

Research Handbooks in Intellectual Property



Research Handbook on the Future of EU Copyright

Edited by **Estelle Derclaye**



RESEARCH HANDBOOK ON THE FUTURE OF
EU COPYRIGHT

RESEARCH HANDBOOKS IN INTELLECTUAL PROPERTY

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Edited by Estelle Derclaye

Research Handbook on the Future of EU Copyright

Edited by

Estelle Derclaye

*Associate Professor and Reader in Intellectual Property Law,
University of Nottingham, UK*

RESEARCH HANDBOOKS IN INTELLECTUAL PROPERTY

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Contributors

John N. Adams, Professor Emeritus University of Sheffield, Adjunct Professor University of Notre Dame, Barrister at Law

Tanya Aplin, Reader in Intellectual Property Law, King's College London

Valérie Laure Benabou, Director of the DANTE Laboratory, Professor, University of Versailles

Jon Bing, Professor, Norwegian Research Centre for Computers and Law, University of Oslo

Ramón Casas Vallés, Professor of Private Law, University of Barcelona

Jacques de Werra, Professor of Intellectual Property Law and of Contract Law and Co-Director of the Art Law Centre, University of Geneva

Séverine Dusollier, Professor, University of Namur

Maria Mercedes Frabboni, Queen Mary, University of London

Yves Gaubiac, Attorney, Kimbrough & Associés, Lecturer, University Pantheon-Assas, Paris 2, University of Evry Val d'Essonne, General Secretary of International Literary and Artistic Association (ALAI), Editor in Chief of the *Revue Internationale du Droit d'Auteur* (RIDA)

Christophe Geiger, Associate Professor, Director of the Centre for International Industrial Property Studies (CEIPI), the University of Strasbourg

Willem Grosheide, Professor of Intellectual Property Law, Molengraaf Institute for Private Law/Centre for Intellectual Property Law (CIER), University of Utrecht

Henning Grosse Ruse-Khan, Senior Research Fellow, Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich

Lucie Guibault, Senior Researcher, Institute for Information Law (IViR), University of Amsterdam

P. Bernt Hugenholtz, Professor of Intellectual Property Law, University of Amsterdam, and Director, Institute for Information Law (IViR)

Marie-Christine Janssens, Professor of Intellectual Property Law, Catholic University of Leuven

Pascal Kamina, Associate Professor (Maître de conférences), University of Poitiers, Attorney, Paris Bar

Anselm Kamperman Sanders, Professor of Intellectual Property Law, Maastricht University, Academic Director of the IEEM Intellectual Property Law School, Macau

Caroline Ker, Assistant and Researcher, Centre of Research in Computer and IT Law (CRID), University of Namur

Antoine Latreille, Professor, Université Paris-Sud 11, Co-director of the research centre CERDI and of the Master DI2C

Matthias Leistner, Professor of Civil Intellectual Property Law and Competition Law and Director of the Institute for Commercial Law, University of Bonn

Brigitte Lindner, Rechtsanwältin, Registered European Lawyer, Serle Court, London

Ansgar Ohly, Professor of Private Law and Intellectual Property Law, the University of Bayreuth

Jeremy Phillips, Intellectual Property Consultant, Olswang; Editor, Journal of Intellectual Property Law & Practice (OUP); Professorial Fellow, Queen Mary Intellectual Property Research Institute; co-blogmeister, The IPKat weblog (www.ipkat.com)

Antoon Quaedvlieg, Professor of Law, University of Nijmegen

Andreas Rahmatian, Lecturer in Law, University of Leicester

Paul Torremans, Professor of Intellectual Property Law, School of Law, University of Nottingham, Professor of Private International Law, Faculty of Law, University of Ghent

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Introduction

Estelle Derclaye

Several things prompted the idea for this book in Autumn 2006. First, it was 15 years since the EU had started harmonising copyright law. If we include the Community courts case law, harmonisation – albeit indirect – dates back to 1971 with *Deutsche Grammophon*¹ the first decision in the field of copyright which, in a groundbreaking way not only decided that copyright was within the competence of the Community but also that in the context of the free movement of goods and services, an end should be put to protectionism by creating the concept of European exhaustion. Second, the Commission’s harmonisation plans in the field of copyright had recently come to a standstill, as no proposal had been launched since the Resale Right Directive or the Horizontal Enforcement Directive.² Third, I was also aware of the Witter project, which gathers a group of renowned copyright academics who review all areas of copyright law with the aim of drafting a European copyright code.³ In the light of this initiative and with the – admittedly ambitious – aim of influencing European copyright policy, I wanted the book not only to take stock but

¹ *Deutsche Grammophon v. Metro*, ECJ, 8 June 1971, Case 78/70, ECR [1971] 487.

² Writing in 2006, T. Dreier and P. B. Hugenholtz, *Concise European Copyright Law*, Alphen aan den Rijn: Kluwer, 2006, p. 2 noted that currently the Commission does not see ‘any problems with regard to the internal market’ and does not ‘envisage further harmonisation measures’. Note however the still embryonic initiative in the field of online music licensing discussed by M.M. Frabboni in Chapter 15, and more recently, the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Creative Content Online in the Single Market of 3 January 2008, COM(2007) 836 final and the proposal to extend the term of protection for performers and sound recordings to 95 years. See http://ec.europa.eu/internal_market/copyright/term-protection/term-protection_en.htm. In July this year, the Commission adopted a Green paper on Copyright in the Knowledge Economy whose aim is to consult on whether we need to fine tune existing exceptions in particular those for research and teaching and for the benefit of disabled persons and address the issue of orphan works and user-created content. See http://ec.europa.eu/internal_market/copyright/docs/copyright-info/greenpaper_en.pdf (all websites in this introduction were last accessed on 8 October 2008).

³ Which Bernt Hugenholtz mentions in his contribution (Chapter 1). At the time of writing this introduction, the group had just finished writing its draft code.

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also to question what the future of EU copyright should be, by answering questions such as: what went wrong with the harmonisation *acquis*? What did the Directives do well? Should copyright be further harmonised? To that end, not only did I wish to invite contributions from recognised European copyright scholars but I also wanted to have the views of experts from as many different Member States as possible to give a truly European, and therefore hopefully balanced outlook. Finally, I thought the book would also be timely and useful as, apart from the usually three-yearly (and also generally short) reports from the Commission on each Directive, there had not yet been a comprehensive and critical examination of the European Union's harmonisation work and lack thereof.⁴

Against this backdrop, the method followed in the book is as follows. Each copyright issue (subject-matter, originality, duration, rights, defences, etc.) is analysed by a different European copyright expert, who gives a critical account of the EU harmonisation done on it (or lack thereof) and explores whether further harmonisation is desirable or not. The aim of this introduction is to give readers a snapshot of the chapters that will help map out their reading.

In the first chapter, *Bernt Hugenholtz* highlights that despite the impressive harmonisation work done by the European Commission, the territorial nature of copyright fundamentally undermines it, even though the Directives have certainly brought the national copyright laws closer and they are now in many respects therefore very similar. He notes however that the territorial nature of copyright arguably preserves cultural diversity as well as price discrimination within the Union, although the latter arguably goes against the achievement of the internal market. Hugenholtz therefore advocates the introduction of a Community Copyright Regulation in the vein of the Community Trade Mark and Design Regulations, but one that would pre-empt national copyright laws and therefore go further than the latter two regulations.

Christophe Geiger looks at the relationship between copyright and human rights. Human rights are part of the European framework through the application within the EU of the European Convention on Human Rights (ECHR) and the recent integration of the Charter of Fundamental Rights of the European Union by the Lisbon Treaty, and the ECHR has recently clearly ruled that intellectual property rights (IPR) are human rights. Therefore, the European Court of Justice (ECJ) and national courts have started balancing copyright with other human rights. Geiger reviews these developments in the case law

⁴ See, however, the very useful commentary on copyright Directives by Dreier and Hugenholtz, *supra* n. 2 and the study commissioned by DG Internal Market and drafted by IVIR (P.B. Hugenholtz et al.) 'The recasting of copyright and related rights for the knowledge economy', no. etd/2005/im/d1/95, 2006, available at http://www.ec.europa.eu/internal_market/copyright/docs/studies/etd2005imd195recast_report_2006.pdf.

and welcomes them, as they may be a way to curtail excesses in copyright protection. It can be added that in addition to fundamental rights, the theories of abuse of rights and competition law are also remedies against a sometimes overarching copyright.

Tanya Aplin shows that the current harmonisation in respect of subject-matter, which boils down to software and databases, is satisfactory. The definition of database is a good example of working harmonisation and even though there is no definition of computer program, such absence does not seem to have caused problems. She also argues that such a definition is not necessary in view of the obsolescence of technological definitions. Member States have generally correctly implemented the Directives, despite a few hiccups, notably in the United Kingdom. Tanya Aplin rightly points out that the major dilemma if harmonisation of subject-matter is undertaken is whether to adopt an open or closed list of works, in other words to choose between the *droit d'auteur* or copyright approach. After considering the advantages and disadvantages of both approaches, she favours a judicial rather than legislative approach.

The protection of audiovisual works and first fixations of films is complex and has been specifically harmonised in Europe. It therefore deserved a separate chapter. After putting the issue into context by retracing, in a detailed account, the history of film protection, *Pascal Kamina* notes that, despite the absence of definition of cinematographic or audiovisual work in the Directives, the national definitions are close, except for the United Kingdom. The current differences in protection are thus caused by the different notions of originality rather than the definition of the subject-matter. He also draws attention to the fact that the current British regime, which does not provide for a separate category for audiovisual works, in many ways breaches the Directives. More fundamentally, he questions the necessity for the current double protection (both for audiovisual works and for the first fixation of films) to encourage film production in view of the fact that most of the time film producers in practice hold both copyrights.

Moving on to protection requirements, *Ramón Casas Vallés* paints a colourful picture of originality. An interesting aspect is the fact that photographs can still be protected by copyright and 'sub-copyright' in certain countries like Spain and Germany. This can create a tendency to construe 'the author's own intellectual creation' higher in those countries than in those where photographs are protected only by copyright. He proposes to harmonise by applying the current Community concept of originality to all works and concludes that though it may only be a symbolic move, it would still represent some progress as all national courts would be bound by it.

The idea/expression dichotomy is by definition harmonised because of the TRIPs agreement and was in any case already a well-established concept in all

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Member States before the European harmonisation work began. On the contrary, and as is well known, the requirement of fixation has been left unharmonised both in the EU and in the Berne Convention (see art. 2(2) of the latter). As *Antoine Latreille* explains, despite the fact that fixation is an area where the copyright and author's right systems completely diverge, there is no need for harmonisation as, in practice, having or not having the requirement does not make a difference. At the end of the day, if the work is not fixed in some way, the author will have considerable difficulties proving its copyright has been infringed and having no way of enforcing his or her copyright will in effect lead to the same practical result as having no copyright at all. In addition, and perhaps most importantly, in both British and continental copyright, if someone other than the author fixes the work, it does not give that person the copyright in it, and in order to commercialise the work, the 'fixator' will always need the author's permission as the fixator will inevitably need to reproduce or communicate it to the public.

Next, *Yves Goubiac*, *Brigitte Lindner* and *John Adams* give a comprehensive view of the British, French and German copyright provisions on the duration of copyright. Their contributions reveal that despite the sweeping harmonisation of the term in Directive 93/98/EEC, some idiosyncrasies still subsist between countries. For instance, the heirs of French authors who died for their country during the war obtain a further 30 years after the 70 years term p.m.a. When Germany reunited, the legislator allowed the revival of protection for works created in the German Democratic Republic (GDR) (which only had a 50 p.m.a. term) and similarly for related rights (which generally only benefited from a 10-year term in the GDR). In the UK, some unpublished works seem to always enjoy perpetual copyright.

Rather than sketching an overview of the Community provisions on authorship and ownership, which would have been very brief and would have led to the conclusion that harmonisation is quasi-nonexistent,⁵ *Jeremy Phillips* prefers to ask whether the EU should or should not deal with the authorship and ownership issues of a new kind of work, the 'wiki', a term used to collectively designate platforms such as Wikipedia. He argues that such platforms may often be copyright and/or *sui generis* right-protected databases. Maybe, he argues, such a new situation will trigger harmonisation concerns from the EU, if not the international organisations, mainly because the law applicable to these collective efforts will often be very difficult to determine as the co-authors will generally be located in several countries.

⁵ Perhaps the most notable harmonisation is art. 2.3. of the Software Directive which grants the economic rights of the employee to the employer. See also art. 2 of the Term Directive in relation to cinematographic works.

Ansgar Ohly provides a clear and concise snapshot of economic rights, which questions the sometimes misconceived belief that they are fully harmonised. Their vagueness makes them intrinsically flexible concepts, which, as he notes, is an advantage in view of constant technological developments which render rigid concepts quickly out of date, but on the other hand, bad for harmonisation purposes. But the fact that almost all economic rights (apart from adaptation and public performance) are harmonised to make them Community concepts is a good thing as inevitably the ECJ will carry on, case-by-case, the harmonisation work of the EU legislative bodies, which it has already done in a number of recent and interesting cases.⁶ Another criticism is that economic rights have been harmonised bit by bit in virtually all seven Directives and therefore, no clear picture of the rights emerges. So he argues that it would be better for legal certainty to codify them, as well as other aspects such as authorship and ownership, exceptions, exhaustion and duration. Secondary liability is not harmonised but as *Ansgar Ohly* rightly notes, it may be more difficult to harmonise as in many Member States, this touches upon tort law, an area of debatable Community competence.⁷

Willem Grosheide puts moral rights in a historical perspective, looking not only at copyright but also at human rights conventions before considering whether it is right for the EU not to consider harmonising moral rights. He draws attention to some of the many aspects of moral rights which remain unharmonised and which definitely may cause distortions of the internal market. Without adjudicating upon this issue, he concludes that it is definitely one that needs to be further researched. Writing specifically on the right of integrity, *Jacques de Werra* convincingly argues that it may be very useful to harmonise some of its aspects. Among other things, waiver provisions, which differ widely throughout Europe, may cause problems in light of internal market objectives. The issue is strongly linked to private international law and could also be resolved this way. Beyond harmonisation, the future of the integrity right probably lies in the behaviour of artists themselves. By not abusing their rights, they will send the right signal for the stronger recognition of their moral rights and respect by users and courts alike. Courts could also help harmonisation indirectly by looking at each other's case law.

Like moral rights, licensing and assigning rights in copyright works

⁶ See e.g. ECJ, 7 December 2006, case C-306/05, *SGAE v. Rafael Hoteles SL*, [2006] ECR I-11519.

⁷ The EU is however considering harmonisation in the broad area of private law, after the few piecemeal initiatives in this area. See the work of the Study Group on the European Civil Code at <http://www.sgecc.net/>.

remains completely unharmonised.⁸ As *Andreas Rahmatian* shows, harmonising licences and transfers would be very difficult because it mainly concerns national private laws (contract laws). As he notes, if the EU decided to legislate on this aspect of copyright laws, ‘it would need to go to the core of the author’s right/copyright division if it were to make a substantive impact’, as the two systems diverge quite substantially. It would also, for him, be a poor pretext for advancing broader legal unification projects. In respect of the first and third findings, this topic bears similarities to the liability for secondary infringement.

Moving on to exceptions, *Marie-Christine Janssens* chooses to concentrate on the flaws of the InfoSoc Directive, as this is where the EU might have to act most urgently. Whilst a positive aspect of the Directive is that a majority of Member States have actually added some new exceptions to their respective national laws, her main criticism is the ‘pick and choose’ nature of article 5 (except 5.1), which fell short of the harmonisation purpose of any Directive. She proposes a middle way between a general fair use exception, which would engender even more legal uncertainty, and a close and exhaustive list of exceptions, which is too rigid. Instead, ‘a system that combines a list of mandatory exceptions, some of which are given imperative character, with an exhaustive list of optional provisions coupled to a “window provision” ’ seems to be the best way to ally legal certainty and clarity and a certain amount of flexibility in view of technological developments to come. The window provision would not act strictly as a fair use type provision but rather would allow states to respond to national societal developments or take into account cultural policy.

The protection of technological protection measures (TPMs) as such has been left out of this book on purpose as a lot has already been written elsewhere and a chapter on this topic would for the most part have reiterated those writings.⁹ Rather, I thought it would be more interesting to concentrate on a new and as yet rather unexplored territory, the relationship between TPMs and levies for private copying. *Séverine Dusollier* and *Caroline Ker* sketch a thorough and clear description of the phasing-out of levies and the relation with the use of TPMs. In sum, the problem is that if TPMs prevent copies of works,

⁸ See however the imperative provisions of the Software Directive (art. 9.1) and Database Directive (art. 15) and *Lucie Guibault’s* contribution in this book (Chapter 20).

⁹ For recent books on this topic, the reader is referred to *S. Dusollier, Droit d’auteur et protection des oeuvres dans l’univers numérique*, Brussels: Larcier, 2nd ed., 2007; *P. Akester, A Practical Guide to Digital Copyright*, London: Sweet & Maxwell, 2007 and *E. Derclaye, The Legal Protection of Databases, A Comparative Analysis*, Cheltenham, UK and Northampton, MA: Edward Elgar, 2008.

levies should not be collected as the user will have paid, depending on the case, either for a copy s/he is not entitled to make or twice for the same copy. The authors demystify the idea that the phasing-out rule means that levy systems must now be dismantled. In fact, the InfoSoc Directive, where the rule is contained, does not even favour TPMs over levy systems. The issue is therefore how to organise the co-existence of the two systems. They propose original solutions to this very technical area, mainly based on the meaning of private copying and the concept of 'normal use' and the possibility of consecrating the latter as a new general exception.¹⁰ In short, the preliminary question to ask oneself is: is this act a private copy or not? Accordingly, a levy should not be set for copies based on normal use of the work since there is no harm to the copyright holder (as arguably they are not strictly speaking private copies).

Linked to the previous topic is the general issue of the collective management of copyright and related rights. *Maria Mercedes Frabboni* shows that some harmonisation in this area has been achieved in two ways, although it remains generally a largely unharmonised field. A first and primary way of harmonisation is through litigation on the basis of competition law, as collecting societies have by nature dominant positions in their respective countries. The other is through legislative instruments. These regulatory initiatives which aim to harmonise only some aspects of the working mechanisms of collecting societies are more recent and so far remain embryonic. The idea is to have a Directive to bring together some aspects of collecting societies' rules but only in so far as it is necessary to the smooth functioning of the internal market.

The next two chapters focus on the specific regimes created by the Directives, namely the protection of computer programs and databases. *Jon Bing* analyses in detail and in practical terms the provisions of the Software Directive, giving important technical explanations and showing their legal consequences. His analysis thereby reveals the unproblematic (e.g. originality, duration) and problematic areas (e.g. the limitation to only one back-up copy, the exhaustion principle not applying to downloaded programs and updates), which should perhaps necessitate some modifications.

The protection of databases shares a lot of similarities with that of software, in the field of copyright. As copyright issues are more traditional and straightforward,¹¹ *Matthias Leistner* concentrates on the most controversial aspects, which are mainly found in the *sui generis* right. He starts with the, in our view,

¹⁰ This concept is arguably not entirely new as it originates from the Software Directive (art. 5.1) and was again used in the Database Directive (art. 6.1).

¹¹ Some of them are also dealt with in more depth in other chapters; see mainly Chapter 3 on subject-matter, Chapter 5 on originality and Chapter 9 on economic rights.

justified premise,¹² that the *sui generis* right is ‘a more reliable, stable and *potentially more balanced* framework for the protection of investments’ in gathering, verifying or presenting information into a database, than unfair competition and contract, which could have served as alternatives but which, being in vast part unharmonised and perniciously hard to harmonise, still remain considerably dissimilar in the Member States. His contribution therefore highlights the flaws (mainly the, albeit, rare cases in which the *sui generis* right creates monopolies on information itself – the so-called sole source databases) and proposes solutions which consist in the main in a consistent and teleological application of the right (as already mostly done – and well – by the ECJ) and of competition law and some surgical amendments to the Directive. In addition, pre-emption of the unfair competition law tort of slavish imitation is necessary.

The following chapters look at the relationship between copyright law and other laws, namely private international law (or conflict of laws), other intellectual property rights (such as designs and trade marks), contract law, competition law and its cousin, unfair competition law.

As *Paul Torremans* points out, private international law issues have not been subject to the attention of the European legislature yet. All we have is a rule in relation to satellite broadcasting and Regulation 864/2007 (*Rome II*). However, it is about time that such issues were tackled one way or another at European or international level. Even if ‘harmonisation’ already exists in part and indirectly, because, in order to respect the requirement for national treatment in the Berne Convention, to which all Member States are parties, the latter have no real choice but to all adopt the law of the protecting country as the rule of private international law in copyright law, with the exception of some aspects such as authorship and ownership, such ‘harmonisation’ is necessary because the lack thereof does not do away with outstanding problems.

The overlaps or relationships between copyright and other intellectual property rights have so far remained untouched by the EU, at both legislative and judicial level (with the exception of the *Dior v. Evora* case). Although the principle of cumulation is well established, it can have negative consequences if one intellectual property right protects subject-matter that is specifically left free of protection by another intellectual property right. To resolve this problem, *Antoon Quaedvlieg* proposes to apply the principle of the most significant relationship used in private international law. One has to turn to the function, the interest, that the particular intellectual property right protects; although, in practice, applying this principle is not always easy. Having set ‘the rule’, he

¹² For more, see E. Derclaye, *supra* n. 9.

first turns to the technical exclusion in copyright law, according to which technical subject-matter is the realm of patent and not copyright law. However, some technical subject-matter (computer programs and industrial design) can also be protected by copyright in addition to patents and designs, therefore ‘regime conflicts’ can occur where the closest relationship rule may be applied. Next he answers the reverse question, which deals mainly with the relationship between copyright and trade mark law: ‘do *other* regimes contain safeguards which limit them in “overflowing” the domain of copyright and does the functional definition fulfil a role in this respect?’ Finally, he notes that some questions remain as yet unanswered, such as whether trade mark law should supplement copyright protection after the expiration of the latter.

Next, *Lucie Guibault* analyses the relationship between copyright and contract law. On the first relationship, that between authors and producers, there does not seem to be a problem between borders. Most Member States have similar laws on the topic, protecting the author directly or indirectly, generally or specifically (i.e. inside the copyright law itself), through rules protecting the weaker party to the contract. Even if there are, arguably, only slight differences, since there is nothing to indicate a problem, the Commission has decided to leave the matter untouched, until further due anyway. In addition, contract law is and, according to the Commission itself, still remains, the natural remit of the Member States and not the EU. *Lucie Guibault* enumerates other reasons why no harmonisation is arguably needed. As to the second relationship, that between producers and users, the EU has already harmonised it, but in a piecemeal fashion, namely rendering some exceptions in the Software and Database Directives imperative. Adhesion contracts are often used to annihilate copyright limits; thus the EU should counter this problem which disturbs copyright’s intrinsic balance. In her opinion, the best means is to make at least the exceptions and limits protecting human rights imperative.

Compared with the previous two relationships, that between copyright and competition law can seem like an obvious one in view of the original goals of the EC and the monopoly that copyright can sometimes give. Nonetheless, as *Valérie-Laure Benabou* explains, it has not always been so, and for quite some time, copyright has remained shielded from competition law’s impact. In fact, the two fields still operate very much in isolation, although arguably they form part of the same legal field and their relationship is increasingly studied. The relationship has been barely addressed in the copyright harmonisation work; rather it has been tackled case-by-case by the Community courts. The extent of competition law’s ‘intrusion’ inside copyright law, in the field not only of refusals to licence but also of pricing, is such that *Valérie-Laure Benabou* wonders whether there is not an abuse of competition rules on copyright. Copyright is different and therefore merits a different treatment rather than a

standard application of competition law. A far better solution, among other things, would be to internalise the conflict as much as possible to avoid the legal uncertainty and *ex post* solution that the application of competition law inevitably raises.

The relationship between copyright and unfair competition is even less developed than that with competition law, whilst ironically the two fields can be said to be forming just a single one. The only references to unfair competition law are in the final articles of the Directives which simply say that the protection given in the relevant Directive does not prejudice the application, among other things, of unfair competition law. *Anselm Kamperman Sanders* argues that the lack of harmonisation of unfair competition law leads to an unwanted expansion of copyright law at least in some Member States and submits that there is an urgent need to consider the role of unfair competition law as a supplementary, alternative or subsequent method of protecting works. The problem is acute as unfair competition law can be used to bypass the stricter requirements of not only copyright but other intellectual property rights, rendering the latter obsolete. He gives certain examples from recent litigation to illustrate the problem.

The book closes with the examination of the external relationships of the EU in the field of copyright. *Henning Grosse Ruse-Kahn* examines the EU's new external trade and copyright policy. Despite article 7 of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) requiring a balance between the rights of producers and those of users and although the EU has recognised that the scope and intensity of intellectual property protection will vary depending on the level of a country's development, the free trade agreements it concludes with less developed countries generally require not only TRIPs compliance but additional commitments from those countries (so-called TRIPs-plus obligations). To show this, he takes the example of the EU's agreement with African, Caribbean and Pacific countries in the field of copyright, which requires them for instance to comply with the World Copyright Treaty (WCT). Another problem is the current interpretation of the three-step test which overly curtails the scope of the exceptions. One way to solve this is to interpret it in the light of article 7 of TRIPs.

Despite all the criticisms this book makes and the changes it proposes, it cannot be denied that the EU harmonisation work has overall been both sweeping and useful. Without the combined harmonisation efforts of the Community legislature and judiciary, European copyright law would be less clear, less strong and less certain (one can imagine in what state EU law would be if, for instance, exhaustion, rental and lending rights and the protection of computer programs had not been harmonised). So the book is naturally dedicated to copyright harmonisation pioneers, within national and Community legislative and executive authorities, but also to the judges who sparked off,

created or continued the harmonisation effort. The book is also a call to users and users' groups to unite and counter the often too strong lobbies who distort copyright law to the sole advantage of right holders. May all the parties concerned continue the harmonisation work together 'in the general (European) interest'.

Last but not least, this book would not have seen the light of day without the enthusiasm of the contributors who responded to my invitation and to the ever-helpful guidance and patience of the editors, Luke Adams and Nep Elverd, whom I warmly thank.

Estelle Derclaye
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1 Copyright without frontiers: the problem of territoriality in European copyright law*

P. Bernt Hugenholtz

Introduction

Since the 1980s the European Community has carried out an ambitious programme of harmonisation of the law on copyright and related (neighbouring) rights, with the primary aim of fostering the Internal Market by removing disparities between the laws of the Member States. This programme has resulted in no fewer than seven directives on copyright and related rights that were adopted in a 10-year interval between 1991 and 2001. While the seven directives have indeed created a measure of uniformity between the laws of the Member States, they have largely ignored the single most important obstacle to the creation of an Internal Market in content-based services: the territorial nature of copyright. Despite extensive harmonisation, copyright law in the Member States is still largely linked to the geographic boundaries of sovereign states. Consequently, copyright markets in the European Union remain vulnerable to compartmentalisation along national borders. Even in 2008 content providers aiming at European consumers need to clear rights covering some 27 Member States. This clearly puts them at a competitive disadvantage vis-à-vis their main competitors outside the Union, such as the United States.

This chapter examines and criticises the territorial nature of copyright in the light of the emerging European market for copyright-based services. It commences with an overall description of the process of harmonisation that has brought Europe its seven directives. It then examines the rule of territoriality, and goes on to discuss various existing legal doctrines that might mitigate its detrimental effect on the Internal Market. The chapter concludes by suggesting a more radical solution to the problem of territoriality in European copyright law, the replacement of national copyright norms by a truly uniform European Copyright Law.

* Parts of this chapter were previously published in: P. B. Hugenholtz, M.M.M. van Eeoud et al. (Institute for Information Law), 'The Recasting of Copyright & Related Rights for the Knowledge Economy', Report to the European Commission, 2006.

The harmonisation of copyright and related rights in the EU

At present seven directives in the field of copyright and related rights are in place in the European Union.¹ The first, on computer programs, was adopted as early as 1991, while the most recent ones, dealing with copyright and related rights and artists' resale rights respectively, date from 2001. Except for the Enforcement Directive,² which was adopted in 2004 and deals with the enforcement of rights of intellectual property in general, no new directives in the field of copyright have been adopted or introduced in recent years. This might indicate a policy shift of the European Commission, which has the sole competence to initiate harmonisation directives, towards 'softer' legislative instruments such as the Online Music Recommendation that was issued by the Commission in 2005.³

Harmonisation of the law of copyright and neighbouring (related) rights in Europe has occurred in two phases, marking different approaches and ambitions of the European legislature.⁴ The 'first generation' directives have their roots in the Green Paper on Copyright and the Challenge of Technology that

¹ *Computer Programs Directive* (Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, OJ L 122/42, 17 May 1991), *Rental Right Directive* (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 November 1992), *Term Directive* (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 November 1993), *Satellite and Cable Directive* (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 248/15, 6 October 1993), *Database Directive* (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 March 1996), *Information Society Directive* (Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167/10, 22 June 2001), *Resale Right Directive* (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 October 2001).

² *Enforcement Directive* (Directive 2004/48/EC on the enforcement of intellectual property rights, OJ L 195/16, 2 June 2004).

³ Commission Recommendation 2005/737/EC of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services [On line Music Recommendation].

⁴ J. Reinbothe, 'A Review of the Last Ten Years and a Look at What Lies Ahead: Copyright and Related Rights in the European Union', paper presented at Fordham International IP Conference, April 2002, http://europa.eu.int/comm/internal_market/copyright/documents/2002-fordhamspeech-reinbothe_en.htm [Reinbothe 2002].

was published by the Commission in 1988.⁵ As stated in the Green Paper, EC intervention in the realm of copyright was required based on four ‘fundamental concerns’ of the Community:

1. The need to create a single Community market for copyright goods and services. To this end legal barriers in the form of disparate copyright rules that might lead to market fragmentation and distortion of competition, were to be removed, and measures to defeat ‘audiovisual piracy’ were to be introduced.
2. The need to improve the competitiveness of the economy in copyright goods and services in the Community. To this end a legal framework would need to be established that would guarantee protection of intellectual property on a par with the law in the countries of the Community’s main competitors.
3. The need to protect intellectual creation and investment produced in the Community against unfair exploitation by users in non-Member States.
4. The need to limit the restrictive effects of copyright on competition, particularly in technology-related areas such as computer software and industrial design. To this end ‘due regard must be paid not only to the interests of right holders but also to the interests of third parties and the public at large’.⁶

In the Green Paper the Commission identified six areas where ‘immediate action’ by the EC legislature was supposedly required: (1) piracy (enforcement), (2) audiovisual home copying, (3) distribution right, exhaustion and rental right, (4) computer programs, (5) databases, and (6) multilateral and bilateral external relations.

In the Follow-up to the Green Paper that was published by the Commission in 1990,⁷ after holding extensive hearings with stakeholders, several additional areas of possible Community action were identified, including the duration of legal protection, moral rights, reprography and artists’ resale rights, and a separate chapter was devoted to broadcasting-related problems. In an Appendix to the Follow-up paper a precise agenda of Community initiatives was set out. The agenda enumerated five proposals for directives (on rental

⁵ European Commission, ‘Copyright and the Challenge of Technology’, Green Paper, COM (88) 172 final, Brussels, 7 June 1988 [Green Paper on Copyright and the Challenge of Technology].

⁶ Green Paper on Copyright and the Challenge of Technology, paras. 1.3.1.–1.3.6.

⁷ European Commission, ‘Follow-up to the Green Paper’, COM (90) 584 final, Brussels, 17 January 1991 [Follow-up to the Green Paper].

and lending and certain neighbouring rights; on home copying; on database protection; on terms of protection; and on satellite and cable) as well as a proposed decision requiring Member States to adhere to the Berne Convention (Paris Act) and the Rome Convention on neighbouring rights.

Much of the Commission's work programme as announced in the Green Paper and its Follow-up has materialised in the course of the 1990s. In 1991 the Computer Programs Directive, the very first Directive in the field of copyright, was adopted. In response to the spectacular growth of the software sector, due in particular to the then emerging personal computer market, the Directive created a harmonised framework for the protection of computer programs as 'literary works', including economic rights and limitations, of which the controversial 'decompilation' exception was the subject of intense lobbying and political debate.

This was followed in the course of 1992 by the Rental Right Directive, which harmonised – and for some Member States introduced – rights of commercial rental and lending. Perhaps more importantly, the Directive also established a horizontal harmonised framework for the protection by neighbouring ('related') rights of performers, phonogram producers, broadcasting organisations and film producers – at levels well in excess of the minimum norms of the Rome Convention.

In 1993 two more directives were adopted. Departing from the prevailing approach of approximation of national laws, the Satellite and Cable Directive more ambitiously sought to achieve an internal market for transfrontier satellite services by applying a country-of-origin rule to acts of satellite broadcasting. The Directive was a direct response to the deployment of new technologies of transmission of broadcast programs, by satellite and cable, that greatly facilitated the broadcasting of television programs across national borders. Indeed the Directive envisioned the establishment of an internal market for broadcasting services. The Directive also introduced a scheme of mandatory collective rights management with regard to acts of cable retransmission. The Satellite and Cable Directive's unique characteristics can be traced back to its different origins – not in the Green Paper of 1988, but in an earlier Green Paper on Television without Frontiers of 1984 that dealt primarily with broadcasting regulation and eventually resulted in the Television without Frontiers Directive of 1989.⁸

⁸ European Commission, 'Television without Frontiers', Green Paper, COM (84) def, Brussels, 14.06.1984 [Green Paper on Television Without Frontiers]. Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by Law, Regulation or Administrative Action in Member States concerning the pursuit of television broadcasting activities, OJ L 298/23, 17 October 1989 [Television Without Frontiers Directive].

The year 1993 also saw the adoption of the Term Directive, which harmonised the term of protection of copyright at the relatively high level of 70 years post mortem auctoris, and set the duration of neighbouring rights at 50 years.

Three years thereafter, in 1996, the Database Directive was adopted. The Directive created a two-tier protection regime for electronic and non-electronic databases. Member States were obliged to protect databases by copyright as intellectual creations, and provide for a *sui generis* right (also known as ‘database right’) to protect the contents of a database in which the producer has substantially invested.

A directive on home copying of sound and audiovisual recordings, as prioritised in the Follow-up to the Green Paper, was never proposed. Private copying was eventually harmonised, to a limited degree, by the Information Society Directive, but the thorny issue of levies that was already mentioned in the Green Paper of 1988 has remained on the Commission’s agenda until this day.

Of the other issues mentioned, but not prioritised, in the Follow-up to the Green Paper, two have eventually resulted in directives. In 2001, after barely surviving its perilous journey between the Commission, the European Parliament and the Council (and back again), the Resale Right Directive was finally adopted. The Commission’s original work programme was completed by the adoption in 2004 of the Enforcement Directive, which provided for harmonised remedies against piracy and other acts of infringement, in response to the need first identified in the 1988 Green Paper.

Midway through the 1990s, however, the Commission’s harmonisation agenda had already become much more ambitious. The emergence of the Internet (or ‘Information Society’, as the Commission prefers), which promised seamless transborder services involving a broad spectrum of subject matter protected by copyright and related rights, brought a new urgency to the harmonisation process that had slowed down considerably after its productive start at the beginning of the decade. Early in 1994 work commenced on a new round of harmonisation of copyright law. This eventually led to the publication of yet another Green Paper in 1995, the Green Paper on Copyright and Related Rights in the Information Society.⁹ Simultaneously, ongoing discussions at WIPO on a possible Protocol to the Berne Convention accelerated and eventually led to the conclusion of the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT) in 1996. Both treaties

⁹ European Commission, ‘Copyright and Related Rights in the Information Society’, Green Paper, COM (95) 382 final, Brussels, 19 July 1995 [Green Paper on Copyright and Related Rights in the Information Society].

were signed by the Commission on behalf of the European Union, thereby taking on a commitment to implement the new international norms in a harmonised fashion.

Surprisingly, the scope of the Directive on Copyright and Related Rights in the Information Society, which was first proposed in 1997 and finally adopted in 2001, turned out to be considerably broader than the ‘digital agenda’ that it was supposed to deal with required. While the Directive harmonises the basic economic rights (rights of reproduction, communication to the public and distribution) in a broad and ‘Internet-proof’ manner and introduces special protection for digital rights management systems, by far the largest part of the Directive deals with ‘exceptions and limitations’ – a subject that was never on the agenda of any green paper.

Interestingly, the harmonised norms of copyright and related rights in the seven directives in many cases exceed the minimum standards of the Berne and Rome Conventions to which the Member States have adhered. More often than not the norms also exceed average levels of protection in the Member States prior to implementation, as exemplified by the Term Directive that harmonised the duration of copyright at a level well above the ‘normal’ term of 50 years post mortem auctoris. This phenomenon of ‘upwards’ harmonisation is probably inevitable, considering the political and legal problems that a scaling back of intellectual property rights would cause individual Member States. Moreover, the interests of certain stakeholders (especially right holders) are usually more successfully voiced at the EC level than those of the public interest at large.

Nevertheless this process of ‘upwards’ harmonisation is a cause for major concern. The effectiveness, in economic terms, and credibility, in terms of democratic support, of any system of intellectual property depends largely on finding the legendary ‘delicate balance’ between the interests of right holders in maximising protection and the interests of users, that is, the public at large, in having access to products of creativity and knowledge. Moreover, a constant expansion of rights of intellectual property due to ‘upwards’ harmonisation is likely to create new obstacles to the establishment of an Internal Market, as long as exclusive rights remain largely territorial and can be exercised along national borders.

Territoriality

The process of harmonisation of copyright and related rights in the European Union has primarily been informed by the desire to remove disparities between national laws that might pose barriers to the free movement of goods and services. Indeed, in its elaborate case law on the conflict between rights of intellectual property and the free movement of goods and services that preceded much of this harmonisation, the European Court of Justice has regularly hinted

at the need to approximate the laws of the Member States.¹⁰ While successfully removing many of these disparities at the national level, the harmonisation process has left largely intact a much more serious impediment to the creation of an Internal Market: the territorial nature of copyrights and related rights. The exclusivity that a copyright or related right confers upon its owner is strictly limited to the territorial boundaries of the Member State where the right is granted. This is a core principle of copyright and related rights, which has been enshrined in article 5(2) of the Berne Convention.¹¹ Given the obligation under the European Economic Agreement for Member States to adhere to the Berne Convention the principle can even be described as ‘quasi-acquis’.¹² In its *Lagardère* ruling¹³ the European Court of Justice has expressly confirmed the territorial nature of copyright and related rights.

The process of harmonisation of copyright and related rights that has occurred over the last two decades has been largely blind to this structural impediment to the free movement of goods and (particularly) services. Basing its harmonisation agenda primarily on disparities between national laws, the European legislature has been aiming, as it would seem, at the wrong target. Disparities between national laws by themselves hardly amount to impediments of the free movement of goods or services, given that the copyrights and related rights that reflect these disparities are drawn along national borders. Indeed, for as long as the territorial nature of copyright and related rights is left intact, harmonisation can achieve relatively little.¹⁴ By approximating the laws of the Member States harmonisation can perhaps make these laws more consistent and transparent to (foreign) providers of cross-border goods or services, and thereby – by enhancing legal certainty – promote the Internal

¹⁰ See for instance *EMI-Electrola GmbH v. Patricia Im- und Export Verwaltungs gesellschaft mbH et al.*, European Court of Justice, 24 January 1989, case 341/87, ECR [1989], 79 [Patricia].

¹¹ See Green Paper on Television without Frontiers, p. 301.

¹² J. Gaster, ‘Das urheberrechtliche Territorialitätsprinzip aus Sicht des Europäischen Gemeinschaftsrechts’, ZUM 2006, no.1, pp. 8–14, p. 9 [Gaster 2006].

¹³ *Lagardère Active Broadcast v. Société pour la Perception de la rémunération équitabile (SPRE) and Others*, European Court of Justice 14 July 2005, case C-192/04 [Lagardère], para. 46: ‘At the outset, it must be emphasised that it is clear from its wording and scheme that Directive 92/100 provides for minimal harmonisation regarding rights related to copyright. Thus, it does not purport to detract, in particular, from the principle of the territoriality of those rights, which is recognised in international law and also in the EC Treaty. Those rights are therefore of a territorial nature and, moreover, domestic law can only penalise conduct engaged in within national territory.’

¹⁴ See ‘The Need for a European Trade Mark System. Competence of the European Community to Create One’, Commission Working Paper, III/D/1294/79-EN, Brussels, October 1979, p. 4, available at http://aei.pitt.edu/5618/01/002702_1.pdf.

Market indirectly, but removing the disparities does not do away with the territorial effect that constitutes a much more serious obstacle to the establishment of a single market.

Admittedly, the territorial nature of copyright and related rights also has certain positive effects on culture and the economy in the European Union. In the first place, the continued existence of national copyrights and related rights may be beneficial to cultural development and ‘cultural diversity’ in the individual Member States. Marketing cultural goods in foreign countries often necessitates territorial licensing, for instance when the good needs to be customised to cater for local audiences. This may be the case, for example, for the publication of foreign books, or the cinema release and subsequent broadcasting of foreign films. More importantly, most (but not all) collective rights management societies currently derive their existence from rights granted or entrusted to them on a national, territorial basis. Proceeds from the collective exploitation of these rights flow not only to entitled right holders, whereby local authors are sometimes favoured over foreign right holders, but are also channelled to a variety of cultural and social funds, mostly to the benefit of local authors and performers and local cultural development. By protecting and promoting local authors and performers, collecting societies play an important role in fostering ‘cultural diversity’ in the European Union. Removing the territorial aspect of performance and communication rights would not only affect these cultural subsidies, but also – more seriously – undermine the societies’ very existence, except for a handful of societies large enough to compete at the European level. Indeed, under the influence of the Commission Online Music Recommendation a ‘struggle for survival’ among collecting societies is already apparent.¹⁵

In the second place, and somewhat related, the territorial nature of copyright and related rights facilitates price discrimination, which may promote economic efficiency. Territoriality makes it easier for right holders to define, and split up, markets along national borders, and set different prices and conditions for identical products or services in different Member States. However, notwithstanding the possible efficiency increases gained by such price discrimination, it goes without saying that such uses of intellectual property are basically at odds with the goal of achieving an internal market. As the European Court of Justice has repeatedly stated, it is not within the ‘specific subject matter’ of rights of intellectual property to artificially partition markets.

¹⁵ See European Parliament resolution of 13 March 2007 on the Commission Recommendation of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services (2005/737/EC) (2006/2008(INI)).

Another caveat is in order here. Although the transborder transmission of copyright protected content may affect rights in multiple Member States, in practice these rights are often held in a single hand. Absent transfers or licences, authors will often own the rights in their works in all territories of the European Union. The problems of territoriality become acute only in cases where rights in a single work, performance or other subject matter are distributed over a variety of right holders in different Member States. This will typically be the result of rights transfers to publishers, producers, distributors, collecting societies or other intermediaries with territorially limited mandates. Distributed rights may also result from disparities in national laws on authorship, ownership or copyright contract law. Arguably, promoting rules that favour the allocation of rights with the original creators, either at the national level or by way of harmonisation, might resolve some of the rights clearance problems associated with territoriality.

Exhaustion

Due to the rule of national treatment of article 5(2) of the Berne Convention, works or other subject matter protected by the laws of the Member States are protected by a bundle of 27 parallel (sets of) exclusive rights, the existence and scope of which are determined by the individual laws of the Member States. As a consequence, rights in several Member States will be concurrently affected by the cross-border trade in content-related goods and services. Whereas for the intra-Community distribution of goods the resulting impediment to the internal market has been mitigated by the rule of intra-Community exhaustion of rights, which was first developed by the European Court of Justice¹⁶ and much later codified in article 4(2) of the Information Society Directive, the provision of content-related services still remains vulnerable to the concurrent exercise of rights of public performance, communication to the public, cable retransmission or making available in all the Member States where the services are offered to the public.

In its *Coditel I* (or *Le Boucher*) decision, the European Court of Justice refused to recognise a rule of Community exhaustion in respect of acts of secondary cable transmission. The Court of Justice opined:

15 Whilst article 59 of the Treaty prohibits restrictions upon freedom to provide services, it does not thereby encompass limits upon the exercise of certain economic activities which have their origin in the application of national legislation for the protection of intellectual property, save where such application constitutes a means of arbitrary discrimination or a disguised restriction on trade between Member

¹⁶ See for instance *Deutsche Grammophon v. Metro*, European Court of Justice, 8 June 1971, Case 78/70, ECR [1971] 487 [DGG/Metro].

States. Such would be the case if that application enabled parties to an assignment of copyright to create artificial barriers to trade between Member States.

16 The effect of this is that, whilst copyright entails the right to demand fees for any showing or performance, the rules of the treaty cannot in principle constitute an obstacle to the geographical limits which the parties to a contract of assignment have agreed upon in order to protect the author and his assigns in this regard. The mere fact that those geographical limits may coincide with national frontiers does not point to a different solution in a situation where television is organised in the member states largely on the basis of legal broadcasting monopolies, which indicates that a limitation other than the geographical field of application of an assignment is often impracticable.

17 The exclusive assignee of the performing right in a film for the whole of a member state may therefore rely upon his right against cable television diffusion companies which have transmitted that film on their diffusion network having received it from a television broadcasting station established in another member state, without thereby infringing community law.

In other words, the exercise of the performance right by a film producer was not exhausted by the authorised primary broadcast in a Member State. The right holder in the neighbouring Member State could legitimately oppose the unauthorised retransmission of the film via cable networks without unduly restricting trade between Member States. Note however that in arriving at this conclusion the Court expressly considered that the partitioning of markets along national borderlines in this specific case was legitimate because television broadcasting in the Member States was (then) traditionally organised on the basis of national monopolies.

To infer from the *Coditel I* decision a general rule of non-exhaustion of performance or communication rights would therefore be unwarranted. Nevertheless, the European legislature has eventually codified such a general rule in respect of the rights of communication and making available to the public in article 3(3) of the Information Society Directive. Consequently, content-related services that are offered across the European Union require licences from all right holders covering all the territories concerned. If a service is offered to all consumers residing in the European Union, as will be the case for many services offered over the Internet, rights for all 27 Member States will have to be cleared. This will be particularly problematic if the rights in the Member States concerned are in different hands. This may be the case, for instance, for rights in musical works that are exercised by national collecting societies, or for rights in cinematographic works that are often owned by locally operating distributors.

Home country rule

For providers of content-related services across the European Union, the persistent fragmentation of rights along the national borders of Member States

obviously presents a competitive disadvantage, particularly when compared to the United States, where copyright is regulated at the federal level and the constitutional rule of pre-emption does not allow copyrights or similar rights to exist at the level of the individual states.¹⁷ Maintaining the territorial nature of copyright and related right in the European Union thus implies high transaction costs, both for right holders and users.¹⁸

The harmonisation of copyright and related rights in Europe has done relatively little to alleviate this problem.¹⁹ Apart from the codification of the rule of Community exhaustion, which permits the further circulation of copyrighted goods within the Community upon their introduction on the market in the European Union with the local right holder's consent, the only structural legislative solution to the problem of market fragmentation by territorial rights can be found in the Satellite and Cable Directive of 1993. According to article 1(2)(b) of the Directive, a satellite broadcast will amount to communication to the public only in the country of origin of the signal, that is, where the 'injection' ('start of the uninterrupted chain') of the program-carrying signal can be localised. Thus the Directive has departed from the so-called 'Bogsch theory', which held that a satellite broadcast requires licences from all right holders in all countries of reception (i.e. within the footprint of the satellite). Since the transposition of the Directive, only a licence in the country of origin (home country) of the satellite broadcast is needed. Thus, at least in theory, a pan-European audiovisual space for satellite broadcasting has been created, and market fragmentation along national borders is avoided, by avoiding the cumulative application of several national laws to a single act of satellite broadcasting.

But the ideal of a pan-European television market has not materialised. As the European Commission readily admits in its review of the Satellite and Cable Directive,²⁰ the market fragmentation that existed prior to the

¹⁷ One would find it hard to imagine that, for a service that is offered over the Internet in the United States, the relevant rights in some 50 states would have to be cleared. Interestingly, the formation of federal states has in the past led to a transfer of legislative competence for intellectual property from the local to the state level (e.g. in the US, Belgium, Germany, Switzerland).

¹⁸ K. Peifer, 'Das Territorialitätsprinzip im Europäischen Gemeinschaftsrecht vor dem Hintergrund der technischen Entwicklungen', ZUM 2006, no. 1, p. 4 [Peifer 2006].

¹⁹ See Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, 'The Management of Copyright and Related Rights in the Internal Market', Brussels, 16 April 2004, COM (2004) 261 final, pp. 7 et seq. [Communication on the Management of Copyright and Related Rights in the Internal Market].

²⁰ Report from the European Commission on the application of Council

Directive's adoption has continued until this day. Market fragmentation along territorial borders persists, mainly through a combination of encryption technology and territorial licensing. Note that the Directive does not actually prohibit licensing on a territorial basis. Thus interested parties remain free to persist in these age-old practices, and will continue to do so as long as broadcasting markets remain largely local, and the pan-European audiovisual space a utopia.²¹ In retrospect, it must be admitted that the Satellite and Cable Directive's pan-European 'injection right' has largely remained a solution in search of a problem.

Paradoxically, in those markets where the problem of territoriality has now become acute, no similar legislative solution has been achieved or is being envisaged. As stated before, the deployment of new business models based on the pan-European (or global) reach of the Internet is being seriously hampered by the exercise of copyrights and related rights along the territorial boundaries of the Member States.²² But unlike in the realm of satellite broadcasting, content providers offering transborder online services across the European Union will have to clear the rights from all right holders concerned for all the Member States of reception.

Providers of services comprising musical works may find some comfort in the Commission's Online Music Recommendation of 2005. This non-binding recommendation seeks to facilitate the grant of Community-wide licences for online uses of musical works by requiring collective rights management societies to allow right holders to withdraw their online rights and grant them to a single collective rights manager operating at Community level. The Recommendation, however, does not address the more fundamental problem of territorially divided rights. Moreover, its scope is limited to musical works, phonograms and performances – subject matter that is traditionally exploited through collecting societies. The Recommendation does not concern existing

Directive 93/83/EEC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, COM (2002) 430 final, Brussels, 26 July 2002 [Report on the Satellite and Cable Directive].

²¹ P.B. Hugenholtz, 'Copyright without Frontiers: Is there a Future for the Satellite and Cable Directive?' in: *Die Zukunft der Fernsehrichtlinie/The Future of the 'Television without Frontiers' Directive*, Proceedings of the conference organised by the Institute of European Media Law (EMR) in cooperation with the European Academy of Law Trier (ERA), Schriftenreihe des Instituts für Europäisches Medienrecht (EMR), Band 29, Baden-Baden: Nomos Verlag, 2005, pp. 65–73 [Hugenholtz 2005].

²² See Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, on Creative Content Online in the Single Market, Brussels, 3 January 2008, COM (2007) 836 final.

contractual arrangements between, for instance, film producers and distributors or broadcasters, or writers and publishers.

Competition law

Even less structural, but sometimes effective nonetheless, are the remedies found in EC competition law, notably articles 81 and 82 of the EC Treaty, against the exercise of intellectual property rights along national borders that result in the unjustified partitioning of the internal market. The European Court of Justice has produced extensive case law on the issue, applying both articles 81 (anti-trust) and 82 (abuse of dominant position). With regard to the former article, the Court has held (in *Coditel II*) that a contract providing for an exclusive right to exhibit a film for a specified time in the territory of any Member State may well be in violation of that provision if it has as its object or effect the restriction of film distribution or the distortion of competition on the cinematographic market.²³ In *Tiercé Ladbroke* the Court of First Instance ruled that an agreement by which two or more undertakings commit themselves to refusing third parties a licence to exploit televised pictures and sound commentaries of horse races within one Member State ‘may have the effect of restricting potential competition on the relevant market, since it deprives each of the contracting parties of its freedom to contract directly with a third party and granting it a licence to exploit its intellectual property rights and thus to enter into competition with the other contracting parties on the relevant market’.²⁴ The *GVL* case demonstrates that article 82 of the EC Treaty may also serve as a remedy against the territorial exercise of copyright. According to the European Court of Justice, ‘a refusal by a collecting society having a *de facto* monopoly to provide its services for all those who may be in need of them but who do not come within a certain category of persons defined by the undertaking on the basis of nationality or residence must be regarded as an abuse of a dominant position within the meaning of Article [82] of the Treaty’.²⁵ Issues of territorial exclusivity are also at the heart of several more recent competition cases concerning licensing practices of collecting societies.²⁶ Interestingly, in the field of technology transfer the European

²³ *Coditel II*, paras. 17 et seq.

²⁴ *Tiercé Ladbroke SA v. Commission*, Court of First Instance, 12 June 1997, case T-504/93, ECR [1997] II-923, paras. 157 et seq. [*Tiercé Ladbroke*].

²⁵ *GVL v. Commission*, European Court of Justice, 2 March 1983, case 7/82, ECR [1983] 483, para. 56 [GVL].

²⁶ Commission Decision 2003/300/EC of 8 October 2002 relating to a proceeding under Article 81 of the EC Treaty and Article 53 of the EEA Agreement (case no. COMP/C2/38.014 [*IFPI Simulcasting*]). A case currently pending before the Commission concerns the so-called Santiago Agreement: Notice published pursuant to

Commission has provided for normative guidance by issuing so-called 'block exemptions', which prohibit in technology licenses between competitors (*inter alia*) the exclusive territorial allocation of markets, subject to certain well-defined exceptions.²⁷

Conclusion

In conclusion, it appears that territoriality, as an essential characteristic of copyright and related rights, is both a natural basis for the partitioning of the common market, and a major hindrance for an internal market in content-related services to have its full effect. As a consequence, as long as territorially defined national copyrights and related rights persist, no complete Internal Market will be possible, even if total and perfect harmonisation of national laws were to be achieved.²⁸ While EC (case) law has tackled the problem of territoriality head-on for the distribution of physical goods, by establishing a rule of Community exhaustion incorporating intellectual property, policies in respect of Internet-based services, as reflected in the Information Society Directive, have left the territorial nature of rights of communication intact. While the Commission's recent Online Music Recommendation does address some of the problems caused by territoriality in the field of collective rights management of musical works, even the Recommendation does not question the territorial nature of copyright and related rights as such.

In the long run, if the European Community is serious about creating an Internal Market for copyright-based services, it must inevitably confront the problem of territoriality in a fundamental way. A structural solution to this problem, which would immediately remove the current disparity in treatment of goods and services in the realm of copyright, would be the introduction of a Community copyright along the lines of the Community Trademark and Design Regulations that have been adopted by the EC legislature in the past. Long considered taboo in copyright circles, the idea of a Community copyright modelled after the Community rights that already exist in the realm of industrial property is gradually receiving the attention it deserves, both in

Article 27(4) of Council Regulation (EC) No 1/2003 in cases COMP/C2/39152 – BUMA and COMP/C2/39151 SABAM (*Santiago Agreement* – COMP/C2/38126), OJ C 200/11.

²⁷ Commission Regulation (EC) No. 772/2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements of 27 April 2004, OJ L 123/11, 27 April 2004 [Technology Transfer Agreements Regulation].

²⁸ See J. Bornkamm, 'Time for a European Copyright Code', conference speech at Management and Legitimate Use of Intellectual Property Conference of 10 July 2000, p. 20, available online at: http://europa.eu.int/comm/internal_market/copyright/docs/conference/2000-07-strasbourg-proceedings_en.pdf [Bornkamm 2000].

political circles²⁹ and in scholarly debate.³⁰ The potential advantages of a Community copyright are undeniable. A Community Copyright Regulation (or 'European Copyright Law') would immediately establish a truly unified legal framework. A Community copyright would have instant Community-wide effect, thereby creating a single market for copyrights and related rights, both online and offline. A Community copyright would enhance legal security and transparency, for right owners and users alike, and greatly reduce transaction costs.³¹ Unification by regulation could also restore the asymmetry that is inherent in the current *acquis*, which mandates basic economic rights, but merely *permits* limitations. A regulation would give rights and limitations equal status, and could restore the necessary 'delicate balance', provided it were the product of a transparent legislative process wherein all interests concerned are fairly represented.

To give full effect to a Community Copyright Regulation, it would be necessary that the rights and limitations provided therein pre-empt similar rights and limitations at the national level. In this respect a Copyright Regulation would go a step further than the existing regulations in the area of trademarks and industrial designs where Community rights have been superimposed upon existing structures of national rights.

Interestingly, article 97a of the Treaty on European Union, as revised in Lisbon, expressly invites the European lawmaker to 'establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union'. Perhaps the Lisbon Agreement, besides restoring faith in the future of the European Union, marks the beginning of the end of territoriality in European copyright law.

²⁹ According to EC Commissioner V. Reding, 'we have to start calling into question the territoriality of copyright protection in Europe'; speech held at IDATE Conference, Montpellier, 21 November 2005.

³⁰ H. Schack, 'Europäisches Urheberrecht in Werden', *ZeUP*, 2000, pp. 799–819, at 800; Bornkamm 2000, p. 20; R. Hilty, 'Copyright in the Internal Market', *IIC*, 2004, Vol. 35, no. 7, pp. 760–75, at 760; see also various contributions in *ZUM*, 2006 no. 1. In 2002–03 a group of prominent European copyright scholars formed the 'Wittem Group', which regularly convenes with the aim of drafting a 'European Copyright Code' by 2008.

³¹ Peifer 2006, pp. 3–4.

2 Copyright's fundamental rights dimension at EU level

Christophe Geiger

Fundamental rights have always played an important role in the European legal order and their role is permanently increasing. A new and important step has been made recently in this regard by the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon on 13 December 2007.¹ In fact, this treaty gives the Charter of Fundamental Rights a legally binding force and integrates this text in the primary legislation of the European Union (EU).² This has been clearly stated in the amended version of Article 6(1), holding that 'the Union recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union of 7 December 2000, as adapted in Strasbourg, on 12 December 2007, which shall have the same legal value as the Treaties'. Furthermore, according to the new version of Article 6(2), the Union will accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms, an accession that has so far been impossible due to a problem of competence of the Community.³ This will without any

¹ OJEU, 17 December 2007, 2007/C 306/01. For a first (critical) comment of this Treaty from a UK perspective *see* S. Burns, 'An Incoming Tide', 158 NLJ 44 (2008); for a comment in German, *see* A. Weber, 'Vom Verfassungsvertrag zum Vertrag von Lissabon', 2008 EuZW 7.

² Nevertheless, it must be pointed out that there are important restrictions for Poland and the United Kingdom. *See* Article 1 of the Protocol on the Application of the Charter of Fundamental Rights of the European Union to Poland and to the United Kingdom (OJEU, 17 December 2007, C 306/157), stating that '1. The Charter does not extend the ability of the Court of Justice of the European Union, or any court or tribunal of Poland or of the United Kingdom, to find that the laws, regulations or administrative provisions, practices or action of Poland or of the United Kingdom are inconsistent with the fundamental rights, freedoms and principles that it reaffirms; 2. In particular, and for the avoidance of doubt, nothing of Title IV of the Charter creates justiciable rights applicable to Poland or the United Kingdom except in so far as Poland or the United Kingdom has provided for such rights in their national law.'

³ *See* clearly in this sense the Opinion 2/94 of the ECJ, 28 March 1996, 'Accession by the Community to the European Convention for the Protection of Human Rights and Fundamental Freedoms', (1996) ECR I-1759. On this issue, *see* C.

doubt increase the application of fundamental rights reasoning by the European Court of Justice. This is made clear by the declaration on the new Article 6(2) of the European Union, where it is stated that the Conference agrees that the Union's accession to the European Convention for the Protection of Human Rights 'should be arranged in such a way to preserve the specific features of Union law. In this connection, the Conference notes the existence of a regular dialogue between the Court of Justice of the European Union and the European Court of Human Rights; such dialogue could be reinforced when the Union accedes to the Convention.'

Of course, these developments will take some time, as the Treaty of Lisbon has to enter into force, which is uncertain as the text has first to be ratified by the Members of the EU.⁴ Anyhow, the European Court of Justice (ECJ) in a decision of 27 June 2006 already referred directly to the Charter of Fundamental Rights when testing the validity of a directive.⁵ In fact, according to the Court, even if the Charter is not a legally binding instrument, it reaffirms the general principles of community law resulting from the European Convention for the Protection of Human Rights and the constitutional provisions common to the Member States, principles that are without any doubt binding for the European institutions.⁶ Furthermore, references have been made increasingly to fundamental-rights values in the recitals of the latest directives on intellectual property⁷ and provisions of the Charter have been

Blumann, 'Les Compétences de l'Union en matière de droits de l'homme', 1 *Revue des Affaires Européennes* (RAE) 11 (2006).

⁴ This uncertainty has now certainly increased since Ireland rejected the Treaty in its referendum on 12 June 2008.

⁵ ECJ, 27 June 2006, Case C-540/03, *Parliament v. Council*, (2006) ECR I-05769, paragraph 38; for a comment see A. Bailleux, 'La Cour de Justice et les droits de l'homme: à propos de l'arrêt Parlement c. Conseil du 27 juin 2006', 2006 J.T. 589; L. Burgogue-Larsen, 'L'apparition de la Charte des droits fondamentaux de l'Union dans la jurisprudence de la CJCE ou les vertus du contrôle de légalité communautaire', *AJDA*, 4 December 2006, 2285.

⁶ See also since then ECJ, 13 March 2007, Case C-432/05, *Unibet*, (2007) ECR I-02271, paragraph 37; ECJ, 3 May 2007, Case C-303/05, *Advocaten voor de Wereld*, (2007) ECR I-03633, paragraphs 45 and 46. According to A. Iliopoulou, 'Assurer le respect et la promotion des droits fondamentaux: un nouveau défi pour l'Union Européenne', 3-4 *Cahiers de droit européen* 441 (2007), the Charter seems therefore to progressively gain a binding character, in anticipation of a future entering into force of the Lisbon Treaty.

⁷ See Recital 3 of the Directive of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information society of 22 May 2001 (OJEC L 167, 22 June 2001, at 10); Recitals 2 and 32 of the Directive of the European Parliament and of the Council on the enforcement of intellectual property rights from 29 April 2004 (OJEC L 157, 30 April 2004, at 45); Recital 16 of the Directive 98/44/EC of the European Parliament and of the Council of

cited in derivative legislation many times since its adoption.⁸ In the case law of the European Court of Human Rights, intellectual property has also entered the field of fundamental rights as the Court has issued more and more rulings interpreting IP-relevant provisions of the European Convention on Human Rights, mainly the right to property.⁹

But the importance of fundamental rights in the legal systems of many European countries has mostly increased over the last few years due to the following development: the direct applicability of the provisions of the European Convention on Human Rights in private law disputes. Indeed, it has been progressively admitted in theory and practice that the provisions of the Convention have not only a vertical effect but also a horizontal effect and therefore apply also to the relationships between individuals.¹⁰ With this increase in the application of the provisions of the European Convention to

6 July 1998 on the legal protection of biotechnological inventions (OJEC L 123, 30 July 1998, at 13); Recital 12 of the Amended Proposal for a Directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights of 26 April 2006, COM (2006) 168 final.

⁸ See the numerous references cited by Iliopoulou in her article cited *supra* note 6, at 435, note 48. As this author points out, the reference to the Charter was made on purpose by the Commission to give these provisions more weight from a legal point of view. See clearly in this sense the Communication from the Commission, 'Compliance with the Charter of Fundamental Rights in Commission Legislative Proposals', 27 April 2005, COM (2005) 172 final. According to Iliopoulou, this strategy was chosen by the European institutions to take the process of 'constitutionalisation' of the European construction one step further.

⁹ See e.g. in the field of trademark: European Court of Human Rights, 11 October 2005, *Anheuser Busch Inc. v. Portugal* (Appl. No. 73049/01), confirmed by the Grand Chamber of the ECHR, 11 January 2007, 4 *Journal of Intellectual Property Law & Practice* 197 (2007), comment by B. Goebel. In the field of patent law, see the decision of the former European Commission of Human Rights, *Smith Kline and French Laboratories Ltd. v. The Netherlands* (Appl. No. 12633/87), 4 October 1990, 66 D.R. 70 (1990). For a detailed analysis of the intellectual property case law of the European Court of Human Rights, see L.R. Helfer, 'The New Innovation Frontier? Intellectual Property and the European Court of Human Rights', 49 *Harvard International Law Journal* (Winter 2008).

¹⁰ See A. Clapham, 'The "Drittwirkung" of the Convention', in: J.St.R. Macdonald, F. Matscher and H. Petzold (eds.), *The European System for the Protection of Human Rights*, 201 (Dordrecht, Boston and London, Martinus Nijhoff Publishers, 1993); E.A. Alkema, 'The Third-Party Applicability or "Drittwirkung" of the European Convention on Human Rights', in: F. Matscher and H. Petzold (eds.), *Protecting Human Rights: The European Dimension, Studies in Honour of G.J. Wiarda*, 33 *et seq.* (Cologne, Carl Heymanns, 1988); V. Coussirat-Coustère, 'Convention européenne des droits de l'homme et droit interne: primauté et effet direct', in: L.-E. Pettiti, E. Decaux and P.-H. Imbert (eds.), *La Convention européenne des droits de l'homme*, 14 (2nd ed., Paris, Economica, 1999).

private law litigation, the civil judges have been faced with fundamental rights and have had to learn to handle them, specifically to understand their own logic such as the proportionality test that allows conflicts between two opposing fundamental rights to be resolved, a procedure that is alien to the tradition of many European countries, especially those of civil law tradition. Thus, the civil judges have applied the fundamental rights of the European Convention in the domain of intellectual property in a number of decisions in various countries of Europe.

This evolution should be welcomed.¹¹ Indeed, the fact that countries place increasing emphasis on their economic well-being has led to a certain transfer of power from the state to industry. This cannot occur without consequences for positive law: as the misuse of power can now also emanate from economic actors, individual freedoms must from now on not only be protected vis-à-vis the state, but also vis-à-vis private persons.¹² This shift of power from the state to private entities went hand in hand with a growing tendency of intellectual property rights to be designed according to the claims of strong lobby groups and to extend outside their traditional boundaries.¹³ This development made it more and more necessary for judges to intervene, invoking external rules – such as fundamental rights – in order to correct the over-protective tendencies of copyright legislation and to re-establish a proper balance of interests. Therefore, as has been rightly stated by one scholar,

¹¹ See in this sense C. Geiger, ‘“Constitutionalising” Intellectual Property Law?, The Influence of Fundamental Rights on Intellectual Property in Europe’, 37 IIC 371 (2006). Some parts of this chapter are drawn from that article.

¹² See in this sense, in the field of freedom of expression, M.D. Birnhack, ‘Acknowledging the Conflict between Copyright Law and the Freedom of Expression under the Human Rights Act’, 2003 Ent.L.R. 30: ‘As western democracies turn more and more to market-oriented economies and cultures the source of the threat to the freedom of speech spills over to other players in the democratic field as well, namely the market’; F. MacMillan Patfield, ‘Towards a Reconciliation of Free Speech and Copyright’, in: E. Barendt (ed.), *The Yearbook of Media and Entertainment Law 1996*, 208 (Oxford, Oxford University Press, 1996), stating that ‘distinguishing between state power and private power in the ability to constrain speech is problematic, as private figures can constrain speech remarkably effectively’.

¹³ On this issue see e.g. R.M. Hilty, ‘The Expansion of Copyright Law and its Social Justification’, in: C. Heath and K.-C. Liu (eds.), *Copyright Law and the Information Society in Asia*, 1 (Oxford and Portland, OR, Hart Publishing, 2007); W. Cornish, ‘The Expansion of Intellectual Property Rights’, in: G. Schricker, T. Dreier and A. Kur (eds.), *Geistiges Eigentum im Dienste der Innovation*, 9 (Baden-Baden, Nomos, 2001); R.C. Dreyfuss, D.L. Zimmermann and H. First (eds.), *Expanding the Boundaries of Intellectual Property* (Oxford, Oxford University Press, 2001); P. Gyertyánfy, ‘Expansion des Urheberrechts – Und kein Ende?’, 2002 GRUR Int. 557; H. Laddie, ‘Copyright: Over-strength, Over-regulated, Over-rated?’, 1996 EIPR 253 *et seq.*

fundamental rights law has become in Europe 'intellectual property's new frontier'.¹⁴ We will come back to some of these cases when analysing the consequences of the fundamental rights framework in the European Union, which we will first present.

1. The European Framework regarding Fundamental Rights

The framework of Fundamental Rights protection within the European Union consists of the provisions of the European Convention on Human Rights (ECHR), the European Charter for Fundamental Rights and the provisions of the different national constitutions. However, the standard of fundamental rights protection within the EU is much broader, as the ECJ has declared that when constructing the Community standard of fundamental rights protection, it draws inspiration 'from guidelines supplied by international treaties for the protection of human rights on which the Member States have collaborated or of which they are signatories'.¹⁵ This means that the Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) are also part of the European framework concerning fundamental rights and have to be taken into account.

This is important to note as these international treaties have modern and balanced provisions on copyright protection. In fact, copyright is explicitly named in Article 27 of the UDHR of 1948.¹⁶ According to Article 27(1) everyone has 'the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits', while according to article 27(2) everyone has a right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author. Article 15(1) of the ICESCR of 19 December 1966¹⁷ adopted almost verbatim the wording of the UDHR. It is important to emphasise that neither the UDHR nor the ICESCR determine that the material and immaterial interests of the creators should be protected by way of a *property right*. That means that within the scope of these conventions, other means of protection can certainly be envisaged by the legislators. These two

¹⁴ Helfer, *supra* note 9.

¹⁵ See e.g. joined cases C-20/00 and C-64/00, *Booker Aquaculture Ltd, Hydro Seafood GSP Ltd and the Scottish Ministers*, ECR 2003, I-7411 at paragraph 65. See also the cases 4/73, ECR 1974, 491 and 44/79, ECR 1979, 3727.

¹⁶ G.A. res. 217A (III), UN Doc. A/810 at 71 (1948).

¹⁷ G.A. res. 2200A (XXI); UN Doc. A/6316, 999 UNTS 171. On this article, see J. Schneider, *Menschenrechtlicher Schutz geistigen Eigentums, Reichweite und Grenzen des Schutzes geistigen Eigentums gemäß Artikel 15 Absatz 1 lit. c) des Internationalen Paktes über wirtschaftliche, soziale und kulturelle Rechte* (Stuttgart and Munich, Boorberg, 2006).

texts thus leave countries a good deal of room to manoeuvre, while at the same time guaranteeing creators a just remuneration for their work, which makes these judicial instruments particularly modern and flexible means to embed the matter.¹⁸

The ECHR¹⁹ does not have a specific provision on copyright.²⁰ Anyhow, it codifies the principle of the freedom of expression and communication in Article 10(1), while Article 10(2) provides restrictions on the protection of rights of others, which includes the rights of creators.²¹ Furthermore, even if intellectual property is not explicitly named, there is no longer any doubt that the exploitation right is also protected by Article 1 of Protocol 1 of the Convention, which protects property.²² This has been clearly stated by recent case-law of the European Court of Human Rights.²³ Concerning moral rights, even if there is no case law on them yet, legal scholars are of the opinion that these can be protected by Article 8 of the Convention on the protection of privacy,²⁴ or even by Article 10(1) protecting freedom of

¹⁸ See also in this sense T. Milly, 'Intellectual Property and Fundamental Rights: Do they Interoperate?', in: N. Bruun (ed.), *Intellectual Property Beyond Rights*, 197 (Helsinki, WSOY, 2005).

¹⁹ ETS No. 005 (Vol. I).

²⁰ In favour of a formal recognition of the author's rights at the constitutional level (especially in the ECHR), see also A. Zollinger, 'Droit d'auteur et droits de l'Homme', Ph.D. thesis, University of Poitiers, 2006, at 181 *seq.*

²¹ This is generally admitted. See e.g. in this sense D. Voorhoof, 'La Liberté d'expression est-elle un argument légitime en faveur du non respect du droit d'auteur?', in: A. Strowel and F. Tulkens (eds.), *Droit d'auteur et liberté d'expression*, 55 (Brussels, De Boeck & Larcier, 2006).

²² See e.g. B. Wegener, 'Economic Fundamental Rights', in: D. Ehlers (ed.), *European Fundamental Rights and Freedoms*, 135 (Berlin, De Gruyter, 2007); A.R. Coban, *Protection of Property Rights within the European Convention on Human Rights*, 149 (Aldershot, Ashgate, 2004); M. Carss-Frisk, 'The Right to Property: A Guide to the Implementation of Article 1 of Protocol No. 1 to the European Convention on Human Rights', in: *Human Rights Handbooks* No. 4, at 6 (Strasbourg, Council of Europe, 2001). According to J. Drexler, 'Constitutional Protection of Authors' Moral Rights in the European Union – Between Privacy, Property and the Regulation of the Economy', in: K.S. Ziegler (ed.), *Human Rights and Private Law: Privacy as Autonomy*, 159 *et seq.* (Oxford and Portland, OR, Hart Publishing, 2007), this article could even protect moral rights in a 'property-based' approach to these rights. In any case, according to this author, moral rights would be protected by Art. 17(2) of the Charter of Fundamental Rights of the European Union.

²³ See e.g. European Court of Human Rights, *Anheuser Busch Inc. v. Portugal*, *supra* note 9: 'Intellectual property as such undeniably attracts the protection of Art. 1 of Protocol No. 1' (trademark case). See also, for the case of a patent, the decision *Smith Kline and French Laboratories Ltd. v. The Netherlands*, *supra* note 9.

²⁴ P.B. Hugenholtz, 'Copyright and Freedom of Expression in Europe', in: R.C. Dreyfuss, D.L. Zimmerman and H. First (eds.), *Expanding the Boundaries of*

expression.²⁵ In sum, the classical foundations for copyright can be found in these texts,²⁶ but here they are placed in a stable balance: on the one hand, the foundation of natural law by acknowledging an exploitation right and a '*droit moral*' for the creator; and on the other hand, the utilitarian foundation, because this acknowledgment has the promotion of intellectual variety and the spreading of culture and science throughout society as a goal.²⁷

It is often emphasised that the UDHR does not have a binding effect, since it is only a recommendation of the United Nations General Assembly. Nevertheless, many authors consider that the Declaration exerts a binding effect as customary international law.²⁸ In some decisions in France, the UDHR has even been applied directly in copyright disputes.²⁹ Also, the lack of a binding effect by the Declaration is irrelevant in those countries that have ratified UN pacts because, as international-law treaties, they are binding on the states that joined them (which does not include the US!). The same applies in Europe to the European Convention on Human Rights. Meanwhile, as we have already underlined, the application of the Convention is even recognised in many countries in private-law disputes, so that without doubt a human-rights reasoning has entered into the private-law discourse.³⁰ There are many cases

Intellectual Property, 346 (Oxford, Oxford University Press, 2001), and, more prudently, Drexl, *supra* note 22.

²⁵ P. Leuprecht, 'Droit d'auteur et droits de l'homme au plan européen', in: *Droits d'auteur et droits de l'homme*, 66 (Paris, INPI, 1990).

²⁶ On the sources of human rights in general, see J.J. Shestack, 'The Philosophical Foundations of Human Rights', in: J. Symonides (ed.), *Human Rights: Concept and Standards*, 31 (Aldershot, Ashgate/UNESCO, 2000).

²⁷ P. Torremans, 'Copyright as a Human Right', in: P. Torremans (ed.), *Copyright and Human Rights*, 7 (The Hague, London and New York, Kluwer Law International, 2004). See also A. Dietz, 'Constitutional and Quasi-Constitutional Clauses for Justification of Authors' Rights (Copyright) – From Past to Future', in: *Exploring the Sources of Copyright – Proceedings of the ALAI Congress 2005*, 55 *et seq.* (Paris, AFPIDA, 2007). This author drafts an interesting, balanced proposition of a constitutional clause on copyright protection which could be included in the national constitutions of the different European countries.

²⁸ See e.g. M.-C. Dock, 'Les Conventions internationales sur le droit d'auteur et la Déclaration universelle des droits de l'homme', in: *Droits d'auteur et droits de l'homme* 90 (Paris, INPI, 1990); D. Bécourt, 'Copyright and Human Rights', 32 *Copyright Bulletin* 14 (1998); I. Telec, 'The Human Rights Dimension of Authors' Rights and Neighbouring Rights from the Czech Constitutional Perspective', in: P. Ganea, C. Heath and G. Schricker (eds.), *Festschrift für A. Dietz* 76 (Munich, Beck, 2001).

²⁹ See e.g. Paris District Court, 29 April 1959, 28 RIDA 133 (1960); Paris District Court, 23 November 1988, 139 RIDA 205 (1989); Paris Court of Appeal, 1 February 1989, 142 RIDA 301 (1989), comment by P. Sirinelli.

³⁰ According to F. Dessemontet, 'there will be in the future a tendency to emphasise the direct applicability of all fundamental provisions of the new European

in which national judges have applied the ECHR horizontally, that is, in conflicts between two private persons. We will come back to some of these cases below.³¹ These values are also included in national constitutions though. While only a few countries in Europe mention copyright at the constitutional level,³² all provide equally for protection of property and personality on the one hand, and protection of the freedom of expression, of information and of art and science on the other hand.

To sum up, fundamental rights and human rights are a synthesis of the bases of natural law and utilitarianism and represent the values from which copyright has developed.³³ As A. Chapman rightly stated, ‘a human-rights approach takes the implicit balance between the rights of inventors and creators and the interest of the wider society within intellectual property paradigms and make it more explicit and exacting. A human-rights orientation is predicated on the centrality of protecting and nurturing human dignity and the common good. *By extension, the right of the creator or the author are conditional on contributing to the common good and welfare of society*’ (emphasis added).³⁴ It can therefore be concluded that fundamental rights offer a balanced framework for copyright law in the European Union.

One notable exception can perhaps be found in the wording of the Charter

legal order to come, allowing therefore private individuals to complain about the behaviour of other private entities which could appear to be in violation of human rights. Why then should the Universal Declaration of Human Rights not benefit from the direct applicability of the European Convention on Human Rights?’ (F. Dessemontet, ‘Copyright and Human Rights’, in: J.J.C. Kabel and G.J.H.M. Mom (eds.), *Intellectual Property and Information Law* 116 (The Hague, Kluwer Law International, 1998). In fact, we have already underlined that according to the ECJ, the UDHR and the ICESCR are also part of the European framework concerning fundamental rights and have to be taken into account.

³¹ See *infra*.

³² See e.g. Art. 42(2) of the Portuguese Constitution; Chapter 2, s. 19 of the Swedish Constitution; Art. 43(1) of the Slovakian Constitution; Art. 60 of the Slovenian Constitution; Art. 34 of the Czech Charter on Fundamental Rights; Art. 44(1) of the Russian Constitution. However, as was rightly stated by Dietz, *supra* note 27, none of these clauses is really drafted in a satisfactory manner.

³³ See P. Drahos, ‘Intellectual Property and Human Rights’, IPQ 349 *et seq.* (1999); J. Cornides, ‘Human Rights and Intellectual Property, Conflict or Convergence?’, 7 *Journal of World Intellectual Property* 138 (2004) 1, underlining the instrumental dimension of human rights regarding intellectual property.

³⁴ A. Chapman, ‘Approaching Intellectual Property as a Human Right (Obligations related to Art. 15(1)(c))’, 35 *Copyright Bulletin* 14 (2001). See also R.D. Anderson and H. Wager, ‘Human Rights, Development, and the WTO: The Cases of Intellectual Property and Competition Policy’, 9 *Journal of International Economic Law* 721 *et seq.* (2006), underlining that human rights and utilitarian rationales are not mutually exclusive, but are complementary grounds for the protection of IPRs.

of Fundamental Rights of the European Union, which simply states in Article 17(2): 'intellectual property shall be protected'. According to this article, intellectual property seems to stand as an end in itself and is not linked to the fulfilment of a certain function. Furthermore, the protection is not even given specifically to the creator. While all the other articles of the Charter start with 'Everyone has the right to . . .', Article 17(2) does not. Does that mean that investors could also claim protection under this article? This would be a sign of a real paradigm shift for copyright, as the investment (and not the creative input) would become a justification for granting protection.³⁵ Of course, this would be still in line with Article 1 of Protocol 1 of the European Convention which states that 'every natural or legal person is entitled to the peaceful enjoyment of his possession' and therefore authorizes the adjudication of property rights claims by legal persons and business entities. But this would be contrary to the spirit of UDHR and the ICESCR, where the requirement of human creativity 'indicates that persons other than the initial creator of the subject matter may be outside the scope of protection guaranteed by these Articles'.³⁶

On the other hand, the special mention of intellectual property alongside the general property right could also be interpreted as a mark of its specificity. IP would then be mentioned separately because of its difference from the right to property in general, because it concerns property of a special kind, for example, a property that is 'socially rooted', in accordance with the theory of the social function of intellectual property rights.³⁷ The problem is that Article

³⁵ For criticism see also C. Geiger, 'Intérêt général, droit d'accès à l'information et droit de propriété: La propriété intellectuelle analysée à la lumière des droits fondamentaux', in: M. Buydens and S. Dusollier (eds.), *L'intérêt général et l'accès à l'information en propriété intellectuelle*, 249 (Brussels, Bruylant, 2008); Dietz, *supra* note 27 and Drexl, *supra* note 22.

³⁶ T. Milly, *supra* note 18, at 196; S. Ricketson, 'Intellectual Property and Human Rights', in: S. Bottomley and D. Kinley (eds.), *Commercial Law and Human Rights*, 192 (Burlington, Ashgate, 2001) and the General Comment No. 17 (2005) of the United Nations Committee on Economic, Social and Cultural Rights to Art. 15(1)(c) of the Covenant (E/C.12/GC/17, 12 January 2006), stating that 'the Committee considers that only the "author", namely the creator, whether man or woman, individual or group of individuals, of scientific, literary or artistic productions, such as, *inter alia*, writers and artists, can be beneficiary of the protection of Art. 15(1)(c). . . . The drafters of this article seemed to have believed authors of scientific, literary or artistic productions to be natural persons' (paragraph 7). See on this comment H. M. Haugen, 'General Comment No. 17 on "Authors' Rights"', 10 *The Journal of World Intellectual Property* 53 (2007).

