developing countries, 22–23; B. Hugenholtz and R. Okediji, ‘Conceiving an international instrument on limitations and exceptions to copyright’, 2008*.*

As highlighted, at the EU level, by the Green Paper from the European Commission on Copyright in the Knowledge Economy, COM(2008) 466 final, Brussels, 16 July 2008.

Case C-479/04 *Laserdisken ApS v Kulturministeriet* [2006] ECR I-8089, para. 80.

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A recent report concluded that the current Art. 5(3)(n) does not allow for the introduction of a copyright exception for online e-lending for public libraries; the wording of the provision referring to making available via terminals. E-book lending therefore needs to be covered by agreements with authors and other right holders. The report welcomes such contractual solutions and encourages the role of CMOs and possibly of extended collective licensing. See van der Noll, K. Breemen, V. Breemen, Hugenholtz, Brom, Poort, ‘Online uitlenen van e-books door bibliotheken, Verkenning juridische mogelijkheden en economische effecten’, Amsterdam, November 2012, available at <http://www.ivir.nl/publicaties/poort/Online_uitlenen_van_e-> books.pdf (accessed on 5 March 2012). An English commentary was published by two of the authors, Breemen and Breemen at <http://kluwercopyrightblog.com/2013/03/04/can-e-lending-land-itself-a-spot-> under-the-public-lending-right/ (accessed on 5 March 2012). In Case C-117/13 *Technische Universität Darmstadt*  [2014] EUECJ C-117/13, the CJEU addressed the question of whether Art. 5(3)(n) allows establishments to digitise works contained in their collections in order to make them available on terminals, and whether national laws may allow users to store on USB sticks works made available on terminals. The CJEU held that Article 5(3)(n), read in conjunction with Article 5(2)(c) of the Information Society Directive does not preclude Member States from providing publicly accessible libraries with the right to digitise the works contained in their collections, if such act of reproduction is necessary for the purpose of making those works available to users through dedicated terminals. In addition, the CJEU held that Article 5(3)(n) does not cover acts such as the printing out of works on paper or their storage on a USB stick, carried out by users from dedicated terminals installed in publicly accessible libraries. However, national law may allow such acts on the basis of Article 5(2)(a) or (b) of the Information Society Directive on condition that the requirements laid down by those provisions are met.

Recital 42 already provides some useful guidance in this respect, stating that the ‘non-commercial nature of the activity in question should be determined by that activity as such. The organisational structure and the means of funding of the establishment concerned are not the decisive factors […]’.

Namely, Art. 5(3)(c) and (f ) enhancing access to information, and Art. 5(3)(d) and (h) allowing for freedom of expression properly speaking.

Case C-145/10 *Eva-Maria Painer v Standard VerlagsGmbH and Others* [2011] EUECJ C-145/10, para. 134.

*Painer*, para. 135. In this vein, the UK Government recently announced that it would introduce:

a more general permission for quotation of copyright works for any purpose, as long as the use of a particular quotation is ‘fair dealing’ and its source is acknowledged. Minor uses of copyright materials, such as references and citations in academic papers, quotation as part of educational activities and short quotations on internet blogs or in tweets, will therefore be permitted as long as they are fair. Photographs will continue to be excluded from news reporting provisions, as they are at present. (Modernising Copyright: A modern, robust and flexible framework, 2012, p 4; 26.)

Moreover, the introduction of limited copying on the basis of fair dealing for parody, caricature and pastiche is planned, which should leave the existing moral rights regime unchanged. See p 31.

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methods, taking advantage of digital networks, should not be hindered by too narrowly phrased limitations.248 Respect of the right to attribution and fair compensation should be a sufficient guarantee for balancing the different interests at stake. An amount of compensation, as well as the criteria of non-commerciality of the relevant institutions249 might be better regulated at Member State level.

Several exceptions listed in Article 5 are justified by the higher ranking goals of access to information and freedom of expression.250 Regarding quotations, the CJEU clarified in *Painer* that ‘Article 5(3)(d) […] is intended to strike a fair balance between the right to freedom of expression of users of a work or other protected subject-matter and the reproduction right conferred on authors.’251

That fair balance is struck, in this case, by favouring the exercise of the users’ right to freedom of expression over the interest of the author in being able to prevent the reproduction of extracts from his work which has already been lawfully made available to the public, whilst ensuring that the author has the right, in principle, to have his name indicated.252

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An important aspect in the debate about mandatory limitations is the relation between the latter and copyright contracts, which has not been regulated by the Directive.254/255 Recital 45 states that limitations should not ‘prevent the definition of contractual relations designed to ensure fair compensation for the rightholders insofar as permitted by national law’. Recital 51 adds that, ‘Member States should promote voluntary measures taken by rightholders, including the conclusion and implementation of agreements between right- holders and other parties concerned, to accommodate achieving the objectives of certain exceptions or limitations provided for in national law in accordance with this Directive’. The fact that limitations may be overridden by contract has been subject to criticism. At first sight, the Directive’s wording appears to indicate that focus is put on the *effect* of limitations and on adequate remunera- tion (see *infra*). Yet, it is being argued that due to the contracting parties’ different levels of bargaining power, contracts often do not lead to a fair balance of interests.256 Consequently, at least some limitations should be made manda- tory by the EU legislator.257

It should be noted that in certain cases, quotation of undisclosed works might be necessary for the sake of freedom of expression or information; it could be justified by Article 10 ECHR, even if it might be considered *contra legem* in certain cases.253 The general rule, however, as developed in Case C-516/17 *Spiegel Online* [2019] EUECJ C-516/17, is that ‘the exception for quotations applies only if the quotation in question relates to a work which has already been lawfully made available to the public. That is the case where the work, in its specific form, was previously made available to the public with the rightholder’s authorisation or in accordance with a non-contractual licence or statutory authorisation.’

*B. A clear legal framework for the accommodation of unknown new uses*

Article 5’s optional nature thus calls for reform. At the same time, the exhaustive nature of the list of limitations is being questioned. Discussion has concentrated, on the one hand, on increasing uniformity of rights and limita- tions across the EU; on the other hand, numerous proposals to increase flexibility of the closed list system have been put forward (see *supra*). A popular topic is the debate about whether a flexible fair use clause inspired by the US

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See the wording of Art. 10(1) of the Berne Convention: ‘It shall be permissible to make quotations from a work which has already been lawfully made available to the public […].’

See von Lewinski, 2010, at 11.5.80.

Article 6(4) relating to technical protection measures states that the exercise of certain exceptions does not have to be guaranteed with regard ‘to works or other subject-matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them’. (see infra).

See Guibault, 2010, 58–9. See also Hargreaves, 2011, 51, who adds that a legal rule provides for more clarity than a landscape of diverse contracts and licenses.

Another parallel with debates at the international level can be drawn; Art. 19 of the Proposal of the African Group for a Draft WIPO Treaty on Exceptions and Limitations for the Persons with Disabilities, Educational and Research Institutions, Libraries and Archives (see supra), reads as follows: ‘Any contractual provisions which provide exemptions from the application of the limitations and exceptions listed in Article 2 shall be null and void.’

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copyright system could be introduced to the EU system of limitations.258 Yet, opinions diverge on the desirability and feasibility of transposing what has been called the ‘fair use panacea’259 to EU law.260 Counter arguments are a lack of legal certainty, proliferation of costly litigation, or the fact that the shape of IP law is not exclusively responsible for the US creative industry’s success.261 It has, on the other hand, been argued that civil law judges have long-standing experience in interpreting open notions of, e.g. certain civil codes. This exercise has helped adapt rules to changing contexts and paradigms.262 Article 5(5) of the European Copyright Code263 provides an example of an opening clause that allows the introduction of new limitations under certain conditions. While striving for a compromise between the common law and the civil law approach,264 the drafters did not follow the US fair use model based on abstract, non-specific criteria. On the contrary, a positive reading of the three-step test should allow for the test’s criteria to define the outer limits of permissible limitations.265 Recent amendments of the Korean Copyright Act give an example of how the fair use and the closed-list approach have been reconciled on the basis of the three-step test: as a general guideline, the first paragraph of the new provision states that non-enumerated uses of works may be permitted as long as the second and third steps are fulfilled. A second paragraph then adds,

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See, for instance, J. Griffiths, ‘Unsticking the centre-piece – the liberation of European copyright law?’ 2010; Senftleben, M. 2010b, ‘Bridging the differences between copyright’s legal traditions – The emerging fair use doctrine’. The same author has also looked at whether the EU three-step test could function as an EU fair-use clause, see supra.

See Hudson, who cautions against the idea of a tailor-made one-size-fits-all solution; she calls for a combination of doctrinal and empirical considerations, and of a contextual approach, 269–71.

Leistner, for instance, objects that the CJEU would not be in a position to offer sufficient guidance, as it lacks a clear methodology; the preliminary ruling procedure does not appear apt for the purpose and would lead to a case overload. Leistner, 2011, 437.

See Hargreaves, 2011, 44–6.

See Senftleben, 2014, 9 *et seq*.

The draft provision, entitled ‘Further limitations’, reads as follows:

Any other use that is comparable to the uses enumerated […] is permitted provided that the corresponding requirements of the relevant limitation are met and the use does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author or rightholder, taking account of the legitimate interests of third parties.

See in this sense Fn. 48 of the Code.

See R. Hilty, ‘Declaration on the three-step test: Where do we go from here?’, 2010, 83–4. See also the aforementioned ‘Declaration on a balanced interpretation of the three-step-test’, *supra*. Ideally, the three-step test in the proposed version should be understood to be directed at both legislatures and court. See also in this sense M. Senftleben, ‘Comparative approaches to fair use: An important impulse for reforms in EU copyright law’, in G.B. Dinwoodie (ed.), *Methods and Perspectives in Intellectual Property*, 2014, who proposes to read the broadly worded ‘prototype’ exceptions of Art. 5 as a ‘semi-open norm’ in combination with the open criteria of the three-step test (notably the second and third step). In order to allow judges to introduce new exceptions the legislative framework would, however, have to be revised; See Geiger, 2008a; 2013a.

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According to Cho, ‘Newly Implemented Korean Fair Use and the Three Step Test’, 28 February 2013, found at [<http://infojustice.org/archives/28766#more-28766>](http://infojustice.org/archives/28766#more-28766) on 5 March 2013.

In Ireland, the Report of the Copyright Review Committee ‘Modernising Copyright’ (Dublin, 2013) recommends the introduction of a fair use exception which differs substantially from the US doctrine: in order for it to apply, existing exceptions must be exhausted; up to eight separate factors may be applied to determine if a use is fair (p. 11, 89 *et seq.)*

See von Lewinski, 2010, at 11.6.2.

See, more detailed, Geiger, 2008c, ‘The answer to the machine should not be the machine, safeguarding the private copy exception in the digital environment’, *EIPR* 121. In her conclusions in *Nintendo*, AG Sharpston held that in order to determine if a TPM is protected or not according to Article 6 of the Directive, the principle of proportionality needs to apply; it especially needs to be considered whether the technical measure has the effect of preventing or restricting not only acts which require the right holder’s authorisation but also acts which do not require such authorisation. Case C-355/12 *Nintendo Co., Ltd and Others v PC Box Srl and 9Net Srl,* Opinion of Advocate General Sharpston delivered on 19 September 2013, para. 79. In this relation the Court held that

the concept of an ‘effective technological measure’, for the purposes of Article 6(3) …, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.

See Case C-355/12 *Nintendo Co., Ltd and Others v PC Box Srl and 9Net Srl* [2014] EUECJ C-355/12.

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Except for situations enumerated in art. 23 to art. 35–2 and in art. 101–3 to 101–5, provided it does not conflict with a normal exploitation of copyrighted work and does not unreasonably prejudice the legitimate interest of the copyright holder, the copyrighted work may be used, among other things, for reporting, criticism, education, and research.

In determining whether art. 35–3(1) above applies to a use of copyrighted work, the following factors must be considered: the purpose and character of the use, including whether such use is of a commercial nature or is of a nonprofit nature; the type or purpose of the copyrighted work; the amount and importance of the portion used in relation to the copyrighted work as a whole; the effect of the use of the copyrighted work upon the current market or the current value of the copyrighted work or on the potential market or the potential value of the copyrighted work.

Article 35(3) of the Korean Copyright Act (Fair Use of Copyrighted Material) reads as follows:

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along the lines of the US fair use provision, four statutory factors to be taken into account when assessing the lawfulness of the use.266

3. Relation to Technical Protection Measures (TPMs) and Article 6(4) of the Directive

At the time of the adoption of the Directive, one of the crucial issues to be addressed was the protection against circumvention of technical protection measures. Article 6 of the Directive finally implemented Articles 11 of the WCT and 18 of the WPPT, thus offering a ‘third layer of protection’ to right holders.267 As a consequence, the enforcement of certain limitations and exceptions, and therefore the balance of interests guaranteed by the legislator, was, in theory, endangered.268 Article 6(4) was thought to re-establish that balance; its first paragraph states that:

[…] in the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, Member States shall take appropri- ate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with Article 5(2)(a), (2)(c), (2)(d), (2)(e), (3)(a), (3)(b) or (3)(e) the means of benefiting from that exception

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An empirical study on the ability of users to take advantage of certain statutory exceptions to copyright in the UK reached interesting results: certain allowed uses, including ‘privileged exceptions’ are adversely affected; often, beneficiaries do not use the UK complaints mechanism in order to access the work; often, intervention of regulatory bodies is necessary before content owners act. See P. Akester, ‘The impact of digital rights management on freedom of expression – The first empirical assessment’ (2010) *IIC*, 38.

See, for instance, S. Dusollier, ‘Exceptions and technological measures in the European Copyright Directive of 2001 – An empty promise’, 2003, 61, 62. It is often held that the WIPO Treaties, in adopting a right holder friendly approach, reflect lobbying efforts of the US cultural industry. See C.P. Rigamonti, Schutz gegen Umgehung technischer Maßnahmen im Urheberrecht aus internationaler und rechtsvergleichender Per- spektive’ 2005, 2 *et seq*.; Hilty, 2005. Rigamonti highlights that even if the WIPO Treaties provide for minimum rights, articles 11 WCT and 18 WPPT cannot be abused: they should assist the right holder in *enforcing* his rights, and not in expanding them, and should also protect third parties. Preference always needs to be given to the material copyright law, i.e. the exceptions listed (6).

The fact that the user may claim that the necessary means to circumvent the TPM are made available may serve as an argument in favour of the perspective that exceptions actually confer rights and not solely defences/means of defence on users (see Geiger, 2004b, 201). Article 6(4) does not, however, grant a right to circumvent technical protection. This would constitute infringement. See von Lewinski, 2010, at 11.5.11.

Geiger, 2008c, 125.

See, for instance, S. Dusollier, *Droit d’auteur et protection des œuvres dans l’univers numérique, Droits et exceptions à la lumière des dispositifs de verrouillage des œuvres*, 2007, 165–8.

See Geiger, 2004b, 380–81; S. Karapapa, *Private copying,* Routledge research in intellectual property. Routledge, 2012.

Recital 39 adds that:

When applying the exception or limitation on private copying, Member States should take due account of technological and economic developments, in particular with respect to digital private copying and

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or limitation, to the extent necessary to benefit from that exception or limitation and where that beneficiary has legal access to the protected work or subject-matter concerned.

This solution has been criticised as unsatisfactory for various reasons.269 First, the clear preference given to contractual agreements has enhanced the impres- sion of increasing ‘privatisation’ of copyright law. In response to such a tendency it has been argued that exceptions, which define the limits of the exclusive right, should be non-negotiable; all the more since right holders usually have more bargaining power.270 Incidentally, Member States have, in cases where volun- tary measures are absent, provided for different mechanisms of enforcement,

e.g. judicial or administrative procedures or mediation systems.271 All of them do, however, appear to impose a non-proportional burden on the lawful user, and are likely to have a deterring effect.272

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Next, the limitation of the scope of the provision to certain exceptions has been criticised.273 Certain exceptions with a strong justification such as caricature, quotations or pastiche are not covered by the exemption.274

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Another criticism relates to the optional application of the limit to private copying.275 The second paragraph of Article 6(4) states that:

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a Member State *may* also take such measures in respect of a beneficiary of an exception or limitation provided for in accordance with Article 5(2)(b), unless reproduction for private use has already been made possible by rightholders to the extent necessary to benefit from the exception or limitation concerned and in accordance with the provisions of Article 5(2)(b) and (5), without preventing rightholders from adopting adequate measures regarding the number of reproductions in accordance with these provisions (emphasis added).

Private use of works, which was traditionally encouraged and privileged by copyright law, can thus, in practice, be controlled by the rightholder.276 It has been argued that private use, which is also justified by privacy and freedom of information, should become one of the ‘privileged exceptions’. The purpose of the exception in question, i.e. the spirit of the law, should be taken into account in order to determine whether a ‘sub-optimal’ use (e.g. the making of a copy at a lower quality or involving extra costs) can be considered as sufficient.277

Third, the text of Article 6(4) goes on to say that ‘the provisions of the first and second subparagraphs shall not apply to works or other subject-matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them’. The exclusion from the benefit of the provision of on-demand services278 has been perceived as not forward looking with a view to online distribution business models.279 Indeed, it appears that the use of TPMs, in particular in the field of music, is decreasing.280 Yet, in new digital markets such as the one for e-books, TPMs can give the right holder extensive control over the use of the work. The exercise of various exceptions covering, e.g. quotations or certain private uses and format shifting can thereby be prevented.281 TPMs have, in addition, acquired a new meaning as a tool of expressing the right holder’s will to authorise certain uses of the protected work. In the context of the doctrine of

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remuneration schemes, when effective technological protection measures are available. Such exceptions or limitations should not inhibit the use of technological measures or their enforcement against circumven- tion.

See R. Hilty, ‘L’avenir du droit d’auteur dans le ‘dilemme numérique’, 2005.

See V. Samartzi, ‘Optimal vs sub-optimal use of DRM-protected works’ (2011) *EIPR*, **33(**8), 520–21. Recital 53 explains that:

The protection of technological measures should ensure a secure environment for the provision of interactive on-demand services, in such a way that members of the public may access works or other subject-matter from a place and at a time individually chosen by them. Where such services are governed by contractual arrangements, the first and second subparagraphs of Article 6(4) should not apply. Non- interactive forms of online use should remain subject to those provisions.

Dusollier, 2003, 61, 62.

See von Lewinski, 2010, at 11.6.14.

See T-E. Synodinou, ‘E-books, a new page in the history of copyright law?’ (2013), *EIPR*, **35**(4), 225–6.

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implied licenses, non-use of TPMs has been interpreted as the author’s consent to third parties’ use of the work (see *supra*).

4. Relation to moral rights

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Article 5 lays down limitations to the author’s economic rights.282 In addition, respect of the right of attribution is required by a number of exceptions.283 An express mention of the relation between limitations to economic rights and moral rights, as suggested by the Wittem Code,284 appears forward- thinking.285 A possible future reform of limitations might thus be an opportun- ity to clarify the scope of moral rights when derogating from an economic right: while certain basic non-pecuniary interests of the author should always be respected, they should not lead to abusive hampering of creative uses.

V. FAIR COMPENSATION, REMUNERATION AND THE LINK TO COLLECTIVE MANAGEMENT

1. The notion of ‘fair compensation' and the right to property

**11.111**

Three exceptions listed in Article 5 allow certain uses, provided that the right holders receive fair compensation.286 Regarding terminology, ‘fair compen- sation’ was thought to ‘bridge the gap between such […] Member States having levy systems that provide for “equitable remuneration” and those […] that have so far resisted levies altogether’.287 These differing notions refer, respectively, to justifications of natural justice providing for a general right to remuneration

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Recital 19 states that:

moral rights of rightholders should be exercised according to the legislation of the Member States and the provisions of the Berne Convention for the Protection of Literary and Artistic Works, of the WIPO Copyright Treaty and of the WIPO Performances and Phonograms Treaty. Such moral rights remain outside the scope of this Directive.

Articles 5(3)(a) (teaching and research), 5(3)(c) (press articles), 5(3)(d) (quotations), and 5(3)(f ) (public speeches) ask for a reasonable effort of the user to indicate the source, including the author’s name. It has been suggested that such an obligation may be interpreted as declaratory, since the Berne Convention, which binds the Member States, lays down the moral right to authorship. See von Lewinski, 2010, at 11.5.46.

Moral rights are set out in Chapter 3 of the Code.

Hugenholtz recently raised the question whether, in a ‘culture of copying’, the trend should be towards a focus in copyright law on the right of attribution, 2012.

Article 5(2)(a), (b), and (e). However, Recital 36 adds that ‘Member States may provide for fair compensation for rightholders also when applying the optional provisions on exceptions or limitations which do not require such compensation.’

Bechtold in Dreier and Hugenholtz (eds), 2006, 373. Countries unfamiliar with statutory remuneration rights, like the UK or Ireland, can thus also provide for other forms of compensation. See von Lewinski in von Lewinski and Walter, 2010, 11.5.24.

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A right to fair compensation might at times derive from the three-step test. Indeed, the possibility for the test to provide for a remuneration right or a claim to fair compensation – if allowed by the wording of the national provisions or not already prescribed explicitly – was one of the goals of including the test in the Directive.293 In this context, reference to the assessment of fair use in US copyright law may be made: in light of the important economic aspect of use of protected works,294 the criterion of possible harm becomes primordial.295 The

deriving from the exclusive right,288 and to the notion of harm, for which compensation would be due.289 In order to enhance creativity which requires use of protected works, focus on remuneration appears more appropriate. The option of rethinking the concept of exclusivity in copyright law to allow for a veritable limitation-based right to remuneration should receive more atten- tion.290

According to the CJEU’s case-law, however, the word ‘compensate’ should be understood as referring to a compensation scheme triggered by the existence of harm to the detriment of the right holders. ‘Fair compensation must necessarily be calculated on the basis of the criterion of the harm caused to authors […].’291 In *Hewlett-Packard Belgium*, the Court was asked to clarify whether a national law prescribing a proportional remunerative payment or a lump-sum remunerative payment not calculated on the basis of harm is compatible with the concept of fair compensation.292 The Court held that the interpretation of the phrase ‘fair compensation’ requires drawing a distinction according to whether the reproduction on paper or a similar medium effected by the use of a photographic technique or similar process is carried out by any user for private use and for ends that are neither directly nor indirectly commercial.

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The German Copyright Act, for instance, recognises a comprehensive exclusive right of the author over all existing and future ways of exploitation of his work (Art. 15 of the Copyright Act). Any use, be it in public or in private, justifies a claim to remuneration. Section 6 of the German Copyright Act provides for appropriate remuneration for most exempted uses; art. 63(a) states that such claims to remuneration cannot be waived in advance. The German term ‘Vergütung’, which is also used in the German version of the Directive, refers to remuneration.

Bechtold in Dreier and Hugenholtz (eds), 2006, 373. Bechtold points out that an obligation to pay equitable remuneration is stronger than a claim to fair compensation.

See Geiger, 2010a, 528; also see on exclusivity and compensation J. Reinbothe, ‘Chapter 11: Private Copy Levies’ in I Stamatoudi (ed), *New Developments in EU and International Copyright Law*, Alphen aan den Rijn: Kluwer Law International, 2016, 298.

See Case C-467/08 *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* [2010] ECR I-10055, para 41–42, relating to the private copying exception. See also Case C-435/12 *ACI Adam BV* [2014] EUECJ C-435/12, para. 56: ‘Consequently, all the users who purchase such equipment, devices and media are indirectly penalised since, by bearing the burden of the levy which is determined regardless of the lawful or unlawful nature of the source from which such reproductions are made, they inevitably contribute towards the compensation for the harm caused by reproductions for private use made from an unlawful source, which are not permitted by Directive 2001/29, and are thus led to assume an additional, non-negligible cost in order to be able to make the private copies covered by the exception provided for by Article 5(2)(b) of that directive.’; and Opinion of AG Cruz Villalón delivered on 9 January 2014, who states that the Directive refers to adequate compensation rather than to remuneration (at 41).

Case C-572/13 *Hewlett-Packard Belgium v Reprobel* [2015] EUECJ C-572/13.

See von Lewinski, 2010, at 11.5.78. The author cautions, however, against initiatives proposing the replacement of certain exclusive rights by a general right to remuneration, the list of exceptions being exhaustive and laying down maximum exceptions. An example of such models is the French proposal of a ‘licence globale’ which would legalise the non-commercial online exchange of works protected by copyright against payment of a flat rate.

More generally on the US fair use provision and the factor test, see Halpern, Nard, Port, *Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark*, 2011.

It has been held that limitations to the continental European author’s right could not solely be determined by reference to economic harm, since effective protection needs to be granted to the rightholder in any case. See

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In Case C-463/12 *Copydan*, the CJEU offered some clarification on the notion of ‘situations where the prejudice to the rightholder would be minimal’, holding that Article 5(2)(b), read in the light of recital 35, allows Member States to provide for an exemption from the requirement under the private copying exception to pay fair compensation, provided that the prejudice caused to rightholders in such cases is minimal.297 António Vitorino recommended that the notion of harm be interpreted uniformly across the EU. In addition, he called for an explainable and clear correlation between the level of levies and the definition of ‘harm’; harm could then be defined as the value consumers attach to additional copies in question (lost profit).298

when determining the form, detailed arrangements and possible level of such fair compensation, account should be taken of the particular circumstances of each case. When evaluating these circumstances, a valuable criterion would be the possible harm to the rightholders resulting from the act in question. […] In certain situations where the prejudice to the rightholder would be minimal, no obligation for payment may arise.296

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Ullrich, 2009, 285. Harm could, therefore, only be one criterion when evaluating the need for and amount of remuneration. See also von Lewinski in von Lewinski and Walter, 2010, at 11.5.24.

The criteria of minimal harm might serve as an argument in the afore-mentioned discussion of protected works in order to enable the proper functioning of search engines. The Wittem group’s text of a European Copyright Code exempts certain uses ‘with minimal economic significance’ as free uses (Art. 5(1) of the Code).

Case C-463/12 *Copydan Båndkopi v Nokia Danmark A/S*, [2015] EUECJ C-463/12. On the notion of fair compensation and the relation to technical protection measures. the CJEU held that “The implementation of technological measures under Article 6 of Directive 2001/29 for devices used to reproduce protected works, such as DVDs, CDs, MP3 players and computers, can have no effect on the requirement to pay fair compensation in accordance with the exception to the reproduction right in respect of reproductions made for private use by means of such devices. However, the implementation of such measures may have an effect on the actual level of such compensation.”.

Vitorino, 2013, 20.

Article 52(3) of the Charter states that the meaning and scope of rights which correspond to rights guaranteed by the Convention shall be the same as of those Convention rights. Yet, Union law may provide for more extensive protection.

It is interesting to see that the French and English wording of Recital 35 of the Directive refers to compensation in the context of copyright levies, while the German version of the Directive uses the term ‘remuneration’. See Geiger, C. 2009b, ‘Drafting the appropriate and balanced scope of copyright protection in the European Union – What language can contribute to the debate, 74.

See, for instance, *James v United Kingdom* (1986) 8 EHRR 123, see Griffiths and McDonagh, 86.

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Directive itself does not define the notions of fair compensation or possible harm any further. Recital 35 simply states that:

As pointed out before, intellectual property, including copyright, is now also protected at the constitutional level by Article 17(2) of the Charter. Taking into account that the ECHR’s case-law relating to Article 1 of Protocol 1 will probably be applicable also in the context of Article 17(2),299 the fair balance test might be of importance when assessing whether an interference with the article is justified. Compensation (or remuneration300), which needs to be proportionate,301 may thereby play a key role. It could thus be argued that the author’s or right holder’s economic right is being respected as long as propor- tionate remuneration or compensation is provided. When determining the appropriate amount, IP protection’s overall goal, i.e., protecting creators while

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The drafters of the Declaration for a balanced interpretation of the three-step test consider the key incentive for creation to be compensation at market rate. However, compensation should be deemed to be sufficient as long as there is incentive to create.

Compensation has been recognised to be mandatory for private copying (see Recital 38; C-467/08 *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* [2010] EUECJ C-467/08, para. 36). The feasibility of compensation mentioned in Art. 5(2)(a) and (e), read in the light of the three-step test could have been discussed in Case C-351/12 OSA where the referring court asked whether non-mandatory exceptions as well as the three-step-test of article 5(5) have direct effect, and may be relied upon directly by a collecting society in private litigation. The CJEU did not directly address this issue but held that Article 3(1) of the Information Society Directive precludes national legislation, which excludes the right of authors to authorise or prohibit the communication of their works, by a spa establishment through the intentional distribution of a signal by means of television or radio sets in the bedrooms of the establishment’s patients. Article 5(2)(e), (3)(b) and (5) are not such as to affect that interpretation. See Case C-351/12 *Ochranný svaz autorský pro práva k dílům hudebním o.s.(OSA) v Léčebné lázně Mariánské Lázně a.s.* [2014] EUECJ C-351/12.

At the Stockholm conference in 1967, which led to the adoption of the three-step test in the Berne Convention, private use was initially inserted as it was considered as particularly important. See Hudson, 22. See, for instance, Vitorino, 20, who refers to ‘the practical difficulty of the licensing of copies made by consumers for their private use’ which makes it ‘fair and reasonable to compensate rightholders precisely for lost income opportunities, e.g. via the license agreements they would have concluded if there were no exception’.

See Geiger, 2008c, 122; See Hugenholtz, 1996, 94–5; Karapapa, S. *Private Copying*, Routledge, 2012.

The detailed private copying provision of the German Copyright Act (Art. 53), for instance, includes, amongst others, certain uses for private study or educative purposes. It has been held that the concept of ‘own use’, broader than ‘private use’ of some national laws will need to be considered under other provisions of Art. 5, such as, for instance, Art. 5(2)(a), (c), or (e). Von Lewinski in von Lewinski and Walter, 2010, at 11.5.31.

Recital 38 reiterates that a private copying exception needs to be:

accompanied by fair compensation. This may include the introduction or continuation of remuneration schemes to compensate for the prejudice to rightholders. Although differences between those remuneration schemes affect the functioning of the internal market, those differences, with respect to analogue private

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at the same time incentivising creativity, should serve as a guide.302 With a view to further harmonisation, clarification regarding uses for which remuneration shall be required303 and the determination of the amount appears desirable.