³⁷ On the theory of the social 'bounds' of intellectual property, see also more recently F. Leinemann, *Die Sozialbindung des Geistigen Eigentums* (Baden-Baden, Nomos, 1998), and for copyright, see E. Pahud, *Die Sozialbindung des Urheberrechts*

17(2), unlike Article 17(1), which states that ‘the use of property may be regulated by law in so far as necessary for the general interest’, contains no limitations.³⁸ Even if we agree with one author that ‘this cannot be interpreted to imply a more absolute nature of intellectual property possessions’,³⁹ it would have been much better to underline the limited character of IP explicitly to prevent any abusive interpretations, by introducing in the Charter a balanced constitutional clause on intellectual property, modelled on the Universal Declaration.⁴⁰ Anyhow, it should not be forgotten that the Charter also provides for the protection of other fundamental rights that have to be equally taken into account (for example Article 11: Freedom of expression and Information; Article 13: Freedom of the Arts and Sciences; Article 7: Respect for private life. Even Articles 15 and 16: Freedom to choose an occupation and to conduct a business might be concerned). Furthermore, the Charter is still not yet legally binding and will only integrate EU primary legislation if the Treaty of Lisbon enters into force, which is still uncertain.

2. Consequences for copyright protection

Opponents to any fundamental-rights discourse within IP law often argue that these rights are vague and do not allow any conclusions to be drawn concern-

(Stämpfli, Berne Verlag, 2000); C. Geiger, *Droit d’auteur et droit du public à l’information, approche de droit comparé*, 98 *et seq.* (Paris, Litec, 2004); A. Rocha de Souza, *A função social dos direitos autorais: uma interpretação civil-constitucional dos limites da proteção jurídica: Brasil: 1888–2005*, (Campos dos Goytacazes, Ed. Faculdade de Direito de Campos 2006). On the social function of the general right to property *see* recently R. Libchaber, ‘La propriété, droit fondamental’, in: R. Cabrillac, M.-A. Frison-Roche and T. Revet (eds.), *Libertés et droits fondamentaux* 659 (12th ed. Paris, Dalloz, 2006), according to whom the right to property has changed from an individualistic right – *i.e.* assigned only for the egotistic purposes of the proprietor – to a sort of social function: the property is no longer restricted to the aspect of personal development, which it permits, but is also considered from the perspective of the interests of society.

³⁸ On the social deuteousness of property in Art. 17 of the Charter, *see* C. Callies, ‘The Fundamental Right to Property’, in: D. Ehlers (ed.), *European Fundamental Rights and Freedoms*, *supra* note 22, at 456, stating that the social function ‘serves as a justification for and limitation of the restrictions imposed on property utilisation’.

³⁹ T. Milly, *supra* note 18, at 207. This is generally admitted by commentators on the Charter; *see e.g.* O. Deppenheuer, in: P.J. Tettinger and K. Stern (eds.), *Kölner Gemeinschaftskommentar zur Europäischen Grundrechtscharta*, Art. 17, No. 29 (Munich, Beck, 2006). *See also* the Explanations relating to the Charter of Fundamental Rights (2007/C 303/02) on Art. 17, stating that intellectual property is ‘one aspect of the right of property’ and is only mentioned separately because of ‘its growing importance in Community secondary legislation (. . .) The guarantees as laid down in paragraph 1 shall apply as appropriate to intellectual property.’

⁴⁰ For such a clause *see also* Dietz, *supra* note 27; Geiger, *supra* note 11, 385.

ing the scope of IP rights – that the fundamental-rights reasoning within IP is a merely theoretical exercise that does not have any practical impact. In our opinion, the contrary is true and we will hereafter try to demonstrate that the constitutional framework has numerous practical consequences at EU level,⁴¹ especially in providing the condition for well-balanced IP legislation.⁴² We will then illustrate the positive effect that the application of fundamental rights by various European national courts in copyright disputes has had,⁴³ by serving as a shield from some of the overprotective tendencies of IP and securing the coherence which the law (or its understanding) lately seems to have lost.⁴⁴

2.1 A balanced framework for copyright law

There are several consequences for copyright legislation attached to the constitutional framework of fundamental rights at EU level.

First, fundamental rights are included in the national constitutions and bind the legislature. They rank high in the hierarchy of norms. Therefore, the reference to natural law is no longer necessary because the basis of natural-law values was codified in fundamental rights.⁴⁵ This is not unimportant for the copyright discourse, as natural law – because of its vagueness – very easily provides the possibility for misuse and has often been manipulated in the past to claim a systematic extension of the scope of protection.⁴⁶ Fundamental rights form the roots of positive law and have to be considered

⁴¹ See in this sense Torremans, *supra* note 27, at 19, and Drexl, *supra* note 22, stating that ‘constitutional considerations matter. They are crucial for building a legal system in a situation in which there is a growing feeling that something is wrong with existing copyright’.

⁴² See also in this sense L.R. Helfer, ‘Towards a Human Rights Framework for Intellectual Property’, 40 U.C. Davis Law Review 971 (2007); C. Geiger, ‘Copyright and Free Access to Information, For a Fair Balance of Interests in a Globalized World’, EIPR 366 (2006). On the relationship of intellectual property and human rights in general, see P.K. Yu, ‘Reconceptualizing Intellectual Property Interests in a Human Rights Framework’, 40 U.C. Davis Law Review, 1039 (2007); N. Bronzo, *Propriété intellectuelle et droits fondamentaux* (Paris, L’Harmattan, 2007).

⁴³ On the consequences see also A.E.L. Brown, ‘Guarding the Guards: The Practical Impact of Human Rights on Protection of Innovation and Creativity’, paper presented at the 20th BILETA Conference, April 2005, Queen’s University of Belfast, and from the same author: ‘Human Rights: in the Real World’, JIPLP 603 (2006).

⁴⁴ See C. Geiger, ‘Fundamental Rights, a Safeguard for the Coherence of Intellectual Property Law?’ 35 IIC 268 (2004).

⁴⁵ F. Fechner, *Geistiges Eigentum und Verfassung*, 135 (Tübingen, Mohr Siebeck, 1999).

⁴⁶ See in this sense M. Vivant, ‘Le Contenu du droit d’auteur’, in: I. de Lamberterie (ed.), *Le Droit d’auteur aujourd’hui*, 83 (Paris, Éditions du CNRS, 1991).

by law-makers.⁴⁷ They therefore offer possibilities for a balanced development of intellectual property.

The legislature has then to consider all fundamental rights equally. There is no hierarchical relationship between them. There is a basic tension between property and freedom, which the legislature must bring into a balanced relationship.⁴⁸ The property right and the personality right⁴⁹ must therefore always be confronted by different fundamental rights like the freedom of expression, the freedom of information and the right of privacy, and a proportional balance between these rights must be found.⁵⁰

By the way, not only national, but also the European, legislature is bound by them. The rights of the ECHR are considered as general principles of European Union law and have a higher status in the European hierarchy of norms than directives.⁵¹ Indirectly,⁵² the Convention can thus be considered as the highest binding source of law within the Community concerning fundamental rights, so that both primary and secondary EC legislation must comply

⁴⁷ See Milly, *supra* 18, 187 *et seq.*, underlining that fundamental rights 'provide the basic set of the most fundamental norms and principles to which all areas of law are connected. They thus play a particular role in the pursuit of coherence (. . .). Accordingly, private law and fundamental rights should be seen in a dialogical relationship: rather than eliminating choice, autonomy and experimentalism, such a dialogue enables the realisation of certain basic values.'

⁴⁸ See also in this sense D. Vaver, 'Intellectual Property: The State of the Art', 116 LQR 636 (2000); Ricketson, *supra* note 36, at 192; Cornides, *supra* note 33, at 167.

⁴⁹ The link between the moral right and the personality right is very clear in Germany, where moral rights are described as 'authors' personality rights' (*Urheberpersönlichkeitsrechte*). See on this issue Drexl, *supra* note 22. On the constitutional protection of copyright in Germany see Geiger, *supra* note 37, at 142 *et seq.*

⁵⁰ See also Torremans, *supra* note 27, at 17; M. Grünberger, 'A Constitutional Duty to Protect the Rights of Performers? Goldstein versus California and Bob Dylan – Two Different Stories', 37 IIC 277 (2006). More sceptical, R.L. Ostergard, 'Intellectual Property: A Universal Human Right?', 21 Human Rights Quarterly 156 (1999), arguing that to recognise IPRs as human rights is problematic because other human rights, like those relating to physical well-being, must take priority over the guarantee of IPRs as universal human rights. In our opinion, to recognize IPRs as human rights does not mean to give priority to these rights over those relating to physical well-being. On the contrary, it might even require that the latter prevail, because fundamental rights are always to be analysed in their interaction with other fundamental rights. Art. 27(2) UDHR, for example, should always be contemplated with regard to Art. 27(1).

⁵¹ ECJ, case 4/73, ECR 1974, 491; See also Art. 6(2) EU, which in its modified version (treaty of Lisbon) becomes Art. 6(3).

⁵² However, this will change in the future, because, as we have seen, the new version of Art. 6(2) EU envisages that 'the Union shall accede' to the ECHR.

with it.⁵³ Directives should therefore always be interpreted 'in the light' of the European Convention. In the case that a directive violates a fundamental right of the ECHR, Member States can bring an action for annulment before the ECJ and challenge the conformity of the text to the ECHR.⁵⁴ Unfortunately, the time frame for such an action is only two months (Article 230(5) EU). Moreover, a natural or legal person can only initiate proceedings against a directive if it is of direct and individual concern (Article 230(4) EU). That is seldom the case, for example when national legislators have absolutely no margin of discretion in implementing the directive. But after the directive has been implemented, the individual can claim that the implementing law violates his fundamental rights before a national court. If the court considers that the law could violate a fundamental right as embodied in the ECHR, it may refer the matter to the ECJ according to Article 234 EU. That way, the ECJ can test the validity of a directive, even when the two months are over.⁵⁵

Furthermore, as we have noted already, there have been more and more references to fundamental-rights values in the recitals of the latest directives on intellectual property, which also must be considered when interpreting the directives.⁵⁶ However, the nature of fundamental rights as objective principles implies that the obligation to interpret EU law in a manner compliant with fundamental rights is not restricted to directives, but extends to the whole *acquis communautaire*, including the articles of the EU Treaty.⁵⁷ National

⁵³ See H. Scheer, 'The Interaction between the ECHR and EC Law: A Case Study in the Field of EC Competition Law', ZEuS 690 (2004). As a result, in a subordination of EC law to the ECHR, EC institutions should be considered bound by the ECHR. See also the modified version of Art. 6(2) EU; Art. 51(1) Charter of Fundamental Rights of the European Union.

⁵⁴ Art. 230(2) of the EU Treaty: the ECJ has 'jurisdiction in actions brought by a Member State, the European Parliament, the Council or the Commission on grounds of lack of competence, infringement of an essential procedural requirement, infringement of this Treaty or of any rule of law relating to its application, or misuse of powers' (emphasis added).

⁵⁵ On remedies before the ECJ, see P. Craig and G. de Búrca, *EU Law: Texts, Cases and Materials*, 482 *et seq.* (3rd ed., Oxford, Oxford University Press, 2003).

⁵⁶ See *supra* note 7.

⁵⁷ See *e.g.* the decision of the ECJ (case C-260/89, ECR 1991, I-2925) in which the Court interprets the freedom to provide services in the light of the general principle of freedom of expression as embodied in Art. 10 of the ECHR. For the use of fundamental rights as mandatory requirements that justify barriers to the fundamental freedoms, see also cases C-368/95, ECR 1997, I-3689 and C-60/00, ECR 2000, I-6297. The arrival at the ECJ, as a result of the enlargement of the European Union of 1 May 2004, of a certain number of judges who have been part of either the European Court of Human Rights or a Constitutional Court could increase the influence of fundamental rights on the jurisprudence of the Court of Luxembourg (in this sense see Y. Laurin, 'L'Europe à vingt-cinq et la Cour de justice de Luxembourg', 2006 D. 313).

legislatures have also, when implementing directives, to take into account European standards of fundamental rights,⁵⁸ as well as the provisions of their national constitutions, when the directives leave some margin of appreciation.⁵⁹ Fundamental rights therefore constitute a good framework for the development of IP protection. They are effective tools to guarantee a balanced development and understanding of IP rights and a remedy for the overprotective tendencies of lobby-driven legislation.⁶⁰

Finally, fundamental rights and human rights represent ethical values which enjoy widespread consent and acknowledgment under international law.⁶¹ In the context of globalisation, they offer a ‘human’ legal framework for the advancement of intellectual property, which so far has been regarded exclusively from an economic point of view.⁶² Whereas, for instance, the different legal systems show various cultural differences despite their convergences, the moral and cultural values of fundamental rights (as included for example in the UDHR) are undisputed and could represent the basis of a worldwide harmonisation.⁶³ It is true that the EU as a member of the WTO is also bound by the TRIPS Agreement, so that primary and secondary EU legislation has to comply with it. This would mean priority for trade law over European fundamental-rights provision. However, one should not forget that the TRIPS Agreement should itself be interpreted in the light of the UDHR. According to some scholars, this results in the primacy of international human rights acts over trade liberalisation rules.⁶⁴ Anyhow, the interpretation of

⁵⁸ Craig and de Búrca, *supra* note 55, 337 *et seq.*

⁵⁹ See e.g. the decision of the German Constitutional Court, 12 May 1989, 1989 EuGRZ 339, 340: ‘The directive . . . leaves . . . a considerable margin of appreciation. The national legislature, when implementing the directive, is bound by the guidelines of the German Basic Law.’ This has also been clarified recently in Germany by the German Constitutional Court in the context of a framework decision of 18 July 2005, 2005 NJW 2289.

⁶⁰ See in this sense M. Grünberger, *supra* note 50, at 302, stating that if a fundamental rights analysis of IP law ‘at first sight appears to be another twist to fortify the stronghold of right holders’, it ‘may well turn out to be the critics’ Trojan horse in the industry’s citadel’.

⁶¹ R. Cassin, ‘L’intégration, parmi les droits fondamentaux de l’homme, des droits des créateurs des œuvres de l’esprit’, in: *Mélanges Marcel Plaisant*, at 231 (Paris, Sirey, 1960).

⁶² In this sense also Drahos, *supra* note 33; Chapman, *supra* note 34, 14 *et seq.*; Kéréver, ‘Authors’ Rights are Human Rights’, 32 Copyright Bulletin 23 (1998); Torremans, *supra* note 27, at 16.

⁶³ See also in this sense D. Beldiman, ‘Fundamental Rights, Author’s Right and Copyright – Commonalities or Divergences?’, 29 Columbia Journal of Law & the Arts 60 (2005).

⁶⁴ See e.g. the article of G. Marceau, Counsellor for the Legal Affairs Division

TRIPS in the light of the UDHR may already follow from the General Rule of interpretation of treaties to be found in Article 31 of the Vienna Convention on the Law of Treaties of 23 May 1969, entered into force on 27 January 1980.⁶⁵ According to Article 31.3(c), for the interpretation of a treaty, 'any relevant rules of international law applicable in the relations between the parties' should be taken into account. Given the numerous ethical questions involved, it is hard to deny that the UDHR can be such a relevant rule in the context of the TRIPS Agreement. Anyhow, as clarification, it would be worth considering including an explicit reference to the UDHR in any future review.⁶⁶ This could prevent a systematic interpretation in favour of right owners. Furthermore, it would guarantee that economic reasoning is carried out with ethical considerations.⁶⁷ Such clarification could be incorporated into a protocol to the TRIPS Agreement without substantial changes and could even produce a consensus on an international level.⁶⁸

of the WTO Secretariat: 'WTO Dispute Settlement and Human Rights', 13 *European Journal of International Law* 753 *et seq.* (2002), and from the same author: 'The WTO Dispute Settlement and Human Rights', in: F.M. Abbott, C. Breining-Kaufmann and T. Cottier (eds.), *International Trade and Human Rights: Foundations and Conceptual Issues*, World Trade Forum, Vol. 5 (Ann Arbor, University of Michigan Press, 2005), chapter 10; R. Howse and M. Mutua, *Protecting Human Rights in a Global Economy: Challenges for the World Trade Organization* (Montreal, Rights & Democracy, International Centre for Human Rights and Democratic Development, 2000).

⁶⁵ United Nations, Treaty Series, Vol. 1155, 331.

⁶⁶ See Resolution 2000/7 of the UN Sub-Commission on Human Rights, 17 August 2000, on 'Intellectual Property Rights and Human Rights' (E/CN.4/SUB.2/RES/2000/7), where the 'Human Rights Commission requests the World Trade Organization, in general, and the Council on TRIPS during its ongoing review of the TRIPS Agreement, in particular, to take fully into account the existing State obligations under international human rights instruments' (emphasis added). See also in this sense Resolution 2001/21 of the UN Sub-Commission on Human Rights, 16 August 2001 (E/CN.4/SUB.2/RES/2001/21). Unfortunately, these resolutions have no binding character for the Member States, but their political significance is not to be neglected. Furthermore, it is not excluded that these soft law principles evolve into customary international law (see e.g. C.M. Chinkin, 'The Challenge of Soft Law: Development and Change in International Law', 38 *International & Comparative Law Quarterly* 856 *et seq.* (1989)).

⁶⁷ See Chapman, *supra* note 34, at 15. See also A. Kur, 'A New Framework for Intellectual Property Law – Horizontal Issues', 35 *IIC*, at 14 (2004), underlining the need to take ethical issues more into account.

⁶⁸ Favouring a link of the TRIPS Agreement to the human rights treaties, see also L.R. Helfer, 'Human Rights and Intellectual Property: Conflict or Coexistence?', 5 *Minn. Intell. Prop. Rev.*, at 61 (2003). This author maintains that allowing greater opportunities for airing a human-rights perspective on intellectual property issues will strengthen the legitimacy of the WTO and promote the integration of an increasingly dense thicket of legal rules governing the same broad subject matter. See also

All these developments lead to the following consequence: if legislation does not represent the values incorporated in constitutional provisions, judges have to interpret the laws in the light of fundamental rights. In exceptional cases, they can even intervene without legal basis within IP law and correct certain excesses.⁶⁹ Thus in numerous decisions of European courts, the rights laid out in the ECHR or in national constitutions have already been used in copyright disputes to limit the rights of the author (in these cases, fundamental rights act as ‘external’ limits on intellectual property).

2.2 *Recent national case law in Europe*

We must admit, it is obviously not the ideal solution to fall back on rules from outside intellectual property. It would be preferable for these problems to be solved by IP legislation.⁷⁰ Unfortunately, there is often a certain lack of political courage among legislators, as the question is sensitive and controversial. We realise that instead of taking any initiatives, the national legislative bodies prefer to remain quite passive.

Due to this lack of legislative development, the national jurisprudence of several European countries has tried to find some solutions that will permit an equitable readjustment. The judicial instruments to achieve this goal have been various, ranging from competition law (and the granting of certain compulsory

Anderson and Wager, *supra* note 34, 707 *et seq.*, underlining the complementarities of international trade law with human rights concerns: ‘It remains that efficiently functioning markets, backed up by appropriate laws and institutions, are central to any realistic programme for development and hence to the fulfillment of human rights’ (at 715).

⁶⁹ The so-called ‘three-step test’ incorporated in the international and European legal order (Art. 9.2 of the Berne Convention, Art. 13 TRIPS, and Art. 10 WCT and Art. 16 WPPT, Art. 5(5) of the Directive of 22 May 2001 on Copyright and Neighbouring Rights in the Information Society) might in the future be a direct ‘entrance door’ for fundamental rights reasoning in copyright law, therefore allowing judges to apply copyright limitations in a more flexible way (*see* Geiger, ‘Flexibilising Copyright’, 39 IIC, 178 (2008)). In fact, the third step of the test deals with the justification that underlies the limitation. According to it, application of limits to copyright must not be to the ‘unjustified’ disadvantage of the copyright owner. The rationale is that the author should not be in a position to control all sorts of use of his work, but he has to tolerate certain interferences as long as they are justified by values that are superior to the copyright owner’s interests. This formula will thus enable the judge to apply a control of proportionality and balance the different fundamental rights involved (*see* C. Geiger, ‘The Role of the Three-Step Test in the Adaptation of Copyright Law to the Information Society’, e-Copyright Bulletin, January–March 2007).

⁷⁰ In this sense *see e.g.* A. Lucas, ‘Droit d’auteur, liberté d’expression et droit du public à l’information’, A&M 21 (2005).

licences as in the *Magill* decision of the ECJ⁷¹ to media law, the theory of abuse of right or the application of fundamental rights.⁷²

We would like to discuss this last proposition and thereby call to mind some cases that have entailed some interesting decisions.⁷³ They mainly concern the conflict between copyright and freedom of expression⁷⁴ or the public's right to information.⁷⁵

⁷¹ ECJ, 6 April 1995, *Radio Telefis Eireann and others v. Commission and Magill TV Guide*, C-241/91 P and C-242/91 P (ECR 1995, I-743). It is clear that competition law can also be an effective judicial means to 'counter' certain abuses of intellectual property rights (see particularly Geiger, *supra* note 37, at 306 *et seq.*; U. Bath, 'Access to Information v. Intellectual Property Rights', EIPR 138 (2002)). Paradoxically, its application to intellectual property law, while it is still contested by certain purists, is however less contested than the application of fundamental rights.

⁷² On the judges' recourse to exceptions outside IP law, see Geiger, *supra* note 37, at 382 *et seq.*

⁷³ We have chosen as examples a few cases that have attracted attention in different countries. Needless to say, many other decisions could also have been cited (for further references see Geiger, *supra* note 37, at 391 *et seq.*). See also Brown, *supra* note 43.

⁷⁴ On the conflict of copyright with freedom of expression in Europe see e.g. P.B. Hugenholz, *supra* note 24, at 343; A. Strowel and F. Tulkens (eds.), *Droit d'auteur et liberté d'expression* (Brussels, Larcier, 2006), and by the same authors: 'Freedom of Expression and Copyright under Civil Law: Of Balance, Adaptation, and Access', in: J. Griffiths and U. Suthersanen (eds.), *Copyright and Free Speech*, 287 (Oxford, Oxford University Press, 2005); MacMillan Patfield, *supra* note 12; D. Voorhoof, 'Freedom of Expression, Parody, Copyright and Trademarks', in: J.C. Ginsburg and J.M. Besek (eds.), *Adjuncts and Alternatives to Copyright*, 636 (ALAI, 2001; New York Kernochan Center for Law Media and the Arts (2002); Birnhack, *supra* note 12; H. Cohen Jehoram, 'Copyright and Freedom of Expression, Abuse of Rights and Standard Chicanery: American and Dutch Approaches', EIPR 275 (2004); M. Elst, *Copyright, Freedom of Speech, and Cultural Policy in the Russian Federation* (Leiden and Boston, Martinus Nijhoff Publishers, 2005); P. Akester, 'The Political Challenge – Copyright and Free Speech Restrictions in the Digital Age', IPQ 16 (2006); J. Rosen, 'Copyright and Freedom of Expression in Sweden – Private Law in a Constitutional Context', in: P. Torremans (ed.), *Copyright Law: A Handbook of Contemporary Research* (Cheltenham, UK and Northampton, MA, USA, Edward Elgar, 2008). There are also a lot of interesting cases in the field of trademarks, see e.g. C. Geiger, 'Trade Marks and Freedom of Expression – The Proportionality of Criticism', 38 IIC 317 (2007).

⁷⁵ On the conflict of copyright with freedom of information or the public's right to information, see e.g. Geiger, *supra* note 37, and by the same author: 'Author's Right, Copyright and the Public's Right to Information, A Complex Relationship', in: F. Macmillan (ed.), *New Directions in Copyright Law*, Vol. 5, 24 (Cheltenham, UK and Northampton, MA, USA, Edward Elgar, 2007). The next part of this chapter draws on this paper; J. Griffiths, 'Copyright Law and the Public's Right to Receive Information: Recent Developments in an Isolated Community', in: E. Barendt and A. Firth (eds.),

The first case was set in France and concerned the works of the painter Maurice Utrillo.⁷⁶ A television station had produced a short reportage to inform the public about a new exhibition by the painter. For this feature, some of the paintings on display were briefly filmed. Subsequent to the broadcast, the right holder demanded that the TV station pay remuneration for its representation of the works of the painter in the report. The TV station refused to pay, arguing that the report had an informative character. The right holder then sued the TV station for unauthorised reproduction. The TV station based its defence on several arguments, principally the quotation exception and the public's right to information according to Article 10 of the ECHR. To general surprise, it won the case at first instance on these last grounds. The court indeed considered that the representation of the works was justified 'by the right of the TV viewers to be briefly informed in an appropriate manner of a cultural event, as this represents immediate news in relation to the work and its author'.⁷⁷

The court of appeal has since overruled the decision⁷⁸ and the appeal by the TV station to the Supreme Court has been rejected.⁷⁹ The judges of the Supreme Court affirmed that the argument based on the violation of Article 10 of the ECHR is 'invalid'. Also in this sense, the Belgian Supreme Court held in a decision of 25 September 2003 in a general manner that 'the right of freedom of expression guaranteed by article 10 of the European Convention on

The Yearbook of Copyright and Media Law 2001/2, 29 (Oxford, Oxford University Press 2002); M. Löffler, 'Das Grundrecht auf Informationsfreiheit als Schranke des Urheberrechts', *NJW* 201 (1980); P.B. Hugenholtz, 'Auteursrecht contra informatievrijheid in Europa', in: A.W. Hins and A.J. Nieuwenhuis (eds.), *Van ontvanger naar zender*, 157 (Amsterdam, Otto Cramwinckel, 2003); T. Hoeren, 'Access Right as a Postmodern Symbol of Copyright Deconstruction?', in: Ginsburg and Besek (eds.), *supra* note 74, 361 *et seq.* Regarding the database right, *see* E. Derclaye, 'Database *Sui Generis* Right: The Need to Take the Public's Right to Information and Freedom of Expression into Account', in: F. Macmillan (ed.), *New Directions in Copyright Law*, Vol. 5, *supra*, at 3.

⁷⁶ On this case *see also* P. Kamina, 'Droit d'auteur et Art. 10 de la Convention Européenne des Droits de l'Homme', 25 *Légicom* 7 (2001).

⁷⁷ Paris District Court, 3rd Chamber, 23 February 1999, 184 *RIDA* 374 (2000), comment by A. Kéréver; 2001 *GRUR Int.* 252, comment by C. Geiger. *See also* the decision of the Toulouse District Court, 26 September 2001, 187 *Légipresse* 149 (2001), reversed by Toulouse Court of Appeals, 3rd Chamber, 13 June 2002, 9 *Propr. intell.* 384 (2003), comment by A. Lucas.

⁷⁸ Paris Court of Appeals, 4th Chamber A, 30 May 2001, 191 *RIDA* 294 (2002), comment by A. Kéréver (at 209); 2002 *GRUR Int.* 329, comment by C. Geiger.

⁷⁹ French Supreme Court, 1st Civil Chamber, 13 November 2003, 35 *IIC* 2004, 716, comment by C. Geiger. Concerning this case, *see also* P. Kamina, 'Un point sur le droit d'auteur et l'article 10 de la Conv. EDH', 30 *Légicom* 88 (2004) and C. Geiger, 'Pour une plus grande flexibilité dans le maniement des exceptions au droit d'auteur', 2004 *A&M* 213.

Human Rights and by article 19 of the International Covenant on Civil and Political Rights does not hinder the protection of a literary or artistic work by copyright'.⁸⁰ The decision thus broadly denies the existence of any potential conflict. In both cases, it seems to us that the French and Belgian Supreme Courts do not correctly apply the ECHR, the logic of which would require an *in concreto* appreciation of the conflict between two fundamental rights, that is, in consideration of the facts of the case and not in general.

A second, quite similar case from Switzerland is worth recalling.⁸¹ Two prominent persons had started a public argument on the treatment of asylum seekers in Switzerland with the publication of alternating articles that started a political debate. A right-extremist journal published both articles side by side and added a very critical comment to one of the articles. Obviously enraged, the author of the article sued the journal in the field of copyright, arguing that the limits of the quotation exception had been exceeded, as the journal reproduced the entire article.⁸² The Supreme Court of the Canton of Zurich dismissed the action, holding that the objective of the quotation was only to be achieved by the reproduction of the entire article. The court based its decision directly on freedom of opinion and information and the freedom of media protected by Articles 16 and 17 of the Swiss Federal Constitution.⁸³ The Federal Court of Switzerland nevertheless overruled the decision, holding that the balance between the property right and the freedom of information had already been realised inside copyright and that thus the reproduction of certain passages was sufficient to guarantee the freedom of information.⁸⁴ The court thus adopted the position of the French Supreme Court in the *Utrillo* case.

It seems to us nevertheless that, concerning the French and Swiss cases, the application of fundamental rights should be welcomed, because the judges thereby were able to adapt the exceptions to copyright to a social evolution. Indeed, how can a medium like television, working exclusively with images, inform in an effective way about an art exhibition without showing one of the

⁸⁰ Belgian Supreme Court, 25 September 2003, 2004 A&M 29. For a comment on both decisions see Lucas, *supra* note 70, at 13.

⁸¹ On the relationship of copyright and fundamental rights in Switzerland in general, see R.H. Weber and C. Breining-Kaufmann, 'Grundrechtsdimensionen im Urheberrecht?', 2005 SIC! 415.

⁸² The author had brought forward arguments concerning both exploitation rights and the '*droit moral*', being of the opinion that the publication of his article in a newspaper of the extreme right violated the work's integrity. Copyright thus was without any doubt brought forward in order to avoid critical analysis of the mentioned article, as the author was obviously in disagreement with the opinions pronounced.

⁸³ Decision of 9 September 2004, 2004 Médialex 231, comment by W. Egloff.

⁸⁴ Decision of 22 June 2005, 2005 Médialex 153, comment by D. Barrelet. On this case, see also C. Geiger, 'Propriété intellectuelle et censure', Médialex 75 (2006).

artist's paintings?⁸⁵ How can a newspaper better compare different points of view than by reproducing them in their entirety?⁸⁶ There are copyright-protected works that are at the centre of important democratic issues, and copyright should not hinder a legitimate debate from taking place. Should a newspaper for example not be able to reprint some caricatures of the prophet Mohammed when informing about the controversy that these pictures caused? Should a television channel really be obliged to ask the permission of copyright owners when showing photographs of inhuman treatment of Iraqi prisoners in the prisons of Abu Ghraib? Information in these cases is so much more important and the reporting so much more objective, when one shows the work in question for the public to see for itself and thereby draw its own conclusions.⁸⁷

Such argumentation has, by the way, been admitted by the Austrian Supreme Court, in a decision of 12 June 2001. The court held that the reproduction of 16 newspaper articles on a website belonging to the person the articles were about was covered by freedom of expression in Article 10 of the ECHR. Indeed, it considered that even if the complete reproduction of the articles was not annotated (which could have turned the reproduction into lawful quotations), it was in this case justified, since it enabled the author of the website to show that he was the target of a large-scale media campaign. The court thus decided that in this case freedom of expression and the public's right to information prevailed over the newspaper's pecuniary interests and specified that 'the right holders aim to use their exclusive rights with the sole objective of hindering any criticism towards their media campaign. The use of copyright with this intention in mind cannot justify any restriction to freedom of expression in a democratic society'.⁸⁸

⁸⁵ In this sense *see also* M. Vivant, 'La transposition de la directive sur le droit d'auteur dans la société de l'information en France, Analyse critique et prospective', in: R.M. Hilty and C. Geiger (eds.), *Impulse für eine europäische Harmonisierung des Urheberrechts*, 97 *et seq.* (Berlin, Heidelberg, New York, Springer/Litec, 2007); C. Geiger, 'Liberté de l'image et droit d'auteur', 223 *Légipresse* 89 (2005).

⁸⁶ Inversely, by the way, how can one better unmask an extremist party than by publishing one of its flyers? How can one better denounce the corruption of an elected official than by publishing a letter in which he accepts a bribe?

⁸⁷ *See also* the London Court of Appeal judgment of 18 July 2001 (*Ashdown v. Telegraph Group Ltd.*, EMLR 2001, 44), in which the court admitted that in certain cases 'freedom of expression will only be fully effective where an individual is permitted to reproduce the very words spoken by another'. The court added that in these cases 'the public should be told the very words used by a person, notwithstanding that the author enjoys copyright in them. On occasions, it is the form and not the content of a document which is of interest' (paragraphs 39 and 43 of the decision). On this case, *see* J. Griffiths, 'Copyright Law after *Ashdown* – Time to Deal Fairly with the Public', *IPQ* 240 (2002).

⁸⁸ Austrian Supreme Court, 12 June 2001, *Medienprofessor*, 33 IIC 994 (2002).

In this sense, a judgment of the Court of Appeal of The Hague of 4 September 2003 also deserves full approval.⁸⁹ The case dealt with the publication of internal documents of the sect of Scientology on a website for the purpose of criticism. The court considered that the exception of quotation did not apply, because documents which had not been published up to this moment were concerned; nevertheless, it considered that the publication was justified by the public's right to information, guaranteed by Article 10 of the European Convention on Human Rights. On 16 December 2005, the Dutch Supreme Court dismissed Scientology's appeal and made the previous ruling final, but without deciding on the merits of the case.⁹⁰ Unfortunately, the Supreme Court did not take the given opportunity to clarify the relationship between copyright and freedom of expression.

One last decision, rendered in Germany in connection with the freedom of artistic creation protected by the German Constitution, deserves to be mentioned. It was based on the following facts: The author Heiner Müller had inserted in one of his works, titled *Germania 3 Gespenster am toten Mann*, two extracts from two different works by Bertolt Brecht, namely *The Life of Galileo* and *Coriolan*. By taking up those extracts in the context of his own work, he wanted to allow the audience to undertake a critical evaluation of the assumptions made by Brecht. It was thus about establishing a sort of artistic dialogue by putting some of Brecht's assumptions in a dramatic context. Brecht's heirs refused to give their authorisation to use the passages. The problem was that the extracts were too long to constitute quotations in terms of copyright law. The German Federal Constitutional Court nevertheless considered as one of the reasons for the judgment, which deserves to be quoted as a whole, that 'in the context of artistic creation, the freedom to quote a work is larger and cannot have for its only function backing up a personal development. It must be possible for the artist to insert protected works into his own creation even if it is not necessarily the author's own development that the quotation would illustrate. However, the

⁸⁹ The Hague Court of Appeals, 4 September 2003, 2003 AMI 222, comment by P.B. Hugenholtz. See also on this decision G.W.G. Karnell, 'Copyright Protection Under Human Rights Control – In Particular of Works Not Disseminated to the Public', September 2004 World E-Commerce & IP Report 18.

⁹⁰ The Supreme Court of the Netherlands, 16 December 2005, 1st Chamber, No. C04/020/HR (LJN AT2056). In his earlier opinion, the Attorney General D.W.F. Verkade held that the publishing of the document could be covered by s. 15b of the Dutch Copyright Act, which provides a copyright limitation allowing communication to the public (or reproduction of a literary, scientific or artistic work communicated to the public) by or on behalf of the public authorities. In fact, the texts of the sect were in the past included in a witness account already used in an American court, which means they had been previously made available to the public.

quotation must be used as a tool or vehicle of an artistic opinion expressed by the author.’⁹¹

In order to assess this requirement, the Court analysed the quotation exception in the light of artistic freedom, implemented in Article 5(3) of the German Constitution. After weighing the respective concerns, in the context of the verification of proportionality, the Court considered that artistic freedom should prevail: ‘When – as in the present case – a violation of copyright of small range, which entails only a small financial loss for the claimants, opposes the freedom of creation, the artist’s interest to use the *opus* freely in the context of an artistic confrontation has to prevail over the simple financial concerns of the claimants.’

In this sense, a recent decision of the French Supreme Court regarding moral rights can also be recalled.⁹² In this importing ruling, the Court dismissed the claims by Victor Hugo’s heirs, who had argued that the publication of a sequel to the work *Les Misérables* was an infringement of the author’s (perpetual) moral rights although the work had already become part of the public domain. Citing Article 10 of the European Human Rights Convention, the Court gave priority to the freedom of creation of the authors, holding that ‘freedom of creativity hinders the author of the work or his heirs preventing the making of a sequel after the exploitation monopoly is expired’.

Conclusion

In conclusion, one can say that the European framework regarding fundamental rights could guarantee a well-balanced development of European legislation.⁹³ It may also allow judges to step in and correct certain excesses when the basic values of copyright are lost sight of. Fundamental rights have then the potential to help copyright to overcome the serious crisis of legitimacy that it is facing at the moment in the public’s opinion. Therefore, far from being something to be feared, fundamental-rights reasoning seems on the contrary to be highly desirable and should be encouraged and developed in Europe at any level, be it legislative, judicial, or in future scholarly work.

⁹¹ German Federal Constitutional Court, 29 June 2000, *Germania* 3, 2001 GRUR 149.

⁹² French Supreme Court, 1st Civil Division, 30 January 2007, 38 IIC 736 (2007). On this decision, see C. Geiger, ‘Copyright and the Freedom to Create – A Fragile Balance’, 38 IIC 707 (2007).

⁹³ On the concept of balance of interests in copyright legislation, see R.M. Hilty and C. Geiger (eds.), ‘The Balance of Interests in Copyright Law’, Proceedings of the Conference organised by the Max Planck Institute for Intellectual Property in Berlin in November 2004, Munich, 2006, Online publication to be found at: www.intellecprop.mpg.de/ww/de/pub/forschung/publikationen/online_publikationen.cfm.

3 Subject matter

Tanya Aplin

Introduction

This chapter examines the extent to which the European Union ('EU'), in the field of copyright or *droit d'auteur*,¹ has adopted harmonized notions of subject matter and whether a unified approach to determining protectable subject matter should be adopted in the future. The discussion occurs in several sections. Sections 1 and 2 set the scene by addressing the international position under the Berne Convention for the Protection of Literary and Artistic Works 1886 ('Berne') and the basic differences between EU Member States. Section 3 discusses the EU harmonization of copyright law protection of subject matter to date, while Section 4 assesses the extent to which this harmonization has been successful. Finally, Section 5 analyses whether further harmonization should occur, in particular, in respect of the definition of computer programs, and whether there should be a unified 'open list' or 'closed list' approach.

1. International position

In considering the scope of subject matter protected by copyright or *droit d'auteur* the logical starting point is, of course, Berne. Article 2(1) of Berne stipulates that 'the expression "literary and artistic works" shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression' and goes on to provide an extensive but non-exhaustive list of examples. Some of the more notable works listed are: books, lectures, dramatic works, musical compositions, cinematographic works, paintings, sculptures, photographic works, and works of applied art. The principles of national treatment and minimum rights set out in Article 5(1) of Berne apply 'in respect of works for which [authors] are protected under this Convention'. As such, the scope of Article 2(1) of Berne is crucial to determining whether or not Union Members come under an obligation to grant national treatment and minimum rights.²

¹ NB: this chapter is not concerned with subject matter that falls within related rights or neighbouring rights regimes.

² Ricketson, S and Ginsburg, J, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond* Volume 1 (Oxford: OUP, 2006), para 8.01.

The phrase ‘every production in the literary, scientific and artistic domain’ apparently harks back to the bilateral treaties that preceded the signing of Berne.³ Relying on the *travaux préparatoires* for the Brussels Revision Conference, Professors Ricketson and Ginsburg argue that the word ‘production’ merely indicates that a work which satisfies the description of ‘literary and artistic works’ will ‘be protected once it [is] realized or brought into existence’.⁴ Further, that the adjective ‘scientific’ in this phrase is superfluous, given that scientific discoveries would not be protected under Berne (being ideas and not expression) and scientific writings would be classified as either literary or artistic productions.⁵ The fact that literary, scientific and artistic productions are protected ‘whatever may be the mode or form of its expression’ highlights three things. The first is that a technology neutral approach is taken to how the work is expressed. Second, that protection is for the *expression* as opposed to the ideas embodied in the works⁶ and, finally, that the mode or form of expression does not have to be tangible (a point which is also emphasized by Article 2(2) of Berne).

As mentioned above, Article 2(1) enumerates categories of works that are included within the notion of ‘literary and artistic works’. It is clear from Article 2(6) of Berne that the works listed in Article 2(1), along with those mentioned in Article 2(3) (‘translations, adaptations, arrangements of music and other alterations of a literary and artistic work’) and Article 2(5) (‘collections of literary or artistic works’), are to be protected under the Convention by Union Members. Although the enumeration in Article 2(1) is not exhaustive, and other categories of works may be recognized as ‘literary and artistic works’, history shows that the list has steadily expanded over time and that ‘there has usually been a prolonged struggle which has preceded the admission of a new category of work to the list’.⁷ This is because enumeration in Article 2(1) of Berne is the only mechanism by which a consistent approach among Union Members concerning what is included within the notion of ‘literary and artistic works’ can be ensured.⁸ Even so, the absence of definitions of the works listed in Article 2(1) leaves open the possibility of differing interpretations in the national laws of Union Members.⁹

³ Ibid., paras 8.02, 8.06.

⁴ Ibid., para 8.03.

⁵ Ibid., para 8.06.

⁶ Ibid., para 8.07 write that confirmation of this basic principle is found in Article 2(8) of Berne which excludes ‘news of the day’ and ‘miscellaneous facts having the character of mere items of press information’ from its scope.

⁷ Ricketson and Ginsburg (2006), para 8.09.

⁸ Ibid., para 8.11.

⁹ Ibid., para 8.12 argue that ‘[s]ignificant variations will be the exception and will usually only occur at the margin’.

As new technologies emerged, debates arose over whether ‘literary and artistic works’ in Article 2(1) of Berne embraced new types of subject matter, such as phonograms (i.e. sound recordings), broadcasts, performances, computer programs and databases. Attempts to bring phonograms, broadcasts and performances within the scope of Article 2(1) of Berne failed and led to the establishment of a separate international regime in the form of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961.¹⁰ Phonograms and broadcasts were not treated as ‘literary and artistic works’ within Article 2(1) of Berne because they were considered industrial works, which lacked the right creative activity, and because broadcasts, being created by legal entities, lacked an ‘author’.¹¹ Performances were denied protection under Berne on the basis that performers did not create works, but rather interpreted them.¹²

Whether ‘computer programs’ qualified as ‘literary works’ within Article 2(1) of Berne was a contentious issue for several years. At an international level, WIPO, under the aegis of the Paris Union, dismissed patent law protection of computer programs in favour of a *sui generis* regime and in 1977 formulated a set of Model Provisions for the Protection of Computer Software.¹³ This showed that, initially at least, WIPO considered copyright law as an inappropriate vehicle for protecting computer programs. Subsequently, however, and beginning at the national level, there was a shift towards protecting computer programs as literary works.¹⁴ The reasons for doing so have been described as heavily pragmatic – the lobbying efforts of software manufacturers to obtain quick and effective protection combined with the fact that copyright law represented an established and ‘ready-made’ solution, for which the benefit of national treatment and minimum rights could

¹⁰ For further discussion see *ibid.*, paras 8.110–8.114.

¹¹ See Vaver, D, ‘The National Treatment Requirements of the Berne and Universal Copyright Conventions: Part I’ (1986) 17 *IIC* 577, 599.

¹² *Ibid.*, 601.

¹³ See Ricketson and Ginsburg (2006), para 8.93. The only country which appeared to thoroughly analyse the WIPO Model Provisions was Germany: see Ulmer, E and Kolle, G, ‘Copyright Protection of Computer Programs’ (1983) 14 *IIC* 159, 167–8.

¹⁴ In Germany, see the decision of the District Court of Munich I in *Visicorp v Basis Software GmbH* (1983) 14 *IIC* 437 and subsequently the FRG Amending Law of 23 May 1985, Art 1. In France, see French Law no 85-600 of 3 July 1985, art 1(v). In the UK see *Gates v Swift* [1982] RPC 339; *Sega Enterprises v Richards* [1983] FSR 73; *Thrustcode Ltd v WW Computing Ltd* [1983] FSR 502 and subsequently the UK Copyright (Computer Software) Amendment Act 1985. In the United States, see US Computer Software Copyright Act 1980 (US), amending s101 of US Copyright Act 1976. Finally, in Australia see the decision of the Australian High Court in *Computer Edge Pty Ltd v Apple Computer Inc* (1986) 161 CLR 171.

be claimed.¹⁵ In view of the declining international interest in a *sui generis* model of protection, in February 1985 WIPO moved the issue of protection of computer programs to the ‘competence’ of the Berne Union and subsequently produced a study on the legal protection of computer programs, surveying national legislation and case law.¹⁶ In November 1991, the first session of the Berne Protocol Committee was held and the arguments for and against copyright protection were raised in the working paper prepared for that meeting. Objections were raised to classifying computer programs as literary works. It was argued that while source code is superficially analogous to literary works, machine code is not, and the final addressee of the instructions is a computer (which then carries out a function) and not an individual. Further, that computer programs lack the intellectual creativity required for ‘literary and artistic works’ and that the length of protection (50 years *post mortem auctoris*) is excessive for works with such a short life cycle. Counter-arguments, however, were raised. First, that computer programs are writings and should be protected provided they are intellectual creations. Further, that there is sufficient room for creativity in making computer programs. The fact that computer programs are in object code should not preclude their protection since other literary and artistic works may be stored in computer systems as machine readable code. Finally, that while the duration of protection may be too long, objections of this nature may be raised for other types of subject matter that qualify as ‘literary and artistic works’.¹⁷ The concerns about treating computer programs as copyright subject matter gradually disappeared over time,¹⁸ so that Article 4 of the WIPO Copyright Treaty 1996 (‘WCT’) now clarifies that computer programs are protected as literary works within the meaning of Article 2 of Berne.¹⁹ This shift in approach is probably accounted

¹⁵ Ricketson and Ginsburg (2006), para 8.93; Stamatoudi, I, *Copyright and Multimedia Works: A Comparative Analysis* (Cambridge: CUP, 2002), pp. 45–7; Soltysinski, S, ‘Protection of Computer Programs: Comparative and International Aspects’ (1990) 21 *IIC* 1, 25.

¹⁶ Ficsor, Mihály, *The Law of Copyright and the Internet: The 1996 WIPO Treaties, their Interpretation and Implementation* (Oxford: OUP, 2002), pp. 469–70.

¹⁷ *Ibid.*, pp. 472–3.

¹⁸ Although there are still commentators who question the soundness of characterizing computer programs as ‘literary works’: see Christie, A, ‘Designing Appropriate Protection for Computer Programs’ (1994) 11 *EIPR* 486; Gordon, S, ‘The Very Idea! Why Copyright Law is an Inappropriate Way to Protect Computer Programs’ [1998] *EIPR* 10; Reichman, JH, ‘Legal Hybrids Between the Patent and Copyright Paradigms’ (1994) 94 *Columbia Law Review* 2432; and Samuelson, P et al, ‘A Manifesto Concerning the Legal Protection of Computer Programs’ (1994) 94 *Columbia Law Review* 2308.

¹⁹ Although there is some debate over whether Article 4 is declarative of what

for by a multiplicity of reasons: the pragmatic ones mentioned above; the counter-arguments to the principled objections; and finally, the acceptance at national level of computer programs as ‘literary works’ which then became entrenched at a regional level in the EU Software Directive²⁰ and accepted at an international level in Article 10(1) of the Agreement on Trade Related Aspects of Intellectual Property Rights (‘TRIPS’) 1996.

Another contentious issue was whether or not the reference in Article 2(5) of Berne to ‘collections of literary or artistic works’ included compilations of *data*, that is, databases. It seemed not, given that the provision explicitly referred to collections of *works* as opposed to data or other non-copyrightable subject matter.²¹ That said, Professors Ricketson and Ginsburg argue that if the selection or arrangement of data satisfies the requirement of ‘intellectual creation’ then such collections should come within Article 2(1) of Berne.²² Further, that subsequent state practice supports the inclusion of compilations of data within Article 2. In any event, the TRIPS Agreement and WCT have resolved this issue.²³ Article 10(2) of TRIPS provides:

Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.

Article 5 of the WCT is in virtually identical terms and the Agreed Statement confirms that the scope of protection for compilations of data it sets out is consistent with Article 2 of Berne.²⁴

Two further preliminary points should be mentioned. The first is that a requirement of ‘originality’ is not expressly included in Berne. Rather, the *travaux préparatoires* for the Brussels Revision Conference indicate that the requirement of ‘intellectual creation’ is implicit in the concept of ‘literary and

was already protected under Article 2(1) of Berne or constitutive, in the sense of reflecting a new norm binding on Berne Members. This issue is relevant to Berne Union countries that are not also members of WCT or TRIPS. See Ricketson, S, ‘The Berne Convention: The Continued Relevance of an Ancient Text’ in Vaver, D, and Bently, L, *Intellectual Property in the New Millennium: Essays in Honour of William R. Cornish* (Cambridge: CUP, 2004), 217–33, at 231–2.

²⁰ Directive 91/250/EEC on the legal protection of computer programs OJ L122 17/5/91, pp. 42–6, Art 1.

²¹ Ricketson and Ginsburg (2006), para 8.88.

²² *Ibid.*, para 8.89.

²³ Reinbothe, J and von Lewinski, S, *The WIPO Treaties 1996* (London: Butterworths, 2002), pp. 72–7.

²⁴ See *Ibid.*, pp. 78–9 and Ficsor (2002), pp. 480–84.

artistic work'.²⁵ This view is arguably reinforced by the fact that Article 2(5) expressly refers to 'collections of literary or artistic works' being 'intellectual creations' by virtue of the 'selection and arrangement of their contents'. Professors Ricketson and Ginsburg argue that 'while such a stipulation is necessary in the case of these kinds of borderline works, it hardly needs to be stated in relation to the "mainline" works covered by article 2(1)'.²⁶ There is, however, very little guidance on what constitutes 'intellectual creation' and, as a result, Union Members may (and do) differ in their approach to what minimum standard of originality is required. The second point concerns whether or not there is a fixation requirement. As discussed above, the fact that productions in the literary, scientific and artistic domain are protected 'whatever may be the mode or form of its expression' means that there is no requirement that the expression be in a tangible form. This is reinforced by the fact that the enumeration in Article 2(1) refers to 'lectures, addresses and sermons'. However, Union Members have long differed in their approach to whether fixation is a requirement of protection and the Stockholm-Paris Revisions of Berne saw the inclusion of Article 2(2),²⁷ which leaves this question to the national laws of Union Members.²⁸

2. EU Member States

Before discussing EU harmonization of copyright subject matter, it is important briefly to point out the main differences in approach between Member States. Here the differences are aligned according to the distinction between common law and civil law systems. The UK is a prime example of a common law system²⁹ and adopts, via the Copyright Designs and Patents Act 1988 ('CDPA'), what is commonly known as a 'closed list' approach to subject matter.³⁰ The CDPA grants protection to eight – and *only* eight – categories of works.³¹ As such, a person must bring his or her creation within one of these categories in order to obtain copyright – failure to do so will preclude protection.³²

²⁵ Ricketson and Ginsburg (2006), para 8.03.

²⁶ Ibid.

²⁷ 'It shall, however, be a matter for legislation in the countries of the Union to prescribe that works in general or any specified categories of works shall not be protected unless they have been fixed in some material form.'

²⁸ For discussion see Ricketson and Ginsburg (2006), para 8.18.

²⁹ Ireland is the only other example in the EU.

³⁰ A 'closed list' approach is not necessarily distinctive of common law systems since the United States, for example, adopts an open list in section 102(a) of US Copyright Act 1976.

³¹ Literary, dramatic, musical and artistic works, sound recordings, films, broadcasts and published editions – s1(1) CDPA.

³² As is famously evidenced by *Creation Records v News Group Newspapers* [1997] EMLR 444.

The scope of the categories in the CDPA is elaborated upon, in varying degrees, via statutory definitions. Some definitions are exhaustive in nature, such as that for ‘artistic work’, which is stated in section 4 of the CDPA to mean:

- (a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality,
- (b) a work of architecture being a building or model for a building, or
- (c) a work of artistic craftsmanship.

‘Graphic work’, ‘sculpture’ and ‘building’ are further defined, but in inclusive terms, and thus have required judicial elaboration. For example, ‘graphic work’ is defined to include paintings and facial make-up has been rejected as a painting.³³ Engravings are also classed as graphic works and have been interpreted broadly by the courts to include industrial items, such as Frisbees, and their moulds,³⁴ and metal plates for the manufacture of rubber car mats.³⁵ ‘Sculpture’ is defined to include ‘a cast or model made for the purposes of sculpture’ and again we see courts adopting a wide interpretation of this sub-category in order to protect works of an industrial nature.³⁶ ‘Photograph’ is defined in section 4(2), but in exhaustive (and also technology neutral)³⁷ terms.

‘Musical work’ is defined exhaustively in section 3(1) as ‘a work consisting of music, exclusive of any words or action intended to be sung, spoken or performed with the music’, but it is immediately apparent that the definition provides little guidance, apart from highlighting that music and lyrics are to be separately protected. As such, courts have been forced to supply the content of the definition by interpreting what constitutes ‘music’. Thus, in *Sawkins v Hyperion Records*³⁸ Mummery LJ held that:

In the absence of a special statutory definition of music, ordinary usage assists: as indicated in the dictionaries, the essence of music is combining sounds for listening to. *Music is not the same as mere noise. The sound of music is intended to produce effects of some kind on the listener’s emotions and intellect.* The sounds may be

³³ *Merchandising Corporation of America v Harpbond* [1983] FSR 32.

³⁴ *Wham-O Manufacturing Co v Lincoln Industries* [1985] RPC 127.

³⁵ *Hi Tech Autoparts Ltd v Towergate Two Ltd (No. 2)* [2002] FSR 16.

³⁶ A wooden prototype of a Frisbee was protected as a sculpture in *Wham-O Manufacturing Co v Lincoln Industries* [1985] RPC 127 and in *Breville Europe Plc v Thorn EMI Domestic Appliances Ltd* [1995] FSR 77 plaster casts of a sandwich maker were regarded as a sculpture.

³⁷ Gendreau, Y, ‘United Kingdom’ in Gendreau, Y, Nordemann, A and Oesch, R, *Copyright and Photographs: An International Survey* (London: Kluwer, 1999), 283–302, at 284–5.

³⁸ [2005] RPC 32.

produced by an organised performance on instruments played from a musical score, though that is not essential for the existence of the music or of copyright in it.³⁹ (Emphasis added)

Other categories are defined inclusively, but minimally so. For example, section 3(1) of the CDPA defines a ‘dramatic work’ to include ‘a work of dance or mime’. Thus, it has been left to the courts to develop a judicial definition of dramatic work as a ‘work of action, with or without words or music, which is capable of being performed’⁴⁰ and in *Norowzian v Arks (No 2)*⁴¹ the Court of Appeal held that this definition embraced cinematographic works. Other inclusive definitions are more helpful, as is the case with ‘literary work’, which is defined in section 3(1) of the CDPA to mean ‘any work, other than a dramatic or musical work, which is written, spoken or sung’ and to include computer programs, preparatory design material for computer programs, databases and tables or compilations other than databases. Nevertheless, courts have resorted on occasions to a general test for what constitutes a ‘literary work’ – that it provides ‘instruction and information, or pleasure, in the form of literary enjoyment’⁴² regardless of its literary quality⁴³ and have had to ascertain the boundaries of what is a computer program in terms of whether or not it encompasses language commands.⁴⁴

Another important feature of UK copyright law is that, for literary, dramatic and musical works, copyright does not subsist ‘unless and until it is recorded, in writing or otherwise’.⁴⁵ ‘Writing’ is defined broadly in section 178 of the CDPA to include ‘any form of notation or code . . . regardless of the method by which, or medium in or on which, it is recorded’ and it is not essential that the author records the work or gives his or her permission for it to be recorded.⁴⁶ For artistic works, there is no express requirement of fixation but English courts’ interpretation of this category arguably has led to this being an implied requirement of certain types of artistic work. For example, in *Merchandising Corporation of America v Harbond*⁴⁷ the fact that facial

³⁹ *Sawkins v Hyperion Records* [2005] RPC 32, para 53.

⁴⁰ *Norowzian v Arks Ltd (No.2)* [2000] FSR 363 at 367 per Nourse LJ (Brooke LJ at 368 and Buxton LJ at 369 in agreement).

⁴¹ [2000] FSR 363.

⁴² *Exxon v Exxon Insurance* [1982] Ch 119 at 143 per Stephenson LJ, 144 per Oliver LJ (Sir David Cairns in agreement) following and applying the test stated by Davey LJ in *Hollinrake v Truswell* [1894] 3 Ch 420, 428.

⁴³ See *University of London Press v University Tutorial Press* [1916] 2 Ch 601 at 608 per Peterson J.

⁴⁴ *Navitaire Inc v Easyjet Airline Co Ltd (No 3)* [2006] RPC 3.

⁴⁵ S3(2), CDPA.

⁴⁶ S3(3), CDPA.

⁴⁷ [1983] FSR 32.

make-up lacked permanence was an important factor in the Court of Appeal's rejection of it being classified as a 'painting'.⁴⁸ Likewise, in *Creation Records v News Group Newspapers*⁴⁹ the fact that the assembly of objects was 'intrinsically ephemeral' was significant in Lloyd J's rejection of it as a collage.⁵⁰

Finally, it is worth noting that under the CDPA entrepreneurial works, such as sound recordings, broadcasts and published editions, are classified as copyright works.⁵¹ However, they are not subject to an originality requirement in the same way as authorial works.⁵² Instead, they cannot be copied from a previous work of the same kind.⁵³ Further, they have a narrower scope of protection than that available to authorial works.⁵⁴

France, as the *par excellence* of the *droit d'auteur* systems, provides an appropriate contrast with the UK. Article L112-1 of the Intellectual Property Code ('IPC') protects 'the rights of authors in all works of the mind, whatever their kind, form of expression, merit or purpose'. Article L. 112-2 then goes on to provide an illustrative list of 'works of the mind' that largely corresponds to Article 2 of Berne, but has some additional illustrations, namely, that of software and its preparatory design material and 'creations of the seasonal industries of dress and articles of fashion'. Three immediate differences from the UK approach are apparent. The first is that aside from this illustrative enumeration of 'works of the mind' there are *no* statutory definitions of what can or cannot constitute protectable subject matter. The second contrast is that *only* authorial works attract authors' rights – entrepreneurial works are protected by the neighbouring rights provisions in Book II of the IPC. The final difference is that fixation is *not* a requirement for subsistence of copyright, given that Article L112-1 refers to 'works of the mind, *whatever their kind, form of expression, merit or purpose*'.⁵⁵ There is, however, a twist represented by Article L112-1, which refers to 'choreographic works, circus acts and feats and dumb-show works, the acting form of which is set down in writing or in other manner'. Commentators have taken the view that the reference to fixation is as a means of proving the existence of the work, rather than determining subsistence of protection.⁵⁶ Certainly, this was the position of

⁴⁸ Ibid., at 46.

⁴⁹ [1997] EMLR 444.

⁵⁰ Ibid., at 450.

⁵¹ See s1(1)(b) and (c) and 1(2), CDPA.

⁵² See ss1(1(a) which refers to *original* literary, dramatic, musical or artistic works.

⁵³ See s5A(2) for sound recordings and 5B(4) for films.

⁵⁴ For films see *Norowzian v Arks (No 1)* [1998] FSR 394, 400.

⁵⁵ Emphasis added.

⁵⁶ See Gendreau, Y, 'The Criterion of Fixation in Copyright Law' (1994) 159 *RIDA* 110 at 158 and Nimmer, MB and Geller, PE, *International Copyright Law* (New York: Matthew Bender, 1988) chapter on 'France', para 2[1][a].

France at the Brussels Revision Conference when a proposal to delete a similar provision from Article 2 of Berne (originally inserted at the Berlin Revision Conference) was made.⁵⁷ The reference to ‘merit or purpose’ highlights that value judgments (whether moral or aesthetic) should not be made in determining whether something is a ‘work of the mind’ and that it is irrelevant whether or not the purpose of the work is useful/industrial or artistic.⁵⁸

The ‘open list’ approach to subject matter, together with the absence of a fixation requirement and the irrelevance of the merit or purpose of the work, arguably facilitates flexibility and enables the inclusion of works of contemporary art,⁵⁹ along with new technological creations.⁶⁰ There are various examples of works that have been protected under French *droit d’auteur* – for example, the scent of a fragrance,⁶¹ a bouquet of flowers,⁶² and the Pont-Neuf wrapped by Christo and Jeanne Claude⁶³ – that would not have qualified for protection under UK law. An issue to which we will return in Section 5 is whether or not it would be desirable for there to be unification of this core conceptual difference in approach.

3. European harmonization thus far

Three EU Directives have sought to harmonize copyright law protection of specific subject matter. These are the Software,⁶⁴ Database⁶⁵ and Term⁶⁶

⁵⁷ Ricketson and Ginsburg (2006), paras 8.25–8.26. The provision was ultimately deleted at the Stockholm Revision Conference: Ricketson and Ginsburg (2006), para 8.27.

⁵⁸ Treppoz, E, ‘What Legal Protection(s) For Contemporary Art?’ (2006) 209 *RIDA* 50, 80–84.

⁵⁹ *Ibid.*, at 80–84. Although note that Walravens, N, ‘The Concept of Originality and Contemporary Art’ in McClean, D and Schubert, K, *Dear Images: Art, Copyright and Culture* (London: Ridinghouse, 2002), 171–95, argues that the originality requirement – namely, the stamp or imprint of the author’s personality – is problematic for works of contemporary art, particularly works of conceptual art.

⁶⁰ Christie, A, ‘A Proposal for Simplifying United Kingdom Copyright Law’ [2001] *EIPR* 26.

⁶¹ *L’Oréal SA v Bellure NV* [2006] ECDR 16 and *SA Beauté Prestige International v Sté Senteur Mazal* (2008) 39 *IIC* 113, although contrast the subsequent decision of the French Supreme Court in *Bsiri-Barbir v Haarmann & Reimer* [2006] ECDR 28.

⁶² *P Duchier v D Geurout* RG no 93/020429, decision of the Paris Court of Appeal, 4th Chamber discussed in (1995) 166 *RIDA* 240.

⁶³ CA Paris, 13 March 1986, D., 1987, SC, p. 150, C. Columbet obs.

⁶⁴ Directive 91/250/EEC on the legal protection of computer programs OJ L122 17/5/91, pp. 42–46, Article 1.

⁶⁵ Directive 96/9/EC on the legal protection of databases, [1996] OJ L77/20.

⁶⁶ Directive 2006/116/EC on the term of protection of copyright and certain related rights (codified version) OJ L372, 27.12.2006, pp. 12–18.

Directives. The Term Directive will not be discussed here given that it does not harmonize the subsistence requirements of photographs, cinematographic works or fixation of films, except to clarify in Article 6 that *original* photographs, that is, those which are the result of an ‘author’s own intellectual creation’, should be protected for 70 years *post mortem auctoris*.⁶⁷

Software Directive

Turning first to the Software Directive, we see from Article 1(1) that Member States must protect computer programs as literary works within the meaning of Berne and that the term ‘computer program’ shall include preparatory design material. As elucidated by recital 7, this means ‘preparatory design work leading to the development of a computer program provided that the nature of the preparatory work is such that a computer program can result from it at the later stage’. Article 1(2) states that protection extends ‘to the expression in any form of a computer program’, but not to the ideas and principles underlying any element of a computer program. An originality requirement is stipulated in Article 1(3), namely, that the computer program is the ‘author’s own intellectual creation’. Thus, we see that, at the subsistence level, harmonization really only occurred in respect of the originality threshold.⁶⁸ Aside from stipulating that a computer program includes preparatory design material, there was no attempt to provide a harmonized exhaustive definition of what constitutes a computer program.

Database Directive

By contrast, the Database Directive *does* provide a harmonized definition of ‘database’, for the purposes of both copyright and also *sui generis* protection. Article 1(2) of the Database Directive defines ‘database’ to mean: ‘a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means’. From this definition it is apparent that a database may comprise a wide range of material. This is supported also by recital 17, which states that databases include ‘literary, artistic, musical or other collections of works or collections of other material such as texts, sounds, images, numbers, facts, and data’. Further, both electronic and non-electronic databases are embraced.⁶⁹

⁶⁷ Also, it is addressed in detail elsewhere in this volume.

⁶⁸ Cohen Jehoram, H, ‘European Copyright Law – Ever More Horizontal’ (2001) 32 *IIC* 532, 537.

⁶⁹ In the original and amended proposals of the Database Directive the definition was initially restricted to electronic databases. However, this distinction was removed, the Council, in its Common Position, indicating that it was inappropriate for the same database to enjoy different standards of protection, based on whether it was

Importantly, Article 1(3) of the Database Directive states that protection under the Directive ‘shall not apply to computer programs used in the making or operation of databases accessible by electronic means’. Thus, the protection of computer programs and databases would appear to be mutually exclusive. However, it may be queried whether it is possible easily to distinguish between a computer program and a database,⁷⁰ especially when there is no definition of ‘computer program’ within the Software Directive and recital 20 of the Database Directive indicates that ‘material necessary for the operation or consultation of certain databases such as thesaurus and indexation systems’ may be protected. Another tension is that the broad definition of ‘database’ is such that data stored *within* a computer program and crucial to the program’s operation may be protected. Mark Davison argues that it is inappropriate to protect data within a computer program in this manner because ‘the recitals suggest that there is no intention to increase or alter the existing protection provided by copyright to computer programs or parts of them’.⁷¹ Further, he argues that data in a computer program are only there to help the program function, and do not instruct or inform a person, yet the purpose of the Database Directive arguably is ‘to improve investment in the generation and processing of information and modern information processing storage and processing systems’.⁷²

Guidance as to what qualifies as a ‘database’ is provided by recitals of the Database Directive, along with the ruling of the ECJ in *Fixtures Market Ltd v Organismos prognostikon agonon podosfairou AE* (‘OPAP’).⁷³ A database must comprise ‘independent’ works, data or other materials. Recital 17 of the Database Directive sheds some light on the meaning of ‘independent’ by stipulating that ‘a recording or an audio visual, cinematographic, literary or musical work as such does not fall within the scope of this Directive’. In other words, works *per se* will not constitute databases – there must be *collections* of works. It seems that ‘independent’ requires a conceptual or logical independence, in the sense that a work is capable of having the same meaning both inside and outside the collection, as opposed to relying on the surrounding

distributed in electronic or non-electronic form; and that to protect databases in different formats equally would be consistent with the TRIPS Agreement and the (then incipient) WCT and would be a simpler scheme to apply: Statement of the Council’s Reasons in Common Position (EC) No 20/95 adopted by the Council on 10 July 1995 (C 288/14) at p. 24.

⁷⁰ Davison, M, *The Legal Protection of Databases* (Cambridge: CUP, 2003), pp. 74–5.

⁷¹ *Ibid.*, p. 71.

⁷² *Ibid.*, p. 71.

⁷³ C-444/02, *Fixtures Market Ltd v Organismos Prognostikon Agnon Podosfairou* (OPAP) (Grand Chamber, 9 November 2004).

context for its meaning. This interpretation finds support in the ECJ's ruling in *OPAP*. This case involved football fixture lists produced by the Football Association Premier League Ltd and the Football League Ltd in England and the Scottish Football League in Scotland. The fixture lists were exploited by Football Fixtures Ltd within the UK and outside the UK by Fixtures Marketing Ltd. Fixtures Marketing complained that *OPAP* had infringed its *sui generis* right in the fixture lists by repeatedly extracting a substantial number of fixtures and placing them on its websites to facilitate betting activities. The single-judge Court of First Instance, Athens, stayed proceedings and referred three questions to the ECJ. Questions 1 and 2 sought preliminary rulings on the definition of database and whether or not the football fixture lists enjoyed protection as databases. The ECJ ruled that 'independent' materials refers to materials 'which are separable from one another without their informative, literary, artistic, musical or other value being affected'.⁷⁴ The Court indicated that football fixture lists contained 'independent' materials because the date and time of fixtures, along with the identity of the two teams playing, had 'autonomous informative value'.⁷⁵ A consequence of this interpretation is that multimedia video games will not qualify as a database, nor will multimedia works which combine reference qualities with the use of moving user interfaces. However, reference type multimedia works will have no difficulty in satisfying this aspect of the definition of 'database'.

Works, data or other materials must also be 'arranged in a systematic or methodical way'. Recital 21 of the Database Directive makes it clear that 'it is not necessary for those materials to have been physically stored in an organized manner'. In other words, the arrangement refers to conceptual arrangement (or presentation) of the contents to the user. This view is also supported by the following comment of the ECJ in *OPAP*:

While it is not necessary for the systematic or methodical arrangement to be physically apparent, according to the 21st recital, that condition implies that the collection should be contained in a fixed base, of some sort, and include technical means such as electronic, electromagnetic or electro-optical processes, in the terms of the 13th recital of the preamble to the directive, or other means, such as an index, a table of contents, or a particular plan or method of classification, to allow the retrieval of any independent material contained within it.⁷⁶

In *OPAP* the ECJ held that the conditions of systematic and methodical arrangement and individual accessibility of the constituent materials were met

⁷⁴ *OPAP*, para 29.

⁷⁵ *OPAP*, para 33.

⁷⁶ *OPAP*, para 30.

by the arrangement of the data according to ‘dates, times and names of teams in those various football matches’.⁷⁷ Thus, it appears that the requirement of ‘systematic or methodical arrangement’ will be relatively easy to satisfy, provided the collection is not haphazard in nature.

The requirement that ‘works, data or other materials’ be ‘individually accessible by electronic or other means’ is the final and perhaps most perplexing aspect of the definition of ‘database’. A literal interpretation of ‘individually accessible’ would require independent works, data or other materials to be separately retrievable. Although support exists for this literal interpretation,⁷⁸ it is problematic because it would exclude certain hard copy databases that are archetypal examples of databases. For example, a hard copy telephone directory is an archetypal database,⁷⁹ and yet the independent data (i.e. names and telephone numbers) within a telephone directory are *not* separately retrievable since they are listed alongside one another.⁸⁰ The same may be said for trade catalogues or football fixture lists. With these sorts of collections, data may be separately *viewed* insofar as they are visually distinct from other data. However, the data cannot be separately accessed or retrieved.

A more sensible interpretation of the requirement of ‘individual accessibility’ is to consider it in tandem with the requirement that works are arranged systematically or methodically. The ECJ in *OPAP* appeared to take this approach, in reaching the conclusion that ‘[t]he arrangement, in the form of a fixture list, of the dates, times and names of teams in those various football matches meets the conditions as to systematic or methodical arrangement and individual accessibility of the constituent materials of that collection’.⁸¹ Thus, it is argued that ‘individual accessibility’ means that the collection must be in a *searchable form* and that the materials within can be *viewed distinctly*, as

⁷⁷ *OPAP*, para 35.

⁷⁸ See Stamatoudi, I, *Copyright and Multimedia Works: A Comparative Analysis* (Cambridge: CUP, 2001), pp. 99–102 and Derclaye, E, ‘Do Sections 3 and 3A of the CDPA Violate the Database Directive? A Closer Look at the Definition of a Database in the UK and its Compatibility with European Law’ [2002] *EIPR* 466, 469.

⁷⁹ Several major cases concerning databases have been about the protection of telephone directories: see *Feist Publications Inc v Rural Telephone Service Co* (1991) 499 US 340; *Tele-Direct (Publications) Inc v American Business Information Inc* 154 DLR (4th) 328 (1997); *Unauthorised Reproduction of Telephone Directories on CD-Rom* [2002] ECDR 3; *Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd* [2002] FCAFC 112.

⁸⁰ The same may be said for electronic telephone directories, such as www.yell.com and www.whitepages.com.au, where a search for particular data can produce the data sought alongside other data that are a near match. Where this happens the data may be viewed distinctly, but it is not, strictly speaking, correct to say that they have been separately retrieved.

⁸¹ *OPAP*, para 35.

opposed to being separately retrievable.⁸² A work will be ‘individually accessible’ if it is possible to search for the work (whether that is by keyword, alphabetical arrangement or otherwise) and perceive it, even if the work is viewed alongside other material. Under this interpretation multimedia video games would be excluded (because the materials within are not searchable), but multimedia works which present their constituent inputs in an integrated manner should fall within the definition of ‘database’ provided they have a search function. Reference type multimedia works should have no difficulty in showing that their constituent inputs are individually accessible according to this interpretation.

4. Success of harmonization

As discussed in the previous section, there has been limited harmonization of what constitutes copyrightable subject matter under EU law. This section considers the success so far of this partial harmonization.

Software

According to a Report from the European Commission, it seems that all Member States have implemented the requirement that ‘computer programs’ be protected as literary works.⁸³ The vast majority of Member States have also included preparatory design materials as a ‘computer program’. For example, the German Copyright Law (Urheberrechtsgesetz) 1965, Article 69(a) defines ‘computer program’ as ‘programs in any form, including their design material’.⁸⁴ However, this is not the case for the UK where section 3(1) of the CDPA defines ‘literary work’ as including a computer program (section 3(1)(b)) and preparatory design materials for a computer program (section 3(1)(c)). In other words, preparatory design materials are not treated as a computer program but as a sub-category of literary work. The European Commission took the view, however, that this did not make the UK non-

⁸² Also in support see Laddie et al, *The Modern Law of Copyright and Designs* 3rd edn (London: Butterworths, 2000), para 30.24, who argue that in order to satisfy the requirement of ‘individually accessible’ it is not necessary completely to exclude the other contents of the database from view since to follow such an interpretation would impose too strict a requirement and would exclude many paper databases.

⁸³ Report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the implementation and effects of Directive 91/250/EEC on the Legal Protection of Computer Programs, Brussels 10 April 2000 COM (2000) 199 Final (‘Software Report’), p. 9.

⁸⁴ Discussed in Raubenheimer, A, ‘Implementation of the EC Software Directive in Germany – Special Provisions for Protection of Computer Programs’ (1996) 27 *IIC* 609, 616–17.

compliant with the Software Directive.⁸⁵ Even so, oddities might arise when it comes to applying the exceptions that are specific to computer programs⁸⁶ since these refer only to computer programs and not preparatory design materials. Denmark and Finland have not defined ‘computer programs’ to include preparatory design materials; however, the Commission has commented that no difficulties appear to have arisen in practice because of this omission.⁸⁷

In the UK, the scope of what constitutes a ‘computer program’ was clarified in *Navitaire v Easyjet Airline Co*⁸⁸ where Pumfrey J considered whether copyright subsisted in the individual word commands, complex commands and collections of complex commands in a computer program.⁸⁹ Single words in isolation (i.e. word commands) were held not to be ‘literary works’. Further, Pumfrey J held that complex commands were a type of computer language and were not protectable since recital 14 of the Software Directive indicated that to the extent that programming languages comprised ideas and principles they were not protected.⁹⁰ Compilations of complex commands were also held to be a computer language that was not protected.⁹¹ Alternatively, that the collection of command names and syntax was not a compilation but merely an accretion of commands.⁹²

The exclusion of ideas and principles underlying elements of a computer program from being protected by copyright was not implemented in the statutory language of eight Member States. This did not, however, concern the Commission since it took the view that it was standard practice to apply the idea/expression dichotomy as a principle of copyright law.⁹³ The requirement that expression in any form of a computer program shall be protected was not implemented in some Member States and the Commission indicated that it was unsure what effect this had had on the protection of computer programs in

⁸⁵ Software Report, p. 9.

⁸⁶ See ss50A–50C, CDPA.

⁸⁷ Software Report, p. 9.

⁸⁸ [2006] RPC 3 (‘*Navitaire*’).

⁸⁹ *Navitaire*, paras 80, 87–8.

⁹⁰ ‘In my view, the principle extends to ad hoc languages of the kind with which I am here concerned, that is, a defined user command interface. It does not matter how the “language” of the interface is defined. It may be defined formally or it may be defined only by the code that recognises it. Either way, copyright does not subsist in it. This is of course not to suggest that the expression of a program in a particular language is not entitled to copyright. Quite the reverse. What this recital, and the associated dispositive provision of Art. 1(2), appear to be intended to do, is to keep the language free for use, but not the ideas expressed in it.’ *Navitaire*, para 88.

⁹¹ *Navitaire*, para 92.

⁹² *Ibid.*

⁹³ Software Report, p. 9.

those Member States.⁹⁴ Finally, the threshold originality requirement of ‘author’s own intellectual creation’ was not explicitly incorporated into six Member States’ laws (the UK being one of the culprits), those states arguing that it was an implied condition of their laws. The Commission, however, took particular issue with the UK on the basis that it has a lower general standard of originality – that of ‘labour, skill and judgment’⁹⁵ – and the fact that ‘author’s own intellectual creation’ was specifically incorporated for databases.⁹⁶ According to the Commission, it ‘remains to be seen whether this will lead to an over-extensive protection of computer programs in the UK’.⁹⁷ Significantly, in the German Copyright Law (Urheberrechtsgesetz) 1965, Article 69(a) was enacted in order to implement the Directive⁹⁸ and to reject the ‘level of creativity’ approach taken by the Bundesgerichtshof in *Inkasso Program*⁹⁹ and *Betriebssystem*.¹⁰⁰

Databases

According to the European Commission’s First Evaluation of the Database Directive¹⁰¹ all 25 Member States have transposed the Directive into national law.¹⁰² However, UK implementation is arguably incomplete in two key ways. First, insofar as a ‘database’ is classed as a ‘literary work’, this suggests a limitation on the types of works, data or other materials that can form part of a database.¹⁰³ Second, section 3(1)(a) of the CDPA retains a sub-category of ‘a table or compilation other than a database’, to which the lower standard of originality of ‘labour, skill and judgment’ applies.¹⁰⁴ As such, Estelle Derclaye has suggested that section 3(1)(d) and the words ‘a literary work consisting of’ in section 3A(2) of the CDPA should be deleted and that the originality standard of ‘author’s own intellectual creation’ should apply also to tables and compilations.¹⁰⁵ Alternatively, English courts could seek to interpret broadly

⁹⁴ Ibid.

⁹⁵ *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273.

⁹⁶ Software Report, p. 10.

⁹⁷ Ibid.

⁹⁸ Confirmed in *Buchhaltungsprogramm [Accounting Program]* (1995) 26 IIC 127.

⁹⁹ (1986) 17 IIC 681.

¹⁰⁰ (1991) 22 IIC 723.

¹⁰¹ DG Internal Market and Services Working Paper, *First Evaluation of Directive 96.9/EC on the legal protection of databases*, Brussels, 12 December 2005 (‘Database Report’).

¹⁰² Database Report, para 4.1.1.

¹⁰³ Davison (2003), 145 and Derclaye (2002), 473–4.

¹⁰⁴ Derclaye (2002), 470–71.

¹⁰⁵ Ibid., 474.

the definition of ‘database’ in section 3A, and apply the originality test of ‘author’s own intellectual creation’ to *all* databases, tables and compilations, on the basis that this is consistent with the Database Directive and does not conflict with any express provisions in the CDPA.

As the Database Report notes, courts in various Member States have interpreted what counts as a ‘database’ broadly to include listings of telephone subscribers,¹⁰⁶ compilations of case law and legislation, websites containing lists of classified advertisements, catalogues of various information,¹⁰⁷ and news websites.¹⁰⁸ As discussed above, the ECJ has held football fixture lists to constitute a ‘database’. It seems that the divergences in national law relate to whether the threshold requirement for the *sui generis* right of substantial investment has been met,¹⁰⁹ as opposed to whether subject matter constitutes a database or not.

5. Future harmonization/unification?

In this section, the necessity and desirability of further EU harmonization of subject matter is considered. In particular, whether a shared definition of ‘computer program’ should be adopted, along with an ‘open list’ approach to subject matter.

Harmonization of the definition of computer program

As discussed above, there is no Community definition (either in the Software Directive or through ECJ rulings) of ‘computer program’. Can it be said that such a definition is needed or desirable? It is submitted that Member States have not produced widely diverging interpretations of what constitutes a ‘computer program’, so that such a definition is not necessary. Nonetheless, it might be considered desirable to introduce such a definition, particularly with a view to clearly demarcating the boundary between protection of computer programs and databases. This view is unpopular with the European Commission, which is against inserting a definition of ‘computer program’ into the Software Directive on the basis that any advantage of certainty or accuracy would be outweighed by the risk of the definition becoming outdated

¹⁰⁶ *Unauthorised Reproduction of Telephone Directories on CD-Rom* [2002] ECDR 3.

¹⁰⁷ *Société Tigest Sarl v Société Reed Expositions France* [2002] ECC 29 (Directory of trade exhibitors).

¹⁰⁸ *SA Prline v SA Communication & Sales and Sal News Investment* [2002] ECDR 2 (financial news website); *Danske Dagblades Forening (DDF) v Newsbooster* [2003] ECDR 5 (selection of news articles on a website).

¹⁰⁹ Database Report, para 4.1.2.

by developments in technology.¹¹⁰ This seems a valid point, although it could be countered by drafting the definition in wide, technology neutral terms. Arguably, the definition of ‘computer program’ in the US Copyright Act 1976 is an example of this approach.¹¹¹ Section 101 of the Act defines a ‘computer program’ as ‘a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result’.¹¹² But it may be argued that courts would, in any event, adopt this sort of definition.¹¹³ Further, it is questionable how much guidance this type of definition actually gives – it does not, for example, indicate whether word commands *per se* or macro commands qualify as a ‘set of instructions’.¹¹⁴ The difficulty of defining a ‘computer program’ in any meaningful way that will avoid becoming outdated is also highlighted by the fact that English courts and the EPO Boards of Appeal have studiously avoided defining what is a computer program for the purposes of the patentability exclusion in section 1(2)(c) of the Patents Act 1977 (UK) and Article 52(c) of the European Patent Convention.¹¹⁵ Thus, we may conclude that it is both unnecessary and impractical to introduce a harmonized definition of ‘computer program’ for the purposes of copyright protection.