2. An exception justified by practical considerations and privacy protection: private copying and Art. 5(2)(b)

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One of the most important, and at the same time most controversial, exceptions is the one for private copying laid down in Article 5(2)(b).304 As to the exception’s justification, it has been held that unlike limitations based on higher ranking considerations such as access to information, the private copying exception is merely justified by reasons of practicability.305 However, it could be argued that the right to privacy and access to information may in some cases legitimate private use.306 Non-interference with individuals’ private life could be considered a basis of the private copying exception. Moreover, access to information, culture, or education can, at times, be enabled by the private copying exception in case none of the more specific exceptions are applicable.307 The exception only applies to the right to reproduction, and under certain conditions: the beneficiary needs to be a natural person; purpose of the use has to be private and neither directly nor indirectly commercial; and right holders need to receive fair compensation.308 The limitation of the exception to acts of

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reproduction has been criticised as outdated: in digital networks (as opposed to the analogue world), private copying often also implies acts of making available and communication to the public.309 In Case C-265/16 *VCAST Ltd v RTI SpA* [2017] EUECJ C-265/16, it was held that Article 5(2)(b) does not allow a commercial undertaking to provide private individuals with a cloud service for the remote recording of private copies of works protected by copyright, by means of a computer system, by actively involving itself in the recording, without the rightholders consent. While ‘fair compensation’ has meanwhile been declared an autonomous concept of Union law (see *supra*), organisation of mechanisms ensuring compensation and calculation of tariffs still diverge largely among Member States.310 In *Amazon*, the Court provided some further clarification on the modalities of payment of levies.311

A study suggests a de minimis exception where there is no lost sale.312 However, this may no longer be supported following the quashing of the private copying exception, which was introduced in UK law during the 2014 copyright reform. The British Academy of Songwriters, Composers and Authors

A pending preliminary ruling might provide some clarification in

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reproduction, should not have a significant impact on the development of the information society. Digital private copying is likely to be more widespread and have a greater economic impact. Due account should therefore be taken of the differences between digital and analogue private copying and a distinction should be made in certain respects between them.

Recital 52 refers to contracts and TPMs, emphasising that Member States should keep in mind the goal of ‘achieving the objectives of such exception or limitation’. Special attention was paid to the relation between compensation and TPMs in order to avoid ‘double remuneration through a statutory remuneration system on the one hand and an individual fee paid for uses following the removal of technical protection measures on the other hand’. Von Lewinski in von Lewinski and Walter, 2010, at 11.5.31. In Case C-462/09 *Stichting de Thuiskopie v Opus Supplies Deutschland GmbH and Others* [2011] EUECJ C-462/09, the Court reiterated the mandatory nature of compensation, highlighting that ‘unless they are to be deprived of all practical effect, those provisions impose on a Member State which has introduced the private copying exception into its national law an obligation to achieve a certain result’ (para. 34). In Case C-277/10 *Martin Luksan v Petrus van der Let* [2012] EUECJ C-277/10,, the CJEU stated that the right to fair compensation could not be waived (para. 100). In *VG Wort*, the Court stated that “[…] the possibility of applying technological measures under Article 6 of Directive 2001/29 cannot render inapplicable the condition relating to fair compensation provided for by Article 5(2)(b) of that directive”, para. 59.

See M. Kretschmer, ‘Private Copying and Fair Compensation: An empirical study of copyright levies in Europe’ 2011, 9. He names the examples of file sharing in digital networks, online publication, performance and distribution within networks, and user generated content/mixing/mash-up.

The majority of Member States use levy systems, with the exception of the UK, Ireland, Malta, Luxembourg, and Cyprus. Among those 22 States, there are, furthermore, differences relating to the equipment to which levies apply, tariffs, beneficiaries, or regulatory structures. See Kretschmer, 10; also see S. Karapapa, *Private copying,* Routledge research in intellectual property, Routledge, 2012.

Case C-521/11 *Amazon.com International Sales Inc. and Others v Austro-Mechana Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte Gesellschaft mbH* [2013] EUECJ C-521/11. According to the Court, a private copying levy may, under certain conditions, be indiscriminately applied on the first placing on the market of recording media suitable for reproduction. A rebuttable presumption of private use of such media can be admissible; a part of the funds may be paid to social and cultural institutions under certain conditions if they benefit those entitled; and the obligation to pay the levy may not be excluded where a comparable levy has already been paid in another Member State.

See Kretschmer, 19. As to the concepts of harm, he criticises the aforementioned notion of lost profit (see *supra*): first, if there is an exception, there could in theory not be any lost profit (17); second, consumers’ (diverging) willingness to pay will influence the relation between the number of works produced and the number of works consumed. As to the *de minimis* rule, one question referred by the national court in *Copydan Båndkopi* relates to the definition of ‘situations where the prejudice to the rightholder would be minimal’.

See former s.28B and Schedule 2 (1B) of the UK Copyright, Designs and Patents Act 1988); also see see *BASCA v Secretary of State for Business and Innovation* [2015] EWHC 1723, and follow-up judgment [2015] EWHC 2041.

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In Spain, Real Decreto 1657/2012, de 7 de diciembre, *por el que se regula el procedimiento de pago de la compensación equitativa por copia privada con cargo a los Presupuestos Generales del Estado* abolished the levy due on certain media; instead, a certain amount will be taken from the State Budget, and paid by the government to collecting societies every year.

Case C-435/12 *ACI Adam BV and Others v Stichting de Thuiskopie and Others* [2014] EUECJ C-435/12. Also see some national initiatives preceeding *ACI Adam*. For instance, the French legislator clarified that reproductions made from an illicit source are excluded from the scope of the private copy exception, Law No. 2011–1898 dated 20 December 2011 on the remuneration for private copy, OJ 21 December 2011 at 21546, modifying Art. L. 122–5, 2° of the French Intellectual Property Code. The Wittem Code proposes to include such a requirement (Art. 5(3)(2)(a) of the Code). In Case C-314/12 *UPC Telekabel Wien* [2014] EUECJ C-314/12*,* the Austrian court asked, amongst other things, whether ‘[…] reproduction for private use (Article 5(2)(b) of the Information Directive) and transient and incidental reproduction (Article 5(1) of the Information Directive)[is] permissible only if the original of the reproduction was lawfully reproduced, distributed or made available to the public’. The Court did not deem necessary to respond to this question (para. 41).

AG Cruz Villalón in Case C-435/12 *ACI Adam BV* Opinion delivered on 9 January 2014, at 74 et seq. The referring court, Hoge Raad der Nederlanden (Netherlands) had also asked about the possible role of the three-step test and TPM in this context.

In *Hewlett-Packard Belgium*, the Belgian Court asked the CJEU whether a levy which would also compensate for counterfeit reproductions could be admissible. In Case C-314/12 *UPC Telekabel Wien* (Reference for a preliminary ruling from the Oberster Gerichtshof (Austria) lodged on 29 June 2012) the Austrian court asks, amongst other things, whether ‘[…] reproduction for private use (Article 5(2)(b) of the Information Directive) and transient and incidental reproduction (Article 5(1) of the Information Directive)[is] permissible only if the original of the reproduction was lawfully reproduced, distributed or made available to the public’. See in this sense C. Geiger, (2010a).

C. Geiger, ‘Challenges for the Enforcement of Copyright in the Online World: Time for a New Approach’ in

P. Torremans (ed.) *Research Handbook on the Cross-Border Enforcement of Intellectual Property* (Cheltenham, UK

/ Northampton, MA, Edward Elgar, 2014).

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(BASCA), the Musicians’ Union (MU) and UK Music challenged the introduction of the private copying exception, arguing that it was unlawful for failing to provide fair compensation to rightholders in line with EU copyright. The private copying exception has been subject to review in a number of Member States.314

The question concerning the legality of the source has recently been decided at the EU level.315 In his Opinion in *ACI Adam BV*, AG Cruz Villalón stated that legality of the source should be a condition for the private copying exception to apply. Allowing file-sharing as private copying on the ground that it would be the only feasible way to compensate right holders of their loss was, in the AG’s view, incompatible with the purpose of the exception and with the three-step-test.316 The AG’s opinion seems to start from the assumption that only exclusive rights can provide for proper remunerations to creators, which is disputable317; this also leaves mass uses of copyright works on peer to peer file-sharing sites unremunerated, which is equally unsatisfying.318 The Court of Justice held

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Member States shall provide that a fair compensation is due to rightholders that put an end to the orphan work status of their works […]. Member States shall be free to determine the circumstances under which the payment of such compensation may be organised. The level of the compensation shall be determined, within the limits imposed by Union law, by the law of the Member State in which the organisation which uses the orphan work in question is established.

that Article 5(2)(b) read in the light of Article 5(5) precludes national legislation, which does not distinguish the situation in which the source from which a reproduction for private use is made is lawful from that in which that source is unlawful.319

Licensing terms shall be based on objective and non-discriminatory criteria. When licensing rights, collective management organisations shall not be required to use, as a precedent for other online services, licensing terms agreed with a user where the user is providing a new type of online service which has been available to the public in the Union for less than three years.

Rightholders shall receive appropriate remuneration for the use of their rights. Tariffs for exclusive rights and rights to remuneration shall be reasonable in relation to, inter

Article 16(2) of the Rights Management Directive323 states that:

due account should be taken, inter alia, of Member States’ cultural promotion object- ives, of the non-commercial nature of the use made by the organisations in question in order to achieve aims related to their public-interest missions, such as promoting learning and disseminating culture, and of the possible harm to rightholders.322

Recital 18 adds that:

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**11.119**

On the practical level, and in the absence of harmonisation, remuneration or compensation is being negotiated individually, by contract, or collectively, by collecting societies.320 Two recent related EU initiatives contain provisions on remuneration and/or compensation: in relation to permitted uses, Article 6(5) of the Orphan Works Directive321 lays down that:

Case C-435/12 *ACI Adam BV and Others v Stichting de Thuiskopie and Others* [2014] EUECJ C-435/12.

The aforementioned agreement on remuneration between Google and French newspaper editors illustrates the territorial nature of solutions found in the current legal framework.

Directive 2012/28/EU of the European Parliament and the Council of 25 October 2012 on certain permitted uses of orphan works, OJ L 299, 27.10.2012

Guibault comments that application of these factors could lead to a very low compensation, as long as it qualifies as fair. Guibault, 2012.

Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market, OJ L 84, 20.3.2014. Several recitals of the Copyright Directive acknowledge the importance of collective management for simple and transparent rights clearance (see Recitals 17, 26, and 55). Yet, Member States have the choice of arrangements relating to rights management (Recital 18).

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**11.121**

**11.120**

3. Towards horizontal harmonisation of practical solutions?

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Agreement on Trade-Related Aspects of Intellectual Property Rights signed on 15 April 1994 (TRIPS).

Berne Convention for the Protection of Literary and Artistic Works.

Council Directive 91/250/EEC of the European Parliament and of the Council of 14 May 1991 on the legal protection of computer programs, OJ L 122/42, 17.5.1991.

Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 346/61, 27.11.1992.

Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ L 248/5, 27.9.1993.

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ No L 77/20, 27.03.96.

Directive 2006/115 of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376, 27.12.2006 (codified version).

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Directive 2012/28/EU of the European Parliament and the Council of 25 October 2012 on certain permitted uses of orphan works, OJ L 299, 27.10.2012

Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market, OJ L 84, 20.3.2014.

International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome, 26 October 1961).

Recommendation 2005/737/EC on collective cross-border management of copyright and related rights for legitimate online music services.

WIPO Copyright Treaty (Geneva, 20 December 1996).

alia, the economic value of the use of the rights in trade, taking into account the nature and scope of the use of the work and other subject-matter, as well as in relation to the economic value of the service provided by the collective management organisation. Collective management organisations shall inform the user concerned of the criteria used for the setting of those tariffs.

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Large discretion is thus given to Member States in the determination of the appropriate amount of compensation; the main criterion given being the rights’ economic value in trade. With a view to ensuring coherence, subsequent clarifications of notions such as harm or fairness should be applied in a systematic and uniform manner across the copyright acquis. Article 5(7) of the Wittem Code contains some elements on fair and adequate remuneration, and imposes collective management of rights for some uses (including for private copying). Beyond systemic interpretation, actual harmonisation of rights man- agement might, indeed, be given some consideration as an ultimate means to facilitate permitted uses.

NOTES

1. Related instruments

**11.122**

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2. CJEU case-law

*ACI Adam BV and Others v Stichting de Thuiskopie and Others* (Case C-435/12) [2014] EUECJ C-435/12; Opinion of Advocate General Pedro Cruz Villalón delivered on 9 January 2014).

*Amazon.com International Sales Inc. and Others v Austro-Mechana Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte Gesellschaft mbH* (Case C-521/11) [2013] EUECJ C-521/11..

*BestWater International GmbH v Michael Mebes, Stefan Potsch* (Order of the Court) (Case C-348/13) [2014] EUECJ C-348/13\_CO.

*C More Entertainment AB v Linus Sandberg* (Case C-279/13) [2015] EUECJ C-279/13.

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*Eva-Maria Painer v Standard VerlagsGmbH and Others* (Case C-145/10) [2011] ECR I-00000; [2012] ECDR 6.

*Hewlett-Packard Belgium* (Case C-572/13) [2015] EUECJ C-572/13..

*Football Association Premier League Ltd and Others v QC Leisure and Others and Karen Murphy v Media Protection Services Ltd* (Joined cases C-403/08 and C-429/08) [2011] ECR I-00000; [2012] ECDR 8.

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*Martin Luksan v Petrus van der Let* (Case C-277/10) [2012] EUECJ C-277/10.

*Nils Svensson, Sten Sjögren, Madelaine Sahlman, Pia Gadd v Retreiver Sverige AB* (Case C-466/12) [2014] EUECJ C-466/12.

*Nilsson and others* (Case-162/97) [1998] ECR I-7477.

*Nintendo and Others* (Case C-355/12) [2013] EUECJ C-355/12.

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*Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* (Case C-467/08) [2010] ECR I-10055.

*Productores de Música de España (Promusicae) v Telefónica de España SAU* (Case C-275/06) [2008] ECR I-271.

*Public Relations Consultants Association Ltd v The Newspaper Licensing Agency Ltd and others*

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ARTICLE 6: OBLIGATIONS AS TO TECHNOLOGICAL MEASURES

CHAPTER III

PROTECTION OF TECHNOLOGICAL MEASURES AND RIGHTS-MANAGEMENT INFORMATION

ARTICLE 6

OBLIGATIONS AS TO TECHNOLOGICAL MEASURES

**1.**

**Member States shall provide adequate legal protection against the circumvention of any effective technological measures, which the per- son concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective.**

**Member States shall provide adequate legal protection against the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which:**

**2.**

**(a)**

**are promoted, advertised or marketed for the purpose of circum- vention of, or**

**have only a limited commercially significant purpose or use other than to circumvent, or**

**are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of, any effective technological measures.**

**(b)**

**(c)**

**3.**

**For the purposes of this Directive, the expression “technological meas-**

**ures” means any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject-matter, which are not authorised by the rightholder of any copyright or any right related to copyright as pro- vided for by law or the sui generis right provided for in Chapter III of Directive 96/9/EC. Technological measures shall be deemed “effect- ive” where the use of a protected work or other subject-matter is con- trolled by the rightholders through application of an access control or protection process, such as encryption, scrambling or other transform- ation of the work or other subject-matter or a copy control mechanism, which achieves the protection objective.**

**Notwithstanding the legal protection provided for in paragraph 1, in the absence of voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, Mem- ber States shall take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation provided for in national law in accordance with Article 5(2)(a), (2)(c), (2)(d), (2)(e), (3)(a), (3)(b) or (3)(e) the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception or**

**4.**

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**limitation and where that beneficiary has legal access to the protected work or subject-matter concerned.**

**A Member State may also take such measures in respect of a benefi- ciary of an exception or limitation provided for in accordance with Article 5(2)(b), unless reproduction for private use has already been made possible by rightholders to the extent necessary to benefit from the exception or limitation concerned and in accordance with the pro- visions of Article 5(2)(b) and (5), without preventing rightholders from adopting adequate measures regarding the number of reproductions in accordance with these provisions.**

**The technological measures applied voluntarily by rightholders, including those applied in implementation of voluntary agreements, and technological measures applied in implementation of the measures taken by Member States, shall enjoy the legal protection provided for in paragraph 1.**

**The provisions of the first and second subparagraphs shall not apply to works or other subject-matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them.**

**When this Article is applied in the context of Directives 92/100/ EEC and 96/9/EC, this paragraph shall apply mutatis mutandis.**

SELECTED RECITALS

**(47) Technological development will allow rightholders to make use of technological measures designed to prevent or restrict acts not authorised by the rightholders of any copyright, rights related to copyright or the sui generis right in databases. The danger, however, exists that illegal activities might be carried out in order to enable or facilitate the circumvention of the technical protection provided by these measures. In order to avoid frag- mented legal approaches that could potentially hinder the functioning of the internal market, there is a need to provide for harmonised legal protection against circumvention of effective technological measures and against pro- vision of devices and products or services to this effect.**

**(48) Such legal protection should be provided in respect of technological measures that effectively restrict acts not authorised by the rightholders of any copyright, rights related to copyright or the sui generis right in databases without, however, preventing the normal operation of electronic equipment and its technological development. Such legal protection implies no obliga- tion to design devices, products, components or services to correspond to**

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**technological measures, so long as such device, product, component or service does not otherwise fall under the prohibition of Article 6. Such legal protection should respect proportionality and should not prohibit those devices or activities which have a commercially significant purpose or use other than to circumvent the technical protection. In particular, this protec- tion should not hinder research into cryptography.**

**(49) The legal protection of technological measures is without prejudice to the application of any national provisions which may prohibit the private possession of devices, products or components for the circumvention of technological measures.**

**(50) Such a harmonised legal protection does not affect the specific pro- visions on protection provided for by Directive 91/250/EEC. In particular, it should not apply to the protection of technological measures used in con- nection with computer programs, which is exclusively addressed in that Directive. It should neither inhibit nor prevent the development or use of any means of circumventing a technological measure that is necessary to enable acts to be undertaken in accordance with the terms of Article 5(3) or Article 6 of Directive 91/250/EEC. Articles 5 and 6 of that Directive exclu- sively determine exceptions to the exclusive rights applicable to computer programs.**

**(51) The legal protection of technological measures applies without preju- dice to public policy, as reflected in Article 5, or public security. Member States should promote voluntary measures taken by rightholders, including the conclusion and implementation of agreements between rightholders and other parties concerned, to accommodate achieving the objectives of certain exceptions or limitations provided for in national law in accordance with this Directive. In the absence of such voluntary measures or agreements within a reasonable period of time, Member States should take appropriate measures to ensure that rightholders provide beneficiaries of such excep- tions or limitations with appropriate means of benefiting from them, by modifying an implemented technological measure or by other means. How- ever, in order to prevent abuse of such measures taken by rightholders, including within the framework of agreements, or taken by a Member State, any technological measures applied in implementation of such measures should enjoy legal protection.**

**(52) When implementing an exception or limitation for private copying in accordance with Article 5(2)(b), Member States should likewise promote the use of voluntary measures to accommodate achieving the objectives of such**

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**exception or limitation. If, within a reasonable period of time, no such voluntary measures to make reproduction for private use possible have been taken, Member States may take measures to enable beneficiaries of the exception or limitation concerned to benefit from it. Voluntary measures taken by rightholders, including agreements between rightholders and other parties concerned, as well as measures taken by Member States, do not prevent rightholders from using technological measures which are consist- ent with the exceptions or limitations on private copying in national law in accordance with Article 5(2)(b), taking account of the condition of fair compensation under that provision and the possible differentiation between various conditions of use in accordance with Article 5(5), such as controlling the number of reproductions. In order to prevent abuse of such measures, any technological measures applied in their implementation should enjoy legal protection.**

**(53) The protection of technological measures should ensure a secure envir- onment for the provision of interactive on-demand services, in such a way that members of the public may access works or other subject-matter from a place and at a time individually chosen by them. Where such services are governed by contractual arrangements, the first and second subparagraphs of Article 6(4) should not apply. Non-interactive forms of online use should remain subject to those provisions.**

RELATED INTERNATIONAL INSTRUMENTS WIPO COPYRIGHT TREATY

ARTICLE 11

OBLIGATIONS CONCERNING TECHNOLOGICAL MEASURES

**Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological meas- ures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.**

C. Clark, ‘The answer to the machine, is the machine’, in P.B. Hugenholtz, *The Future of Copyright in a Digital Environment*, Kluwer Law International, 1996, 139.

And in particular Arts 2, 3 and 6. The Convention came into force in July 2004.

Article 7(1)(c) Dir. 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (codified version) OJ L 111/16, 5.5.2009.

Article 4 of Dir. 98/84/EC of the European Parliament and of the Council of 20 November 1998 on the legal protection of services based on, or consisting of, conditional access OJ L 320/54, 28.11.1998.

See also Case C-458/13, *Andreas Grund acting as administrator in the insolvency proceedings concerning the assets of SR-Tronic GmbH, and Others v Nintendo Co. Ltd. and Nintendo of America Inc.* (Order of the Court of 7 May 2014)) .

At the EU level relevant provisions are found in other directives, too. In particular the first provisions were found in the Computer Programs Directive326 and later in the Conditional Access Directive.327 Yet, these provisions either do not share the same purpose or are not meant to work together.328 Article 6 of the

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WIPO PERFORMANCES AND PHONOGRAMS TREATY

ARTICLE 18

OBLIGATIONS CONCERNING TECHNOLOGICAL MEASURES

**Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological meas- ures that are used by performers or producers of phonograms in connection with the exercise of their rights under this Treaty and that restrict acts, in respect of their performances or phonograms, which are not authorized by the performers or the producers of phonograms concerned or permitted by law.**

I. COMMENTARY

1. Background

Articles 6 and 7 of the Information Society Directive implement Article 11 WCT and Article 18 WPPT into European Union law. They reflect the tendency of recent years towards piracy and the fact that it has been accelerated by reason of digital technologies and the Internet, which is that ‘the answer to the machine is the machine’.324 Yet, this is the sole international legal instru- ment that deals with anti-circumvention devices with the exception to a certain extent of the Council of Europe’s Convention of Cybercrime 2001.325

**11.123**

2. Similar provisions in EU law

**11.124**

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Information Society Directive, which is the most general one, prohibits (a) the circumvention of any effective technological devices used by the right holders of copyright of related rights with the aim to protect their works (para 1) and (b) a wide range of preparatory activities, such as the manufacture, import, distribu- tion, sale, rental, advertisement for sale or rental, or possession for commercial purposes of such devices (para 2). The same article also defines ‘effective technological measures’ (para 3) and tries to reconcile such measures with the exceptions and limitations to copyright (para 4). Article 7(1)(c) of the Com- puter Programs Directive prohibits the circulation or possession for commercial purposes of any device solely meant to circumvent technological measures protecting computer programs. This article is meant to work alone (see Recital 50).

The Information Society Directive however affects its operation. Article 4 of the Conditional Access Directive prohibits the manufacture, import, distri- bution, sale, rental or possession, the installation, maintenance or replacement for commercial purposes as well as the use of commercial communications to promote anti-circumvention devices used in the pay TV, radio and information society services. Although this later provision comes very close to the Infor- mation Society Directive they do not share the same aim. The first is intended to protect services (and in particular the unauthorised reception of conditional access services) and the latter to protect copyright and/or related rights content. It does not follow that the aforementioned services contain such copyright and/or related rights protected content.

3. Effective technological measures (para. 3)

329 See Case C-355/12 *Nintendo and Others* [2014] EUECJ C-355/12.

any technology, device or component that, in the normal course of its operation, is designed to prevent or restrict acts, in respect of works or other subject matter, which are not authorised by the right holder of any copyright or any right related to copyright as provided for by law or the sui generis right.

**11.126**

Article 6(3) defines what ‘effective technological measures’ are. ‘Technological measures’ are:

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‘Technology, device or component’ includes both software and hardware, which are either independent or part of another entity. Technological measures may include measures incorporated not only in protected works themselves but also in devices designed to allow access to those works. In Case C-355/12 *Nintendo*, the Court of Justice held that the concept of an

“effective technological measure”, for the purposes of Article 6(3), covers technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use.329

Technological measures may be in digital or analogue form. No particular prerequisites in this respect

**11.125**

are set by the Directive. They must be designed in the normal course of their operation to prevent or restrict acts in respect of protected works or subject matter. That means that their aim – or at least their main aim – should consist in preventing or restricting acts either through the control of access or use of such works.330 This may become apparent because it is expressly indicated on the device or is assumed by the features accompanying the device or by the circumstances (e.g. advertising) or even by its actual operation.

These technological measures need to be ‘effective’. They are deemed ‘effective’ where – through the application of an access control or protection process – achieve the protection objective. In other words, if the objective is not attained then the device is not considered effective. That would, for example, be the case if the device did not work at all. It would not be the case though if the technological measure at issue was of a low quality or primitive technology (e.g. could be easily hacked) to the extent that the protection it provided to the work was at best limited. Paragraph 3 mentions types of access control and protection processes such as encryption, scrambling or other transformation of the work or other subject matter as well as copy control mechanisms.331 This enumeration in law is only indicative and by no means exhaustive. It also encompasses technological advances in the area even if they are combined with other devices such as rights management information aiming at the management/licensing of works.

‘When determining whether measures of that kind qualify for protection pursuant to Article 6 of Directive 2001/29/EC where they have the effect of preventing or restricting not only acts which require the rightholder’s authorisation pursuant to that directive but also acts which do not require such authorisation, a national court must verify whether the application of the measures complies with the **principle of proportionality** and, in particular, must consider whether, in the current state of technology, the former effect could be achieved without producing the latter effect or while producing it to a lesser extent”. See also “When determining whether protection must be provided against any supply of devices, products, components or services pursuant to Article 6(2) of Directive 2001/29, it is not necessary to consider the particular intended use attributed by the rightholder to a device designed to allow access to protected works. By contrast, the extent to which the devices, products, components or services against which protection is sought are or can be used for legitimate purposes other than allowing acts which require the rightholder’s authorisation is a relevant consideration’. AG’s Opinion in *Nintendo and Others* (Case C-355/12) (19 September 2013). The Court’s decision was issued on 23 January 2014, [2013] EUECJ C-355/12.

M.M. Walter, in M.M. Walter (ed.), *Europäisches Urheberrecht*. Kommentar, Vienna, Springer, 2001, 1068 distinguishes between three categories of technological measures: (a) those that protect access to and use of copyright works (e.g. encryption technologies, digital containers, passwords, serial numbers and copy-control devices such as CGMS and SCMS), (b) those that protect the integrity and authenticity of copyright works and devices (e.g. hash functions, digital signatures and challenge response controls), and (c) those that prevent a third party from tampering with security features (e.g. smart cards, code obfuscation, trusted computing technology and other tamper-resistant hardware and software). Even region coding systems found in commercial DVDs may also be considered anti-circumvention devices. See *Kabushiki Kaisha Sony Computer Entertainment Inc et al v Ball et al.*, High Court of Justice (UK) (Chancery Division) 19 July 2004 [2004] EWHC 1738.

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**11.128**

Technological measures should aim at the protection of works protected by copyright, related rights as well as by the sui generis right provided in the

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**11.127**

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database Directive.332 The wording ‘provided for by law’ assumes that copyright and related rights in general are covered by this article and not only the rights enshrined in the Directive.333 The wording of Recitals 47 and 48 are also similar.334 An *a contrario* argument can be derived in this respect by the wording of Article 7(1)(b) which makes direct reference to ‘other subject matter pro- tected under this Directive’ and by the fact that this is not uncommon in EU law if we take the example of the Enforcement Directive, which applies to copyright and related rights in general. Given that anti-circumvention devices constitute means of practical enforcement it would only be logical to derive that they cover the whole scope of copyright and related rights as the case is with the Enforcement Directive. The sui generis database right is mentioned expressly since it is not considered *stricto sensu* a related right.

**11.129**

Acts to be prevented or restricted should not have been authorised by the right holders. Right holders may be the original author or related rights right holder or any agent, licensee, subsequent right holder or anyone who derives rights from the initial or subsequent right holder concerning all or part of the rights in a work or subject matter.

**11.130**

If a work (or other subject matter) is not protected (or is no longer protected) technological measures may be circumvented. That, however, is not the case where both protected and unprotected matter are combined or co-exist in the same product. In this case technological measures are justified to the extent that there is no misuse of such dual use; such case would be, for example, where technological measures are used to substitute the absence of copyright protec- tion by technological protection.335

**11.131**

Article 6 does not impose any obligation on producers to produce or offer products or services complying with technological measures. It is up to them to decide whether or not they want to make use of this provision (Recital 48).

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Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20, 27.03.1996.

von Lewinski in von Lewinski and Walter (2010), 1066–7, which alleges that copyright – as provided in national law – is covered, and that related rights – provided in the Information Society Directive only – are covered. Bechtold, (2006), 386, alleges that only the rights provided in the Information Society Directive are included.

‘*any* copyright, rights related to copyright or the sui generis right in databases’. As in von Lewinski, 1067 and Bechtold, 387.

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ARTICLE 6: OBLIGATIONS AS TO TECHNOLOGICAL MEASURES

4. Circumvention (para. 1)

**11.132**

Article 6(1) focuses on circumvention. According to it Member States have to provide adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the know- ledge, or with reasonable grounds to know, that he or she is pursuing that objective.

**11.133**

By ‘circumvention’ is meant any act aiming at tampering with the technological measure so as to avoid it, eliminate it or escape its function, in order for the person tampering with it – or a third person on whose behalf the former tampers with the measure – to gain access to the work and perform the protected act, which would otherwise have been prevented by the measure.

Tampering may take place by any means or manner and it is not technology specific. The circumvention should take place in relation to ‘effective tech- nological measures’ as these measures have been defined in the previous section. In other words, the technology should be functional and should not have already been eliminated/circumvented by someone else.

**11.134**

The person who circumvents the measure should carry out this act in the knowledge, or with reasonable grounds to know, that he is pursuing that objective. That means that the person should act either with intention or with gross negligence. If that is not the case (e.g. the person performs some other act and in the course of this action he also eliminates the measure by mistake) no sanctions should be imposed on that person.

**11.135**

Member States must provide for ‘adequate legal protection’ against circumven- tion. The content of this protection is not specified but rather left at the discretion of Member States. That means that Member States may provide for any appropriate legal means, such as administrative remedies, civil remedies or criminal remedies or a combination thereof. Civil remedies may include interim measures/injunctions, seizures and damages.