Unified approach – open list versus closed list

The question addressed by this section is whether or not, at an EU level, there should be a unified approach to subject matter, in the form of either a ‘closed list’ or an ‘open list’. This question will be explored by considering the advantages and disadvantages of both approaches.

¹¹⁰ See Commission Staff Working Paper on the review of the EC legal framework in the field of copyright and related rights, Brussels 19 July 2004 SEC (2004) 995, para 2.2.1.1.

¹¹¹ Along with the definition in s1 of WIPO Model Provisions: “‘computer programs’ means a set of instructions capable, when incorporated in a machine-readable medium, of causing a machine having information-processing capabilities to indicate, perform or achieve a particular function, task or result’.

¹¹² This is also the definition adopted in s10(1) of the Australian Copyright Act 1968 (Cth).

¹¹³ See Laddie et al (2000), para 34.19, who suggest that an industry definition along similar lines would be used by courts.

¹¹⁴ Thus, Australian courts still had to determine this question: see *Data Access Corporation v Powerflex Services Pty Ltd* (1999) 202 CLR 1. Although, note that the High Court of Australia was considering the previous definition of ‘computer program’ in s10(1) prior to the amendment introduced by the Copyright Amendment (Digital Agenda) Act 2000 (‘DAA’), schedule 1, item 7. Both definitions refer to a ‘set of instructions’.

¹¹⁵ Sherman, B ‘The Patentability of Computer-Related Inventions in the United Kingdom and the European Patent Office’ [1991] 13 *EIPR* 85, 87–8.

In terms of the ‘closed list’ approach, a key advantage is *certainty*, since the types of subject matter that are protected by copyright law can be readily identified, by virtue of the categories that are stipulated. This certainty is further assisted, to some extent, by the statutory definitions associated with those categories that were discussed in Section 2.

The second main advantage of the ‘closed list’ approach is that of *restraint*. In other words, ensuring that copyright law is not inappropriately expanded to protect particular creations. The best example of this is the protection of the scent of perfumes. The Supreme Court of the Netherlands (First Chamber) held in *Kecofa v Lancôme*¹¹⁶ that the perfume Trésor qualified for copyright protection under the Netherlands Copyright Act 1912 and that the defendant’s fragrance, Treasure, was an unlawful reproduction. A similar decision was reached by the Cour d’Appel de Paris (Fourth Chamber) in *L’Oréal SA v Bellure NV*,¹¹⁷ although the French Cour de Cassation held to the contrary in *Bsiri-Barbir v Haarmann & Reimer*.¹¹⁸ These decisions have ignited controversy and attracted criticism from commentators.¹¹⁹ It is reasonably safe to say, however, that under a ‘closed list’ approach such as that adopted in the UK, it would be extremely unlikely that perfumes would qualify for protection. For this to occur legislative amendment would be necessary and this would be preceded by debate about the merits of extending copyright protection to such subject matter.

The ‘closed list’ approach, however, has been criticized on two main grounds. Professor Andrew Christie has argued that categorization of copyright works under a ‘closed list’ creates gaps in protection and ‘some of these gaps constitute unjustifiable discrimination’.¹²⁰ He cites *Creation Records v News Group Newspapers*¹²¹ as an example. In this case, an ensemble of objects was arranged by Noel Gallagher for the purposes of a ‘photo-shoot’, the results of which would be used for the front sleeve of the Oasis album ‘Be Here Now’. The defendant newspaper engaged a freelance photographer to

¹¹⁶ [2006] ECDR 26.

¹¹⁷ [2006] ECDR 16. Also in *SA Beauté Prestige International v Sté Senteur Mazal* (2008) 39 *IIC* 113.

¹¹⁸ [2006] ECDR 28.

¹¹⁹ For criticism of the decision see Cohen Jehoram, H, ‘The Dutch Supreme Court Recognises Copyright In The Scent Of A Perfume. The Flying Dutchman: All Sails, No Anchor’ (2006) 28 *EIPR* 629 and Seville, C, ‘Copyright in Perfumes: Smelling a Rat’ (2007) *CLJ* 49.

¹²⁰ Christie, A, ‘A Proposal for Simplifying United Kingdom Copyright Law’ [2001] *EIPR* 26, 28.

¹²¹ *Creation Records v News Group Newspapers* [1997] *EMLR* 444.

take an unauthorized photograph of the scene,¹²² which it subsequently published and offered for sale. In an action for an interlocutory injunction restraining further publication of the photograph, Lloyd J held that no copyright subsisted in the ‘photo-shoot’ scene since the scene itself could not be categorized as a dramatic work or as an artistic work, in the form of a sculpture, collage or work of artistic craftsmanship.¹²³ Professor Christie argues that this outcome offends against policy since the intellectual and manual effort applied to creating the photo-shoot scene reflected significant creativity and was more deserving of protection than a photograph of the scene.¹²⁴

A second criticism made by Professor Christie is that a ‘closed list’ categorization of subject matter leads to a degree of technological specificity.¹²⁵ As a result, it is unclear whether new types of works, such as multimedia, can be brought within the existing categories.¹²⁶

Several responses to these criticisms may be made. First, the ‘gap’ in protection said to be exemplified by *Creation Records* can be explained on grounds other than adopting a ‘closed list’ approach to subject matter. One interpretation of cases such as *Creation Records* and also *Merchandising Corporation of America v Harpbond*¹²⁷ is that judges in fact hold ‘traditional’ views about ‘art’ and artistic works, which impact on the way in which they interpret the existing definitions in the CDPA. As such, a more ‘open-minded’ approach would lead to more generous interpretations of ‘collage’, ‘sculpture’

¹²² The scene is described by Lloyd J in *Creation Records v News Group Newspapers* [1997] EMLR 444 at 447: ‘[there is a] swimming pool in the foreground with the Rolls Royce seemingly emerging from the water towards the camera. The hotel is beyond and to the right. In the far distance is a wooded area with a partly clouded sky above. The five members of the group are posed round the pool, one on a scooter, one climbing out of the pool and others with or near other objects seemingly unrelated to each other.’

¹²³ *Creation Records v News Group Newspapers* [1997] EMLR 444 at 448–50. The scene was not a dramatic work because it was ‘inherently static, having no movement, story or action’ (at 448). The scene was not a sculpture because ‘no element in the composition has been carved, modelled or made in any of the other ways in which sculpture is made’ (449) and it was not a work of artistic craftsmanship because the scene did not seem to result from the exercise of any craftsmanship and, but was merely an assembly of objects (449). The scene was not a collage because it did not involve ‘the sticking of two or more things together . . . [but were] random, unrelated and unfixed elements’ and the ‘composition was intrinsically ephemeral’ (450). However, the claimants were successful in obtaining an injunction on the basis of breach of confidence: see Lloyd J at 455.

¹²⁴ Christie (2001), 29.

¹²⁵ *Ibid.*, 30.

¹²⁶ *Ibid.*

¹²⁷ [1983] FSR 32.

and ‘painting’. That courts are becoming less ‘traditional’ in their views is perhaps demonstrated by Mummery LJ’s dicta in *Sawkins v Hyperion* (quoted above in Section 2)¹²⁸ where a reasonably broad definition is given to ‘musical work’.¹²⁹

An alternative interpretation of the cases comes from Anne Barron, who suggests that *Creations Records* is typical of the ‘materialist’ approach of the courts to defining an ‘artistic work’.¹³⁰ This approach is:

... to focus on the physical embodiments through which visual representations of that type are ‘normally’ made manifest, and upon the technical processes which ‘normally’ (i.e. as a matter of ordinary common sense) yield physical items corresponding to the entities mentioned in section 4 [of the CDPA]. In other words, their judgements have proceeded from the aesthetically neutral features of entities assigned by ordinary language use to the classifications within the category, with no reference to whether these entities can claim the status of ‘art’.¹³¹

Ms Barron argues that the courts are driven towards this approach ‘as a by-product of copyright law’s pursuit of certainty, objectivity and closure’.¹³² In other words, it is the courts’ desire to *avoid* making subjective, aesthetic judgments about what constitutes ‘artistic’ works that leads to defining them in technical or materialist terms. However, a consequence of this approach is that large swathes of contemporary art may be excluded from the definition of ‘artistic work’.¹³³ If Ms Barron’s analysis is correct, then it seems that English courts could avoid this result by modifying their approach to defining artistic works.¹³⁴

¹²⁸ Barron, A, ‘Introduction: Harmony or Dissonance? Copyright Concepts and Musical Practice’ (2006) 15 *Social & Legal Studies* 25, 45.

¹²⁹ See also *Brown v Mcasso Music Production Ltd* [2005] FSR 40, paras 45–6 where Judge Fysh QC, held that in the case of rap music, the ‘words depended upon *inter alia* correct vernacular usage, fitting chosen words into the backing and in the overall idiom itself’ such that the claimant was held to have contributed sufficient skill and judgment in the collaboration to make him a joint author of the lyrics of a song.

¹³⁰ Barron, A, ‘Copyright Law and the Claims of Art’ [2002] *IPQ* 368, 384.

¹³¹ *Ibid.*, 373–4.

¹³² *Ibid.*, 381, who explains that ‘in order to position an intangible entity as an object of property, the law must be able to see it as identifiable and self-sufficient, attributable to some determinate author, and perceptible to the senses through the physical medium in which it is recorded or embodied’. She also argues that that this way of thinking about artistic works has striking parallels in art theory, in particular Modernist art theory.

¹³³ *Ibid.*, 372, 374, 380–81, 397.

¹³⁴ In the context of musical works, Richard Arnold QC has suggested a definition along the lines of what is consumed as music: see Arnold, R, *Performers’ Rights* (3rd edn., London: Sweet & Maxwell, 2004). A similar sort of approach could be adopted for artistic works.

Although the existing categories in the CDPA are ‘closed’, it appears that they can operate in an ‘open-ended’ manner. This is illustrated, for example, by the absorption of computer programs into the category of ‘literary works’ and the protection of cinematographic works as ‘dramatic works’. Further, in respect of new technological works, such as multimedia, a significant (although not perfect) amount of protection can be achieved via the sub-categories of ‘database’ and ‘computer program’ and the categories of ‘film’, ‘artistic works’ and ‘dramatic works’.¹³⁵ That said, it has been argued that this sort of expansive interpretation of existing categories leads to distortions and inconsistencies. The most recent example of this is the characterization of cinematographic works as ‘dramatic works’ in *Norowzian v Arks (No 2)*. While such an interpretation of ‘dramatic works’ permits an appropriate scope of protection for cinematographic works that is currently not available under the ‘film’ category, it creates various problems when it comes to ascertaining authorship and length of protection of such works and ensuring consistency with the obligations contained in the Term Directive.¹³⁶

When it comes to an ‘open list’ approach, several key advantages exist. First, subject matter will not be excluded simply because it does not fit within the existing enumeration. New technological works, such as multimedia, works of contemporary art¹³⁷ and characters *per se*¹³⁸ may qualify as copyrightable subject matter. As such, there is greater *flexibility* in the system and *comprehensiveness* of protection. Second, since it is not necessary to fit subject matter within specific categories, open list systems avoid the sorts of interpretive gymnastics that we see in closed list systems, such as the UK. For example, in the case of multimedia works, these qualify as ‘works of the mind’ under the French IPC whereas in the UK, there is the need methodically to investigate which, if any, of the eight categories of works can protect multimedia works.¹³⁹ As such, we can say that ‘open lists’ provide for greater *simplicity* and ease of application.

These advantages, however, also have their downsides. Flexibility and comprehensiveness of protection may come at the cost of coherence. More specifically, there may be instances where creations are inappropriately

¹³⁵ See Aplin, T, *Copyright Law in the Digital Society: The Challenges of Multimedia* (Oxford: Hart, 2005), ch 3 and ch 6.

¹³⁶ *Ibid.*, pp. 210–14.

¹³⁷ E.g. ‘*Wrapped Reichstag – Christo*’ (2003) 34 *IIC* 570.

¹³⁸ Where the characters display ‘an unmistakable combination of features and characteristics, capabilities and typical modes of behaviour’: ‘*Alcolix*’ (1994) 25 *IIC* 605, 607. For further discussion of the protection of characters see Kamina, P, *Film Copyright in the European Union* (Cambridge: CUP, 2002), 103–04.

¹³⁹ For such an investigation see Aplin (2005), ch 3.

welcomed into the copyright fold. One example of this is the recent case, *Kecofa v Lancôme*,¹⁴⁰ in which the Netherlands Supreme Court held that a scent of a perfume may qualify for protection under copyright law. The ‘open list’ of subject matter in the Netherlands Copyright Act 1912 was a persuasive factor in reaching this conclusion, together with the fact that the scent was perceptible, original in character and bore the personal stamp of the maker.¹⁴¹ The decision has been criticized on several grounds. First, that the framers of the Netherlands Copyright Act 1912 ‘only had those works in mind which can be perceived by two of the five human senses, sight and/or hearing’.¹⁴² Further, that the Netherlands is now at odds with other Member States (notably France). Finally, that protecting the scent of perfume will require ‘considerable creativity to apply certain acts of copyright infringement (e.g. distribution, making available to the public)’.¹⁴³ Another example of an unwarranted extension is the protection of a ‘kinetic scheme’ by the Netherlands Supreme Court in *Technip Benelux BV v Ariër Gerhard Goossens*.¹⁴⁴ A ‘kinetic scheme’ is a schematic representation of chemical equations, which in this case was used in connection with a computer program for simulating the production process of ethylene and propylene in the petrochemical industry. The legal issue before the Netherlands Supreme Court was not protection of the computer program, but whether the kinetic scheme as such could be protected as a ‘work’. The Court held that the kinetic scheme was eligible for copyright protection, since the selection of the data, in view of either including them in the kinetic scheme or not, demonstrated its own, original character and bore the personal stamp of the author. Professor Quaedvlieg has criticized this decision, on the basis that: ‘it goes against the spirit of [Art 9(2) TRIPS] to protect a scheme which is intended to perform a central function in a method of operation and which, as to its nature, is close to representing the mathematical concept of the reaction it describes – if it is not just that’.¹⁴⁵

On the other hand, an ‘open list’ does not automatically embrace everything and inappropriate subject matter has, on occasions, been filtered out. For example, in Germany, the Bundesgerichtshof held that a format for a television series is not susceptible to copyright protection.¹⁴⁶ The Court stated that ‘[c]opyright does not protect all results of individual mental activity, but only

¹⁴⁰ [2006] ECDR 26.

¹⁴¹ *Ibid.*, para 25.

¹⁴² Cohen Jehoram (2006), 630.

¹⁴³ Seville (2007), 51.

¹⁴⁴ (2007) 38 *IIC* 615.

¹⁴⁵ Comment (2007) 38 *IIC* 618, 621.

¹⁴⁶ ‘*Show Format*’ (2004) 35 *IIC* 987.

works within the meaning of Sec. 2 of the Copyright Act'.¹⁴⁷ A television format – which the Court defined as ‘the sum total of all its characteristic features that are apt to shape the basic structure of the program’s episodes regardless of their different contents, and that at the same time make it possible for the public to recognize them at once as part of a series’ – was held not to be a work within Article 2 of the German Copyright Law (Urheberrechtsgesetz) 1965. This was because it was not the ‘creative forming of a certain material’ but simply ‘a mere set of instructions, separated from its content’ which did not ‘even contain anything of the essence of the individual shows that are created on the basis of its formula’.¹⁴⁸ Interestingly, it should be noted that under the ‘closed list’ approach a similar conclusion regarding television formats has been reached.¹⁴⁹

In terms of simplicity and ease of application of the law, while this may exist at the initial categorization level, it is wrong to think that ‘open list’ systems avoid classification entirely. Some, albeit minimal, degree of classification is required at the subject matter stage, in order to determine the applicability of other provisions. For example, in relation to ‘audiovisual works’ there are special provisions in the French IPC regulating moral rights¹⁵⁰ and audiovisual production contracts,¹⁵¹ which would necessitate a court initially identifying whether the work involved is ‘audiovisual’. Further, while classification may be generally avoided at the subject matter stage, it still arises when it comes to determining the type of co-operation between the contributors to the work and who is considered as the author/s and owner/s of the work. Thus, in France, works may be characterized as composite,¹⁵² collective¹⁵³ or collaborative¹⁵⁴ and in the past we have seen

¹⁴⁷ Ibid., 35 *IIC* 987, 989.

¹⁴⁸ Ibid.

¹⁴⁹ *Green v Broadcasting Corporation of New Zealand* [1989] RPC 469.

¹⁵⁰ IPC, Arts L121-5, 121-6.

¹⁵¹ IPC, Arts L132-23–L132-30.

¹⁵² Art L113-2 of IPC defines ‘composite work’ to mean ‘a new work in which a pre-existing work is incorporated without the collaboration of the author of the latter work’.

¹⁵³ Art L113-2 of IPC defines ‘collective work’ to mean ‘a work created at the initiative of a natural or legal person who edits it, publishes it, and discloses it under his direction and name and in which the personal contributions of the various authors who participated in its production are merged in the overall work for which they were conceived, without it being possible to attribute to each author a separate right in the work as created’.

¹⁵⁴ Art L113-2 of IPC defines a ‘work of collaboration’ to mean ‘a work in the creation of which more than one natural person has participated’.

disagreement over the status of audiovisual works¹⁵⁵ and multimedia works.¹⁵⁶

From the above discussion, it is obvious that the ‘closed list’ and ‘open list’ approaches each have their strengths and weaknesses. However, given that most Member States adopt an ‘open list’ approach, this in itself might create pressure for the UK and Ireland to abandon their ‘closed list’. Two notes of caution should be sounded here. First, in terms of the ‘closed list’ systems, some of the disadvantages that have been highlighted could be minimized by clearer statutory definitions, more generous judicial interpretations and by abolishing fixation as a subsistence requirement (but retaining it as an evidential one). Second, it is not clear that adopting an ‘open list’ approach to copyright subject matter will avoid issues of classification and analogies with enumerated works in the common law Member States. For example, in the United States, section 4 of the Copyright Act 1909, in referring to ‘all writings of the author’, had an ‘open list’. Even so, section 5 of the 1909 Act enumerated classes of works for the purposes of registration and, on various occasions, the legislature had to intervene to expand the list.¹⁵⁷ The US Copyright Act 1976, which radically reformed US copyright law,¹⁵⁸ also adopts an ‘open list’: section 102(a) of the 1976 Act states that it protects ‘original works of authorship’ and provides a non-exhaustive list of protectible subject matter. Yet history shows that new works, such as computer programs and video games, have been fitted within the categories enumerated in the non-exhaustive list of subject matter, as opposed to being protected simply on the

¹⁵⁵ In the past, disagreement has also arisen over whether audiovisual works should be classed as collective or collaborative: Pollaud-Dulian, F, ‘The Authors of Audiovisual Works’ (1996) 169 *RIDA* 51. It is now accepted that they are collaborative works.

¹⁵⁶ Gautier, P-Y, ‘‘Multimedia’ Works in French Law’ (1994) 160 *RIDA* 90 (who favours classification as a collective work); Latreille, A, ‘The Legal Classification of Multimedia Creations in French Copyright Law’ in I Stamatoudi and P Torremans (eds), *Copyright in the New Digital Environment* (London: Sweet & Maxwell, 2000), 45–74 (who favours classification as a collective work).

¹⁵⁷ As amended at 1972: ‘(a) Books, including composite and cyclopedic works, directories, gazetteers, and other compilations. (b) Periodicals, including newspapers. (c) Lectures, sermons, addresses (prepared for oral delivery). (d) Dramatic or dramatico-musical compositions. (e) Musical compositions. (f) Maps. (g) Works of art; models or designs for works of art. (h) Reproductions of a work of art. (i) Drawings or plastic works of a scientific or technical character. (j) Photographs. (k) Prints and pictorial illustrations including prints or labels used for articles of merchandise. (l) *Motion picture photoplays*. (m) *Motion pictures other than photoplays*. (n) *Sound recordings*.’ The works in italics were added by subsequent amendments to the 1909 Act.

¹⁵⁸ For a discussion see Marke, J, ‘United States Copyright Revision and its Legislative History’ (1977) 70 *Law Library Journal* 121.

basis that they were original works of authorship. In the case of computer programs, the Commission on New Technological Uses of Copyrighted Works (CONTU) recommended that ‘computer program’ be explicitly referred to in the legislation,¹⁵⁹ and Congress adopted this amendment in the US Computer Software Copyright Act 1980. In relation to video games, US courts variously protected them as literary works (in terms of the underlying computer program) or as audiovisual works.¹⁶⁰ Despite an ‘open list’ approach, it may be that common law traditions are such that drawing analogies with well-recognized forms of subject matter is inevitable because this adds to the legitimacy of a claim that new subject matter *is* an ‘original work of authorship’.

Conclusion

EU harmonization of what constitutes protectable copyright subject matter has, on the whole, been fairly limited. The most significant harmonization to date has occurred in relation to databases, given that Article 1(2) of the Database Directive sets out an express, exhaustive definition of ‘database’. This chapter has shown that the definition is broad, but bounded, and discussed the guidance as to its scope provided by recent ECJ rulings. There has also been EU harmonization of computer programs, but aside from stipulating that a computer program must include preparatory design material no attempt is made in the Software Directive exhaustively to define this type of subject matter. This chapter considered the necessity and desirability of introducing a definition of ‘computer program’ into the Software Directive and concluded that it was both unnecessary and unfeasible. Finally, this chapter highlighted a key difference between common law and civil law Member States when it comes to subject matter, namely, the ‘closed’ versus ‘open’ list approach. It examined both approaches and concluded that each has their advantages and disadvantages. If the EU were considering whether to have a unified approach, undoubtedly the inclination would be to follow the majority of Member States and adopt an ‘open list’ of subject matter. However, based

¹⁵⁹ National Commission on New Technological Uses of Copyrighted Works Final Report, 31 July 1978, p. 2.

¹⁶⁰ Numerous cases held video games copyrightable as audiovisual works. E.g. see *Atari, Inc v Amusement World, Inc* 547 F Supp 222 (D Md 1981) 226; *Midway Mfg Co v Dirkschneider*, 543 F Supp 466 (D Neb, 1981), 479–80; *Williams Electronics v Artic International*, 685 F 2d 870 (3rd Cir, 1982) 874; *Stern Electronics v Kaufman*, 669 F 2d 852 (2nd Cir, 1982), 855–6; *Midway Manufacturing Co v Stohon*, 564 F Supp 741 (ND Ill, 1983) 746; *M Kramer Manufacturing Co, Inc v Andrews*, 783 F 2d 421 (4th Cir, 1986) 436; *Atari Games Corporation v Oman*, 888 F 2d 878 (DC Cir, 1989) 882.

on the experience in the US, the likely impact on how common law Member States approach subject matter may be queried. What would have greater effect is arguably twofold: more generous judicial interpretation of definitions and the abandonment of fixation as a subsistence requirement.

4 The subject-matter for film protection in Europe

Pascal Kamina

Introduction

In this article we examine the issues raised by the definition of the subject-matter for protection of audiovisual works in the European Union. This question is an important one, as copyright and authors' rights systems have very different traditions when it comes to devising protection for audiovisual works. Countries of the authors' rights tradition, but also certain copyright jurisdictions like the USA, protect audiovisual works as original works of expression, distinct from their recordings or other manifestations thereof. However, the definition of the subject-matter may vary, raising questions as to the protection of certain works associated with or close to audiovisual works. In contrast to this traditional approach, under modern British copyright and in the countries influenced by British law the main subject-matter for film protection is the recording of the work, irrespective of any condition of originality. In certain authors' rights jurisdictions, this recording (the 'first fixation of the film' or 'videogram') attracts a protection under a specific neighbouring right, distinct from the copyright in the recorded audiovisual work. As a result, in these countries both the audiovisual work and its recording are protected, but under two separate intellectual property rights, a *droit d'auteur* on the one hand, and a *neighbouring right* on the other.

Both aspects were covered in the process of European harmonization of copyright laws, which consecrated a double protection through a copyright and a related right, with a different regime in terms of ownership and duration.

However, this harmonization is not complete: first, because differences subsist between Member States, and notably between countries of the copyright and of the authors' rights traditions. Second, because there remain problems associated with the description of works protected, both at EC and at national level.

Before exposing the main problems raised by the subject-matter for film protection (Section 2), we must rapidly describe the historical developments leading to the current position of the Member States (Section 1).

1. Historical developments

IN THE EARLY DAYS OF CINEMATOGRAPHY (1896–1908): DIRECT V. INDIRECT PROTECTION¹

From the beginning most copyright laws in Europe experienced difficulties in characterizing film works. Faced with the first claims for protection by the fast-growing industry, lawyers hesitated in their approach to protection. A first reaction was to consider cinematograph films as mere mechanical apparatuses, not unlike phonogram cylinders, and to exclude them from copyright protection.² But the analogy with photographs proved more satisfactory. The problem was that the copyright status of photographs was still being debated in most copyright and authors' rights countries.³ In this respect, European countries could be classified into two main categories.

In several countries, photographs were given the same protection as other copyright works, that is, they were protected under a 'full' copyright. This was the case in France and in countries influenced by French law.⁴ The fact that

¹ On the history of film protection in Europe, see P. Kamina, *Film Copyright in the European Union*, Cambridge, Cambridge University Press, 2002, Chapter 2.

² In France, in the very first cases on cinematography, courts refused to consider cinematographic works as copyright works, on the basis that they were only a mechanical device not entitled to copyright protection (Tribunal of First Instance of Lourdes, 28 July 1904; Pau Court of Appeal, 18 November 1904, *Annales de la Propriété Industrielle*, 1906, p. 101, *Revue Dalloz*, 1910, II, p. 91).

³ At the international level, the copyright protection of photographs was to be instituted in 1908 with the Berlin text of the Berne Convention.

⁴ In France the revolutionary Acts of 13–19 January 1791 and 19–24 July 1793 remained almost untouched during the nineteenth century. Therefore, case law had to construe the list of protected works so as to protect other classes of works. In particular, after some hesitation, the French Supreme Court protected photographs by analogy to engravings and drawings. The first case protecting films is *Doyen v. Parnaland*, in 1905 (Tribunal of First Instance of Seine, 10 February 1905, *Doyen v. Parnaland*, *Revue Dalloz Périodique*, 1905, II, p. 389; Paris Court of Appeal, 10 November 1909, three cases, *Annales de la Propriété Industrielle*, 1910, I, p. 118).

In Italy, photographs were protected by the Act of 19 September 1882 under the full copyright afforded to other classes of works. As in France, legal commentators considered cinematographic works to be protected as a series of photographs under this Act (Cairola, *La tutela giuridica nell' opera cinematografica*, 1912, pp. 13 *et seq.*; Dina, *Le cinématographe et le gramophone dans la législation italienne et les législations étrangères*, Turin, A. Panizza, 1912, pp. 4 *et seq.*; C. Palombella, 'I cinematografi e il diritto d'autore' (1908) 31 *Rivista di giurisprudenza* 720–4; M. Turletti, 'I cinematografi e il diritto d'autore' (1907) 59 *Giurisprudenza italiana* No. 4, 250. For case law, see Praetor of Macerata, 22 December 1910, in *I Diritti D'autore*, March 1911, and the cases quoted in the April–May issue).

In Belgium, the Law of 22 March 1882 did not contain any provisions relating to

photographs were protected under the generally applicable regime of copyright, and that the list of copyright works was not exhaustive under French copyright law, certainly facilitated the treatment of films as a subject-matter for protection, and avoided the technical discussions on ‘categorization’ as photographs or dramatic works that arose in the UK and Germany. In addition, the standard of originality appeared to be comprehensive enough to accommodate most films, including documentaries and newsreels.

In other countries, the protection granted to photographs was more limited (at least in duration) than the protection granted to other subject-matter. This was the case in Germany, in countries influenced by German law and, to a lesser extent, in the UK.

Hence in Germany the Act of 1901 on literary copyright did not contain any provisions on the protection of cinematograph films, or on infringement of copyright works through cinematography. Legal commentators admitted early on that literary or dramatic works could be infringed by being adapted or reproduced on cinematograph film.⁵ However, a majority of such commentators were of the opinion that films themselves could not be protected under the Law of 1901.⁶ Accordingly, the only protection available was the limited protection granted to photographic works by the German Act of 1876⁷ and later by the Law of 1907 on artistic copyright.⁸

In the UK, before 1911, it was widely acknowledged that, since photographs were protected under the Fine Arts Copyright Act 1862,⁹ cinematograph films

photographs, but photographs were protected by case law when cinematography appeared. The protection granted to films was similar to that granted under French law.

In Spain, photographs were protected as artistic works under the Act on Intellectual Property of 10 January 1879 (Decree of 3 September 1880). Although the question is not documented, films were probably protectable as series of photographs.

⁵ J. Kohler, *Urheberrecht an Schriftwerken und Verlagsrecht*, 1906–7, pp. 173, 175 and 184; G. Cohn, *Kinematographenrecht*, Berlin, Decker, 1909, pp. 22 *et seq.*

⁶ See e.g. J. Kohler, *ibid.*; *Kunstwerkrecht*, 1908, pp. 26 and 54; G. Cohn, *Kinematographenrecht*, 1909, pp. 27 *et seq.*; and E. Riezler, *Urheberrecht und Erfinderrecht*, München und Berlin, Verlag J. Schweitzer, 1909, vol. 1, p. 429.

⁷ In this Act photographs were protected only against mechanical reproductions, and protection was granted for five years post-publication (or after the occurrence of one of the facts enumerated in the Act in the absence of publication). In addition, the protection was subject to the performance of cumbersome registration formalities.

⁸ Which abolished these formalities and extended protection to ten years post-publication (or p.m.a. for unpublished photographs), without retroactive effect. In contrast, the then applicable term of protection for literary and dramatic works was thirty years p.m.a.

⁹ 25 & 26 Vict., c. 68.

could be protected as a series of photographs.¹⁰ However, the formalities and the protection afforded under the Act proved ill-adapted to the new medium.¹¹

As films evolved from mere pantomimes to more elaborate dramas, more satisfactory analogies were developed with other copyright works, especially dramatic works, which in most countries was to result in protection as literary and artistic works.

But a characterization as dramatic works was not always possible. For example in the UK, protection under the heading of dramatic works was thought even more uncertain than protection as a series of photographs, due to the ruling in *Tate v. Fullbrook*,¹² in which the Court of Appeal decided that what was protected under the Dramatic Copyright Act 1833 and the Copyright Act 1842 had to be 'capable of being printed and published'.

THE BERLIN CONFERENCE OF THE BERNE CONVENTION (1908): FILMS AS SERIES OF PHOTOGRAPHS AND DRAMATIC WORKS

The Berne Convention was the first legal instrument to tackle the new invention. Cinematographic works were included in the text of the Convention after a proposal by France at the Berlin Conference in 1908.¹³ This proposal was not inspired by cinematographers, but by dramatists who complained against uses of their works through cinematography. It consisted in the inclusion of a new text in the Convention prohibiting infringement of literary and artistic works through reproduction on cinematographic films and cinematographic exhibition. The Conference decided to address the question of the protection of cinematograph films as well.

¹⁰ *Barker Motion Co. v. Hulton* (1912) 28 TLR 496. In the US, photographs and negatives were protected under an Act of 3 March 1865 (c. 126, 13 Stat. 540); accordingly, in *Edison v. Lublin*, 122 Fed. 240 (CCA 3d 1903), it was held that films were copyrightable as series of photographs under s. 5(j) of Title 17 USC.

¹¹ The main problem with this indirect protection was that, under the Fine Arts Copyright Act 1862, in case of transfer of the negative, the copyright was lost unless it was either expressly reserved to the vendor or conveyed to the assignee in a writing signed by them (1862 Act, s. 1). Also, no action was sustainable, nor any penalty recoverable, in respect of anything done before registration at Stationers' Hall (Section 4). The 1862 Act provided for a registration of each photograph taken from a different negative, but at that time photo-plays were registered only as reels of films. In consequence, some authors doubted that a registration of reels would be sufficient to trigger the protection of the 1862 Act (W. Carlyle Croasdell, *The Law of Copyright in Relation to Cinematography*, London, Ganes, 1911, p. 12). Finally, there was no performing right or 'right of exhibition' in relation to photographs.

¹² [1908] 1 KB 821; 98 LT 706; 77 LJKB 577; 24 TLR 347; 52 SJ 276.

¹³ *Actes de la Conférence de Berlin 1908*, International Office, Berne, 1909, p. 190. The Paris Act of 1896 and its preparatory works were silent on the subject.

The system set up by the Convention is rather complex. Cinematographic works were not included in the list of protected works in article 2 of the Convention, but protection was granted through references made in its text.

The Convention first provided for the protection of photographic works in its article 3:

this convention shall apply to photographic works and to works produced by a process analogous to photography. The contracting countries shall be bound to make provisions for their protection.

In doing so, article 3 contained an indirect reference to cinematographic works, as 'works produced by a process analogous to photography'. However, a direct reference to the new works is to be found in article 14 of the Convention. This article extended the rights of authors of literary and artistic works to the right to authorize the reproduction and public performance of their works by cinematography, and instituted the protection of cinematographic works under the Convention:

Authors of literary, scientific or artistic works shall have the exclusive right of authorizing the reproduction and public performance of their works by cinematography.

Cinematographic productions shall be protected as literary or artistic works, if, by the arrangement of the acting form or the combinations of the incidents represented, the author has given the work a personal and original character.

Without prejudice to the copyright in the original work the reproduction by cinematography of a literary, scientific or artistic work shall be protected as an original work.

The preceding provisions apply to reproduction or production effected by any other process analogous to cinematography.

The Convention thus suggested a dual system of protection for films: as series of photographs, and, for those having a 'personal and original character', as dramatic works distinct from their script. This distinction is made clear in the final report of the Conference:

We have just seen the cinematograph being used for purposes of reproduction or adaptation. It can also serve to give form to a creation. The person who takes the cinematographic shots and develops the negatives will also be the person who has imagined the subject, arranged the scenes and directed the moves of the actors . . . [W]e have here a dramatic work of a particular genre which it must not be possible to appropriate with impunity . . . It is not the question of monopolising an idea or a subject but of protecting the form given the idea or the development of the subject. Judges will assess the matter in the same way as for ordinary literary and artistic works.¹⁴

¹⁴ Report by Louis Renault. The Berne Convention includes dramatic works in

In addition, paragraph 3 of article 14 provided for the protection of cinematographic adaptations (reproductions of literary works) as original works of authorship.

Of course, concerning original cinematographic productions (non-adapted films), the criteria of originality set by the second paragraph was to create problems in several jurisdictions where this text was faithfully implemented, as the lack of ‘personal and original character’ would trigger the limited copyright protection sometimes granted to photographs. This created disparities and uncertainties as to the protection of documentary films and newsreels.¹⁵

THE INDIRECT PROTECTION THROUGH EXISTING SUBJECT-MATTER (1908–1950)

The Berne Convention left significant room for signatory States to tailor a new regime for audiovisual works. As a consequence, different approaches were adopted in the definition of the subject-matter, which have consequences for the current scheme for protection that go far beyond the subject-matter issue.

France adopted no specific copyright act in relation to films, and did not modify its copyright statutes in this respect until 1957. The distinction suggested in the Berne Convention between ‘dramatic’ films protected as literary works and ‘non-dramatic’ films protected as series of photographs was not really discussed by legal commentators and was not instituted by case law. In a system with an open list of protected work, cinematographic works were protected by courts as original works of authorship. Also, since photographs were protected as original works under a full copyright, the protection of documentary films and newsreels did not raise difficulties. And the absence of a requirement of fixation as a prerequisite for copyright protection facilitated the protection of television works and live television shows.

Other countries implemented indirect protection through other subject-matter.

In the United Kingdom, cinematographic works were given express protection in the 1911 Act. The protection of films was dealt with in section 35(1), which defined ‘dramatic work’ as including ‘any cinematograph production where the arrangement or acting form or the combination of incidents represented give the work an original character’.¹⁶ Therefore the subject-matter for

the larger category of literary and artistic works. On the history of film protection under the Convention, see S. Ricketson, *The Berne Convention on the Protection of Literary and Artistic Works*, London, Kluwer, 1987, Chapter 10, pp. 549–89; W. Nordemann, K. Vinck and P. W. Hertin, *International Copyright and Neighbouring Rights Law* (trans. G. Meyer), New York, VCH, 1990, pp. 141 *et seq.*

¹⁵ Art. 14(2) of the Berne Convention, as amended in 1948, prevented the exclusion of documentary films and newsreels from protection as literary and artistic works.

¹⁶ Which echoes art. 14 of the Berne Convention. This definition of dramatic works in the 1911 Act did not raise special comments during the parliamentary debates.

protection was not the film strip, the recording, but the dramatic work ('cinematograph production') produced for and expressed through cinematography.¹⁷ In addition to this protection as a dramatic work, the definition of photographs in section 35 of the 1911 Act included a 'photo-lithograph and any work produced by any process analogous to photography', which clearly encompassed the technology inaugurated by the Kinetograph. Thus cinematograph films (or, more exactly, cinematograph film frames) could be protected as series of photographs.¹⁸

The two headings of protection were cumulative, and it was held that a film which could not meet the requirement of originality for a dramatic work could still be protected as a series of photographs.¹⁹ Originality was a prerequisite for protection under both headings, and it appears that the emphasis put by section 35 on the originality of cinematograph productions did not set a more stringent test than for other types of works.²⁰ However, there remained uncertainties as to which films could be considered as *dramatic works* under the Act.²¹

The characterization of a given film as a dramatic or a non-dramatic film (the latter being protected under the sole heading of photographs) is important. Dramatic films received protection for a longer period, that is, author's life plus fifty years,²² as against fifty years from their making for non-dramatic films.²³ Also, dramatic films could be reproduced by anyone, subject to

Section 35(1) further defined 'cinematograph' as including 'any work produced by a process analogous to cinematography'.

¹⁷ However, the idea of protection of the visual recording constituted by the film strip as a specific subject-matter, by analogy to sound recordings, was expressed in the Gorell Committee Report, and comparison between the two 'recordings' was made.

¹⁸ *Nordisk Films Co. Ltd v. Onda* [1919–24] MCC 337; also, under a similar definition, the Canadian case of *Canadian Admiral Corp. Ltd v. Rediffusion Inc.* (1954) 20 CPR 75; 14 Fox Pat. C. 114.

¹⁹ *Nordisk Films Co. Ltd v. Onda* [1919–24] MCC 337.

²⁰ Ricketson, *op. cit.*, at para. 10.3, pp. 550–1; H. Laddie, P. Prescott and M. Vitoria, *The Modern Law of Copyright*, London, Butterworths, 1995, para. 5.13.

²¹ It presents a special difficulty under the 1911 Act because of the express inclusion of 'cinematograph productions' in the definition of dramatic works. Did it mean that cinematograph productions which could be likened to *dramas* were protected under the dramatic copyright, or that all cinematograph productions were to be considered as dramatic works? In the first scenario, works like newsreels or television shows would not be considered as dramatic works (even under a broad definition of 'dramas'), and could only be protected as series of photographs; in the second, all cinematograph productions would be protected as dramatic works, provided that they met the minimum level of originality. It is submitted that the first construction is reasonable, but the question is open to debate.

²² 1911 Act, s. 3.

²³ Section 21.

payment of a royalty, twenty-five years after the author's death,²⁴ whereas this royalty did not apply to photographs.²⁵ Another important difference between the two types of protection is constituted by the definition of the exclusive rights, in particular in relation to acts of adaptation. Another difference concerns authorship and initial ownership of copyright.²⁶

In Germany, the Literary Copyright Act of 1901 and the Artistic Copyright Act of 1907 did not contain provisions regarding films, but legal commentators considered that films could be protected as series of photographs under the Law of 1907. This situation was modified with two amendment Acts of 22 May 1910, which were to remain in force until the reform of 1965.²⁷ The first amendment Act concerned literary and musical works, and the second artistic works and photographs. As a result of these amendments, cinematographic films were protected under several headings, and could be classified in two categories. Cinematographic works as such (i.e. dramatic theatrical cinematographic films) were protected by a full copyright (both as an artistic work and as a work of literature). However, a cinematographic work could also be protected as a series of photographs. Documentary films and newsreels, which could not be considered as artistic or literary works, were only afforded the limited protection granted to photographs.

THE EVOLUTION TOWARDS A SPECIFIC SUBJECT-MATTER (1925–)

Under the pressure of the industry, several European systems soon realized that the general scheme for protection, or the protection scheme for photographic and dramatic works, were ill-adapted to the new medium, notably in terms of authorship and initial ownership.

Most authors' rights countries reacted by creating a sub-regime for audiovisual works, with specific features in terms of authorship, initial ownership and sometimes moral rights. Such adaptation, however, is not always satisfactory, as unwelcome aspects of the general scheme can always come out of the gaps in specific regulations. This explains why some legislation adopted a more radical solution and devised a specific subject-matter for films. This technique allows more certainty in the definition of the protected works, and more freedom in the tailoring of a specific regime adapted to the needs of the industry.

²⁴ Section 3. But this did not give a right of public performance.

²⁵ *Copinger and Skone James on Copyright*, 1915, p. 251.

²⁶ See Kamina, *op. cit.*, at 18.

²⁷ For a detailed bibliography on pre-1965 German law, see F. Caro and G. Benkard, in H. L. Pinner (ed.), *World Copyright*, A. W. Sijthoff, Leyden, 1953, vol. I, *Verbo Cinematographic Works*.

In this respect, Italy was a pioneer. The Italian Copyright Act of 1925 adopted an original scheme for film protection.²⁸ It mentioned in its article 2 cinematographic works as a specific subject-matter, distinct from dramatic works and photographs, and protected these works independently of any requirement of originality. Therefore, all films, whether original or not, whether dramatic or scientific films or simple newsreels, were protected under the Act. The Law of 22 April 1941 reinforced the originality of Italian law.²⁹ As to the subject-matter for protection, article 2(6) referred to ‘works of cinematographic art, whether in silent or sound form, provided they are not mere documentaries’. As a consequence, documentary films and newsreels were protected not under the cinematographic copyright, but only as series of photographs under a specific neighbouring right for non-original photographs.³⁰ This neighbouring right lasted for twenty years from the making of the negatives,³¹ compared with thirty years after making or public exhibition for cinematographic films.³²

But the trend towards implementation of specific subject-matter or films was reinforced from the 1950s, under the pressure of the post-World War II film industry and of new technological developments, above all television.

In the United Kingdom, the 1956 Act, which in many aspects was a modern Copyright Act, marked in relation to audiovisual works a radical departure from the previous law, and from both authors’ rights systems and US copyright. The Act expressly excluded cinematographic works from the definition of photographs and dramatic works.³³ Instead, it introduced new subject-matter applicable to film works under the form of ‘Part II’ copyrights, that is, ‘entrepreneurial’ copyrights which did not require originality as a condition for protection. The specific subject-matter for film protection was the ‘cinematograph film’.³⁴ The specific subject-matter for films, the ‘cinematograph film’, was defined in section 13(10) as:

²⁸ See E. Piola Caselli, in H. L. Pinner (ed.), *World Copyright*, A. W. Sijthoff, Leyden, 1953, vol. I, *Verbo Cinematographic Works*.

²⁹ See Giannini, in *Rivista Trimestrale di Diritto et Procedura Civile*, June 1953, p. 496; *Rivista di Diritto Commerciale*, July 1953.

³⁰ Part II, Chapter V, ‘Rights relating to photographs’.

³¹ Copyright Act, art. 92.

³² *Ibid.*, art. 32.

³³ Section 48. “‘photograph’ means any product of photography or of any process akin to photography, other than part of a cinematograph film”. “‘dramatic work’ includes a choreographic work or entertainment in dumb show if reduced to writing in the form in which the work or entertainment is to be presented, but does not include a cinematograph film, as distinct from a scenario or script for a cinematograph film’.

³⁴ But broadcasts were equally protected under a distinct Part II copyright. The Cable and Broadcasting Act 1984 later introduced a copyright in cable programmes.

any sequence of visual images recorded on material of any description (whether translucent or not) so as to be capable, by the use of that material,
 (a) of being shown as a moving picture, or
 (b) of being recorded on other material (whether translucent or not), by the use of which it can be so shown.³⁵

This scheme was followed in the Irish Copyright Act of 1963.

During the copyright reforms of the 1950–60s, all authors' right systems have expressly included films in their lists of protected works in order to establish a sub-regime or at least certain specific rules concerning the exploitation of film works. The Berne Convention itself will commend such a sub-regime, for example by providing, in the Stockholm Act, for a presumption of assignment of rights in 'cinematographic works' to the film producer.³⁶

THE NEIGHBOURING RIGHT IN THE VIDEOGRAM

Despite the implementation of specific regimes and subject-matter under authors' rights, in authors' rights systems the idea developed of an additional right in the audiovisual recording, possibly inspired by the UK example in relation to phonograms (in the 1911 Act).

This idea of a right in an audiovisual recording (or in a television broadcast), without any requirement of originality, was proposed relatively late. The Italian Act of 1925 was the first copyright Act to implement this concept in relation to films and photographs. It was followed by the UK in 1956 in relation to films. In Germany, the Copyright Act 1965 introduced neighbouring rights in film recordings in favour of film producers. The German example was followed by several Member States in the context of the copyright reforms of the 1980s, in particular in France in the Copyright Amendment Act of 1985. The resulting disparity in the scheme of film protection was thought to create a distortion in the internal market. The question was raised in the harmonization programme of the Commission which led to the institution of the related right of the film producer at Community level in the EC Rental Directive, with surprisingly very little debate on the opportunity of such additional protection.

³⁵ This definition shows that, contrary to the general assumption and the use of the term 'film', the copyright was not in the visual recording, as it is under the present Act, but in the (recorded) underlying visual work ('sequences of images . . . recorded').

³⁶ In its art. 14*bis*(2). For the implementation of this presumption by EC Member States, see Kamina, *op. cit.*, at 159–61.

2. Problems raised within the European Union

DISTINCTION

The definition of the subject-matter for audiovisual works raises two series of questions. The first concerns the definition of the main subject-matter for protection, which, in most systems (with the notable exceptions of the UK and Ireland), is an original description of work, the audiovisual work (A). The second concerns the institution of an additional protection, under a neighbouring or related right description, of the film recording (B).

2.1 *The definition of the main subject-matter for protection of audiovisual works*

THE DEFINITIONS AT THE INTERNATIONAL AND REGIONAL LEVELS

The main international copyright agreements contain no real definitions of the terms 'cinematographic' or 'audiovisual works'. In its article 2(1), the Berne Convention uses the term 'cinematographic works, to which are assimilated works expressed by a process analogous to cinematography'; but the Convention gives no definition of that term. The same is true under the Universal Copyright Convention,³⁷ the TRIPs Agreement³⁸ and the WIPO Copyright Treaty of 1996.³⁹

In contrast, the term 'audiovisual works' is used in the WIPO Draft Model Provisions⁴⁰ and in the Treaty on the International Registration of Audiovisual Works of 20 April 1989. In the WIPO Draft Model Provisions, audiovisual works are defined as works consisting of a series of related images and accompanying sounds, if any, which are intended to be shown by appropriate devices.⁴¹ The definition in the Treaty appears to be more restrictive: an audiovisual work is defined as:

any work that consists of a series of fixed related images, with or without accompanying sound, susceptible of being made visible and, where accompanied by sound, susceptible of being made audible.⁴²

³⁷ Which also uses the term 'cinematographic works' (art. 1), without further specification.

³⁸ Art. 11. Cinematographic works, without further definition.

³⁹ Art. 7(1)(ii) and (2)(ii).

⁴⁰ Section 3(1)(vi).

⁴¹ Art. 21(1).

⁴² Art. 2.

Possibly the broadest definition at the supranational level is given by the EC copyright directives. The Rental Directive uses the term 'film', but its article 2 specifies that:

for the purposes of this Directive, the term 'film' shall designate a cinematographic or audiovisual work or moving images, whether or not accompanied by sound.

The same definition is used in the other copyright directives.⁴³

Neither cinematographic nor audiovisual works are defined further in these directives, but the reference to 'moving images' is broad. However, the definition of audiovisual works does not seem to be within the scope of harmonization. In this respect, Member States may probably retain a slightly different definition of the subject-matter, as long as the main objectives of harmonization are met.

These international and regional definitions raise a series of questions which are particularly relevant in the European context.

DO THESE LEGAL INSTRUMENTS REQUIRE THE INTRODUCTION OF A SPECIFIC SUBJECT-MATTER FOR AUDIOVISUAL WORK?

First, do these legal instruments require the introduction of a specific subject-matter for audiovisual work, or would a copyright Act indirectly protecting audiovisual works under other subject-matter (e.g. as dramatic works or as series of photographs) comply with their provisions?

It is submitted that nothing in the international copyright treaties or in the relevant EC copyright directives prevents the protection of films through another subject-matter. However, the creation of at least a sub-category is required in order to implement elements of the specific regime set by the EC directives in terms of duration, authorship and exclusive rights. Problems of definition are thus unavoidable.

⁴³ The Cable and Satellite Directive uses only the term 'cinematographic or audiovisual work'. However, its provisions refer to the protection under the Rental Directive, and therefore the above definition should extend to 'moving images' as well. The Term Directive uses the same language as the Rental Directive. Art. 2 of the Term Directive is headed 'Cinematographic or audiovisual works', but the Directive also uses the term 'film' to define the right of the 'producer of the first fixation of a film'. It further specifies in art. 3(3) that 'the term "film" shall designate a cinematographic or audiovisual work or moving images, whether or not accompanied by sound'. The Directive on Copyright and Related Rights in the Information Society uses the term 'film', without further definition.

WOULD A SCHEME THAT PROTECTS ONLY AUDIOVISUAL RECORDINGS, WITHOUT PROVIDING A SPECIFIC PROTECTION FOR THE UNDERLYING (RECORDED) AUDIOVISUAL WORK, BE ACCEPTABLE?

This is for example the solution adopted in the United Kingdom in the 1988 Act, and in the Irish Copyright Act 2000. Although this is not stated expressly in the Berne Convention, it seems to derive from the description of the cinematographic work as an original work of authorship and from preparatory works to the Convention that the definition refers to the recorded work, not to the recording itself.⁴⁴ However, it is submitted that such a system would meet the requirements of the Berne Convention: a protection through the recording has no effect on the minimum protection guaranteed by the Convention which, in any case, allows the requirement of a fixation as a prerequisite for copyright protection.⁴⁵ In contrast, it is unlikely that such a system would comply with the requirements of the EC copyright directives,⁴⁶ at least if no other protection exists in relation to the underlying work.⁴⁷

IS ORIGINALITY A NECESSARY REQUIREMENT FOR FILM PROTECTION?

The answer to this question appears negative, as long as under the definition of the subject-matter all 'original' films are protected.

According to article 14*bis* of the Berne Convention, 'a cinematographic work shall be protected as an original work', and 'the owner of copyright in a cinematographic work shall enjoy the same rights as the author of an original work'. The absence of a requirement of originality for 'films' under UK copyright does not appear to contravene these provisions, since all 'original' films are in any case protected.⁴⁸ The same reasoning would apply under EC law.

Note, however, that the protection under the Berne Convention might not extend to those cinematographic works which are not 'original' according to

⁴⁴ See the General Report of the Berlin Conference, quoted *supra*. Final reports are thought to present an 'authentic' or 'authoritative' interpretation of the Convention (Ricketson, *op. cit.*, at p. 137, para. 4.12). See also art. 2 of the Convention: 'works . . . expressed by a process analogous to cinematography'; by analogy the work 'expressed by photography' is not the negative, but the underlying work of the photographer. See also Ricketson, *ibid.*, p. 555, n. 3.

⁴⁵ However, would a country which does not protect musical works but only sound recordings comply with the Berne Convention?

⁴⁶ See p. 96.

⁴⁷ And such a protection exists in the UK through the dramatic copyright, since the holding of the Court of Appeal in *Norowzian v. Arks Ltd (No. 2)* [2000] EMLR 67; [2000] FSR 363, CA; see paras. 54 *et seq.* *infra* and p. 92.

⁴⁸ See Ricketson, *op. cit.*, at para. 10.10, p. 557. Consider also protection as an original dramatic work as a result of the decision in *Norowzian*, *ibid.*

the criterion used in each national law. As a consequence, a limited number of 'films' protected under UK law could lie outside the scope of the Convention.⁴⁹

THE SCOPE OF THE DEFINITION OF 'AUDIOVISUAL WORKS' IN NATIONAL LAWS

At present, and if we set aside for the moment the specific cases of the UK and Ireland (in particular the indirect protection offered through the 'dramatic copyright'), it can be said that the existing national definitions of 'audiovisual work' are similar.

In France, article L.112-2 of the Intellectual Property Code defines audiovisual works as 'cinematographic works and other works consisting of animated sequences of images [séquences animées d'images], with or without sound'. Accordingly, 'cinematographic works' are treated as a sub-category of 'audiovisual works'.⁵⁰ In this French definition of audiovisual works, emphasis is placed on the animated sequences of images. This language is broad, and carries no exclusion for documentaries, newsreels or other types of film works.

In Spain, the Copyright Act points to 'cinematographic works and any other audiovisual works' defined as: 'creations expressed by means of a series of associated images, with or without incorporated sound, that are intended essentially to be shown by means of projection apparatus or any other means of communication to the public of the images and of the sound, regardless of the nature of the physical media in which the said works are embodied'.⁵¹

Similarly broad definitions are found for example in Austria,⁵² Bulgaria,⁵³

⁴⁹ E.g. footage produced by security cameras. A more stringent concept of originality in a given signatory State could also exclude from the benefit of the Convention other categories of films which would otherwise be considered as 'original' under UK copyright (e.g. newsreels).

⁵⁰ The distinction between 'cinematographic' and 'audiovisual' works has no consequences in terms of copyright protection. However, transfers of rights in cinematographic works are subject to registration requirements, which is not the case for audiovisual works. The characterization also has consequences for the administrative regime of production and broadcasting and on the applicable VAT rate. Although 'cinematographic works' are not further defined in the Act, the notion corresponds to audiovisual works intended for theatrical exhibition.

⁵¹ Art. 86 (WIPO translation).

⁵² Copyright Act, art. 4.

⁵³ New SG. No. 28/2000: 'audio-visual works shall stand for series of interconnected images fixed on any type of medium, with either a soundtrack or not, perceived as a mobile picture and used in any manner (. . .)'.

the Czech republic,⁵⁴ Estonia,⁵⁵ Hungary,⁵⁶ and in the Netherlands.⁵⁷ In Luxembourg, audiovisual work is defined as a work 'consisting *mainly* in sequences of animated pictures, either with or without sound'.⁵⁸

In contrast, 'audiovisual work' is not defined in the Belgian Copyright Act. However, its *travaux préparatoires* define such work as 'a mixture of sounds and moving images, which once completed is destined to be shown in public'.⁵⁹ Although this definition appears to require sound, it is generally admitted that an audiovisual work can be silent. There is no definition of audiovisual works in the copyright Acts of Greece,⁶⁰ Portugal,⁶¹ Poland⁶² and of the Scandinavian Member States.⁶³

As mentioned above, the scheme for protection is slightly different in Germany and in Italy. In Germany, the Copyright Act of 9 September 1965, as amended, refers to 'cinematographic works [*Filmwerke*], including works produced by processes similar to cinematography',⁶⁴ which is the language of article 2(1) of the Berne Convention. There is no further definition of these

⁵⁴ Act No. 121/2000, art. 62: 'An audiovisual work shall mean a work created by the arrangement of works used audiovisually, adapted or unadapted, constituted of a number of recorded interlinked images evoking the impression of movement, accompanied by sound or mute, perceivable by sight and, if accompanied by sound, perceivable by hearing'.

⁵⁵ Art. 33 of the Copyright Act of 11 November 1992, as amended: 'Audiovisual works are all works which consist of series of related images whether or not accompanied by sound and which are intended to be demonstrated using corresponding technical means (cinematographic films, television films, video films, etc.)'.

⁵⁶ Act No. III of 1999 on Copyright, as amended, art. 64: 'A cinematographic creation shall be taken to mean a work which is expressed by motion pictures arranged in a predetermined order and accompanied or not by sound, irrespective of what carrier the work has been fixed on. The feature film produced for movie projection, the television film, the publicity and documentary film as well as cartoons and educational films shall in particular be rated as cinematographic creations.'

⁵⁷ Copyright Act, art. 45a.

⁵⁸ Copyright Act (2001), art. 20. There was no definition of the audiovisual work in the 1972 Act.

⁵⁹ Report prepared by A. Strowel for the ALAI Congress of 1995, cited in J. Lahore, 'The Notion of an Audiovisual Work: International and Comparative Law', paper prepared for the Paris Convention of the ALAI on the Centenary of Film, September 1995.

⁶⁰ The Copyright Act uses the term 'audiovisual work'.

⁶¹ Art. 2 of the Code lists 'cinematographic, television, phonographic, video and radiophonic works' without further definition.

⁶² Copyright Act of 4 February 1994, art. 2 ('audiovisual works (including visual works and sound works)').

⁶³ The Danish, Finnish and Swedish copyright Acts use the term 'cinematographic work' (art. 1).

⁶⁴ Art. 2(6).

works. However, article 95 of the German Act introduces an additional subject-matter for audiovisual works, under the heading ‘moving pictures’ (*Bildfolgen*). It provides that most aspects of the regime of cinematographic works shall apply *mutatis mutandis* to ‘sequences of images and to sequences of images and sounds which are not protected as cinematographic works’.⁶⁵ What audiovisual works could be considered only as *Bildfolgen* and not as *Filmwerke* is unclear. The neighbouring right in the audiovisual recording of article 94 also extends to recordings of *Bildfolgen*.⁶⁶

The situation is also specifically dealt with in Italy. Article 2(6) of the 1941 Act, as amended, refers to: works of cinematographic art, whether in silent or sound form, provided they are not mere documentaries protected in accordance with the provisions of Chapter V of Part II (articles 87–92). Accordingly, this definition excludes documentaries or newsreels lacking originality, which may be protected as series of photographs under a specific neighbouring right in photographs under articles 87 *et seq.* of the Act.⁶⁷ Article 87 provides that:

Pictures of persons, or of aspects, elements or features of natural or social life, obtained by photographic or analogous processes, including reproductions of works of graphic art and stills of cinematographic film, shall be considered to be photographs for the purposes of the application of the provisions of this Chapter.⁶⁸

Under this definition, it would appear that this neighbouring right is also applicable to (non-original and possibly original) stills of original cinematographic films. This exclusive right in photographs subsists for twenty years from their making.⁶⁹ Original television works and documentaries may, however, be protected as works of cinematographic art.

Concerning the United Kingdom, we know that since the holding of the Court of Appeal in the *Norowzian* case,⁷⁰ audiovisual works, as distinct from their recordings, can be protected as original dramatic works. In this holding, Nourse LJ restated the definition of dramatic works in the following terms:

In my judgment a film can be a dramatic work for the purpose of the 1988 Act. The definition of that expression being at large, it must be given its natural and ordinary

⁶⁵ With the exclusion of the presumptions of assignment of arts. 89 (authors) and 92 (performers) of the Act. See paras. 161 and 336.

⁶⁶ P. Kamina, *op. cit.*, at 83.

⁶⁷ See M. Fabiani, in M. B. Nimmer and D. Geller (eds.), *International Copyright Law and Practice*, Matthew Bender, looseleaf, para. 2(3).

⁶⁸ WIPO translation.

⁶⁹ Art. 92.

⁷⁰ *Norowzian v. Arks Ltd (No. 2)* [2000] EMLR 67; [2000] FSR 363, CA.

meaning. We were referred to several dictionary and textbook definitions. My own, substantially a distilled synthesis of those which have gone before, would be this: a dramatic work is a work of action, with or without words or music, which is capable of being performed before an audience. A film will often, though not always, be a work of action and it is capable of being performed before an audience. It can therefore fall within the expression 'dramatic work' in section 1(1)(a) and I disagree with the judge's reasons for excluding it.

But what is the exact scope of this definition, applied to audiovisual works?

Under the definition of Nourse LJ, fictional cinematic works are certainly dramatic works. The work of their creators, like the work of the author of a written play or a dance or mime or a script, is a work such as is capable of being performed before an audience. This final audiovisual work cannot be reduced to the dramatic contributory work constituted by the script, since it is obvious that new elements have been added which are included in the larger dramatic work.⁷¹ In that case, the final cinematic work is not the mere performance of the script, but its visual translation and interpretation, that is, a new derivative work.

Also, in our opinion non-fictional works such as *documentaries* could still be protected as dramatic works. For example, in the case of a natural history documentary great skill and care will normally go into selecting the subject-matter and the manner in which the film is shot and then into editing the final product. The resulting film will be more than just a record of naturally occurring phenomena but will have its own 'story' and frequently will be designed so as to provoke sympathy or awe in the mind of the viewer.⁷²

But we doubt that most newsreels or television shows could meet the definition of *drama*, since in *Norowzian* Nourse LJ pointed in the direction of the ordinary use of language.⁷³ This would restrict protection as a dramatic work to those audiovisual works which convey a story in the usual meaning. Of course, these works, once recorded, will attract protection under the non-original description of the work (the 'film', the audiovisual recording).

In conclusion, as regards audiovisual works in the common sense, that is, film broadcast on television or exhibited in theatres, it would seem that the range of works covered by national definitions of 'film' or 'audiovisual works' is similar. In countries where the authors' rights tradition prevails,

⁷¹ See *Milligan v. Broadway Cinema Production*, 1923 SLT 35; [1922–3] MCC 343, Court of Session. Suggested by Farwell J in *Tate v. Fullbrook*, quoted at para. 55 *supra*. Compare also the case of a ballet, protected as a composite dramatic work, constituted by the music, the story, the choreography, the scenery and the costumes (*Massine v. De Basil* [1936–45] MCC 223).

⁷² Laddie et al., *op. cit.*, at pp. 7–9.

⁷³ As did Lord Bridge in the *Green* case.

newsreels and documentaries are not excluded from protection by the definition of audiovisual works. In sum, the differences in the scope of protection will result not from the definition of audiovisual work, but from the application of the concept of originality, which has not been harmonized. This could affect the protection of certain television shows or recordings of live events.⁷⁴

APPLICATION TO MULTIMEDIA WORKS, VIDEOGAMES, ETC.

Differences may subsist, however, between Member States in the treatment of works such as multimedia works and videogames.

Most definitions are broad enough to encompass displays of videogames and multimedia works, if not these works in their entirety. However, the rules triggered by characterizing such works as audiovisual works, notably in terms of authorship, ownership and contracts, can prove ill-adapted to the production and the exploitation of these works. Hence, in countries with a broad definition of audiovisual works, some courts have refused to characterize multimedia works, especially interactive works, or videogames, as audiovisual works.⁷⁵

Some support for this exclusion can be found in EC law. The EC Term Directive, by setting out a list of contributors including the director, the

⁷⁴ Note that this question must not be confused with the issue of protection of television formats. The format issue does not relate to the sequence of image (the final audiovisual work), but rather to the underlying ‘dramatic’ work (and to the idea-expression dichotomy).

⁷⁵ For example in France, *compare* Cass., Ass. plen., 7 March 1986 (two cases: *Atari* and *Williams Electronics*), JCP 1986, II, 20631, note J. M. Mousseron, B. Teyssié, and M. Vivant, RIDA 1986, no. 129, 136, note Lucas, D. 1986, 405, concl. Cabannes and note Edelman (holding that screen displays of videogames may be protected as audiovisual works, separately from the software that drives them), *with* Cass. civ. I, 28 January 2003, Com. com. électr 2002, comm. no. 35, note C. Caron; P.I., April 2003, no. 7, 159, obs. Sirinelli; *Légipresse* 2003, III, 79, note Varet (holding that the interactivity of a CD-Rom precludes finding it an audiovisual work); Versailles, 18 November 1999, Com. com. électr 2000, comm. no. 2, note Caron (finding no audiovisual work in an interactive videogame which did not have the sequential and linear presentation of the images of an audiovisual work); TGI Paris, 3e ch., 8 September 1998, RIDA 1999, no. 181, 318 (finding no audiovisual work in a multimedia work which lacked moving sequences), *affirmed*, Paris, 4e ch., 28 April 2000, Com. com. électr. 2000, comm. no. 86, note Caron.

The main advantage of distinguishing multimedia works from audiovisual works under French law is to avoid the application of some unwelcome or unadapted aspects of the regime of film protection. For example, in *Vincent v. Cuc Software*, the disqualification resulted in the application of the French doctrine of ‘collective work’, which grants a legal person initial copyright in the works created by its employee (this doctrine being expressly excluded in the case of audiovisual works). This certainly accounts for the solution adopted by the court.

screenwriter, etc., for the purposes of calculating the term of copyright in the film, suggests that the works considered for protection (or at least subject to the specific provisions concerning audiovisual works – films – under EC law) do not extend beyond computer games or multimedia works. Since these duration provisions have been implemented in the definition of the regime for audiovisual works by national legislation, this could (and probably should) be construed as an implicit exclusion of videogames and multimedia works from the definition (and sub-regime) for audiovisual works.

2.2 *The related right and the double protection for audiovisual works*

THE REQUIREMENT OF A DOUBLE PROTECTION UNDER THE EC COPYRIGHT DIRECTIVES

A specific feature of film protection at the European level is the requirement of a double system of protection for films, inspired by the model adopted by most EU Member States in the 1980s. When it comes to the protection of audiovisual works, the main directives in the field of copyright, the Rental, Term and InfoSoc Directives, clearly target *two different sets of rights*, which have *different terms and 'authors'*: the right of the author or authors of the film on the one hand, and the related right of the producer of the first fixation of the film, on the other hand.

In article 2(1), the Rental Directive provides that the rental and lending right shall belong:

- (a) to the author in respect of the original and copies of his work,
- (b) to the performer in respect of fixations of his performance,
- (c) to the phonogram producer in respect of his phonograms, and
- (d) to the producer of the first fixation of a film in respect of the original and copies of his film.

The Directive thus makes a distinction between rights of authors, rights of performers and rights of phonogram and film producers. Article 2(2) further specifies that, for the purpose of this Directive, 'the principal director of a cinematographic or audiovisual work shall be considered as its author or one of its authors'. Accordingly, by this reference to the 'author', the right of the film director falls within the first category. In contrast, the right of the producer of the first fixation of a film is addressed in Chapter II of the Directive, dedicated to 'rights related to copyrights'.

The Term Directive adopts this distinction between authors' rights and related rights.⁷⁶ As a general rule, recital 11 and article 1 state that the duration

⁷⁶ In its title, recitals and in arts. 1 and 3. Related rights are also referred to as neighbouring rights in recital 10.

of the ‘author’s right’ is extended to seventy years after the death of the author. Article 2, titled ‘Cinematographic or audiovisual works’, provides that the principal director of a film shall be considered as its author or one of its authors, and adapts the seventy-year duration to films. In contrast, article 3, titled ‘Duration of related rights’, specifies that the ‘rights of producers of the first fixation of a film’ shall expire fifty years after the fixation, publication or communication to the public, as the case may be. Therefore, by setting different terms for protection, the Term Directive leaves no doubt that the right of the author of the film and the right of the film producer are distinct.

The InfoSoc Directive repeats this distinction.

Even if no proper definition of these elements is given, the copyright directives clearly equate the ‘film’ and its synonym, the ‘cinematographic or audiovisual work’, with the underlying audiovisual work, and not with the visual recording.⁷⁷

In contrast, nothing requires formally that the right of the producer of the first fixation of the film be a right *on* this fixation; it could well be a perfectly overlapping right on the underlying audiovisual work (without the requirement of originality). However, the absence of a *fixation right* for film producers in the Rental Directive would appear to indicate that the right is on the recording itself, rather than on the underlying sequence of images. In addition, this right corresponds to the right of the ‘videogram’ producer, which is defined in the relevant Member States as the right of the *audiovisual recording*.

DOES THE UNITED KINGDOM COMPLY WITH THESE REQUIREMENTS?

The question could be asked before the *Norowzian* case under the provisions of the CDPA 1988.

We saw that the choice made in the UK Copyright Act 1956 in relation to film works was to adopt a new and specific subject-matter under a Part II (entrepreneurial) copyright. The 1988 Act continues to treat audiovisual works as specific descriptions of works which do not have to satisfy any requirement of originality. In that respect, the main difference from the previous law is that, under the new Act, the specific subject-matter for audiovisual works, the ‘film’, is defined in section 5 as the visual recording itself, and not as the underlying sequence of images.⁷⁸ Therefore it could be said that in the 1988 Act cinematographic and audiovisual works were not given protection as such, but only through their recordings.

⁷⁷ The Directive talks about the ‘first fixation of a film’. How can one fixate a recording?

⁷⁸ “‘Film’ means a recording on any medium from which a moving image may by any means be produced’ (originally s. 5(1), now s. 5B(1) of the Act).

On this basis the answer to our question would be negative: implementing one form of protection only instead of the two forms required is certainly an incorrect implementation of the directives.

But the 1988 Act also differs from the 1956 Act in that it reopened the possibility of additional or residual protection of audiovisual works as dramatic works.⁷⁹ This was confirmed by the Court of Appeal in *Norowzian v. Arks Ltd*,⁸⁰ with important consequences for the scheme of copyright protection for films.

As a result of this decision, it is now clear that audiovisual works can be protected in the UK as dramatic works. Therefore, the scheme for film protection would be close to that in relation to musical recordings, with two copyrights, one in the recording (sound recording/'film'), and one in the work embodied in this recording (musical work/audiovisual work). As a consequence, it is submitted that the actual scheme of protection in the UK complies with the Community requirement of a double protection for audiovisual works.

Of course, it is not clear whether such reasoning is applicable under Irish Copyright, or in other jurisdictions inspired by the British scheme for protection, like Cyprus.⁸¹ Note also that the present situation in the United Kingdom still raises issues of compatibility with EC law concerning the calculation of duration.⁸² We know that under the Term Directive the 'author's right' in the 'cinematograph or audiovisual work' and the 'related right' have different terms.⁸³ The problem is that the implementing regulations in the United Kingdom extended the right in the 'film', which is the right in the recording,

⁷⁹ In contrast with the previous Act, in the 1988 Act, audiovisual works are no longer excluded from the definition of dramatic works. In addition, the specific subject-matter for film protection, the 'film', is the visual recording, and is thus distinct from this underlying work. Moreover, it is now clear that a dramatic work can attract protection when it is fixated in film form only (CDPA 1988, ss. 3 and 178). Accordingly, certain commentators suggested that audiovisual works could be protected both as films, through their recording, and as (recorded) dramatic works.

⁸⁰ See p. 92.

⁸¹ In Cyprus, art. 2 of the Copyright Law No. 59, of 3 December 1976, as amended, defines 'cinematograph film' as 'the recording by any means from which moving images may be reproduced by any means'. Malta seems to implement the double protection as required by the EC Directive. Its Copyright Act of 25 April 2000 defines 'audiovisual work' as 'a work that consists of a series of related images which impart the impression of motion, with or without accompanying sounds, susceptible of being made visible and, where accompanied by sounds, susceptible of being made audible'; and first fixation of films is protected under a related right.

⁸² See P. Kamina, 'British Film Copyright and the Incorrect Implementation of the EC Copyright Directives' (1998) *Entertainment Law Review*, March–April, 109.

⁸³ Arts. 2(2) and 3(3).

to seventy years after the death of the last contributor listed for this purpose, which went further than the term provided for this class of work in the Directive, which must be fifty years from making or publication. This extension would have had no consequence in the absence of protection for the underlying audiovisual work. However, we saw that some of these works are likely to be protected as dramatic works. And the duration of the (audiovisual) dramatic copyright in the United Kingdom has been extended to seventy years p.m.a.⁸⁴ Thus it can be said that UK producers will sometimes obtain two rights lasting for seventy years p.m.a. (or p.m. contributors for the ‘film’) whereas their continental counterparts benefit only from a fifty-year neighbouring right in the film recording in addition to the (specific) seventy years’ p.m. copyright in the audiovisual work. The fact that in practice film producers hold both these rights certainly limits the consequences of such an over-extension, but there could well be litigation on that subject.

IS SUCH A SYSTEM ACCEPTABLE?⁸⁵

What are the consequences of such double protection?

The cumulation of copyright is commonplace in relation to audiovisual works; the pre-existing works, the various scripts and the final audiovisual works can attract separate protection as derivative works. In that situation, the derivative work is a work of original authorship, which often involves different contributors. Economists justify such protection by citing the need to encourage the production of works based on other works, which sometimes requires considerable investment or effort.⁸⁶ This seems consistent with the incentive rationale behind copyright protection. However, here we are faced with a second type of cumulation, which involves the same work or works

⁸⁴ Which is not a correct implementation of the Directive either. For example, under UK copyright law, the composer of specially commissioned music cannot be co-author of a dramatic work including his musical work (see para. 127). However, according to the Directive, his or her life must be taken into account in the calculation of the duration of the copyright in the underlying audiovisual work (which, arguably, is the dramatic copyright under present UK law).

⁸⁵ See P. Kamina, ‘Towards New Forms of Neighbouring Rights within the European Union?’, in *Intellectual Property in the New Millennium, Essays in Honour of William R. Cornish*, edited by David Vaver and Lionel Bently, Cambridge, Cambridge University Press, 2004.

⁸⁶ W. M. Landes and R. Posner, ‘An Economic Analysis of Copyright Law’ (1989) *Journal of Legal Studies* 325 at 354–5; see also J. Ginsburg, ‘Creation and Commercial Value: Copyright Protection of Works of Information’ (1990) 90 *Columbia Law Review* 1865 at 1910, who suggests that another reason for the protection of derivative works is to provide incentives to produce the initial work, since potential exploitation of derivative works is often considered as part of the decision to create the initial work.

which cannot be separated on originality grounds. For an audiovisual dramatic work, the 'film', the visual recording, is nothing but a copy.

Where implemented, this double protection for films is always justified in economic terms (usually without any serious empirical analysis) and by analogy to the protection of sound recordings. The problem is that the analogy to sound recordings is in truth an incomplete one.⁸⁷ In contrast to sound recording producers, in most cases film producers obtain the copyright in the audiovisual and contributory works embodied in the recording, and thus do not need another copyright title to protect their investments in infringement actions. Another difference is the possibility of likening sound recordings to original works of authorship, or at least considering that there is a specific and distinct investment in the production of such recordings. In contrast, the work involved in the recording of an audiovisual work is difficult to separate from the work involved in the creation of the audiovisual work itself. It can therefore be questioned whether such double copyright protection is needed to encourage film producers to produce films.

Moreover, this scheme not only appears pointless in terms of incentives, it can have negative economic consequences. Where it operates, the cumulation has no effect if the producer has control of both rights. However, if a copyright interest is retained by the creative authors, or if the rights are granted to separate licensing bodies, users (including further authors and producers) will bear higher costs in order to exploit audiovisual works. In some instances, they will have to obtain, and bargain for, two authorizations instead of one. In that situation there is no doubt that the cumulation increases the cost of using these works. Multimedia producers on the continent already experience such difficulties.

Incidentally, it is important to recall that this scheme is designed to remedy two problems that are specific to continental systems of protection. In several *droit d'auteur* countries, authors of audiovisual works retain certain rights in their works or assign them to collecting societies, which weakens the title of film producers in infringement proceedings. Also, higher standards in relation to 'originality' might leave valuable works unprotected. These problems either are unknown or cause fewer difficulties in copyright systems.

PROBLEMS ASSOCIATED WITH THE NATIONAL DEFINITIONS OF 'VIDEOGRAMS'

The definition of continental 'videograms' and of British and Irish 'films' are very similar. In France, the 'videogram', the object of the related right of the film producer is defined as 'the initial fixation of a sequence of images,

⁸⁷ Except maybe in relation to film soundtracks involving substantial studio recording work (thus justifying their protection as sound recordings).

whether accompanied by sounds or not'.⁸⁸ A similar definition is adopted in other Member States with an authors' rights tradition.⁸⁹ In section 5B(1) of the British 1988 Act, a 'film' is defined as 'a recording on any medium from which a moving image may by any means be produced'.⁹⁰

These definitions are very broad, and may lead to an extension of protection to the recording of software and videogames. The fact that the related right is the right of the 'film producer' could lead to a restrictive construction of the scope of the related right. But this construction is left to national courts, as nothing in EC law seems to prevent a broader scope of the right under national law.⁹¹

But beyond this question of scope, technical questions arise. Some are very specific and technical, and concern the protection of individual film frames under the neighbouring right (which would then protect non-original film frames!),⁹² or the characterization of soundtracks as part of the film or as sound recordings.⁹³ Others are more general. For example, the introduction of a non-original description of work raises interesting questions about the line that can be drawn between what is a mere copy and new recording *derived* from a previous recording.

Under copyright and authors' rights laws, the standard test for the existence and the protection of a derivative work is the test of originality. In the absence of such a requirement, what test should be applied? For example, does a colorized version of a film, or a new cut (e.g. a director's cut), or a digitally enhanced or restored print, or even a release under another screen format (e.g. on videotape) constitute a mere copy of the film, or does it create a new derivative 'film', and thus a new film copyright? The question could be asked about sound recordings, concerning for example digitally enhanced tracks.⁹⁴

⁸⁸ Art. L.215-1.

⁸⁹ See Kamina, *Film Copyright in the European Union*, Cambridge, Cambridge University Press, 2002, at 83. The same is true for new entrants: e.g. in Bulgaria, Law of 1993, as amended ('initial recording of a film or another audiovisual work') or in Romania, Law of 1996 ('audiovisual recordings'); The Polish Act of 1994 and the Hungarian Act of 1999 do not define the videogram.

⁹⁰ Art. 5(1) in the original 1988 text. The Duration of Copyright and Rights in Performances Regulations 1995 (SI 1995 No. 3297) added two new paragraphs (s. 5B(2) and (3)) concerning film soundtracks.

⁹¹ And the introduction of new neighbouring rights by Member States.

⁹² Point discussed in Kamina, *op. cit.*, at 77 (UK law).

⁹³ And the articulation of both protections. See e.g. P. Kamina, 'The Protection of Film Soundtracks under British Copyright after the Copyright Regulations 1995 and 1996', (1998) *Entertainment Law Review*, May, 153.

⁹⁴ See discussion in Kamina, *op. cit.*, at 80.

Against this solution, one may observe that the Rental and Term Directives describe the right of the film producer as the right in the 'first fixation' of the film.⁹⁵ Such wording might exclude the possibility of a new right arising in relation to a second fixation, even after substantial processing or modification. The point, however, is not free from doubt, and it appears that the question has not been raised in foreign systems with a similar definition.

⁹⁵ Which is the language used in several continental Acts (e.g. the French Intellectual Property Code, art. L.215-1).

5 The requirement of originality

Ramón Casas Vallés

1. Introduction

The requirement of originality is common in copyright. *Overarching, sine qua non, essence of copyright, touchstone, cornerstone* etc. these are terms often used by specialists. It is understandable, originality being the criterion or concept that normally defines the borders of this institution, both internally (to distinguish copyright from neighbouring rights – where admitted) and externally (to distinguish it from other forms of protection – proprietary or not – of intangible goods). It is also used to establish the degree of protection, albeit this may cause some problems to the extent that it implies fragmenting a regime which is theoretically envisioned as unitary, hence without granting more or fewer rights depending on the degree of originality. In any case, both the law and the case law agree to grant it a decisive role. Originality is the evidence and materialization of authorship and what justifies the granting of copyright. Paraphrasing Plato's Academy motto 'Let no one ignorant of geometry enter here', the threshold of Copyright's citadel could read: 'Let nothing non-original enter here' . . . although originality, like geometry, can be ultimately *variable*.

The central role assigned to the requirement of originality does not correspond to the doubts it generates. This is a striking and uncomfortable issue. On the other hand, courts have been relatively at ease when dealing with this requirement, under the interpretative latitude afforded by imprecise legal terms. For judges – and others – the difficulty is not deciding but rather explaining it. To that extent, the popular image of the *pink elephant* by Belgian jurist Franz van Isacker (easy to recognize but difficult to define) and the recurrent quotation from Saint Augustine concerning time ('If no one asks me, I know what it is. If I wish to explain it to him who asks, I do not know', *Confessions*, XI, 14) are applicable.

All that said, the problem of originality is far more complicated since it not only affects its definition but also its specific assessment or valuation. Unanimity is ensured when identifying the pink elephant or assessing that a certain time has lapsed (except when some visual or other impairment exists, of course!). Instead, when assessing originality there may be different criteria resulting, to a certain extent, from the extreme polysemy of the term. *Original* is used to identify both what is old and what is new: what exists at the begin-

ning and at the end. For Christians, for instance, there is a difference between *the original sin* and *an original sin* (if that is possible, nowadays), but in both cases the same term is used. On the other hand, leaving the linguistic problems aside and focusing on a juridical context, the concept of originality is an issue of *policy*, related to different traditions and legal contexts. This is an essential aspect that should be completely clear.

The point is not only deciding what the subject matter of copyright is but rather what subject matter we want it to be.¹ In other words, what kind of intellectual output should be granted, without any formalities, exclusive economic rights for a term that covers the life of the author plus seventy years, in addition to other moral rights? How far should the traditional hospitality of copyright be taken? What is at stake is the future of copyright. A future which, in fact, is both current and past, since the same questions could be rephrased: Did the sorts of creations that have been granted protection, *de facto* or *de iure*, deserve it? Can authors' rights countries maintain a concept which requires a necessary link between a work and its author, and all that entails (i.e., the granting of moral rights)? Are we facing a new regime of copyright or, at least, several regimes depending on the work? Does it make sense to entrust the custody of the Empire *limes* to a showy gatekeeper with no specific instructions?