**11.136**

Such legal protection should respect proportionality and should not prohibit those devices or activities, which have a commercially significant purpose or use other than to circumvent the technical protection (Recital 48). This is the case where technological measures are circumvented for security systems research,

e.g. research into cryptography. This is necessary in order for technology to advance and new systems (safer and more secure) to be developed. Tech- nological protection, as this protection is enshrined in Article 6, should not hinder such research.

**11.138**

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5. Preparatory acts (para. 2)

**11.139**

Paragraph 2 focuses on preparatory acts. In any case no protection would be effective or adequate if preparatory acts – that have a multiplying effect with regard to third party possibility of circumventing technological measures – were not covered. Such acts are expressly mentioned in Article 6 (2) and discussed below:

*A. The Manufacture, Import, Distribution, Sale, Rental, Advertisement for Sale or Rental, or Possession for Commercial Purposes of Devices, Products or Components or the Provision of Services*

‘Manufacture’ equals the production of any tangible tools (e.g. devices, products or components that as such may not be used for circumvention but, if combined with other components or devices, they may perform this task).

**11.140**

‘Import’ signifies both commercial and private import in a tangible form in the EU, however it does not cover the provision of services through online transmission from a non-EU country.

**11.141**

‘Distribution’ can only be understood as covering sale since rental is mentioned separately.

**11.142**

‘Rental’ should be afforded the meaning it has under the Rental and Lending Rights Directive.336

**11.143**

‘Advertising’ means the promotion for sale or rental to the general public, specialized entities or interested parties through print media (e.g. journals, magazines, leaflets) or TV, radio and the internet. It has to be distinguished from mere reporting (see Munich Court of Appeals, 2005).337

**11.144**

‘Possession for commercial purposes’ of devices, etc, is also included. Possession should be understood to include illegal possession, too, since it is not referred to with a particular meaning in the law but as a matter of fact. Although the Directive refers to ‘possession for commercial purpose’ Member States may also prohibit the private possession of circumvention tools (Recital 49).

336 Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version), OJ L 376/28, 27.12.2006.

337 *BMG Records GmbH v Heise Zeitshcriften Verlag GmbH & KG*, Oberlandesgerichthof Munchen No 29 U 2887/05 28 July 2005 ECLR vol 10, No 31, 792.

*For comments on Article 6(4) see the section on Article 5, paras 11.106 to 11.109.*

ARTICLE 6: OBLIGATIONS AS TO TECHNOLOGICAL MEASURES

**11.145**

‘Provision of services’ covers the online transmission of circumvention tools as well as the provision of any kind of services, which do not relate to the provision of tangible goods, such as offering assistance or guidance in circumventing a technological protection measure.

The aforementioned acts are actionable and subject to sanctions if at least one out of the three requirements, which follow are met.

**11.146**

(a)

They are promoted, advertised or marketed for the purpose of circumven- tion. That means that if they are promoted for purposes other than circumvention and in any case if the main purpose of their advertising is not the circumvention then these acts cannot be sanctioned.

They have only a limited commercially significant purpose or use other than to circumvent. That means that their main purpose should be circumvention.

They are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating circumvention. This issue should be assessed on an objective rather then subjective basis. It is not the intention of the designer, producer or other that should be examined but rather the objective features and purpose of the technology designed.

(b)

(c)

Contributory infringement applies in relation to the aforementioned acts in compliance with what is provided in national laws. In 2005 the Munich Court of Appeals prohibited an online news site from putting a hypertext link to a site offering illegal circumvention tools. Yet, this case was further reversed.338

**11.1478**

338

“The Bundesverfassungsgericht (German Federal Constitutional Court), Germany’s highest court, confirmed the BGH’s decision (case reference: 1 BvR 1248/11) of 15 December 2011 and agreed with the lower court’s balancing of Intellectual Property Rights and freedom of press and freedom of opinion. In summary: placing a link to a third party website on one’s own website ‘could not only be interpreted as a mere technical service and thus in isolation, but was due to its character of providing information’ also covered by the constitutional guarantees of freedom of press and freedom of opinion. The Bundesverfassungsgericht thus agreed with the BGH, which had held that purpose of the links on Heise’s website was not only to technically facilitate to access the SlySoft’s website but the links were to be regarded as part of Heise’s reporting because they were complementing and ‘backing up’ what was reported with additional information. The BGH had also held that the fact that Heise was aware that the software offered on SlySoft’s website was copyright infringing did not change this and so could not be blamed on Heise since the information interest of the general public was of higher importance.

In its appeal decision Bundesverfassungsgericht stressed that by placing the link to SlySoft’s website on its own website, Heise did not automatically make the content of SlySoft’s website its own opinion. Finally, the Bundesverfassungsgericht pointed out that the BGH had correctly balanced the conflicting rights when it had found that Heise’s placing of the link did not further encroach (‘no deepening of the encroachment’) in the claimant’s copyrights since SlySoft’s website could very easily be found via an Internet search engine anyway extract from [<http://ipkitten.blogspot.gr/2012/02/german-constitutional-court-confirms.html>.](http://ipkitten.blogspot.gr/2012/02/german-constitutional-court-confirms.html)

Bechtold, S. ‘Information Society Directive, Article 5’, in Dreier, T. and P.B. Hugenholtz (eds),

*Concise European Copyright Law*, Kluwer Law International, Alphen aan den Rijn, 2006. Clark, C. ‘The answer to the machine, is the machine’, in P.B. Hugenholtz, *The Future of*

*Copyright in a Digital Environment*, Kluwer Law International, 1996. See also Bibliography at Arts 4 and 5.

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NOTES

Related instruments

Directive 98/84/EC of the European Parliament and of the Council of 20 November 1998 on the legal protection of services based on, or consisting of, conditional access, OJ L 320/54, 28.11.1998.

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20, 27.03.1996.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version), OJ L 376/28, 27.12.2006.

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (codified version) OJ L 111/16, 5.5.2009.

World Copyright Treaty (WCT) of December 20 1996.

WIPO Performances and Phonograms Treaty (WPPT) of December 20 1996. See also Related Instruments at Art. 5.

2. CJEU case-law

See Case-Law at Art. 5.

3. Bibliography

ARTICLE 7: RIGHTS-MANAGEMENT INFORMATION

ARTICLE 7

OBLIGATIONS CONCERNING RIGHTS-MANAGEMENT INFORMATION

**1.**

**Member States shall provide for adequate legal protection against any person knowingly performing without authority any of the following acts:**

1. **the removal or alteration of any electronic rights-management information;**
2. **the distribution, importation for distribution, broadcasting, com- munication or making available to the public of works or other subject-matter protected under this Directive or under Chapter III of Directive 96/9/EC from which electronic rights- management information has been removed or altered without authority,**

**if such person knows, or has reasonable grounds to know, that by so doing he is inducing, enabling, facilitating or concealing an infringe- ment of any copyright or any rights related to copyright as provided by law, or of the sui generis right provided for in Chapter III of Directive 96/9/EC.**

**For the purposes of this Directive, the expression “rights-management information” means any information provided by rightholders which identifies the work or other subject-matter referred to in this Directive or covered by the sui generis right provided for in Chapter III of Directive 96/9/EC, the author or any other rightholder, or information about the terms and conditions of use of the work or other subject- matter, and any numbers or codes that represent such information.**

**The first subparagraph shall apply when any of these items of infor- mation is associated with a copy of, or appears in connection with the communication to the public of, a work or other subject-matter referred to in this Directive or covered by the sui generis right provided for in Chapter III of Directive 96/9/EC.**

**2.**

SELECTED RECITALS

**(54) Important progress has been made in the international standardisation of technical systems of identification of works and protected subject-matter in digital format. In an increasingly networked environment, differences between technological measures could lead to an incompatibility of systems within the Community. Compatibility and interoperability of the different systems should be encouraged. It would be highly desirable to encourage the development of global systems.**

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**(55) Technological development will facilitate the distribution of works, notably on networks, and this will entail the need for rightholders to identify better the work or other subject-matter, the author or any other rightholder, and to provide information about the terms and conditions of use of the work or other subject-matter in order to render easier the management of rights attached to them. Rightholders should be encouraged to use markings indicating, in addition to the information referred to above, inter alia their authorisation when putting works or other subject-matter on networks.**

**(56) There is, however, the danger that illegal activities might be carried out in order to remove or alter the electronic copyright-management infor- mation attached to it, or otherwise to distribute, import for distribution, broadcast, communicate to the public or make available to the public works or other protected subject-matter from which such information has been removed without authority. In order to avoid fragmented legal approaches that could potentially hinder the functioning of the internal market, there is a need to provide for harmonised legal protection against any of these activities.**

**(57) Any such rights-management information systems referred to above may, depending on their design, at the same time process personal data about the consumption patterns of protected subject-matter by individuals and allow for tracing of on-line behaviour. These technical means, in their tech- nical functions, should incorporate privacy safeguards in accordance with Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data.**

RELATED INTERNATIONAL INSTRUMENTS WIPO COPYRIGHT TREATY

ARTICLE 12

OBLIGATIONS CONCERNING RIGHTS MANAGEMENT INFORMATION

**(1) Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringe- ment of any right covered by this Treaty or the Berne Convention:**

ARTICLE 7: RIGHTS-MANAGEMENT INFORMATION

**(i)**

**to remove or alter any electronic rights management information without authority;**

**to distribute, import for distribution, broadcast or communicate to the public, without authority, works or copies of works knowing that electronic rights management information has been removed or altered without authority.**

**(ii)**

**(2)**

**As used in this Article,“rights management information” means infor- mation which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of**

**use of the work, and any numbers or codes that represent such infor- mation, when any of these items of information is attached to a copy of a work or appears in connection with the communication of a work to the public.**

WIPO PERFORMANCES AND PHONOGRAMS TREATY

ARTICLE 19

OBLIGATIONS CONCERNING RIGHTS MANAGEMENT INFORMATION

**(1)**

**Contracting Parties shall provide adequate and effective legal remedies against any person knowingly performing any of the following acts knowing, or with respect to civil remedies having reasonable grounds to know, that it will induce, enable, facilitate or conceal an infringe- ment of any right covered by this Treaty:**

**(i)**

**to remove or alter any electronic rights management information without authority;**

**to distribute, import for distribution, broadcast, communicate or make available to the public, without authority, performances, copies of fixed performances or phonograms knowing that elec- tronic rights management information has been removed or altered without authority.**

**(ii)**

**(2)**

**As used in this Article, “rights management information” means infor-**

**mation which identifies the performer, the performance of the per- former, the producer of the phonogram, the phonogram, the owner of any right in the performance or phonogram, or information about the terms and conditions of use of the performance or phonogram, and any numbers or codes that represent such information, when any of these items of information is attached to a copy of a fixed performance or a phonogram or appears in connection with the communication or mak- ing available of a fixed performance or a phonogram to the public.**

*Chapter 11* THE INFORMATION SOCIETY DIRECTIVE

I. COMMENTARY

1. Background

**11.148**

Article 7 of the Information Society Directive deals with rights management information (also known as DRM) and implements Article 12 WCT and Article 19 WPPT into EU law. The aim of this article is to protect the means by which content is not only copied (Art. 6 of the Information Society Directive) but also identified and managed. For the purposes of the Directive such content should be protected by copyright, related rights (those covered by the Directive) and the sui generis database right. Public domain works are not covered.

2. Rights management information

**11.149**

‘Rights management information’ (according to Art. 7(2)) means any infor- mation provided by right holders, which identifies the work or other subject matter, the author or any other right holder, or information about the terms and conditions of use of the work or other subject matter as well as any numbers or codes that represent such information. Therefore DRMs used for the manage- ment of the work are the ones that identify the work, the author/right holder and the usage terms. They cover both rights management information and the numbers and codes representing such information to the extent that they appear in electronic format. Conventional information or numbering such as ISBN (for books), ISSN (for periodicals) and so on are not covered by this article to the extent that they are applied on conventional non-electronic works. The rights management information do not necessarily need to be embedded in the work or be directly attached to it. They may accompany it, be associated with it, or appear in connection with it. For example, such information may be stored and retrieved from a central database once the work is transmitted. It does not also form a prerequisite that such information is visible to users.

**11.150**

Rights Management information should also incorporate privacy safeguards in accordance with EU privacy directives. That means that in cases where such facility processes personal data about the consumption patterns of protected subject matter by individuals and allows for the tracing of individuals’ on-line behavior, it is not covered by this article and therefore not protected with regard to those functions (Recital 57).

ARTICLE 7: RIGHTS-MANAGEMENT INFORMATION

3. ‘Adequate legal protection’ for persons ‘knowingly’ performing ‘unauthorised’ acts of ‘works or protected subject matter’

**11.151**

The protection extends beyond and above rights management information in order to meet the needs of a practically effective system. It provides that Member States should enact adequate legal protection against any person knowingly (a) removing or altering any rights management information or (b) distributing, importing for distribution, broadcasting, communication or mak- ing available to the public of works or other subject matter protected under this Directive (including the *sui generis* right in databases) without the right holder’s authorisation.

This article applies to copyright (including statutory remuneration rights, which derive either by reason of the exceptions and limitations or as independ- ent rights), to the four related rights provided in the Directive (performances, phonograms, films and broadcasts) and the *sui generis* right in databases. In this sense it extends the scope of application of the equivalent articles in WCT and WPPT to film producers, broadcasting organisations and the *sui generis* right.

**11.152**

‘Adequate legal protection’ means that Member States have the discretion to apply a set of remedies and sanctions of administrative, civil or criminal nature or a combination thereof in the same manner as provided under Article 6.

**11.153**

**11.154**

Concerning the ‘right holder’s authorization’ the discussion under Article 6 applies here, too. An act is authorised if the right holder has permitted its removal or alteration.

**11.155**

A person has acted knowingly if that person knew or had reasonable grounds to know, that by doing so he was inducing, enabling, facilitating or concealing an infringement of any of the rights covered by the Directive. So first-degree knowledge (or else positive knowledge)/intention is required. Gross negligence (‘had reasonable grounds to know’) is also included. One induces, enables, facilitates or conceals an infringement when he performs any act, which leads a third party in good faith to further use/license/exploit a work on the basis of the information carried by it and which he trusts as being the authentic.

4. Actionable acts

One has to either (a) remove or alter any rights management information (DRM) or (b) distribute, import for distribution, broadcast, communicate or

**11.156**

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make available to the public works or protected subject matter from which electronic rights management information has been removed or altered without authority.

**11.157**

Under (a) any acts which result in the removal/destruction or change by means of addition, deletion or transformation of DRM, are included. Under (b) any subsequent acts relating to works or subject matter whose DRM has been touched upon/altered or removed by the aforementioned means are also actionable to the extent that they are considered to be distribution, importation for distribution or communication to the public (i.e. broadcast or making available to the public). According to S. von Lewinski,339 the distribution right should be construed widely and cover all forms of distribution including rental and lending (and not only sale or other form of transfer of property: distribution in the narrow sense). Otherwise there could be a situation where this article would apply in the case where a DVD was imported into the EU for sale but not for rental. This would defy the purpose of the provision. Importation should be understood as importation from a third country into the EU in order for obstacles to the Single Market not to be created. The remaining of the rights indicated in this provision can be bundled under the broader right of communi- cation.