Anyhow, at the end, the container defines its contents. Substance results from form: *forma dat esse rei*. Originality, perhaps thought of as a conservative criterion, has become – due to its fluidity – a factor of change. Barbarians are already in and the Empire, for better or for worse, is now different. It remains to be seen whether this is a general change, for all protected subject matter or, on the contrary, whether it is limited to self-contained sectors, thus breaking the unity of the system.

The question of originality is, therefore, not mere theology. We need to know what lies beneath the thick blanket of nominalism and logomachy that hampers the debate. To that extent, it would be useful to establish the origins and purpose of originality (since when and why is this criterion used and what

¹ This observation appeared several times in the reports and presentations at the *ALAI Congress of the Aegean Sea II, Droit d'auteur et propriété industrielle/Copyright and industrial property*, 19–26 April 1991. See Ricketson, S. (1991), 'The Concept of Originality in Anglo-Australian Copyright Law', in *ALAI Congress of the Aegean Sea II*, 183–220, at 184; Ficsor, M. (1991) 'Debate', *ibidem*, 235; Dreier, T. (1991), 'Debate', *ibidem*, 257; and Kernochan, J.M. (1991), 'USA Report', *ibidem*, 471). See also Schulze, G. (2007), 'Der Schutzzumfang des Urheberrechts in Deutschland', in Hilty, R. and Christophe Geiger (eds.), *Impulse für eine europäische Harmonisierung des Urheberrechts/Perspectives d'harmonisation du droit d'auteur en Europe*, MPI Studies, Springer, 117 ff, 129 ff.

purpose does it serve?) This first question will allow us to understand and assess the differences that may be seen between the two great families or traditions of *Copyright* and *Droit d'auteur* and their gradual approach. Afterwards, we will analyse the criteria commonly used (or excluded) to decide when a formal expression of human creativity complies with this requirement. Finally, we will analyse the state of the matter within the context of EU harmonization and future perspectives.

2. The origins of the requirement and its purpose

Contrary to expectations, the problem of originality is relatively recent.² For a long time a generic reference to *literary and artistic works* was deemed enough to define the subject matter of copyright. The concept of work was *self-evident*. Legislators did not feel obliged to provide any further explanation. As an example, a statute prior to the Berne Convention (BC), the Spanish Law of Intellectual Property of 1879 (already revoked), simply stated that ‘Intellectual property comprises, for purposes of this law, the scientific, literary or artistic works that can be born by any means’. The Regulation provided some examples: ‘Works will comprise [. . .] all works produced and published by means of writing, drawing, printing, painting, engraving, lithography, stamping, autography, photography or any other printing or reproducing system now known or later invented’. As can be seen, this rule did not indicate the substantive conditions of the concept of work. However, it did not generate many problems. Courts used the concept without much difficulty, and its *neutrality* allowed the Statute to survive several technological revolutions, and even to be applied to computer programs.³

According to the jurisprudence of the time, the Statute protected the author as long as ‘his work could be deemed a production of the spirit or genius, that is, when its creation required a labour of spirit or intelligence’.⁴ Originality, as a requirement for protection, was not present.⁵ Of course, the term was

² As pointed out by Strowel, it would be interesting to study the ‘archaeology of originality’, back to the Enlightenment and beyond; see Strowel, A. (1993), *Droit d'Auteur et Copyright, Divergences et Convergences. Etude de droit comparé*, Brussels: Bruylant; Paris: LGDJ, 470, fn. 381.

³ As stated by the Spanish Supreme Court in its Judgment of 8 November 1995.

⁴ In the words of Danvila, father of the Spanish Intellectual Property Law of 1879; see Danvila, M. (1882), *La propiedad intelectual*, Imprenta de la correspondencia de España, Madrid, 340.

⁵ As an example, the arguments used in the old Resolution of 21 March 1901 by the Spanish Ministry of Public Instruction and Fine Arts, when denying registration (in the Intellectual Property Register) of several notes designed to announce weddings, christenings, anniversaries and deaths: ‘In order to be considered a work, it must have the nature of “scientific, literary or artistic”, that is, it must be the daughter of a man’s

frequently used (in fact, the previous Law of Intellectual Property of 1847 expressly referred to ‘authors of original writings’), but it was not used to define the subject matter of protection but rather to distinguish between *pre-existing works* and *derivative works*, a distinction that still subsists in many national laws. Original, therefore, was used in the sense of *originary*; that is, to identify the work in which another work has its origin.

The same idea may be found in the Berne Convention, which reiterates the term ‘originality’ but not precisely to define the subject matter of protection. Article 2.1 BC only states that: ‘The expression “literary and artistic works” shall include every production in the literary and artistic domain, whatever may be the mode or form of its expression.’ Nobody considered it necessary to go any further, so the issue was left to national laws. However, it is worth mentioning that in addition to the useful list of examples in that same article 2.1, article 2.5 BC limits the protection of collections to those which ‘constitute intellectual creations’ according to the ‘selection or arrangement of their contents’.⁶ The work is, hence, an ‘intellectual creation’ or, to be more precise, a *personal intellectual creation*. M. Plaisant explained it to the national delegates on the occasion of the Brussels Revision:

You have not considered it necessary to specify that those Works [eligible for protection] constitute intellectual creations because [. . .] if we are speaking of literary and artistic works, we are already using a term which means that we are talking about ‘personal creation’ or about an ‘intellectual creation’ within the sphere of letters and the arts.⁷

As we shall see, the partial harmonization of the requirement of originality adopted by the EU is a response to this idea: the work is the *author’s own intellectual creation*.

intelligence, talent or inventiveness’, which does not happen in the case at stake, since ‘its basic and simple confection, more than daughter of the man’s mental faculties is a work of his senses’ reproducing what is of common property. Notice that the work’s ‘originality’ is never mentioned.

⁶ The same formula, ‘intellectual creations’, is used for compilations in art. 10.2 TRIPS Agreement.

⁷ ‘General Report on the Work of the Brussels Diplomatic Conference for the Revision of the Berne Convention, Presented by Marcel Plaisant, Rapporteur-General to the General Committee on June 25, 1948 and Approved in Plenary on June 26, 1948’, in *Records of the Conference* [emphasis by the author]. Available at <http://www.oup.com/uk/booksites/content/9780198259466/>. As to originality in the Berne Convention, see Ricketson, S. and J.C. Ginsburg (2006), *International Copyright and Neighbouring Rights. The Berne Convention and Beyond*, Oxford: Oxford University Press, vol. I, 8.05 ff.

Several national laws (probably most of them) omit a general reference to the requirement of originality when defining the subject matter of copyright, an exception being made for specific references on borderline products (such as titles⁸ or advertising slogans⁹), and on derivative works. Instead of a conclusive single word, these laws adopt descriptive formulas, less ambitious but to some extent more useful in solving problems. Several laws can be mentioned: France (*‘oeuvres de l’esprit’*: works of the mind, article L 122-1, Intellectual Property Code 1992), the Netherlands (*‘ieder voortbrengsel op het gebied van letterkunde, wetenschap of kunst’*: any creation in the literary, scientific or artistic areas, art. 10, Copyright Act 1912), Germany (*‘persönliche geistige Schöpfungen’*: personal intellectual creations, ss. 1 and 2 Copyright and Related Rights Act 1965), Italy (*‘opere dell’ingegno di carattere creativo’*: works of the mind having a creative character, art. 1, Copyright Act 1941) or Portugal (*‘criações intelectuais do domínio literário, científico e artístico’*: intellectual creations in the literary, scientific or artistic areas, art. 2 Code of Author’s Right 1985).

Nevertheless, many other laws have opted for an express reference to originality as a requirement for protection. This is the case with the current Spanish Law (Consolidated Text of 1996) when its article 10.1 states: ‘The subject matter of intellectual property shall be all “original” literary, artistic or scientific creations expressed in any manner or medium, whether tangible or intangible, that is known at present or may be invented in the future’. Reference is also made to originality in the laws of Ireland (‘original literary, dramatic, musical or artistic Works’, s. 17(2)(a), Copyright and Related Rights Act 2000), Greece (‘any original intellectual literary, artistic or scientific creation’, art. 2(1), Copyright, Related Rights and Cultural Matters Act 1993) and the United Kingdom (‘original literary, dramatic, musical or artistic works’, s. 1(1)(a), Copyright Designs and Patents Act 1988). It is also worth pointing out that the Tunis Model Law on Copyright of 1976 also expressly refers to the requirement of originality (‘original literary, artistic and scientific Works’, art. 1(1)).¹⁰

⁸ Some laws accept the protection of titles as long as ‘original’ (for instance, see art. 10.2 Spanish LPI, and art. 112-4 French CPI). Case law on this issue tends to disturb – if not plunge into despair – legal scholars who, understandably, point out that the problem is not so much one of copyright but rather of trademarks or unfair competition. See a summary of the rich French case law in Lucas, A. and H.J. Lucas (1994), *Traité de la propriété littéraire & artistique*, Paris: Litec, 91 and 111 ss.

⁹ See an express reference to their protection in art. 2.1(m) Portuguese Code of Author’s Right, where slogans, even commercial ones, are protected as long as they are original.

¹⁰ Tunis Model Law, http://portal.unesco.org/culture/es/files/31318/11866635053tunis_model_law_en-web.pdf/tunis_model_law_en-web.pdf.

Whether expressly mentioned or not, the fact is that the requirement of originality is constant in doctrine and case law.¹¹ Why is this so? It is reasonable to think that successive lawsuits regarding simple products (calendars, catalogues and the like) made some distinctive criterion necessary. Yet, the solution adopted has proved problematic. In an attempt to reinforce an open concept of work (work of the spirit) with more precise terminology, it ended up not only overlapping with the basic concept (it may well be a redundant requirement¹²) but failing to afford the intended security. Due to its own abstract nature and the lack of a legal definition, originality has served less as a wall than as a Trojan Horse. The central role invested in this fluid concept has profoundly transformed (albeit without any formal changes) many national copyright regimes.

Initially, a strict definition of originality could be defended (like the well-known and unsinkable French notion of *'empreinte de la personnalité'* of the author), but it was soon flexibilized to ensure protection to what is known as *'kleine Münze'* or 'small change' products. Such a change did not *per se* disturb the foundations of the system: exceptions simply confirmed the general rule. The *Ivory Tower*, where traditional artistic works (which express the spirit of their creators) reside, occupied the central space in the citadel of copyright.

Nevertheless, what used to be 'small change' became bigger. As in cities, old walls have crumbled and the scene has changed profoundly. The centre remains intact and plays the essential role of aristocratic model. But investment has moved to the suburbs. Old marginal neighbourhoods have grown and changed, housing some creations (some of them very recent) of high economic and social value that constitute the capital of new industries claiming *strong* protection for their investments.¹³ This is the case, mostly, with factual works

¹¹ The case of France is especially significant: the law remains silent but the requirement of originality is accepted unanimously among legal scholars and the courts. See Lucas, A. and H.J. Lucas, *Traité*, 85–6; Lucas, A. and P. Sirinelli (1991), 'French Report', in *ALAI Congress of the Aegean Sea II*, 425, 426 ss.

¹² As to the possible redundancy, referring to a previous article by M. Sherwood-Edwards, see Karnell, G.K (1998), 'European Originality: A Copyright Chimera', in Kabel, J. and Gerard J.H.M. Mom (eds.), *Intellectual Property and Information Law*, Information Law Series, The Hague, London and Boston: Kluwer Law International, 202; Nordell, P.J. (2000), 'The Notion of Originality—Redundant or not?', in *ALAI Nordic Study Days: Copyright, related rights and the media convergence in the digital context*, 18–20 June 2000, 73–86.

¹³ In Kerever's words: 'What bothers is that the "small change" of copyright has fallen in the pockets of powerful investors who intend to find in copyright not so much the protection of creations, where existing, but rather the protection of their investments'; see Kerever, A. (1991), 'Debate', *ALAI Congress of the Aegean Sea II*, 237–8.

(information works) and applied works (functional works).¹⁴ Databases and computer programs do not easily agree with the stricter traditional concepts and have forced their amendment. In addition, within the realm of artistic works, a significant change occurred with the irruption of new creations which combine a high value in the market with very thin personal input. This is the case with commercial signs and logos, as well as the musical ring-tones used in cell phones or by radio broadcasting stations.¹⁵

The extension of the subject matter of copyright affects the concept of work and requires fine-tuning of the instrument. It is a problem similar to (though not precisely the same as) the growth of the European Union. Initially, nobody tried to define Europe; at least, no one felt an urgent need to do so. The concept was taken for granted with an implicit reference to geography and history. But Europe has been growing and, as it does, we become aware of the need for a definition: a border to avoid denaturalizing the idea of reference. From that perspective, the omnipresence of the word originality is, first, an alarm signal. Regardless of what it means exactly, its mere use amounts to a declaration in itself. The concept of work is not rigid and can grow, albeit not infinitely. There must be a point beyond which intellectual products are not works but different realities, which may certainly generate some sort of income or protection (even of a property nature) but not copyright. An out-of-control extension may kill the institution as a consequence of its own success. Against what is sometimes said, not everything that is worth copying is worth protecting; at least, not by copyright. It is one thing to reward intellectual creation, and another to punish laziness or predatory behaviour.

In that same sense, Ficsor, M. ('Such giant new clients of copyright are waiting for decision about their future in this border area as computer programs, data bases and computer-produced creations', *ibidem*, 233) and Reichman, J.H. ('The trouble is that yesterday's "small change" works have become today's "big bucks" [...] powerful interests are no longer satisfied with the thin protection doctrine of the past', *ibidem*, 239).

¹⁴ The inoperative and classic tripartite classification of works as artistic, literary and scientific may be complemented by a distinction between artistic works (at large) and factual and functional works; see Strowel, A., *Droit d'Auteur et Copyright*, 471).

¹⁵ In Spain, a well-known case concerns the signature tune of the Spanish National Radio (the main State-owned public radio station), consisting of a few notes, which is at the top of the list of compensation for communication to the public by means of broadcast (Judgment of the Supreme Court of 10 October 1995). Originality was not even an issue, although it is a transformation of a work already in the public domain; see Bercovitz, R. (1996), 'Comentario a la sentencia del Tribunal Supremo de 10 octubre 1995', in *Cuadernos Civitas de Jurisprudencia Civil*, enero-marzo, 1996, 369–81.

As in the case of Europe, the concept of originality is not only *descriptive*. Its nature is also, and mainly, *prescriptive*; which vests some flexibility in it. We are talking about Law, not Physics. The definition of juridical concepts always implies goals and, therefore, as already mentioned, includes a considerable dose of *policy*. Anyone who has followed the debates about the doctrine of possession – one of the toys of European doctrine for a long time – knows that, in essence, it all boils down to what sort of relationship with the goods, and with what intensity, we want to afford. Like possession, originality is not in its pure state in the *heaven of juridical concepts*. Copyright has a reason, which is expressed by means of a requirement and decides both the grant or denial of protection and, to some extent, its form. This explains why differences exist among traditions and national laws, and why these are not static realities. Justification of copyright, as well as the existence of a regime to protect related rights or unfair competition or designs, are all decisive factors for that purpose. When lacking other resources, the judicial extension of copyright and its consequent denaturalization – or, if you like, reconfiguration – becomes difficult to avoid.¹⁶

3. *Copyright and Droit d'Auteur*

Copyright and *Droit d'auteur* share a solid common ground, and it would be absurd to deny it. The conflict between them is often exaggerated, sometimes for didactic purposes (characteristics are better perceived in a caricature than in a picture), or for reaffirmation purposes (we are what the others are not).¹⁷ Nevertheless, one should not overlook the differences, especially when they affect ideological foundations and, specifically, the justification. The tradition of *Copyright* views the granting of exclusive rights as a tool. It emphasizes social or collective goals. The tradition of *Droit d'auteur*, instead, prefers to rely on individual considerations. Thus, while *Copyright* is granted because it is useful (in addition to fair), *Droit d'auteur* is recognized because it is fair (in addition to useful). Inevitably, in the first case, one looks at the object (the work is of interest for the community and is therefore protected),¹⁸ while in

¹⁶ Cornish's comment is understandable; see Cornish, W. (1991), 'Debate', *ALAI Congress of the Aegean Sea II*, 225: 'Given that there is no such unfair competition protection in British commonwealth Common law, copyright serves a useful function and I would be reluctant to see it disappear.' See also, on the same issue, Nabhan, V., *ibidem*, 236 and Spoor, J.H., *ibidem*, 459.

¹⁷ On the actual differences and affinities between *Copyright* and *Droit d'auteur*, see Strowel, A., *Droit d'Auteur et Copyright*.

¹⁸ This explains, for instance, why the British copyright law protects computer-generated works, that is, works 'generated by computer in circumstances such that there is no human author of the work' (s. 178, Copyright, Designs and Patents Act 1988, 'Minor definitions').

the second, one looks at the subject (the work is the result of the expressive capacity of one or several persons and must therefore be protected¹⁹). Ideological and justification differences have, of course, in practice, organizational consequences: among them, the definition of the subject matter and a different concept of originality.

According to the *Droit d'auteur* tradition, the work is the result of the expressive capacity of human beings; a *qualified form of human communication* as G. Schricker puts it.²⁰ It is not an object, resulting from mere ability or effort. Somebody has something to tell and, in order to do so, uses any of the available languages (literary, visual, musical, plastic, digital . . .). The author *is in* the work; this is why he is granted exclusive rights and, especially, moral rights. It is understandable that for a long time, it has been affirmed (not only in France) that originality is but the *imprint of personality* of the author. It is a classic thesis of *Droit d'auteur* countries which is uncontroversially applied in works of art, even anonymous ones (despite what has been said²¹), but which is difficult (even fictional) to use when dealing with functional and factual works.

In the tradition of *Copyright* the substantive requirements of protection – what we call originality – tend to be described in less strict terms: what is important is that the work has not been copied. In other words, the work must be an independent creation and imply a *quantum* of creativity, albeit small. The first element brings us to the etymology of the term (in Latin, *orior*²²) and

¹⁹ *It must be protected, since in Droit d'auteur's tradition there is some input of iusnaturalism. In this same line, art. 27.2 of the Universal Declaration of Human Rights of 1948 should be noted: 'Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.'* See also art. 15.1.c of the International Covenant on Economic, Social and Cultural Rights of 1966, and General Comment No. 17 Committee on Economic, Social and Cultural Rights, 21 November 2005. On the basis of these norms, the question of originality acquires a specific dimension that should be explored.

²⁰ Schricker G. (1987), 'Einleitung', in Schricker (ed.), *Urheberrecht Kommentar*, München: C.H Beck, 1987, 53.

²¹ The object indicates there is an author, whoever that may be. In fact, not too many words are so powerful at referring to the idea of authorship and original creation as the word 'anonymous'. If, in the end, an anonymous creation does not have its origins in an author, we would deny it the category of work, unless we assign a fictional author to it, as is often proposed for works generated by computer programs.

²² Ernout, A. and A. Meillet (1939), *Dictionnaire étymologique de la langue latine*, Paris: Librairie C. Klincksieck, 'Oriri apud antiquos surgere frequenter significat'. The words *oriens*, *ortus*, *originarius* and *oriundo* derive from that same root. See also Lewis, C.T. and C. Short (1879), *A Latin Dictionary founded on Andrews' edition of Freund's Latin Dictionary revised, enlarged, and in great part rewritten by Charlton T. Lewis*, Oxford: Clarendon Press.

means that the work comes from the one who is proclaimed to be the author, and no one else. As stated in the seminal British case *University of London Press, Ltd. v. University Tutorial Press, Ltd.* ((1916) 2 Ch 601) concerning some examination papers: ‘The work must not be copied from another work [. . .] it should originate from the author’. On that point, it coincides with the tradition of the *Droit d’auteur*. On the other hand, the same cannot be said as to the second element, which refers to the effort and intellectual ability invested (skill, labour or judgement) on a *de minimis* ground: the *sweat of the brow* and little more. J. Ginsburg explains it with a suitable quotation from Shakespeare: ‘A poor thing, Sir, but mine own’.²³

The difference between both traditions is also found in the terms used – more solemn (and abstract) by one, less ambitious (and more specific) by the other – but also in their consequences. The Anglo-American approach has been historically seen as a more receptive, more favourable to a wide concept of work, compensated by the existence of formalities. On the contrary, the other tradition adopts a more restrictive approach, compensated by the absence of formalities and a presumption of originality which is frequently used by courts in a way that significantly inverts the general rules of evidence and burden of proof.²⁴ Nevertheless, in practice, in this matter too the differences between copyright and *Droit d’auteur* are fewer than are usually stated. To begin with, we should look at the regime of related rights which allows countries in the second tradition to require a high level of originality and at the same time offer some protection to those creations or products which do not meet it. Besides that, there is clear evidence of a progressive coming together of both systems. A global market tends to convergence and, on the common ground of the Berne Convention and the TRIPS Agreement, it should be expected that the same tendency will intensify.

It is worth remembering, in the well-known *Feist*²⁵ case, that the US Supreme Court, correcting the conclusion of lower courts, denied copyright protection to a telephone directory by explaining that:

The ‘sine qua non’ of copyright is originality. To qualify for copyright protection, a work must be original to the author. [. . .] Original, as the term is used in copyright, means only that the work was independently created by the author (as

²³ Ginsburg, J.C. (1991), ‘Debate’, *ALAI Congress of the Aegean Sea II*, 221.

²⁴ In principle, it is the person claiming the copyright who must prove originality, as recognized by many decisions, for instance, *Cour d’Appel de Rennes*, 7 September 2004 (Case la Recouvrance), ‘Service de Documentation de la Cour de Cassation’, <http://www.legifrance.gouv.fr>. Yet more abundant are the judgments which *de facto* take the existence of originality for granted.

²⁵ *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 US 340 (1991).

opposed to copied from other works), and that it possesses at least some minimal degree of creativity. [...] Originality, not ‘sweat of the brow’, is the touchstone of copyright protection in directories and other fact-based works.²⁶

It is only one country, and other Common Law jurisdictions have kept their distance,²⁷ but that may well be because of terminology (which somehow evokes the *Droit d’auteur* tradition) rather than substance.²⁸

In a contrary sense, case law in *Droit d’auteur* countries does not reflect the grandiloquent traditional declarations. It is easy to realize that beyond phraseology, the standards of originality have lightened up to afford protection to factual and functional works. The Spanish Supreme Court, for instance, did not refrain from admitting that a leaflet explaining how to install a shower screen qualified as a work;²⁹ or that the short ads for job offers published in a newspaper were also protected works (a decision that has been strongly criticized).³⁰ Of course, the unstoppable trend towards a more objective criterion of originality does not prevent courts and legal scholars from referring to the

²⁶ The importance of this decision is strengthened by the fact that it is interpreting the US Constitution itself, rather than the Copyright Act: ‘Originality is a constitutional requirement. The source of Congress’ power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution, which authorizes Congress to “secure for limited Times to Authors . . . the exclusive Right to their respective Writings”. In two decisions from the late 19th Century – *The Trade-Mark Cases*, 100 U.S. 82 (1879); and *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884) – this Court defined the crucial terms “authors” and “writings”. In so doing, the Court made it unmistakably clear that these terms presuppose a degree of originality.’

²⁷ See for instance, the well-known Canadian case *CCH Canadian Ltd. v. Law Society of Upper Canada* [2004] 1 SCR 39.

²⁸ See the comparative analysis done by Gervais, D. (2005), ‘Le droit d’auteur au Canada: le point après CCH’, *Revue Internationale du Droit d’auteur*, January 2005, 203, 7 ss. By the same author, for a general view of the question of originality in both traditions, see Gervais, D. (2002), ‘Feist goes Global: A Comparative Analysis of the Notion of Originality in Copyright Law’, *Journal of the Copyright Society of the U.S.A.*, Summer 2002, 49, 949–81.

²⁹ Judgment of 30 January 1996, FJ 6°: ‘Regardless of the literary value of the leaflet, understood as the quality of the noble art of expression by means of word, what the Law protects is the original creation of a written language composition, which exists in this case.’

³⁰ Judgment of 13 May 2002, FJ 2°: ‘These ads, known as “job and employment offers” are plain and simple a creative activity with a load of originality, that cannot be limited to style clauses or typographic usages [...] It should not be forgotten that an offer of an employment position, with the socio-economic burden it implies, requires an intellectual activity of some importance in order to make the offer attractive and to obtain a success in favour of both the tender of the offer and the future applicant, as well as of the means where it is published which – for this reason – is entitled to have its creative endeavour protected.’

'imprint of personality',³¹ no one being unaware of its limitations and, in particular, its incapacity to explain current reality or serve as an operative criterion. It is a showy and useless tool. An elegant explanation *a posteriori* of what is obvious: we can say that *Guernica* reflects Pablo Picasso's personality because we have no doubt that *Guernica* is a work. Yet, this should not be seen as mere inertia or passivity. In essence, scholars in the *Droit d'auteur* tradition feel that the *imprint of personality*, despite everything, works as an anchorage to a specific understanding of the institution which will be in crisis if the subjective referent were completely lost. What would become of the *Droit d'auteur* if the work was not seen as an expression of the person? How could one defend, for instance, the existence of moral rights? From that perspective, the *imprint of personality* becomes a spell against danger.³² It may not rule, but it reigns.

It would be inexact to conclude that the differences between *Copyright* and *Droit d'Auteur* have disappeared, but the process of convergence promoted from both sides should not be ignored. One, upwards; the other, downwards. In *Droit d'auteur* countries, regardless of the terminology used, the work must have its origin in one or several persons who have invested their creative ability to produce an output which is neither ordinary nor fatally resulting from external conditions. The work is original because it has its origin in an author, but also – essentially – because it results from the freedom of choice among several expressive forms. If a margin of choice exists and it is not copied, there will be originality, hence, a work. Originality, in short, means creative formal choices. I do not think we should require any more.³³ Is this criterion very far

³¹ As an example, among others, the document 'Basic notions about copyright and neighbouring rights' available on the UNESCO website (www.unesco.org) states: 'Broadly speaking, a work is original when it reflects the personality of its creator.' In French courts, regardless of scholarly criticism, this term remains deeply rooted. See Judgment of *Cour de Cassation* of 7 November 2006, which criticizes the appealed decision for having found originality in the novelty of choices, instead of establishing whether 'these choices, no matter how arbitrary, showed the imprint of their authors' personality'. Similarly, Judgment of *Cour d'Appel de Paris* (4e Chambre) of 28 February 2007, explaining the originality of a biography: '[the authors] have [...] made choices among important documents and, later, arranged the documents selected by them in a way that showed the imprint of their personality' (*Revue Internationale du Droit d'auteur*, April 2007, 212, 310). Commenting on a prior decision (by *Cour d'Appel de Paris*, 4e Chambre, 27 January 2006), Sirinelli, P. criticizes the fact that the Court took into account the ability or *savoir faire* of the photographer: 'Thus, we are in the antipodes of the *Droit d'auteur* [...] Originality is a personal imprint shown in the work' (*Revue Internationale du Droit d'auteur*, October 2006, 210, 197).

³² In the words of Lucas, a formula '*parfois incantatoire*' (Lucas, A. and H.J. Lucas, *Traité*, 100).

³³ I concur with Gervais, D., '*Feist goes Global*', 975–6.

from the one used in Copyright courts? The terminology is different, of course, but examination of the case law indicates that these differences, albeit real, are not so important.

4. What is originality and where can it be seen? Some common places

A work is an original formal expression of human creativity. Ideas, facts, data, methods . . . are not subject to copyright, no matter how personal and new they may be. To talk about copyright, the *substance* must have acquired a minimal *formal development*. The *work* must be made *flesh*, to paraphrase John's gospel. It is from that moment, therefore relating to its form, internal or external (structure), that one can question originality, although courts often mix them up.

Originality of the subject matter is irrelevant. This is an uncontested issue. So is the *negative definition*: merit and artistic value are irrelevant. Case law from all countries tends to emphasize that judges are not referees on artistic merit. However, it is very unlikely that a judge refrains from using this factor to decide on originality, whether as a subjective assessment or, indirectly, as an objective reference to its author's social acknowledgement.³⁴

Furthermore, it is accepted that the functional or applied nature of the work does not affect its condition as such. However, nobody ignores its influence. Originality, as said above, requires some margin for decision. Investing effort and intellectual ability in obtaining an inevitable result does not bring copyright. Functionality is the enemy of originality, but not a mortal one. The same happens with the concepts of exhaustiveness and, especially, of truth. As all scientists know, the intellectual effort applied to finding the truth is not rewarded with copyright because that would amount to establishing a monopoly on facts.

Nevertheless, the margin of decision may lead to the opposite conclusion. Spanish courts, for instance, have admitted that an exercise book of mathematical problems in statistics qualifies as a work, even though they were all

³⁴ The recent judgment by the *Juzgado de lo Mercantil* núm. 1 of Bilbao, of 23 November 2007, may serve as an example. Well-known architect Santiago Calatrava claimed infringement of his moral right of integrity over a bridge designed by him, where a pedestrian byway had been added. Among several other arguments, the defendant alleged that the bridge was not an original work. The judge, instead, granted protection with a very orthodox reasoning: the bridge is original because it is a 'creation resulting from its author and has personality and relevance'. However, the judgment also mentioned the 'social acknowledgement of Calatrava, as many other well-known architects and engineers' and the numerous rewards and international commissions he had received. Françon had already qualified the expectation that judges would not take into account the value of the work as a 'chimera' (Françon, A. (1998), 'Preface', in C. Carreau, *Mérite et droit d'auteur*, Paris: LGDJ, 10).

the truth.³⁵ Especially interesting, since they come from different traditions, are the *De Lalande* cases as decided by the courts of France and the United Kingdom.³⁶ Both cases dealt with some modern performing editions of works by Michel-Richard de Lalande, composer at the courts of Louis XIV and Louis XV. The compositions were different in both cases but, in essence, the issue in both of them was whether well-known musicologist Mr Sawkins could be deemed an author, for reviving (not transforming) de Lalande's works, by restoring their integrity and expressing them in modern notation. The defendants alleged that Sawkins had not created original works, but had only reconstructed De Lalande's works which were already in the public domain. The French court decided that 'a work of the spirit must contain the mark of the intellectual and personal contribution of the author, being of little importance its level of originality', and that such a requirement was met since Sawkins 'has used his historical and musical knowledge, but also needed to make personal and arbitrary artistic choices'. However, this judgment makes clear that the result would have been different had it been proven that Sawkins' production was exactly the same as de Lalande's works: 'Defendants did not prove the degree of strict fidelity of the work to de Lalande's intention, which would deny any personal character in the work of restoration and composition in favour of a simple work of transposition'.

The British decision considers the usual terms such as *effort, skill and time* and concludes that 'a work need only be "original" in the limited sense that the author originated it by his efforts rather than slavishly copying it from the work produced by the efforts of another person'. The attempt to faithfully reproduce something done or said by another does not *per se* exclude the possibility that the result is original to the person who is reproducing it: 'In my judgment, on the application of "Walter v. Lane" to this case, the effort, skill and time which the judge found Dr Sawkins spent in making the three performing editions were sufficient to satisfy the requirement that they should be "original" works in the copyright sense. This is so even though (a) Dr Sawkins worked on the scores of existing musical works composed by another person (Lalande); (b) Lalande's works are out of copyright; and (c) Dr Sawkins had no intention of adding any new notes of music of his own.'³⁷

³⁵ Judgment by *Audiencia Provincial de Madrid* (s. 12) of 3 March 2004.

³⁶ TGI Nanterre, 19 January 2005 and *Sawkins v. Hyperion Records Ltd*, (2005) EWCA Civ. 565, 19 May 2005 (cf. Seville, C. (2007), 'Developments in United Kingdom Copyright Law', *Revue Internationale du Droit d'auteur*, October 2007, **214**, 133, 149).

³⁷ The cited case (*Walter v. Lane*, [1900] AC 539) dealt with a political speech given in public and reproduced by a newspaper on the basis of notes taken by its employees, which were later included in a compilation of political speeches.

Nothing prevents others from doing the same, but what Sawkins ‘can prevent them from doing, without his consent, is taking the short cut of copying his performing editions in order to save themselves the trouble that he went to in order to produce them’. The British decision stresses the intellectual effort and accepts, in theory, that results may eventually coincide and still be protected, as long as not copied; therefore admitting the possibility of *double creation*. The French court, instead, refers to the imprint of personality and sets a theoretical limitation: the hypothesis of a complete success in the reconstruction, that is, once again, the truth. Still, ultimately, both decisions acknowledge Sawkins’ original creation.³⁸

It is generally accepted that the work is the result of a creative labour, and for that purpose, one distinguishes between effort, ability and creativity. The first is rewarded with a wage; and so is the second. The design of a bridge, for instance, requires specific knowledge and ability, but the architect or engineer is just a qualified professional, entitled to a higher remuneration than a worker. In order to enjoy copyright, he must do something more than applying his technical abilities: he must create a work, hence, something original.

In an attempt to specify the concept of originality, one may turn to two pairs of adjectives. First, one may distinguish between absolute and relative originality – a distinction which has been strongly criticized since absolute originality can never exist:³⁹ all works owe something to others. True or not, this distinction may still be preserved since it is useful to underline that derivative creation may – and should – be original. Apart from that, courts often

³⁸ On the issue of restoration/reconstruction of old damaged or incomplete works, see also the famous case of the *Dead Sea Scrolls* resolved by the Supreme Court of Israel on 30 August 2000 (unofficial English translation by Birnhack, M. at http://lawatch.haifa.ac.il/heb/month/dead_sea.htm#_ftn1, accessed 1 December 2007). The appellant (Eisenmann) denied that the person who deciphered them (Qimron) had created an original work: ‘There was only discovery of facts, in the framework of a research of the historical and scientific research, and as such, it is not protected by copyright law. Even if Qimron has invested effort, time, knowledge and talent, there is no originality. [. . .] Since Qimron presented the work as reflecting the “real” text of the scroll, he cannot argue that it is an original work’. Instead, the court reached the opposite conclusion: ‘Examining the work, with its various phases, as one whole work, reveals undoubted originality and creativity. Qimron’s work was not technical, “mechanical”, like simple labor which result is pre-known. His SH’AR RU’ACH, “the additional soul” he put in the fragments of the scroll, that turned the fragments to a living text, were not just the investment of human resources, in the meaning of “the sweat of man’s brow”. It was the fruit of a process in which Qimron applied his knowledge, skill, imagination; in which he applied discretion and chose among various options.’ Criticizing the decision, see Nimmer, D. (2001–2), ‘Copyright in the Dead Sea Scrolls. Authorship and Originality’, *Houston Law Review* **38**, 1–217.

³⁹ Strowel, A., *Droit d’Auteur et Copyright*, 409.

use the expression relative originality to refer to works with a *limited* level of originality.

Far more important and frequent is the distinction between subjective and objective originality which, in addition, turn out to be opposite self-excluding terms. In the first sense, the work is original to the extent that it expresses the personality of the author or, at least, results from an autonomous and independent intellectual effort. The work is the author's *own* work. For this reason, the possibility of a *double creation* is admitted, at least in theory. Several quotations from Judge Learned Hand and Borges come in handy.⁴⁰ In the objective sense, originality equals novelty: the work shows characteristics which distinguish them from other pre-existing or possible works. The well-known thesis of *statistical uniqueness* is a clear example of objective originality.⁴¹ From a traditional point of view, the objective concept is usually disregarded with the argument that it amounts to introducing into copyright a foreign concept (of novelty) which belongs to the realm of industrial property. In that sense, the explanation provided in the Tunis Model Law reproduces the famous example by H. Desbois:

The original character of a work is a matter of fact. It should, however, be noted that originality is not to be confused with novelty. Thus, two craftsmen carving a wood figurine representing an elephant each create an original work although the two figurines are similar and the subject is not a novelty. Both have engaged separately in a creative activity. This would not be the case if one of the craftsmen had simply copied the other's work.⁴²

Nevertheless, novelty or singularity is certainly a parameter easier to use than the imprint of personality and it would be neither easy nor reasonable to do without it. In practice, courts tend to use both criteria; sometimes one prevailing over the other, sometimes cumulatively, hence, disregarding their

⁴⁰ In an often quoted paragraph, Judge Learned Hand speculated on a poem by Keats: 'If by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an "author", and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's' (*Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2nd Cir. 1936)). Similarly, Jorge Luis Borges, in *Pierre Menard autor del Quijote*, considered the hypothesis of a new writing of the work by Cervantes (word by word) but without any copying.

⁴¹ As an example of this reasoning, see Judgment by *Juzgado Mercantil núm. 2 de Madrid*, of 9 June 2005, which, mixing originality and protection of ideas, ends up denying protection to a TV reality program (Big Brother-type), with the argument that the 'probability of somebody [. . .] giving birth autonomously to the same or similar project' is very high.

⁴² Tunis Model Law, http://portal.unesco.org/culture/es/files/31318/11866635053tunis_model_law_en-web.pdf/tunis_model_law_en-web.pdf.

theoretical contraposition.⁴³ One could say that both the theoretical approach and the presentation of the conclusions tend to be subjective while, in the context of evidence, the objective considerations are decisive: the personal character is deemed to derive from the novelty character, in particular when dealing with very simple creations. 'If as far as the *condition of existence* of the right, one can talk about a subjective criterion, as far as *evidence* of originality, one must seldom turn to objective elements.'⁴⁴

In practice, judges are not lenient towards claims of *double creation*, albeit accepting them in theory. The judgment of the Spanish Supreme Court of 29 May 1992 is illustrative. The case dealt with plagiarism of Christmas cards and the defence of independent creation was expressly rejected: 'The virtually total coincidence of themes, composition, colour, ambiance, etc of two artistic works' is 'enough to appreciate the existence of plagiarism', lacking any evidence 'that the same work [was] conceived in two minds simultaneously'.⁴⁵ The more simple the creation, the more prone the court is to rely on objective considerations requiring singularity or individuality; this being perfectly comprehensible.⁴⁶ For that same reason, it makes sense that the

⁴³ See, for instance, Judgment by the Spanish Supreme Court, of 26 October 1992, which denied that originality existed in some pieces of jewellery, both subjectively (since the author was not known, it could not be determined whether they reflected his personality) and objectively (since the jewels reproduced ornamental forms of common use).

⁴⁴ See Strowel, A. (2001), 'L'originalité de l'œuvre. Belgian Report', in *ALAI Congress of the Aegean Sea II*, 392–407, 395. The same idea may be seen in Bercovitz, R. (2006), in Bercovitz, R. (ed.), *Manual de Propiedad Intelectual* [sic], Valencia: Tirant lo Blanch, 54: 'Probably, in both cases in conflict – if departing from a subjective approach – one should insist on (and prove) [. . .] that no copy existed; instead, from an objective approach, one should insist on (and prove) that the creation is different from previous pre-existing work or works. In both cases, the novelty (objective originality) or its opposite (similarity) will have a strong importance; virtually decisive to deny the existence of originality when similarity is higher, decisive when the similarity is absolute'.

⁴⁵ Along the same lines, the *Audiencia Provincial de Valencia*, in its judgment of 3 January 2007, concluded that it is 'impossible [. . .] to justify that the same language results from chance' in a case of literary coincidences between a legal article and a doctoral thesis.

⁴⁶ Judgment of 12 July 2004 by *Audiencia Provincial de Madrid* is a good example of this reasoning. It was discussed whether the arrangement of a well-known song – in itself very simple – was a mere reproduction or, since it met the requirement of originality, a transformation. The court denied the existence of originality based on an expert witness: 'originality [. . .] only exists when the form chosen by the author incorporates a specificity that allows it to be considered a singular or different reality due to the impression it produces on the consumer, which on the one hand, should distinguish it from other similar or analogous works and, on the other, confers it some appearance of peculiarity'.

Swiss Statute of 1992 tries to avoid the uncertainties of the traditional criterion of *imprint of personality* by defining protected works as ‘literary and artistic creations of the mind, irrespective of their value or purpose, that possess an *individual nature*’.⁴⁷

5. The European harmonization: a work in progress

In a globalized economy, under the umbrella of the Berne Convention and similar treaties, it is unlikely that the subject matter of protection differs among different countries. The need for an approximation is stronger in regions which aspire to build a single market for goods and services, such as in the European Union. Nevertheless, the concept of work is not harmonized. Several copyright directives exist but none of them provides for a concept of work common to all countries. European copyright, still in a protean state, may be presented as an unfinished tapestry showing something similar to the old maps of the Holy Roman Empire: some enclaves of a different nature and status, and wide empty spaces, one of them being originality.

On paper, this looks like a spectacular *gap*, with, one may think, very harmful effects,⁴⁸ especially if we take into account that within the European Union both traditions of copyright and *Droit d’Auteur* coexist. However, in practice this does not seem to generate any significant problems. As stated in the *Working Paper on the review of the EC legal framework in the field of copyright and related rights*: ‘In theory, divergent requirements for the level of originality by Member States have the potential of posing barriers to intra-Community trade. In practice, however, there seems to be no convincing evidence to support this.’⁴⁹

The reasons for this are several. First, most conflicts do not go beyond the borders of a country. The *small change* circulates within the national borders and each national jurisdiction deals with the problems that may be generated. Second, as we have already pointed out, although theoretical postulates differ, practical solutions do not. Thus, for instance, the differences between French, German or Spanish judgments are less acute than differences existing in

⁴⁷ Although not in agreement with it, the development of this criterion was prompted by the theory of *statistical uniqueness* put forward by Swiss legal scholar M. Kummer. See Dessemontet, F. (2006), ‘Switzerland’, in Geller, P.E. (ed.), *International Copyright Law and Practice*, § 2[1][b].

⁴⁸ See Walter, M. (2002), ‘Updating and Consolidation of the Acquis. The Future of European Copyright’, in *European Commission, DG Internal Market, European Copyright Revisited*, Santiago de Compostela, 16–18 June 2002, http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm, accessed 1 December 2007.

⁴⁹ *Commission Staff Working Paper on the review of the EC legal framework in the field of copyright and related rights*, Brussels, 19.7.2004, SEC (2004) 995, 14.

national judgments within each jurisdiction. In that sense, the different criteria entertained by the Provincial Audience of Barcelona and by the Supreme Court – concerning job ads in newspapers – is more spectacular than any difference that may result from the traditions of *Copyright* and *Droit d’Auteur*. Third, the European Union has reacted promptly when facing troublesome cases, capable of trans-frontier effects, because they concern works that have (or are expected to develop) a fully supranational market. Partial harmonization has been designed for computer programs, databases and photographs.

5.1 *Computer programs*

The problem with the protection of computer programs arose when software began to be commercialized separately from the hardware. They presented two elements that had been traditionally entitled to proprietary protection: high value and high vulnerability. Copyright was seen as the more appropriate option, with the consequent rejection of the two other possible options considered (patents and *ad hoc* protection). However, once qualified as literary works, the protection of computer programs depended on the meeting of the general requirements and, in particular, of originality. It was soon discovered not only that courts in different countries applied divergent criteria but also that in some of them the standard of originality was so high it threatened to deny protection to most software. This was the case in Germany, with the well-known *Inkassoprogramm* case, when the Supreme Court required a level of creativity significantly higher than that of an average programmer, thus introducing a qualitative criterion to preserve the purity of the system.⁵⁰ Other countries, instead, adopted a different approach or, at least, opened the door to it. Almost contemporary with the German decision, the French Supreme Court decided the no less famous *Pachot* case, where the traditional reference to the *imprint of personality* gave way to expressions such as *intellectual input* (*‘apport intellectuel’*) and *personalized effort* (*‘effort personnalisé allant au-delà de la simple mise en oeuvre d’une logique automatique et contraignante’*).⁵¹ The new formula was received with surprise and some criticism. One must concede that its positive content (that which is originality) is far from clear and it could easily lead to the opposite result, that is, of granting copyright to any software.⁵² But its negative content (that which is

⁵⁰ *Inkasso-programm*, BGH (*Federal Supreme Court*), 9 May 1985. In the same sense, case *Betriebsystem*, BGH (*Federal Supreme Court*), 4 October 1990.

⁵¹ *Cour de Cassation*, 7 March 1986. The court found that the appealed judgment had correctly assessed originality since the computer programs resulted from ‘a personalized effort that goes beyond the mere application of an automatic and compulsory logic’ and they ‘had the imprint of an intellectual input’ by Mr Pachot.

⁵² As pointed out by Lucas, A. and Pascal Kamina: ‘Unfortunately the lower

not originality) was eloquent: for this new type of work, the classic concept was not valid.

It is only logical that EU harmonization was deemed a priority and that a uniform standard of originality was necessary. This became one of the most significant issues of the Directive 91/250/EEC, on the legal protection of computer programs (CPD). Nevertheless, the initial Proposal was far from conclusive.⁵³ Its Explanatory Memorandum referred to 'intellectual effort', 'creative intellectual human activity' and 'degree of creativity, skill and inventiveness'. It specifically added: 'The only criterion which should be applied to determine the eligibility for protection is that of originality, that is, that the work has not been copied. No other aesthetic or qualitative test should be applied.'⁵⁴ This reflected a lower level of originality, close and even coincident with the copyright tradition (independent creation and a modest amount of creativity).⁵⁵ Yet, its *Recitals* did not contain any explanations of this kind and its article 1.4 (a) simply stated that: 'A computer program shall not be protected unless it satisfies the same conditions as regards its originality as apply to other literary works.'

It was probably a deliberate option to clearly state that computer software was to be protected, rather than to open a debate on the essence of originality. Within its proceedings, further precision was requested. The Economic and Social Committee observed – regarding article 1.4 – that: 'The Commission does not define "originality". As the interpretation of this word in law differs from Member State to Member State, this clause does not harmonize anything.'⁵⁶ In other words, lacking an express statement, the diverse concepts of originality will remain an obstacle to the single market. In order to avoid it,

courts were left with only, or at the best open ended, language that does not allow them to delineate any clear criterion of originality'; see Lucas A. and Pascal Kamina (2006), 'France', in Geller, P.E. (ed.), *International Copyright Law and Practice*, New York, Matthew Bender, § 2[1][b][iii][B]. In that same sense, see Lucas, A. and Pierre Sirinelli, 'French Report', *ALAI Congress of the Aegean Sea II*, 436. It should be mentioned that in the later *Isermatic* case, of 16 April 1991, the French *Cour de Cassation* referred to the 'personal input' and the 'creative choices characteristics of true programs'.

⁵³ *Proposal for a Council Directive on the legal protection of computer programs*, COM (88) 816 final, 5/1/1989 (OJEC no. C 91/4, 12/4/1989).

⁵⁴ *Proposal, Explanatory Memorandum, Part two*, art. 1, n. 3.

⁵⁵ A program is a work 'created by the expenditure of human skill and labour' (*Proposal, Explanatory Memorandum, Part two*, comments on art. 1, n. 2). 'Provided that copying does not take place, a program maker might, in theory, even produce an entire program which bears a very great similarity to existing programs' (*ibidem, Part One*, n. 2.6).

⁵⁶ *Opinion on the proposal for a Council Directive on the legal protection of computer programs*, OJEC, No. C 329/4, 30/12/1989. n. 3.3.3.1.

the Committee proposed a definition of originality that included the following declarations: ‘There should be no requirement that the program meets aesthetic, qualitative or quantitative criteria’; ‘There should be no requirement of level of programming expertise’; ‘The test for originality should be that to the extent the program has not been copied from another program it should be protected’.⁵⁷ Along the same lines, but on a somewhat higher level, the Parliament proposed the following language for article 1.4: ‘A computer program shall be protected if it is original in the sense that it is the result of the author’s own creative intellectual effort. No other criteria shall be applied to determine its eligibility for protection.’⁵⁸

These proposals were collected in the Amended Proposal of 1990⁵⁹ and, ultimately, in the Directive. According to article 1.3 CPD: ‘A computer program shall be protected if it is original in the sense that it is the author’s own intellectual creation.’⁶⁰ And, to avoid any doubt, it adds: ‘No other criteria shall be applied to determine its eligibility for protection’; while Recital 8 explains: ‘In respect of the criteria to be applied in determining whether or not a computer program is an original work, no tests as to the qualitative or aesthetic merits of the program should be applied.’

It was undoubtedly a harmonization *downwards*. As a result, most countries were forced to accept – for computer programs – a concept of originality lower than that applied – at least, in theory – to other works.⁶¹ Some did so by

⁵⁷ *Opinion on the proposal*, cit., n. 3.3.3.3.

⁵⁸ *Legal Protection of Computer Programs*, Amendment No. 4, OJEC No. C 231/78, 17/9/90.

⁵⁹ *Amended proposal for a Council Directive on the legal protection of computer programs*, COM (90) 509 final, OJEC, No. C 320/22, 20/12/1990.

⁶⁰ This criterion is closely linked to the one already proposed in the *WIPO Model provisions on the protection of computer software* of 1977 (*Copyright*, January 1978, 6 ff): ‘This Law applies only to computer software which is original in the sense that it is the result of its creator’s own intellectual effort’ (s. 3). In the comments, the need to overcome originality was justified, due to the lack of consensus on its meaning: ‘In some countries, a protectable work must simply “originate” with the person claiming copyright in it; in others, it must in addition be of a certain “qualitative” standard.’ Adding a few interesting observations: ‘The word “own” emphasizes the idea that the computer software must originate with its creator; the words “intellectual effort” could, for example, be understood as excluding trivial computer programs consisting of few instructions. [...] The word “effort” would seem particularly appropriate since computer programs may take many man-months to prepare [...]. It should be noted that “own” does not mean “independent” in the sense that the creator did not make use of other computer software [...].’ (*ibidem*, 16).

⁶¹ As explained in the Directive *Report*: ‘This uniform level has required 12 Member States to lower the threshold for granting protection and the remaining three to “lift the bar”’ (*Report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the implementation and effects*

reverently transposing the exact formula of the Directive (Germany, Spain and Italy⁶²); others, by simply assuming it as an interpretative criterion (Denmark, Finland, France, Luxembourg, the Netherlands, Sweden). The *Report* of 2002 only pointed out some reservations concerning the United Kingdom: given its *skill and labour doctrine*, it said, 'it remains to be seen whether this will lead to an over-extensive protection of computer programs in the UK'.⁶³ British commentators took for granted that the *European concept* ('*author's own intellectual creation*'), despite being a reduction of the traditional standard, continued to imply a higher standard than the British one. Still, this does not seem to have any practical consequences. As stated by L. Bently and W. Cornish: 'A common lawyer might find it difficult to see how the phrase materially differs from the words used in the seminal case "University of London Press"'.⁶⁴ As to countries in the family of *Droit d'Auteur*, the concept was soon accepted by the courts of the country that had initially raised the alarm, Germany, with the consequent and explicit change of criterion.⁶⁵ Nevertheless, it is difficult to know whether in practice the concept has been further clarified. The protection of computer programs tends to be taken for granted, in spite of the inevitable references to the formula of the Directive. As

of Directive 91/250/EEC on the legal protection of computer programs, Brussels, 10.04.2000, COM (2000) 199 final, *sub III*).

⁶² Arts. 69a(3) German Copyright Law, 96.2 Spanish Copyright Law and 2(8) Italian Copyright Law. The Directive's formula (*author's own intellectual creation*) is similar to the general criterion of art. 2(2) German Copyright Law (*personal intellectual creation*), although debates generated in German case law precedent advised a literal incorporation.

⁶³ *Report, cit., sub V(1)(e)*.

⁶⁴ *University of London Press v. University Tutorial Press*, (1916) 2 Ch 601, at 608: 'The Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work – that it should originate from the author.' In any case, British law still presents a specific problem in the case of computer-generated works, to which it is difficult to apply the criterion of originality, whether understood either as skill, labour or judgement, or as originated by the author.

⁶⁵ The doctrine of *Inkassoprogramm* was expressly abandoned by the German Federal Supreme Court in the case *Buchhaltungsprogramm* (Federal Supreme Court, 14 July 1993). Although the contested computer program did meet the previous (more demanding) criterion, the Court did not miss the opportunity to align itself with the new European concept: 'This Court required an individual creative achievement, clearly superior to the average programmer's performance, which must be reflected by and find expression in the selection, compilation, arrangement and organization of the information. [...] It should be noted though, that, according to the reformulation of the EC Directive [...] less stringent requirements will be applicable to the protection of computer programs in the future' (*IIC*, 26, no. 1/1995, with a Note by Lehmann, M.). In that same sense, see case *Holzhandelsprogramm* (Federal Supreme Court, 20 January 1994).

A. Lucas observes, concerning the French experience: ‘Absent more precise guidance, most courts have not hesitated to take the originality of computer programs for granted because these fall into a protected class of works.’⁶⁶

5.2 *Photographs*

The second harmonized sector is the protection of photographs, by Directive 93/98/CEE, of 29 October 1993, harmonizing the term of protection of copyright and certain related rights.⁶⁷ This is a very peculiar case, as can already be perceived from the title of the Directive. What factors specific to photographs required the harmonization of the concept of originality and, on top of that, in a Directive foreign to that issue? There is certainly a European market for photographs, in particular, through digital networks, but nothing indicates that they presented more problems than other kinds of works.

In fact, the ruling on the originality of photographs was the unforeseen result of an incorrect approach. Leaving aside the unquestionable need for harmonization of the term of protection to avoid distortions in the internal market, the Directive Proposal pointed out that several regimes of protection applied to photographs. Some countries protected them by copyright, while others did so by means of alternative formulas or a combination of both. As a result, the terms of protection did not coincide. The Proposal tried to put an end to this by imposing ‘the complete harmonization of these differing terms of protection’.⁶⁸ In order to do so, it suggested a radical solution: subject all photographs to the term envisioned for copyrighted works. According to article 3 of the Proposal: ‘Protected photographs shall have the term of protection provided for in Article 1.’ This suggestion survived until the Amended Proposal.

The solution was clear and comfortable, but had a serious inconvenience: it resulted in an undue extension of the term of protection for photographs which did not qualify as works, while still maintaining the variety of protecting regimes. In order to avoid this, it was necessary to distinguish between photographs subject to copyright and the rest, with a corresponding reference

⁶⁶ See Lucas, A. and Pascal Kamina, ‘France’, in Geller, P.E. (ed.), *International Copyright Law and Practice*, New York, Matthew Bender, § 2[1][b][iii][B]. Despite being a criminal matter, see French *Cour de Cassation*, 23 November 1999, criticizing that ‘the instance judges only considered the originality that a computer program could bear in general’.

⁶⁷ This Directive has been repealed by Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version).

⁶⁸ *Proposal for a Council Directive harmonizing the term of protection of copyright and certain related rights*, COM/1992/33/FINAL, Recital 14.

to the concept of originality. Article 6 of the Directive stated that: 'Photographs which are original in the sense that they are the author's own intellectual creation shall be protected in accordance with Article 1. No other criteria shall be applied to determine their eligibility for protection. Member States may provide for the protection of other photographs.' By doing so, the goal of unifying the term of protection of all photographs was ultimately given up, albeit one further step was taken towards the formal harmonization of the subject matter of copyright.

In principle, the concept of originality applicable to photographs is that applicable to computer software and requires two familiar elements: an intellectual creation that is the author's own. Recital 17, however, introduced other elements that deserve to be mentioned since they may lead to a very different conclusion. First, it referred to the 'level of originality', which implies that originality is not all or nothing, but may be graded. Second, despite expressly excluding other criteria, among them the 'merit or purpose' of the work, Recital 17 introduced an unequivocal reference to the value of photographs and the professional or amateur status of their authors. In that sense, it is pointed out that the harmonization of the concept of originality is necessary, especially for works which are important within the internal market 'due to their artistic or professional character'. It is only logical – and significant – that this paragraph disappeared in the codified version of 2006, where Recital 17 became Recital 16.⁶⁹ Last, and most importantly, Recital 17 escaped the traditional idea of *imprint of personality*: 'A photographic work within the meaning of the Berne Convention is to be considered original if it is the author's own intellectual creation *reflecting his personality*.'

One might think that the Directive has opted for a downwards harmonization, aligned with the level of originality provided for computer programs. It is significant that the United Kingdom maintained the traditional standard because, according to article 6.2, 'Member States may provide for the protection of other photographs'.⁷⁰ But this is a very obscure issue and one might argue that photographs are subject to their own criterion of originality.⁷¹ In

⁶⁹ In the codified version, Recital 16 only states: 'The protection of photographs in the Member States is the subject of varying regimes. A photographic work within the meaning of the Berne Convention is to be considered original if it is the author's own intellectual creation reflecting his personality, no other criteria such as merit or purpose being taken into account. The protection of other photographs should be left to national law.'

⁷⁰ Cf. Bently, L. and William Cornish, 'United Kingdom', in Geller, P.E. (ed.), *International Copyright Law and Practice*, New York, Matthew Bender, § 2[1][b][iii].

⁷¹ Cf. Karnell, G. 'European Originality: A Copyright Chimera', 208. Similarly, see IVIR (2006), *The Recasting of Copyright and Related Rights for the Knowledge*

countries where a double system of protection (of copyright and related rights) is granted (such as Germany, Austria, Denmark, Spain, Italy or Portugal), the need to distinguish between works and mere photographs will probably lead to the retention of the traditional – stricter – concept of originality for photographic works, or even make it tougher; otherwise, there would be no way to differentiate between them and mere photographs. In other words, it may be required that the photograph should not result from chance, but from decisions or personal choices made by the author when preparing, executing or, in general, treating the image (set, frame, light, developing, etc). In this sense, some decisions deny copyright to photographs on the grounds of mere ability or technical perfection, and request that the photograph expresses something more than reality.⁷² This tendency may render difficult the effectiveness of

Economy, November 2006, <http://www.ivir.nl>, accessed 1 December 2007. The authors of this study understand that Recital 16 ‘seems to imply a stricter test than is laid down for software and databases’. Although acknowledging that it is not clear whether or not these are diverging concepts of originality, they prefer the affirmative answer: ‘Given the different rationale of both provisions, it is likely that the criterion for photographs indeed refers to the stricter continental-European test which requires that a creation be a “personal expression” and not merely an own intellectual creation. This interpretation would comply with the stated intention of the framers of this provision, which is to clarify that the normal term of protection does not apply to “simple” photographs (which qualify for a neighbouring right in some member states’ (n. 2.2.3).

⁷² It is significant that in Spain, a country usually very *disciplined* in the literary transposition of the Directives, the harmonized standard for photographs did not make it into the Statute, unlike what happened with computer programs and, to a lesser extent, to databases. The Spanish Supreme Court (Judgment of 29 March 1996), dealing with an image rights claim, affirmed that in order to be deemed a work, the photograph must reflect ‘a very personal doing which goes beyond the mere reproduction of the image’. It is the photograph, not the photographed object, which must reach the public. In the same sense, see judgments by *Audiencia Provincial de Barcelona*, of 21 November 2003 (mere photographs of an old *codex*: the photo must ‘transmit to the audience emotions or ideas which, being a product of creativity, would not be derived from the contemplation of the mere capture of the reality of things’) and of 1 February 2005 (mere photographs for a swimsuit catalogue: ‘it neither bears any specific creative or intellectual ability by the claimant, nor they show the imprint of his personality, artistically transforming the captured external reality’). The *Audiencia Provincial de Alicante* (19 June 2006) also denied qualification as works to some photos of religious images with similar arguments: ‘The mere technical perfection of frame, light, position or contrast is not sufficient at all. Photographs are “plain”, that is, they do not convey anything else than the picture of images as they are, without bearing any element that makes them original with respect to any other photos that could be made of these figures. In conclusion, they may be perfect from a technical point of view [...] but they do not bear the plus of originality that upgrade them to the category of artistic works.’ The same was concluded by the *Audiencia Provincial de Valencia* (6 February 2007) concerning a series of photographs of tombstones: ‘they only transmit the image as is and as it appears in reality, through a simple process of capturing the object, without

harmonization. It may also help to keep the traditional concepts – high or low – in countries that only envision one system of protection for photographs (such as Belgium, France, Ireland and the United Kingdom). Although France and the United Kingdom, to mention but two, share the same harmonized concept of originality for photographic works, it will take time to move away from traditional concepts or at least, from the language commonly used to explain them. In France, under current Recital 16 (formerly 17) of the Directive, one may still refer to the *imprint of personality*,⁷³ while in the United Kingdom copyright may be granted to photographs with a low input of creativity.⁷⁴

5.3 Databases

The third harmonized sector is databases, through Directive 96/9/EC of 11 March 1996. The criteria applied to decide whether databases were or were not protected by copyright differed among Member countries. An important decision, shortly before the US *Feist* case, by the Dutch Supreme Court subjected copyright protection on a dictionary to the requirement that the specific choice of terms expressed the personal imprint of the author.⁷⁵ Although it is always

any creative novelty'. The *Juzgado Mercantil 1 de Madrid* (27 September 2005) concluded that the photograph of poet Pablo Neruda qualified as a work because it shows a 'non casual treatment' destined to cause 'a specific effect on the spectator'.

⁷³ This is the case in France, where although only photographic works are protected, the traditional and strict standard of the author's personality imprint continues to be applied. See, for instance, Judgments by *Cour de Cassation* of 1 March 1988 (photos taken during the making of a film: 'the instance judges have sought the personal imprint [. . .] they have concluded that it was in fact a work of a mere technician'); 30 June 1993 (photograph of a landscape: 'the exam did not reveal [. . .] the imprint of its authors' personality, not being original works') and 3 February 2004 (photographs of car races: 'scenes of great banality which do not reveal the sensibility of the photographer or his personal abilities'). See also *Cour d'Appel de Caen*, 6 October 2006 ('photographs [. . .] are banal and without any specific creative character, similar to *clichés* which bear no personal imprint') and *Cour d'Appel de Rennes*, 7 September 2004 (photographs of the schooner *La Recouvrance*: '*clichés* which do not bear his imprint and could have been taken by any photographer equipped with the necessary material').

⁷⁴ See, for instance, *Fraser-Woodward Ltd v. British Broadcasting Corporation Brighter Pictures Ltd* [2005] EWHC 472 (Ch) (23 March 2005), where nobody contested whether a series of snapshots of the Beckham family were subject to copyright. In *Droit d'auteur* jurisdictions, the issue would, at least, have been raised.

⁷⁵ Supreme Court of the Netherlands, 4 January 1991 (*Van Dale Lexicografie B.V. v. Rudolf Jan Romme*), *Nederlandse Jurisprudentie* (NJ) 1991, 608. Nevertheless, the Court of Appeals (The Hague, 1 April 1993, NJ 1994, 58) ultimately decided again in favour of the claimants, understanding that the labour of the lexicographers met the requirement of personal expression set by the Supreme Court (*apud* Hugenholtz, P.B. (1998), 'Implementing the European Database Directive', in Kabel, J. and Gerard

a risk, it is likely that the same dictionary could have easily met the standard of skill, labour and judgement required in the United Kingdom. Differences such as these in the assessment of originality could become an obstacle for the internal market and a handicap for the European database industry. Hence, the need to harmonize it:

In particular, the Commission argued that the difference between the lower ‘sweat of the brow’ copyright standard (i.e. involving considerable skill, labour or judgement in gathering together and/or checking a compilation) that applied in common law Member States and the higher ‘intellectual creation’ standard that applied in *droit d’auteur* created distortion of trade in ‘database products’.⁷⁶

A concept of originality was proposed, based on the *Droit d’auteur* approach, albeit with a slightly lower standard than the more demanding jurisdictions. According to article 3.1 of the Directive, ‘databases which, by reason of the selection or arrangement of their contents, constitute “the author’s own intellectual creation” shall be protected as such by copyright’. And, it adds, once again that ‘No other criteria shall be applied to determine their eligibility for that protection’. Although the term originality is not expressly mentioned, there is no doubt that it also applies to databases. As confirmed in Recital 16: ‘No criterion other than originality in the sense of the author’s intellectual creation should be applied to determine the eligibility of the database for copyright protection, and in particular no aesthetic or qualitative criteria should be applied’ (see also Recital 39).

The concept of originality as applied to databases responds to the downwards harmonization trend, but still within the orthodoxy of *Droit d’auteur* principles. In that sense, the requirement of ‘intellectual creation’ prevails over the traditional criterion used in Common Law countries. Therefore, the United Kingdom and Ireland were forced to upgrade their standard.⁷⁷ Nevertheless, to compensate for this, a new *sui generis* right was granted to ‘the maker of a database which shows that there has been qualitatively and/or

J.H.M. Mom (eds.), *Intellectual Property and Information Law*, The Hague, London and Boston: Kluwer Law International, Information Law Series, 183–200; available at <http://www.ivir.nl>, accessed 1 December 2007). Also in France, the *Cour de Cassation* had established that in order to grant copyright on an organization chart of the board of directors and administrators of the main automobile industries worldwide, it was necessary to explain ‘how the text or the graphic format of the publication amounted to the author’s intellectual input that made it an original creation’ (*Cour de Cassation*, civ., 2 May 1989).

⁷⁶ *First evaluation of Directive 96/9/EC on the legal protection of databases*, DG Internal Market and Services Working Paper, Brussels, 12 December 2005.

⁷⁷ *Ibidem*.

quantitatively a substantial investment in either the obtaining, verification or presentation of the contents' (art. 7.1). This investment, as explained in Recital 40, 'may consist in the deployment of financial resources and/or the expending of time, effort and energy'. Thus, a clear line was drawn between original (in the sense indicated) and non-original databases, also affording the latter some reasonable protection.

This regime has been substantially altered by the European Court of Justice case law in the cases C-46/02 (*Fixtures Marketing Ltd v. Oy Veikkaus Ab*), C-203/02 (*The British Horseracing Board Ltd and Others v. William Hill Organisation Ltd*), C-338/02 (*Fixtures Marketing Ltd v. Svenska Spel AB*) and C-444/02 (*Fixtures Marketing Ltd v. Organismos prognostikon agonon podofairou AE – 'OPAP'*). In principle, one may think that the term 'obtention' was wide enough to include the 'production' of data. However, the Court rejected such interpretation: no *sui generis* right is granted when a substantial investment is applied to producing (generating) the contents. This may deny protection to many databases which, in fact, constitute a subproduct (a spin-off) of a principal activity, such as TV listings in the *Magill* case.⁷⁸ This has led some to consider the convenience of amending the Directive, so as to repeal the *sui generis* right which does not seem to have been an incentive for the databases industry. However, for the time being, this has been put aside. The evaluation Report did not want to reopen the debate on originality or open the door for Common Law countries to reintroduce the sweat of the brow criterion to assess it.⁷⁹ But could the ECJ doctrine induce Ireland and the United Kingdom to bring back the old concept of originality?

5.4 Some other concepts of originality and other different criteria

Although not often mentioned there is a fourth Directive which also refers to originality: 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. It is obvious that in this case the term originality is used in a different sense from the one used to decide the granting of copyright: the creation must be a work and, accordingly, comply with the standard of originality required by national legislation, be it the *imprint of personality* or a mere *personalized intellectual effort*. Only when such requirement is met,

⁷⁸ ECJ, 6 April 1995, *Radio Telefis Eireann (RTE) and Independent Television Publications Ltd (ITP) v. Commission of the European Communities*, Joined cases C-241/91 P and C-242/91 P.

⁷⁹ According to the *First Evaluation*: 'On the one hand, a repeal of the "sui generis" right would enable [the common law] jurisdictions to reintroduce "sweat of the brow" copyright; but on the other, these jurisdictions could also decide to maintain the higher level of protection, thereby limiting protection to "original" databases.'

will copyright apply. Originality in the Resale Right Directive is not aimed at identifying the work but rather the specific object (the original, not the copies) to which it will apply. For this reason, it is required that works be ‘made by the artist himself’ (art. 2.1 Directive) or ‘under his authority’, in limited editions. There must be an element of personal implication of the author. In any case, this originality has nothing to do with the concept of originality used to assess the granting or denial of copyright.

The harmonized term of originality, as a criterion to grant copyright, may be tuned by referring to the criteria used to define other protected subject-matter, such as topographies of semiconductor products and designs. In the first case, topographies must be the result of its ‘creator’s own intellectual effort’ and must not be ‘commonplace’ in the semiconductor industry.⁸⁰ In the second case, the creation must be ‘new and [have] an individual character’.⁸¹ Despite being a personal creation of its author, a non-novel design will not be protected.

6. Future perspectives

The European harmonization of the concept of originality is a very limited operation: first, because it only affects three categories of works; second, because it is not clear that it is one identical concept or two (one for computer software and databases, and another for photographs); and third, because even within each harmonized sector and under the umbrella of a common standard (the *author’s own intellectual creation*, the ‘AOIC mantra’ in the words of G. Karnell⁸²), traditional national standards could subsist.

Would it make sense to go beyond the current status and grant the harmonized standard transversal application? There are reasons for doing so. As explained in the *Working Paper* of 2004:⁸³ ‘In theory, divergent requirements for the level of originality by Member States have the potential of posing barriers to intra-Community trade’. However, in practice, this does not seem to be the case, as accepted in the same document before concluding that there is no need to adopt any action in that sense:

⁸⁰ Art. 2.2 Council Directive 87/54/EEC, of 16 December 1986, on the legal protection of topographies of semiconductor products.

⁸¹ Art. 3.1 Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, and art. 4.1 Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.

⁸² Karnell, G., ‘*European Originality: A Copyright Chimera*’, 209.

⁸³ *Commission Staff Working Paper on the review of the EC legal framework in the field of Copyright and related rights*, Brussels, 19.7.2004, SEC (2004) 995, sub 3.1.

The Community harmonisation was needed, and has been enacted, with technology-related categories of Works, notably computer programs and databases. However, there are no indications that the lack of harmonisation of the concept of originality would have caused any problems for the functioning of the Internal Market with respect to other categories of Works, such as compositions, films or books. Therefore, legislative action does not appear necessary at this stage'.⁸⁴

'Not necessary' is different from 'not possible'. Would it be counter-productive to generalize this concept? I do not think so. Legislators and judges have not been uncomfortable with the harmonized concept. Some countries brought it into their laws when incorporating the corresponding Directives. But many others simply understood that their concepts (in theory and practice) of originality were already adjusted to the *new* definition. Even when transposition was deemed necessary, as in the case of the United Kingdom with respect to databases,⁸⁵ it seems that no significant changes should be expected in case law.⁸⁶ The same happened in Spain as far as computer programs were concerned: the Statute includes the Directive's definition (art. 96.2 Intellectual Property Law), but commentators and courts do not read it as different from the general rule of originality.

The introduction of a new criterion could have confirmed the idea that originality is a concept of *variable geometry*. Under the pressure of factual and functional works, one could proceed to an *ordered retreat*, creating separate compartments by distinguishing between artistic works, on the one hand, and factual and functional works, on the other. The first would remain subject to a high standard of personal imprint. For the second, instead, a *personalized intellectual effort* (not a copy, plus a reasonable *quantum* of creativity) would suffice. This proposal has been endorsed by a significant part of the legal doctrine.⁸⁷ But

⁸⁴ *Ibidem*. See, in favour of this approach, Lucas, A. (2004), 'Updating Copyright Law in the Enlarged Union. Introduction to the Panel', in *Copyright for creativity in the enlarged European Union*, Dublin, 20–22 June 2004: http://ec.europa.eu/internal_market/copyright/conferences/2004_en.htm, accessed 1 December 2007.

⁸⁵ For further interest, see the debates that took place in the Fourth Standing Committee on Delegated Legislation, 3 December 1997 at <http://www.publications.parliament.uk/pa/cm199798/cmstand/deleg4/st971203/71203s01.htm>, accessed 1 December 2007.

⁸⁶ In this sense, see Bently, L. and William Cornish, 'United Kingdom', in Geller, P.E. (ed.), *International Copyright Law and Practice*, § 2[3][b]. See also (1999) *Copinger and Skone James On Copyright*, ed. by Garnett, K., Jonathan Rayner James and Gillian Davies, 14th ed., London: Sweet & Maxwell, nn. 3–97.

⁸⁷ See, for instance, contributions by Cornish, W., A. Kerever, F.W. Grosheide and A. Quaadvlieg in 'Debate', *ALAI Congress of the Aegean Sea II*, 225, 237–8, 244 and 251–2.

it would imply a fundamental rupture with traditional copyright concepts. As happened with the property right (which moved from property to properties), the diversity of subject matter would bring different legal regimes. This does not look like a desirable option. One may accept a different level of protection resulting from the specific delimitation of the protected subject matter (thus, a factual or functional creation or a simple artistic creation would have less protection against copies since a significant number of them belong to the realm of common), but for all of them, the nature and contents of copyright must be the same as granted to other works. As A. Lucas beautifully puts it, admitting different concepts of originality would amount to demagnetizing the compass that should guide us.⁸⁸ The proverbial hospitality of copyright has brought us to modify the admission criteria to the club in order to accept new members. But, once this is done, the only reasonable next step is to apply the new criteria in general.

In this context, why not extend the European formula, harmonizing originality for all works? It would, of course, be a rather symbolic operation. But symbols are important. The concept of work is the very basis of copyright and it would make perfect sense to make it clear that a common denominator exists as to requirements for protection. The question, of course, will remain subject to casuistic assessment by courts, without prejudice of a hypothetical and improbable intervention by the European Court of Justice. Nevertheless, at least, laws and courts in the whole European Union would be using the same words and should be arriving at similar conclusions. It is not a lot, but it is some progress.

⁸⁸ 'Debate', *ALAI Congress of the Aegean Sea II*, 250.

6 From idea to fixation: a view of protected works

*Antoine Latreille**

The protected work needs at first to be expressed. An expression is the only way for the work to be accessible to the public and then to start potentially an exploitation life. This requirement means that a form or a mode is needed. This question is more complicated than it appears. A work could be definite at many stages. Of course these different stages are not at the same level before the originality requirement, but a special analysis could be done. From conception to delivery, literary and artistic works show us many faces and could be split in many subjects of rights.

Under the terms of the Berne Convention, expression is needed all over the European Community. Regarding fixation, each State has the choice to consider it as a requirement or not. Continental countries dealing with author's rights laws mostly ignore fixation. But under copyright law, especially in Great Britain, fixation is still required. Whereas every subject of intellectual property has been explored by the European Community, no European Directive helps us to understand how these different criteria should be applied. Nevertheless, this silence certainly means there is no necessity for common rules because, after all, each state reaches exactly the same solution and a sort of harmonization in practice is obtained.

The scale from conception to exploitation starts with ideas that, after many stages, are communicated to the public, for example by means of fixation. First, we have to analyse the concept of expression and compare it to ideas. Then, it is necessary to understand the difference between expression and fixation.

1. From ideas to expression

First of all, we have to explain why and how ideas are not protected works and what the required expression consists in. Secondly, we will explain how jurisprudential cases apply the rules. Thirdly, we will search for alternative solutions enabling a certain control over ideas.

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1.1 Principles

In addition to requiring compliance with the basic standards of the Berne Convention, the TRIPS Agreement, coming into force all over the European Community, clarifies certain specific points. Concerning the scope of the protected works, article 9.2 confirms that copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such. Few statutes expressly exclude ideas as non-protected works.¹

In France, we used to define ideas as ‘de libre parcours’, that means ‘free career’. No one is able to own them because they have a mental form exclusively produced by the mind.² And these mental forms exclusively describe useful characteristics of objective reality. Consequently, they are entirely functional. Protected works are entirely different: they are the product of an author’s imagination. They are arbitrary. That is why they convey the author’s personality and that is why originality is required.

Literary and artistic works are not directly described in the Berne Convention. Indeed, its article 2(1) only gives examples. It is written as follows: ‘The expression literary and artistic works shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.’ Nevertheless, a large consensus considers protected works as an original form that an author has adopted to express an idea.

This definition does not mean that the idea shall be protected through its expression. The form is by itself protected. However, this misunderstanding can generate the protection of a commercial service. Indeed, a Canadian company tried to sell an ‘Intellectual Passport’.³ This is shown to be a cheap way for the author of a new commercial idea, or of an innovative service

¹ US Copyright Act, s. 102(b).

² ‘forme mentale exclusivement élaborée par l’intellect’; Gaudrat Philippe, *Réflexion sur la forme des œuvres de l’esprit: Mélanges en l’honneur d’André Françon*, Paris: Dalloz, 1995, p. 214.

³ <http://www.usdssystem.com/eng.html>.

concept, or for an inventor to get international protection. The 'Intellectual Passport' is a book that describes the creator and his concept or invention.⁴ This book may or may not be published, depending on the desire of the creator to keep the ideas secret. The argument is totally wrong and different national industrial property agencies warn against this process.

The expression requirement is understood as an intelligible form. It is the only way for the work to become real. The conception as an abstract intellectual operation is not sufficient. The form requires the organization of a substance.⁵ The expression is the guarantee that the work is aimed at human intelligence. It does not matter if the media itself uses a code which is not understandable. In this way, software protection under copyright law looks like a huge exception. Computer programs are a human creation designed for a machine. Its expression only makes sense for a computer.

Moreover, only a developed and original form is protected. Otherwise, nothing shall be protected.⁶ But the notion of form covers both external and internal expression. That means that the structure of a work which is no more than a series of ideas is protected in its entirety.

This solution causes many difficulties and generates a lot of case law. How can a distinction be made between the internal form and the background? What allowance should be made as regards what is coming from a sort of common fund and what is the creation of the author? Under copyright or author law, clever plagiarism is allowed. That means that many works could be based on the same ideas, as long as they are different enough. In general, the difference is estimated on a purely objective analysis. Under copyright law, a more subjective criterion is added: the work should not be substitutable. Keeping the same 'look and feel' and then general appearance is not itself an infringement. Moreover, functionalities and results can also be considered as an idea: an external idea. A literary or artistic work might be useful but its use should not be protected under copyright or author's rights law.

⁴ The argumentation is especially based on a French case concerning design protection. Lyon Court of Appeal, 1 April 2004 and Cour de cassation, Commercial chamber, 4 July 2006 (Bulletin 2006 IV no. 160, p. 174). But the meaning of this decision is rather different: judgments just recognize, using the European Community Directive of 13 October 1998 on the legal protection of designs, that in an infringement situation, an industrial design could not achieve protection because of its previous publication in a book.

⁵ 'forme mentale exclusivement élaborée par l'intellect'; Gaudrat Philippe, *Réflexion sur la forme des œuvres de l'esprit: Mélanges en l'honneur d'André Françon*, Paris: Dalloz, 1995, p. 196.

⁶ Gaudrat Philippe, Notion d'oeuvre (C. propr. intell., art. L. 111-1, L. 112-1 and L. 112-2), *Jurisclasseur Propriété Littéraire et Artistique*, Fasc. 1134, no. 16.

Actually, protecting ideas is mostly a question of scope rather than a question of requirement. Indeed, isolated ideas never reach copyright or author's rights law protection. Nevertheless, through an expression, owners or creators often try to secure legal protection for an idea. Chronologically, it would then also be possible to reverse the relationship by speaking first about fixation, which is presented as a real protection requirement. By the way, as we shall see, the exclusion of ideas is no easier when the law requires fixation. The idea could be hiding behind a fixated work.

1.2 *Practical instances*

As previously said, in many cases, jurisdictions have to decide on infringement when a work seems to meet the structure of another work. Different types of works usually change their expression when they are translated or adapted, especially in the case of audiovisual works. Judges have to compare works in order to decide whether the very frame is the same or whether the similarity does not exceed general ideas. Generally, cases concern fiction works such as novels or movies (novel against novel, movie against movie or novel against movie). For example, a long French trial ruled on the link between the novels *Gone with the Wind* by Margaret Mitchell and *La bicyclette bleue* by Régine Desforges. On four different occasions, courts decided alternatively that there was copyright infringement and that there was not.⁷ This case was unusual because the two stories were quite similar, but the period and the place were totally different. Concerning movies, the French Supreme Court is strict,⁸ which reminds us that ideas are free. There is no infringement until it is proved that there are, in a concrete way, similar form characteristics regarding conception, characters and scenes.⁹

In Great Britain, in similar cases, judges often recall the principle of the non-protection of ideas. This is based on the fact that ideas 'have no connection with the literary, dramatic, musical or artistic nature of the work. It is on this ground that, for example, a literary work which describes a system or invention does not entitle the author to claim protection for his system or invention as such. The same is true of an inventive concept expressed in an

⁷ Cour de cassation, 1st Civil Chamber, 4 February 1992: D. 1992. 182, note Gautier Pierre-Yves; Légipresse 1992, no. 97-111, p. 143, Versailles Court of Appeal, 15 December 1993: RIDA, April 1994, p. 203.

⁸ *La Totale* case, Cour de cassation, 1st Civil Chamber, 5 July 2006, no. 04-16.68, unpublished.

⁹ It is mandatory 'de préciser, de façon concrète, quelles caractéristiques de forme originales dans la conception des deux oeuvres et de leurs personnages ainsi que dans le développement de l'action, étaient semblables'.

artistic work'.¹⁰ It seems to be clear that 'Copyright Acts are not concerned with the originality of ideas, but with the expression of thought'.¹¹ But it is not a whole exclusion, because in certain cases, the idea may have 'represented sufficient of the author's skill and labour as to attract copyright protection'.¹² Then the idea shall become a substantial part of the work. At this level of precision, we think that it is no longer an idea that is protected but an internal expression. This opinion is translated by Lord Hoffman in the *Designers Guild* case as follows: 'Generally speaking, in cases of artistic copyright, the more abstract and simple the copied idea, the less likely it is to constitute a substantial part. Originality, in the sense of the contribution of the author's skill and labour, tends to lie in the detail with which the basic idea is presented. Copyright law protects better foxes than hedgehogs.'¹³

More interesting are cases where ideas protection is more isolated. For example in France, courts refused to protect the rules of a beauty competition.¹⁴ In another case, they had to decide if Christo's packagings were protected. First, in the case of a picture that showed a Paris bridge, the 'Pont Neuf', packaged by Christo, the court condemned an unauthorized photographer for fixing a real production.¹⁵ Secondly, the following year, another court decided that the principle of packaging in an artistic way different constructions was not the property of Christo.¹⁶ The judges decided that this was free even in advertising. These two cases are helpful in understanding where copyright protection begins and where it stops. TV formats generate much litigation. If they can be covered by a non-disclosure agreement, copyright is not involved in itself, even if the ideas are put into words.¹⁷ The French Cour de cassation had to deal with a very special case: the protection of footpaths' itineraries.¹⁸ The court decided that the itinerary, independently of its drawing

¹⁰ High Court, Chancery Division, 27 and 28 February, 7–10, 13–17 and 20 March, 7 April 2006, *Baigent v. Random House Group Ltd* (Da Vinci code).

¹¹ *University of London Press v. University Tutorial Press*, Chancery Division, 13, 14, 18, 19, 26 July 1916.

¹² *Kenrick & Co. v. Lawrence & Co.* (1890) 25 QBD 99.

¹³ *Designers Guild Ltd v. Russell Williams (Textiles) Ltd* [2000] FSR 121 (CA); [2001] FSR 113 (HL), no. 122.

¹⁴ Cour de cassation, 1st Civil Chamber, 25 November 2005, Dalloz, 2006 jsp, p. 517, note Tricoire Agnès.

¹⁵ Paris Court of Appeal, 13 March 1986: Dalloz, somm. 150, note Colombet Claude.

¹⁶ TGI Paris, 26 May 1987, Dalloz, 1988, somm., p. 201, note Colombet Claude.

¹⁷ Paris Court of Appeal, 31 January, Propriétés Intellectuelles, no. 7 p. 158, note Lucas André.

¹⁸ Cour de cassation, 1st Civil Chamber, 30 June 1998, Revue Trimestrielle de Droit Commerciale 1999, p. 390.

and of its potential publication, should be protected under author's right law. Its argument does not mean that ideas are protected. It consecrated a wide conception of expression: the form can be expressed in choosing geographic characteristics, natural or human specifications. This example shows us how fixation through a guide book could generate an extensive protection of the content: the itinerary itself.

1.3 Alternative solutions

We can conclude that there is no property in ideas that can be provided in copyright or author's right law. Nevertheless, is there an alternative solution? This chapter is about copyright analysis, so it is not the place to develop other types of legal protection. Still, we can conjure up three ways of bringing some sort of judicial security to the creator of an idea.

First of all, the idea may be patentable. Actually, patent is awarded to an invention that is a solution to a problem. In this way, patent law protects finalized ideas but never a result. This argument could be valid in several countries where an invention is protected as long as it is new and useful. For example, the United States Patent and Trade Office allows the registration of business or gaming methods. But in European countries, patent law requires technical effect. Indeed, the European Patent Convention (EPC) reads as follows:

Article 52. Patentable inventions

- (1) European patents shall be granted for any inventions which are susceptible of industrial application, which are new and which involve an inventive step.
- (2) The following in particular shall not be regarded as inventions within the meaning of paragraph 1:
 - (a) discoveries, scientific theories and mathematical methods;
 - (b) aesthetic creations;
 - (c) schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers;
 - (d) presentations of information.

All Member States of the European Community are part of this Convention. So an idea underlying a literary and artistic work is not patentable at all. General ideas coming from imagination in the artistic or literary field remain free. Anyway, it has been quite impossible to prove the novelty of an abstract idea. On the other hand, as we have already said, describing a technical invention in a literary way offers no protection to the product or method involved. For instance, this solution explains why most companies involved in developing software wish their product were patentable in the EC.¹⁹ They explain that

¹⁹ Proposal for a Directive of the European Parliament and of the Council on the patentability of computer-implemented inventions, COM(2002) 92 – C5-0082/2002 – 2002/0047(COD).

copyright in software is not really suitable because it does not protect their investment.²⁰

Secondly, an idea can legally be the object of a contract. The creditor is the creator: he explains his/her ideas. The debtor is the potential user: he promises to keep the idea for himself. Actually, as with other information, artistic ideas can be covered by non-disclosure agreements. This kind of protection is especially frequent for TV programmes or movies. But it is a relative protection. It is no more efficient when the public in general knows the idea through the exploitation of the work . . . except if each user agrees with the contract!

Moreover, without a convention, in certain cases, the responsibility of the idea's user can be involved. Different from property law, this mechanism allows the creator to prosecute unauthorized users. This kind of procedure, frequently known as unfair competition, varies in content according to states. This protection is recognized at a general and worldwide level under article 1(2) of the Paris Convention for the Protection of Industrial Property of 20 March 1883. This article provides: 'The protection of industrial property has as its object [. . .] the repression of unfair competition.' Especially in the European Community, this right is mostly considered as a part of competition law. In most cases, the difficulty for the creator is to prove the fault of the user. The most important question is: how can the use of an idea be unfair even if this object is protected under intellectual property law? In France, much litigation is based on this mechanism because courts admit cases where the defendant usurps a part of another's labour or reputation. This tort is called 'parasitism'.²¹

2. From expression to fixation

For most judicial systems in the European Community, fixation is not required for copyright or author's right protection. The expression means an external form that can be sensed in one way or another. Some expressions are directly perceptible (drawing), others use a conventional signal (literature, music). In most cases, it is easy to get from one form to another (music, architecture . . .). In any case, this classification is not always linked to a fixation. Moreover, the question of the fixation requirement is independent of the necessity of formalities or registering, which is positively forbidden under the Berne Convention. Its article 5(2) clearly explains that 'The enjoyment and the exercise of these rights shall not be subject to any formality.' The European Community directives never mention fixation as a requirement. In fact, protected works are

²⁰ See the practice of clean room that allows preserving the software material without copying the code.

²¹ Passa Jérôme, *Contrefaçon et concurrence déloyale*, Paris: Litec, 1999.

never expressly defined, except for photographs and computer programs. The only requirement in European law is for a work to be ‘the author’s own intellectual creation’.²² Nevertheless, fixation is often mentioned as a right for the author. Fixation or copying is the main method of reproduction. Prescribing a general requirement of fixation means that every creator has to be his/her own publisher! Fixation is ambiguous. It mostly belongs to the scope of the right rather than to its access.

We will begin by explaining that indifference towards fixation is the principle in European Community law. Then, fixation can be required in certain countries and/or in certain circumstances. Finally, as a conclusion, we will see that fixation is a way of proving the creation. Fixation as a form of evidence can guarantee that copyright is effective.

2.1 Indifference towards fixation

Generally speaking, neither statutory law nor case law requires a translation of the work in a conventional form, which is more convenient for its conservation and distribution. For instance, Spanish law chooses to specify that the work shall be expressed in ‘any manner, whether tangible or intangible’.²³ Nor does Swiss law provide that a creation should be fixed in a material form in order to be protected.²⁴ Moreover, a traditional and permanent fixation is less and less a necessity in order to access the work (except if fixation on the eye’s retina is considered as such as regards a visible work!²⁵). Historically, copyright but also author’s right are obviously linked to the paper edition, even in France.²⁶ Printing had been for a while the principal way to transmit works. But copyright and author’s right are more than economic rights. Author’s right is part of the human rights recognized under the Universal Declaration of Human Rights of 10 December 1948. Article 27(2) says: ‘Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.’ This means

²² On photographs, see article 6 from Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection for copyright and certain related rights. For the same definition on computer programs: article 1(3) from Council Directive 91/250/CEE of 14 May 1991 on the legal protection of computer programs.

²³ Spanish Copyright Law 1987, article 10.

²⁴ Article 29, §1, of the Federal Law on copyright and neighbouring rights of 9 October 1992: ‘the work, whether fixed on a physical medium or otherwise, shall be protected by copyright from its creation’.

²⁵ This idea has been expressed to minimize the French dichotomy between reproduction right and representation right.

²⁶ Law of 19–24 July 1793. But the first French law protecting authors was concerned with theatre performances (13–19 January 1791).

that authorship is the main requirement. The author's will to be published and exploitation by fixation or any other form is not required.

Moreover, the fixation requirement would be totally incompatible with moral rights according to French law. Indeed, authors own the right of divulgation, which means that they are able to decide upon the access of the public to their work,²⁷ whatever the conditions of this access might be. Indeed, an original work can objectively exist without fixation. On the one hand, self-generated works are created, as for instance talk or musical improvisation. On the other hand, some works are fixated but not permanently (air cutting, ice statue . . .) or not in their final form (rough draft . . .). In France, two decisions of the Paris Court of First Instance have confirmed the principle according to which a work shall be protected in itself, even if it has not been fixated in a material form. The *Lacan* case²⁸ concerned the publication of a conference speech given by a famous French psychoanalyst, Jacques Lacan. The Court confirmed that an oral presentation was protected in itself without needing to be fixated in any material form. Thus, the author or his/her successor can oppose publication. The *Barthes* case²⁹ concerned similar facts. The entitled beneficiary of Professor Roland Barthes opposed the publication of one of the oral presentations given by his brother. The Court ruled that the publication in a book of an oral presentation by a professor constituted a copyright infringement, if this publication was made without the agreement of the rights owner, confirming therefore that an oral presentation is protected in itself. The solution would certainly have been the same in other laws that provide authorship rights protection without any formal requirement.

The opinion of each piece of legislation towards the fixation requirement is particularly involved in cases regarding fragrances or perfumes. Most European countries do not protect fragrances as copyright works. Except in France and in the Netherlands, no litigation about the protection of fragrances is known anywhere else, which does not necessarily mean that perfumes would not be protected if the case happened to be judged. In France, despite the fact that the Supreme Court³⁰ rejected the protection of a fragrance as a work of art, on the basis that a fragrance was nothing more than the result of

²⁷ Article L. 121-2, French Intellectual Property Code.

²⁸ TGI Paris, 11 December 1985, Dalloz 1987, somm. p. 155, note Colombet Claude.

²⁹ TGI Paris, 20 November 1991, RIDA 1992, p. 340, note Kerever André.

³⁰ Cour de cassation, 1st Civil Chamber, 13 June 2006, RIDA, October 2006, p. 349; Dalloz 2006, jurips., p. 2470, note Edelman Bernard; Revue Trimestrielle de Droit Commercial 2006, p. 587.

particular know-how, first instance courts³¹ and appeal courts³² are still admitting the protection of a fragrance as a work. Indeed, French copyright law protects original creations resulting from an intellectual activity, expressed within a form. Consequently, a fragrance which is the result of a creative activity, having an olfactory form that would be original, can be protected by French copyright law. In the Netherlands, the Supreme Court³³ decided that a fragrance could be protected by Dutch copyright law, as the law gives a non-exhaustive list of works (as in France) and the protection criteria are similar to those of France. British copyright law gives an exhaustive list of protected works. Because fragrances are not listed among them, this would probably exclude the protection of fragrances under British copyright law.

However, the protection of fragrances causes a problem of fixation and of evidence. But somehow, the fragrance can be considered as fixated in the perfume's juice, fragrance and juice being consubstantial. The fixation of the fragrance should not be an obstacle to its protection by copyright, as, in civil law countries, no fixation is required to obtain copyright protection, and as it can be said that a fragrance is fixed in its juice. Therefore, opponents of the protection of fragrances by copyright, and even the French Supreme Court, do not put forward the absence of its fixation.³⁴ However, the fact that the fragrance is no longer fixated at the time it is smelled could be an obstacle to the appreciation of its originality and to proving a copyright infringement, the protection in that case being then inefficient.³⁵ However, decisions which recognize a fragrance as a work overcome those obstacles, even if this was not the case in the initial litigation.³⁶

³¹ For example, TGI Bobigny, 28 November 2006, *Revue Lamy du Droit de l'Immatériel* 2007/25, no. 833 and 834, note Laborde Anne-Sophie; TGI Paris, 28 November 2007, *L'Oréal v. Parfums Eurolux*.

³² Paris Court of Appeal, 26 January 2006, RLDI 14/2006 no. 399, note Laborde Anne-Sophie; *Com. Comm. Electr.* 2006, comm. 39, note Caron Christophe; *Revue Lamy du Droit de l'Immatériel*, April 2006, p. 286. Paris Court of Appeal, 14 February 2007, *Revue Lamy du Droit de l'Immatériel* 2007/25, no. 807, L. Costes Lionel; Aix-en-Provence Court of Appeal, 13 September 2007, *Lancôme v. SA Argeville*, *Daloz* 2007, p. 354.

³³ Cour de cassation, 1st Civil Chamber, 16 June 2006, *Propriétés Intellectuelles* 2007, p. 7, note Cohen Jehoram Herman.

³⁴ Gautier Pierre-Yves, *Propriété littéraire*, PUF, 2004, no. 38; Pollaud-Dulian Frédéric, 'Le droit d'auteur', *Economica*, 2005, no. 153.

³⁵ Sirinelli Pierre, *Propriétés Intellectuelles* 2004, p. 909.

³⁶ Paris Tribunal de commerce, 24 September 1999: *Communication Commerce Electronique*, April 2000, p. 20, note Caron Christophe; *Petites affiches*, 3 March 2000, no. 45; TGI Paris, 26 May 2004, *L'Oréal v. Bellure*, *JCP G* 2004, II, 10 144, note Bruguière Jean-Michel; *Propriétés Intellectuelles* 13/2004, p. 907, note Sirinelli Pierre; *Daloz* 2004, *jurisp.*, p. 2641 note Galloux Jean-Christophe.

The case of fiction characters is also very interesting. First, fiction works are very popular and their commercial exploitation is more and more developed. Secondly, fiction characters are protean. One kind of fixation cannot usually manage to describe the entire creation. Actually, this work includes a physical appearance (drawing, acting or writing) but also a psychological aspect. It is quite impossible to embody the entire creation in a single fixation. This kind of work cannot be efficiently protected according to one of its fixations.

Generally speaking, we observe that more and more works can be communicated without a traditional fixation. Because of dematerialization, most forms of exploitation do not need supporting devices any more. The issue of fixation has no sense in the Internet world. Digital forms and broadcasting become the rule. The concept of 'single source' is real with mobiles and multimedia. If copies remain, they are just technical or temporary. That is why the European Community Copyright Directive of 22 May 2001 created a mandatory exception for temporary acts of reproduction on the Internet.³⁷ But when we look at the creator's side, we also observe that digital devices and the Internet offer more and more tools to create and/or to copy works. The fixation becomes a kind of reflex and does not deal with traditional publishing any more. All around the world, rights content has been developed to follow technical changes. Even copyright is no longer a right over copies but a possibility of controlling most of the uses of works. This development could come about because of the Berne Convention describing exclusive rights in general terms.³⁸ This change means that the scope of rights and especially the requirement rules have been adjusted. Because publishing is no longer a necessity, fixation is more than ever an unjustified criterion.

If the principle of protection can exist without any fixation requirement, most cases of exploitation need a fixation in reality, wherever the fixation might intervene in the process. The main issue will be knowing when fixation is required, whether the fixation can be a former one or if the unauthorized fixation that raised the litigation can be deemed sufficient.

³⁷ Article 5(1) 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: '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 technological process and whose sole purpose is to enable [...]'.³⁸

³⁸ Article 9(1) of Berne Convention: 'Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form'.

2.2 *Fixation as a requirement*

Under the terms of the Berne Convention, linking copyright to fixation is acceptable. Its article 2(2) states: ‘It shall, however, be a matter for legislation in the countries of the Union to prescribe that works in general or any specified categories of works shall not be protected unless they have been fixed in some material form.’ As we have already mentioned, European Community directives do not express anything about this requirement. At first, copyright countries and especially Great Britain could demand fixation because of the traditional proof of the protection. Copyright is more a power on diffusion than one based on the process of creation. In this context, there can be a natural link between protection and fixation, especially when publishing was the main method of diffusion for works. As the content of copyright changes, the attachment to the fixation is less strong. Anyway, computer science is nowadays omnipresent during the creation process or the transmission. Many works could be elaborated and published without any traditional fixation. This is especially the case for digital photographs, computer graphics or cartoons.

Under United Kingdom copyright, a protected work still needs to be fixed in some material form.³⁹ But the practical differences are less than the theory might lead us to believe. As Professor Ysolde Gendreau pointed out, there are not many divergences between the two systems for classical works but divergence is real in special cases.⁴⁰ The reason is the implementation of a very accessible definition of fixation. It could be any tangible medium of expression. All forms are accepted even if they are directly perceptible or if a machine or device is needed. Nothing more is required than that the fixation has to be directly intelligible. Much more, tangible form does not mean mandatory permanent materialization. Therefore a fixation is considered even if the support device or the signal is ephemeral. The fixation should be stable enough so that the work is accessible to the senses. The tangible embodiment is then very easy to verify and drifts away from a criterion which was, not so long ago, a publishing requirement.⁴¹ Even if the United Kingdom copyright keeps the principle of fixation, nevertheless we can quote the *Hyperion* case: ‘[. . .] the fixation in the written score or on a record is not in itself the music in which copyright subsists. There is no reason why, for example, a recording of a person’s spontaneous singing, whistling or humming of improvisations of sounds by a group of people with or without musical instruments should not

³⁹ Sterling J.A.L., *World Copyright Law*, London: Sweet & Maxwell, 2003, no. 7.07.

⁴⁰ Gendreau Ysolde, ‘Le critère de fixation en droit d’auteur’, RIDA 1994, no. 150.

⁴¹ Great Britain Copyright, Designs and Patent Act 1988, art. 17, ss. 2 and 6.

be regarded as “music” for copyright purposes.⁴² In conclusion, all European States, whether they require fixation or not, seem to reach the same result: copyright work means a work capable of reproduction in a tangible form. It should be susceptible to being reproduced or published in one way or another. Therefore, as a French court explains, the requirement is mostly an ability to get form.⁴³

Another problem can be underlined. It is the question of the person responsible for the fixation. Let us come back to the French conferences’ cases. Should we conclude that an oral presentation cannot be allowed copyright protection, if it does not comply with the requirement of fixation in a material form? The second paragraph of Section 3 of the United Kingdom Copyright, Designs and Patents Act of 1988 states that in order to benefit from copyright protection a work must be ‘recorded, in writing or otherwise . . .’. Thus, an oral presentation would be protected by copyright law only following fixation by different means (stenography, recording . . .). However, ‘the fixation requirement will be satisfied even if the recording is carried out by someone other than the creator (with or without their permission)’.⁴⁴ From this, we conclude that an oral course given by a professor is protected in Great Britain, as soon as it has been fixed, with or without an author’s permission. But, in practice, in which case will the author have to defend his monopoly? When an unauthorized reproduction is done in order to be directly communicated to the public or to be used as a specimen for a representation? Because the United Kingdom copyright law does not specify who has to decide the fixation, the counterfeiter can both cause the protection and apply it. This interpretation could not be made under United States copyright law because it requires an authorized (or self-executed) fixation to obtain protection.⁴⁵ But most States accept the principle of protecting performances even if the work is not fixed.

Moreover, attaching great significance to the fixation criterion could also generate two kinds of trouble. First, ownership could be given to the person who recorded the work and incidentally caused the property. Furthermore, it could be tempting to consider the owner of the copy as the owner of the work. Last, this situation could generate a conflict between the author and the owner. *Accessorium sequitur principale* is not verified according to copyright. Whatever his power, the owner of a copy has no right in the protected

⁴² *Sawkins v. Hyperion Records Ltd* [2005] EWCA Civ. 565.

⁴³ TGI Paris, 2 October 2001, *Légipresse*, March 2002, no. 189, p. 23.

⁴⁴ Bently Lionel and Sherman Brad, *Intellectual Property Law*, Oxford: Oxford University Press, pp. 79–80.

⁴⁵ US Copyright Act §101.

work.⁴⁶ Second, it could become hard to distinguish between the protected work and the performance that is fixed in tangible form, and then to appreciate who is the owner. For instance, the Paris Court of Appeal had to deal with this case in 2004 in relation to a conjuring trick.⁴⁷ Even if the performance and the work are protected in the same way, the owners could be different.

2.3 *Fixation as evidence*

Non jus deficit sed probatio. Whatever the requirements for obtaining copyright protection, in case of infringement, the right holder must prove the reality of his work and often his precedence. As a judicial fact, evidence is free. All means of proof should be available. In this way, fixation is interesting, particularly if the copy is made with durable material. It is the most important reason why fixation is sometimes required. The fixation requirement was intended to secure the identification of works in which copyright was exercised.⁴⁸ But fixation will never be as strong as an official deposit which is a formality forbidden according to article 5(2) of the Berne Convention. The judge is still free to trust the fixation which is brought or not brought and consequently to estimate the work's date of birth. In most cases, the fixation date will be regarded as the date of the creation and therefore as the beginning of the protection.

Without any material that could be considered *lato sensu* as a fixation, jurisdictions are not able to make comparisons between the two litigated works. Testimonies do not suffice to prove a counterfeit. The total lack of fixation controlled by the right holder or an illegal fixation merely committed by the defendant would create many difficulties in enforcing copyright. Copyright exists in theory but right holders are unable to make it respected. This solution is also implemented in countries such as France which traditionally attach great value to the act of creation because of a high level of moral right protection. For instance, the Paris Court of Appeal rejected a teacher's claim. His psychotherapy course was copied and published by one of his students. Because of the lack of fixation, the court was not able to compare the oral course with the book.⁴⁹ Judges remark that the work has no 'tangible'

⁴⁶ For instance, Vaux le Vicomte gardens are not an accessory property of the company to whom the castle belongs. Paris Court of Appeal, 11 February 2004, PI, July 2004, no. 12, obs. Lucas André, p. 773.

⁴⁷ Paris Court of Appeal, 17 December 2003, Comm. Comm. Electr., May 2004, p. 27.

⁴⁸ Gendreau Ysolde, 'Le critère de fixation en droit d'auteur', RIDA 1994, no. 159, p. 178.

⁴⁹ Paris Court of Appeal, 17 December 2003, Comm. Comm. Electr. 2004, comm. 51, 2e esp., note Caron Christophe.

form. Consequently, even in countries which do not require fixation as a general principle, it is needed as evidence in special cases. For instance, this is the case for audiovisual works in Germany or choreographies, circus shows and pantomimes in France.⁵⁰ Because these States belong to the author's right tradition, the requirement is mostly understood as a criterion *ad probationem* and not *ad validitatem*.⁵¹

As we have already said, information technologies are affected by the question of fixation considered as a requirement or simple evidence. Indeed, computers and networks in general (local or Internet) offer many ways to record or to keep marks of a work. In our digital world where more and more works are created or disseminated using a computer, it becomes easier and easier for a right holder to prove the reality of the creation. Much more, many tools are available to supervise the network and could mark out unauthorized uses.

⁵⁰ Article L. 112-2, 4, French Intellectual Property Code.

⁵¹ Paris Court of Appeal, 17 December 2003, *Propriétés Intellectuelles*, 10 January 2004, p. 537, note Sirinelli Pierre.

7 Duration of copyright

*Yves Gaubiac, Brigitte Lindner and John N. Adams**

Introduction

The First Protocol (1952) to the European Convention on Human Rights Article 1 provides for the protection of private property. It provides:

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.¹

These provisions protect incorporeal interests such as patents and other intellectual property.² They contain three rules:

- (1) the peaceful enjoyment of property;
- (2) the regulation of the deprivation of possessions, making it subject to certain conditions;
- (3) contracting states are entitled, however . . . to control the use of property in accordance with the general interest.³

It would appear to follow from the above that, when the term of copyright is altered, it should not be done in a way which divests owners of the unexpired part of their copyright term.

* © Yves Gaubiac 2007. Yves Gaubiac wrote the section relating to France. © Brigitte Lindner 2008. Brigitte Lindner wrote the section relating to Germany. John Adams wrote the section relating to the United Kingdom. We thank Miss Widiané Laqlach (Master 2 Contract of businesses and credit, Université d'Evry Val d'Essonne) for her assistance in gathering information and checking some points in this chapter.

¹ Human Rights Act 1998 Schedule 1.

² *Smith Kline & French Laboratories v. The Netherlands* Case 12633/87, 66 DR 70, 79 (1990).

³ *Sporring and Lönroth v. Sweden* A52 para 61 (1982). See Harris, Boyle and Warbrick *Law of the Convention on Human Rights*, Butterworths, 1995, p. 517.

1. France

Many European directives governing the right of intellectual property modify national rights, including those of France.

France has experienced new rights and new protections which appeared with the technological developments and the need to protect them. Neighbouring rights appeared with the law of 3 July 1985. Protection of software and databases forms part of intellectual property. This has a double mode, that of the copyright and a *sui generis* right. In the midst of concerns about intellectual property, the question of the term of the rights founded by legislation arises.

The term of copyright did not cease increasing with the amendments. The laws of 1793 had increased the term from five to ten years post mortem. Then the term passed to 20 years with the decree of 5 February 1810, to reach 50 years post mortem with the law of 14 July 1866 and that of 11 March 1957. More recently, with the law of 3 July 1985, the French legislator lengthened the term to 70 years post mortem, but only for musical works. It was following the Directive of 29 October 1993, with the law of 27 March 1997, that the French legislator extended to all works the 70 year term post mortem. Indeed, this Directive lengthens the term of copyright, extending it from 50 to 70 years post mortem. Before the application of the Directive, the terms of protection differed from one country to another. Germany had already generalized the 70 year term post mortem, while France applied this term only to musical works. The 50 year term post mortem applied to other works, in accordance with the minimum fixed by the Berne Convention in its article 7. The Member States of the Berne Union have the option to apply a longer term of protection. Harmonization in the European Union was thus done in the direction of a higher degree of protection.

The French law implementing the Directive, dated 27 March 1997, related to copyright and neighbouring rights, software, and indirectly databases since they are likely to be protected by copyright. Article 13 of the Directive forced Member States to carry out the implementation before 1 July 1995, which France did not respect. The question of the conflict of laws in time arose many times. How to settle points of transitory law and recall to protection works that had already fallen into the public domain? Countries being free to adopt the solutions necessary to carry out the implementation, France carried out certain measures in order to ensure respect for acquired rights. It tried to seek a balance with the interests of right holders, but in an unclear drafting.

We shall review the increase in the term of copyright in France (Section 1.1), followed by an analysis of the term of protection of the new rights founded in 1985 and 1998 with the transitional measures (Section 1.2).

1.1 Increase of the term of copyright in France

TERM OF PROTECTION OF COPYRIGHT

THE 70 YEAR TERM It is important to recall that, in France, only the term of economic rights (*droits patrimoniaux*) are concerned. Indeed, the moral rights of the author remain perpetual.

The substitution of 70 years for 50 years was justified, according to paragraph 5 of the preamble of the Directive of 29 October 1993, by the lengthening of life expectancy. Article L.123-7 of the the Intellectual Property Code ('IPC') fixes the term: protection runs for the life of the author and 70 years after his death to the profit of its successor. This applies to all patrimonial rights, mainly the resale right for the benefit of the author of an original work, the right of reproduction and the right of representation. The 70 year term starts from the end of the civil year of the death of the author. Then, works fall into the public domain, where thus anyone can use them.

SPECIFIC CASES In certain cases, the starting point is not the date of death of the author.

The starting point of protection for works of collaboration did not change. It is calculated as from the death 'of the last surviving joint author' according to article L.123-2, paragraph 1, of the IPC. The article is supplemented by paragraph 2, which states that for audiovisual works, the term always has as its starting point the death of the last surviving joint author, but the list of joint authors of audiovisual work is now limited. Only the following joint authors are taken into account: the director, the scenarist, the author of the dialogues and the composer. It should be pointed out that this list, which is exhaustive, does not correspond any more to the list of the supposed joint authors of audiovisual work which appears in article L.113-7 of the IPC. Indeed, the adaptor, who has the status of supposed joint author of audiovisual work in this article, is not mentioned in the list given under article L.123-2 IPC.

With respect to collective and anonymous works, the term is increased to 70 years as from 1 January of the year which follows the publication. If the author raises anonymity, the general rule applies. If anonymous or collective work was not published in the 70 years from its creation, article L.123-3 IPC grants to the owner of the work which takes the initiative for the publication, a 25 year protection from 1 January of the year which follows publication.

The regime of posthumous works was also modified (article L.123-4 IPC). If work is published in the 70 years which follow the death of the author, then the general rules of article L.123-1 apply. Nevertheless, if publication occurs only after this time, then the term of the right is only 55 years as from 1 January following publication.

CONSEQUENCES OF THE INCREASE IN THE COPYRIGHT TERM

France was late in carrying out the implementation of the Directive. Consequently, it could not introduce criminal prosecutions of the infringements made before the implementation law of 27 March 1997, in order to respect the principle of the French Constitution concerning the non-retroactivity of criminal laws. This delay resulted in giving only partial retroactive effect to the law on 1 July 1995, the date of application of the stipulations relating to term, the criminal provisions coming into effect on 28 March 1997, the date of publication of the law of 27 March 1997. Indeed, before this publication, third parties owning rights ignored the provisions concerning the revival of authors' rights. Moreover, in the text of paragraph III of article 16 of the French law, the date of 1 January 1995 appeared instead of 1 July 1995 as envisaged by the Directive. This detail, which had caused problems of interpretation, was rectified on 3 July 1997 by a publication of the Official Journal.

REVIVAL OF RIGHTS The harmonization of the legislation caused a conflict of laws over time. What happened to works which had fallen into the public domain whose author had been deceased for a period ranging between 50 and 70 years? Did these works have to reappear with protection? The question had already arisen in 1866, when the term of protection had passed to 70 years post mortem. Eminent representatives of the French doctrines like Pataille and Pouillet had decided in favour of the revival of the rights. The Directive has chosen the revival of rights and recalls works to protection under certain conditions, while obliging Member States to respect the acquired rights. This revival of protection caused many questions. The French implementation law, according to article 10.2 of the Directive, lays down that only works which are protected in at least one Member State on 1 July 1995, will be able to reappear with protection in the other countries of the European Union where they had fallen into the public domain.

But what happens to the rights of third parties in the presence of a work that reacquires protection? Article 16 of the law of 27 March 1997 organizes this revival of protection. It is advisable to analyse this article.

But before tackling this question, we must describe the extensions of war which France expressly did not remove in the law of 27 March 1997.

QUESTIONS OF THE EXTENSIONS OF WAR: A FRENCH EXCEPTION France maintained the extensions of war [*sic*]. This question was the object of many debates between those who believed in the survival of these extensions, and those who advocated their disappearance. The polemic around this point arose owing to the fact that the relevant articles of the IPC were not deleted, and that this extension was kept because different terms remained.

The French Supreme Court – Cour de Cassation – has clarified the position to be adopted on the matter. Indeed, by two decisions dated 27 February 2007, the Court refused the addition of the extensions of war to the term of 70 years protection. The extensions of war are thus included within the 70 years. The judges interpreted the internal rights in the light of European legislation, while following the will to harmonize the legislation of the Member States.

However, the extensions of war did not definitively disappear. Certain exceptions were maintained, in accordance with the rule of the Directive in respect of acquired rights. Article 10.1 of the Directive provided that ‘Where a term of protection, which is longer than the corresponding term provided for by this Directive, is already running in a Member State on the date referred to in Article 13 (1), this Directive shall not have the effect of shortening that term of protection in that Member State’.

It is necessary to mention the case of the works of authors described as having ‘died for France’, as is envisaged by article L.123-10 IPC. This concerns authors whose lives ended because of the war. The description, ‘died for France’, must be indicated on the death certificate. For the moment, these works escape from the unification, since a term of 30 years is added to the term of 70 years post mortem. Indeed, respect for the acquired rights stipulated in paragraph 9 of the preamble of the Directive lays down that one continues to benefit from these extensions if, while being placed at 1 July 1995, it had already the right of the 30 year term. What if the 30 year term had not yet begun at 1 July 1995? Do we have to apply the solution of the decision of 27 February 2007 of the Cour de Cassation? If one follows the opinion of Mr Thibault Lancrenon,⁴ the extensions granted to authors who died for France should not be able to escape harmonization of the legislation. However, Mr Thibault Lancrenon, together with other authors, shows a certain hesitation over this extension which is related to periods of war, and which was created especially in favour of heirs to compensate for the economic damage resulting from the premature death of an author who thus could not continue his creative work. The Cour de Cassation did not have to come to a conclusion about this type of extension for the moment. One cannot consider that the question has been solved in one direction or another.

Thus, this would result in a position which can appear somewhat shocking because this respect for the acquired rights can lead to a disparity in the terms of protection. At the same time, to aspire to a perfect harmonization of legislation in the short term can be a little utopian.

⁴ *Impression soleil couchant . . . pour les prorogations de guerre*, Com. Com. Elect. no. 7, July 2007, Study 17.

Let us return to the consequences of the restoration of rights and respect for acquired rights.

RESPECT FOR ACQUIRED RIGHTS France respected acquired rights scrupulously as the Directive recommended. Article 16, III, of the law of 27 March 1997 organizes this transitory right. All the licit acts of exploitation made before the coming into force of the law of 27 March 1997 are incontestable. Thus, a third party who exploits works which are in the public domain can continue to exploit longer than in the other countries of the European Union, since the selected deadline is not that of 1 July 1995, but that of 27 March 1997.

The law of implementation states, moreover, a kind of compulsory licence, since it allows these third parties the continuation of exploitation for one year, starting from 28 March 1997. One could say that this additional term was to allow negotiations between the owner of the rights on the work and the third party who had the right to exploit the work. But it was rather understood as a brake upon the revival of protection. This one year extension also applied to the exploitation of derived creations.

Moreover, a favourable regime was introduced for audiovisual works which would have been made, before 30 March 1997, the object of a contract of adaptation registered at the Public Register of Cinematography. The owners of the rights cannot come into conflict with this registration; they are entitled only to remuneration. Another exemption was implemented for the contracts of edition: if, under the terms of the contract signed with the author, the editor was invested of copyright for the legal term of protection, then the prolongation of rights is not worth an extension of the contract. But an exception is brought there, an exception which somewhat empties this rule: the author cannot grant rights to another editor without having first proposed a transfer to his current editor.

Now let us examine the transitional measures relating to the term of protection of the new rights established in 1985 and 1998.

1.2 Diversity of the terms of protection of the new rights in France

The rights founded under the law of 3 July 1985 for the neighbouring rights and software, and in the law of 1 July 1998 for databases were applied as from a certain moment. We will examine this question.

Although the databases seem to belong to the neighbouring rights, we will treat them separately, because of the fact that the French legislator regulated them in a specific title.

NEIGHBOURING RIGHTS

On 3 July 1985, the French Parliament unanimously voted for a law which granted, under the neighbouring rights, patrimonial rights to performers

(together with moral rights for performers), producers of phonograms and videograms and audiovisual communication companies.

Neighbouring rights thus enjoy a moral right. Although the law does not specify it, this moral right is perpetual. The term of the patrimonial rights of the neighbouring rights is 50 years, a term which runs from 1 January of the calendar year which follows the year of performance. In order not to be in a situation where the moral right ended before the expiry of patrimonial rights, it thus should be considered that the moral right of a performer is perpetual just like that of an author.

Article L.211-4 IPC states that the term of protection of the neighbouring rights is 50 years for the performance: 'from a January of the calendar year following that of the first communication to the public of the performance of the work, its production or the programs'. The law of 1985 founding the neighbouring rights caused difficulties of application over time. The travaux préparatoires had raised these difficulties, and, according to the Minister for Culture, one could hold account only productions or services communicated to the public after 1935. It should be added that the rights were due only for exploitations made after the entry into force of the law. Furthermore, if the rights had already been paid, one considered that there would not be a second payment.

The law of 27 March 1997 does not bring significant changes concerning the term of protection of neighbouring rights. Article 11 of the implementation law provides that the term of protection remains fixed at 50 years, which was already the case for France since the law of 1985. Nevertheless, article 12 of the aforesaid law created a new article L.211-5 IPC, concerning the term of protection of an owner of a neighbouring right who is not a national of a Member State of the European Community. The article states that: 'Subject to the provisions of international treaties to which France is party, the owners of neighbouring rights who are not nationals of a Member State of the European Community shall be given the term of protection provided for in the country of which they are nationals, but that term may not exceed that provided for in Article L.211-4.' If the foreign law stipulates a term shorter than 50 years, then it applies; if the protection provided by the foreign law is longer, protection will be limited to 50 years.

According to the law of 1985, the beginning of protection was single, that is, 1 January of the calendar year following that of the first communication to the public of the performance of the work, its production or the programmes of audiovisual communication companies. It was not essential that the performance was created, that the phonogram or the videogram was carried out more than 50 years before the aforementioned communication to the public. On the other hand, according to the implementation law, the beginning of the 50 years protection is on 1 January of the calendar year following the date:

- of interpretation for the performer. However if a fixation of the performance is made available to the public, by means of material specimens, or communicated to the public during the period defined in the first paragraph, the patrimonial rights of the performer expire only 50 years after 1 January of the calendar year following the first of these facts;
- of the first fixation of a sequence of sound for phonogram producers. However if a phonogram is made available to the public, by means of material specimens, during the period defined in the first paragraph, the patrimonial rights of the producer of phonograms expire only 50 years after 1 January of the calendar year following this fact. In the absence of copies of phonograms available to the public, its rights expire 50 years after 1 January of the calendar year following the first communication to the public;
- of the first fixation of a sequence of images, with or without sound, for producers of videograms. However, if a videogram is made available to the public, by means of material specimens, or communicated to the public during the period defined in the first paragraph, the patrimonial rights of the producer of the videogram expire only 50 years after 1 January of the calendar year following the first of these facts;
- of the first communication to the public of the programmes of audiovisual communication companies.

DATABASES: TWO PROTECTIONS AND TWO TERMS OF PROTECTION

The protection of databases started in France with the *Microfor* decision of the French Supreme Court dated 9 November 1983. The legal protection was implemented by law 98-536 of 1 July 1998 implementing Directive 96/9/CE of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases in the IPC. The French law of 1 July 1998 protects databases by copyright and by a *sui generis* regime for databases which would not meet the standard of copyright when their realization results from a substantial investment of human, technical and financial resources.

Copyright confers traditional moral rights on a work: exclusive right of disclosure of work, right to the integrity and patrimonial rights to object in particular to any representation or reproduction, integral or partial, without the authorization of the owner of the rights. It is the same for the translation, adaptation or transformation of the database. As regards databases, the protection granted by copyright covers only the structure of the database and not data. Protection by the *sui generis* right benefits the producers of the databases, namely the people who take ‘... the initiative and the risk of the corresponding investments’ according to article L.341-1 of IPC. This *sui generis* protection of the producer is independent, and is exerted independently of that

resulting from the copyright or of another right on the database or one of its components. The *sui generis* protection of the producers of databases remains subject to conditions, the accent being put on investment. This right can be presented as the right to prohibit the extraction and/or the re-use of the contents of the database.

Under the *sui generis* regime, article L.342-5 of IPC grants a term of 15 years protection. According to this article, the rights on such a database take effect starting from completion or making of the database. Paragraph 2 of article L.342-5 IPC states that when a database has been made available to the public within the 15 years of protection: ‘the rights shall expire fifteen years from 1 January of the calendar year following the date when the database was first made available to the public’. Lastly, paragraph 3 of this article states that if the database is the subject of a new substantial investment, its protection shall expire 15 years from 1 January of the calendar year following that in which this new investment was made.

As for the protection conferred by copyright, the data and/or the choice of the data and/or the structure will be, if they are original, protected by copyright. The term of protection is thus 70 years after the death of their author. The qualification of database is covered by copyright under article L.112-3, paragraph 1, IPC. This protection is provided when by the choice or the provision of the materials, they constitute intellectual creations.

If the database is regarded as being a collective work, the contents and the structure will be protected 70 years from 1 January of the calendar year following the publication date. Let us recall that collective work is ‘the work created at the initiative of a natural or legal person who edits it, publishes it and discloses it under his direction and name, and in which the personal contribution of the various authors who participated in its production are merged in the overall work for which they were conceived, without it being possible to attribute to each author a separate right in the work as created’ (article L.113-2, paragraph 3, IPC).

The implementation law of 27 March 1997 carrying the term of protection at 70 years, mentioned above, states rules concerning conflict of laws over time. It is appropriate, there, still to apply the general provisions of article 16 of the law of implementation which respects the acquired rights.

The law of 1 July 1998, in its article 8, protects the databases completed since 1 January 1983. But these databases must satisfy the conditions defined in Title IV of Book III of the IPC, that is, the provisions modified by the law of 1 July 1998. The last paragraph of article 8 of the aforesaid law lays down a condition with the retroactive application of protection: ‘Protection applies without prejudice of the acts concluded and the agreements made before the date of coming into force of this law.’ As for the starting point of the term of 15 years protection, it was fixed at 1 January 1998. One thus made a retroac-

tive application of the law to the former databases, subject to the above-mentioned conditions.

PROTECTION OF SOFTWARE

The idea of protection of software penetrated European mentalities only in the year 1970, and this was accepted with difficulty, opinions being divided on the question of originality. To put an end to uncertainty, the law of 3 July 1985, supplementing on many points the law of 11 March 1957, was ready to admit the protection of the software by copyright.

This situation led to a pragmatic adaptation of copyright for the needs of the software industry. It is from this point of view that one can better understand the modification of some essential principles of copyright. The patrimonial rights over the software and their documentation are reserved by will of the law for the employer, since those are created by one or more employees, provided that these creations are carried out 'in the exercise of their duties or following the instructions given by their employer'. This rule undermines the principle according to which an author keeps the property of the rights over his work, whatever the employment relationship which binds it to an employer or a customer (article L.111-1 paragraph 3, IPC). According to article L.121-7 IPC, the author of software cannot oppose modification of the software by the assignee of the rights where such modification does not prejudice either his honour or his reputation.

The old article L.123-5 IPC, resulting from the law of 3 July 1985, limited the term of the patrimonial rights relating to the software to 25 years as from their creation. One had compared the software to works of applied art for which the Berne Convention appoints this term. The law of 1994 implementing the 1991 Directive returns to the general rule of protection of software during 50 years post mortem. Today, with the law of 27 March 1997, the software follows the regime of copyright and is protected for 70 years post mortem.

With regard to the question of the revival of the protection for software, article 10.2 of the Directive harmonizing the term of protection states the rule according to which if software that had fallen into the public domain were still protected in at least one Member State, it reappears with protection. Article 16 III of the French implementation law laid down many exemptions in order to respect acquired rights and the interests of everyone. However, no special mention is made of software. It is thus necessary to apply the rules studied above concerning copyright.

Today, one may note that the term of protection of software varied according to its creation date and the law under which it was covered. This discordance between the terms comes from the succession of laws which all brought a different answer to software protection.

The law of 11 March 1957 had fixed the term of protection of patrimonial rights to 50 years post mortem. Then the law of 3 July 1985 had fixed the term of protection of software to 25 years, according to article 48, which became article L.123-5 of IPC. Article 66 of the aforesaid law had laid down the coming into force of the provisions as of 1 January 1986. Software created before 1 January 1986 concerned the law of 11 March 1957 and was protected for 50 years post mortem, whereas software created after 1 January 1986 was protected for 25 years as from its creation.

The term of protection of software was then modified by the law of 10 May 1994 concerning the legal protection of computer programs, which came to implement the Software Directive of 14 May 1991. In its article 9, this law repealed the text resulting from the law of 3 July 1985. One could note a return to the general rule which meant, at the moment when the measure was adopted, a return to the term of 50 years protection post mortem. The removal of article L.123-5 IPC created an obvious problem of conflict of laws in time. Was a protected work until 1993 to reappear with protection? There still, the Directive harmonizing the term of protection in its article 10.2 stated that a work which ceased being protected in a Member State, provided that it is protected in another Member State, shall reappear with protection and this for the new term envisaged by the Directive. Article 10.3 specifies that the Directive ought to be understood 'without prejudice to any acts of exploitation performed before the date referred to in Article 13 (1)'. Obviously, the Directive left to Member States responsibility for organizing this protection of the acquired rights of third parties: 'Member States shall adopt the necessary provisions to protect in particular acquired rights of third parties.'

The French law of implementation introduced into its article 16 the necessary measures. It draws aside the criminal prosecutions relating to infringements made before the date of publication of the law. The protection of the acquired rights before 1 July 1995 – date of coming into force of the law – is reaffirmed. Those works that have fallen into the public domain can reappear with protection only if they were still protected in at least one Member State. Article 16 lays down a one year term as from the date of coming into force of the law, during which the owners of the rights cannot come into conflict with the exploitation of work, if the exploitation had been legally committed before this date. Therefore, except for the case of software created before the law of 10 May 1994, the term of protection of the software covered by this law is 50 years post mortem.

One might think that the term of rights on software would be the subject of special mentions in each new Directive. However, the Directive of 29 October 1993, harmonizing the term of protection of copyright and certain related rights, introduced a general scheme over the term of rights. The term of protection was lengthened to 70 years post mortem. The transitory problem of rights

was regulated by the Directive and the implementation law which again treated in a faithful way respect for acquired rights. A computer program having fallen into the public domain in 1996 can reappear with protection and be protected by the 70 year term, if it is still protected in at least one Member State of the European Union at the day of coming into force of the law. Concerning the transitional provisions for software which arise from article 16 of the law of 27 March 1997, we return to the analysis made previously for copyright.

The term of protection of software is less alarming, since it largely covers the life expectancy of the computer program. Moreover, the term of rights concerning software relates only to patrimonial prerogatives, the moral right obviously remaining perpetual.

2. Germany

Germany has existed as one individual state only since 1871. Before then, Germany was composed of independent territories which were loosely united in the German Union ('Deutscher Bund') from 1815 and later in the North-German Union ('Norddeutscher Bund'). Several of these territories had adopted copyright laws in the early 19th century such as the Prussian Law on the protection of the property in works of science and art of 11 June 1837.⁵

On 11 June 1870, the North-German Union adopted the Law on Author's Right in literary works, illustrations, musical compositions and dramatic works which was made applicable in the newly founded German State from 1871. It was later complemented by two further laws adopted on 9 and 10 January 1876 with regard to the protection of artistic and photographic works respectively. Since 1871 the term of protection for author's right and later for related rights has undergone several alterations. Whether the author could continuously enjoy his literary and artistic property on each occasion will be explored below with regard to works in general, the term applying to photographs and the duration of related rights.

2.1 Works in general

Over the years, the general term of protection for works increased considerably from 30 years p.m.a in the Law on Author's Right of 1870 to 70 years p.m.a. in the Law on Author's Right of 1965. It will be examined in more detail below to what extent authors could benefit from these term extensions.

⁵ See summary of history of German author's right in Sterling, *World Copyright Law*, 2nd edition, 2003, paras. 1.12 and 2.18; Schricker-Vogel, *Urheberrecht*, 3rd edition, 2006, Einleitung, notes 66 et seq.

2.1.1 LAW OF 11 JUNE 1870

The Law of 11 June 1870 provided for a general term of protection for works of 30 years p.m.a. A general term of 30 years p.m.a. had already existed under the Prussian Law of 11 June 1837 and was extended by the German Federal Assembly in 1841 to apply in all other Federal German territories, primarily in order to secure copyright in the works of Goethe and Schiller until 1867.⁶

2.1.1 LUG/KUG

Authors' rights legislation was subsequently revised and the 1870 Law replaced by the Law on Author's Right in Literary and Musical Works ('LUG') of 19 June 1901⁷ which entered into force on 1 January 1902. A further Law on Author's Right in Artistic Works and Photography ('KUG')⁸ was adopted on 9 January 1907 with effect from 1 July 1907. Both the LUG and KUG were further amended in 1910.^{9 10}

The 30 year term of the 1870 Law continued to apply both under § 29 LUG and § 25 KUG, except for photographs. However, for the term of protection under § 29 LUG to expire, two conditions had to be fulfilled: the author must have been dead for 30 years *and* a period of 10 years must have elapsed since the publication of the work. In practice, this led to an unlimited protection of unpublished works, which was remedied only when the Law on Author's Right and Related Rights was adopted in 1965.¹¹ Since under the KUG copyright could vest either in a natural person or, under certain circumstances, a legal entity, the 30 year term ran in the first case from the death of the author and in the second case from the publication of the work (§ 25(2) KUG).

The protection provided for under the LUG and the KUG was made applicable also to works which already existed on the date of entry into force (§ 62 LUG and § 53(1) KUG). The legislator further made provision to protect the interests of those who had invested in making lawful copies of works in accordance with the provisions previously in place. § 63 LUG thus provided that the manufacture of copies which were hitherto allowed but prohibited under the provisions of the LUG could be completed and copies distributed provided the

⁶ Schricker-Vogel, *ibid.*, Einleitung, note 68.

⁷ Gesetz betreffend das Urheberrecht an Werken der Literatur und der Tonkunst of 19 June 1901, published in RGBl. 1901, p. 227.

⁸ Gesetz betreffend das Urheberrecht an Werken der bildenden Künste und der Photographie of 9 January 1907, RGBl. 1907, p. 7.

⁹ Law of 22 May 1910, RGBl. 1910, p. 793.

¹⁰ For a review of both the LUG and KUG see Ladas, *The International Protection of Literary and Artistic Property*, 1938, Vol. II, pp. 1026 et seq.

¹¹ Schricker-Katzenberger, *Urheberrecht, Kommentar*, 3rd edition, § 64, note 54.

manufacture had begun before the entry into force of the LUG, that is, before 1 January 1902. Equipment for the making of such copies could also still be used until the expiry of a period of six months, that is, until 30 June 1902. Similar provisions could be found in § 54 KUG.

Hence the legislator attempted to strike a balance between the interests of the author in owning the benefits of the extended term and those who had carried out acts of exploitation prior to the term extension in the belief that they could continue to freely do so.

2.1.3 LAW ON THE PROLONGATION OF THE TERM OF PROTECTION FOR AUTHOR'S RIGHT OF 13 DECEMBER 1934

The term of protection for works was extended to 50 years by the Law on the prolongation of the term of protection for author's right of 13 December 1934, in force from 20 December 1934.¹² § 1 of the Law amended § 29 LUG and § 25 KUG respectively.

Pursuant to the transitory provision in § 2 of the Law, all existing works which had not yet fallen into the public domain on 20 December 1934 benefited from the term extension.

As far as copyright contracts concluded before the entry into force of the Law were concerned, the following rather contradictory rules applied in accordance with § 2: where an author's right had been transferred in full or in part, such transfer, if in doubt, would not cover the extension of the term of protection. On the other hand, where an author's right had been transferred or licensed, the other party remained entitled to make use of the work subject to the payment of an equitable remuneration. There was at first much debate as to how these contradictory rules should be understood and applied in practice, a question which has now been solved by the Federal Supreme Court (BGH). The case law of the Federal Supreme Court interpreted the provision as allowing the transferee/licensee to continue the use of the work in accordance with the contractual stipulations with the author also during the term extension, if in doubt, that is, if there are no clear intentions expressed to this effect in the contract.¹³ Nonetheless, since § 2 of the Law was also conceived as an author-friendly provision, the remuneration to be paid for such continuous use had to be adequate. The Federal Supreme Court therefore took the view that the originally negotiated remuneration had to be increased if in consideration of the new circumstances it could not be considered adequate for the use of the work

¹² Gesetz zur Verlängerung der Schutzfristen im Urheberrecht of 13 December 1934, published in RGBl. 1934 II, p. 1395.

¹³ BGH GRUR 1975, 495 – *Lustige Witwe*; BGH GRUR 2000, 869, 870 – *Salome III*.

in the prolonged term.¹⁴ Thus, the Court attempted to strike a balance between the interests of the author and his contractual partner.

2.1.4 LAW ON AUTHOR'S RIGHT AND RELATED RIGHTS OF 9 SEPTEMBER 1965

The term of protection for works in general was finally extended to 70 years after a substantial law reform when the new Law on Author's Right and Related Rights ('UrhG')¹⁵ was adopted on 9 September 1965 (see §§ 64–9 UrhG). The provisions governing the term of protection for works in §§ 64 to 67 and § 69 UrhG entered into force on 17 September 1965 whereas most other provisions became effective only as of 1 January 1966. The reason was to allow works of authors back in 1915 to benefit from the term extension which would have already expired on 1 January 1966.

Pursuant to § 129(1) UrhG, the term of 70 years applied to all works which were still protected on 17 September 1965, the date of entry into force of the provisions governing the term of protection for works. As already indicated, this means that works of authors who were still alive in 1915 could benefit from the term extension to 70 years back in 1965.

Where copyright had been transferred or licensed before the entry into force of the UrhG, § 137(2) UrhG provides for a legal rule of interpretation for contracts: if in doubt, the transferee or licensee is deemed to benefit from the term extension with regard to the rights which had been transferred or licensed, but in general not with regard to any new rights that were introduced by the UrhG (§ 137(1) UrhG). 'Doubts' exist in cases where the contract does not transfer or grant the rights for a fixed period. For example, where a contract has granted rights for the duration of copyright, a doubt in the sense of § 137(2) UrhG would exist and the rule of interpretation provided therein would apply.¹⁶ Where the transferee or licensee benefits from the term extension, he/she is obliged to pay an equitable remuneration for the use of the work in cases where it may be assumed that a higher remuneration would have been agreed had the author known the longer term. A remuneration is payable if it is to be assumed that a higher remuneration would have been agreed if the extended term had been known at the time (§ 137(3) UrhG).

The rules in § 137(2)–(4) UrhG have been criticized in legal doctrine as favouring the user against the author.¹⁷ Nonetheless, with few exceptions,¹⁸

¹⁴ BGH GRUR 2000, 869, 871 – *Salome III*.

¹⁵ Gesetz über das Urheberrecht und verwandte Schutzrechte of 9 September 1965, published in BGBl. I 1965, p. 1273 – 'UrhG'.

¹⁶ BGH GRUR 1975, 495/496 – *Lustige Witwe*.

¹⁷ Schricker-Katzenberger, *op cit.*, § 137, note 12; see also observations of BGH in *Salome III*, GRUR 2000, 869, 870.

¹⁸ See § 137a UrhG.

the basic model contained in §§ 129 and 137 UrhG is maintained throughout the law. This means that in general works enjoy the term extension if they are still protected at the time the extension takes effect, with the author being the usual beneficiary unless the author's right has been licensed in which case the licensee is entitled against payment of a remuneration to use the work.

Like the LUG and KUG, the UrhG also contains a provision permitting the completion of the manufacture of copies where the reproduction was permitted and had begun before the entry into force of the UrhG. Such copies and those already existing on 1 January 1966 could be freely distributed without the obligation to pay a remuneration to the right owner (§ 136 UrhG).

Finally, a specificity existed with regard to unpublished works of deceased authors which pursuant to § 29 LUG benefited from a term of protection of 10 years from publication in addition to the 50 year p.m.a. term, with the consequence that copyright in unpublished works would subsist and not expire. Where works of deceased authors had been published before 17 September 1965, § 29 LUG continued to govern the term of protection (§ 129(2) UrhG). However, for works of deceased authors which had not been published before 17 September 1965, the new Law on Author's Right applied. In order to avoid the unintended perpetual protection of unpublished works,¹⁹ the legislator created in 1965 a new legal regime: a protection of 10 years from publication was introduced in § 64(2) UrhG for works of deceased authors which had been published after 17 September 1965 between the 60th and 70th year of protection. This provision was repealed when the EC Duration Directive was implemented in 1995, but may nonetheless still be relevant for the calculation of the term of protection of older works since its non-respect could shorten a term which was already running on 1 July 1995 (§ 137f (1) 1 UrhG). In addition, the legislator introduced in 1965 a further provision in order to take care of the publishers' interest in works of deceased authors which remained unpublished during the course of the term of protection: § 71 UrhG grants the publisher of a work published for the first time after the expiry of the term of protection of the author's right a related right for a period of 25 years from publication.

2.1.5 GERMAN REUNIFICATION TREATY OF 3 OCTOBER 1990

A further challenge in the area of terms of protection presented itself to the German legislator when Germany was reunited with effect from 3 October 1990. Article 8 in connection with § 1 of Annex I, Chapter III of the Reunification Treaty of 31 August 1990²⁰ led to the application of the UrhG

¹⁹ Schricker-Katzenberger, *op cit.*, § 64, note 54.

²⁰ Vertrag vom 31. August 1990 zwischen der Bundesrepublik Deutschland und der Deutschen Demokratischen Republik über die Herstellung der Einheit Deutschlands (Einigungsvertrag) of 31 August 1990, published in BGBl. II 1990, p. 885.

in the territory of the former German Democratic Republic ('GDR') while the GDR's Law on Author's Right lost effect.

Pursuant to § 1 Annex I, Chapter III of the Reunification Treaty, the provisions of the UrhG of the Federal Republic of Germany ('FRG') apply to works which were in existence at the time the reunification became effective. Since the general term of protection for works under the former law of the GDR amounted to only 50 years p.m.a. instead of 70 years p.m.a. in the FRG, works of authors who had been deceased more than 50 years before the entry into force of the Treaty would have been in the public domain in the GDR, while similar works could still have been protected in the FRG. Also the FRG granted works originating in the GDR the full 70 years term whereas the GDR protected works originating in the FRG for only 50 years in application of the comparison of terms rule. This led to a situation in which all German authors enjoyed a different term of protection for the same work in the other part of Germany. In an attempt not to perpetuate this undesirable situation, the German legislator decided not to apply the general rule in § 129 UrhG which would have required that the work was still protected in accordance with the provisions of the Law of the former GDR for protection to apply under the UrhG. Instead, in view of the exceptional situation and in order to harmonize the term of protection swiftly, the legislator allowed for a revival of protection. As a result, § 1(1) 2 of Annex I, Chapter III of the Treaty provides that the provisions of the UrhG apply even in cases where the term of protection had already expired in accordance with the Law on Author's Right of the GDR. Consequently, works which had not yet fallen into the public domain on 3 October 1990 enjoy protection under the UrhG for the remainder of the 70 year term despite any provisions to the contrary which may have been contained in the law of the former GDR. Thus the Treaty leads to a revival of protection of works in the territory of the former GDR.

As far as the enjoyment of the benefit of the revived protection is concerned, § 3 of the Treaty follows closely the basic model employed in § 137 UrhG: where a right to use had been granted, the licensee is deemed to benefit from the revived protection, if in doubt and subject to the payment of an equitable remuneration.

The Reunification Treaty also protects the interests of all those who had begun to carry out acts of exploitation legitimately before 1 July 1990. § 2 of the Treaty provides that a hitherto lawful use may be continued after 3 October 1990 subject to the payment of an equitable remuneration, except in cases where this would be unusual. The protection of acquired rights does not apply to acts of exploitation carried out after 1 July 1990 since at that stage the user could have been well aware that his use would become unlawful. Acts completed by 3 October 1990 would in any event have been governed by the former Law on Author's Right of the GDR.

2.1.6 THIRD LAW TO AMEND THE LAW ON AUTHOR'S RIGHT OF 23 JUNE 1995

The purpose of the Third Law to amend the Law on Author's Right of 23 June 1995²¹ was to implement the EC Duration Directive²² in German law. The Duration Directive introduced a general 70 years p.m.a. term for works as a Community-wide rule, which Germany had already enacted in 1965. Nonetheless, the transitional provisions are of importance also for authors' rights. As in other cases of alterations of the term of protection, the new provisions apply to works which were still in protection on 1 July 1995 (§ 137f (1) 2 UrhG). There are two important exceptions to this rule.

First, the application of the new provisions must not shorten a term of protection which was already running on 1 July 1995 (§ 137f (1) UrhG). Where this is the case, the provisions of the law which were in force until 30 June 1995 govern the term of protection. This provision is of practical importance, particularly for older unpublished works of deceased authors which were initially protected under § 29 LUG²³ and for older film works.²⁴ Hitherto, the term of protection for films ran from the death of the last surviving co-author. After the implementation of the Duration Directive only a selected group of contributors (the principal director, the author of the script, the author of the dialogue and the composer of the music specifically composed for the film) is decisive for the term of protection. This can lead to a shortening of the term of protection where one of the co-authors, who previously determined the term of protection, outlives the four above-mentioned contributors.

Secondly, following the example in the Reunification Treaty, the EC Duration Directive provides for a revival of rights which is implemented in § 137f (2) UrhG. The aim of the revival at Community level was to achieve as quickly as possible a harmonization of the terms of protection across the EU/EEA. The German Law on Author's Right in the version of 1 July 1995 was therefore applicable even in cases where the term of protection in respect of a work had already expired before 1 July 1995 in accordance with German law provided that the work was still protected on that date in another Member State of the EU/EEA. Since the 70 years p.m.a. term of protection had been in

²¹ 3. Urheberrechtsänderungsgesetz of 23 June 1995, published in BGBl. I 1995, p. 842, in force from 1 July 1995.

²² Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, O.J. L 290 of 24 November 1993, pp. 9 et seq., now superseded by the codified version in Directive 2006/116/EC of 12 December 2006 on the term of protection of copyright and certain related rights, O.J. L 372 of 27 December 2006, pp. 12 et seq.

²³ Please refer to section 2.1.4.

²⁴ Schricker-Katzenberger, *op cit.*, § 64, note 40.

existence since 1965, the revival of rights is relevant for protected subject matter of German origin mainly for photographs and in the field of related rights which are reviewed in more detail in Sections 2.2 and 2.3 below.

Where protection is revived, the revival benefits the author in accordance with § 137f (3) UrhG; but where a right to use had been granted to a third party before the extension of the term of protection, it is deemed, if in doubt, that the third party will benefit from the term extension subject to the payment of an equitable remuneration (§ 137f (4) UrhG). Thus, once again, the general model set out in § 137 UrhG is followed also in the context of the implementation of the EC Duration Directive.

Where an act of exploitation was lawfully carried out before 1 July 1995, the use may be continued on the intended scale, subject to the payment of an equitable remuneration for uses carried out after 1 July 1995. This rule must be interpreted restrictively following the judgment of the European Court of Justice in the case of *Carosello v Butterfly*.²⁵ According to the Court, the rules in respect of acquired rights must not have the overall effect of preventing the application of the new terms of protection. This requires that the user believed in good faith that the work was in the public domain. Good faith can certainly no longer be admitted after the publication of the Directive in the Official Journal.²⁶

2.2 *Photographs*

2.2.1 PROTECTION OF PHOTOGRAPHS UNTIL 1965

A protection for photographs was introduced in Germany by the Law on the protection of photographs against unlawful reproduction of 10 January 1876.²⁷ Protection was granted to all photographs, whether original or not, for a period of five years from publication.

Subsequently, the above-mentioned KUG of 9 January 1907 protected photographs notwithstanding their originality. The term of protection amounted to 10 years from publication or 25 years p.m.a. if no publication took place (§ 26 KUG). This protection applied to all photographs which were still protected on 1 July 1907, the date of entry into force (§ 53 KUG). Acquired rights were protected in the same way as for works of applied art (§ 54 KUG).²⁸

²⁵ European Court of Justice Case C-60/98, GRUR Int. 1999, 868.

²⁶ Wandtke and Bullinger-Braun, *Praxiskommentar zum Urheberrecht*, 2002, § 137f, note 11.

²⁷ Gesetz betr. den Schutz von Photographien gegen unbefugte Nachbildung of 10 January 1876; for further details including the Bavarian law of 1865 see Schrickler-Vogel, *op cit.*, § 72, note 2.

²⁸ See *supra* under section 2.1.2.

The Law of 12 May 1940 extended the term of protection from 10 to 25 years from publication by amending § 26 KUG. The term extension covered all photographs which were still protected on that date. For unpublished photographs, the 25 years p.m.a. term remained unchanged.

2.2.2 PROTECTION OF PHOTOGRAPHS SINCE 1966

Significant changes to the legal regime of photographs were introduced by the Law on Author's Right of 9 September 1965. Since 1965, a distinction is made between original photographs which enjoy protection as photographic works pursuant to § 2 Nr. 5 UrhG and non-original photographs protected by a related right in § 72 UrhG. However, since at first the distinction was more easily made doctrinally than practically, the law provided in § 72 UrhG that the protection granted to photographic works, including their term of protection, applied *mutatis mutandis* to non-original photographs.

The term of protection for photographic works provided for in § 68 UrhG which applied also to non-original photographs on the basis of § 72 UrhG first amounted to 25 years from publication of the photograph. Where no publication had taken place, the term was 25 years from the making of the photograph.

Thus, in comparison with the former KUG, non-original photographs had not only been downgraded from an author's right to a related right but the term for unpublished photographs, whether original or not, was significantly shortened. Whereas for unpublished photographs under the KUG the term of protection was 25 years p.m.a., under the UrhG the term was 25 years from making. Since the new shorter term applied to all photographs that were still protected on 1 January 1966 as a result of § 129(1) UrhG, the new provisions could have led to a significant decrease of protection which raised constitutional concerns.

The Federal Constitutional Court, in a decision²⁹ on performances fixed on phonograms, which suffered a similar fate, decided that neither the downgrading of the protection from an author's to a related right nor the shortening of the term of protection as such were contrary to constitutional law. However, the change of the starting point of a term of protection which was already running at the time the law was modified was considered incompatible with constitutional law. In order to remedy this situation the legislator introduced a new § 135a UrhG in 1972 with retroactive effect which provides that the new terms of protection only start with the entry into force of the law, that is, 1 January 1966 where a term of protection was already running on 1 January 1966 and would have been shortened as a result of the

²⁹ BVerfGE 31, 275 – *Schallplatten*.

new provisions.³⁰ This means that the term of 25 years from manufacture only started to run on 1 January 1966 and not from the actual making for photographs made before 1966.

In 1985, the legislator repealed § 68 UrhG and applied the general term of 70 years p.m.a. to photographic works.³¹ The new term applied to all original photographs whose protection had not yet expired on 1 July 1985 (§ 137a (1) UrhG). The law also contains a legal rule of interpretation providing that, if in doubt, the term extension vests in the author (§ 137a (2) UrhG). Thus in the case of photographs, the law departs from the basic model in § 137 UrhG and contains a presumption for the benefit of the author rather than the licensee. The reason for this deviation from the basic model is the significant term extension from 25 years from publication/making to 70 years p.m.a. which should directly benefit the author.³² This means that the rights had to be renegotiated if the contractual partner of the author was to benefit from the term extension.

Non-original photographs remained protected for only 25 years from publication/manufacture. At the same time, the legislator created a specific subcategory for photographs of a documentary character. Such photographs were protected for a period of 50 years from publication/manufacture (§ 72(3) UrhG). There was no specific transitional provision for the extension of the term from 25 to 50 years and it was thus proposed to apply § 137a UrhG by way of analogy.³³

Hence, there were three different rules in place for the term of protection of photographs: 70 years p.m.a. for photographic works, 50 years from publication/manufacture for non-original photographs which were historic documents and 25 years from publication/manufacture for all other non-original photographs.

The situation became even more complex when the Reunification Treaty entered into force on 3 October 1990. Since the GDR had granted the 50 years p.m.a. term to photographs since 1966 with the result that photographs published back in 1941 enjoyed the term extension, the application of the UrhG with an initial term of 25 years from publication/making to photographs originating in the GDR could lead to a shortening of the term of protection. Hence photographic works published before 1960 would have expired under the Law of the FRG before the term extension to 70 years in 1985. However,

³⁰ Gesetz zur Änderung des Urheberrechtsgesetzes of 10 November 1972, BGBl. I 1972, p. 2081.

³¹ Author's Right Amendment Law of 24 June 1985, BGBl. I 1985, p. 1137.

³² Explanatory Memorandum, BT-Drucks. 10/837, p. 22.

³³ OLG Hamburg GRUR 1999, 717, 720 – *Wagner Familienfotos*; Schrickler-Katzenberger, op cit., § 137a, note 4.

photographic works originating in the GDR which were published between 1 January 1941 and 31 December 1959 would have been protected under GDR law but not under the FRG law so that the Reunification Treaty could lead to a loss of rights in this domain. The situation was never properly remedied and it has been suggested that an interpretation of the law in the spirit of the constitution should benefit former GDR authors.³⁴ The problem did not arise however with regard to non-original photographs since the GDR granted only a protection of 10 years from publication which was inferior to the 25 year term granted in the FRG.

Nonetheless, the situation with regard to photographic works may have improved in individual cases when the EC Duration Directive was implemented with effect from 1 July 1995. The protection of a photographic work which had already expired in Germany could be revived if on 1 July 1995 it was still protected in another Member State of the EU or EEA (§ 137f (1) 1 UrhG). Since some other countries granted a longer term of protection to photographic works, revival of protection is of considerable practical importance in this area.

As far as non-original photographs are concerned, the implementation law repealed the specific protection for photographs as historic documents and applied the term of 50 years from publication/making to all non-original photographs (§ 72(3) UrhG). There is hence no longer a distinction between various kinds of photographs in the area of related rights. All non-original photographs therefore enjoy the same term of 50 years from publication/making of the photograph. Protection which had expired on 1 July 1995 did however not revive in the case of non-original photographs since the law does not expressly provide for a revival in their regard in § 137f (2) 2 UrhG.³⁵

2.3 *Related rights*

Related rights first appeared in German law when the new Law on Author's Rights was adopted on 9 September 1965. There are considerable differences between authors' and related rights, with the shorter term of related rights being one of the most significant. In the following, the development of the duration of protection will be reviewed in more detail with regard to the individual categories of related rights with the exception of non-original photographs which have been reviewed elsewhere.³⁶

³⁴ Schricker-Katzenberger, *op cit.*, § 64, note 72; Dreier and Schulze, *Urheberrecht*, 2nd edition, 2006, Vor EV, note 6.

³⁵ Schricker-Katzenberger, *op cit.*, § 137f, note 3; Dreier and Schulze, *ibid.*, § 137f, note 8; OLG Düsseldorf GRUR 1997, 49, 50 – *Beuys Fotografien*.

³⁶ See *supra* under Section 2.2.2.

2.3.1 GENERAL OVERVIEW

The related rights introduced by the Law on Author's Right with effect from 1 January 1966 protect certain editions and non-original photographs, performers and events organizers, as well as producers of films and phonograms and broadcasting organizations. Since 1 January 1998, the *sui generis* right of database makers is also protected as a related right.

The protection of related rights introduced in 1965 covered only subject matter created on or after the date of entry into force of the Law on 1 January 1966 (§ 129(1) 2 UrhG). Pre-existing subject matter of related rights could only enjoy protection under the new provisions if it had already been protected before 1 January 1966. Since only photographs and performances fixed on phonograms were protected under the previously applicable LUG, no other existing subject matter of related rights enjoyed protection on that date. Consequently, only pre-existing photographs and performances could be protected under the new provisions. As far as the remaining categories of related rights are concerned, only repertoire created on or after 1 January 1966 could enjoy protection. In particular, the protection under unfair competition law or on the basis of personality rights as granted by the courts before 1966 to phonogram producers, broadcasters or event organizers³⁷ was not considered sufficient for assuming the protection which is required by § 129(1) UrhG.³⁸ This led to a rather complex situation as will be seen below.

In this context it is also worth noting that the Reunification Treaty which took effect on 3 October 1990 was of particular importance in the area of related rights. Since the Law on Author's Right of the former German Democratic Republic protected related rights only for a term of 10 years generally, subject matters of related rights benefited largely from the revival of protection as provided for in Article 1(1)2 of Annex I Chapter III of the Treaty in view of the longer 25 or 50 year terms of protection in force at the time in the Federal Republic of Germany.³⁹

2.3.2 PERFORMANCES

Performances were already protected under the LUG. In accordance with § 2(2) LUG as amended by the Law of 22 May 1910, performers were granted a so-called fictitious 'adaptation copyright' (fiktives 'Bearbeiterurheberrecht')

³⁷ RGZ 73, 294 – *Schallplatten*; BGHZ 37, 1 – AKI; BGHZ 27, 264 – *Boxprogramme*.

³⁸ Schricker-Katzenberger, op cit., § 129, note 17; Dreier and Schulze, op cit., § 129 note 15.

³⁹ For further details on the Reunification Treaty please refer to *supra* Section 2.1.5 and to Section 2.2.2 for specificities regarding photographs.

which granted the performer of a performance fixed on a phonogram a protection similar to that enjoyed at the time by a person who adapted a work. A performance was hence akin to an adaptation. The provision was introduced in the interest of phonogram producers to protect them against illicit reproduction of fixed performances. The legislator had assumed that performers would transfer such rights to the producer.⁴⁰ Consequently, performers benefited from a protection under an author's right for a period of 50 years p.m.a.

When the UrhG was adopted in 1965, the author's right of the performer was converted into a related right in accordance with §§ 134, 135 UrhG. As in the case of unpublished non-original photographs this had serious consequences for the term of protection. Since § 129(1) UrhG provided that the provisions of the new law applied to subject matter of related rights which was still protected on 1 January 1966, the shorter term of 25 years from publication or making of a recording of the performance provided for in § 82 UrhG replaced the 50 year p.m.a. term under the LUG. Consequently, all performances released before 1940 would have immediately fallen into the public domain. The Federal Constitutional Court⁴¹ decided that while the demotion of the performer's protection from an author's to a related right and the shortening of the term of protection as such did not raise constitutional law concerns, the alteration of the starting point of a term of protection which was already running at the time the term was modified was however a problem. As already demonstrated in the context of non-original photographs, this led to the introduction of § 135a UrhG, which provides that the 25 year term could only start to run as of 1 January 1966.

In 1990, at a time when older repertoire would have expired, the legislator extended the term of protection from 25 years to 50 years from publication or making of the recording.⁴² The term extension applied not only to new performances but also to existing performances which had taken place before 1 July 1990, the date of entry into force of the amending law, if, on 1 January 1991, 50 years had not yet elapsed since the performance or the publication of a recording of the performance (§ 137c (1) UrhG). As in other cases, the licensee or transferee of an exploitation right was deemed to benefit from the term extension, if in doubt (§ 137c (2) UrhG). In such a case a remuneration had to be paid if it could be assumed that a higher fee would have been negotiated if the parties had been aware of the longer term of protection (§ 137c (2) with § 137(3) UrhG).

⁴⁰ Ulmer, *Urheber- und Verlagsrecht*, 2nd edition, 1960, pp. 17 et seq.

⁴¹ BVerfGE 31, 275, 292 et seq. – *Schallplatten*.

⁴² Produktpirateriegesetz of 7 March 1990, BGBl. I. 1990, p. 422.

In 1995, communication to the public of a performance was added as a further starting point for the term of protection. As a result, the 50 year term of protection would start to run from communication to the public if it occurred earlier than publication.⁴³

2.3.3 PHONOGRAMS

From 1 January 1966 until 30 June 1995, phonograms were protected for only 25 years from publication or making if no publication was made within such period (§ 85(3) UrhG). The term was finally extended to 50 years with effect from 1 July 1995 when the EC Duration Directive was implemented into German law.

Pursuant to § 137f (1) 2 UrhG the extended term applied to all phonograms which on 1 July 1995 were still protected. This meant that only phonograms released after 1970 would have enjoyed the benefit of the term extension. However, it must be also borne in mind that in a number of Member States, for instance, the United Kingdom, phonograms were subject to longer terms of protection without the application of the comparison of terms rule. As a result, the revival of protection provided for in § 137f (2) UrhG was of considerable practical importance in the field of phonograms. The term extension benefited the producer except in cases where rights had been transferred or licensed in which case the transferee/licensee enjoyed the prolongation of the term, if in doubt, subject to the payment of an equitable remuneration (§ 137f (3) and (4) UrhG). Hence the basic model as established in §§ 129 and 137 UrhG was followed also on this occasion.

The term was again slightly altered when the EC Copyright Directive was implemented into German law.⁴⁴ Since 13 September 2003, the communication to the public of a phonogram may also trigger the start of the term of protection in addition to the publication or the making. This new starting point applied to all recordings which on 22 December 2002 (the date by which the Directive had to be implemented) had not yet fallen into the public domain. Recordings which fell into the public domain between 22 December 2002 and 13 September 2003 may even come into the benefit of a revival (§ 137j (2) and (3) UrhG).

2.3.4 PUBLICATIONS

The UrhG introduced related rights protection for two kinds of publications: scientific editions in accordance with § 70 UrhG and editions of posthumous

⁴³ 3. Urheberrechtsänderungsgesetz of 23 June 1995, published in BGBl. I 1995, p. 842, in force from 1 July 1995.

⁴⁴ Gesetz zur Regelung des Urheberrechts in der Informationsgesellschaft of 10 September 2003, BGBl 2003, p. 1774.

works pursuant to § 71 UrhG. The related right is enjoyed in each case by the publisher.

In both cases the initial term of protection of 10 years was extended to 25 years in 1990. In the case of scientific editions, the term runs from publication or, if no publication takes place, from the making of the edition. In the case of editions of posthumous works, the term starts with the publication or, since 1995, also with the communication to the public of the edition.

§ 137b UrhG provides that the term extension which occurred in 1990 benefited all publications which were still in protection on 1 July 1990. In case exploitation rights had been transferred or licensed, the Law provides that, if in doubt, the transfer or licence is deemed to continue for the time of the term extension. Hence the general model as enshrined in §§ 129, 137 UrhG was followed here also.

2.3.5 DATABASES

The *sui generis* right of the maker of a database was introduced as a further related right by the Law on Information and Communication Services (IuKDG) with effect from 1 January 1998.⁴⁵ The right is protected for a period of 15 years from the making or publication of the database. This protection applies to all databases created on or after 1 January 1998 as well as to databases created between 1 January 1983 and 31 December 1997. The term of protection for such databases starts to run on 1 January 1998 and ends on 31 December 2012 (§ 137g (2) UrhG). The reason for this specific regime is to grant a full term of protection to certain older databases which would otherwise have been in the public domain.⁴⁶

2.3.6 OTHER RELATED RIGHTS

The rights granted to broadcasting organizations and film producers in §§ 87(3) and 94(3) UrhG respectively were initially protected for 25 years until they were extended to 50 years when the EC Duration Directive was implemented in 1995. The transitional provision is again § 137f UrhG with the possibility of a revival. The practical importance of the revival is however different in each case: while the longer terms of protection for broadcasts which were in existence on 1 July 1995 in other Member States could often lead to a revival of protection, the fact that not all Member States had a related rights protection for film producers in place at the time meant that revival in these cases was less significant than for broadcasts. Nonetheless, in both cases

⁴⁵ Article 7 IuKDG of 22 July 1997, BGBl. I 1997, p. 1870.

⁴⁶ Mestmäcker and Schulze-Haberstumpf, AL 32, July 2002, § 137g UrhG, note 2; Dreier and Schulze, op cit., § 137g, note 4.

the term extension benefited broadcasts and films which on 1 July 1995 were still in protection.

Conclusion

The foregoing demonstrates that whenever the term of protection in German copyright law has been altered, the general principle that a term of protection which is already running at the time the term is altered should not be shortened was usually respected by the legislator. Thus, copyright owners were in general not deprived of the unexpired part of the term of protection governing their respective works, except in a few special cases concerning photographs and related rights for which the German Federal Constitutional Court established principles with a view to protecting acquired rights.

Moreover, where a term of protection is prolonged under German law, a work will usually benefit from the term extension provided that it is still protected at the time the term extension becomes effective. This means that where a work has fallen into the public domain, it will usually not be protected anew, except in two exceptional cases: first, the German Reunification Treaty created a revival for the benefit of works protected under the Author's Right Law of the former German Democratic Republic. Secondly, following the model in the Reunification Treaty, the EC Duration Directive also made provision for a revival of protection at Community level which was implemented into German law in 1995.

As far as the effect of a term extension on existing copyright contracts is concerned, German law favours in general the licensee, except when the term of protection for photographic works was changed in 1985 from 25 years from publication/manufacture to 70 years p.m.a. In most cases, the licensee is, if in doubt, deemed entitled to the benefit of the term extension, usually against payment of remuneration.

Finally, German law also contains provisions which take into account the interests of those who have lawfully used works and subject matters of related rights before protection was introduced or revived. They are usually allowed to continue the exploitation as intended subject to the payment of an equitable remuneration.

In conclusion, it may be seen that when altering the term of protection, the German legislator generally attempted to strike a balance between the interests of the author in the benefit of the extended or revived protection, as the case may be, and those who had acquired rights or legitimate interests.

3. The United Kingdom

Introduction

The various amendments to the copyright law of the UK which have taken

place since 1952 are consistent with the principle of protecting private property. Whilst this may be fair and in accordance with the UK's treaty obligations, it must be said that it has led to a situation of quite extraordinary complexity, as will be shown in this chapter. The various categories of works will be considered.

3.1 *Original literary, dramatic, musical and artistic works*

3.1.1 LITERARY, DRAMATIC AND MUSICAL WORKS

The basic term of copyright for published or unpublished literary, dramatic, and musical works created after 1 January 1996⁴⁷ is 70 years from the end of the calendar year in which the author died.⁴⁸ These provisions also apply to existing copyright works⁴⁹ (i.e. works in which copyright subsisted immediately before 1 January 1996),⁵⁰ to existing⁵¹ works which first qualify for copyright protection after 1 January 1996,⁵² and to existing works in which UK copyright had expired before 31st December 1995,⁵³ but which were still protected in another EEA state under legislation relating to copyright or related rights⁵⁴ on 1 July 1995, that is, copyright in such works is revived.⁵⁵ The owner of the revived copyright is the person who was the owner of the copyright immediately before it expired.⁵⁶ If the date on which copyright would have expired under the provisions of the 1988 Act is later than the date on which it would expire under the new provisions, copyright continues to subsist until that later date.⁵⁷

This means that a number of works in the public domain in the UK before 1 January 1996 came back into copyright. The situation where copyright is revived requires special treatment. It is dealt with below. Where the copyright

⁴⁷ SI 1995/3297 Reg 16(a).

⁴⁸ S. 12(2) as amended by the Duration of Copyright and Rights in Performances Regulations 1995 SI 1995/3297 (the 'Duration of Copyright Regulations').

⁴⁹ Ibid. Reg 16(c), subject to Reg 15(1) which has the effect of preserving any longer term a work would have enjoyed under the 1988 Act. This is dealt with further below.

⁵⁰ Defined in *ibid.* Reg 14(1)(b).

⁵¹ Defined in *ibid.* Reg 14(1)(a) to mean, in relation to a work, made before commencement, i.e. 1 January 1996.

⁵² Reg 16(b).

⁵³ Reg 16(d). This affects everything of which the term would expire on 31 December 1995. See RSC O 3 r.2(3) and note 3/2/7.

⁵⁴ E.g. not patents, registered designs, confidential information, but *quaere* unregistered design protection.

⁵⁵ Reg 16(d).

⁵⁶ Reg 19(1).