**11.158**

Reproduction of a work whose DRM has been touched upon/altered or removed by the aforementioned (under (a) above) means and the sending of a copy to a friend are not covered by Article 7. The distribution of false rights management information, if that information was not combined with the work beforehand, is also not covered. Preparatory acts for removing or altering DRMs are not covered such as the production of devices facilitating such removal or alteration.340 DRMs are protected by Article 7 once the right holder decides to apply them to the work. Right holders are under no obligation to apply them.

**11.159**

To the extent that any of these acts relate to technological measures used (or also used) for the protection of the works at issue then both Article 7 and Article 6 may be infringed.

339 von Lewinski, 1079.

340 Bechtold, 397.

ARTICLE 7: RIGHTS-MANAGEMENT INFORMATION

5. Other issues

**11.160**

Recital 54 underlines the progress of international standardisation and identifi- cation systems and encourages their compatibility and interoperability within the EU.

Recital 55 encourages right holders to use markings – on top of the information provided – indicating particularly the authorisation of the uses of their work or protected subject matter.

**11.161**

NOTES

1. Related instruments

World Copyright Treaty (WCT) of December 20, 1996.

WIPO Performances and Phonograms Treaty (WPPT) of December 20, 1996.

2. Bibliography

See also Bibliography at Art. 6.

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CHAPTER IV COMMON PROVISIONS

ARTICLE 8 SANCTIONS AND REMEDIES

**1.**

**Member States shall provide appropriate sanctions and remedies in respect of infringements of the rights and obligations set out in this Directive and shall take all the measures necessary to ensure that those sanctions and remedies are applied. The sanctions thus provided for shall be effective, proportionate and dissuasive.**

**Each Member State shall take the measures necessary to ensure that rightholders whose interests are affected by an infringing activity car- ried out on its territory can bring an action for damages and/or apply for an injunction and, where appropriate, for the seizure of infringing material as well as of devices, products or components referred to in Article 6(2).**

**Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.**

**2.**

**3.**

SELECTED RECITALS

**(16) Liability for activities in the network environment concerns not only copyright and related rights but also other areas, such as defamation, mis- leading advertising, or infringement of trademarks, and is addressed hori- zontally in Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society ser- vices, in particular electronic commerce, in the internal market (“Directive on electronic commerce”)(4), which clarifies and harmonises various legal issues relating to information society services including electronic com- merce. This Directive should be implemented within a timescale similar to that for the implementation of the Directive on electronic commerce, since that Directive provides a harmonised framework of principles and pro- visions relevant inter alia to important parts of this Directive.This Directive is without prejudice to provisions relating to liability in that Directive.**

**(58) Member States should provide for effective sanctions and remedies for infringements of rights and obligations as set out in this Directive. They should take all the measures necessary to ensure that those sanctions and**

ARTICLE 8: SANCTIONS AND REMEDIES

**remedies are applied. The sanctions thus provided for should be effective, proportionate and dissuasive and should include the possibility of seeking damages and/or injunctive relief and, where appropriate, of applying for seizure of infringing material.**

**(59) In the digital environment, in particular, the services of intermediaries may increasingly be used by third parties for infringing activities. In many cases such intermediaries are best placed to bring such infringing activities to an end. Therefore, without prejudice to any other sanctions and remedies available, rightholders should have the possibility of applying for an injunc- tion against an intermediary who carries a third party’s infringement of a protected work or other subject-matter in a network. This possibility should be available even where the acts carried out by the intermediary are exempted under Article 5. The conditions and modalities relating to such injunctions should be left to the national law of the Member States.**

I. COMMENTARY

1. Introduction

Article 8 provides for the means of enforcement of the provisions of the Information Society Directive. In other words, it covers only the rights regulated in the Directive and not copyright and related rights in general. The Computer Programs Directive (Art. 7(2)) and the Database Directive (Art. 12) also deal with sanctions and remedies in relation to the subject matter they regulate. At EU level, the 2003 Product Piracy Regulation (Art. 18)341 also deals with ‘penalties’ in cases of violation of the Regulation’s provisions. All sanctions or remedies should be effective, proportionate and dissuasive.

**11.162**

**11.163**

Yet, the aforementioned provisions are only partial since they refer to the subject matter and scope of each Directive/Regulation only and do not follow a holistic approach. This holistic approach is offered by the Enforcement Directive, which harmonises sanctions and remedies offered by Member States under civil law and extends such harmonisation to all intellectual property rights under both EU law and national law, including copyright and related rights. Although Article 2(2) of this Directive provides that the aforementioned provisions

341 As of January 2014, Regulation 608/2013 applies repealing Council Regulation (EC) No 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ L 181, 29.6.2013.

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remain unaffected, this is of limited significance only since the Directive itself is larger in scope compared to the aforementioned provisions.

**11.164**

Member States’ international obligations for providing for sanctions and rem- edies derive from the TRIPs Agreement (Arts 41–61), which has, however, a limited scope compared to Enforcement Directive; they also derive from Article 14(2) WCT (regarding copyright) and Article 23(2) WPPT (regarding related rights for performing artists and producers of phonograms). Article 8 of the Information Society Directive implements such obligations.

2. Article 8(1)

**11.165**

Article 8(1) provides for the following obligations: (a) Member States should provide for ‘appropriate sanctions and remedies’ in cases of infringements of any rights/obligations enshrined in the Directive; (b) these sanctions/remedies should be ‘effective, proportionate and dissuasive’ (in conformity with Directive 2004/48 on Enforcement and in particular Art. 3(2) and Art. 18 of the Product Piracy Regulation 2003) and (c) Member States should also provide for the means of enforcing/applying these sanctions and remedies.

**11.166**

The term ‘appropriate’ does not seem to add anything to the nature of the sanctions and remedies compared to what is required under the adjectives ‘effective, proportionate and dissuasive’. In any case the emphasis is placed on the effective nature of the means. Once effectiveness is stressed, proportionality follows, while the sentence closes with another form of ‘effectiveness’, this being the fact that the means should also be dissuasive.

3. Article 8(2)

**11.167**

According to Article 8(2) Member States should take measures necessary to ensure that right holders, whose interests are affected by an infringing activity carried out on its territory, can bring an action for damages and/or apply for an injunction and, where appropriate, for the seizure of infringing material as well as of devices, products or components referred to in Article 6(2). Damages and injunctions – as provided by this article – only apply to those rights enshrined in the Directive. Equivalent harmonised provisions, however, are found in Direct- ive 2004/48 on Enforcement (i.e. Art. 9(1)(b) (seizure), Art. 11 (injunction), Art. 13 (damages)). These Articles are more detailed and extended in scope (e.g. Art. 9(1)(b) Directive 2004/48 on Enforcement is not limited to seizures ‘where appropriate’).

The concept of ‘intermediaries’ should be construed broadly so as to include all intermediaries ‘whose services are used by a third party to infringe an intellec- tual property right’. This encompasses intermediaries with no direct contractual relationship or connection with the infringer. Internet Service Providers (ISPs) are also considered to be intermediaries irrespective of the type of service they offer (mere conduit, caching or hosting) as well as online market places,342 search engines, social media *fora*343 or other internet platforms (see the discus- sion under paragraphs 12.167–12.169 of Directive 2004/48 on Enforcement). Although it is a requirement that the service should be offered for remuneration in order to qualify for the safe harbours of Directive 2000/31 on E-Commerce (hereinafter E-Commerce Directive), it is immaterial whether the service is paid directly by the user.

The Digital Single Market Directive (Directive 2019/709) adopts a similar definition of information society services and also defines ‘online content-sharing service providers’ as a sub-category of information society service providers, for which the special rules of this Directive apply. An online content-sharing service provider is, according to Article 2(6) of the Directive:

a provider of an information society service of which the main or one of the main purposes is to store and give the public access to a large amount of copyright-protected works or other protected subject matter uploaded by its users, which it organises and promotes for profit-making purposes.

ARTICLE 8: SANCTIONS AND REMEDIES

4. Article 8(3) – Injunctions against intermediaries

*A. Introduction*

Article 8(3) imposes on Member States the obligation to ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.

**11.168**

**11.169**

342 See C-324/09 *L’Oréal SA and Others v eBay International AG and Others* [2011] ECR I-06011, according to which:

The third sentence of Article 11 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights must be interpreted as requiring the Member States to ensure that the national courts with jurisdiction in relation to the protection of intellectual property rights are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind. Those injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade.

See also C-314/12 *PC Telekabel Wien* [2014] EUECJ C-314/12. The Opinion of the Advocate General in this case was delivered on 26.11.2013.

343 C-360/10 *BelgischeVereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV* [2012] EUECJ C-360/10 in relation to a ‘hosting service provider’ (in the case at issue an online social networking platform where every person who registered acquired a personal space known as a ‘profile’ which the user could complete himself and which become available globally).

**11.170**

**11.171**

with respect to obligations of a general nature. This does not concern mon- itoring obligations in specific cases and, in particular, does not affect orders by national authorities in accordance with national legislation. Therefore national systems providing for filtering by ISPs of particular sites either through court orders or orders by national authorities are in compliance with the E-Commerce Directive.

**11.173**

According to Recital 47 of the E-Commerce Directive Member States are prevented from imposing a monitoring obligation on service providers only

**11.172**

*i. No general obligation to monitor*

Issues of liability of ISPs are dealt with under the E-Commerce Directive. In fact Articles 12–14 of the E-Commerce Directive restrict the liability of ISPs in cases of mere conduit (Art. 12), caching (Art. 13) and hosting (Art. 14) by providing that Member States should not impose a general obligation on them to monitor the information they transmit or store or a general obligation actively to seek facts or circumstances indicating illegal activity (Art. 15(1)).

*B. Liability of internet service providers*

Although the Digital Single Market Directive does not affect the legal framework outlined in the E-Commerce Directive, and is merely meant to complement it, online content-sharing providers are expected to be subject to two systems of liability: primary liability for possible infringements of the right of communication and making available to the public (discussed in the Chapter on the Digital Single Market Directive) and secondary liability for activities falling within the scope of the E-Commerce Directive.

**11.175**

There are numerous systems in the EU providing for various forms of measures to be taken by ISPs either on the basis of court orders or on the basis of orders originating from national authorities. Some of them have to do with the suspension or limitation of access to the Internet or filtering. On the basis of the EU Telecom Package not only judicial authorities but also other authorities may impose measures with regard to end-users’ access to, or use of, services and applications through electronic communications networks.346

**11.174**

Recent case-law of the CJEU on the issue of general filtering was very instructive in this respect. In *Scarlet,*344 the CJEU ruled that the relevant EU Directives – if read together and construed in the light of the requirements stemming from the protection of the applicable fundamental rights – must be interpreted as precluding the imposition of an injunction against an ISP, which requires it to install a system to filter all electronic communications passing via its services (in particular, those involving the use of peer-to-peer software), which (i) applies indiscriminately to all its customers, as a preventive measure, exclusively at its expense, and for an unlimited period; and (ii) is capable of identifying on that provider’s network the movement of electronic files contain- ing a musical, cinematographic or audio-visual work in respect of which the applicant claims to hold intellectual property rights, with a view to blocking the transfer of files the sharing of which infringes copyright. The same outcome was reached in the *Netlog* case in relation to a ‘hosting service provider’.345

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Case C-70/10 *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* [2011] ECR I-11959.

C-360/10 *BelgischeVereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV* [2012] EUECJ C-360/10.

Amendment 46 (ex 138) of the Telecom Package (Dir. 2009/140/EC of the European Parliament and of the Council of 25 November 2009 amending Dirs 2002/21/EC on a common regulatory framework for electronic communications networks and services, 2002/19/EC on access to, and interconnection of, electronic commu- nications networks and associated facilities, and 2002/20/EC on the authorization of electronic communica- tions networks and services (OJ L 337/37, 18.12.2009), which amends Art. 1(3a) of Dir.2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users’ rights relating to electronic communications networks and services, which amends Art. 1 para. 3a) of Dir. 2002/22/EC of the European Parliament and of the Council of 7 Mar. 2002 on universal service and users’ rights relating to electronic communications networks and services (Universal Service Directive):

3a. Measures taken by Member States regarding end-users’ access to or use of services and applications through electronic communications networks shall respect the fundamental rights and freedoms of natural

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ARTICLE 8: SANCTIONS AND REMEDIES

**11.176**

Examples of national systems concerning the role of ISPs in relation to intellectual property infringements are the French Hadopi Act,347 the UK Digital Economy Act (12.6.2010) and OFCOM Code of Obligations ( July 2012), the Hungarian Notice and Take Down Act (Act 2001/108), the German Act (18.6.2009), the Irish Agreement between IRMA and EIRCOM ( January 2009), the Dutch ‘Notice-and-Take-Down Code of Conduct’, the Spanish Law for Sustainable Economy (8.1.2010)348 and the Swedish Law (1.4.2009).349

With regard to criminal proceedings Recital 26 of the E-Commerce Directive provides that Member States, in conformity with conditions established in the Directive, may apply their national rules on criminal law and criminal proceed- ings with a view to taking all investigative and other measures necessary for the detection and prosecution of criminal offences, without there being a need to notify such measures to the Commission. It goes without saying that Member States may have provided (or may provide in the future) for criminal sanctions

**11.177**

persons, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and general principles of Community law. Any of these measures regarding end-users’ access to or use of services and applications through electronic communications networks liable to restrict those fundamental rights or freedoms may only be imposed if they are appropriate, proportionate and necessary within a democratic society, and their implementation shall be subject to adequate procedural safeguards in conformity with the European Convention for the Protection of Human Rights and Fundamental Freedoms and with general principles of Community law, including effective judicial protection and due process. Accordingly, these measures may only be taken with due respect for the principle of presumption of innocence and the right to privacy. A prior fair and impartial procedure shall be guaranteed, including the right to be heard of the person or persons concerned, subject to the need for appropriate conditions and procedural arrangements in duly substantiated cases of urgency in conformity with European Convention for the Protection of Human Rights and Fundamental Freedoms. The right to an effective and timely judicial review shall be guaranteed.

Hadopi II (Loi n° 2009–1311/28.10.2009).

This law provides, amongst other issues, for the creation of an Intellectual Property Commission (IPC) that, together with a judge, will deal with complaints concerning alleged illegal downloading. This law will give the authorities the power to shut down file-sharing sites within a few days from the date on which the complaint is filed with IPC. The court is to decide within four days from that date whether a certain site is infringing the law or not. See [<http://www.edri.org/edrigram/number8.1/spain-law-file-sharing>.](http://www.edri.org/edrigram/number8.1/spain-law-file-sharing)

See M.M. Frabboni, ‘File sharing and the role of intermediaries in the marketplace: National, European Union and international developments’; A. Strowel, ‘“The gradutated response” in France: Is it the good reply to online copyright infringements?’; V-L. Bénabou, ‘The chase: The French insight into the ‘three-strikes’ system’, I. Stamatoudi ‘Data Protection, secrecy of communications and copyright: conflicts and convergences

* the example of *Promusicae v Telefonica*’, all in I. Stamatoudi (ed.), *Copyright Enforcement and the Internet*, Wolters Kluwer. Law & Business, The Netherlands, 2010, at 117, 147 163 and 199 respectively. See also I. Stamatoudi ‘ACTA, internet service providers and the *acquis communautaire*’, in J. Rosén (ed.), *Intellectual Property at the Crossroads of Trade*, ATRIP Intellectual Property, Edward Elgar Publishing, Cheltenham (UK)
* Northampton (US), 2012, 237. See also the Report by the Hellenic Copyright Organisation concerning national laws and case-law with regard to copyright infringements on the Internet [<www.opi.gr>.](http://www.opi.gr/)

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with regard to copyright and related rights infringement.350 No exception is made for those sanctions. Member States may apply them in their national laws.