⁵⁷ *Ibid.* Reg 15(1).

term is extended, an owner of the copyright for less than the full term provided under the 1988 Act gains nothing: the extended term forms part of the reversion.⁵⁸ The copyright owner immediately prior to 1 January 1996 is the owner of any reversion.⁵⁹

For works *unpublished* at the author's death, *prior* to the commencement of the 1988 Act on 1 August 1989, copyright continued indefinitely. Under the 1956 Act, copyright continued to subsist until the end of 50 years from the end of the calendar year in which the first of the following events occurred:⁶⁰

- (1) publication,
- (2) performance in public,
- (3) records of the work were offered for sale to the public,
- (4) the work was broadcast, or included in a cable programme.⁶¹

Thus, the copyright in the *Country Diary of an Edwardian Lady*, which formed the subject of some very successful merchandising, bears the copyright notice date '1977' because although the work was written in the early years of the twentieth century, it was not published until 1977, and that is the year from the end of which the copyright term of 50 years began to run.⁶² This work consisted of both text and artwork. The duration of copyright in artistic works is considered below. Under the transitional provisions of the 1988 Act, the copyright in works unpublished at the author's death,⁶³ expired at the end of 50 years from the end of 1989 when the Act came into force.⁶⁴ It should be noted, however, that works created after 1 August 1989 and before 1 January 1996 which are unpublished *and* anonymous potentially have indefinite copyright still.⁶⁵ This is dealt with below. It is an obvious oversight.

The Duration of Copyright Regulations do not expressly deal with these transitional provisions for works unpublished at the author's death. However, as noted above, they provide that copyright shall continue to subsist until the date on which it would have expired under the 1988 Act.⁶⁶ Thus if that date is later than the date on which copyright would expire under the Regulations, the

⁵⁸ Ibid. Reg 18(2).

⁵⁹ Reg 18(1).

⁶⁰ Copyright Act 1956 s. 2(3).

⁶¹ Added by Cable and Broadcasting Act 1984 s. 57 Sch 5 para 6 and Sch 6.

⁶² 1956 Act s. 2(3).

⁶³ I.e. works in relation to which none of the acts listed in s. 2(3) of the 1956 Act had been done – these are set out *supra*.

⁶⁴ Copyright Designs and Patents Act 1988 Sch 1 para 12(4)(a).

⁶⁵ See below. Of course publication would start a finite term running.

⁶⁶ Reg 15(1).

copyright owner will get the benefit of this.⁶⁷ Thus, Edith Holden, the author of the *Country Diary* died in 1920 so that the only surviving term is that provided under the provisions of the 1956 Act⁶⁸ and the transitional provisions of the 1988 Act so that the term would expire in 2027, that is, 50 years from the end of the year of publication. If she had died in 1945, her work would, in principle, have got the benefit of the general extension to 70 years p.m.a. and it would still be in copyright up to the end of 2015.⁶⁹ However, under the transitional provisions of the 1988 Act, it would expire in 2027, that is, 50 years from the end of the year of publication which was 1977. The effect of Regulation 15(1) is that the copyright owners would get the benefit of the longer term conferred by the 1988 Act, and copyright will expire in 2027.

If a literary, dramatic or musical work is unpublished, even though written by a known author who died far back in the nineteenth century, it will be protected until 2039.⁷⁰

The case of *Peter Pan* by Sir J.M. Barrie is anomalous: although under the 1956 Act copyright would have expired on 31 December 1987⁷¹ there is a right to a perpetual royalty on public performances, commercial publications broadcasts and cable transmissions of the play.⁷² Of course, the effect of the Duration of Copyright Regulations is to revive copyright in any event,⁷³ and since the rights enjoyed under the revived copyright by virtue of section 16 of the 1988 Act are more extensive than those enjoyed under Schedule 6 of the 1988 Act, it may still be relevant to consider the effect of the revival of copyright in this work. Thus, since he died in 1937 with the benefit of the 70 year term ordinary copyright expired at the end of 2007.

3.1.2 ARTISTIC WORKS, KNOWN AUTHOR (EXCLUDING PHOTOGRAPHS AND ENGRAVINGS)

Again, it is necessary to consider whether or not copyright subsisted immediately before 1 January 1996. Under the 1956 Act, whether published or not and

⁶⁷ Reg 15(1).

⁶⁸ Which left the indefinite copyright in unpublished works untouched, but had the effect that once an unpublished work was published the term began to run, and the work enjoyed a term of protection of 50 years from the date of publication, i.e. 1977–1956 Act s. 2(3).

⁶⁹ ‘Existing copyright work’ is defined as a work in which copyright subsisted immediately before the commencement of the Regulations on 1 January 1996 – Reg 14(1)(b).

⁷⁰ I.e. 50 years from the end of 1989–1988 Act Sch. 1 para. 41(3) and Duration Regs Reg 15(1).

⁷¹ Barrie died in 1937.

⁷² Copyright Designs and Patents Act s. 301 and Sch 6.

⁷³ Reg 12(2).

whether or not in existence on 1 June 1957, the term was the normal 50 years from the end of the calendar year in which the artist died.⁷⁴ As in the case of literary, dramatic and musical works, this is increased to 70 years p.m.a. by the 1988 Act as amended by the Duration of Copyright Regulations⁷⁵ (the transitional provisions of the Copyright Designs and Patents Act 1988 Sch 1 para 12(2)(a) do not refer to artistic works).

The position in the case of anonymous artistic works is set out below.⁷⁶

The effect of section 10 of the 1956 Act (as amended by the Design Copyright Act 1968) was to reduce the period of protection in respect of artistic works registrable as designs to 15 years.⁷⁷ Unregistrable designs enjoyed the full copyright term.⁷⁸ Where the effect of section 10 of the 1956 Act was that the removal of the right to sue for infringement in respect of registrable designs was postponed for 15 years, the period of 25 years is now substituted in section 10(3).⁷⁹ As we have seen, the effect of section 51 of the 1988 Act is to withdraw protection from functional works, which are now protected by design right.⁸⁰ Under the transitional provisions, copyright in such works continues to subsist and to be enforceable for ten years from 1 August 1989.⁸¹ The Duration of Copyright Regulations do not affect this.

Of considerable importance for present purposes is the fact that the term is cut down to 25 years when a work is exploited industrially. Section 52 provides as follows:

- (1) This section applies where an artistic work has been exploited, by or with the licence of the copyright owner, by –

⁷⁴ Copyright Act 1956 s. 3(2), (3), (4), and Sch 7 para 2 which excludes photographs which were taken before commencement (1 June 1957) from these provisions.

⁷⁵ 1988 Act s. 12(1), and, in the case of works of unknown authorship where the author becomes known during the term for anonymous or pseudonymous works see s. 12(2) (as amended).

⁷⁶ See Appendix.

⁷⁷ It did not reduce the term to 15 years; it had the effect that after 15 years it was not an infringement of the copyright in the work to do anything which at the time it was done would, if the corresponding design had been registered under the 1949 Designs Act immediately before that time, have been within the scope of the copyright in the design as extended to all associated designs and articles – 1956 Act s. 10(3) (as amended).

⁷⁸ *Amp Inc v Utilux Pty Ltd* [1970] RPC 397, [1970] FSR 162 (CA), [1972] RPC 103, [1971] FSR 572 (HL).

⁷⁹ 1988 Act Sch 1 para 20(1).

⁸⁰ See s. 213.

⁸¹ Sch 1 para 19(1) – licences of right have been available since 1 August 1994, *ibid* sub-para (2) and (3).

- (a) making by an industrial process articles falling to be treated for the purposes of this Part as copies of the work, and
 - (b) marketing such articles, in the United Kingdom or elsewhere.
- (2) After the end of the period of 25 years from the end of the calendar year in which such articles are first marketed, the work may be copied by making articles of any description, or doing anything for the purpose of making articles of any description, and anything may be done in relation to articles so made, without infringing copyright in the work.
- (3) Where only part of an artistic work is exploited as mentioned in subsection (1), subsection (2) applies only in relation to that part.

The effect of this provision is that although the artistic copyright in a work survives for the normal 70 years *post mortem auctore* (p.m.a.), if that is the relevant term, others will be free to copy that part which has been exploited industrially. The result of this is that the effective term for industrially exploited artistic works is 25 years from the end of the year of first marketing. The section applies only where articles are marketed as mentioned in section 52 above after 1 August 1989.⁸² Thus the copyright in a *Country Diary* is unaffected by them, to the extent that no articles have been made from particular artistic works contained in it since 1 August 1989.

3.1.3 PHOTOGRAPHS WITH A KNOWN AUTHOR

In order to determine whether or not copyright subsisted immediately before 1 January 1996, it is necessary to look at the former rules.

Photographs taken before 1 June 1957 (whether published or not) enjoyed a term of 50 years from the end of the calendar year in which they were taken, and this continued to apply after the coming into force of the 1956 Act.⁸³ For photographs taken after 31 May 1957, the term was 50 years from the end of the calendar year in which they were first published.⁸⁴ *Unpublished* photographs taken after that date potentially enjoyed indefinite copyright, but became subject to the transitional provisions of the 1988 Act, so that copyright would expire 50 years after the end of 1989, the year in which the 1988 Act came into force.⁸⁵ Under the transitional provisions of the 1988 Act, *published* photographs in which copyright subsisted on 1 August 1989 became subject to the usual 50 year p.m.a. term.⁸⁶

Again, if the effect of the transitional provisions of the 1988 Act is to extend the term for unpublished photographs beyond 70 years p.m.a. (i.e. 50

⁸² Copyright Designs and Patents Act 1988 Act Sch 1 para 20(2).

⁸³ See Copyright Act 1956 Sch 7 para 2 and s. 3(3) and (4).

⁸⁴ Copyright Act 1956 s. 3(4)(b).

⁸⁵ Sch 1 para 12(4)(c).

⁸⁶ 1988 Act Sch 1 para 12(6).

years from 1 August 1989 is the greater term), the copyright owner⁸⁷ will retain the benefit of such extension.⁸⁸ Otherwise, if 70 years p.m.a. would provide a longer term, the owner will get the benefit of the new term provided copyright subsisted immediately before 1 January 1996.

The above provisions do not apply to computer generated photographs⁸⁹ for which the term remains 50 years from the end of the calendar year in which the work was made.⁹⁰

3.1.4 ENGRAVINGS WITH A KNOWN AUTHOR

Under the 1911 and 1956 Acts, the term for *published* engravings was 50 years p.m.a.,⁹¹ but if the engraving had *not* been published before the death of the author, copyright continued to subsist until 50 years from the end of the calendar year of publication.⁹² Otherwise, unpublished engravings appear to enjoy perpetual copyright. Schedule 1 paragraph 12(2)(b) of the 1988 Act tells us that copyright continues to subsist until it would have expired under the 1956 Act, and that this is the 50 year period mentioned in section 3(4) of the 1956 Act if it has begun to run (because the work has been published after the death of the author). It does not, however, have any provision dealing with *unpublished* engravings, thus, it seems that unpublished engravings enjoy perpetual copyright. The effect of Regulation 15(1) of the Duration of Copyright Regulations is to preserve this anomaly.

Engravings to which the 50 year p.m.a. term applied get the benefit of the term extension,⁹³ but where the copyright owner would have enjoyed a greater term under the previous law, the benefit of that greater term is preserved by the Regulations.⁹⁴

3.1.5 ANONYMOUS OR PSEUDONYMOUS WORKS, LITERARY, DRAMATIC, MUSICAL OR ARTISTIC WORKS (OTHER THAN PHOTOGRAPHS BUT INCLUDING ENGRAVINGS)

Anonymous works are works where there is insufficient evidence available for a reasonable person to identify the author.⁹⁵ The rules to determine whether or

⁸⁷ The Copyright Act 1956 s. 4(3) vested copyright in the commissioner of a photograph for money or money's worth. The effect of the 1988 Act Sch 1 para 11(2)(a) is to preserve this position.

⁸⁸ *Ibid.* Reg 15(1).

⁸⁹ See 1988 Act s. 12(7) as amended by SI 1995/3297.

⁹⁰ *Ibid.*

⁹¹ 1911 Act s. 3, 1956 Act s. 3(4).

⁹² 1911 Act s. 17(1), 1956 Act s. 3(4)(a).

⁹³ 1988 Act s. 12(1) and (2) as amended by SI 1995/3297.

⁹⁴ Reg 15(1).

⁹⁵ Copyright Designs and Patents Act 1988 s. 57.

not copyright subsisted on 1 January 1996 are as follows. Whether the work was published *before* or *after* 1 June 1957: the term was 50 years from the end of the calendar year in which the work was *first published*.⁹⁶ Under the 1988 Act (before amendment) it was 50 years from the end of the calendar year in which it was made available to the public.⁹⁷ 'Made available to the public' in the case of literary, dramatic or musical works includes performance in public, being broadcast or included in a cable programme service, and in the case of artistic works being exhibited in public, being included in a film shown to the public, and being included in a broadcast or cable programme service.⁹⁸ Under the transitional provisions of the 1988 Act, if the work was published before 1 August 1989, copyright expired when it would have expired under the 1956 Act,⁹⁹ but for works unpublished at that date, it was 50 years from the end of the end of 1989, the year in which the 1988 Act came into force,¹⁰⁰ or if made available to the public before that date, 50 years from the end of the year when this occurred.¹⁰¹ The new term provided under the Regulations is 70 years from the end of the calendar year in which the work was made, or if during that period the work is made available to the public (which still has the same meaning as under the 1988 Act),¹⁰² 70 years from the end of the calendar year in which it was made available to the public.¹⁰³

Unpublished anonymous works made between 1 August 1989 and 1 January 1996 appear to enjoy perpetual copyright. Unpublished anonymous works made after 1 January 1996 are subject to section 12(3) of the 1988 Act (as amended) and the term is 70 years from the end of the calendar year in which the work was made, or if made available to the public, 70 years from the end of the calendar year in which it was made available. The Copyright Designs and Patents Act 1988 Schedule 1 paragraph 12(3)(b) by its terms only applies to works made *before* 1 August 1989. This appears to be an oversight deriving from the original mis-drafting of section 12(2) of the 1988 Act.¹⁰⁴

Of course, if the author of the work becomes identified before such date, the normal 70 years p.m.a. term will apply.¹⁰⁵

⁹⁶ 1956 Act Sch 2 para 1.

⁹⁷ 1988 Act s. 12(2).

⁹⁸ 1988 Act s. 12(2)(a) and (b) before amendment.

⁹⁹ 1988 Act Sch 1 para 12(3)(a).

¹⁰⁰ Sch 1 para 12(3)(b).

¹⁰¹ Sch 1 para 12(3)(b) proviso.

¹⁰² 1988 Act s. 12(5) as amended.

¹⁰³ Reg 5(1) and 1988 Act s. 12(3) as amended.

¹⁰⁴ I.e. by only making the duration referable to 'making available to the public' and not to the date of creation.

¹⁰⁵ Reg 5(1) substituting a new s. 12(4).

3.1.6 ANONYMOUS OR PSEUDONYMOUS PHOTOGRAPHS

As noted above, *published* photographs taken prior to 1 June 1957 enjoyed a term of 50 years from the end of the calendar year in which they were taken, and this applied whether or not the photograph was anonymous.¹⁰⁶ This term is now extended to 70 years by section 12(3) of the 1988 Act (as amended by the Duration of Copyright Regulations) provided the work satisfies the requirements set out in Regulation 16.¹⁰⁷ Photographs published between 1 June 1957 and 1 August 1989 enjoyed a term of 50 years from the end of the calendar year of publication,¹⁰⁸ and this is now increased to 70 years by section 12(3) of the 1988 Act (as amended), but anonymous *unpublished* photographs *whenever made* where the 1956 Act¹⁰⁹ is the relevant one, or not made available to the public where it is the unamended 1988 Act,¹¹⁰ continue to enjoy perpetual copyright. This is because Schedule 1 paragraph 12(3) of the 1988 Act excludes photographs, but contains no other provision dealing with them, and for photographs taken after 1 August 1989 section 12(2) applied, and this did not affect *unpublished* works. Anonymous works made after 1 January 1996 are subject to section 12(3)(a) (as amended) and the rules set out in the Appendix below.¹¹¹ This is apparently an oversight.

3.2 *Derivative works*

3.2.1 SOUND RECORDINGS (OTHER THAN FILM SOUND TRACKS)

- (1) Made before 1 June 1957, 50 years from the end of the calendar year in which they were made.¹¹²
- (2) Those made on or after 1 June 1957, 50 years from the end of the calendar year in which they were first published.¹¹³

Unpublished sound recordings made on or after 1 June 1957 but before 1 August 1989) enjoyed a term of 50 years from the end of 1989.¹¹⁴ The 1988 Act, as amended by the Duration of Copyright Regulations, makes the term 50

¹⁰⁶ 1956 Act Sch 7 para 2 and s. 3(3)(a).

¹⁰⁷ See section 3.1.1 *supra*.

¹⁰⁸ 1956 Act s. 3(4)(b).

¹⁰⁹ 1956 Act s. 3(4)(b).

¹¹⁰ 1988 Act (unamended) s. 12(2) applicable 1 August 1988 to 1 January 1996; s. 12(3) substituted for s. 12(2) after 1 January 1996.

¹¹¹ I.e. the term is 70 years from making.

¹¹² 1956 Act Sch 7 para 11 and *id* s. 12(3).

¹¹³ 1956 Act s. 12(3).

¹¹⁴ 1988 Act Sch 1 para 12(5)(a).

years from the date the sound recording is made, or if released, 50 years from the end of the calendar year of release.¹¹⁵

3.2.2 CINEMATOGRAPH FILMS

In order to determine whether or not films enjoyed copyright protection on 1 January 1996 the following rules apply. It must be noted that the rules for films made prior to the commencement of the 1911 Act are different, and are not dealt with here.

For films protected *as such* under the 1956 Act because made after 1 June 1957 but before 1 August 1989, copyright continued to subsist: if registrable under (Part III of the Cinematograph Films Act 1938) Part II of the Films Act 1960, until registered; if not registrable, copyright subsisted until publication. Thereafter for 50 years from the end of the calendar year of registration or publication respectively.¹¹⁶ The 1988 Act preserves this position with regard to films whose copyright would expire 50 years from registration or publication.¹¹⁷ Under the 1956 Act the copyright in unpublished, unregistered, films continued indefinitely,¹¹⁸ but the effect of the transitional provisions of the 1988 Act is that it will expire 50 years from 1 August 1989, unless the film was published in which case the term was 50 years from the end of the calendar year in which publication took place.¹¹⁹

The effect of the Duration of Copyright Regulations is that copyright expires at the end of the period of 70 years from the end of the calendar year in which the death occurs of the last to die of the following persons:¹²⁰

- (a) the principal director;
- (b) the author of the screenplay;
- (c) the author of the dialogue;
- (d) the composer of the music specifically created for and used in the film.

¹¹⁵ 1988 Act s. 13A(2)(b) as amended by SI 1995/3297.

¹¹⁶ 1956 Act s. 13(3)(a) and (b) (as amended). Pre 1 June 1957 films were protected as photographs and dramatic works and there was separate protection for sound tracks which was the same as for sound recordings as set out in section 3.2.1 *supra*. It must be remembered that so far as publication is relevant, many films would not have been sold or let on hire to the public. Such films would not have been 'published' within the meaning of the Copyright Act 1956 s. 13(10), and they probably would not have been so far as the 1911 Act was concerned – see *ibid.* s. 1(3).

¹¹⁷ 1988 Act Sch 1 para 12(2)(e).

¹¹⁸ 1956 Act s. 13(3)(a) and (b).

¹¹⁹ 1988 Act Sch 1 para 12(5)(b).

¹²⁰ 1988 Act s. 13B(2) as amended by SI 1995/3297.

If the identity of one or more of the above persons is known and the identity of one or more others is not, the reference in that subsection to the death of the last of them to die is to be construed as a reference to the death of the last whose identity is known.¹²¹ If the identity of none of the above is known, then the term is 70 years from the end of the calendar year in which the film was made, or if during that period the film is made available to the public by being shown in public or broadcast or included in a cable programme or service, the period is 70 years from when such making available to the public occurred.¹²²

These provisions are linked to changes in the ownership of the copyright in films.¹²³

3.2.3 FILM SOUND TRACKS UNDER THE DURATION OF COPYRIGHT REGULATIONS

The effect of the Duration of Copyright Regulations is to apply the rules for the extension of copyright in films set out in the previous section to film sound tracks. Section 5B(5) of the 1988 Act as amended by the 1995 Regulations provides that 'Nothing in this section affects any copyright subsisting in a film sound track as a sound recording'.¹²⁴ Section 5B(2), however, provides that the sound track accompanying a film shall be treated as part of the film for the purposes of Part I of the Act. Where subsection 5B(2) applies, references to showing a film include playing the sound track to accompany the film, and references to playing a sound recording do not include playing the film sound track to accompany the film.¹²⁵ Copyright does not subsist in a sound recording to the extent that it is taken from a previous film.¹²⁶ Regulation 26 provides that the new provisions relating to the treatment of film sound tracks apply to existing sound tracks as at 1 January 1996. The owner of the copyright in a film has, as from this date, corresponding rights as copyright owner in any existing sound track, but this is without prejudice to any rights of the owner of the copyright in the sound recording as a sound recording.¹²⁷

BROADCASTS

Television or sound broadcasts, under the 1956 Act: 50 years from the end of the calendar year in which the broadcast was first made.¹²⁸ The 1988 Act does

¹²¹ 1988 Act s. 13B(3) as amended by SI 1995/3297.

¹²² 1988 Act s. 13B(4) and (6).

¹²³ Copyright Designs and Patents Act 1988 s. 9(2)(ab) as amended by SI 1996/2967.

¹²⁴ As to this see section 3.2.2 *supra*.

¹²⁵ 1988 Act as amended by SI 1995/3297 s. 5B(3).

¹²⁶ 1988 Act as amended by SI 1995/3297 s. 5B(4).

¹²⁷ Reg 26(2).

¹²⁸ 1956 Act s. 14(3). There was no separate copyright in broadcasts before the 1956 Act.

not alter this, but additionally provides that in the case of a cable transmission, it is 50 years from the end of the calendar year in which the work was first broadcast in a cable transmission.¹²⁹ The Copyright Duration Regulations do not affect this, but provide for term comparison where the author of the broadcast is not a national of an EEA state.¹³⁰ The author in this case is entitled to the term of protection conferred by its national law, provided that does not exceed the period of protection which EEA nationals would enjoy.¹³¹ There is a saving where the application of such term comparison would cause a breach of the UK's international treaty obligations.¹³²

3.3 Revival of copyright

The increase of the term of protection to 70 years would obviously cause problems to those who having relied on the expiry of copyright, for example, to manufacture articles bearing a character drawing, would now find themselves technically infringing. Regulation 24(1) accordingly provides:

In the case of a work in which revived copyright subsists any acts restricted by the copyright shall be treated as licensed by the copyright owner, subject only to the payment of such reasonable royalty or other remuneration as may be agreed or determined in default of agreement by the Copyright Tribunal.

This statutory licence also extends to those who, whilst not at 1 January 1996 involved in a restricted act, subsequently wish to commence to do so. In this case in order to avail himself of the statutory licence, notice must be given to the copyright owner of such intention, stating when it is intended to commence such acts.¹³³ If such notice is not given, the acts in question will be treated as unlicensed.¹³⁴ Once notice is given, a reasonable royalty must be arrived at as above.

Conclusion

The above is only a brief summary of a complex topic, but in view of the popularity of 'nostalgia' items from the 1920s, 1930s and 1940s the subsistence of copyright in many pre-1956 items may often be important.

It must be borne in mind that each newly drawn picture of a cartoon character carries its own copyright provided it amounts to a new artistic

¹²⁹ 1988 Act as amended s. 14(2) (formerly s. 14(1)).

¹³⁰ 1988 Act s. 14(3) as amended by SI 1995/3297.

¹³¹ *Ibid.*

¹³² S. 14(4) of the 1988 Act as amended by SI 1995/3297.

¹³³ Reg 24(2).

¹³⁴ Reg 24(3).

work.¹³⁵ Thus, as styles of art change over the years, the newly drawn cartoons creating new copyright can give new life to old characters, though subject to the *caveat* noted above.¹³⁶

Appendix: Tabular representation of the effect of the duration of copyright regulations on UK Copyright Law

Original works

LITERARY, DRAMATIC AND MUSICAL WORKS (KNOWN AUTHOR)

(1) Works **published** during the author's lifetime

Provided in copyright in another EEA state on 1 July 1995,
date of publication immaterial 70 years pma¹³⁷

(2) Works **unpublished** at the author's death

<i>Published</i> between 1 June 1957 and 1 August 1989	50 years from publication etc. ¹³⁸ if longer ¹³⁹ than 70 years pma ¹⁴⁰
<i>Unpublished</i> at 1 August 1989	50 years from end of 1989 ¹⁴¹ if longer ¹⁴² than 70 years pma ¹⁴³
Other <i>unpublished</i> works	70 years pma ¹⁴⁴

ARTISTIC WORKS, KNOWN AUTHOR (EXCLUDING PHOTOGRAPHS AND ENGRAVINGS)

Whenever created, published or unpublished 70 years pma¹⁴⁵

¹³⁵ See *Interlego AG v Tyco Industries Inc* [1988] RPC 343; *Ultraframe (UK) Ltd v Eurocell Building Plastics Ltd, Eurocell Profiles Ltd* [2003] EWCA Civ 1805.

¹³⁶ It is, for example, instructive to compare recent drawings of 'Mickey Mouse' with the early ones.

¹³⁷ 'Post mortem auctoris' (after the death of the author). Copyright Designs and Patents Act 1988 s. 12(1) unamended, now s. 12(2) as amended by the 1995 Regulations.

¹³⁸ Copyright Act 1956 s. 2(3), 1988 Act Sch 1 para 12(2)(a).

¹³⁹ Reg 15(1).

¹⁴⁰ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁴¹ 1988 Act Sch 1 para 12(4)(a).

¹⁴² Reg 15(1).

¹⁴³ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁴⁴ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁴⁵ 1988 Act s. 12(2) as amended by the 1995 Regulations.

PHOTOGRAPHS (EXCLUDING COMPUTER GENERATED), AND ENGRAVINGS WITH A KNOWN AUTHOR

(1) Photographs with a known author

Taken before 1 June 1957	50 years from end of calendar year taken ¹⁴⁶ or 70 years pma ¹⁴⁷ if longer ¹⁴⁸
<i>Published</i> 1 June 1957–1 August 1989	50 years from end of calendar year of publication ¹⁴⁹ or 70 years pma ¹⁵⁰ if longer ¹⁵¹
Taken after 1 June 1957, <i>unpublished</i> at 1 August 1989	50 years from end of 1989 ¹⁵² or 70 years pma if longer ¹⁵³
All other photographs	70 years pma ¹⁵⁴

(2) Engravings with a known author

<i>Published</i> after death of author but before 1 August 1989	50 years from end of calendar year of publication ¹⁵⁵ or 70 years pma ¹⁵⁶ if longer ¹⁵⁷
<i>Published</i> before death of author	70 years pma ¹⁵⁸
<i>Still unpublished</i>	70 years pma ¹⁵⁹ if longer ¹⁶⁰ than 50 years from the end of 1989 ¹⁶¹

¹⁴⁶ Copyright Act 1956 Sch 7 para 2; 1988 Act Sch 1 para 12(2)(c).

¹⁴⁷ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁴⁸ Reg 15(1).

¹⁴⁹ Copyright Act 1956 s. 3(4)(b).

¹⁵⁰ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁵¹ 1995 Regulations, Reg 15(1).

¹⁵² 1988 Act Sch 1 para 12(4)(c).

¹⁵³ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁵⁴ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁵⁵ Copyright Act 1956 s. 3(4)(a); 1988 Act Sch 1 para 12(2)(b).

¹⁵⁶ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁵⁷ Reg 15(1).

¹⁵⁸ 1988 Act s. 12(2) as amended by the 1995 Regulations.

¹⁵⁹ 1988 Act s. 12(2) as amended by 1995 Regulations.

¹⁶⁰ Reg 15(1).

¹⁶¹ Copyright Act 1956 s. 3(4); 1988 Act Sch 1 para 12(4)(b).

ANONYMOUS OR PSEUDONYMOUS LITERARY DRAMATIC MUSICAL OR ARTISTIC WORKS (OTHER THAN PHOTOGRAPHS BUT INCLUDING ENGRAVINGS)

<i>Published</i> before 1 August 1989	70 years from end of calendar year in which made available to the public ¹⁶²
Made available to the public after 1 August 1989	70 years from the end of the calendar year made available to the public ¹⁶³
<i>Not published/made available to the public</i>	50 years from end of 1989 ¹⁶⁴ or
Existing but unpublished at 1 August 1989	70 years from the end of the calendar year made, ¹⁶⁵ whichever is longer ¹⁶⁶
Made 1 August 1989–1 January 1996	Possibly indefinite ¹⁶⁷
Made after 1 January 1996	70 years from end of calendar year in which made ¹⁶⁸

ANONYMOUS OR PSEUDONYMOUS PHOTOGRAPHS

<i>Published/made available to the public</i>	
Taken prior to 1 June 1957	70 years from end of calendar year when taken ¹⁶⁹
Taken between 1 June 1957 and 1 August 1989	70 years from end of the calendar year made available to the public ¹⁷⁰

¹⁶² 50 years from the end of the year of publication under Copyright Act 1956 Sch 2 para 1; 1988 Act Sch 1 para 12(3)(a); 1988 Act s. 12(3)(b) as amended by the 1995 Regulations.

¹⁶³ 1988 Act s. 12(3)(b) as amended by the 1995 Regulations.

¹⁶⁴ 1988 Act Sch 1 para 12(3)(b).

¹⁶⁵ 1988 Act s. 12(3)(b) as amended by the 1995 Regulations.

¹⁶⁶ Reg 15(1).

¹⁶⁷ 1988 Act s. 12(2) (unamended) only defined duration for works that were 'made available to the public' and not by reference to the date that the work was made. Thus there is potential indefinite protection for such works which are preserved by reg 15(1). Further, these works are not caught by s. 12(3) of the 1988 Act as amended by the 1995 Regulations because that section is not retrospective in action.

¹⁶⁸ 1988 Act s. 12(3)(a) as amended by the 1995 Regulations.

¹⁶⁹ 50 year period from when taken under the Copyright Act 1956 Sch 7 para 2 and preserved by the 1988 Act Sch 1 para 12(2)(c) second part; under the 1988 Act s. 12(3)(a) as amended by the 1995 Regulations. This period is extended to 70 years from when 'made' (which is arguably the same as when 'taken').

¹⁷⁰ 50 year period from when taken under the Copyright Act 1956 Sch 7 para 2 and 1988 Act Sch 1 para 12(2)(c); under the 1988 Act s. 12(3)(b) as amended by the 1995 Regulations this period is extended to 70 years.

Made after 1 January 1996 70 years from end of the calendar year made available to the public¹⁷¹

Unpublished/not made available to the public

Taken prior to 1 June 1957 70 years from the end of the calendar year taken¹⁷²

Taken between 1 June 1957 and 1 August 1989 50 years from the end of 1989,¹⁷³ or 70 years from the end of the calendar year taken¹⁷⁴

Derivative works

SOUND RECORDINGS (OTHER THAN FILM SOUND TRACKS)

Made before 1 June 1957 50 years from the end of the calendar year in which they were made¹⁷⁵ or, if released before that period expires, 50 years from the end of the calendar year in which released¹⁷⁶

Made and *published* between 1 June 1957 and 1 August 1989 50 years from the end of the calendar year in which they were published¹⁷⁷

Made after 1 June 1957 and *unpublished* at 1 August 1989 50 years from end of 1989¹⁷⁸

¹⁷¹ Under 1988 Act s. 12(3)(b) as amended by the 1995 Regulations this period is extended to 70 years.

¹⁷² 50 year period from when taken under the Copyright Act 1956 Sch 7 para 2 and 1988 Act Sch 1 para 12(2)(c); under 1988 Act s. 12(3)(a) as amended by the 1995 Regulations this period is extended to 70 years from when 'made' (which is arguably the same as when 'taken').

¹⁷³ 1988 Act Sch 1 para 12(4)(c).

¹⁷⁴ Under the 1988 Act s. 12(3)(a) as amended by the 1995 Regulations this period is extended to 70 years.

¹⁷⁵ Copyright Act 1957 Sch 7 para 11; 1988 Act Sch 1 para 12(2)(d); *ibid.* s. 13A(2)(a) as amended by the 1995 Regulations.

¹⁷⁶ 1988 Act s. 13A(2)(b) as amended by the 1995 Regulations.

¹⁷⁷ Copyright Act 1956 s. 12(3); 1988 Act Sch 1 para 12(2)(d); *ibid.* s. 13A(2)(d) as amended by the 1995 Regulations assuming that 'publication' is subsumed within 'release'.

¹⁷⁸ 1988 Act Sch 1 para 12(5)(a) which is longer than the period provided by *ibid.* s. 13A(2)(a) as amended by the 1995 Regulations which is 50 years from when made, thus the old duration is preserved by Reg 15(1).

Made after 1 August 1989	50 years from the end of the calendar year in which the recording was made, or if released before the end of that period, 50 years from the end of the calendar year in which the recording was released
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CINEMATOGRAPH FILMS

[It must be noted that the rules for films made prior to the commencement of the 1911 Act are different, and are not dealt with here.]

Rules for films prior to 1 January 1996

Made before 1 June 1957	Protected as photographs and dramatic works ¹⁷⁹ (<i>see photographs and sound recordings</i>)
Made after 1 June 1957:	
if registrable under (Part III of the Cinematograph Films Act 1938) Part II of the Films Act 1960	Until registered and thereafter 50 years from the end of the calendar year in which registered ¹⁸⁰
if not registrable	Until publication; thereafter for 50 years from the end of the calendar year of registration or publication ¹⁸¹
Films <i>unpublished</i> ¹⁸² at 1 August 1989	50 years from the end of 1989 ¹⁸³
Films made after 1 August 1989	50 years from the end of the calendar year made, ¹⁸⁴ or, if released before that period expires, 50 years from end of calendar year in which released ¹⁸⁵

¹⁷⁹ Copyright Act 1956 Sch 7 paras 14, 15 and 16.

¹⁸⁰ Copyright Act 1956 s. 13(3)(a) as amended by the Films Act 1985 s. 7 and Sch 2 and 1988 Act Sch 1 para 12(2)(c).

¹⁸¹ Copyright Act 1956 s. 13(3)(a) as amended by the Films Act 1985 s. 7 and Sch 2 and 1988 Act Sch 1 para 12(2)(c).

¹⁸² As to the meaning of publication in relation to films see section 3.2.2 above.

¹⁸³ 1988 Act Sch 1 para 12(5)(b).

¹⁸⁴ 1988 Act s. 13(1)(a).

¹⁸⁵ 1988 Act s. 13(1)(a).

Rules for films under the Duration of Copyright Regulations

Films made after 1 January 1996, first qualifying for copyright protection after that date, existing copyright works, and films in which copyright had expired before that date but which were still in copyright in another EEA country

70 years from the end of the calendar year in which the death occurs of the last to die of the following persons:

- (a) the principal director;
- (b) the author of the screenplay;
- (c) the author of the dialogue;
- (d) the composer of the music specifically created for and used in the film.¹⁸⁶

If the identity of one or more of the above persons is known and the identity of one or more others is not, the reference in that subsection to the death of the last of them to die is to be construed as a reference to the death of the last whose identity is known.¹⁸⁷ If the identity of none of the above is known, then the term is 70 years from the end of the calendar year in which the film was made,¹⁸⁸ or if during that period the film is made available to the public by being shown in public or broadcast or included in a cable programme or service, the period is 70 years from when such making available to the public occurred.¹⁸⁹ Alternatively if the length prescribed under the Rules for films prior to 1 January 1996 is longer than that under the current rules then that longer period is preserved¹⁹⁰

¹⁸⁶ 1988 Act s. 13B(2) as amended by the 1995 Regulations.

¹⁸⁷ 1988 Act as amended by the 1995 Regulations.

¹⁸⁸ 1988 Act s. 13B(4)(a) as amended by the 1995 Regulations.

¹⁸⁹ 1988 Act s. 13B(4)(a) as amended by the 1995 Regulations.

¹⁹⁰ Reg 15(1).

FILM SOUND TRACKS UNDER THE DURATION OF COPYRIGHT REGULATIONS

[The effect of the Duration of Copyright Regulations is to apply the rules for the extension of copyright in films set out in the previous section, to film sound tracks, both existing at 1 January 1996 and created thereafter.]

BROADCASTS

Television or sound and cable transmission after 1 June 1957

50 years from the end of the calendar year in which the broadcast was first made or the programme was included in a cable programme service¹⁹¹

TYPOGRAPHICAL ARRANGEMENTS

Typographical arrangements of published editions

25 years from the end of the calendar year in which the edition was first published¹⁹²

The duration of moral rights

The Copyright Designs and Patents Act 1988 provides for four moral rights:

- (1) the right to be identified as author or creator;¹⁹³
- (2) the right to object to derogatory treatment of a work;¹⁹⁴
- (3) the right to object to false attribution of a work;¹⁹⁵
- (4) a right of privacy of certain photographs and films.¹⁹⁶

Rights (1), (2) and (4) subsist as long as copyright subsists in the work. The right to object to derogatory treatment of a work continues to subsist until 20 years after a person's death.

¹⁹¹ 1988 Act s. 14(2) as amended by the 1995 Regulations which reproduce 1988 Act s. 14(1) unamended and Sch 1 para 12(6).

¹⁹² 1988 Act s. 15 not amended, but note the publication right introduced by the Copyright and Related Rights Regulations SI 1996/2967 Reg. 9.

¹⁹³ Ibid. s. 77.

¹⁹⁴ Ibid. s. 80.

¹⁹⁵ Ibid. s. 84.

¹⁹⁶ Ibid. s. 85.

8 Authorship, ownership, wikiship: copyright in the 21st century

*Jeremy Phillips**

Roadmap

This chapter starts by contrasting approaches to copyright law that are driven by the contemplation of generalities with those that are shaped by study of specific situations that may not comply with those generalities. Then, taking the wiki as its paradigm, it seeks to explain what a wiki is, whether it is even an apt subject for copyright law as we understand it in the European Union and whether it is additionally a subject of the law that governs *sui generis* database right. There follow some brief exercises in identifying questions that must be answered when identifying the author for copyright purposes, in examining the applicability of moral rights to wiki contributors. Finally, the chapter asks whether the apparent silence of the European Commission regarding the legal status of the wiki is a positive silence or a negative one, concluding with a review of consensual solutions as a means of avoiding legal battles surrounding the uncertainty of the wiki's status.

Of necessity, much of this chapter is speculative. There is no rich tapestry of European national litigation or scholarly writing to which reference may be made and such controversies as wikis have generated have been led more by issues of accuracy of content and of political control than by considerations relating to intellectual property. Like the elephant at the breakfast table, Wikipedia is so vast an enterprise that it cannot be ignored. This chapter, while mentioning it where appropriate, has proceeded on the basis that Wikipedia is just one among many wikis and that its unique and tantalising characteristics are not shared by most others of its *genre*.

The tranquil and the turbulent

Viewed at a respectable distance, what we call copyright appears to be a long-established set of rules, canonised by time, space and long-accepted practice. Three hundred years have passed since copyright metamorphosed from a

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series of ad-hoc grants into a regular statutory regime of entitlement.¹ A century and a quarter have elapsed since the stately concord of great imperial powers led to the signing of the Berne Convention on which the sun never set.² And, like the inexorable, scarcely perceptible passage of time as recorded on the face of an atomic clock, the invisible process of concluding copyright licences, assignments and royalty distributions has guaranteed an ever-flowing, never-ending procession of movies at the cinema, soaps on television, books in stores, piped muzak in public spaces and the cheerful chirruping of a hundred thousand ringtones.

The reality is entirely different. There is no science today in which the view from a respectable distance is worth a second glance – unless there is a science in the making of distant, uninformed generalisations. The fields of human activity to which copyright is relevant are virtually all-embracing. For this reason, both the making of generalisations as to how copyright works and the establishment of broad principles that may be of equal applicability throughout those fields of activity have both become increasingly challenging tasks.

Because of the degree of diversity of the fields of activity to which copyright is relevant, we must all now become specialists; our education and our expertise is the microscope through which we contemplate, identify and analyse the teeming life-forms that interact in an unending cycle of thesis, antithesis and synthesis.³ From a comfortable distance, copyright is a limpid, tranquil pool; when inspected at close range it is a medium in which teeming life-forms rage at one another, build alliances, die or are destroyed, while all the time absorbing one another's energies and frenetic, original output.

The tensions and the turbulence that characterise copyright today provide an excuse, if any were needed, for the constant revisiting by scholars and practitioners of issues that are so fundamental that laymen are surprised to discover that they need a second thought. The baker does not anguish over the meaning of flour or water before he prepares his pastry. Nor does the builder trouble himself as to the concepts of 'brick', 'mortar' or 'plaster' when he constructs

¹ The Statute of Anne 1709 (now popularly reassigned to 1710) initially provided for an author's copyright in Great Britain (a territory which then consisted of the recently united Kingdoms of England and Scotland).

² The only countries that signed the Berne Convention in 1886 were Belgium, France, Germany, Haiti, Italy, Liberia, the Netherlands, Spain, Switzerland, Tunisia and the United Kingdom. Several of them were however Imperial powers which owned and governed extensive territories outside Europe.

³ For a rationale for a flexible, multilayered systematic analysis of copyright see Guido Westkamp, 'Changing mechanisms in copyright's ontology – structure, reasoning and the fate of the public domain' in Guido Westkamp (ed.), *Emerging Issues in Intellectual Property* (Edward Elgar, Cheltenham, UK and Northampton, MA, USA, 2007).

a wall. Yet, 300 years after the so-called birth of copyright, intellectual property lawyers still argue about the identity and the meaning of the concepts they invoke when addressing even the simplest issues. ‘Is the legal right properly characterised as copyright or author’s right?’; ‘Is the subject of copyright protected because of what it is, or because it is the result of one of a number of specific processes?’; ‘What, if anyone (or anything) is an author?’; ‘Who owns the allegedly protected work?’

These questions do not exist in a vacuum. They are a sort of multiple-choice catechism that must be recited on each occasion on which one contemplates the application of existing laws and principles to a new medium, or to a new way of manipulating an old medium, through which an actually or allegedly protected work may be communicated or on which it may be recorded. One of the first such media to be considered this century is that of the wiki.⁴

This chapter puts the wiki under the microscope, not with a view to providing answers to the questions relating to authorship, ownership and control of a new species of work that generates legal consequences – since the answers will vary from jurisdiction to jurisdiction in accordance with local copyright laws and contractual and delictual obligations. Rather, this chapter seeks to ask questions, framing them where possible within a European Union context, as to what species of beast the wiki is.

What is a wiki?

The word ‘wiki’ is not a legal term of art. For the purpose of this chapter it may be understood as meaning ‘a website or similar online resource which allows users to add and edit content collectively’.⁵ The growth of the popularity of the wiki as a means of recording, verifying, correcting and communicating information has been a prominent feature of a phenomenon often

⁴ According to the entry on wikis in Wikipedia, the first wiki was installed as long ago as 1995 (<http://en.wikipedia.org/wiki/Wiki>, accessed 24 January 2008). However, so far this century the wiki has received very little attention from writers in Europe. For example, the chapter of Simon Stokes’ enjoyable *Digital Copyright Law and Practice* (Hart, Oxford, 2nd edition 2005) which deals with copyright and internet technology has no reference to the wiki. The same is true of Frank Gotzen (ed.), *The Future of Intellectual Property in the Global Market of the Information Society: Who is Going to Shape the IPR System in the New Millennium?* (Bruylant, Brussels, 2003), Patricia Akester, *A Practical Guide to Digital Copyright Law* (Sweet & Maxwell, London, 2008) as well as the other works cited elsewhere in this chapter. A Google search of the term ‘copyright in wikis’, conducted on 24 January 2008, located only one site: http://www.wikiservice.at/gruender/wiki.cgi?Copyright_in_Wikis.

⁵ www.tvb.org/multiplatform/Multiplatform_Glossary.asp (accessed 12 December 2007).

termed ‘Web 2.0’. Again, Web 2.0 is not a term of art – and there are some who doubt its existence⁶ – but for the purposes of this chapter that term may be understood as referring to ‘a perceived second generation of web-based communities and hosted services – such as social-networking sites, wikis, and folksonomies – which aim to facilitate creativity, collaboration, and sharing between users’.⁷

As viewed by readers and those who participate in its compilation, a wiki is generally perceived as a two-dimensional, screen-based phenomenon. The screen display is however the result of the summoning-up of all or more usually part of a record that consists entirely of an electronic record hosted on a computer disk or other storage medium.

The wiki lies at the opposite end of the spectrum from the establishment of a digital rights management (DRM) scheme,⁸ even though secure, access-limiting software may be found in the structure of each. DRM employs its secure software in order to control the nature and extent of a copyright-protected work when it delivers it to the ultimate consumer, while the wiki employs its software in order to deliver a work’s evolutionary accessibility to present and future authors who may be, but need not be, its consumers too.

No reliable estimate exists as to how many wikis are in use or as to their actual or theoretical market value. It has been asserted that 50 per cent of corporations will be using wikis as ‘work collaboration tools’ by 2009,⁹ as a means of facilitating cooperation by home-workers in projects that will keep fuel costs down while keeping retirement-age workers active. Since we are still at the stage in the wiki’s evolution in which many journalists have only just stumbled upon it and write on the topic on the basis that members of the public have no knowledge of it at all, it may be assumed that the amount of hard fact concerning wiki penetration remains small for the time being.

Is copyright the appropriate right in a wiki?

This chapter does not propose to revisit the long-running discussion as to whether the right that links a creator with his creation is properly termed a

⁶ Nate Anderson, ‘Tim Berners-Lee on Web 2.0: “nobody even knows what it means”’, *Ars Technica*, 1 September 2006, <http://arstechnica.com/news.ars/post/20060901-7650.html> (accessed 22 January 2008).

⁷ http://en.wikipedia.org/wiki/Web_2 (checked 12 December 2007).

⁸ For a recent critical review of DRM in practice see Christopher May, *Digital Rights Management: The Problem of Expanding Ownership Rights* (Chandos Publishing, Oxford, 2007).

⁹ Brad Kenny, ‘Seven Strategies for Implementing a Successful Corporate Wiki’, *Industry Week*, 25 January 2008, citing a study by the Society for Information Management’s Advanced Practices Council (APC): <http://www.industryweek.com/ReadArticle.aspx?ArticleID=15682&SectionID=2>.

'copyright' or an 'author's right'.¹⁰ Within the context of the wiki, this debate has some meaning.

Because it is not a copy of another work itself and consists of content that is capable of being copied – and which in an appropriate case may well be copied – it fits the description of an original literary work within the traditional framework of the common law view of copyright. Without struggling to analyse the issues of authorship too closely, the common lawyer is apt to recognise that the wiki is a typical case of 'if it's worth copying, it's worth protecting'.¹¹

A lawyer in the civilian tradition of the author's right, while conceding that a wiki may bear some outward trappings of an author's work, will pay particular attention to its manner of creation. Is it the embodiment, in some tangible or at least recorded form, of the author's will? If so, it is the original creative act of the author that drives the justification for conferring legal protection. It is on this basis that civilian traditions have found it possible to confer author's right protection on perfumes and scents,¹² while hesitating to protect lists of factual data¹³ and, at first, even computer programs.¹⁴

But if the civil lawyer finds merit in the author's act of creation, he may balk at protecting the wiki once he fully appreciates its synthetic nature. A large multi-contributor work may be a reflection of no specific and identifiable

¹⁰ For a pertinent discussion of author's right theory under natural law in the context of its application to authorship in the digital era, with particular regard to so-called 'multimedia' creations see Tanya Aplin, *Copyright Law in the Digital Society* (Hart Publishing, Oxford, 2005), at 26–31. See also William Patry, 1 *Copyright* (vol. 1, St. Paul, Minnesota, West, 2007), ch. 1, with its exhaustive history of copyright development in both the United States and the United Kingdom.

¹¹ This sentiment was first expressed by Peterson J in *University of London Press Ltd v. London Tutorial Press Ltd* [1916] 2 Ch 601, 610.

¹² See eg Sergio Balana, 'L'industrie du parfum à l'assaut du droit d'auteur . . . *fumus boni iuris?*' *Propriétés Intellectuelles* 16, July 2005, 254, and 'Urheberrecht für Parfums', (2005) GRUR. Int, 12 and 'La protección del perfume por el derecho de autor. Comentario a la Sentencia de la Cour d'Appel de Paris de 25 de enero de 2006 en el caso L'Oreal c. Bellure', (2006) *Revista de Propiedad Intelectual*, 22.

¹³ For a lucid account of the civil law debate see P. Bernt Hugenholtz, 'Protection of compilations of facts in Germany and the Netherlands' in Egbert J. Dommering and P. Bernt Hugenholtz (eds), *Protecting Works of Fact* (Kluwer, Deventer, 1991).

¹⁴ The Bundesgerichtshof initially required, as a condition of copyright protection for a computer program, both that it possess individuality as compared with existing programs and that the author's ability, in terms of the engineering process, should considerably surpass that of the average computer programmer: the rigour of its earlier decisions in *Inkassoprogramm* [1986] 17 IIC 681 and *Betriebssystem* [1990] 22 IIC 723 was later abated in *Buchhaltungsprogramm* [1993] CR at 752 *et seq.*

individual at all. It may be more like a large, accessible wall upon which each of a lengthy procession of passers-by has written a few words, a sort of literary coral reef that has come into being through the gradual accretion of a myriad of words, its shape and character being determined at any given moment by the nature of the most recent of those accretions which have obscured the foundation of the earlier contributions upon which they have alighted: it is a work that can be copied, but is it truly a work of authorship in any meaningful sense?

Without attempting to resolve this debate, modern European intellectual property law has imposed further legal superstructures. One of these superstructures seeks to resolve or bypass the old copyright/author's right debate by suggesting that protection should be imposed at a higher and more general level than that of protecting the textual context of a wiki. The other flies below the radar of copyright/author's right, by pointing to the aggregation of individual items of content, rather than at the authorial integrity of the whole, as the appropriate point at which protection should be brought to bear.¹⁵ Both of these legal superstructures, confusingly, go by the same name – database right – and both were brought into contemporary national law¹⁶ by the same instrument, the so-called Database Directive.¹⁷

In brief, the Database Directive provided for two rights. The first is copyright; the second is a *sui generis* right which, though similar to copyright to the point at which the same legal provisions may apply in parallel to each of copyright and the *sui generis* right, is manifestly different to it in conceptual, practical and commercial terms. Each of the two rights introduced by the Directive is a right in relation to a database, so the definition of 'database' represents a common point of departure for further discussion and comparison of these rights as they relate to the wiki.

The Database Directive defines 'database' as 'a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means'.¹⁸ This definition may apply to a wiki and, it is submitted, will generally do so, but need not do so in

¹⁵ The uncomfortable relationship between copyright and author's right traditions at the point of potential overlap between traditional copyright subject matter and the *sui generis* database right is illuminated by reading John Adams, 'Originality in copyright: a solution to the database problem?' in Paul Torremans (ed.), *Copyright Law: A Handbook of Contemporary Research* (Edward Elgar, Cheltenham, UK and Northampton, MA, 2007).

¹⁶ No provision was made for a pan-European database right analogous to the pan-European unregistered design right introduced into European Union law by Council Regulation 6/2002 of 12 December 2001 on Community Designs.

¹⁷ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

¹⁸ Directive 96/9, Art. 1.

every case. A wiki that is a compilation of separate contributions will always be capable of being viewed as a ‘database’ unless the contributions are in the form of small, incremental changes and additions to a textual matrix that cannot be described as ‘independent’ since they cannot stand alone and are only given meaning or context by the wiki content that surrounds them.

The wiki as copyright work

Now that the term ‘database’ has been defined, and it appears that a wiki may – and generally will – fall within its scope, let us see what the Directive says about the extent to which a database is protected under the law of copyright. Article 3 explains what precisely is protected, while Article 4 determines who is entitled initially to enjoy the benefit of that protection:

Article 3

Object of protection

1. . . . databases which, by reason of the selection or arrangement of their contents, constitute the author’s own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection.
2. The copyright protection of databases provided for by this Directive shall not extend to their contents and shall be without prejudice to any rights subsisting in those contents themselves.

Article 4

Database authorship

1. The author of a database shall be the natural person or group of natural persons who created the base or, where the legislation of the Member States so permits, the legal person designated as the rightholder by that legislation.
2. Where collective works are recognized by the legislation of a Member State, the economic rights shall be owned by the person holding the copyright.
3. In respect of a database created by a group of natural persons jointly, the exclusive rights shall be owned jointly.

From Article 3 we immediately see that the European Parliament and the Council have sided with both the civilians and the commoners. The database is a work of ‘the author’s own individual creation’, a term which strikingly emphasises the primacy of the human creative imperative as the justification for conferring legal protection. Yet simultaneously those august bodies, in directing the legislative drift of their neophyte subject matter, steer their attention away from a work of creative authorship and focus instead upon what is effectively the work of tidy office management: the arrangement of something even as trivially uncreated as raw data, in a systematic or methodical manner by means of which each piece of data is individually accessible. This is to bestow the title ‘author’ on the street-sweeper who brushes facts into tidy piles of data all along the information highway.

More to the point, on the assumption that the normative publicly accessible and communally amendable wiki is generally a ‘database’ under Article 1, we can substitute ‘wiki’ for ‘database’ and re-read Article 3 as stating that ‘wikis which, by reason of the selection or arrangement of their contents, constitute the author’s own intellectual creation shall be protected as such by copyright’.

Now we have a problem. Many people may contribute to a wiki as it metamorphoses from one content-form to the next. If each contributor’s addition is included in the wiki as a whole by virtue of ‘the reason of the selection or arrangement of the wiki’s contents’, does that mean that the work is a protectable database? Both the conceptual language and its mode of expression are clumsy and unclear to the English reader, but it looks as though we have a sort of reasoning that runs like this:

- i. There exists a database (within the meaning of Article 1);
- ii. The database constitutes the author’s own intellectual creation;
- iii. The reason why the database constitutes the author’s own intellectual creation is *because* he has selected or arranged its contents;
- iv. Because the author has created the database by selecting or arranging the contents, the database is entitled to copyright protection;
- v. Copyright protection of the database does not extend to the contents selected or arranged, since it does not depend on the ‘content of the contents’ but does depend on the fact of their selection or arrangement that is accessible by electronic or other means.

This at least tells us that the subject of protection of a wiki that is a ‘database’ is the product that results from the intellectual creation that has been employed in making it a matrix to which information may be added and from which information can be retrieved.

The scope of protection accorded to a database suggests however that what is protected is not merely the result of the intellectual creative act of an author but the content of the database itself. Thus Article 5 reads:

Restricted acts

In respect of the expression of the database which is protectable by copyright, the author of a database shall have the exclusive right to carry out or to authorize:

- (a) temporary or permanent reproduction by any means and in any form, in whole or in part;
- (b) translation, adaptation, arrangement and any other alteration;
- (c) any form of distribution to the public of the database or of copies thereof. . . .;
- (d) any communication, display or performance to the public;
- (e) any reproduction, distribution, communication, display or performance to the public of the results of the acts referred to in (b).

In this respect there is an analogy between the protection of a wiki as a database under copyright and the protection of a 'compilation' as a literary work:¹⁹ an author may exercise his creative intelligence in arranging a group of individual works within a particular scheme, even though he was the author of none of those individual works, but his copyright in the compilation may be infringed, and thus enforceable by him, when a series of items within the compilation are put together in the same manner in the course of carrying out an act restricted by his copyright.

The wiki as sui generis work

The Database Directive provides a lower level of protection than copyright in respect of the database *qua* compilation of data rather than as *qua* original intellectual creation. This substratum of protection most certainly recognises the common law philosophy of providing protection on the basis that the object of protection is worth copying, rather than recognising the merit of any intellectual skill or self-expression on the part of a creator. It is not a registered right, like the patent, trade mark or design; it is not a copyright either. Aptly is it named the *sui generis* right, since it is unlike any regular intellectual property right, being at best an unloved bastard child of the Nordic catalogue rule, fertilised in a test-tube of the European Commission's policy laboratory.²⁰

What is the subject matter of *sui generis* protection? Article 7 of the Directive explains:

Object of protection

1. . . . a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents . . .
4. . . . paragraph 1 shall apply irrespective of the eligibility of that database for protection by copyright or by other rights. Moreover, it shall apply irrespective of eligibility of the contents of that database for protection by copyright or by other rights. Protection of databases under the right provided for in paragraph 1 shall be without prejudice to rights existing in respect of their contents.

¹⁹ On the compilation as a species of original work see Kevin Garnett, Gillian Davies and Gwylim Harbottle, *Copinger and Skone James on the Law of Copyright* (Sweet & Maxwell, London, 15th edition, 2005), at 3.23 to 3.26.

²⁰ An excellent up-to-date explanation of the modus operandi of the *sui generis* right is that of Estelle Derclaye, 'Database *sui generis* right: the need to take the public's right of information and freedom of expression into account' in Fiona Macmillan (ed.), *New Directions in Copyright*, No. 5 (Edward Elgar, Cheltenham, UK and Northampton, MA, 2007).

This subject matter is protected, it appears, not on account of the intellectual creativity so beloved of the civil law tradition, but solely on account of one of three meritorious triggering events: investment in obtaining, investment in verifying or investment in presenting. No matter that this simple formula has been interpreted into near oblivion, having been dragged through an impenetrable thicket of intellectual overkill and hyper-rationalisation by a Court of Justice that has demonstrated an absolute absence of empathy with the subtle world of intellectual property commerce:²¹ the words of the Directive clearly express an intention to protect a subject matter that consists of (i) an investment which is made in (ii) a non-authorial act that adds value or substance to (iii) a database.

What does this mean for the wiki? Again, on the premise that almost all wikis are databases, we can substitute the word ‘wiki’ for ‘database’ in Article 7 and read it as protecting ‘. . . a wiki which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents . . .’.

Unlike the previously discussed database copyright conferred under Article 4, the *sui generis* database right does not require an act of creativity on the part of an author, so there is no need to identify the author. The *sui generis* right only requires that there be a ‘maker’. This constructive but non-creative entity is not defined within the Directive’s substantive provisions, but it is understood by Recital 41 of the Preamble as ‘the person who takes the initiative and the risk of investing; . . . this excludes subcontractors in particular from the definition of maker’.²²

This definition separates the term of art ‘maker’ – the initiator and risk-taker – from the actual maker, the person or persons who assemble the ‘collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means’ which the Directive protects. Applied to the wiki, the contributor of content does not, however great his contribution in qualitative or quantitative terms, become its ‘maker’ in legal terms – even if he contributes its entire content *and* is the provider of the intellectually creative spark that vests copyright in the

²¹ See the four non-joined but nonetheless related decisions in Cases C-203/02, *British Horseracing Board Ltd v. William Hill Organization Ltd* [2005] ECDR 1; C-444/02, *Fixtures Marketing Ltd v. Organismos Prognoskikon Agonon Podosfairou* [2005] ECDR 3; C-46/02, *Fixtures Marketing Ltd v. Oy Veikkaus AB* [2005] ECDR 2; C-338/02, *Fixtures Marketing Ltd v. Svenska Spel AB* [2005] ECDR 4.

²² National legislation has fleshed this out somewhat: thus Regulation 14 of the Copyright and Rights in Databases Regulations 1997 (1997 No. 3032) in the United Kingdom, without excluding subcontractors, still requires six subsections in order to determine the identity of one or more maker of a database.

database under Article 3 – because he is not the risk-taker and the initiator of the database as a commercial venture.

Is a wiki also a conventional non-database copyright work?

In terms of its general outward appearance, a wiki may be described as a work that is comprised of conventional alphanumeric symbols and that bears the outward trappings of a conventional literary work. To date, wikis have been populated, amended and updated by information supplied through individual manual intervention by authors, so they would appear to conform to the archetype of a multi-authored work.

While human agency through the act of creative authorship is presently the norm, there is no technical reason why a wiki should not be amenable to development amendment by purely mechanical and automated means, such as through the operation of a computer program that replaces existing data with fresh data (such as the substitution of the renumbered provisions of statutes, of married names in place of single names, or of the names of countries or cities that have recast themselves in non-colonial mode). The refreshing of Wikipedia content is itself the product of automatic routine editing, both through ‘assisted editing’ – where an individual editor uses programs that assist the preparation of his individual edits – and through the ceaseless patrolling of Wikipedia content by robots (‘bots’) that correct grammar and syntax, substitute links and restore the effects of vandalism.²³ Where mechanical amendment goes so far as to generate content that may be objectively identifiable as a prima-facie-protected subject matter of copyright in its own right, some jurisdictions already recognise that copyright may be generated by a work that cannot be traced to an act of human authorship.²⁴

Who is the author?

The concept of authorship and the identification of one or more authors are subjects that have generated a large and vibrant literature.²⁵ What they have not yet generated, however, is an officially recognised consensus within the

²³ The scheme for assisting editing and the use of ‘bots’ may be found at <http://en.wikipedia.org/wiki/Wikipedia:Bots> (accessed 29 January 2008).

²⁴ See eg in the United Kingdom the Copyright, Designs and Patents Act 1988, s. 9(3): ‘In the case of a literary, dramatic, musical or artistic work which is computer-generated, the author shall be taken to be the person by whom the arrangements necessary for the creation of the work are undertaken.’

²⁵ For a broad survey of legal, economic and philosophical approaches to the concept of authorship, embracing both common law and civil law traditions, see Lior Zemer, *The Idea of Authorship in Copyright* (Ashgate, Aldershot, 2007) and the sources cited there.

European Union as to who an author is or as to whether the author or some other party is entitled to be regarded as the legal owner of the copyright (whether initially, on account of the third party's status, or following the operation of a rule of law that divests the author of his entitlement as owner at the moment when the work is created).

The term 'author' is left open for national governments to determine, since the term is not defined under international law or under any instrument of European Union law – with one apparent exception. In respect of copyright in an original and creative database, Article 4 of Directive 96/9 defines 'author as 'the natural person or group of natural persons who created the base or, where the legislation of the Member States so permits, the legal person designated as the rightholder by that legislation'.

This exception is not, then, a true exception, since it is not so much a definition as a facilitation: the legislatures of the respective Member States are vested with the option to designate as the author of a database – which the wiki may very well be – the natural person(s) who created the wiki, the employer of such person(s), an independent party by whom the wiki was commissioned, or the cat in the tree.

Leaving aside the issue of authorship of a copyright-protected database in wiki format, let us now consider the authorship of the contents that are written and posted into the corpus of the wiki's content. The concept of 'joint authorship' is highly relevant to the wiki, since the technical possibility exists that any given piece of wiki text will be worked and reworked by several authors with the result that the individual contribution of each cannot be detected. Joint authorship however raises problems of its own. Where A writes a literary work and posts it on the wiki on Monday, B makes substantial changes in it on Tuesday and C, unaware of the earlier text, changes it back on Wednesday to the form in which A originally posted it, the authorship of the final version of the text is open to debate. The casual reader on Monday, revisiting the same wiki page on Thursday, may have no idea that the apparently identical text has been the subject of three authorial acts. A will be surprised to hear of C's claim to be the author of a piece of text which, in the absence of evidence to the contrary, he believes he has written. And what of poor B, whose authorial contribution to the dynamic of the living, ever-changing text has been, as it were, written out of the script, but whose contribution was the causative event that triggered the authorial act of C?

Given the uncertainties regarding the identity of the author, and of identifying the nature and extent of his authorial contribution to what is generally a 'work in progress' that is always in flux, never static, the extreme position taken by Lior Zemer is in this instance remarkably attractive. Zemer writes:

I advocate the authorial role of the public in the process of copyright creation. This

role has been largely ignored and taken for granted. I take the temerity to introduce and develop a socio-legal argument suggesting a property right for the public in every copyrighted enterprise.²⁶

In the case of a popular wiki such as Wikipedia itself, as the number of contributors continues to surge²⁷ and the significance of the identity of each individual contributor continues to diminish, one almost senses that this example is made for Zemer's thesis.²⁸

Where does the act of authorship take place?

National copyright law works best, and is easiest to apply, in terms of single instances of creation: this is because the principles from which our present law has been formed are principles which were themselves directed towards the protection of a single work, created at one point in time, by a single author. More complex scenarios are recognised to exist and one of them – the creation of a single work by more than one author – is addressed through a simple rule: if the contributions of the respective authors can be separately identified in the final work, then they are treated as separate works in each of which a separate copyright exists. The contributions of the respective authors may not however be meaningfully unscrambled, certainly where their origins cannot be identified at all and possibly also where, though each is identified, it is only by virtue of their aggregation that the combined result constitutes a protected work at all. In such a case, the work is taken to be a work of joint and inseparable authorship; both the incidents of ownership and the duration of protection take this inseparability into account.

But the law has not developed with equal confidence into other areas of complexity. For example, what happens where a work is apparently a work of joint authorship as described in the previous paragraph, but the authors have composed their respective authorial contributions in different countries? This is a common occurrence where wikis are concerned, since the internet is no respecter of national boundaries and the fusion of creative inputs into a single work with a wide international readership and writership (such as Wikipedia

²⁶ Ibid., vii.

²⁷ By mid-January 2008 the number of contributors to Wikipedia had exceeded 75,000, making it what is almost certainly the largest currently continuously authored work in the world. The current figure can be checked on <http://en.wikipedia.org/wiki/Wikipedia:About>.

²⁸ Zemer has adopted the retro-approach of the legal scholar, seeking a foundation for his thesis in the writings of John Locke. Although the book was published in 2007 it addresses and criticises the notion of the model in the traditional author-publisher-public-purchaser paradigm. The terms 'cyberspace', 'internet', 'Web 2.0' and 'wiki' will not be found in its index.

itself) is an extremely common event. Since there is no harmonisation of legal rules defining authorship within the European Union or beyond it, it is easy to postulate the existence of a work in which the authorial contributions of A, B and C are combined, these august authors being resident in EU Member States X, Y and Z. Under the law of country X, it appears that the work is a work of joint authorship and that A, B and C are the joint authors. Under the law of country Y, the original work as posted by A is regarded as a work of single authorship in which A owns the copyright, the view being taken that the contributions of B and C are insufficient to cause the result of their respective additions to be regarded as original. Under the law of country Z, the contribution of B is regarded as insubstantial, but the result of C's further amendment is to create not a work of joint authorship but two separate works in which the contributions of A and C are identifiable. Is it the law of country of X, Y or Z that applies to the issues of authorship and ownership? Or should it be the law of the United States where, it transpires, the wiki was hosted?

The author and moral rights

In addition to the so-called 'economic rights' that determine the ability of their owner to control at least in part the manner in which his copyright is exploited in the market – whether the market is a real one for a commercial product or a hypothetical one for a work that is never meant to be traded – there also exists a set of 'moral rights'. These rights link the author to the work on the basis of his association with that work through an act of creativity. Being entirely personal in their nature, these rights may be waived but not assigned in the course of trade. The principal moral rights are

- the right to be identified as the author of one's work (even in an age of political correctness the metaphor of 'paternity' is employed to describe this right, regardless of the gender of the author);
- the right to object to the making by others of alterations to the work that cause the author some loss or damage by virtue of his being known as author of the work as altered;
- the right to determine when the work is indeed concluded as a work and not merely some preparatory draft or model from which the ultimate work will be distilled;
- the right to resile from any form of exploitation of the work that the author considers to be inappropriate or undesirable.²⁹

²⁹ Sometimes termed the *droit de repentir* (right to repent).

The application of moral rights principles to the creation of wikis is fraught with difficulties. At this early juncture we can identify at least the following problems:

- just as there is a difference of approach as between copyright and author's right systems when it comes to the identification of appropriate subject matter for protection through the exercise of economic rights, a similar difference is reflected in the identification of that which constitutes a work for moral rights. We do not yet know whether the two traditions would treat the wiki in like fashion or split over the need to protect the identity and moral integrity of its authors;³⁰
- the authorship of a contribution to a wiki may be apparent, as where the wiki is the product of a single, named individual. It may also be the product of a single but unnamed individual or of a multiplicity of named or unnamed individuals. The circumstances pertinent to each may govern the extent to which the right of paternity can be said to be applicable, if at all. In the United Kingdom, if a multi-authored wiki is published in a 'collective work of reference' no right to be attributed as the author even of an identified and unamended part of it even exists;³¹
- in the United Kingdom the right to be known as the author of a work must be 'asserted' in accordance with a web of statutory detail before it may be enforced. If a wiki is not excluded from the scope of this right because it is not found to be a 'collective work of reference' it is still unclear what precisely the author of an original or amending part of a wiki must do in order to be said to have asserted his right;
- a wiki to which a multiplicity of authors have access to editorial rights raises problems regarding the possible waiver of the right to object to distortions and mutilations and, to the contrary, the possible implication of a common understanding among the authors that no such non-consensual amendment shall be made;
- it may be questioned whether any person, on reading a multi-authored wiki, would necessarily assume that an attribution of the name of an author, in relation to an entry, creates an implication that the work thus attributed is indeed the sole and unamended work of the named author;

³⁰ For some examples of ambivalence in determining whether a work is suitable for moral rights protection see Stina Teilmann, 'Justifications for copyright: the evolution of *le droit moral*' in Fiona Macmillan (ed.), *New Directions in Copyright*, vol.1 (Edward Elgar, Cheltenham, UK and Northampton, MA, USA, 2005).

³¹ Copyright, Designs and Patents Act 1988, s. 79(6)(6).

- the wiki provides a perfect medium for conflicting ‘freedom of expression’ claims by the author who objects to a given amendment and the author who seeks to impose it;³²
- it is conventionally accepted that mere editorial amendments such as the correction of a spelling or the repunctuation of a sentence are not prohibited as being in conflict with the author’s moral rights, but it is unknown whether that acceptance is equally operative in the case of wikis or whether, if it is so operative, to what extent;
- the right to determine when a work is complete is of uncertain relevance and scope in the context of a typical multi-authored wiki;
- the right of withdrawal, probably the least significant moral right in the context of traditional exploitation of copyright works, paradoxically becomes the most significant moral right in the context of the wiki, where a work may be of only temporary or ephemeral interest and the author may have a pressing and continuing need to change his posted text or withdraw it completely from its wiki host.³³

The author and pseudo-moral rights

In addition to regular moral rights, the domestic laws of some nations protect rights which, though sometimes characterised as moral rights, are by definition not rights held by the author *qua* author. Two such rights are of clear relevance to the wiki:

- the right to object to the false attribution of authorship, this being a right that is exercised by a non-author who has been mislabelled as the author of a work;
- the right of a person who has commissioned the creation of a portrait to control or prohibit the display, reproduction, distribution or performance of any other restricted act by the owner of the copyright in the portrait.

³² On this conflict see Leslie Kim Krieger Bar-Am, ‘The moral right of integrity: a freedom of expression’, in Fiona Macmillan (ed.), *New Directions in Copyright Law*, vol. 2 (Edward Elgar, Cheltenham, UK and Northampton, MA, 2006) at para. 3.1.4.

³³ A work may be withdrawn from a wiki but it never really disappears: its electronic footprint will remain in cyberspace, held by one or more of the private sector facilities that traps and preserves old versions of current pages, as well as the content of no-longer-extant pages themselves. For a good example of how apparently extinct versions of pages may be recovered for evidential purposes see *Reed Executive plc and Reed Solutions plc v. Reed Business Information Ltd, Reed Elsevier (UK) Ltd and Totaljobs.com Ltd* [2003] RPC 12.

Logically it appears that, in any situation in which an author objects to the distortion or mutilation of a work which he has written, that author can assert both his moral right as the author of the work in its original form and his pseudo-moral right as the non-author of the objectionable form into which his work has been metamorphosed.

A view from HQ: do the European Union's organs have anything to tell us?

As mentioned above, the terms 'Web 2.0' and 'wiki' are not terms of art. No reference will therefore be found to them in any European Union primary or secondary legislation. Even the now ubiquitous term 'internet', the means by which the wiki is accessed and promulgated, is not employed in any European Union copyright-related or information society legislation. European law is expressed to be compliant with the so-called WIPO Internet Treaties, neither of which contains the word 'internet'.

This silence is consonant with one or more of a number of states:

- a sense of contentment or satisfaction with the present position of the law;
- a lack of awareness of any specific detail or general principle of law which is in need of amendment or adjustment in the wiki age;
- a situation in which the investigation of the present state of affairs has been set in motion, in recognition of the possibility of law reform, but where the lengthy germination period of the investigation has yet to be completed;
- an awareness that some amendment or adjustment is needed, coupled with an absence of any appreciation as to the nature and extent of any necessary change;
- stasis in the face of cogent advice, from opposing lobby groups, as to the conflicting but apparently equally valid approaches that may be taken towards the amendment of the legal regime;
- an intuition that the present situation represents a merely transitory stage in a rapidly developing technology and that any legal reform may be precipitate and risk inhibiting its continued development.

What battle?

At the time of writing, the wiki is still awaiting its first European copyright and/or *sui generis* database right *cause célèbre*. No accusation of wiki infringement, theft or plagiarism has yet been heard in court; no writ has flown; no statements of righteous indignation or injured righteousness have hit the headlines of the popular press; no trainee lawyer, in the stillness of the data room, has struggled with the categorisation and classification of rights-holders'

interests; no commercial conference organiser has sent forth brightly coloured advertisements bearing strident statements that this is the Age of the Wiki, in which no client will wish to instruct a legal adviser who has not been extensively trained to solve the complexities of wiki authorship and ownership. Can it be that the wiki, like the multimedia CD, will come and even go without leaving more than a trace of commercial conflict in its wake?

In truth, ancient human skills such as the grant of licences and the consensual resolution of actual or potential conflict will do much to keep the wiki's many stakeholders out of court. Thus, taking the currently popular Wikipedia as an example, we note that, by uploading textual content on to that wiki each contributor agrees to license the public under the GNU Free Documentation License (GFDL),³⁴ without geographical limit, to use that contribution without the need to seek permission, provided that a principle of reciprocity applies which confers the same entitlement to others and that, where the fruits of that licensed use are made available online, such use links readers of the material used back to its Wikipedia source.³⁵ An arrangement such as this offers comfort and security to the would-be user or licensee, except that it is not unknown for standard terms of use to change over the course of time: a user of wiki content will not want to be told that, whatever blandishments appear on the wiki's statement of content use, it may be the terms that existed at the date upon which that content was uploaded, not the date on which he seeks to use it, that determine his relationship with one or more copyright owner.

If a would-be user of wiki content cannot comply with accessible and publicised conditions relating to the copying, transmission or other use of its contents, he must seek out the author (or authors) of the wiki entry which he wishes to use, so that they may be invited to give their consent to use outside those conditions. Identification of the appropriate author or authors of original and subsequently amended content may be through an explicit naming protocol or through the use of software that backtracks and allows the unravelling of wiki content, layer by layer. But life is short, copyright clearance routines are tedious and the risk of any individual act of infringement ending in litigation (or even pricking the modern conscience) must be close to infinitesimal.

³⁴ http://en.wikipedia.org/wiki/GNU_Free_Documentation_License, section 1 of which (Applicability and definitions) 'grants a world-wide, royalty-free license, unlimited in duration, to use that work under the conditions stated herein'.

³⁵ This (per Jordan S. Hatcher) is an arguable point under the text of the GFDL. Wikipedia itself recognises that this is unclear because the GFDL was not tailor-made for wikis. The need for a linkback is believed to be based on the idea that users must cite the principal authors and the history file of the text; the easiest way to do this is to linkback to Wikipedia's version of the article; there are however alternative ways of achieving the same end.

The licensing of works under the Creative Commons scheme is not yet wiki-friendly, in so far as it presupposes the existence of single, static works which can be identified as having their authorship and content which is to all intents and purposes immutable. The adaptation of that scheme, so as to avoid doubt in cases where no copyright protection claim is likely to be made or where a work is plainly dedicated to the public domain, should not greatly exercise the creative talents of the copyright lawyer.

Where battles will remain to be fought are those situations in which consensus is impossible to obtain, where moral rights of identifiable authors are traversed and where the terms of consent to otherwise unauthorised use are abused or ignored. In such situations, where the integrity of the single European market for goods and services is not obviously at stake and where there is no overriding imperative that demands the harmonisation of national laws within the European Union's component Member States, it may be predicted that the European Parliament and the Commission will not intervene. If this is so, then any initiative towards the creation of a clear and stable legal framework for the protection of creator of and contributors to wikis will have to come from the World Intellectual Property Organization itself. At the time of writing of this chapter, that is not an imminent occurrence, nor even a likely one.

9 Economic rights

Ansgar Ohly

1. Introduction

In the public perception copyright has advanced from a rather technical subject to a topic of great common interest. In particular the relationship between copyright and the public domain is the subject of considerable debate on both sides of the Atlantic.¹ Right holders, who are afraid of losing control over their works in the digital environment, have successfully pushed for a steady strengthening of copyright protection. On the other hand there is a growing awareness of users' rights and an increasing fear that copyright might hinder rather than promote creativity. Sadly, this debate seems largely restricted to some of the other topics discussed in this volume.² There is controversy about which subject-matter should be copyrightable, about adequate copyright duration, about exceptions and limitations, about technical protection measures and about new types of works such as databases. Other issues such as moral rights and first ownership mirror the traditional differences between copyright systems and author's rights systems.³

¹ An overview of the current debate is given by the contributions in Guibault, Lucie and P. Bernt Hugenholtz (eds) (2006), *The Future of the Public Domain*, Alphen aan den Rijn: Kluwer; Hilty, Reto M. and C. Geiger (eds), (2007), *Impulse für eine europäische Harmonisierung des Urheberrechts/Perspectives d'harmonisation du droit d'auteur en Europe*, Berlin, etc.: Springer; see also Geiger, C., "Constitutionalising" Intellectual Property Law? The Influence of Fundamental Rights on Intellectual Property in the European Union', (2006) 37 IIC 371; Hilty, Reto M., 'Stündenbock Urheberrecht?', in Ansgar Ohly and Diethelm Klippel (eds) (2007), *Geistiges Eigentum und Gemeinfreiheit*, Tübingen: Mohr Siebeck, pp. 107–44; Lessig, Lawrence (2001), *The Future of Ideas*, New York: Random House.

² See the 'four puzzles' identified by Julie E. Cohen (2006), 'Copyright, Commodification and Culture: Locating the Public Domain', in Guibault and Hugenholtz (*supra*, n. 1), pp. 121, 122.

³ On which see Davies, G., 'The Convergence of Copyright and Authors' Rights – Reality or Chimera?' (1995) 26 IIC 1995, 964, 969 et seq.; Ellins, Julia (1997), *Copyright Law, Urheberrecht und ihre Harmonisierung in der Europäischen Gemeinschaft*, Berlin: Duncker & Humblot; Strowel, Alain (1993), *Droit d'auteur et copyright: Divergences et convergences*, Bruxelles: Bruylant; from an economic perspective Koelman, K.J., 'Copyright Law and Economics in the EU Copyright Directive: Is the Droit d'Auteur Passé?', (2004) 35 IIC 603.

The area of copyright law explored in this chapter seems to be the least controversial aspect. Classical economic rights, in particular the reproduction right, the distribution right and the right of public performance, seem essential to the idea of copyright. They have been recognised at a rather early historical stage of copyright development. Today they are enshrined in international conventions, most notably the Berne Convention (BC) and the WIPO Copyright Treaties,⁴ and in several EC Directives, particularly in articles 2 to 4 of the Infosoc Directive.⁵ These provisions seem to leave but little scope for debate. The field of economic rights is the area on which copyright systems and author's rights systems largely agree, and even strong promoters of users' rights will concede that every legal system that stops short of an outright abolition of copyright will have to confer economic rights on the author.

Consequently a look at the provisions of Community legislation which grant economic rights, at their interpretation by the ECJ and at their implementation in national jurisdictions will reveal a significant degree of common ground (Section 2 below), although some issues of interpretation have not been entirely decided as yet. It is only at second sight that some more fundamental issues emerge which deserve a more principled discussion. Some of these issues will be highlighted in Section 3.

2. Common ground

2.1 *Reproduction right*

The reproduction right is the classical centrepiece of copyright.⁶ As early as 1710 the Statute of Anne⁷ granted authors the 'sole Liberty of Printing and Reprinting' their books. Similar provisions can be found, *inter alia*, in the French Copyright Act of 1793⁸ and the Prussian Copyright Act of 1837.⁹ While most early copyright statutes only provided protection against reprinting, copyright was later extended to cover 'the reproduction of (. . .) works, in

⁴ WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).

⁵ Directive 2001/29/EC of the European Parliament and the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167/10 of 22 June 2001 (hereinafter Infosoc Directive).

⁶ See the Commission's Green Paper, 'Copyright and Related Rights in the Information Society' (1995), COM (95) 382 final, p. 49: 'The right of reproduction is the core of copyright and related rights.'

⁷ An Act for the Encouragement of Learning, 8 Anne c. 19 (1710).

⁸ See Lucas, André and Henri-Jacques Lucas (2006), *Traité de la propriété littéraire et artistique*, 3rd ed., Paris: Litec, paras 7, 8.

⁹ § 2 of the Act; see the reprint in (1988) 107 UFITA 190.

any manner or form' (article 9 (1) BC).¹⁰ At Community level, the reproduction right was first harmonised with respect to software,¹¹ databases¹² and related rights¹³ (a technique often referred to as 'vertical harmonisation')¹⁴ before article 2 of the Infosoc Directive introduced a general reproduction right ('horizontal harmonisation'). Article 2 provides: '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.' So far, so unspectacular: the basic elements of the reproduction right seem to be common to all national copyright systems and thus seem to be entirely uncontroversial. At second sight however two issues seem worth noting.

First it is remarkable that article 2, in contrast to the Continental *droit d'auteur* tradition, does not distinguish between copyright and related rights.¹⁵ The reproduction right is not only conferred on authors but also on performers, phonogram producers, film producers and broadcasting organisations. As far as performers and broadcasters are concerned, Community law distin-

¹⁰ The history of the Berne Convention shows that the safe area of general agreement on the reproduction right as such and the minefield of disputed exceptions are not very far apart. Due to different national views on exceptions the general reproduction right was only explicitly included in the Berne Convention in the course of the Stockholm revision of 1967; see Walter, Michel M., in Michel M. Walter (ed.) (2001), *Europäisches Urheberrecht, Kommentar*, Wien, New York: Springer, Info-RL, para. 47; Reimer, D. and E. Ulmer, 'Die Reform der materiellrechtlichen Bestimmungen der Berner Übereinkunft', GRUR Int. 1967, 431, 433.

¹¹ Article 4 (a) of Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, OJ L 122/42 of 17 May 1991 (hereinafter Computer Programs Directive).

¹² Article 5 (a) of Directive 96/9/EC of the European Parliament and the Council of 11 March 1996 on the legal protection of databases, OJ L 77/20 of 27 March 1996 (hereinafter Database Directive).

¹³ Article 7 (repealed by the Infosoc Directive) of 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 of 27 November 1992 (hereinafter Rental Right Directive). Meanwhile a new, codified version of the Directive has been passed: Directive 2006/115/EC of 12 December 2006, OJ L 376/28 of 27 December 2006. All references in this chapter relate to the codified 2006 version, unless otherwise stated.

¹⁴ On this terminology see Bechtold, Stefan, in Thomas Dreier and P. Bernt Hugenholtz (eds) (2006), *Concise European Copyright Law*, Alphen aan den Rijn: Kluwer, Information Society Directive, introductory remarks, note 1; Walter, Michel M., in Walter (*supra*, n. 10), Stand der Harmonisierung, note 3.

¹⁵ At international level this distinction results from the fact that authors' rights and related rights are dealt with in different instruments; see article 9 BC on the one hand and articles 7, 10, 13 Rome Convention (RC); 7, 11 WPPT on the other hand.

guishes between the right to first fixation, which is granted by article 7 of the Rental Rights Directive, and the right to authorise reproductions of those fixations, which is made part of the general reproduction right. Against this legislative technique one formal and one substantive objection can be made. Formally the distinction between first fixation and reproduction can be criticised as rather artificial.¹⁶ Community law cuts one single entitlement in two. The beauty of simplicity, which the 'horizontal' provision of one right for all types of reproduction seems to have, is thus outweighed by more complexity elsewhere. As far as the substance of the right is concerned, the meaning of 'reproduction' differs with respect to authorial works on the one hand and entrepreneurial works on the other hand.¹⁷ While the author is protected against any reproduction of the work as such, producers are only protected against reproductions of the fixation. While the producer of a sound recording may not only be protected against identical copying¹⁸ but also against an unauthorised digitisation of an analogous recording or even against reproductions in which speed or sound have been changed,¹⁹ he or she certainly cannot object to reproductions of the work which do not use the recording. Also the criteria for determining whether a partial reproduction constitutes an infringement may differ. Sound sampling²⁰ is an example in point. Courts in many jurisdictions have struggled with the threshold of copyright protection in cases where only a few notes of the original piece have been taken.²¹ With respect to author's rights the test is whether the part which has been taken would itself attract copyright protection.²² This test is a qualitative one. Sampling of a few notes will rarely infringe the author's right because the extracts are generally too short.²³ For entrepreneurial rights, however, there is no qualitative requirement such as originality or individuality. Thus the question of whether the extracted part attracts copyright protection does not make any sense here.

¹⁶ Article 14 TRIPS does not draw this distinction, but see articles 6, 7 WPPT.

¹⁷ See Bently, Lionel and Brad Sherman (2004), *Intellectual Property Law*, 2nd ed., Oxford: Oxford University Press, p. 136.

¹⁸ See von Lewinski, Silke, in Gerhard Schricker (ed.) (1997), *Urheberrecht auf dem Weg in die Informationsgesellschaft*, Baden-Baden: Nomos, pp. 253 et seq.

¹⁹ See Vogel, Martin, in Gerhard Schricker (ed.) (2006), *Urheberrecht*, 3rd ed., München: Beck, § 85, note 42.

²⁰ On which see Häuser, Markus (2002), *Sound und Sampling*, München: Beck.

²¹ See for the US: *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792 (6th Cir. 2005); for Germany: OLG Hamburg GRUR Int. 1992, 390 – *Tonträgersampling*.

²² For German law see BGH GRUR 2002, 799, 800 – *Stadtbahnfahrzeug*; Loewenheim, Ulrich, in Schricker (*supra*, n. 19), § 2, note 66; for English law see *Designers Guild v. Williams* [2001] FSR 11 at para. 26 per Lord Hoffmann; Bently and Sherman (*supra*, n. 17), p. 182.

²³ See Loewenheim, Ulrich, in Schricker (*supra*, n. 19), § 2, note 122.

Some authors conclude that the protection of sound recorders against sampling is actually broader than the protection afforded to authors because there is no justification for a *de minimis* threshold.²⁴ Meanwhile in the US this view has found judicial support.²⁵ However the better view seems to be that there is a threshold, but that the criteria for determining it are different. Since the sound recording right purely protects investment the test must be a purely economic one. A partial reproduction infringes the right where the producer's investment is endangered. This is the case if and when the copier competes with the producer of the original recording.²⁶ Since sampling is a creative technique which may give rise to an entirely new work there will often be no direct competition. This distinction and more generally the fact that the case for granting rights to the author is stronger than the case for protecting pure investment is concealed by the 'horizontal' legislative technique adopted in article 2.

Secondly and more generally, the concept of reproduction is not as clearly defined as it may seem at first blush.²⁷ Article 2 only clarifies that the right extends to 'direct or indirect, temporary or permanent' reproductions. The provision thus decides the dispute about whether the reproduction right applies to temporary reproductions of a work on a computer screen or in a computer memory.²⁸ In accordance with article 4 (a) of the Computer Programs Directive and the prevailing view in most jurisdictions, article 2 states that temporary copies such as copies made in a computer's random access memory (RAM) come within the ambit of the reproduction right.²⁹ The solution to the conflict between the right owner's interest and the interest of a user in the regular use of works in the digital environment is shifted to the defences: arti-

²⁴ Kohn, Al and Bob Kohn (2002), *Kohn on Music Licensing*, 3rd ed., Englewood Cliffs: Aspen Publishers, pp. 1486 et seq.; Schack, Haimo (2007), *Urheberrecht*, 4th ed., Tübingen: Mohr Siebeck, para. 624; Schaefer, Martin, in Artur-Axel Wandtke and Winfried Bullinger (2006), *Urheberrechtsgesetz*, 2nd ed., München: Beck, § 85, note 25.

²⁵ *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792, 801 (6th Cir. 2005): 'Get a license or do not sample'.

²⁶ OLG Hamburg GRUR Int. 1992, 390, 391; Häuser (n. 20, *supra*), p. 111; Hoeren, T., 'Nochmals: Sounds von der Datenbank – zum Schutz des Tonträgerherstellers gegen Sampling', GRUR 1989, 580.

²⁷ The definition of 'reproduction' was one of the aims expressed in the Commission's Green Paper (*supra*, n. 6), p. 51.

²⁸ On this discussion see Loewenheim, Ulrich, in Schricker (*supra*, n. 19), § 2, notes 20 et seq.; Lucas, André and Henri-Jacques Lucas (2001), *Traité de la propriété littéraire et artistique*, 2nd ed., Paris: Litec, paras 241 et seq.

²⁹ Bechtold, Stefan, in Dreier and Hugenholtz (*supra*, n. 14), Information Society Directive article 2, note 3 (b); Bently, Lionel, in Dreier and Hugenholtz (*supra*, n. 14), Computer Programs Directive Article 4, note 2 (c).

cle 5 of the Directive exempts certain transient reproductions from copyright infringement. This approach is technical rather than normative:³⁰ every fixation, however irrelevant it may be from an economic perspective, is a reproduction. Critics have pointed out that the result may be a discrimination between uses in the analogue world, where the reading of book is clearly not covered by copyright, and the digital world, where certain reproductions are indispensable for the reception of a work.³¹ What is more, the broad definition of the concept of reproduction results in an overlap between the reproduction right and the right of communication to the public. This may make the clearance of rights difficult, as reproduction rights are regularly administered by collecting societies whereas the making available right is not.³²

Even apart from the issue of transient copying the concept of reproduction leaves ample room for interpretation. There is certainly a core meaning: beyond doubt the photocopying of a book or the digital reproduction of a CD – generally speaking: the identical reproduction by technical means – are within the scope of the right. Apart from these clear cases, however, a penumbra of uncertainty remains. The only guideline provided by the Infosoc Directive itself is the interpretation rule ‘in dubio pro auctore’ in recitals 9 and 11,³³ which is in itself problematic and which will be discussed in more detail below.³⁴ While the ECJ aims at an autonomous Community law interpretation of the terms of the Infosoc Directive,³⁵ the court has not had the opportunity yet to clarify the concept of ‘reproduction’. So far, as already noted above, there are no Community law criteria for determining when the reproduction of a part of a work amounts to infringement. Also, while it is common ground that copyright protects the expression rather than the idea,³⁶ both are notoriously difficult to

³⁰ See Hugenholz, Bernt et al. (2006), ‘The Recasting of Copyright & Related Rights for the Knowledge Economy, Final Report’, http://ec.europa.eu/internal_market/copyright/docs/studies/etd2005imd195recast_summary_2006.pdf, last accessed 6 January 2008.

³¹ Ibid. p. 54 with further references.

³² Ibid. pp. 54 et seq.

³³ Recital 9 states that ‘any harmonisation of copyright and related rights must take as a basis a high level of protection’, recital 11 proclaims the need for ‘a rigorous, effective system for the protection of copyright and related rights’.

³⁴ *Infra*, Section 3.3.

³⁵ ECJ, 7 December 2006, case C-306/05, *SGAE v. Rafael Hoteles SL*, [2006] ECR I-11519 para. 31 with further references.

³⁶ Article 9 (2) TRIPS; article 2 WCT. National copyright law systems, however, have different ways of expressing this dichotomy. In German law, for example, the traditional distinction, which has meanwhile been abolished by the courts and most authors, was between form and substance; see Ulmer, Eugen (1980), *Urheber- und Verlagsrecht*, 3rd ed., Berlin, Heidelberg, New York: Springer, pp. 119 et seq.

distinguish.³⁷ Does the use of fictional characters and of the general trait of a novel in an unauthorised sequel concern the expression, as the German Federal Supreme Court has held,³⁸ or the idea? Is the reproduction of a two-dimensional work in three-dimensional form a copyright infringement?³⁹ For architectural drawings there seems to be unanimity that it is,⁴⁰ but how about other kinds of technical construction drawings, chemical formulae or even detailed descriptions of the genetic code?⁴¹ If copyright protected the authors of technical instructions against their realisation, basic principles of patent law would be threatened. Even with respect to aesthetic creations, copyright does not protect 'know-how' as such. Neither the methods of pointillism nor twelve tone music are copyrightable⁴² nor is the copyright in a recipe infringed by cooking a meal or baking a cake.⁴³ But the borderline between reproduction of the work and free use of the idea remains uncertain. The issue is further complicated by the fact that Community law has not harmonised the adaptation right yet. It is unclear whether, consequently, the task of distinguishing between adaptation and free use is left to the Member States or whether all or at least some adaptations may also be reproductions.⁴⁴

In another sense the internet poses new challenges to the concept of reproduction, particularly with regard to linking and framing. A mere hyperlink is itself no reproduction but only an enablement to reproduce,⁴⁵ but thumbnails have given rise to disputes. It could be argued that they should be treated like

³⁷ On the difficulties and possible criteria see from the perspective of British law Cornish, William R. and David Llewelyn (2007), *Intellectual Property*, 6th ed., London: Sweet & Maxwell, paras 11-07 et seq.; from the perspective of German law Loewenheim, Ulrich, in Schricker (*supra*, n. 19), § 2, notes 53 et seq.

³⁸ BGH GRUR 1999, 984 = (2000) 31 IIC 1050 – *Laras Tochter*.

³⁹ See s. 17 (3) of the UK Copyright, Designs and Patents Act 1988: 'In relation to an artistic work copying includes the making of a copy in three dimensions of a two-dimensional work and the making of a copy in two dimensions of a three-dimensional work.'

⁴⁰ For British law see *Copinger and Skone James on Copyright* (2005), 15th ed., London: Sweet and Maxwell, para. 7-64; for French law see Lucas and Lucas (*supra*, n. 8), para. 240; for German law see Loewenheim, Ulrich, in Schricker (*supra*, n. 19), § 16, note 7.

⁴¹ An issue which, according to Cornish and Llewelyn (*supra*, n. 37), para. 11-24, deserves 'anxious consideration'.

⁴² Schack (*supra*, n. 24), para. 166.

⁴³ Bently and Sherman (*supra*, n. 17), p. 134; Cornish and Llewelyn (*supra*, n. 37), para. 11-24.

⁴⁴ Whereas most Member States recognise a distinct adaptation right others consider adaptation as a sub-category of reproduction, see Hugenholtz et al. (*supra*, n. 30), p. 53.

⁴⁵ For the more disputed question whether linking can amount to 'making available' see *infra*, Section 2.4.

hyperlinks since they only refer to another website and since the copyright owner's consent can be presumed. But German courts⁴⁶ have not had much sympathy with this view: a thumbnail has been held to be a scaled-down reproduction of the original work.

2.2 Distribution right

The distribution right is the right to control the marketing and circulation of tangible embodiments of the work. It supplements the reproduction right in cases where the act of reproduction has occurred abroad or where the origin of infringing copies is unknown. The distribution right is also of special importance in licensing. It can be limited to certain channels of distribution, thus allowing the owner some degree of price discrimination. On the other hand the Achilles' heel of the distribution right is that it is the only economic right in copyright which is subject to exhaustion.

The concept of a separate distribution right is more controversial than article 4 of the Infosoc Directive, article 9 (2) of the Rental Right Directive and related provisions of Community law⁴⁷ would lead us to believe. Indeed, unlike the WCT⁴⁸ or the WPPT⁴⁹ the Berne Convention lacks a specific general provision concerning distribution,⁵⁰ and the distribution right is alien to some European legal systems. In France and Belgium legal theory has understood the reproduction right to encompass a broad destination right (*droit de destination*), which allows the author to control all commercial uses of each copy.⁵¹ While Belgian legislation now provides for a *droit de distribution*,⁵² France has not changed its copyright law in this respect,⁵³ arguing that the *droit de destination* protected all rights granted by the Directive. The principle of exhaustion, however, has now been codified in

⁴⁶ OLG Hamburg, GRUR-RR 2004, 313 = (2004) 35 IIC 478 – *thumbnails*.

⁴⁷ See also article 4 (c) Computer Programs Directive, article 5 (c) Database Directive.

⁴⁸ Article 6 (1) WCT.

⁴⁹ Article 8 I, 12 I WPPT.

⁵⁰ But see article 14 (1) and article 14bis (1) BC. Walter (in Walter, *supra*, n. 10, Info-RL, note 58) however draws on the Belgian and French doctrine of *droit de destination* and argues that the reproduction right of article 9 (1) BC encompasses a distribution right.

⁵¹ See the fundamental study by Gotzen, F. (1975), *Het bestemmingsrecht van de auteur*, Bruxelles: Larcier, p. 397, and Lucas and Lucas (n. 8, *supra*), para. 247.

⁵² Janssens, M.-C., 'Implementation of the 2001 Copyright Directive in Belgium', (2006) 37 IIC 50, 52.

⁵³ Lucas-Schloetter, A., 'Das französische Gesetz über Urheberrecht und verwandte Schutzrechte in der Informationsgesellschaft vom 1. August 2006', GRUR Int. 2007, 658, 660.

France.⁵⁴ Commentators have expressed their surprise about the subjection of a right to exhaustion which has not been explicitly recognised in the first place.⁵⁵

Article 4 of the Infosoc Directive does not directly define ‘distribution’. It clarifies, however, that the right applies to ‘any form of distribution to the public by sale or otherwise’. In slightly different words, article 9 (2) of the Rental Right Directive uses the term ‘making available’ as a synonym for ‘distribution’. According to § 17 of the German Copyright Act distribution means the act of offering the original or copies or putting them into circulation; section 18 of the UK Copyright, Designs and Patents Act 1988 defines ‘to issue a work to the public’ as ‘to put into circulation copies not previously put into circulation’. Thus, again, a core meaning and borderline cases can be distinguished. As becomes apparent from article 4 (2) of the Infosoc Directive the first sale of the original or a copy but also any other transfer of ownership such as a transfer by way of gift or exchange amount to distribution. However, article 4 of the Infosoc Directive and article 9 of the Rental Right Directive do not determine whether rental and lending are also forms of distribution or, in other words, whether the distribution right and the rental and lending right overlap. The initial proposal of the Rental Right Directive aimed at a clear distinction of both rights: distribution was to be limited to the transfer of ownership for unlimited duration.⁵⁶ The deletion of these words in the final version is an argument for the interpretation prevailing in some Member States such as Germany where rental and lending are regarded as kinds of distribution.⁵⁷

Differences between the protection of works of applied art in German and Italian copyright law have recently given rise to two cases which highlight two further problems concerning the concept of distribution. In the first case an Italian company had offered lamps designed by the famous Bauhaus designer Wilhelm Wagenfeld for sale on the internet. These lamps are protected by German copyright law whereas they can be freely sold in Italy. The advertisement invited German consumers in the German language to buy the lamps in Italy and to either fetch them themselves – Italy being a popular holiday destination for German tourists – or to have them delivered. The German Federal

⁵⁴ Article L. 122-3-1 Code de la propriété intellectuelle.

⁵⁵ Lucas, A. and P. Sirinelli, ‘La loi n°2006-961 du 1^{er} août 2006 relative au droit d’auteur et aux droits voisins dans la société de l’information: premières vues sur le texte promulgué à l’issue de la censure du Conseil constitutionnel’, (2006) 20 *Propriétés Intellectuelles* 297; Lucas-Schloetter (*supra*, n. 53) at 660.

⁵⁶ Von Lewinski, Silke, in Walter (n. 10, *supra*), Vermiet- und Verleih-RL, article 9, note 4.

⁵⁷ See § 17 of the German Copyright Act.

Supreme Court held that such an offer already triggered copyright protection.⁵⁸ Offer and actual sale are thus two distinct acts either of which can of itself infringe the distribution right. The German Copyright Act hardly allows a different interpretation as, according to § 17 of the Act, the distribution right extends to the offer of copies. While article 4 of the Infosoc Directive does not explicitly refer to the act of offering for sale, the court interpreted the provision in the light of recitals 4, 9 and 11 which, according to the court's view, militated in favour of strong and broad protection. Indeed, the copyright owner's interests are seriously affected in this situation because the offer was directed at the German market and it aimed at a circumvention of German copyright law. While this decision thus seems convincing, the second case is evidence of an attempt to stretch the limits of the distribution right even further. A company had bought imitations of armchairs and sofas designed by Le Corbusier in Italy, brought the pieces of furniture to Germany and set them up in shops for the use of customers. The Federal Supreme Court decided to ask the ECJ for a preliminary ruling,⁵⁹ asking whether the distribution right was infringed by allowing the use of a copy by third persons or even by merely displaying a copy in a shop window. The court itself was in favour of drawing a distinction: while the court did not consider displaying the work as distribution, it thought that allowing third persons to use a work came within the ambit of the distribution right. The court took the view that the wording of article 4 (1) allowed this interpretation and again drew on recitals 9 and 11 of the Infosoc Directive. Meanwhile the ECJ has held that this interpretation over-stretches the limits of the distribution right.⁶⁰ To distribute means to transfer ownership. An interpretation which considered a mere display or permission to others to use a copy without taking it away as distribution would seriously restrict the right to use a legitimately purchased copy of a work.

Article 4 (2) of the Infosoc Directive codifies the principle of exhaustion in slightly different terms than article 4 (c) of the Computer Programs Directive, article 5 (c) of the Database Directive and article 9 (2) of the Rental Right Directive.⁶¹ The distribution right with respect to the original or a copy of the work is exhausted where the first sale or other transfer of ownership in the Community of that object is made by the right holder or with his consent. This provision clarifies the territorial scope of exhaustion. On the one hand, national exhaustion is abolished in favour of Community-wide exhaustion. In

⁵⁸ BGH GRUR 2007, 871 – *Wagenfeld-Leuchte*.

⁵⁹ BGH GRUR 2007, 50 – *Le Corbusier-Möbel*.

⁶⁰ ECJ, 17 April 2008, case C-456/06, *Peek & Cloppenburg KG v. Cassina SpA*. The ECJ drew on article 6(1) WCT, which defines distribution as 'making available (. . .) through sale or other transfer of ownership'.

⁶¹ An inconsistency worth rectifying; see Hugenholtz et al. (*supra*, n. 30), p. 55.

this respect, article 4 (2) is the result of a line of judgments in which the ECJ held that national exhaustion was incompatible with the principle of free movement of goods (article 28 EC).⁶² Territoriality of intellectual property rights is at odds with the idea of an internal market. As long as territorially restricted intellectual property rights continue to exist, the principle of Community-wide exhaustion at least limits their potential to serve as tools for price discrimination between national markets. Thus the idea behind Community-wide exhaustion as opposed to national exhaustion is not inherent in intellectual property theory. Rather it is an external restriction based upon the rationality of the internal market. On the other hand article 4 (2) read in connection with recital 28 clearly rules out international exhaustion. The ECJ has confirmed this interpretation in the *Laserdisken* case.⁶³ The court not only referred to the clear wording of the provision but also to article 5 of the Infosoc Directive, which only grants the Member States discretion with respect to copyright exceptions and limitations, but not with respect to exhaustion. According to the court, different theories of exhaustion would result in a distortion of the internal market. This reasoning is largely convincing. While the aim of creating an internal market is a cogent reason for abolishing national exhaustion in favour of Community-wide exhaustion, it is in itself neither a reason for nor against international exhaustion. If however the exhaustion regimes of the Member States differ, the internal market could be distorted. Community law thus requires a uniform solution, but the decision between international and Community-wide exhaustion is left to intellectual property law and policy. Whereas there are good arguments for international exhaustion in trade mark law,⁶⁴ copyright theory rather leans against international exhaustion. If the aim of copyright is to serve as an incentive to authors and investors and to attribute the fruits of creativity to authors then there is no reason for not allowing right holders to use copyright as a tool for international price discrimination.

Another issue which has not been clarified at Community level is the moment at which exhaustion occurs along the chain of distribution. In partic-

⁶² ECJ, 20 January 1981, joined cases C-55 and 57/80, *Musik-Vertrieb Membran v. GEMA*, [1981] ECR 147; ECJ, 17 May 1988, case 158/86, *Warner Brothers v. Christiansen*, [1988] ECR 2605; ECJ, 24 January 1989, case C-341/87, *EMI-Electrola v. Patricia*, [1989] ECR 79; see also the Green Paper (*supra*, n. 6), pp. 45 et seq.

⁶³ ECJ, 12 September 2006, case C-479/04, *Laserdisken v. Kulturministeriet*, [2006] ECR I-8089, para. 24.

⁶⁴ Which the ECJ has not accepted. In its judgment of 16 July 1998, case C-355/96, *Silhouette/Hartlauer*, [1998] ECR I-4799, the ECJ has decided in favour of (merely) Community-wide exhaustion in trade mark law. Before 1998, the doctrine of international exhaustion had prevailed in British and German trade mark law; see Ohly, A., 'Trade Marks and Parallel Importation – Recent Developments in European Law', (1999) 30 IIC 512 with further references.

ular, split distribution systems cause problems. In principle, a right owner can limit distribution licences to particular types of distribution as long as they can clearly be distinguished. A classical case is the distinction between the general edition of a novel and a specific book club edition.⁶⁵ A more recent example is provided by OEM software licences which allow hardware producers to offer computers equipped with standard software. What if a software producer grants an 'authorised replicator' the right to produce software CDs and to sell them to wholesalers on the condition that the CDs be resold to hardware manufacturers only? According to article 4 (c) of the Computer Programs Directive and article 4 (2) of the Infosoc Directive, exhaustion occurs at first sale. Thus the distribution right is exhausted once the replicator sells the CDs to the wholesaler. It will not revive when the wholesaler breaches his contractual obligation by selling copies to retailers or end consumers.⁶⁶

A final issue is the distinction which articles 3 and 4 of the Infosoc Directive draw between the sale of tangible copies and the online transmission of computer programs or other files. This issue concerns a cross-section of rights. It will thus be explored below.⁶⁷

2.3 Rental and lending right

The rental and lending right was the first economic right which Community legislation granted to all right holders with respect to all kinds of works. With hindsight this may seem surprising, because before the implementation of Directive 92/100/EC (now replaced by Directive 2006/115/EC)⁶⁸ both the doctrinal basis of and the justification for rental and lending rights were disputed. Doctrinally, only certain European copyright statutes granted explicit rental rights for certain categories of works. In other countries rental was covered by broader economic rights such as the distribution right or the *droit de destination*. This begged the question of exhaustion. If, as in former German law, the doctrine of exhaustion applied without exception, right owners lost the right to prevent unauthorised rental of a copy at its first sale. If, however, as in former French law, exhaustion did not apply, the right owner could control the rental of all copies.

In terms of copyright policy there are sound arguments for granting a rental right, since rented copies generate additional economic returns in which the author should arguably participate. Lending, which the Directive defines as making available without commercial advantage, is different. While lending

⁶⁵ See Bently and Sherman (*supra*, n. 17), p. 138; Schricker, Gerhard, in Schricker (*supra*, n. 19), Vor §§ 28 ff., note 55.

⁶⁶ BGH GRUR 2001, 153 – *OEM-Versionen*.

⁶⁷ *Infra*, Section 3.2.

⁶⁸ *Supra*, n. 13.

does result in a more intense use of copies, it does not create additional economic value. Hence the justification of the lending right was one of the most disputed issues during the genesis of Directive 92/100/EC.⁶⁹ Article 6 of Directive 2006/115/EC makes a concession to this criticism: Member States may derogate from the exclusive right in respect of public lending and may thus replace the property rule envisaged in article 3 by a liability rule:⁷⁰ authors still have to be granted a claim for remuneration. Member States may go even further and exempt ‘certain categories of establishments’ from the payment of remuneration (article 6 (3)). But some Member States have been tempted to exempt *all* public libraries from paying remuneration. The ECJ has recently censured them for having succumbed to this temptation. The court argued that this was apparent from the provision that the exemption had to be limited to certain categories.⁷¹

The Directive aims at full harmonisation. While Member States are not under an obligation to introduce a specific lending right, they had to adapt their provisions on exhaustion in order to make sure that the rental and lending right was not exhausted on first sale.⁷² On the other hand, the ECJ has held that Member States are precluded from conferring rental rights on additional categories of entrepreneurs such as videogram producers.⁷³

2.4 *Right of communication to the public*

Another classical component of copyright law is the public performance right, more precisely the right to perform, play or show the work in public. At first sight it seems that these entitlements are part of the ‘right of communication to the public’ which is granted by article 3 of the Infosoc Directive. This interpretation would be in line with the French and German tradition of distinguishing between the right to use the work in tangible form and a broad right of public communication. It also seems to be supported by article 8 (2) of the Rental Right Directive, which confers on performers a right to equitable remuneration if a recording of the performance is communicated to the public. In

⁶⁹ See von Lewinski, Silke in Walter (*supra*, n. 10), Vermiet- und Verleih-RL, note 5.

⁷⁰ See on this distinction with respect to article 8 (2) of the Rental Right Directive Koelman (*supra*, n. 3) at p. 611.

⁷¹ ECJ, 6 July 2006, case C-53/05, *Commission v. Portugal*, [2006] ECR I-6215; ECJ, 26 October 2006, case C-36/05, *Commission v. Spain*, [2006] ECR I-10313; ECJ, 11 January 2007, case C-175/05, *Commission v. Ireland*, [2007] ECR I-3; see also the related judgment in case C-198/05, *Commission v. Italy*, [2006] ECR I-107.

⁷² Full exhaustion of the distribution right at first sale would be irreconcilable with the rental right, see ECJ, 22 September 1998, case C-61/97, *Egmont et al. v. Laserdisken*, [1998] ECR I-5271, para. 21.

⁷³ ECJ, 13 July 2006, case C-61/05, *Commission v. Portugal*, [2006] ECR I-6779.

this context, ‘communication to the public’ is to be understood in a broad sense: it encompasses both the ‘direct’ communication to persons who are present at the time and place where the recording is played (such as the playing of records in a club) and the ‘indirect’ communication to persons who listen to the recording elsewhere.⁷⁴ However, recital 23 of the Infosoc Directive shows that this would be a misunderstanding: the right of communication is to be limited to ‘all communication to the public not present at the place where the communication originates’ such as online communication, broadcasting and the transmission of performances to other places. This terminology follows the Berne Convention and the WCT which also distinguish between the ‘public performance’ of a work to an audience which is present⁷⁵ at the place of the performance and the ‘communication’ of a work to members of the public who enjoy the work at a different place and perhaps even at a different time.⁷⁶ The result is a striking difference in the level of harmonisation with respect to communication *inter absentes* on the one hand and *inter praesentes* on the other.

As far as online communication and broadcasting are concerned, Community law has come close to full harmonisation. First, article 3 of the Infosoc Directive establishes the making available right: authors, performers, producers and broadcasting organisations enjoy the right to make available to the public copyright works or any other subject-matter by way of interactive on-demand transmissions which members of the public may access from a place and at a time individually chosen by them. Thereby article 3 settles an issue that had been the subject of considerable debate in the early days of digital technology, namely whether a digital transmission was a form of distribution or whether it was rather related to broadcasting. The provision also clarifies that a communication to the public does not have to reach all members of the public simultaneously. An issue left open by article 3, however, is whether the acts of making available and of transmitting the work when it is actually downloaded are two distinct acts which can trigger copyright protection independently of one another.⁷⁷ Secondly, article 3 (1) confers a full right of communication to the public on authors whereas performers and entrepreneurs are only granted the making available right. In this respect,

⁷⁴ See von Lewinski, Silke in Walter (*supra*, n. 10), Vermiet- und Verleih-RL, article 8, notes 17, 18.

⁷⁵ Article 11, 11ter and 14 (1)(ii) BC.

⁷⁶ See Dreier, Thomas, in Dreier/Hugenholtz (*supra*, n. 14), WCT, article 11, note 1; Senftleben, Martin, *ibid.*, WCT, article 8, note 2; Walter, Michel M., in Walter (*supra*, n. 10), Info-RL, note 68.

⁷⁷ In favour of this view Schack, H., ‘Rechtsprobleme der Online-Übermittlung’, GRUR 2007, 639, 640 et seq. with further references; against this position Bullinger, Winfried, in Wandtke and Bullinger (*supra*, n. 24), § 19a, note 12.

however, the Infosoc Directive is supplemented by article 8 of the Rental Right Directive, which harmonises the right of communication to the public with respect to performers, phonogram producers and broadcasting organisations, and by the Satellite and Cable Directive. An issue which has not been resolved yet is the delineation between broadcasting and making available, which, for example, causes difficulties in cases of webcasting or podcasting.⁷⁸

On the other hand, the right of performance, recital or display has so far remained unharmonised, except with respect to databases.⁷⁹ The reason for this surprising inconsistency is that the Infosoc Directive aims to implement the WCT and the WPPT into Community law.⁸⁰ Article 3 of the Directive closely follows article 8 WCT, which also omits the right of performance. Nevertheless the present situation is unsatisfactory from a systematic perspective.⁸¹ First, there is little controversy about the need for a performance right. Not only was this right recognised at a rather early stage of copyright development in most countries, it is also enshrined in the Berne Convention. Thus there are no cogent political reasons for exempting the performance right from harmonisation. While at first sight such harmonisation would not add much to the present state of law, since all Member States are bound by the Berne Convention to grant the right of public performance anyway, it would enable the ECJ to develop a European concept of public performance on a case-by-case basis. Secondly it seems strange to harmonise the performance right with respect to databases, which are in fact rather difficult to perform in public, while not harmonising it with respect to the types of work which are typically performed, recited or shown. Thirdly, some of the exceptions and limitations permitted by article 5 of the Infosoc Directive typically apply with respect to public performances. The most striking example is article 5 (3)(g) which allows the use of works during religious celebrations.

One common feature of the right of performance and the right of communication to the public is that the borderline between public and private is notoriously difficult to draw. Courts in many European jurisdictions have had to decide when a performance or a party is public or whether the retransmission of TV and radio signals to hotel and hospital rooms, prison cells or to flats in apartment buildings are 'communications to the public'.⁸² Some Copyright

⁷⁸ Hugenholtz et al. (*supra*, n. 30), pp. 56 et seq.; Schack (*supra*, n. 77), at p. 641.

⁷⁹ Article 5 (d) Database Directive.

⁸⁰ See recital 15 and Walter (*supra*, n. 10), note 78.

⁸¹ For the following arguments see Walter, Michel M., in Walter (*supra*, n. 10), Info-RL, note 79.

⁸² For an overview of British, French and German cases on this point see Bently and Sherman (*supra*, n. 17), pp. 140 et seq.; Lucas and Lucas (*supra*, n. 8), paras 282 et seq.; von Ungern-Sternberg, Joachim, in Schricker (*supra*, n. 19), § 15, notes 78 et seq.

Acts attempt to define the concept. According to § 15 (3) of the German Copyright Act, for example, a performance is public unless the addressees share a personal link or are personally connected to the person performing the work. While the Commission in its Green Paper of 1995 expressed the intention of defining the notion of ‘communication to the public’,⁸³ article 3 of the Infosoc Directive refrains from doing so. Nevertheless the provision has had a harmonising effect: it has encouraged the ECJ to attempt an autonomous Community law interpretation. Before the entry into force of the Infosoc Directive, the ECJ had left this issue to the national courts,⁸⁴ although article 1 (2)(a), (3) and article 2 of the Satellite and Cable Directive might have allowed a European interpretation. Unlike the Satellite and Cable Directive, however, the Infosoc Directive aims at a full harmonisation and at the creation of legal certainty in the internal market.⁸⁵ Thus meanwhile the ECJ has taken on the task of drawing the line between public and private. Certainly a transmission to an indeterminate number of potential television viewers is a communication to the public,⁸⁶ the same applies to the retransmission of TV or radio signals in shops, restaurants, hotel lounges and other publicly accessible places. When programmes are transmitted to hotel rooms, however, the situation is arguably different, because from the perspective of each guest the room constitutes his or her private sphere.⁸⁷ Nevertheless the ECJ has considered transmissions to hotel rooms as communications to the public.⁸⁸ This decision rests on three arguments. First, recital 23 repeats the principle of *favor auctoris*: the right should be understood in a broad sense. Secondly, the court stresses the cumulative effect: given that hotel rooms are usually only occupied for a short while, the number of hotel guests adds up to a ‘fairly large number’. Finally, as the court explains with regard to the WIPO Guide to the Berne Convention, an author who authorises the broadcast of his work only consents to the reception of the broadcast by individual spectators or listeners.

⁸³ Green Paper (*supra*, n. 6), p. 54.

⁸⁴ ECJ, 3 February 2000, case C-293/98, *Egeda v. Hoasa*, [2000] ECR I-629, para. 25.

⁸⁵ Recital 21 (with regard to the reproduction right).

⁸⁶ ECJ, 6 June 2005, case C-89/04, *Mediakabel v. Commissariat voor de Media*, [2005] ECR I-4891, para. 30; ECJ, 14 July 2005, case C-192/04, *Lagardère Active Broadcast v. SPRE et al.*, [2005] ECR I-7199, para. 31.

⁸⁷ Hugenholtz et al. (*supra*, n. 30) consider incorporating notions from the law of privacy into the public-private distinction in copyright law. These criteria are certainly helpful when copyright infringement by private persons is in dispute. They are less helpful when the act in question is carried out by a trader whose private sphere is not at stake.

⁸⁸ ECJ, 7 December 2006, case C-306/05, *SGAE v. Rafael Hoteles*, [2006] ECR I-11519.

In the case of a transmission to hotel rooms a larger section of the public is enabled to watch or listen. This decision is in line with several earlier national judgments to the same effect.⁸⁹ Indeed, the transmission of TV programmes to hotel rooms amounts to an economically significant additional use of the work. The hotel owner benefits from this use because from an average price segment upwards rooms without TV are not accepted by the market any more. It is fair that the author should receive additional remuneration. Nevertheless it is not difficult to predict that the *SGAE* case will be only the first of many cases in which the ECJ will be invited to further clarify the concept of ‘communication to the public’.

Another moot point is whether the posting of a hyperlink to a website where works are made available can amount to a communication to the public. The German Federal Supreme Court has rejected this proposition in a case concerning deep links to articles on a newspaper’s website.⁹⁰ The court pointed out that the operator of the target website retained full control over the making available of the works. A hyperlink was a mere reference, comparable to a quotation. There was no secondary liability either, because the operator of the target website himself enabled the download by making the files available at his website. Authors in different jurisdictions share this view.⁹¹ In cases concerning collections of hyperlinks to mp3 files stored on other computers, courts in the Netherlands, Sweden and Norway have been less liberal, if on different doctrinal grounds. Whereas the Swedish Supreme Court held that hyperlinking was a communication to the public,⁹² the Norwegian Supreme Court⁹³ and the Amsterdam Court of Appeal⁹⁴ based their judgments on theories of secondary liability and referred to the unlawful content of the target website and the knowledge of the person posting the link. This issue highlights a problem which may partly prevent effective harmonisation: while the ECJ may at some stage get the opportunity to decide whether linking amounts to a

⁸⁹ Cour de Cassation (France) of 6 April 1994, [1994] RIDA 367 – *CNN*; BGH (Germany) GRUR 1994, 45 – *Verteileranlagen*.

⁹⁰ BGH GRUR 2003, 958 = (2004) 35 IIC 1097 – *Paperboy*; see also the judgment of the Court of First Instance of Brussels of 13 February 2007, *Google Inc. v. Copiepresses SCRL*, [2007] ECDR 5 at paras 99, 100.

⁹¹ See Bently and Sherman (*supra*, n. 17), p. 146; Ott, Stephan, *Urheber- und wettbewerbsrechtliche Probleme von Linking und Framing*, Stuttgart etc.: Boorberg, pp. 321 et seq., 330.

⁹² Swedish Supreme Court, 15 June 2000, B 413-00, GRUR Int. 2001, 264 – *Olssons Links*.

⁹³ Supreme Court of Norway, 27 January 2005, (2006) 37 IIC 120, paras 58 et seq. – *napster.no*.

⁹⁴ Amsterdam Court of Appeal, 15 June 2006, *BREIN v. Techno Design*, [2006] ECDR 21, but see the judgment of the Rotterdam District Court of 22 August 2000, *Algemeen Dagblad et al. v. Eureka Internetdiensten*, [2002] ECDR 1.

communication to the public, the principles of secondary liability have not been harmonised yet, as will be explained in more detail below.⁹⁵

2.5 Resale right (*droit de suite*)

The history of art is full of cases in which poor young artists sold their works for a proverbial song. As the artist's fame increases, the value of his or her works increases. Whereas works of literature are reproduced and music is performed, recorded or broadcast, painters or sculptures do not benefit from the sale of reproductions or from future performances or broadcasts. In a hypothetical copyright world without exhaustion, each resale would amount to a new act of distribution covered by copyright. But exhaustion at first sale of the original deprives a painter or sculptor of the chance to participate in further distribution. Many Continental copyright lawyers have long considered this unfair. France was the first country to help artists by introducing a *droit de suite*,⁹⁶ the right to remuneration on the resale of the original work of art. Other continental European jurisdictions followed the French example⁹⁷ as the Berne Convention encourages its Member States to do.⁹⁸

The resale right differs from the rights discussed above in two important respects. First, it may be doubted whether the *droit de suite* is an economic right at all.⁹⁹ It is certainly not a full property right. Artists cannot object to the resale as such, they can only claim royalties. In economic terminology, the *droit de suite* is not a property rule but a liability rule.¹⁰⁰ It is related to copyright exceptions which make the permission to use a work dependent on the payment of a remuneration.¹⁰¹ Doctrinally there is some uncertainty as to whether the resale right is an economic right,¹⁰² a moral right,¹⁰³ a related right¹⁰⁴ or a *sui generis* right which falls into neither category.¹⁰⁵ The right view, which also justifies dealing with the *droit de suite* here, is that it is an

⁹⁵ See *infra* at Section 3.1.

⁹⁶ See Lucas and Lucas (n. 8, *supra*), para. 422.

⁹⁷ See the comparative studies by Doutrelepon, Carine (1996), *Le droit et l'objet d'art*, Brussels: Bruylant; Katzenberger, Paul (1970), *Das Folgerecht im deutschen und ausländischen Urheberrecht*, München: Beck.

⁹⁸ Article 14ter BC.

⁹⁹ See Lucas and Lucas (n. 8, *supra*), para. 426: 'Le droit de suite a bien du mal à trouver place dans la palette des droits d'auteur'.

¹⁰⁰ On this difference see n. 70, *supra*.

¹⁰¹ See article 5 (2)(a), (b), (e) of the Infosoc Directive.

¹⁰² The French Code de la propriété intellectuelle lists the *droit de suite* among the economic rights (*droits patrimoniaux*), see article L 122-8.

¹⁰³ An argument for this view might be that the right can neither be assigned nor waived, see article 1 (1) of the Resale Right Directive.

¹⁰⁴ See the classification by Bently and Sherman (*supra*, n. 17), p. 317.

¹⁰⁵ See the classification by Cornish and Llewelyn (*supra*, n. 37), para. 13-45.

economic right.¹⁰⁶ It obviously confers an economic benefit on the author. In this regard it is an economic right which is of an authorial, not entrepreneurial, nature. More precisely, the right compensates the author for the loss of his distribution right at first sale.

Secondly, while, despite all issues of interpretation in detail, the justification of the reproduction right, the distribution right and the right of communication to the public is not in doubt, the resale right has powerful opponents. The UK, whose capital hosts the EU's leading art market, was strongly opposed to burdening art sales with an additional levy. Since London's main competitors, New York and Switzerland, do not recognise the resale right, British auctioneers were concerned that the art market might move to those more favourable places. Thus, until recently the UK, Ireland, Austria and the Netherlands did not grant a *droit de suite*. Proponents of the right argued that this resulted in a distortion of the European market. Certainly the former state of the law was unsatisfactory for artists such as Joseph Beuys, who lost a famous case before the German Federal Supreme Court after one of his works had been sold by a German collector at an auction in London.¹⁰⁷ The court correctly decided that according to the *lex loci protectionis* principle¹⁰⁸ British copyright law, which did not recognise a resale right, was applicable. At the same time the reciprocity envisaged by Article 14ter BC¹⁰⁹ was superseded for EC citizens by the Community law principle of non-discrimination.¹¹⁰ So arguably a common European solution was called for. In 2001 the Resale Right Directive¹¹¹ was enacted.

The Directive is a compromise between proponents and opponents of the resale right. The royalty rates determined by article 4 decrease as the sales

¹⁰⁶ See Katzenberger, P., 'Die europäische Richtlinie über das Folgerecht', GRUR Int. 2004, 20, 22; Lucas and Lucas (*supra*, n. 8), para. 426.

¹⁰⁷ BGH GRUR 1994, 798 = (1995) 26 IIC 573 – *Folgerecht bei Auslandsbezug*. See also Katzenberger, Paul, 'Deutsches Folgerecht und ausländische Kunstauktionen – Zur Anwendbarkeit und zum räumlichen Schutzbereich des § 26 UrhG bei grenzüberschreitenden Veräußerungen von Kunstwerken', GRUR Int. 1992, 567 ff.

¹⁰⁸ Meanwhile this principle has been codified in article 8 (1) of Regulation No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations ('Rome II'), OJ L 199/40 of 31 July 2007.

¹⁰⁹ Article 14ter (2) BC provides: 'The protection provided by the preceding paragraph may be claimed in a country of the Union only if legislation in the country to which the author belongs so permits, and to the extent permitted by the country where this protection is claimed'.

¹¹⁰ See ECJ, 20 October 1993, joined cases C-92/92 and C-326/92, *Phil Collins v. Imtrat*, [1993] ECR I-5145.

¹¹¹ 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 272/32 of 13 October 2001.

price increases, and they are capped at the amount of EUR 12,500. In both respects the Directive differs significantly from the former laws of most Member States, which granted a fixed percentage of the resale price to the artist¹¹² and which did not contain maximum amounts. The Directive also leaves some discretion to Member States. First, Member States are free to set a minimum sales price not exceeding EUR 3,000. While Ireland has made liberal use of this possibility by setting the minimum price at EUR 3,000,¹¹³ Germany has retained its strict standards by setting the minimum price at EUR 400.¹¹⁴ Interestingly, French and British legislation is not too far apart in this respect: whereas the minimum in France is EUR 750,¹¹⁵ it is EUR 1,000 in the UK.¹¹⁶ Secondly, Member States may exclude acts of resale for a price of EUR 10,000 or less where the seller has acquired the work from the author less than three years before that resale. This provision was made for the benefit of galleries who buy works from unknown authors,¹¹⁷ although the text is not so limited.¹¹⁸ While the UK¹¹⁹ has utilised this exception, France and Germany have not. Thirdly, the resale right is descendible, but Member States which did not grant the resale right before the entry into force of the Directive will only have to provide post-mortem protection as from 1 January 2012.¹²⁰ While, again, the UK has made use of this possibility, the Irish implementing regulations laconically state, 'The resale right in an original work of art subsists during the lifetime of the author but is extinguished on his or her death'.¹²¹ Ireland has time to change this provision¹²² until 2011.¹²³

¹¹² 6% in Portugal, 5% in Denmark, Finland, Germany, Greece and Sweden, 4% in Belgium, France and Spain, see Katzenberger, P., 'Harmonisierung des Folgerechts in Europa', GRUR Int. 1997, 309, 314.

¹¹³ European Communities (Artist's Resale Right) Regulations 2006 (S.I. No. 312 of 2006), Reg. 5 (2).

¹¹⁴ § 26 (1) of the German Copyright Act.

¹¹⁵ Décret no. 2007-756 du 9 mai 2007 pris pour l'application de l'article L. 122-8 du code de la propriété intellectuelle et relatif au droit de suite, article R.122-4.

¹¹⁶ The Artist's Resale Right Regulations 2006 (S.I. 2006 No. 346), Reg. 12 (3)(b).

¹¹⁷ Recital 18 of the Directive.

¹¹⁸ Which is why Bently and Sherman (n. 17 *supra*), p. 319, consider the utilization of this exemption as 'particularly mean-minded'.

¹¹⁹ Reg. 12 (4).

¹²⁰ Article 8 (2) and (3) of the Directive.

¹²¹ Reg. 10.

¹²² The Regulations are to be replaced by a more comprehensive set of provisions in a forthcoming intellectual property statute, see Gibbons, G., 'Droit de suite: praise for Irish minimalism', (2007) 29 EIPR 163, 165.

¹²³ Another remarkable feature of the Irish regulations is that the resale right is only granted to EU and EEA citizens. This seems hard to reconcile with Article 7 of

All in all, the Directive shares the fate of all political compromises: neither the proponents nor the opponents of the *droit de suite* are perfectly happy with it.¹²⁴ It remains to be seen whether the newly granted right will significantly affect the London art market or whether it achieves its aim of securing fair remuneration for painters and sculptors. The Commission is honest enough to express its uncertainty: the effects of the Directive are to be assessed before 1 January 2009.¹²⁵

3. Critical analysis

3.1 *Taking stock: the acquis communautaire and open questions*

Unlike moral rights, the economic rights flowing from copyright and from related rights have been harmonised to a considerable extent. While the early Directives only effected a ‘vertical harmonisation’ by approximating national laws with regard to specific subject-matter such as software or databases, the Infococ Directive harmonises economic rights ‘horizontally’: it creates an obligation on Member States to confer a reproduction right, a distribution right and the right of communication to the public both on authors and on several classes of entrepreneurs. Critics have pointed out that this achievement is far from spectacular¹²⁶ given that these rights were already recognised more or less entirely in the laws of the Member States and were guaranteed by international law prior to harmonisation. Also the wording of articles 2 to 4 of the Infococ Directive is very abstract, thus the provisions themselves will have little harmonising effect. The most important effect of the Directive, at least with respect to the scope of economic rights, is that it enables the ECJ to clarify some fundamental concepts of copyright law on a step-by-step basis. If the court takes this task seriously, copyright law could become a model for a future European private law methodology which combines broad statutory definitions familiar to Continental lawyers with the careful analysis of precedent known from common law.¹²⁷ One does not have to be a prophet to predict

the Directive and the principles of national treatment (article 5 (1)) as modified by the requirement of material reciprocity in article 14ter (2) BC.

¹²⁴ See on the one hand Duchemin, V., ‘La directive communautaire sur le droit de suite’, (2002) 191 RIDA 117; Katzenberger (*supra*, n. 106) at p. 21; Schack (*supra*, n. 24), para. 451, on the other hand Cornish and Llewelyn (note 37, *supra*), para. 13–46; Gibbons (*supra*, note 122); Hughes, S., ‘Droit de suite: A Critical Analysis of the Approved Directive’, (1997) 12 EIPR 649.

¹²⁵ Article 11 of the Directive.

¹²⁶ Hugenholtz, P. Bernt, ‘Why the Copyright Directive is Unimportant, and Possibly Invalid’, (2000) 22 EIPR 499, 501.

¹²⁷ This idea of a European convergence between the methods of civil law and common law is elaborated upon by Langenbucher, K., ‘Argument by Analogy in

that in some years or perhaps decades the concepts of reproduction, distribution or communication to the public will be entirely 'Europeanised'.

The European institutions, however, have not quite achieved the goal of a full harmonisation of economic rights. Two fundamental economic rights have not been the object of harmonisation yet. First, unlike the Berne Convention, so far Community law remains silent on the public performance of works to persons physically present at the place of performance. Thus the performance of music at a concert, the public reading of poems or the display of a movie in a cinema are as yet only regulated by national law. While this gap in Community legislation is closed by the Berne Convention and may thus have only limited practical effect, it is nevertheless regrettable from a systematic point of view, as shown above. Secondly, 'horizontal' harmonisation does not extend to the adaptation right, which has only been harmonised with respect to computer programs and databases.¹²⁸ In this respect, again, Community law leaves a gap which is filled by the Berne Convention, which provides for the adaptation right in article 12. Indeed, since the copyright legislations of all EU Member States recognise an adaptation right¹²⁹ and are under an international law obligation to do so, it would not be a revolutionary step for Community legislation to harmonise this right. While it may be related to the right of work integrity, the Community law provisions on the alteration of computer programs and databases show that the adaptation right is essentially an economic right which the EU institutions could harmonise without treading on the minefield of moral rights.

Another unsatisfactory feature of the present state of Community law is that the relevant provisions on economic rights are scattered over several Directives. The entire picture only emerges after careful study of the various pieces of legislation. Even if the quest for a logical system may be a typically German preoccupation, a codification of all provisions on economic rights in one Directive would certainly enhance legal clarity. For the time being, however, the Commission seems to have put off this task. It may be left to an eventual codification of European copyright law, which is currently a topic of political debate and scholarly activity.¹³⁰

European Law', (1998) 57 CLJ 481, and Ohly, Ansgar (1997), *Richterrecht und Generalklausel im Recht des unlauteren Wettbewerbs – ein Methodenvergleich des deutschen und des englischen und des deutschen Rechts*, Köln, etc.: Carl Heymanns, pp. 315 et seq.

¹²⁸ Article 4 (b) Computer Programs Directive, article 5 (b) Database Directive.

¹²⁹ The national copyright laws of all EU Member States provide for an adaptation right, see Dreier, Thomas, in Dreier/Hugenholz (*supra*, n. 14), BC, article 12, note 2.

¹³⁰ For an overview of these initiatives and a critical appraisal see Hugenholz et al. (*supra*, n. 30), pp. 218 et seq.; see also Hilty, R., 'Intellectual Property and the European Community's Internal Market Legislation – Copyright in the Internal

On the road to a codification of European copyright law the area of overlap between economic rights and general principles of tort law may turn out to be a significant challenge. In particular, there is no European consensus about the scope and doctrinal basis of secondary liability, such as the liability of internet service providers, internet forums like YouTube or liability for hyperlinks to websites where copyright is infringed. The Dutch *KaZaa* case¹³¹ and the US *Grokster* case¹³² are examples in point: under what circumstances is the distributor of software which can be used for unauthorised peer-to-peer filesharing liable for copyright infringement? Underlying this question is the tension between the need for effective copyright protection and the interest in technological progress, which may be blocked by extensive infringement liability. At present only fringe aspects are determined by Community law: the Infosoc Directive states that the mere provision of physical facilities for enabling or making a communication does not in itself amount to communication within the meaning of article 3,¹³³ and the Directive on e-Commerce¹³⁴ restricts liability for mere conduit, caching and hosting. Apart from this broad framework it is left to the Member States to determine the conditions on which secondary liability applies.¹³⁵ While some copyright acts such as the British Copyright, Designs and Patents Act of 1988 contain detailed provisions on secondary infringement,¹³⁶ other legal systems such as German law apply the general principles of tort law. In this respect German law distinguishes between actions for damages and applications for injunctive relief. Whereas liability for damages largely follows the principles that apply to aiding and abetting in criminal law, injunctions could initially be granted against persons who were only responsible for setting a necessary condition enabling infringement.¹³⁷ In

Market', (2004) 35 IIC 760; Schack, H., 'Europäisches Urheberrecht im Werden', ZEuP 2000, 799.

¹³¹ Supreme Court of the Netherlands, 19 December 2003, case C-02/186HR, *Buma v. KaZaa*, [2004] ECDR 16.

¹³² *MGM v. Grokster*, 545 US 913, 125 S.Ct. 2764 (US 2005); on secondary infringement in US copyright law see Hays, T., (2006) 28 EIPR 617 and (2007) 29 EIPR 15.

¹³³ Recital 27 of the Infosoc Directive.

¹³⁴ 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, OJ L 178/1 of 17 July 2000.

¹³⁵ See the comparative overviews by Daly, M., 'Life after Grokster: Analysis of US and European Approaches to Filesharing', (2007) 29 EIPR 319; Spindler, G. and M. Leistner, 'Secondary Copyright Infringement – New Perspectives in Germany and Europe', (2006) 38 IIC 788.

¹³⁶ Sections 22–6.

¹³⁷ See Spindler and Leistner (*supra*, n. 135), at pp. 796 et seq.; Leistner, M., "'Von Grundig-Reporter(n) zu Paperboy(s)" – Entwicklungsperspektiven der Verantwortlichkeit im Urheberrecht', GRUR 2006, 801, 802 et seq.

recent decisions, however, the courts rather tend to consider persons who violate a duty of care when enabling infringement as joint tortfeasors.¹³⁸ Both the dogmatic basis and the scope of the different duties of care are still the subject of considerable dispute.¹³⁹ Harmonisation may turn out to be difficult here, because the issue is closely connected to general tort law, which is still very different in Europe.

3.2 Making copyright law: precision versus flexibility

One of the explicit tasks of European harmonisation is legal certainty, as several of the recitals to the Infosoc Directive point out.¹⁴⁰ However legal certainty in copyright law may come at a high price: the higher the precision of drafting, the lesser the flexibility of the system. Since copyright law tends to follow technological development, the importance of flexible solutions rises as technological progress gathers pace. Many rules that have become well entrenched in copyright law are the result of gradual reactions to the slow development of analogue technology. In the digital world, however, technology is arguably developing too fast for legislation to keep pace. Not only is last year's technology already hopelessly outdated today, the internet has also given rise to the rapid development of new business models which force the copyright system to react quickly. Peer-to-peer filesharing, personal internet video recorders, internet forums such as YouTube or the Google book search project are examples in point.

The attempt of the Infosoc Directive and of many national copyright systems to determine the scope of and the exemptions from copyright law as precisely as possible meets with growing criticism. 'The last thing the information industry needs in these dynamic times is rigid rules that are cast in concrete for the years to come', comments Bernt Hugenholtz.¹⁴¹ Thomas Dreier aptly entitles an article on copyright infringement by the offer of personal internet videorecorders 'de fine – of the end of defining'¹⁴² and demonstrates that the precise definitions of the German Copyright Act lead to arbitrary results in this situation. While both authors mainly have copyright

¹³⁸ BGH GRUR 2007, 890 at para. 22 – *Jugendgefährdende Medien bei eBay*.

¹³⁹ See Köhler, H., "Täter" und "Störer" im Wettbewerbs- und Markenrecht – Zur BGH-Entscheidung "Jugendgefährdende Medien bei eBay", GRUR 2008, 1; Ahrens, H.-J., '21 Thesen zur Störerhaftung im UWG und im Recht des Geistigen Eigentums', WRP 2007, 1281.

¹⁴⁰ See recitals 4, 6, 7, 21.

¹⁴¹ B. Hugenholtz (*supra*, n. 126), at p. 501.

¹⁴² Dreier, Thomas (2005), 'De fine – vom Ende des Definierens? – Zur Abgrenzung von Münzkopierern, Personal Videorecordern und Serverdiensten', in Hans-Jürgen Ahrens and Jochen Bornkamm (eds), *Festschrift für Eike Ullmann*, Saarbrücken: Juris, p. 37.

exceptions in mind, the difficult borderline between broadcasting and making available¹⁴³ is an example of an area where technological development might overtake all legislative efforts.

The main trouble with the Infosoc Directive and many national copyright acts is the asymmetry between the rather flexible provisions which grant the rights and the very specific wording of copyright exceptions.¹⁴⁴ The economic rights are circumscribed in very general language. To give an example, a cynical observer might be tempted to reduce the definition of 'reproduction' in article 2 to the sentence 'reproduction means any reproduction'. The recitals add that the economic rights should be defined broadly. In addition, the list of economic rights harmonised by the Infosoc Directive is by no means exhaustive: there is no doubt that Member States remain free to grant the adaptation right and the right of public performance in accordance with the provisions of the Berne Convention. On the other hand, the copyright exceptions listed in article 5 are defined more specifically. Moreover, the enumeration of exceptions is exhaustive. Neither does Community law follow the US model by providing a general fair use doctrine¹⁴⁵ nor is there a catch-all provision which would allow the Member States the creation of new exceptions if new developments so require. According to article 5 (3)(o) of the Infosoc Directive the use of protected works in cases not explicitly mentioned may only be permitted in cases of minor importance, where exceptions already exist in national law and provided that they only concern analogue uses. Thus the negative consequences of the formalism criticised by Dreier and Hugenholtz are not evenly distributed. While most novel forms of exploitation will be covered by the economic rights provided by the present Directives and while, should this not be the case, the Member States remain free to react, the Infosoc Directive rules out the recognition of new exceptions.

The Google book search project¹⁴⁶ provides a good example. The idea of

¹⁴³ See *supra*, at section 2.4.

¹⁴⁴ This issue is analysed in detail by Förster, Achim (2008), *Fair Use – Ein Systemvergleich der Schrankengeneralklausel des US-amerikanischen Copyright Act mit dem Schrankenatalog des deutschen Urheberrechtsgesetzes*, Tübingen: Mohr Siebeck.

¹⁴⁵ For an analysis of the fair use doctrine from the perspective of Continental copyright law see Förster, *ibid*.

¹⁴⁶ An outline of this project is available online at <<http://books.google.com/intl/en/googlebooks/about.htm>>. The conformity of this project with copyright law is analysed for German law by Kubis, S., 'Digitalisierung von Druckwerken zur Volltextsuche im Internet – die Buchsuche von Google ("Google Book Search") im Konflikt mit dem Urheberrecht', ZUM 2006, 370; Ott, S., 'Die Google Buchsuche – Eine massive Urheberrechtsverletzung?' GRUR Int. 2007, 562; for US law by Constantino, M., 'Fairly Used: Why Google's Book Project should Prevail under the

this project is to digitise whole libraries and to allow a full-text search over the internet. If the search is successful the user is not shown the full text, but is only given the bibliographical reference and a short text snippet. If the books are still protected by copyright and if the authors and publishers do not agree, the digitisation will amount to an unauthorised reproduction. In US law several writers¹⁴⁷ have argued that these reproductions should be regarded as fair use, particularly because Google will not provide full texts and will therefore not compete with printers and booksellers. Regardless of whether this argument is sound, the case highlights the asymmetry between broadly framed economic rights and narrowly defined exceptions: the digitisation is certainly a reproduction, but since none of the exceptions listed in article 5 of the Infosoc Directive applies, there is no legal basis for allowing the book search project with respect to books still protected by copyright – even if everyone agreed that the project provided a highly useful research tool and was hence socially desirable.

The doctrine of exhaustion is another example. It was developed in the analogue world where it made perfect sense to restrict exhaustion to the trading of tangible copies. Meanwhile works can easily be traded online and the sale of files over the internet has become a substitute for the sale of books or CDs. When the Infosoc Directive was drafted, this development was not yet fully in sight. While the drafters of the Directive were probably aware of the possibility of online sales of files they might not have fully realised that the offline trade of computerised data would successively be replaced by online dealings. New business models such as the sale of ‘used’ software¹⁴⁸ were not clearly predictable. Nevertheless the Directive clearly rules out exhaustion of the reproduction right and of the right of communication to the public,¹⁴⁹ thereby discriminating between offline and online sales. There may be good arguments for and against this discrimination, which need not be recollected here.¹⁵⁰ The problem is that the Directive cuts off this discussion. A solution

Fair Use Defense’, 17 *Fordham Intell. Prop. Media & Ent. LJ* 235, 267 ff. et seq. (2006); Romman, K.H., ‘The Google Book Search Library Project: A Market Analysis Approach to Fair Use’, 43 *Hous. L Rev.* 807 (2006); Tushnet, R., ‘Copyright and the Role of Institutions in a Peer-to-Peer World’, 53 *UCLA L Rev.* 977, 1019 (2006).

¹⁴⁷ See the references *supra*, n. 146.

¹⁴⁸ The legal analysis of which is intensely disputed in German law, for copyright infringement LG München I MMR 2007, 328; Schack, H., ‘Rechtsprobleme der Online-Übermittlung’, GRUR 2007, 639, 644; against infringement Hoeren, T., ‘Der urheberrechtliche Erschöpfungsgrundsatz bei der Online-Übertragung von Computerprogrammen’, CR 2006, 573, both with further references.

¹⁴⁹ Article 3 (3) of the Infosoc Directive.

¹⁵⁰ See the analysis by Heinz, Stefan (2006), *Urheberrechtliche Gleichbehandlung von alten und neuen Medien*, München: Beck.

which reasonably settles a conflict of interest in the analogue world is also cast in marble for the digital world, where it may prove to be inappropriate.

3.3 *Interpreting copyright law: favor auctoris or level playing field?*

Copyright law must face the difficult task of balancing three interests: the interest of authors, the interest of entrepreneurs and the interest of the general public. Authors and entrepreneurs such as publishers or record producers often share a common interest in strong and efficient copyright protection. Nevertheless both interests may differ, particularly when it comes to determining the author's fair share of the returns. The public interest is not uniform either. On the one hand it can be said that copyright, apart from securing a fair reward to authors, acts as an incentive for creativity. In this respect, strong copyright protection enhances cultural diversity and thus serves the public interest. On the other hand the public may be interested in access to works, either for specific purposes such as comment, research or education or simply because everyone wants the best deal he or she can get.

A crucial question in the current debate over copyright law is whether these interests carry equal weight or whether the author's interests take precedence in cases of doubt. Historically, the development of copyright law, at least in Continental Europe, has been a struggle for the recognition of authors' rights. Whoever argued for reasonable copyright protection had to stress the author's interests, just because the scales were tilted against them for a long time. The heritage of this struggle is the principle of *favor auctoris*, to which many copyright systems subscribe in one way or another.¹⁵¹ In the Infosoc Directive this principle is clearly expressed in the recitals. Recital 9 states that 'any harmonisation of copyright and related rights must take as a basis a high level of protection, since such rights are crucial to intellectual creation'. Recital 11 adds that 'a rigorous, effective system for the protection of copyright and related rights is one of the main ways of ensuring that European cultural creativity and production receive the necessary resources and of safeguarding the independence and dignity of artistic creators and performers'. Recitals 4, 10, 12, 21, 22 and 23 also stress the need for strong protection and broad rights. The goal of a fair balance between the interests of authors, other rightholders and users is only mentioned in the context of copyright exceptions in recital 31. Since recitals provide important guidelines for interpretation it is not surprising that both the ECJ and national courts have drawn on the recitals when interpreting articles 2 to 4 of the Infosoc Directive. As seen

¹⁵¹ See, for example, Lucas and Lucas (*supra*, n. 8), para. 256: 'De plus, la démarche fait prévaloir les intérêts de l'auteur sur ceux de l'exploitant, conformément à la tradition du droit français.'

above the principle of *favor auctoris*, as deduced from the recitals, has *inter alia* been relied upon as an argument for a broad definition of the concepts of ‘communication to the public’ and ‘distribution’.

Is the interpretative rule in favour of authors and other right holders still justified in a world of extensive copyright protection and of growing concerns about over-protection? The first possible argument is that a *favor auctoris* rule is the logical consequence of property: if legislation grants a property right this right should be interpreted broadly so as to secure its efficiency. This argument is not very convincing. From an economic perspective, the right scope of intellectual property rights is a complex issue;¹⁵² there is no presumption in favour of broad rights. There is also a relation familiar to all intellectual property lawyers between the level of creativity and the scope of protection: very original works require broad protection just as strong trade marks or patents are given a broad scope whereas works of little originality only deserve narrow rights. Thus there is no general rule that property rights should be given a broad scope just because they are property rights. A second possible argument is that the justification of copyright requires broad rights. This line of argument seems to underlie recital 11: copyright enhances creativity and safeguards the economic and dignitary interests of authors, hence stronger copyright protection will achieve these purposes even better. This view is one-sided. As recital 31 rightly states, copyright must strike a fair balance between the interests of the various right holders and the general public. This balancing exercise is not limited to the interpretation of copyright exemptions. It is also necessary when determining the scope of the rights.

Although an exhaustive discussion of the *favor auctoris* principle would require a full article or even a monograph, it is submitted that there are good reasons for replacing this principle by what might be termed the ‘level playing field’ approach. When interpreting copyright law none of the interests involved should *prima facie* prevail. Certainly the reasons for which copyright protection was granted in the first place must be taken into account: if copyright law is to make sense it must also be effective. Also in every single case of interpretation there may be good reasons for broad protection. The *SGAE* decision discussed above is an example: there are powerful arguments for deciding that the transmission of TV programmes to hotel rooms amounts to a ‘communication to the public’ and is hence only permissible with the right holders’ permission. But the ‘*in dubio pro auctore*’ argument does not add any force to this reasoning. Rather than to rely on an ‘*in dubio*’ rule, courts should

¹⁵² See, for example, Merges, R.P. and R.R. Nelson, ‘On the Complex Economics of Patent Scope’, (1990) 90 Columbia L Rev. 889.

openly balance the reasons for and against protection without prejudice in order to reach a result which is so convincing that a situation of doubt does not even arise.

4. Conclusion: the way ahead

Prima facie the economic rights seem to be the least controversial part of copyright harmonisation. There is little doubt that the reproduction right, the distribution right and the right of communication to the public are the essence of copyright law. Thus it is not surprising that the present debate between ‘copyright optimists’ and ‘copyright pessimists’¹⁵³ largely concerns other topics such as copyright duration, exemptions from copyright or technical protection measures. Economic rights have been harmonised to a considerable extent and much of the present *acquis communautaire* had already existed in international conventions and in the national copyright acts before.

Nevertheless this chapter may have been able to highlight three points. First, broad statutory definitions of economic rights as such achieve little in terms of harmonisation. So far, many questions of interpretation are still open, and answers so far are mainly found in the decisions of the national courts and in academic writing. The main burden of harmonisation will have to be borne by the ECJ, which will have to ‘Europeanise’ concepts such as reproduction, distribution or communication to the public, which do not have clear Community law contours as yet, on a case-by-case basis. While vague legal concepts in Community law may reduce legal certainty in the short term, common European concepts may well make life easier in the long run. If the court takes this task seriously, copyright law could even become a model for convergence between civil law and common law methodology. Secondly, as far as economic rights are concerned, the time is ripe for a European codification which would rectify inconsistencies between the various Directives and enhance legal clarity. In this context, pure copyright concepts will prove easier to harmonise than issues which relate to general private law such as the principles of secondary infringement. Thirdly, while recital 31 of the Infosoc Directive rightly stresses the need for a fair balance between the interests of authors, other right holders and users, the asymmetry between open-textured definitions of rights and narrowly defined exceptions in the Directive as well as its principle of interpretation *favore auctoris* tilt the balance in favour of right holders’ interests.

¹⁵³ These apt terms are used by Goldstein, Paul (1994), *Copyright’s Highway: The Law and Lore of Copyright from Gutenberg to the Celestial Jukebox*, New York: Hill and Wang, p. 15.

In a world of extensive copyright protection and of growing concerns of over-protection this prejudicial approach is grist to the mill of copyright sceptics. While copyright protection must be effective, legislation and interpretation should ensure a level playing field for authors, producers and users alike.

10 Moral rights¹

Willem Grosheide

1. The advent of modern copyright law

1.1 *Author's rights tradition and copyright tradition*

As is well known, today's world is divided into two traditions with regard to the legal protection of cultural information: the civil law or continental tradition and the common law or copyright tradition.² Both traditions developed in the respective national laws of Western Europe over the course of time, following the introduction of the printing process in the 15th century and as a

¹ See for a general overview S. Strömholm, *Le droit moral de l'auteur I, II, III* (Norstedt & Söners, Stockholm, 1966–73); Elizabeth Adeney, *The Moral Rights of Authors and Performers* (Oxford University Press, Oxford, 2006). No separate attention will be given in this chapter to performers' rights.

² As a matter of terminology, in this chapter the term copyright law is generally used as the generic indicator of both traditions. Copyright law, for that matter, is viewed here as a particular variant on the legal regulation of human communication originating within the framework of Western European culture, serving primarily to safeguard the exploitation of cultural information upon its dissemination. Copyright (law) is also the overarching term unifying economic rights and moral rights. Comp. E.W. Ploman and Clark Hamilton, *Copyright – Intellectual Property in the Information Age* (Routledge & Kegan Paul, London, Boston and Henley, 1980); F.W. Grosheide, *Auteursrecht op maat* (Kluwer, Deventer, 1986) with an English summary; idem, 'Paradigms in Copyright Law', in Brad Sherman and Alain Strowel, *Of Authors and Origins* (Clarendon Press, Oxford, 1994), pp. 204–33. See on this also generally among others Alain Strowel, *Droit d'auteur et Copyright, Divergences et Convergences* (LGDJ, Brussels and Paris, 1993); Jane Ginsburg, 'A Tale of Two Copyrights: Literary Property in Revolutionary France and America', RIDA No. 147 (1991), p. 125; Adolf Dietz, 'The Place of Copyright Law within the Hierarchy of Norms: the Constitutional Issue' (ALAI, Paris, 2005 – Exploring the Sources of Copyright), www.afpida.org and Paul Edward Geller, *International Copyright Law and Practice (seminal)*, volume 1 (§ 2) (Matthew Bender). See for a different view Elizabeth Adeney, *The Moral Rights of Authors and Performers: An International and Comparative Analysis*, Oxford University Press, Oxford, 2006, *supra*, note 1, p. 5 (no. In. 15). In my view, her thesis that the 18th-century commonly agreed natural-law basis of copyright law forms an argument against the separation of both traditions is not convincing, since it only exposes that Enlightenment copyright was perceived as a property right.

consequence originally related to cultural products that could be expressed in print (*i.e.* literature and art).

However, over the years copyright law, perceived in this way, took a different form on the continent and in the British Isles. While the author as a natural person gradually became the focus of the French (*droit d'auteur*) and the German (*Urheberrecht*) copyright systems, the British copyright system moved in the direction of a publisher's right. In other words: one tradition concentrated on the *maker*, the other on the *work*. Related to this distinction between maker and work is another distinction that emerged in the same period: that between *the work* as the immaterial object of protection and *the copy* as the material carrier thereof. Making this distinction is crucial for the acknowledgement of moral rights.³

For a long period both copyright traditions have indiscriminately protected the economic or commercial interests of the author. In fact, concentration on economic interests was one of the main reasons why it became possible as a consequence of the expansion of international trade in cultural products in the second half of the 19th century to internationally harmonize national copyright laws leading to the establishment of the Berne Convention (BC) in 1886.⁴ From a legal/dogmatic point of view, acknowledging economic interests qualified a copyright as an individual property right capable of being transferred to a third party in order to exploit it.

1.2 Rights approach and remedy approach

In fact, modern copyright law finds its identity with the conclusion of the BC. And notwithstanding the endeavours to keep the treaty ideologically neutral, it is clear that the personalist stamp of continental copyright law is engraved upon it. The success of the international copyright law movement attained in Berne should not conceal, however, that there was never unanimity between

³ How crucial this is can be illustrated by the English case of *Donaldson v. Beckett* (1774) 2 Bro. P.C. 129, Burr. 2408. In that case the then existing common law copyright was reduced to being merely the right of first publication by the House of Lords. According to L. Ray Patterson and Stanley W. Lindberg, *The Nature of Copyright* (The University of Georgia Press, Athens and London, 1991), p. 165, '(w)hile the House of Lords was sympathetic to the rights of authors, its concern for the power of the booksellers override compassion (. . .) If the Lords had separated the ownership of the work from ownership of the copyright, it would have been possible for them to have recognized the moral rights of the authors as distinct from the economic rights of the bookseller.'

⁴ S. Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986* (Kluwer, Deventer, 1987); Sam Ricketson and Jane C. Ginsburg, *International Copyright and Neighbouring Rights* (Oxford University Press, Oxford, 2005).

the epistemic communities involved in the genesis of the convention. In the context of this chapter on moral rights the following two examples of this difference in opinion should be mentioned.

First, in accordance with the underlying national copyright laws, the introduction of a special international legal regime for the protection of authors was not welcomed by everyone. The argument was made that focusing on the individual interests of the author disregarded the equally important interests of the public at large. In the debate this led to the juxtaposition of the so-called *rights approach* and the *remedy approach*. In the remedy approach – so it was held – better than in the rights approach, account could be taken of what, in a particular issue, was the most expedient way of balancing individual interests and general interests.⁵

Second, another but related juxtaposition divided the international copyright community at the time: that between legally founding copyright law either in the author's personality or in an act by the legislator. The *ex persona* view was taken by the civil law countries indicating that they had already moved in a personalist direction. The *ex lege* view was retained by the common law countries, illustrating their concentration on the product instead of the author. Since the BC took no stance in this debate, both copyright traditions could join it. In addition, it should be noted that the possibility offered by the BC to join the convention text that best accorded with the preferences of a particular country, together with the system of so-called reservations with regard to the applicability of a particular convention text adhered to, made it possible, on the one hand, for countries of different legal cultures to adhere to the BC, but, on the other, certainly led to a complicated and unbalanced interstate international legal regime.

With regard to the legal nature of copyright law, the BC codified the proprietary aspect: protection is accorded to the form that lends itself to communicating copies of the work. And all this within a uniform legal regime that, in principle, equally protects against unauthorized exploitation of works protected by copyright law, without any differentiation as to the subject or object and as to commercial or non-commercial application. Copyright law thus perceived will operate as a determining factor, with the one notable exception that is at issue in this chapter, and this would not essentially change for the next hundred years following the conclusion of the BC. However, two interconnected societal phenomena would interfere with this steady process in the last quarter of the 20th century:

⁵ Interestingly, the American common law-based copyright law articulates the public interest of copyright law by referring to it in Article I, 8 US Constitution: 'To promote the Progress of Science and useful Arts by Securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries'.

- (1) the changed relationship between the industrialized and the non-industrialized world;
- (2) the changes in the *hidden code* of the industrialized world, in particular the evolution from the industrial era into the information era.⁶

Particularly the second phenomenon is of interest here. The following new societal and paradigmatic components of the hidden code will prove to be determinative: the development of technology, the expansion of the possibilities to communicate, the creation of the welfare state and the related increase in cultural participation, the dominance of ideological utilitarianism, short-term compromise politics and an instrumental approach to the law.

1.3 *Individual rights and communal rights*

The personalist conception of a copyright – copyright law protecting the proprietary rights of individual authors in their works – as developed during the 19th century and consolidated in the BC, remained substantially unchallenged until the 1920s. In fact, it is still the dominant conception today. However, in light of the recent approach of copyright law from a more communal point of view, it is interesting to note that this later approach had already manifested itself in the course of the 1920s. In that period, particularly in what was then still imperial Germany, greater emphasis was placed on the rights of the community and the position of the work in society.⁷ This insistence on the collective and social nature of authorship later merged with the nationalist and socialist thinking of the inter-war period. General interests then dominated over individual interests. The following quotation, taken from a text written by Kauschansky in 1933, is illustrative of this, at the time, new way of thinking:

We live in an age when social law is supplanting the outdated individualist system. Never more than during the War, and only fully after the War, has the individualist concept shown how untenable it is.^{8,9}

⁶ Comp. A. Toffler, *The Third Wave* (Pan Books Ltd., 1981).

⁷ This development coincided with the establishment of the Weimar Republic (1919–33), the first democratically organized German form of government after the First World War consisting of social democrats and right-wing centrists, merging various forms of democratic institutions taken from, among others, Switzerland and the United States.

⁸ D.M. Kauschansky, 'Evolution des Autorrechts, die moderne Auffassung über die sociale Funktion der Erzeugnisse geistiger Tätigkeit und die Förderung des faktischen Schatzes des Autors', UFITA 1933, p. 24.

⁹ Adeney, *supra*, note 1, p. 72 (no. 3.08); p. 100 (no. 6.14), observes that the period indicated of course followed the Russian Revolution and encompassed the fascist reign in Germany and Italy.

On the continent the emergence of communal thinking led to a polarization between French and German doctrine as is illustrated in the following quotation taken from a text by De Boor written in 1934:

The National Socialist notion of law takes as its starting point the people as a whole. (...) All private law, including the law of authors' rights, becomes socially concerned law. Here lies the basic difference between the German and the French concepts of law, the French concept taking as its starting point the right of the individual.¹⁰

Again Adeney, with reference to representative studies of the respective period, reports that German doctrine placed the work, and not the author, at the centre of protection. Emanating from a collectivist notion of creation, the work was seen as a product that could only come into existence because the community made it possible for the author to make it. The author had not only the right, but also the duty, to create on behalf of the community. Not surprisingly, this communal approach was particularly followed in the socialist countries, copyright being viewed as an instrument for the management of cultural processes. In 1980 Eminescu was still writing as follows in this respect:

Daneben soll das Urheberrecht als ein Instrument zur Stimulierung des schöpferischen Tätigkeit, zur Schaffung einer socialistischen Gesellschaft und zur Erziehung der Bürger beitragen. (...) Besonders typisch ist hier das Gesetz der DDR. (...) Konkret heisst es u.a. §1 dazu, dass das Urheberrecht 'eine breite Wirkung und Nutzbarmächung aller literarischen, Künstlerischen oder wissenschaftlichen Werke ermöglicht, die den gesellschaftlichen Fortschritt, der Verbreitung humanistische Ideen und der Sicherung des Friedens und der Völkerfreundschaft dienen'.¹¹

Although communal or collectivist views were also influential in France, the dominant view there in the respective period remained personalist or individualist.¹² It is of note that in the common law countries, abstaining from the general moral rights debate, these ideas of the inter-war period found – as Adeney calls it – an 'immediate and respective audience (...), particularly in

¹⁰ H.O. de Boor, 'Der NSJ-Entwurf und die Urheberrechtsreform', UFITA 1934, p. 413. Comp. G. Michaélides-Nouares, *Le droit moral de l'auteur* (Arthur Roinseau, Paris, 1935).

¹¹ Y. Eminescu, 'Aktuelle Probleme des Urheberrechts der Europäischen sozialistischen Länder', GRUR Int., 1980, p. 387. See also H. Puscher, 'Copyright in the German Democratic Republic', *Journal of the Copyright Society of the USA*, 10 (1976), p. 19; B. Pankin, 'Copyright as Part and Parcel of Cultural Policy', *UCB* 1982/4, p. 32. Comp. Plowman and Hamilton, *supra*, note 2, pp. 27–8.

¹² Adeney, *supra*, note 1, p. 85 (no. 350).

the United States'.¹³ This positive acceptance can be understood given the common law's instrumentalist approach towards copyright law. Interestingly, the inter-war development described coincided with the ongoing debate on the introduction of moral rights in the BC. In Section 2.1 it will be seen whether this development was influential in that respect. In that section attention will also be given to the previously indicated actual revival of the communal approach of copyright law as related to both moral rights and human rights issues.

The fact that the BC in its early stages on the one hand approaches copyright law in a personalist perspective but, on the other, solely protects the economic interests of authors provides evidence of a clear ambiguity. For, indeed already in the 19th century and well into the 20th century, French and German doctrine and court decisions predominantly conceive of authorial interests as protectable rights with regard to the human personality. This obviously anticipated what would later be called the moral rights of the author.

1.4 Moral rights and human rights

For a good understanding of the relationship between moral rights and human rights a general insight into the relationship between human rights and intellectual property rights is required.

It should be clear, then, that two schools of thought have developed in this respect. The first school maintains that human rights and intellectual property rights (perceived as protecting individual economic interests) are in fundamental conflict since the strong legal protection of intellectual property rights is considered to be incompatible with human rights obligations. In order to overcome the tension between the two, it is suggested that human rights always prevail over intellectual property rights. The second school holds that human rights and intellectual property rights pursue the same aim. This means, on the one hand, defining the appropriate scope of private monopoly power to create incentives for authors and inventors and, on the other, at the same time ensuring adequate access to intellectual products for the public. In that latter perspective human rights and intellectual property rights are indeed compatible, although a balance should be struck between protection and access.¹⁴ It

¹³ Ibid.