**11.178**

Article 15(2) of the E-Commerce Directive provides for an exception to paragraph (1). Member States may establish (a) obligations for ISPs promptly to inform the competent public authorities of alleged illegal activities under- taken or information provided by recipients of their service or (b) obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements. Recital 48 of the E-Commerce Directive elaborates further on that by providing that this Directive does not affect the possibility for Member States requiring service providers, who host information provided by recipients of their service, to apply duties of care, which can reasonably be expected from them and which are specified by national law, in order to detect and prevent certain types of illegal activities. Although this provision allows Member States to provide an obligation for ISPs to communicate to the competent authorities – at their request – information enabling the identifi- cation of the recipients of their services, it does not introduce a general right of information. Such right is provided in Article 8 Directive 2004/48 on Enforce- ment.351

*ii. The three cases of limitation of ISPs’ liability (Arts 12–15 Dir. 2000/31 on E-Commerce)*

Mere conduit takes place where the information society service provided consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communi- cation network on condition that the provider (a) does not initiate the trans- mission, (b) does not select the receiver of the transmission and (c) does not select or modify the information contained in the transmission (Art. 12(1)). The limitation of ISPs’ liability in this instance (Art. 12(1)) covers both the right of reproduction and the right of making available to the public.

**11.179**

**11.180**

Providing access to the internet and the transmission of copyright and related rights material through it requires intermediate storage. It would therefore be absurd to ‘clear’ liability for transmission and access and leave in intermediate storage. Therefore such transmission and provision of access (which include the

350 Criminal sanctions are not harmonised (yet) at EU level. However, Member States are free to retain or introduce such sanctions into their national laws (see Art. 16 Dir. 2004/48 on Enforcement and the commentary on this article).

351 For details on the right of information in relation to ISPs see the commentary on Art. 8 Dir. 2004/48 on Enforcement.

See also Recital 43 of the E-Commerce Directive according to which:

[a] service provider can benefit from the exemptions for ‘mere conduit’ and for ‘caching’ when he is in no way involved with the information transmitted; this requires among other things that he does not modify the information that he transmits; this requirement does not cover manipulations of a technical nature which take place in the course of the transmission as they do not alter the integrity of the information contained in the transmission.

1. For an overview of the regulatory framework in Europe see C. Angelopoulos, *European Intermediary Liability in Copyright*, Kluwer Law International, 2016; J. Riordan, *The Liability of Internet Intermediaries,* Oxford University Press, 2016; M. Husovec, *Injunctions Against Intermediaries in the European Union: Accountable but not Liable*, Cambridge University Press, 2017. See also I. Stamatoudi, “Copyright Enforcement and the role of Internet Service providers” in P. Torremans (ed), The EU Enforcement Directive, Edward Elgar Publishing, London, 2014, at 789; I.Stamatoudi, “ACTA, internet service providers and the *acquis communautaire*”, Jan Rosen (ed), Intellectual Property at the Crossroads of Trade, ATRIP Intellectual Property, Edward Elgar Publishing, Cheltenham (UK) - Northampton (US), 2012, at 237.

Ibid.

See von Lewinski and Walter, 1090.

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automatic, intermediate and transient storage of the information transmitted insofar as this takes place for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission) is also exempted from liability on the basis of Article 12(2), which is also in conformity with Article 5(1) of the Information Society Directive. Such copies are irrel- evant from a copyright point of view.

**11.181**

Therefore when ISPs’ services are merely passive (i.e. ISPs play the role of ‘access providers’ only and are not involved in either the selection of the information transmitted or the transmission process itself by initiating it or selecting the recipients) ISPs are exempted from any liability.352

‘Caching’ takes place where the information society service provided consists of the transmission in a communication network of information provided by a recipient of the service and where the automatic, intermediate and temporary storage of that information is performed for the sole purpose of making more efficient the information’s onward transmission to other recipients of the service upon their request, on condition that (a) the provider does not modify the information, (b) the provider complies with conditions on access to the information, (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry,

(d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information, and (e) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administra- tive authority has ordered such removal or disablement (Art. 13(1)).353 This case relates to the functionality of transmission/further transport of the infor- mation over digital networks. ‘Temporary storage’ seams to equal ‘temporary acts of reproduction’ as these are referred under Article 5(1) of the Information Society Directive. However, it is not clear whether temporary storage always involves acts of reproduction, which are transient.354

**11.182**

Therefore the crucial point is whether the ISP had actual knowledge with regard to the infringing act. According to this writer’s view gross negligence would suffice.357 It is accepted that a communication network access provider, unlike internet website hosts, may not always be in a position to remove certain pieces of information or disable access to them at a later time, as affirmed in Case C‑484/14 *Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* [2016] EUECJ C-484/14. Although lack of actual knowledge is provided as a necessary prerequisite for exemption from liability in relation to ‘hosting’ Recital 42 brings the element of fault in in relation to all acts enshrined in Articles 12–14 by providing that these activities should be of a mere technical, automatic and passive nature, which implies that the ISP has neither knowledge of, nor control over, the information, which is transmitted or stored. Again fault here is submitted to mean (‘actual’) knowledge or gross negligence. Useful in this respect is also Recital 44 of the E-Commerce Directive, which provides that a service provider – who deliberately collaborates with one of the recipients of his service in order to undertake illegal acts – goes beyond the activities of ‘mere conduit’ or ‘caching’ and as a result cannot benefit from the liability exemptions established for these activities.

**11.185**

In the aforementioned cases (mere conduit, caching and hosting) and if the requirements provided in the relevant articles are met, ISPs cannot be held directly (primary infringement) or indirectly (secondary infringement) liable of

‘Hosting’ takes place where the information society service provided consists of the storage of information provided by a recipient of the service on condition that (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.355 This does not apply when the recipient of the service is acting under the authority or the control of the provider.356 In Case C-238/08 *Google France v Louis Vuitton* [2010] EUECJ C-238/08 and Case C-324/09 *L’Oréal v eBay* [2011] ECR I-6011*,* the CJEU held that, even if it were established that a user had been engaged in infringing activity, the service provider would be exempt from liability if their conduct had been automatic, passive, and merely technical. By contrast, the provider would be liable if they had control over the illegal information.

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It goes without saying that Art. 5(1) of the Information Society Directive does not apply since such storage (i.e. reproduction) is generally not transient or incidental and does not form an integral part of a technological process.

See a French case by the Court of Appeal of Bastia (24.09.2008) where the Court found that the owner of a website who posted hyperlinks on it that allowed the illegal downloading of files containing copyright material committed copyright infringement. The Court of Appeal dismissed the appellant’s claims that he was covered by the immunity conferred by the E-Commerce Directive because he acted as a (content) publisher and not merely as a hosting provider.

See the French case *Tiscali Media/Dargaud Lombard, Lucky Comics* (Cour d’appel de Paris 4ème chambre, section A Arrêt, 07.06.2006) where the Court found that the hosting provider was negligent given the fact that the details declared to it by the infringer (in French “Nom: Bande, Prénom: Dessinée, Adresse: rue de la BD) were such that should have attracted the attention of the (defendant) service provider. See also von Lewinski and Walter, 1091. Also see Case C-610/15 *Stichting Brein v Ziggo BV and XS4All Internet BV* [2017] EUECJ C-610/15.

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**11.184**

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**11.187**

*iii. Injunctions against intermediaries*

In all three cases (Arts 12(3), 13(2) and 14(3) E-Commerce Directive) courts or administrative authorities, in accordance with Member States’ legal systems, may require an ISP to terminate or prevent an infringement. In relation to hosting (Art. 14(3)) Member States may also establish procedures governing the removal or disabling of access to information.361 Although these articles do not expressly refer to injunctive relief they are, however, wide enough to include it.

**11.186**

To this the fact that the temporary acts of reproduction by intermediaries, which are transient or incidental and form an integral and essential part of a technological process and whose sole purpose is to enable a transmission in a network between third parties, are exempted (from the reproduction right) under Article 5(1) of the Information Society Directive should be added.360 Therefore intermediaries cannot incur any (primary or secondary) liability with regard to such transmissions, which are considered irrelevant from a legal point of view.

copyright or related rights infringement. Exemption of liability extends to all claims for copyright or related rights infringement (including claims for damages and corrective measures). However, injunctive relief358 and the right of information359 remain unaffected.

ARTICLE 8: SANCTIONS AND REMEDIES

Recital 16 of the Information Society Directive provides that its provisions are without prejudice to the E-Commerce Directive. However, Member States, irrespective of the ISPs’ liability, are under an obligation to ensure that right holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right (Art. 8(3) Information Society Directive). This is so by reason of the fact (as it is also provided in Recital 59 of the Information Society Directive) that in the digital environment the services of intermediaries are increasingly used by third parties for infringing activities and in many cases such intermediaries are best placed to bring such infringing activities to an end. Recital 45 of the E-Commerce Directive confirms that the limitations on ISPs’ liability do not affect the possibility of injunctions of different kinds. Such injunctions may consist of orders by courts or administrative authorities requiring the termination or

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As provided under the Information Society Directive and the Enforcement Directive. As provided under the Enforcement Directive.

As explained above such acts of reproduction may fall within ‘mere conduit’; and ‘caching’ but not ‘hosting’. In relation to ‘hosting’ Member States may provide for broader legislature (compared to ‘mere conduit’ and ‘caching’) concerning ISPs extending to corrective measures, too, as these measures are indicated under Art. 14(3).

**11.189**

Bénabou, V-L ‘The Chase: The French Insight into the ‘three-strikes’ system’, in Stamatoudi, I. (ed.), *Copyright Enforcement and the Internet*, Wolters Kluwer, Law and Business, The Nether- lands, 2010.

Frabboni, M-M. ‘File sharing and the role of intermediaries in the marketplace: National, European Union and international developments’, in Stamatoudi, I. (ed.), *Copyright Enforce- ment and the Internet*, Wolters Kluwer, Law and Business, The Netherlands, 2010.

Stamatoudi, I. ‘The role of Internet Service Providers. Ethics, Reality and the Law: The Example of *Promusicae v. Telefonica*’, in Botti, M. (ed.) 8th International Conference, *Computer Ethics: Philosophical Enquiry*, Ionio University, Corfu, 26–28 June 2009, Nomiki Vivliothiki, Athens, 2009, 750.

Stamatoudi, I. (ed.), Copyright Enforcement and the Internet, Information Law Series (B. Hugenholtz (general editor), Wolters Kluwer. Law & Business, 2010.

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**11.190**

prevention of any infringement, including the removal of illegal information or the disabling of access to it.362

Injunctions can prove very useful especially in cases where the right of infor- mation is ineffective, e.g. in cases where the infringers cannot be found since they are established in a country outside the EU or in any forum that is not prepared to give the details of the infringer. This may also be the case within the EU on the basis of data protection, data retention and privacy laws.363

Injunctive relief provided under Article 8(3) of the Information Society Direct- ive was extended to cover all intellectual property rights under Article 11 of the Enforcement Directive. In any case though (as provided in Art. 11(2)) obliga- tions under Article 8(3) of the Information Society Directive remain unaf- fected.

Further issues were clarified in Case C-314/12 *UPC Telekabel Wien*, where the Court of Justice held that Article 8(3) should be understood to mean that a person who makes protected subject matter available to the public on a website without the agreement of the right holder is using the services of the ISP of the persons accessing that subject matter, which must be regarded as an intermediary within the meaning of Article 8(3). In addition, the fundamental rights recognised by EU law do not preclude

a court injunction prohibiting an internet service provider from allowing its customers access to a website placing protected subject-matter online without the agreement of the rightholders when that injunction does not specify the measures which that access provider must take and when that access provider can avoid incurring coercive penalties for breach of that injunction by showing that it has taken all reasonable measures, provided that (i) the measures taken do not unnecessarily deprive internet users of the possibility of lawfully accessing the information available and (ii) that those measures have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter that has been made available to them in breach of the intellectual property right, that being a matter for the national authorities and courts to establish.364

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The date of implementation into national laws of the Information Society Directive and the E-Commerce Directive was co-ordinated on the basis of the connection of these two Directives (see Recital 16 of the Information Society Directive and Recital 50 of the E-Commerce Directive). Recent times have seen a rise in blocking injunctions and award of damages. See e.g. *Twentieth Century Fox and others v British Telecommunications plc* [2011] EWHC 1981 (Ch) (UK); *Cartier International and Others v. BSkyB and others*[2014] EWHC 3354 (Ch) (UK); *D.M. v APP, Microsoft, Sacem and other*s, Paris Court of Appeal, Pol 5, Ch 13, 7 June 2017 (France); First Instance Criminal Court of Paris, 2 April 2015 (France); for an overview of the legal framework governing blocking injunctions in Europe see C. Angelopoulos, ‘Are Blocking Injunctions against ISPs Allowed in Europe? Copyright Enforcement in the Post-Telekabel EU Legal Landscape’ (2014) 10 *Journal of Intellectual Property Law & Practice* 812.

See in Stamatoudi, 2010 – Frabboni, 117; Strowel, 147; Bénabou, 163; and Stamatoudi, 199. See also Stamatoudi, 2012, 237. See also Case C-461/10 *Bonnier Audio AB, Earbooks AB, Norstedts Förlagsgrupp AB, Piratförlaget AB, Storyside AB v Perfect Communication Sweden AB*, 19 April 2012, not yet published; C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* [2009] ECR I-1227; Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU* [2008] ECR I-271.

Case C-314/12 *UPC Telekabel Wien* [2014] EUECJ C-314/12.

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2. CJEU case-law

Agreement on Trade-Related Aspects of Intellectual Property Rights signed on 15 April 1994 (TRIPS).

Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 amending Directive 2002/21/EC on a common regulatory framework for electronic commu- nications networks and services, Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities, and Directive 2002/20/EC on the authorisation of electronic communications networks and services, OJ L 337/37, 18.12.2009.

Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157/45, 30.4.2004.

Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, O J L 178/1, 17/07/2000.

World Copyright Treaty (WCT) of 20 December 1996.

WIPO Performances and Phonograms Treaty (WPPT) of 20 December 1996.

1. Related instruments

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NOTES

*ACI Adam and Others* (Case C-435/12) [2014] EUECJ C-435/12.

*BelgischeVereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v Netlog NV* (Case C-360/10) [2012] EUECJ C-360/10.

*Bonnier Audio AB, Earbooks AB, Norstedts Förlagsgrupp AB, Piratförlaget AB, Storyside AB v Perfect Communication Sweden AB* (Case C-461/10) [2012] EUECJ C-461/10.

*Google France v Louis Vuitton* (Case C-238/08) [2010] EUECJ C-238/08.

*L’Oréal SA and Others v eBay International AG and Others* (Case C-324/09) [2011] ECR I-06011.

*LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* (Case C-557/07) [2009] ECR I-1227.

*Productores de Música de España (Promusicae) v Telefónica de España SAU* (Case C-275/06) [2008] ECR I-271.

*Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* (Case C-70/10) [2011] ECR I-11959.

*Stichting Brein v Ziggo BV and XS4All Internet BV* (Case C-610/15) [2017] EUECJ C-610/15.

*Tobias Mc Fadden v Sony Music Entertainment Germany GmbH* (Case C-484/14) [2016] EUECJ C-484/14.

*UPC Telekabel Wien* (Case C-314/12)  [2014] EUECJ C-314/12.

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See also Bibliography at Art. 4.

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ARTICLE 9: CONTINUED APPLICATION OF OTHER LEGAL PROVISIONS

ARTICLE 9

CONTINUED APPLICATION OF OTHER LEGAL PROVISIONS

**This Directive shall be without prejudice to provisions concerning in par- ticular patent rights, trade marks, design rights, utility models, topographies of semi-conductor products, type faces, conditional access, access to cable of broadcasting services, protection of national treasures, legal deposit requirements, laws on restrictive practices and unfair competition, trade secrets, security, confidentiality, data protection and privacy, access to public documents, the law of contract.**

SELECTED RECITALS

**(60) The protection provided under this Directive should be without preju- dice to national or Community legal provisions in other areas, such as industrial property, data protection, conditional access, access to public documents, and the rule of media exploitation chronology, which may affect the protection of copyright or related rights.**

I. COMMENTARY

Article 9 reiterates a rule found in a number of other EU Directives (e.g. Art. 9 Directive 91/250 on Computer Programs, Art. 14 Directive 2006/115 on Rental and Lending Rights (codification of 1992/100), Art. 9 Directive 2011/77 on the Term of Protection (amending 2006/116, which codified 1993/98)) and was modelled on Article 13 Directive 96/9 on Databases. The Information Society Directive does not affect any other EU provision or national provisions, which may overlap with those enshrined in it. It also does not prejudice any other intellectual property rights, which are not regulated by this Directive. If an overlap is found the two (or more instruments) are supposed to work parallel to each other. And in any case EU law is not supposed to contain contradictions. Where such contradictions are visible though a fair balance should be struck between the various rights/interests involved.365

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365 See C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* [2009] ECR I-1227 and Case C-275/06 *Productores de Música de España (Promusicae) v Telefónica de España SAU,* [2008] ECR I-271 and so on regarding the balancing of fundamental rights such as the right to intellectual property and the right to privacy. See also EctHR *Neij and Sunde Kolmisoppi v Sweden case* (App no. 40397/12) *–* 19.2.2013, where the Court found that file-sharing of copyright material is covered by the freedom of expression but national courts had rightly weighed the conflicting interests, the transmission and receipt of information and the protection of intellectual property when they condemned the applicants (founders of ‘The Pirate Bay’).

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Article 9 refers to particular rights (such as patent rights, trade marks, design rights, utility models, topographies of semi-conductor products, type faces, conditional access, access to cable of broadcasting services, protection of national treasures, legal deposit requirements, laws on restrictive practices and unfair competition, trade secrets, security, confidentiality, data protection and privacy, access to public documents and the law of contract). The listing is indicative rather than exhaustive. This is also indicated by the fact that Recital 60 refers to ‘the rule of media exploitation chronology’, which is not found in the actual text of the Directive.

NOTES

1. Related instruments

Agreement on Trade-Related Aspects of Intellectual Property Rights signed on 15 April 1994 (TRIPS).

Council Directive 91/250/EEC of the European Parliament and of the Council of 14 May 1991 on the legal protection of computer programs, OJ L 122/42, 17.5.1991.

Directive 1996/9/EC of the European Parliament and of the Council of on the legal protection of databases, OJ L 77/20, 27.3.1996.

Directive 2006/115 of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376, 27.12.2006.

Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011, amending Directive 2006/116/EC on the term of protection of copyright and certain related rights, OJ L 265/1, 11.10.2011.

2. CJEU case-law

*LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH* (C-557/07) [2009] ECR I- 1227.

*Productores de Música de España (Promusicae) v Telefónica de España SAU* (C-275/06) [2008] ECR I-271.

ARTICLE 10: APPLICATION OVER TIME

ARTICLE 10 APPLICATION OVER TIME

**1.**

**The provisions of this Directive shall apply in respect of all works and other subject-matter referred to in this Directive which are, on 22 December 2002, protected by the Member States’ legislation in the field of copyright and related rights, or which meet the criteria for protection under the provisions of this Directive or the provisions referred to in Article 1(2).**

**This Directive shall apply without prejudice to any acts concluded and rights acquired before 22 December 2002.**

**2.**

I. COMMENTARY

According to Article 10(1) (following the paradigm of earlier Directives) the Directive applies to all works or subject matter referred to in this Directive, which are protected by the laws of the Member States, on 22 December 2002 (i.e. the ultimate date of the implementation of the Directive) or which meet the criteria for such protection under the provisions of the Directive including the provisions referred to under Article 1(2). The Directives referred to under Article 1(2) are (a) Directive 1991/250 on Computer Programs, (b) Directive 2006/115 on Rental and Lending Rights (codification of 1992/100), (c) Directive 1993/83 on Satellite and Cable, (d) Directive 2011/77 on the Term of Protection (amending 2006/116, which codified 1993/98), and (e) Directive 1996/9 on Databases.

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According to Article 10(2) the Directive applies to any acts concluded (includ- ing license or any type of (exclusive or non-exclusive) exploitation contracts or agreements) or rights acquired before 22 December 2002.

NOTES

Related instruments

Council Directive 91/250/EEC of the European Parliament and of the Council of 14 May 1991 on the legal protection of computer programs, OJ L 122/42, 17.5.1991.

Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, O J L 290/9, 24.11.1993.

Directive 1996/9/EC of the European Parliament and of the Council of on the legal protection of databases, OJ L 77/20, 27.3.1996.

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Directive 2006/115 of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 376, 27.12.2006.

Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011, amending Directive 2006/116/EC on the term of protection of copyright and certain related rights, OJ L 265/1, 11.10.2011.

ARTICLE 11: TECHNICAL ADAPTATIONS

ARTICLE 11 TECHNICAL ADAPTATIONS

**1.**

**Directive 92/100/EEC is hereby amended as follows:**

1. **Article 7 shall be deleted;**
2. **Article 10(3) shall be replaced by the following: “3. The limita- tions shall only be applied in certain special cases which do not conflict with a normal exploitation of the subject-matter and do not unreasonably prejudice the legitimate interests of the right- holder.”**

**Article 3(2) of Directive 93/98/EEC shall be replaced by the following: “2. The rights of producers of phonograms shall expire 50 years after the fixation is made. However, if the phonogram has been lawfully published within this period, the said rights shall expire 50 years from the date of the first lawful publication. If no lawful publication has taken place within the period mentioned in the first sentence, and if the phonogram has been lawfully communicated to the public within this period, the said rights shall expire 50 years from the date of the first lawful communication to the public.”**

**However, where through the expiry of the term of protection granted pursuant to this paragraph in its version before amendment by Direct- ive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society the rights of producers of phonograms are no longer protected on 22 December 2002, this para- graph shall not have the effect of protecting those rights anew.**

**2.**

SELECTED RECITALS

**(61) In order to comply with the WIPO Performances and Phonograms Treaty, Directives 92/100/EEC and 93/98/EEC should be amended.**

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RELATED LEGAL INSTRUMENTS

WIPO PERFORMANCES AND PHONOGRAMS TREATY

ARTICLE 17(2) WPPT

I. COMMENTARY

1. Article 11(1)

**11.196**

Article 11(1)(a) concerns amendments to Directive 1992/100 on Rental and Lending Rights (later codified as Dir. 2006/115). Article 7 of Directive 1992/100 on Rental and Lending Rights, which granted a right of reproduction to performers and other related rights’ holders, is deleted and replaced by the general provision of Article2 of the Information Society Directive, which now equally applies to related right holders (provided in the Directive).

**11.197**

Article 10(3) of Directive 1992/100 on Rental and Lending Rights is repealed (by Art. 11(1)(b)) so as the three-step test366 to be introduced for related right holders, too.

2. Article 11(2)

**11.198**

Article 11(2)(1) repeals Article 3(2) of Directive 1993/98 on the Term of Protection (later codified as Directive 2006/116 and then amended as Directive 2011/77) so as to align the term of protection for producers of phonograms with Article 17(2) WPPT. The point of calculation of the term of protection before the amendment was the fixation of the phonogram or its communication to the public, whilst after the amendment it is the time of publication rather than its communication to the public. However, if a phonogram is not published within a period of 50 years from fixation but is communicated to the public it is this later date, which constitutes the point of calculation.

**11.199**

This amendment is linked to a transitional rule (Art. 11(2)(2)) according to which if the protection of a phonogram has expired before 22 December 2002 (i.e. the ultimate date of the implementation of the Directive and therefore amendment of Art. 3(2) of Directive 1993/98 on the Term of Protection) it does not revive.

366 See also Art. 5(2)(b) Dir. 2001/29 on the Information Society.

**(g)**

**(f)**

**(e)**

**to examine the impact of this Directive on the functioning of the internal market, and to highlight any difficulties;**

**to organise consultations on all questions deriving from the application of this Directive;**

**to facilitate the exchange of information on relevant develop- ments in legislation and case-law, as well as relevant economic, social, cultural and technological developments;**

**to act as a forum for the assessment of the digital market in works and other items, including private copying and the use of tech- nological measures;**

**to examine the impact of the transposition of Directive (EU) 2019/790 on the functioning of the internal market and to highlight any transposition difficulties;**

**to facilitate the exchange of information on relevant developments in legislation and case law as well as on the practical application of the measures taken by Member States to implement Directive (EU) 2019/790;**

**to discuss any other questions arising from the application of Directive (EU) 2019/790.**

ARTICLE 12: FINAL PROVISIONS

ARTICLE 12 FINAL PROVISIONS

**1.**

**Not later than 22 December 2004 and every three years thereafter, the Commission shall submit to the European Parliament, the Council and the Economic and Social Committee a report on the application of this Directive, in which, inter alia, on the basis of specific information supplied by the Member States, it shall examine in particular the appli- cation of Articles 5, 6 and 8 in the light of the development of the digital market. In the case of Article 6, it shall examine in particular whether that Article confers a sufficient level of protection and whether acts which are permitted by law are being adversely affected by the use of effective technological measures. Where necessary, in particular to ensure the functioning of the internal market pursuant to Article 14 of the Treaty, it shall submit proposals for amendments to this Directive. Protection of rights related to copyright under this Directive shall leave intact and shall in no way affect the protection of copyright.**

**A contact committee is hereby established. It shall be composed of representatives of the competent authorities of the Member States. It shall be chaired by a representative of the Commission and shall meet either on the initiative of the chairman or at the request of the delega- tion of a Member State.**

**The tasks of the committee shall be as follows:**

**2.**

**3.**

**4.**

**(a)**

**(b)**

**(c)**

**(d)**

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367 See the Commentary under Art. 13.

368 Commission Staff Working Document. Report to the Council, the European Parliament and the Economic and Social Committee on the application of Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society, 30.11.2007 SEC (2007) 1556.

**11.202**

Article 12(3) provides for the establishment of a ‘contact committee’. This Committee consists of representatives of the competent authorities of the Member States and is chaired by a representative of the Commission. It meets either on the initiative of the chairman or at the request of the delegation of a Member State.

3. Article 12(3) and (4)

**11.201**

Article 12(2) reiterates the premise found in international conventions (i.e. art. 1 of the Rome Convention and Article 1(2) WPPT) and EU law (i.e. Art. 14 Dir. 2006/115 on Rental and Lending Rights) that related rights’ protection (and in the case at issue the protection provided under Articles 2, 3(2) and 6–8) is independent from and leaves intact copyright protection since the two types of protection serve different interests and goals. Copyright protects creativity whilst related rights protection protects effort, investment and achievement.

2. Article 12(2)

**11.200**

Article 12(1) provides for the Commission’s obligation – as this obligation is provided in other directives, too – to report to the European Parliament, the Council and the Economic and Social Committee on the application of the Directive on the basis of specific information supplied by the Member States. Yet, most Member States failed to implement the Directive on time.367 This is assumed to be one of the reasons why the Commission’s Report (which was a preliminary report) was only submitted almost three years later than circum- scribed in this article, i.e. on 30 November 2007 instead of 22 December 2004.368 The Report was rather limited and dealt with the application of Articles 5, 6 and 8 in the light of the developments in the digital market and an assessment on how these articles were transposed by the Member States and applied by the national courts.

1. Article 12(1)

I. COMMENTARY

**11.204**

The tasks of the Committee are set out in Article 12(4): (a) to examine the impact of the Directive on the functioning of the internal market and highlight potential difficulties; (b) to organise consultations on all questions deriving from the application of the Directive; (c) to facilitate the exchange of infor- mation on relevant developments in legislation and case law, as well as relevant economic, social, cultural and technological developments; and (d) to act as a forum for the assessment of the digital market in works and other items, including private copying and the use of technological measures.

Following the introduction of the Digital Single Market Directive (Directive 2019/790), three new tasks were allocated to the Committee. These include (e) the examination of the impact of the transposition of the Digital Single Market Directive on the functioning of the internal market and to highlight any transposition difficulties; (f) the facilitation of the exchange of information on relevant developments in legislation and case law as well as on the practical application of the measures taken by Member States to implement the Digital Single Market Directive; and the discussion of other questions arising from the application of the Digital Single Market Directive.

**11.203**

ARTICLE 13: IMPLEMENTATION

ARTICLE 13 IMPLEMENTATION

**1.**

**Member States shall bring into force the laws, regulations and admin- istrative provisions necessary to comply with this Directive before 22 December 2002. They shall forthwith inform the Commission thereof. When Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such**

**reference shall be laid down by Member States.**

**Member States shall communicate to the Commission the text of the provisions of domestic law which they adopt in the field governed by this Directive.**

**2.**

I. COMMENTARY

Member States had to implement the Directive before 22 December 2002 (18 months since its adoption in May 2001). This deadline was only met by Denmark and Greece. Italy and Austria implemented the Directive in April and June 2003 respectively. The Commission decided to send reasoned opin- ions to the other 11 Member States (Belgium, Germany, Spain, France, Ireland, Luxembourg, the Netherlands, Portugal, Finland, Sweden and the UK).369 After that the Commission lodged proceedings for failure to implement the Directive against eight ‘old’ Member States, Belgium, Finland, France, the Netherlands, Portugal, Spain, Sweden and the UK for the territory of Gibral- tar.370 Proceedings were also lodged against Luxembourg but were closed as Luxembourg implemented the Directive in April 2004.371

**11.205**

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370

IP/03/1005.

IP/03/1752. For France see also IP/06/14. For France, Finland, Spain and the Czech Republic that was sent a formal notice by the Commission see IP/05/921.

IP/01/528.

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ARTICLE 14 ENTRY INTO FORCE

**This Directive shall enter into force on the day of its publication in the Official Journal of the European Communities.**

I. COMMENTARY

**11.206**

The Directive was published in the Official Journal on 22 June 2001 ([2001] OJ L167/10) and (as provided in Art. 14) entered into force on that day.

ARTICLE 15: ADDRESSEES

ARTICLE 15 ADDRESSEES

**This Directive is addressed to the Member States.**

I. COMMENTARY

The Directive is binding upon Member States (Art. 249(3) EC Treaty) as well **11.207**

as upon EEA Member States (Annex 17 No. 9(e) to the EEA Agreement), i.e. Iceland, Lichtenstein and Norway.