¹⁴ Lawrence R. Helfer, 'Human Rights and Intellectual Property: Conflict or Coexistence?' *Minn. Intell. Prop. Rev.* 47 (2003), p. 47; idem, 'Human Rights and Intellectual Property: Conflict or Co-Existence?' *Netherlands Quarterly of Human Rights*, 22, 2004/2, p. 167; Comp. Mpasi Sinjela, *Human Rights and Intellectual Property Rights – Tensions and Convergences* (Martinus Nijhoff Publishers, Leiden, 2007). See also M. Vivant, 'Authors' Rights, Human Rights?' *RIDA* No. 174 (1997), p. 60; A. Dietz and A. Françon, 'Copyright as a Human Right', *Copyright Bulletin*, 1998, 17, p. 7 (32–3); C. Geiger, *Droit d'auteur et droit du public à l'information. Approche de droit comparé* (Litec, Paris, 2004).

follows that in the first school of thought moral rights cannot be considered as human rights, whereas in the second school of thought such consideration is indeed possible. In the latter case this will require, under the circumstances, the complicated exercise of balancing the one human right (*e.g.* the freedom of expression) against the other (*e.g.* a moral rights prerogative) in horizontal relationships in private law contexts.

At present, the dominant copyright law doctrine, generally speaking, perceives moral rights as human rights, adhering to the second school of thought. Indeed, since the second half of the 20th century, which saw the spread of international human rights instruments, it has been increasingly advocated that these instruments not only charge contracting states with duties of care to ensure adequate protection of, for example, material and immaterial property, but that some of these instruments, if not explicitly then implicitly, express the view that, even in the absence of existing domestic national law, individuals are given a direct claim against government authorities so as to grant them (and against fellow citizens to ensure respect for) a right to create in relation to the already existing right in the created work. If this is true, denying a person the right to create violates his human right to do so. To that end, reference is made to such international law provisions as Article 27 Universal Declaration of Human Rights 1948 (UDHR); Article 15(1c) International Covenant on Economic, Social and Cultural Rights 1966 (ICESCR); Article 19 International Covenant on Civil and Political Rights 1976 (ICCPR); Article 1 Protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms 1950, 1952 (ECHR); and Article 17(2) Charter of Fundamental Rights of the European Union 2000 (EU Charter). An important reference can also be found in the Solemn Declaration by the BC member states in 1986 asserting that

copyright is based on human rights and justice and that authors, as creators of beauty, entertainment and learning, deserve that their rights in their creations be recognized and effectively protected both in their country and in all other countries of the world.¹⁵

¹⁵ The individual approach, however, leaves unanswered the question of how to harmonize, on the one hand, the characterization of moral rights as private law rights and, on the other, making moral rights part of public law by characterizing them as human rights. Comp. Daniel Friedmann and Daphne Barak-Erez, *Human Rights in Private Law* (Hart Publishing, Oxford, 2001); Kirsten Sellars, *The Rise and Rise of Human Rights* (Sutton Publishing, London, 2002). Human rights thinking in copyright law has been favoured by international developments in the field of human rights generally as will be seen in Section 2.2.

Somewhat confusing nowadays is the fact that moral rights, particularly in civil law terminology, are also called *personality rights*. This is confusing since in human rights doctrine the notion of personality is not easy to pin down. In relation to copyright law the best approach seems to be, however, to refer to the cluster of human rights and other legal measures for the promotion and protection of personality. In that approach the maximizing of human potential and self-fulfilment is central.

Finally, it should be noted, from a dogmatic point of view, that with respect to the legal nature of moral rights in copyright law doctrine a significant distinction is made between the so-called dualist view and the monist view. In the dualist view economic rights and moral rights are qualified differently, economic rights being seen as property rights, moral rights as personality rights. In the monist view, although economic rights and moral rights are considered to refer to different aspects of a copyright, the ultimate inseparability of the two sets of prerogatives is assumed.¹⁶

2. The development of international moral rights protection

2.1 *The Berne Convention*

Throughout the 19th century and into the 20th century both in France and in Germany the foundations were laid for what would become a more or less coherent doctrine of moral rights. It is of note that this development did not take place in doctrinal isolation, but in close harmony with the protection that the courts were prepared to give to authorial interests. Even the legislator was ready to act in this respect. So in the indicated period a phalanx of moral interests were acknowledged as being protectable rights, for example, the right of disclosure, the right of withdrawal, the identification right, the right of integrity and the right of preventing misuse. However, contrary to the developments in France and Germany, in the United Kingdom, after the House of Lords scuppered the author's common law copyright, the idea that an author, having assigned the economic rights to an exploiter, might then override the exploiter's proprietary right with one moral right or another in order to protect one of his moral interests was wholly foreign to the common law way of thinking.

Interestingly, whereas the developments described in France and Germany did not immediately arrive at full-blown legislative protection for moral rights in the respective countries, some other countries, both within and outside Europe, had already enacted basic statutory moral rights provisions at an early

¹⁶ French copyright law followed the dualist view, German copyright law the monist view. See on that distinction H.J. Ahrens et al., *Festschrift Willi Erdmann* (Carl Heymans, Verlag Köln, 2002).

period in time. Such was the case, for instance, in Colombia (1885), French Morocco (1916), Lebanon (1921), Syria (1921), Switzerland (1922), Romania (1923), Italy (1925), Poland (1926), Czechoslovakia (1926), Portugal (1927), Finland (1927) Russia (1928), China (1928), Yugoslavia (1929) and Norway (1930). Obviously, these moral rights regimes were at least in part borrowed from French and German ideas. Understandably, the clear importance of this legislative effort was that when it came to intensive debates in 1928 about the adjustment of the BC in order to incorporate moral rights, there were some member states of the Berne Union that could put forward concrete suggestions in that respect.¹⁷ It should be underlined, however, that the introduction of moral rights in whatever form in the BC had already been discussed at successive congresses following the establishment of the Convention in 1886.¹⁸ So, for example, in 1900 the ALAI was already working on a model copyright law containing moral rights provisions with regard to a right of paternity, a right to oppose modification, and a right to oppose a public exposition of a modified work. And in 1927 the ALAI recommended that BC members should enact formal dispositions on moral rights. In fact, moral rights thinking in the context of the BC manifested itself particularly between the two world wars.¹⁹ Interestingly, at the time this thinking merged with the communal approach that was apparent in the same period in German copyright law doctrine. So the German author Hoffmann reported as follows on the Rome BC revision conference of 1928:

At the Rome conference, for the first time, and indeed most decisively, the view was put forward that the interests of the collectivity in the published work were of equal status with the right of the author, so that, according to this view, the balancing of the two sets of interests is, and must be, the task of the legislator and the aim of the Berne Convention.

Be that as it may, at the 1928 revision conference the promotion of moral rights was instigated entirely by member states promoting the approach of the individual author's rights. Further, those countries representing the common law tradition were initially implacably opposed to this. However, at the end of the deliberations a compromise was reached due to the fact that all member states came to agree that the common law, particularly the English legal tradition, had always protected the human personality with regard to its dignity,

¹⁷ See generally Ricketson and Ginsburg, *supra*, note 4, vol. 1, ch. 10.

¹⁸ Ricketson and Ginsburg, *supra*, note 4, paras 10.02–10.13; Adeney, *supra*, note 1, pp. 98–100 (nos 504–9).

¹⁹ Ricketson and Ginsburg, *supra*, note 4, referring to the general report of Main Committee I of the Stockholm Conference 1967, Document 5/247: Records 1967, vol. I, 1159.

honour and reputation, a compromise which was furthered since the civil law countries were not seriously concerned with the common law countries' compliance with the moral rights regime.²⁰ And so Article 6bis was introduced into the BC, reading as follows:

(1) Independently of the author's copyright, and even after the transfer of the said copyright, the author shall have the right to claim authorship of the work, as well as the right to object to any distortion, mutilation or other modification of the said work which would be prejudicial to his honour or reputation.

(2) The determination of the conditions under which these rights shall be exercised is reserved for the national legislation of the countries of the union. The means of redress for safeguarding these rights shall be regulated by the legislation of the country where protection is claimed.

All member states present at the conference, including the common law countries, ratified this amendment, the latter on the apparent assumption that their laws were already in compliance and needed no implementation as such. This was due to the fact that it had been accepted from the start that the Union countries were not obliged to protect moral rights within the framework of copyright, leaving it up to countries such as the United Kingdom to adopt and/or apply other means of protection, for example the action of defamation.

Moral rights now being part and parcel of the BC, this is not to say that every aspect thereof was covered by Article 6bis. For instance, the Convention was still silent about the duration of the right (perpetual or fixed term), its exercise *post mortem auctoris*, and remedies for infringement. All this was reserved for the national legislation of the countries of the Union.²¹ Interestingly, no further mention was made of the notion or concept of the beneficiary of moral rights. It was, however, the *implicit* understanding that only natural persons, that is, physical authors in the real sense, could be the beneficiaries.²²

The text of Article 6bis, as introduced in 1928, would stand for 20 years. It was at the next BC revision conference in 1948, held in Brussels, that the moral rights issue again appeared on the agenda. At that time the common law countries' approach to moral rights was even more hostile than 20 years previously. Again the United Kingdom acted as the spokesman for these reluctant

²⁰ Actes de la conférence réunie à Rome du 7 mai au 2 juin 1928 (Romes Actes) (Bureau de l'Union Internationale pour la Protection des Œuvres Littéraires et Artistiques 1929), pp. 291–2; Adeney, *supra*, note 1, p. 111 (nos. 6.53–6.54).

²¹ Ricketson and Ginsburg, *supra*, note 4, paras 10.11–10.13; Adeney, *supra*, note 1, pp. 122–4 (nos 6.57–6.59).

²² Ricketson and Ginsburg, *supra*, note 4, *ibidem*; Adeney, *supra*, note 1, p. 115 (no. 6.33).

countries, claiming that copyright law solely concerned the economic interests of authors. Consequently, not much was changed in Brussels. Added to Article 6bis was the *post mortem auctoris* (*p.m.a.*) effect (no longer than until the expiry of the copyright, that is, the economic right (50 years)), to be exercised by the above-mentioned limited representatives according to the conditions to be determined by national law.

More interesting was the fact that the inter-war debate on moral rights protecting the cultural interests of a country was reopened at the Brussels conference. This was interesting, since at the same time – as will be seen in Section 2.2 – an individualist tendency was spreading internationally in the post-war period. Due, however, to the following arguments: (a) it is not possible unambiguously to designate what is culturally protectable, and (b) such protection is not a matter of private law but of public law, the debate again failed to make the BC also *the preserver of cultural masterpieces*.²³

The final attempt to achieve an expansion of Article 6bis was made in 1967 at the revision conference in Stockholm, almost another 20 years after the Brussels conference. The same arguments were made with regard to the duration and protection of cultural objects, but without bringing any substantial change to what was already law. As a consequence, Article 6bis has read as follows since 1948:

- (1) Independently of the author's copyright, and even after the transfer of the said copyright, the author shall have the right, during his lifetime, to claim authorship of the work and to object to any distortion, mutilation or other alteration thereof, or any other action in relation to the said work which would be prejudicial to his honour or reputation.
- (2) In so far as the legislation of the countries of the Union permits, the rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the copyright, and shall be exercisable by the persons or institutions authorised by the said legislation. The determination of the conditions under which the rights mentioned in this paragraph shall be exercised shall be governed by the legislation of the countries of the Union.
- (3) The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.

Nevertheless, it may be said that since 1967 this stance has been contested by the fact that over the years a degree of international consensus had been reached that moral rights should be protected. Indeed, moral rights provisions have been adopted in the copyright legislation of most countries in the world, including common law-influenced jurisdictions in developing countries in

²³ Ricketson and Ginsburg, *supra*, note 4, *ibidem*; Adeney, *supra*, note 1, p. 143 (no. 7.38).

Africa and Asia, as well as civil law-influenced jurisdictions in formerly socialist countries in Central and Eastern Europe. However, as will be seen in Sections 2.2 to 2.3, major obstacles have so far stood in the way of a true harmonization of moral rights not only in the BC but also in other international legal instruments.²⁴

2.2 *The Universal Declaration of Human Rights with appendices*

In the same year that the Brussels conference to revise the BC took place (1948), the Universal Declaration of Human Rights (UDHR) was drafted and adopted by the United Nations in Washington. The first draft of the UDHR (the so-called Humphrey Draft) did not include the right to have interests of intellectual products protected. It was not until a subsequent draft (the so-called Cassin Draft) was agreed upon that a new provision was proposed stating that the authors of all artistic, literary, scientific works and inventors would retain, in addition to just remuneration for their labour, a moral right to their work and/or discovery which would not disappear, even after such a work or discovery had become the common property of mankind. This last text would eventually lead to Article 27(2) UDHR proclaiming that

2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.²⁵

For some, the reference to the protection of *moral interests* is a clear reference to interests protected by moral rights. However, any human rights connotation – persistently promoted by France – was repeatedly rejected at the conference. Copyright was seen by the majority of the member states as a private law economic right, not as a public law human right. Besides, since such an economic right could be considered as a form of property, it was considered to be already covered by the provisions on property rights.²⁶

²⁴ It is of note that in both 1948 and 1967 two provisions were introduced in the BC: Article 10(3) and Article 10bis(1), which can be said to have moral rights implications. However, as has been noted by Ricketson and Ginsburg, *supra*, note 4, para. 10.46, it may be contended that these provisions are distinct, rather than derivative of Article 6bis.

²⁵ Article 27(2) should be read in conjunction with paragraph 1 of the same provision on participation in cultural life, and with Article 17(1)(2) on the protection of property. The Universal Declaration of Human Rights, GA Res 217A, 3UN GAOR (183rd plen mtg), UN DOC A/Res/217A (1948).

²⁶ Adeney, *supra*, note 1, pp. 132–3 (nos 7.08–7.12). As is well known, the wording of Article 27(2) is directly derived from the American Declaration of the Rights and the Duties of Man, made by the Ninth International Conference of American States, OAS Res XXX, OAS Official Record, OEA/Ser L/V/II 23, doc 21 rev 6 (1948).

Possibly, however, things may have changed since the establishment of the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1966.²⁷ According to Chapman, since then intellectual property rights in general and copyright in particular should be viewed as human rights because the three provisions of Article 15(1) ICESCR were considered by the drafters as being intrinsically interrelated with one another. The rights of creators (authors and inventors) were understood as essential preconditions for cultural freedom and participation and scientific progress, not just as values in themselves. Interestingly, Chapman also takes a stance with regard to the function of copyright law as preserving the cultural domain. In her view copyright should facilitate cultural participation. As a consequence, she objects to the idea of copyright law as solely individualist. In her view it is not meant to further communal interests any less. It follows that she sees copyright not as an absolute right but as a conditional right that contributes to the common welfare of society.²⁸

For a more reserved view of the human rights implications for intellectual property law, particularly copyright law, reference can be made to the 2001 report by the UN High Commissioner on Human Rights on the impact of the Agreement on Trade-Related Aspects of Intellectual Property Rights on Human Rights.²⁹ In sum, the report recognizes, with reference also to Article 27 UDHR, that the ICESCR binds member states to design intellectual property law systems that strike a balance between promoting general public interests and protecting the interests of authors and inventors with regard to informational products. The question, however, is where to strike the right balance.³⁰ The answer to that question may be found in General Comment 17 (GC) with regard to Article 15(1c) ICESCR of 2005.³¹ The indicated docu-

²⁷ UN, International Covenant on Economic, Social and Cultural Rights, adopted on 16 December 1966, 993 UNTS 3 (entered into force on 3 January 1976), GA Res 2200 XXI, 21 UN GAOR Supp. No. 16 at 49 UN Doc A/6316 (1966). See A. Dietz in G. Schricker (ed.), *Urheberrecht* (2nd edn, Beck, Munich, 1998), p. 254, stating that Article 27(2) UDHR is now considered to be the international and human rights basis for domestic moral rights protection. *Idem* Adeney, *supra*, note 1, pp. 149–50 (nos 7.57–7.59).

²⁸ Audrey R. Chapman, 'Implementation of the International Covenant on Economic, Social and Cultural Rights', Discussion paper, UN E/C 12/2000/12, 3 October 2000, paras 23–8.

²⁹ UNHCR Committee on Economic, Social and Cultural Rights, 'The Impact of the Agreement on Trade-Related Aspects of Intellectual Property Rights on Human Rights', Report of the High Commissioner, 2 June 2001, E/CN 4 Sub. 2/2001/13, p. 5.

³⁰ *Ibidem*.

³¹ UNHCR Committee on Economic, Social and Cultural Rights, General Comment 17 adopted on 21 November 2005, E/C 12/2/2005/GC/17.

ment notes that the reference to the inherent dignity and worth of persons in the said article distinguishes the rights of creators (and other human rights) from most legal entitlements recognizable under intellectual property law. Amongst other things, it states that contrary to intellectual property rights human rights are fundamental, inalienable and universal belonging to individuals or groups of individuals, whereas intellectual property rights are, first and foremost, means by which states seek to provide incentives for creativity and inventiveness.³² Moreover, the GC underlines that the scope of protection given to the moral and material interests of creators by Article 15(1c) does not necessarily coincide with what is referred to as intellectual property rights under national legislation or international agreements.³³

It is of note, however, that the GC appears to make an exception as to the human rights qualification with regard to moral rights in copyright law regulations. Indeed, for moral rights as well as for human rights, it is the case that they can be considered as fundamental entitlements of the human person.³⁴

2.3 *The TRIPS Agreement and the WIPO Copyright Treaty*

Despite the international consensus on the protectability of moral rights under copyright law as indicated in Section 2.2, they have not been an area of active development in the WTO and the WIPO. Mentioning the WTO first and the WIPO second follows from the fact that the WTO's TRIPS Agreement (TRIPS) of 1994 precedes the WIPO's Copyright Treaty (WCT) of 1996.³⁵ However, this ordering is not self-evident since the WTO's interference with intellectual property rights is of recent date. It illustrates the WTO's interest in incorporating intellectual property rights, including copyright, in the international trading system. As observed by Adeney, TRIPS might have been expected to incorporate moral rights because of their apparent economic consequences, but this is not the case.³⁶ Although TRIPS requires compliance

³² GC, *supra*, note 31, part 1; para. 6. See for an analysis of the different properties of human rights and intellectual property rights. General Comment 17.

³³ GC, *supra*, note 31, para. 2.

³⁴ *Ibid.*

³⁵ WTO, Trade Related Aspects of International Property Rights 1994 (entered into force 1 January 1995, http://www.wto.org/english/docs_e/legal_e/final_e.htm; WIPO, Copyright Treaty 1996, WIPO Collection of Laws for Electronic Access, <http://www.wipo.org>).

³⁶ Adeney, *supra*, note 1, pp. 150–151 (no. 760). See for a different reading of Article 9(1) TRIPS Mira T. Sundara Rajan, 'Moral Rights and Copyright Harmonisation: Prospects for an "International Moral Right"?' 17th BILETA Annual Conference (Amsterdam, 2002) p. 6, <http://www.bileta.ac.uk/02papers/sundarajan.html>, stating that the effect of that provision is only to exclude the application of the TRIPS dispute settlement mechanism on moral rights issues. Be that as it

with most of the BC, Article 9 TRIPS expressly excludes from its application rights conferred by or derived from Article 6bis BC. This may well be caused by a fundamental incompatibility between TRIPS facilitating and accelerating the commodification of information products in order to improve the cross-border trade in cultural industries, and moral rights interfering with the unhindered course of international commerce. Ricketson and Ginsburg question whether Article 9 contains effectively more moral rights than the attribution and paternity rights mentioned in Article 6bis BC. For example, they suggest that if the right of disclosure or that of divulgation is not comprehended in Article 6bis, but finds its basis elsewhere in the BC, a member state's failure to apply that right might give rise to a dispute settlement under TRIPS.³⁷

In spite of the WTO taking the lead in issues of international intellectual property law over the last decade, the WIPO has nevertheless continued to generate new rules on particular copyright law. In 1996 it therefore promulgated two important new treaties, the already-mentioned WCT and the related WIPO Performances and Phonograms Treaty (WPPT).³⁸ Whereas Article 5(1) WPPT can be read as granting a moral right of identification to performers, the WCT is silent on this issue. Some claim, however, as does Sundara Rajan, that Article 8 WCT, providing for a right of communication, hints at the recognition of moral rights. Apparently, this claim refers to the fact that the right to divulge or disseminate in some legislations, like the French, qualifies as a moral right (Article L 121-1 Intellectual Property Code).

3. Moral rights protection in the European Union³⁹

3.1 *The acquis communautaire*

Today, there is no full *acquis communautaire* with respect to copyright law. This follows in the first place from the fact that the EU has not produced a Community-wide copyright law due to the lack of direct competence in this domain. In fact, the seven Directives that harmonize certain aspects of copy-

may, another reason why it is not likely that TRIPS can serve as the basis for a moral rights claim is the fact that in its Preamble, in para. 4, intellectual property rights are *expressis verbis* considered as private rights, and as a consequence exclude moral rights from being viewed as public law-based human rights.

³⁷ An agreement between the WIPO and WTO, concluded in 1995, underlines the importance of a mutually supportive relationship based on cooperation. WIPO Collection of Laws, note 36.

³⁸ The WPPT will not be further discussed. It is of note that WIPO treaties do not have the same authority or force as WTO instruments such as TRIPS, but they can provide influential guidelines on international and national legal reform in matters of intellectual property law.

³⁹ Sundara Rajan, *supra*, note 36, pp. 7–8.

right law in the EU are based on the EC Treaty provisions which authorize the EU to coordinate the relevant laws of the member states with regard to the free movement of goods and services (Articles 45, 47(2) and 55) as well as the establishment of the internal market (Article 95). As a consequence, copyright law in the EU is principally the national copyright law of the member states, based on the (inter)national principle of territoriality. At present the EC is of the opinion that practice does not indicate that the absence of harmonization is detrimental to the functioning of the internal market. This is equally true for economic rights and moral rights. Consequently, the EC is not planning any further harmonization, but is rather preparing to introduce adjustments to the existing Directives to improve the applicability of the *acquis communautaire*.⁴⁰ With respect to the harmonization of moral rights the actual stance of the EC comes as a surprise. This is because in its 1995 Green Paper the EC, considering that moral rights particularly in an interactive environment such as that of the information society are of vital importance, had already argued that the question of moral rights was becoming more urgent. Taking account of the fact that none of the then six Directives dealt with moral rights the EC believed that ‘there is a need for an examination of the question whether the present lack of harmonization will continue to be acceptable in the new digital environment’.⁴¹

Earlier, in its *Phil Collins* decision, the ECJ, in delineating the subject-matter of copyright and neighbouring rights, had reasoned as follows: ‘The specific subject-matter of those rights, as governed by national legislation, is to ensure the protection of the moral and economic rights of their holders.’ It continued by considering that:

the exclusive rights conferred by literary and artistic property are by their nature such as to affect trade in goods and services and also competitive relationships within the Community. For that reason, and as the Court has consistently held, those

⁴⁰ EC, Working paper on the review of the EC legal framework in the field of copyright and related rights, 2004. It seems that at present the EU prefers updating EU law by Recommendations instead of reworking Directives, on which see Frank Gotzen, ‘Le droit d’auteur en Europe: *Quo Vadis?* Quelques conclusions après la transposition de la directive d’harmonisation dans la société de l’information’, RIDA 2007/211, pp. 3–60 (56–8). Comp. Thomas Dreier and P. Bernt Hugenholtz, *Concise European Copyright Law* (Alphen a/d Rijn, Kluwer Law International, 2006), p. 2 (Introduction sub. 4).

⁴¹ EC, Green Paper, Copyright and Related Rights in the Information Society, Brussels, 19.07.1995, COM (95) 382 final, Section VII, Moral Rights, pp. 65–8 (67). This conclusion sharply contradicts the statement in the EU Commission Staff Working Paper on the review of the EC Legal Framework in the field of copyright and related rights, holding that at the time there was no apparent need to harmonize the protection of moral rights.

rights, although governed by national legislation, are subject to the requirements of the Treaty and therefore fall within its scope of application.⁴²

However, in spite of its quoted commitment at the policy level, the EU has not made any progress in the harmonization of moral rights. Not only have none of the seven Directives addressed the issue, but the most appropriate one to do so, the InFoSoc Directive, refers only to moral rights in its Recital 19, providing:

The moral rights of right holders 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 Work and of the WIPO Copyright Treaty and of the WIPO Performance and Phonograms Treaty. Such moral rights remain outside the scope of this Directive.⁴³

Dietz, observing that the Preamble of the InFoSoc Directive contains ‘(. . .) a whole program for the essentials of a copyright law of the 21st Century’ makes no mention at all of Recital 19 in that respect. Despite this recital he reads into Recital 11

(. . .) the element of safeguarding the independence and dignity of the creative people which certainly has a moral touch even if moral rights as such are not covered by the Information Society Directive⁴⁴

And Dietz continues:

⁴² ECJ Joined Cases C-92/92 and C326/92, 20 October 1993, Jur. I-5145, paras 20 and 22.

⁴³ The Directives indicated are the following: Directive 91/250/EEC – Directive on the legal protection of computer programs; Directive 92/100/EEC – Directive on rental right and lending right and on certain rights related to copyright in the field of intellectual property; Directive 93/83/EEC – Directive on the coordination of certain rules concerning copyright and related rights to copyright applicable to satellite broadcasting and cable retransmission; Directive 93/98/EEC – Directive harmonizing the term of protection of copyright and certain other rights; Directive 96/9/EC – Directive on the legal protection of databases; Directive 2001/29/EC – Directive on the harmonization of certain aspects of copyright and related rights in the information society; Directive 2001/84/EC – Directive on the resale right for the benefit of the author of an original work of art. The Computer Programs Directive explicitly addresses only the economic rights in software (Recital 29). In the Term Directive it is stated that the harmonization brought about by that Directive does not apply to moral rights (Recital 21). And similarly the Database Directive, stipulating that moral rights related to a database belong to the natural person who created it, specifies that such moral rights remain outside the scope of the Directive (Recital 28).

⁴⁴ Dietz, *supra*, note 2, p. 64.

By that way, moral rights protection would merit more explicit mentioning by these quasi-constitutional European clauses; such a statement is justified, in particular, by the fact that copyright or authors' rights protection has become a human right in international public law.⁴⁵

Dietz's observations, however, seem to be (still) wishful thinking and not grounded in the positive law as it stands. Even the recent constitutional instrument of the Charter of Fundamental Rights of the European Union 2006 contains no more than that in Article 17(2): 'Intellectual property shall be protected'.⁴⁶ So it appears that the regulation of moral rights does not belong to the areas covered by the *acquis communautaire*. In sum, the actual situation is accurately described by Dreier and Hugenholtz as follows:

(. . .) Apart from harmonizing the protection for certain subject matter – notably computer programs and databases – the aim was to remove existing differences which adversely affected the functioning of the single market to a substantial degree, and to prevent new differences from arising. At the same time, a high level of protection should be maintained in order to protect investment and encourage innovation (. . .).

Although other areas of copyright remain unharmonized, the Commission currently is of the opinion that in practice there are no indications of any problems with regard to the internal market. Consequently, with the exception of the points of attachment (i.e. the criteria used to determine the beneficiaries of protection in the field of related rights which, in addition to their impact on the internal market, are relevant to the adhesion of the Community and its Member States to the WPPT), the Commission does not at present envisage further harmonization measures. Rather, it plans to make some minor adjustments to the existing Directives in order to improve the operation and coherence of the *acquis communautaire* in the field of copyright.⁴⁷

Not surprisingly for an alliance which concentrates on the promotion of its allies' economic interests, EU copyright policy is apparently focused on the economic aspects.

3.2 Moral rights in some major EU jurisdictions

For a representative impression of the actual state of the EU's moral rights regulation it may suffice in what follows to provide an overview of the main relevant issues according to the rules in three major EU jurisdictions: those of France, Germany and the United Kingdom.

⁴⁵ Ibid.

⁴⁶ Dietz, *supra*, note 2, p. 65.

⁴⁷ Dreier and Hugenholtz, *supra*, note 40, pp. 2–3 (nos. 3, 4, 6).

FRANCE

As early as the 1992 *Code de la Propriété intellectuelle* (Intellectual Property Code) (CPI) the term *droits moraux* (moral rights) was used to describe the non-economic prerogatives of authors.⁴⁸ The term refers to broad principles rather than offering specific rules. That is left to the courts under the guidance of legal doctrine. This actual stance, however, follows legal developments in doctrine and case law that had already begun in the revolutionary period of the 18th century and that found their first legislative recognition in some sparsely drafted prerogatives in the 1957 Copyright Act. It is of note that the moral rights development in France has not been much influenced by the establishment of the BC.

As to the nature of moral rights, their enactment in statutory provisions is not seen as a prerequisite for their validity but as mere recognition in and by the law on the protectability of authorial personality. As a consequence, moral rights are seen as human rights in the sense of the UDHR and the ICESCR. That is to say that moral rights should not be perceived as means for the protection of, for example, commercial or cultural interests, such a broad approach being incompatible with the nature of these rights. However, it is generally acknowledged that moral rights may be used (or rather mis-used) for commercial purposes etc.⁴⁹ In addition, it can very well be argued that the indefinite term of their protection envisaged under French law goes beyond moral rights that solely protect the personality of authors and tend to spread their effects into the domain of culture.⁵⁰

From a dogmatic point of view, French copyright law adheres to the dualist approach. So moral rights (placed first in the statute; Chapter 1: Moral Rights – Articles L 121-1/L 121-9 CPI) are treated separately from economic rights. The former are – as already said – seen as personality rights, the latter as property rights. This dualism is evidenced particularly in the difference in the term of protection: perpetual and 70 years *p.m.a.*

Moral rights can be exercised with regard to works of authorship, not exhaustively enumerated and categorized in the CPI. Interestingly, while the statute (in Article L 121-1) conceptualizes the notion of the work as *toutes les oeuvres de l'esprit* (all works of the mind), it does not do so with respect to the notion of the author which is only dealt with from a procedural point of view. Successively dealt with by the CPI are the following four moral rights:

⁴⁸ Code de la Propriété Intellectuelle (Intellectual Property Code), Loi (Law) no. 92-957 of 1 July 1992 (CPI).

⁴⁹ A. Lucas and H-J. Lucas, *Traité de la propriété littéraire et artistique* (2nd edn, Litec, Paris, 2001), para. 387.

⁵⁰ Lucas and Lucas, *supra*, note 49, para. 428.

- right of attribution (*droit de paternité*; Article L 121-2): the right to insist that the author's name and his authorship are clearly stated;
- right of publication (*droit de divulgation*; Article L 121-2): the right to be the sole judge as to when the work may first be available;
- right of withdrawal and repentance (*droit de retrait et de repentir*; Article L 121-4): the right that allows the author to reconsider his work and his association with it, by preventing (further) reproduction, distribution and representation, even after the first publication of the work, but against compensation to be paid to the first distributor;
- right to respect (*droit au respect*; Article L 121-4): the right to claim respect for the author's honour and reputation as well as for the work itself, making it possible to oppose and prevent any modification of the work.

Moral rights are inalienable and non-prescriptible (Article L 121-1). They pass to the author's heirs or executor on his/her death but they cannot be transferred (by whatever legal instrument) by the author or his/her legal successor(s). Any agreement to waive a moral right is null and void.⁵¹

GERMANY

As in France, moral rights in Germany mainly stem from domestic doctrinal and case-law developments during the 19th and 20th centuries, exceeding the requirements of international legal instruments such as the BC. Unlike the French regulation, the German term *Urheberpersönlichkeitsrecht* (personal right of the author) is well defined and regulated in detail in the *Urheberrechtsgesetz* (UrhG: Copyright Act) of 1965, but is open to further judicial interpretation by the courts.⁵²

Broad acceptance seems to exist as to copyright's economic side being perceived as a national law notion of property in the sense of Article 14 of the German Constitution. Moral rights, however, are perceived as personality rights in the sense of Articles 1 and 2 of the German Constitution. Obviously, both the economic and moral prerogatives are viewed as human rights in the sense of the UDHR and the ICESCR. Despite their human rights nature, which makes their existence from a theoretical point of view not dependent

⁵¹ See for a general overview of moral rights protection in France, André Lucas and Pascal Kamina, 'France', in Geller, *supra*, note 2; Adeney, *supra*, note 1, pp. 163–215 (nos 8.01–8.178). In France, as in some other European countries, in addition to the traditional moral rights mentioned, the resale royalty right (*droit de suite*) is also recognized as a moral right.

⁵² Gesetz über Urheberrecht und verwandte Schutzrechte (Urheberrechtsgesetz) of 9 September 1965 which came into force on 1 January 1966 (UrhG).

on statutory enactment, the UrhG is generally treated as the source of moral rights. As in France, the commercial effects of the exercise of moral rights are recognized.⁵³

From a dogmatic point of view, German copyright law follows the monist approach which assumes an intertwining of economic and moral prerogatives, that is, the ultimate inseparability of the two sets of prerogatives. This is all well expressed in Article 1 in conjunction with Article 2 UrhG: protection is granted to the author with regard to his intellectual and personal connections with the work and the use of that work.

The concept of the work is regulated in Part 1, § 2 UrhG. This paragraph contains a non-exhaustive list of possible works (*Werke*). In order to qualify as a work it needs to concern personal intellectual creations (*persönliche geistige Schöpfungen*). § 2 and § 11 UrhG make it clear that there should be an author/work connection which will then be protected with regard to the author's intellectual and personal interests. The requirement of work to be *personal* underlines that only human beings can qualify as authors with regard to moral rights protection. This criterion of personhood concurs with the definition of the concept of an author in Part 1, § 7 UrhG as the creator of the work (*der Schöpfer des Werkes*): only natural persons can be authors.

In the UrhG the following moral rights are successively listed, the central provisions being enacted in Part 1, §§ 12–14, supplemented by §§ 25, 39 and 42:

- right of disclosure (*Veröffentlichungsrecht*; § 12 (1)): the right to disclose the work to the public;
- right of attribution (*Recht auf Anerkennung*; § 13, jo § 107): the right of attribution first ensures that the author's name will appear in association with all forms of the work; second, it allows the author to choose an artistic name or sign, a pseudonym, or to remain unnamed;
- rights against distortion and impairment (*Recht gegen Entstellung oder Beeinträchtigung*; § 14): the right to oppose distortions or alterations of either the work itself or its physical embodiment;
- right of access (*Zugänglichkeitsrecht*; § 25): the right of access allows the author to demand that the person in possession of the original or a reproduction of the work makes it available to him (which does not mean handing it over to the author) for reproduction and similar activities;
- rights against alteration (*Änderungsverbot*; § 39): the right against alteration applies to alterations by holders of exploitation rights;

⁵³ G. Schricker (ed.), *Urheberrecht* (2nd edn, Beck, Munich, 1998), p. 7 (Schricker); p. 254 (Dietz); p. 1255 (Vogel).

- rights of withdrawal (*Zurückrufrecht*, § 42): the right to withdraw a work for changed opinions to be used against any person who is exercising exploitation rights but not against persons possessing physical embodiments of the work or against users under statutory licences and the like.

Moral rights lapse 70 years after the author's death. Whether these rights are (in)alienable is under discussion. Under Part 1, § 29(1) the copyright *per se*, including the moral rights, is not transferable. However, the granting of a (commercial) licence, including at least certain moral rights, for example, against alteration, is possible. Moral rights do, however, pass by way of inheritance.^{54 55}

UNITED KINGDOM

The United Kingdom introduced moral rights provisions in the Copyright, Designs and Patents Act (CDPA) of 1988. Although early continental moral rights thinking during the 18th and 19th centuries was greatly influenced by English philosophy, and personal rights of authors were recognized under the common law of copyright, moral rights as a concept did not take off in Britain until late in the 20th century. British law referred authors for the protection of their moral interests to contract law or common law remedies such as torts (for example, disclosure of confidential information, defamation and the like).

Whereas it was taken for granted during the 1928 Rome revision of the BC that British common law copyright was in compliance with the then introduced Article 6bis, there are no signs in doctrine or court decisions of any further interest in moral rights issues since then⁵⁶ let alone any activity by the legislator that introduced the 1956 Copyright Act without reference to moral rights. Moral rights were covered for the first time in the 1986 White Paper. The paper would lead eventually to the 1988 CDPA, Chapter IV, Subsections 77–89.

The CDPA follows the monist approach. Its protection is severely limited so as not to interfere with the dominance of economic rights. Moral rights are conceptually not characterized as property, but purely as statutory rights. Their

⁵⁴ R. Moufang, 'Urhebervertragsrecht', in *Festgabe für Gerhard Schrickler zum 60 Geburtstag* (Beck, Munich, 1995), pp. 571–97.

⁵⁵ See for a general overview of moral rights in Germany, Adolf Dietz, 'Germany', in Geller, *supra*, note 2; Adeney, *supra*, note 1, pp. 217–76 (nos 9.01–9.205).

⁵⁶ This is in contrast to legal developments in other common law jurisdictions such as Australia, Canada and the United States. See Adeney, *supra*, note 1, pp. 375–85 (nos 13.27–13.65).

infringement is classified as the tort of breaching a statutory duty (Section 103(1) CDPA). Neither human rights thinking nor (inter)national cultural or consumer interests have contributed in any obvious way to moral rights enactment in the United Kingdom.

The following moral rights were introduced in Sections 77–89 CDPA:

- right of identification (Sections 77–9): this right (also called paternity right and attribution right) grants the prerogative to be identified upon the publication of the work as its author or director;
- right of integrity (Sections 80–83): this right ensures that objections can be made to any derogatory treatment, that is, changes whether by editing, adding or subtracting material or placing it without alteration in juxtaposition to other materials that the author might find objectionable;
- right against false attribution (Section 84): the right to object against being recognized as the author;
- right of privacy (Section 85): this right solely concerns the use of photographs or films – it should be ensured that use is not only authorized by the copyright owner but also by the portrayed artist. This right was already in place under the 1956 Copyright Act.

The rights to object to derogatory treatment and not to be falsely attributed with a work operate automatically. However, the right to be identified as the author or director of a work must be asserted, which seems to be in contradiction with the interdiction of formalities under the BC.

Moral rights may not be assigned to another person, but they may be waived. Section 95 offers a detailed regulation of those who are authorized, and under what conditions, to exercise moral rights *post mortem auctoris*. The rights to be identified as author or director and to object to derogatory treatment will continue to exist for the copyright term of the work, that is, 70 years. The right to object to the false attribution of a work expires 20 years after a person's death (Section 86).⁵⁷

3.3 *Evaluation: from scattered principles to coherent doctrine and practice?*

An evaluation of the actual state of moral rights protection in the EU may lead to the following observations. Actual EU moral rights law bears the traces of moral rights law developments during the 19th and the 20th centuries.

⁵⁷ See for a general overview of moral rights in the United Kingdom, Lionel Bentley and Bill Cornish, 'United Kingdom', in Geller, *supra*, note 2. Adeney, *supra*, note 1, pp. 387–440 (nos 14.01–14.193).

Notwithstanding the establishment of the EU since then, it is clear that today's moral rights law within the Community is still determined by the basic principles of the BC: accepting the co-existence of the civil law and common law copyright traditions, and establishment of the territoriality principle as to its implementation into national law. This has not been changed after the introduction of the TRIPS Agreement in 1994 and the WCT in 1996, since both international legal instruments abstain from regulating moral rights. The same is *per saldo* true for the relationship between moral rights and human rights. Despite the fact that moral rights appear to be considered as human rights by the UNHCR General Comment 17 referred to in note 31, and a majority in EU legal doctrine takes that stance, neither community legislative instruments nor case law by the ECJ treat moral rights like human rights. In fact, the most appropriate EU legal instrument to do so, the InfoSoc Directive of 2001, refers the issue to the national laws of the member states.

So it appears that moral rights regulation is still an issue for national law. However, national laws differ not only along the lines of the two existing copyright traditions, but also within one tradition or the other, differences do exist. So not only are moral rights differently regulated in France and Germany, on the one hand, and in the United Kingdom and Ireland, on the other, but also the respective regulations in France and Germany, and in the United Kingdom and Ireland, differ from each other.

Obviously, the main question here is – as already indicated by the EC – whether and, if so, how far these differences are relevant, that is, whether they hamper the course of the internal market in the EU. A first difference that can be indicated here concerns the paternity right. In the common law systems of the United Kingdom and Ireland this right must be asserted, whereas in the civil law systems of continental Europe this right originates with the creation of the work. Also differently regulated is the possibility of a waiver (and, related to that, the possibility of transferring the economic right) of moral rights. This is not possible in civil law systems, but is possible in common law countries. As a consequence, the right of integrity can be waived under British law, enabling, for instance, broadcasters, music producers or book publishers to insist on a waiver of this right as a condition for broadcasting, producing or publishing, selling the work to a third party without consulting the author, or in any modified way. Both differences give UK entrepreneurs an unfair advantage over their continental counterparts who are forced to respect the indicated rights.

Such an advantage distorts the internal market. An example may clarify this point. In 1988 a court in the Netherlands rejected Samuel Becket's motion to prevent an all-female production of *Waiting for Godot*, whereas such a production was forbidden in France. Apparently, this situation leads to a clear form of restraint of intra-Community trade in the EU: either certain productions of

Becket plays may *only* be exported, or authors may wish to refuse *all* exports to countries with weaker moral rights regimes lest the integrity of the work be compromised.⁵⁸ So it may be said that contrary to the EC Working Paper referred to in note 41, there is an apparent need to harmonize the protection of moral rights in the EU. Such harmonization would rectify a significant imbalance and might well enhance creativity and cultural diversity in society.

However, in addition it should be noted that, although it is true that in the area of moral rights there are certain legal barriers which may unduly interfere with industry's ability to exploit copyright-protectable content within the internal market, it clearly depends on one's perspective (and interest) what is seen as such a barrier. So, from the perspective of publishing, media and communications companies, it is just the absence of waivers in many EU jurisdictions which is seen as outdated, unnecessary and even counter-productive to the well-functioning of a healthy entertainment industry.⁵⁹

This last finding underlines – both for the EU as well as internationally – that the effects of a harmonized moral rights law, in whatever form, on culture and economy cannot be fully anticipated. Sundara Rajan quite rightly states the following in this respect:

An international moral right could not only have unforeseen economic effects, but it might also entail ambiguous cultural consequences. Moral rights do come from a cultural environment where the creativity of the individual artist is valued as the ultimate expression of human creativity. This cultural model may be universally valid, as different cultural traditions may prioritise different kinds of creative expression, favoring communal creativity, not recognising proprietary rights, or – a profound challenge to the right of attribution – even assigning special prestige to anonymous artworks.⁶⁰

So it may be concluded that there is still a lot to be analysed and researched.

⁵⁸ J. Arnolds, 'The Moral Right of the Author', ALAI 1993, referring to the case Pres. Rechtbank Haarlem 29 April 1988, AMI 1988, No. 4/83; S. Brut de Béton and Jérôme Lindon, '3ème Chambre du Tribunal de Grande Instance de Paris', 15 October 1992, RIDA 1993 No. 155.

⁵⁹ Comp. International Communications Round Table (ICRT), 'Response to EC Green Paper on Copyright and Related Rights in the Information Society, Section VII: Moral Rights' (1995).

⁶⁰ Rajan, *supra*, note 36, pp. 7–8.

11 The moral right of integrity

Jacques de Werra

1. Introduction

Even though it is obvious that neither the right of integrity nor the other moral rights of authors¹ are on the priority list of the EU intellectual property harmonization agenda at present, it can still be observed that these rights are regularly litigated in several jurisdictions within the EU² and that they also keep attracting the attention of scholars both inside³ and outside the EU.⁴ As a result, even if in the Internet age the economic and financial interests of

¹ On moral rights as such, see the contribution of W. Grosheide in this book.

² See the recent dispute between architects and the German government over an architectural project within the main railway station in Berlin, which led to a decision of the Landesgericht Berlin of 28 November 2006 in favour of the architects, ref. Az.: 16 O 240/05 (not in force), ZUM 2007, 424; on this dispute, see C. Thies, 'Eigentümerkontra Urheberinteressen. Der Fall "Berliner Hauptbahnhof"', UFITA 2007, 741; see also J. Hillmer, 'Berlin Hauptbahnhof – Kathedrale für den Verkehr. Urheberrechtsprozess gegen die Deutsche Bahn', Kunst und Recht (KUR) 2006, 113.

³ See Carine Doutrelepont, *Le droit moral de l'auteur et le droit communautaire. Analyse en droit comparé et en droit européen*, Bruxelles/Paris 1997; A. Metzger, 'Europäisches Urheberrecht ohne Droit moral? – status quo und Perspektiven einer Harmonisierung des Urheberpersönlichkeitsrechts', in: *Perspektiven des Geistigen Eigentums und Wettbewerbsrechts, Festschrift für Gerhard Schricker zum 70. Geburtstag*, Munich 2005, 455; see also the forthcoming book *Moral Rights*, Kevin Garnett and Gillian Davies (eds), London 2009; Agnès Lucas-Schloetter, *Droit moral et droits de la personnalité, étude de droit comparé français et allemand*, Aix-en-Provence 2002; Elisabetta Bellini, 'Moral Right and Droit Moral: A Matter of Paradigms', 204 *Revue Internationale du Droit d'Auteur* [hereafter: RIDA] (April 2005), 3; Jan Rosén, 'Werbeunterbrechungen von Spielfilmen nach schwedischem Recht – (immer noch) ein Testfall für das droit moral?', GRUR Int. 2004, 1002; Jan Rosén, 'Authors' Moral Rights in Modern Media', in: *Urheberrecht im Informationszeitalter, Festschrift für Wilhelm Nordemann zum 70. Geburtstag am 8. Januar 2004*, Munich 2004, 681; David Vaver, 'Moral Rights Yesterday, Today and Tomorrow', 7 *International Journal of Law and Information Technology* (1999), 270, available at: <http://ssrn.com/abstract=915083>.

⁴ See Elizabeth Adeney, *The Moral Rights of Authors and Performers: An International and Comparative Analysis*, Oxford 2006; Cyril P. Rigamonti, 'Deconstructing Moral Rights', 47 *Harvard International Law Journal* 353 (2006) (who questions key dogmas of European moral rights theory); Maree Sainsbury, *Moral Rights and their Application in Australia*, Sydney 2003.

authors and (perhaps more importantly) of other right owners (such as owners of neighbouring rights) are at the forefront given that they are threatened by the (still rampant) piracy which takes place in the on-line environment, it would be wrong to consider that the protection of the right of integrity is nothing more than an abstract topic of purely scholarly interest in the EU. It should in fact be remembered that, even if the essence of moral rights, and specifically of the right of integrity, is not of an economic nature, moral rights can still have a significant economic impact.⁵

For this reason, and pursuant to the goal of this book, it is interesting to assess today whether the moral right of integrity is appropriately treated within the EU, that is, whether it has been appropriate not to harmonize it so far and whether it would be useful to harmonize it in the future. For this purpose, it will first be necessary to assess the present situation (see Section 2 below). It will then be possible to turn to what could potentially be done (see Section 3 below). Finally, a few thoughts will be expressed on the future challenges of the right of integrity beyond its harmonization (see below Section 4).

2. The present situation

At the international level, the source of protection of the moral right of integrity lies in article 6bis of the Berne Convention which provides (in the relevant section) that '[i]ndependently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right [. . .] to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation'.⁶ This provision requires as a threshold condition that the violation of the integrity of the work shall have a negative impact on the author's honour or reputation. The national regulations can however offer a broader protection than the minimal level which is imposed by this provision.⁷

⁵ Metzger, 464 f.; such impact can particularly be felt with respect to violations of the right of integrity in connection with cinematographic works; see the examples and cases cited by Metzger, 465.

⁶ Given that art. 9 para. 1 of the TRIPS agreement expressly and notably excludes moral rights from the scope of the agreement ('However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6bis of that Convention [the Berne Convention] or of the rights derived therefrom').

⁷ It is not the goal of this chapter to make a full presentation of the status of protection of the right of integrity in the Member States; for such presentation, see Doutréleont, 255, and the report 'Moral rights in the context of the exploitation of works through digital technology' (2000) commissioned by the EU Commission's internal market directorate-general (dated April 2000), available at: http://ec.europa.eu/internal_market/copyright/docs/studies/etd1999b53000e28_en.pdf (hereinafter: the 'Report').

On this basis, some national copyright laws within the EU offer more extensive protection by providing that the protection of the right of integrity shall not depend on the showing of any harm caused to the honour or to the reputation of the author. As a matter of principle, such a protective approach could be legitimized by the fact that the moral right of integrity protects *in fine* the result of the creativity of the author in the exact way that this creativity was expressed, that is, the right of integrity makes sure that the work is and remains as the author has created it so that no one else shall have the right to change it in any manner irrespective of whether these changes improve or negatively impact on the author's honour or reputation.⁸ However, such discretionary character may at the same time impede and undermine legitimate third party interests which would conflict with the moral right of integrity. On this basis, several national copyright systems (one of the most prominent of which is the German copyright system) reflect this idea by using a system of balance of interests between the competing interests of the right holder on the one hand and of the third party on the other hand.⁹

As this was established in a study commissioned by the EU Commission's Internal Market Directorate-General (dated April 2000) on moral rights in the context of the exploitation of works through digital technology,¹⁰ the level of protection of the moral right of integrity diverges quite widely between the different Member States within the EU.¹¹ In this report, the conclusion was nevertheless drawn that 'in spite of the significant differences in regulation between the Member States of the European Community and in particular the difference between the UK law and the regulation in continental Europe, there seems to be no concrete evidence that this has so far resulted to adversely impact on the Internal Market',¹² whereby this report stated that the right holders were apparently quite cautious about any project of harmonization of moral rights within the EU out of fear that such harmonization might reduce and weaken the overall protection of moral rights within the EU (by making them waivable).¹³

⁸ Vaver, 271 (noting that according to this approach, which is the one applicable in continental Europe, 'the author should have recourse against those who present the work differently from the way the author originally intended').

⁹ See, advocating for the adoption of a system based on such a balanced approach, A. Dietz, 'The Artist's Right of Integrity under Copyright Law – A Comparative Approach', IIC 1994, 177.

¹⁰ See the Report, *supra* note 7.

¹¹ And specifically between the protective regime of protection of moral rights (and specifically of the right of integrity) existing in France and the less protective regimes applicable in the United Kingdom and in Ireland.

¹² Report, *supra* note 7, 224.

¹³ Report, *supra* note 7, 225.

However, a more interventionist approach has been advocated and called for in the legal literature.¹⁴

As a result, even if the importance of moral rights in the system of protection of copyright law within the EU was acknowledged by the European Court of Justice in the *Phil Collins* decision (it being noted that the ECJ only referred to the right of integrity and not to the other moral rights in its decision),¹⁵ no need for harmonization was felt so far.

This approach was confirmed in recital 19 of Directive 2001/29,¹⁶ in which it was noted that '[t]he 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.'¹⁷ Interestingly, this passive approach was adopted even though a few years earlier the threat to the moral rights (and to the right of integrity) was expressly identified as a critical issue in the Green Paper on Copyright and Related Rights in the information society.¹⁸

3. Potential issues for harmonization

First, it is important to state that there is no apparent need to harmonize the right of integrity within the EU because the difference of scope of protection of this right within the EU as such (except for the specific issues which will be discussed in more detail below) does not affect the functioning of the internal market in a significant way.¹⁹

¹⁴ See Doutrélepon, 576; Metzger, 471.

¹⁵ See judgment of the ECJ, C 92/92 and C 326/92, § 20: 'The specific subject-matter of those rights, as governed by national legislation, is to ensure the protection of the moral and economic rights of their holders. The protection of moral rights enables authors and performers, in particular, to object to any distortion, mutilation or other modification of a work which would be prejudicial to their honour or reputation.'

¹⁶ 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, OJ L 167, 22.6.2001, p. 10.

¹⁷ See also the unambiguous wording of Recital 20 of the Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version of the Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights): 'It should be made clear that this Directive does not apply to moral rights'.

¹⁸ European Commission Green Paper of 27 July 1995 on Copyright and Related Rights in the Information Society (COM(95) 382 final), para. 1.4.5.

¹⁹ For a discussion of the general conditions required for justifying a harmonization at the EU level as applied to moral rights, see Doutrélepon, 566; see also Metzger, 466–9.

This absence of a need to harmonize can be particularly evidenced by taking the example of the right of integrity of architects. Even though this is a complex and challenging issue,²⁰ the legal disputes arising between architects and owners of their architectural works about the exercise of the right of integrity do not call for a harmonized solution within the EU because by their very nature such disputes are exclusively and definitively localized at the place (and in the Member State) where the disputed architectural work is located. As a result of this physically unique localization within one Member State, it is quite doubtful that a difference in the level of protection of the right of integrity of architects which may exist under the respective copyright laws applicable in the Member States will affect the 'smooth functioning of the internal market'²¹ (even if it may have an impact on the decision to be taken by architects to carry out their activities in certain Member States in view of the insufficient level of protection of their right of integrity in the relevant Member State where they are supposed to build an architectural work).

In spite of this view, which by and large justifies the present situation of non-harmonization of the right of integrity, it should however be considered whether the aspects of the right of integrity discussed below²² may require harmonization at the EU level.

3.1 Advertising breaks for the broadcasting of cinematographic works

Advertising breaks which are made in the course of the broadcasting of cinematographic works have been held as a violation of the right of integrity under the national copyright laws of various Member States.²³ One reason why

²⁰ See T.E.G. Prinz, *Das Änderungsrecht des Baueigentümers an urheberrechtlich geschützten Bauwerken im deutschen, schweizerischen, französischen und belgischen Recht*, Bielefeld 1994; B.C. Goldmann, 'Das Urheberrecht an Bauwerken. Urheberpersönlichkeitsrechte des Architekten im Konflikt mit Umbauvorhaben', GRUR 2005, 641.

²¹ Recital 7 of the Directive 2001/29.

²² One easy way to avoid the hurdles which may result from claims of violation of the right of integrity by authors is to initially vest the copyrights in the works created by these authors in third parties (such as their employers). On this basis, the issue of the allocation of ownership of moral rights is obviously quite essential. Given that such an issue is however not specific to the right of integrity to be discussed here and that it is addressed in more detail in another chapter of this book (see the contribution of J. Phillips on authorship and ownership), it will not be further analysed here.

²³ See the decision of the Swedish Supreme Court of 18 March 2008 in the case *TV4 AB v. Claes Eriksson and Vilgot Sjöman* (see the summary, http://www.roschier.com/monthlybriefs/TMC/8April2008/8.4.2008_HTML.htm#IPR%20Article%201); for a recent overview of case law in selected national copyright laws (Italy, France, Germany and Sweden), see the articles of Rosén, *supra* note 3; see also Karl-Nikolaus Peifer, *Werbeunterbrechungen nach italienischem, deutschem und internationalen Recht*, Bielefeld 1997.

harmonization could be called for results from the recent adoption of the Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities. According to its article 11, '1. Member States shall ensure, where television advertising or teleshopping is inserted during programmes, that the integrity of the programmes, taking into account natural breaks in and the duration and the nature of the programme, and the rights of the right holders are not prejudiced' (emphasis added). Pursuant to article 11 paragraph 2 of the Directive 2007/65/EC, the transmission of cinematographic works may be interrupted by advertising once for each scheduled period of at least thirty minutes,²⁴ it being noted that the previous system was more protective of authors given that the relevant period was forty-five minutes.²⁵ From this perspective, it may be considered that the threat to the right of integrity is even bigger now that the time period is even shorter.

Based on its recitals, it can be understood that the Directive 2007/65/EC aims at safeguarding 'the specific character of European television' by limiting the interruptions made to cinematographic works.²⁶ However, still according to its recitals, the Directive is also designed to 'give flexibility to broadcasters' with regard to the insertion of advertising 'where this does not

²⁴ '2. The transmission of films made for television (excluding series, serials and documentaries), cinematographic works and news programmes may be interrupted by television advertising and/or teleshopping once for each scheduled period of at least thirty minutes. The transmission of children's programmes may be interrupted by television advertising and/or teleshopping once for each scheduled period of at least 30 minutes, provided that the scheduled duration of the programme is greater than 30 minutes. No television advertising or teleshopping shall be inserted during religious services.'

²⁵ This is still the case of the European Convention on Transfrontier Television of the Council of Europe (text amended according to the provisions of the Protocol (ETS No. 171) which entered into force on 1 March 2002), see Art. 14 para. 3: 'The transmission of audiovisual works such as feature films and films made for television (excluding series, serials, light entertainment programmes and documentaries), provided their scheduled duration is more than forty-five minutes, may be interrupted once for each complete period of forty-five minutes. A further interruption is allowed if their scheduled duration is at least twenty minutes longer than two or more complete periods of forty-five minutes.'

²⁶ Recital 58: 'This Directive is intended to safeguard the specific character of European television, where advertising is preferably inserted between programmes, and therefore limits possible interruptions to cinematographic works and films made for television as well as interruptions to some categories of programmes that still need specific protection.'

unduly impair the integrity of the programmes'.²⁷ The reference to these conflicting goals of protecting the 'specific character of European television' (whatever this may mean) while giving flexibility to broadcasters does not solve in any way the issue of the protection of the integrity of cinematographic works so that this issue remains unharmonized and thus uncertain. Such uncertainty is confirmed by the provision of the Directive stating that advertising breaks made in the transmission of cinematographic works are authorized once every thirty minutes, provided however that 'the rights of the right holders are not prejudiced' (art. 11 para. 1).²⁸ The Directive does not decide whether such advertising breaks constitute a violation of the right of integrity and thus leaves this issue unharmonized within the EU. It does not specify under what conditions the 'rights of the right holders are not prejudiced' which would have been helpful (and even essential) for a broadcaster in order to avoid being caught in negotiations with the right holders or in costly disputes with them in one or several jurisdictions of the Member States. This means that the transaction costs for broadcasters may be important and cumbersome.²⁹

As a result, Directive 2007/65/EC does not clarify whether the broadcasting of a cinematographic work that is interrupted by advertising breaks every thirty minutes constitutes a violation of the moral right of integrity of

²⁷ Recital 57: 'Given the increased possibilities for viewers to avoid advertising through use of new technologies such as digital personal video recorders and increased choice of channels, detailed regulation with regard to the insertion of spot advertising with the aim of protecting viewers is no longer justified. While this Directive should not increase the hourly amount of admissible advertising, it should give flexibility to broadcasters with regard to its insertion where this does not unduly impair the integrity of programmes.'

²⁸ See a similar wording in art. 14 para. 1 of the European Convention on Transfrontier Television: 'Advertising and tele-shopping shall be inserted between programmes. Provided the conditions contained in paragraphs 2 to 5 of this article are fulfilled, advertising and tele-shopping spots may also be inserted during programmes in such a way that the integrity and value of the programme and the rights of the rights holders are not prejudiced.'

²⁹ See the recommendations for the implementation of the Audiovisual Media Services Directive (November 2007) of the Fédération Européenne des Réalisateur de l'Audiovisuel (Federation of European Film Directors): 'If advertising breaks in cinematographic and audiovisual works are authorized, the implementation of this provision will give the opportunity to mention that the freedom given to broadcasters to insert advertising breaks does not mean any authorization regarding authors' moral right. Therefore, the broadcaster is required to obtain this authorization by contracting with the authors, whether at the production or broadcasting stage', available at: <http://www.ferainfo.org/documents/RecommendationsImplementationAMSDirectiveEN28.11.2007.pdf>.

the cinematographic work and what would be the remedies should this constitute such a violation (should this result in an injunctive remedy and/or in other financial or non-financial remedies?). Could for instance a disclaimer inserted before and/or after the advertising break explaining the opposition of the right holders to such breaks suffice in this respect? It would have been useful to clarify this in order to promote the broadcast and use of cinematographic works within the European Union without unduly threatening the right of integrity of authors.³⁰ Indeed it appears awkward that the Directive authorizes advertising breaks but fails to decide at the same time whether such breaks violate the right of integrity of the authors. As a result of this, it can be wondered what is the harmonizing effect of a rule which leaves a key element of application unsolved and left to the discretionary power of the Member States.

3.2 *Waivers to the moral right of integrity*

Another issue for which harmonization could be considered relates to the critical issue of the validity and enforceability of waivers to the right of integrity.³¹ The issue whether and to what extent an author can with validity waive in advance by contract the protection of his right of integrity is debated in the legal literature³² and is solved in almost diametrically opposite ways in the Member States. At one end of the spectrum, unlimited contractual waivers to moral rights (including to the right of integrity) are held valid under UK copyright law.³³ At the other end of the spectrum, French law³⁴ – unsurpris-

³⁰ See from the broader point that moral rights may prevent the smooth development of international audiovisual coproduction activities the excerpt from a report commissioned by the French government about the development of national future intellectual property policies: Rapport du groupe de projet PIÉTA (Prospective de la Propriété Intellectuelle pour l'État stratège), 'Quel système de propriété intellectuelle pour la France d'ici 2020?', 2006, at 53 (available at: http://breese.blogs.com/pi/files/Rapport_PiETA_2006.pdf): 'des difficultés liées au droit moral peuvent aussi survenir en particulier en liaison avec des problèmes de cession de droits, dans le cadre de coproductions audiovisuelles internationales, par exemple concernant la cession globale d'oeuvres futures ou bien la spécification des domaines de cession. L'exercice du droit moral se révèle en effet de plus en plus souvent difficilement compatible avec des considérations d'exploitation commerciale, dès lors que les exploitants font face à un besoin croissant d'adaptation à un contexte changeant. En ce sens, s'il doit être considéré comme légitime du point de vue de l'ayant droit en tant que personne individuelle, il pose dans l'ensemble des problèmes croissants sur le plan économique.'

³¹ For a discussion, see Doutrélepon, 286.

³² See A. Metzger, *Rechtsgeschäfte über das Droit moral im deutschen und französischen Urheberrecht*, Munich 2002.

³³ S. 87 of the UK Copyright, Designs and Patents Act 1988.

³⁴ Art. 121-1 of the French Code de la Propriété Intellectuelle of 1 July 1992.

ingly – is much more protective of the author's moral rights and holds as null and void blanket waivers to the right of integrity as was firmly confirmed in a recent decision of the French Cour de Cassation which stated that the unwaivability of the right of integrity is a principle of public policy (*ordre public*) under French law,³⁵ which somehow recalls the equally strong protective position that was adopted in the famous *Huston* case about colorization.³⁶

On this basis, the question which arises is whether a waiver to the protection of the right of integrity which would be validly entered by an author under UK copyright law would be binding in France should a violation of the right of integrity be committed in France and should a legal action be initiated before a French court.

This issue obviously relates to the treatment of copyright and contract laws

³⁵ Decision of the French Cour de Cassation, Chambre civile, 1 of 28 January 2003 (case 00-20014) holding that:

Vu l'article L. 121-1 du Code de la propriété intellectuelle, ensemble l'article 1174 du Code civil;

Attendu que l'inaliénabilité du droit au respect de l'oeuvre, principe d'ordre public, s'oppose à ce que l'auteur abandonne au cessionnaire, de façon préalable et générale, l'appréciation exclusive des utilisations, diffusion, adaptation, retrait, adjonction et changement auxquels il plairait à ce dernier de procéder;

Attendu que MM. X . . . et Y . . ., respectivement auteur et compositeur de la chanson 'On va s'aimer' ont, par contrat du 1er octobre 1983, cédé aux sociétés Televis edizioni musicali et Allione editore les droits d'exploiter directement et d'autoriser des tiers à utiliser tout ou partie de cette oeuvre, paroles et musique ensemble ou séparément, en thème dominant ou secondaire de fond sonore de films, ou de toute représentation, théâtrale, radiodiffusée, télévisée, publicitaire, ou autre encore, même non mentionnée, avec possibilité corrélatrice d'ajouts à la partition et modifications même parodiques du texte; qu'en 1997, à l'issue d'attributions et sous-attributions de gestion des droits faites par la société Polygram Italia, successeur de la société Televis, et d'autorisations et sous-autorisations consenties par la société Allione, ils ont prétendu discerner une contravention au respect de l'oeuvre dans la sonorisation d'un film publicitaire consacré aux restaurants Flunch, utilisant la mélodie de leur chanson, substituant 'On va fluncher' à 'On va s'aimer', et diffusé sur plusieurs chaînes françaises de télévision;

Attendu que pour dire licite la renonciation globale et anticipée à laquelle se ramenaient à ces égards les diverses possibilités stipulées à la cession, la cour d'appel a retenu que la clause qui les énonçait, exempte d'ambiguïté, précisait les laisser à l'initiative du cessionnaire, 'selon son jugement, qui ne pourra pas être contesté' et prévoyait une contrepartie financière, de sorte que les auteurs avaient défini par avance les limites de l'exploitation de leur oeuvre, et n'aliénant nullement leur droit moral, l'avaient exercé en toute connaissance de cause; qu'en statuant ainsi, elle a violé le texte susvisé.

³⁶ RIDA 1991 (149), 197.

under private international law.³⁷ It could therefore be analysed under the new EU framework regulating private international law, most specifically under regulation 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), which contains a specific provision relating to intellectual property rights which also applies to copyright (and thus to moral rights).³⁸

Pursuant to article 8, '[t]he law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed' (para. 1), whereby paragraph 3 specifies that '[t]he law applicable under this Article may not be derogated from by an agreement pursuant to Article 14', which means that the governing law cannot be freely chosen by the contracting parties.

Under these circumstances, it could be argued that, irrespective of a waiver of the right of integrity which would be governed by UK law and would be valid under such law, French copyright law could apply as the law of the country for which protection is claimed and under which the right of integrity could not be validly waived (at least to the broad extent which is allowed under UK copyright law). Irrespective of this, it could also be claimed that French law shall apply as a matter of public policy (*ordre public*).³⁹ In this respect, it can be mentioned that the regulation of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I) also contains relevant provisions in the context of this discussion relating to the application of mandatory foreign rules or public policy of the forum.⁴⁰

³⁷ On the issue of copyright and conflicts of law, see the chapter by P. Torremans in this book.

³⁸ Recital 26: 'Regarding infringements of intellectual property rights, the universally acknowledged principle of the *lex loci protectionis* should be preserved. For the purposes of this Regulation, the term "intellectual property rights" should be interpreted as meaning, for instance, copyright, related rights, the *sui generis* right for the protection of databases and industrial property rights.'

³⁹ See the French *Anne Bragance* case, RIDA 1989 (142), 301 (concerning an employed American ghostwriter who had validly waived her right of attribution under US law, which was the law governing the contract for which the French Cour d'appel de Paris held that such ghostwriter could exercise her right in France, because the waiver violated the French *ordre public*).

⁴⁰ See Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I) of 17 June 2008.

Article 9 refers to 'Overriding mandatory provisions' which are 'provisions the respect for which is regarded as crucial by a country for safeguarding its public interests, such as its political, social or economic organisation, to such an extent that they are applicable to any situation falling within their scope, irrespective of the law otherwise applicable to the contract under this Regulation'; in addition, art. 21 relates to the

In any case, and without going into more detail about these intricate issues of conflicts of law of moral rights,⁴¹ it appears that the condition and extent of the waivability of the right of integrity may pose difficulties for the proper functioning of the internal market to the extent that diverging levels of waivability of the right of integrity between the Member States may hamper or even prevent the cross-border exploitation of copyrighted works within the EU, whereby such cross-border exploitation is and will be even more commonplace in the digital on-line environment.⁴²

In the same context, it is also important to note that some Member States have already adopted rules for the purpose of protecting the authors considered as weaker contracting parties in international copyright contracts in order to avoid foreign (less protective) regulations being chosen as the governing law in copyright contracts for the essential purpose of trying to avoid the more protective rules implemented in the national regulations in these Member States.⁴³ It can also be recalled that some national regulations provide for a broad protection of the moral rights of foreign authors and thus confirm the importance of the protection of moral rights in an international context.⁴⁴

From this perspective, there are not inconsiderable risks that the validity and enforceability of waivers to the right of integrity which would be valid under the law of one Member State could be struck down by the application

protection of the 'Public policy of the forum' by providing that 'The application of a provision of the law of any country specified by this Regulation may be refused only if such application is manifestly incompatible with the public policy ('ordre public') of the forum'.

⁴¹ See Klaus Skrzypek, *Urheberpersönlichkeitsrecht und Vorfrage*, Baden-Baden 2005.

⁴² See also Metzger, *supra* n. 3 at 465 (noting that 'die technischen Möglichkeiten des grenzenlosen Vertriebs digitalisierter Inhalte in Datennetzen lassen die Forderung nach einem einheitlichen europäischen Rechtsrahmen für die Fragen des Werkschutzes und der Namensnennung umso dringlicher erscheinen').

⁴³ Most notably the new German rules governing copyright contracts providing for a minimal financial protection (i.e. minimum remuneration) of authors and which provide that these rules cannot be circumvented by a choice of law clause should the matter have minimal connection with Germany (see § 32b of the German Copyright Act); on these new rules in an international perspective, see Reto M. Hilty and A. Peukert, 'Das neue Urhebervertragsrecht im internationalen Kontext', *GRUR Int.* 2002, 643.

⁴⁴ See for instance § 121 para. 6 of the German Copyright Act providing for protection of moral rights over works created by foreign authors irrespective of the place of first publication of such works; see also Section 1.2 of the French Law 64-689 of 8 July 1964 which was applied in the *Huston* decision of the French Cour de Cassation (RIDA 1991 (149), 197) which provides that the integrity of a literary or art work cannot be affected in France, regardless of the State in whose territory the said work was made public for the first time.

of the protective rules of another Member State. This may affect the functioning of the internal market and could consequently justify an action of harmonization at the EU level.

3.3 *Enforcement of the right of integrity*

The enforcement of the right of integrity may also be potentially harmonized.⁴⁵ This would be required in order to make sure that effective and appropriate enforcement mechanisms are made available in case of violation of the right of integrity.⁴⁶ From this perspective, it can be noted that the Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights covers the enforcement of moral rights (including the right of integrity) given that it covers all types of intellectual property rights which are covered either by Community provisions or by national law in the relevant Member State.⁴⁷ However, this Directive does not adopt any specific rule about the enforcement of moral rights, even though it provides that the amount of damages which is due as a result of an infringement shall also take into account the ‘moral prejudice caused to the right holder by the infringement’,⁴⁸ whereby moral prejudice is likely to be caused as a result of a violation of moral rights.

The issue of fashioning appropriate legal remedies to intellectual property infringements does not only apply to moral rights (and thus the right of integrity) but is rather a topic which affects all types of intellectual property rights.⁴⁹ In any case, the nature and extent of the remedies which may result

⁴⁵ See also Doustrepeont, at 579.

⁴⁶ It should be recalled in this respect that art. 6bis para. 3 of the Berne Convention provides that ‘[t]he means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed’, which is not appropriate in view of the diverging ways in which such enforcement can be implemented at the national level.

⁴⁷ Recital 13: ‘It is necessary to define the scope of this Directive as widely as possible in order to encompass all the intellectual property rights covered by Community provisions in this field and/or by the national law of the Member State concerned.’

⁴⁸ Art. 13 para. 1 provides that ‘When the judicial authorities set the damages: (a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement [. . .]’.

⁴⁹ This issue has been hotly debated with respect to the conditions of injunctive relief since the widely publicized decision of the US Supreme Court in the case *eBay Inc. v. MercExchange L.L.C.*, 126 S. Ct. 1837 (2006), which discussed the equitable conditions for obtaining injunctive relief under US patent law and which conflicts with the more protective approach which results from some EU regulations as shown by the *Nokia v. Würdell* ECJ decision (case C-316/05); for a comparative discussion, see A.

from a violation of the right of integrity must be carefully analysed in view of the potentially legitimate interests which may be threatened should an injunctive relief be automatically granted in case of a finding of a violation of the right of integrity. In this context, it would appear appropriate to pay attention to the nature of the work at issue in order to avoid significant investments being lost as a result of a violation of the right of integrity. It is worth remembering in this respect that the French and German copyright laws, which probably provide for the most protective regimes for moral rights and specifically for the right of integrity, limit the scope of the right of integrity with respect to audiovisual works.⁵⁰

One potentially appropriate remedy for a violation of the right of integrity could thus be to remove the name of the author from the (audiovisual) work the integrity of which would have been violated instead of enjoining the exploitation of the work at issue. This remedy could make sure that the author's name shall not be connected to a work with which the author rejects any creative connection while allowing the continued use of such work (thus preserving the financial and personal investments and efforts made in the creation of such work).⁵¹ This system was implemented in the UK CDPA 1988.⁵²

von Mühlendahl, 'Enforcement of Intellectual Property Rights – Is Injunctive Relief Mandatory?', IIC 2007, 377; for a broader policy view on this debate, see R. Epstein, 'Two Minds on Injunctive Relief', New Technology Policy Forum, *International Herald Tribune*, August 15, 2007, available at: www.ft.com/cms/s/2/8e7a66a2-4b10-11dc-861a-0000779fd2ac.html.

⁵⁰ See § 93 para. 1 of the German Copyright Act which specifically limits the protection of the right of integrity to gross mistreatments and requests that the right holders shall take due account of the position of the producer ('(1) Die Urheber des Filmwerkes und der zu seiner Herstellung benutzten Werke sowie die Inhaber verwandter Schutzrechte, die bei der Herstellung des Filmwerkes mitwirken oder deren Leistungen zur Herstellung des Filmwerkes benutzt werden, können nach den §§ 14 und 75 hinsichtlich der Herstellung und Verwertung des Filmwerkes nur gröbliche Entstellungen oder andere gröbliche Beeinträchtigungen ihrer Werke oder Leistungen verbieten. Sie haben hierbei aufeinander und auf den Filmhersteller angemessene Rücksicht zu nehmen'); see also arts 121-6 and 121-7 of the French Code de la Propriété Intellectuelle which also limit the scope of the right of integrity for authors of audiovisual works.

⁵¹ 'Whether the work is copyrighted or not, the established rule is that, even if the contract with the artist expressly authorizes reasonable modifications (e.g., where a novel or stage play is sold for adaptation as a movie), it is an actionable wrong to hold out the artist as author of a version which substantially departs from the original.' *Granz v. Harris*, 198 F.2d 585, at 589 (2d Cir. 1952) (footnote omitted).

⁵² S. 83 para. (2) of the UK CDPA 1988: 'In proceedings for infringement of the right conferred by section 80 (right to object to derogatory treatment of work) the court may, if it thinks it is an adequate remedy in the circumstances, grant an injunction on terms prohibiting the doing of any act unless a disclaimer is made, in such terms and

3.4 *Term of protection*

It could also be considered whether the term of protection of the right of integrity would also require harmonization within the EU.⁵³ It can be recalled in this respect that this was contemplated in the course of the preparatory work for the Directive harmonizing the term of protection of copyright and certain related rights,⁵⁴ before it was abandoned.⁵⁵ Even though it is uncertain whether the lack of harmonization of the term of protection of the right of integrity (and of moral rights in general) truly affects the functioning of the internal market, voices have been advocating such harmonization.⁵⁶

It is true that certain specificities of national copyright regimes of protection for moral rights, and most notably the perpetuity of protection of moral rights which is anchored under French copyright law,⁵⁷ may raise concerns (or at least eyebrows) among foreign observers. This can be well illustrated by the case recently decided by the French Cour de Cassation which dealt with a book constituting a sequel to the world-famous book by Victor Hugo, *Les Misérables*. The sequel allegedly violated the right of integrity of the work of Victor Hugo according to Pierre Hugo (one of the heirs of Victor Hugo) who filed a claim before the French courts. In its decision of 30 January 2007, the Cour de Cassation, deciding that the freedom to create a sequel to a copyrighted work should not unduly be blocked after the expiration of the term of protection of economic rights, struck down the decision of a lower court which had erroneously found a violation of the right of integrity and remanded the case for a new decision on the merits.⁵⁸

in such manner as may be approved by the court, dissociating the author or director from the treatment of the work.'

⁵³ Art. 6bis para. 2 of the Berne Convention leaves some flexibility in this respect by providing that: 'The rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the economic rights, and shall be exercisable by the persons or institutions authorized by the legislation of the country where protection is claimed. However, those countries whose legislation, at the moment of their ratification of or accession to this Act, does not provide for the protection after the death of the author of all the rights set out in the preceding paragraph may provide that some of these rights may, after his death, cease to be maintained.'

⁵⁴ Council Directive 93/98/EEC of 29 October 1993, repealed and replaced by Directive 2006/116/EC.

⁵⁵ For an account of this, see Doutrelepon, 574.

⁵⁶ Doutrelepon, 579.

⁵⁷ Art. 121-1 of the French Code de la Propriété Intellectuelle.

⁵⁸ 'Vu les articles L. 121-1 et L. 123-1 du code de la propriété intellectuelle, ensemble l'article 10 de la Convention de sauvegarde des droits de l'homme et des libertés fondamentales;

'Attendu que la "suite" d'une oeuvre littéraire se rattache au droit d'adaptation; que sous réserve du respect du droit au nom et à l'intégrité de l'oeuvre adaptée, la liberté

Beyond the peculiarities of the French system and the perpetuity of protection of moral rights, it is uncertain whether the issue of the term of protection of the right of integrity justifies a harmonization within the EU. One potential reason for harmonization would be to limit the abusive behaviours of right holders after the death of the original right holder of the right of integrity (i.e. the author). It happens indeed that heirs of authors rely on the protection of moral rights (and specifically on the right of integrity) in order to (try to) prohibit the use of their deceased parent's works by third parties without having justifiable grounds for refusing such use.⁵⁹ One difficulty of such harmonization would however result from the fact that it might affect legal fields beyond copyright law (such as inheritance law).

4 Future challenges to the right of integrity beyond its harmonization

Moving beyond the issue of harmonization within the EU, perhaps the most fundamental challenge that the right of integrity faces in the EU (and even at a more global level) lies in the fact that such a right may appear as the expression of an abusive power by the authors over their works and thus may lack any justification. Such a risk may arise as a result of an overly protective political attitude deriving from an attempt to sacralize moral rights, which would be wrong and counterproductive⁶⁰ and which has already been vigorously criticized.⁶¹

de création s'oppose à ce que l'auteur de l'oeuvre ou ses héritiers interdisent qu'une suite lui soit donnée à l'expiration du monopole d'exploitation dont ils ont bénéficié'. Available at: http://www.courdecassation.fr/jurisprudence_publications_documentation_2/actualite_jurisprudence_21/premiere_chambre_civile_568/arrets_569/br_arret_9850.html.

⁵⁹ On the relationship between copyright law and inheritance law under German law, see Christoph Clément, *Urheberrecht und Erbrecht*, Baden-Baden 1993.

⁶⁰ This approach was viewed as quite detrimental to France in the international arena, given that France apparently adopted an overly dogmatic and inflexible approach with respect to the protection of moral rights which reduced the influence of France at the international level; see the Report, *supra* note 7, 78 ('Même en matière de droit d'auteur, cependant, la France se comporte assez souvent de façon peu crédible car relativement dogmatique, par exemple en ayant tendance à sacraliser le droit moral de l'auteur').

⁶¹ See Patricia Loughlan, 'Moral Rights (A View from the Town Square)', *Media & Arts Law Review* (2000), 1, available at: <http://www.law.unimelb.edu.au/cmcl/malr/511.pdf>, stating that 'Through its conceptual grounding and support for an aesthetic of individuation, through its portrayal of the artist as god-like maker and truth-giver, and in its fetishism of the artistic artefact, the moral rights construct functions to confirm the sanctity of art and its removal and distance from the praxis of life. The moral rights of artists thereby interfere with art's transformative, cultural and political power'.

Against this background, the challenge is to make sure that the right of integrity shall be exercised reasonably by authors in order to avoid such right being rejected by courts and by legislative bodies because it would be too extreme to deserve protection in view of the legitimate conflicting interests of other stakeholders. The terminology of ‘moral rights’ itself may not be innocent in this potential misconception of these rights by the public. The reference to ‘moral rights’ might indeed be understood as meaning that moral rights would deserve more protection than what could be called by contrast ‘non-moral rights’ (such as economic rights of the right holders or of third parties⁶²) given that moral rights would be morally and ethically prevalent. On this basis, it would be preferable and less misleading to refer to the rights of personality of the authors by following the German terminology (*Urheberpersönlichkeitsrecht*) which might avoid misleading values being conveyed by the wording itself.

Beyond this terminological element, it appears that the future fate of the right of integrity will depend on whether authors and courts are in a position to apply this right in a reasonable way. This is unfortunately quite a challenging task to the extent that it requires defining objective grounds for deciding cases of alleged violation of the right of integrity even though the violation of the integrity of the work may artistically be highly subjective (and may thus depend on the subjective sensitivity of the artist).

But artists and authors themselves also have a strong interest in ensuring that the right of integrity shall be exercised reasonably if they want to be taken seriously by courts and legislative bodies. As a result, authors who are found to use what could be viewed as a ‘sword of Damocles’ of an alleged violation of the right of integrity in order to try to obtain extra remuneration from the users of their works should not prevail because such use of moral rights should not be protected given that it would constitute an abuse of right (i.e. using a right for a purpose which is not the one for which such a right was conceived). In addition, authors should also be aware that an over-broad protection of the right of integrity may be detrimental to their own creative interests to the extent that creative processes are quite frequently based on the artistic re-use of pre-existing copyrighted materials. As a result, authors should not claim on the one hand a very broad protection of the right of integrity of their own works, while pleading at the same time for a broad right to freely use works created by third parties (i.e. without risking the infringement of the moral rights existing on these pre-existing works) with-

⁶² Still from a terminological standpoint, the next question that arises is whether such rights should by contrast be considered as amoral rights or immoral rights, which confirms that the terminology of ‘moral rights’ may be viewed as inappropriate.

out adopting a grossly contradictory attitude. In short, the authors themselves have a strong interest in establishing a system in which moral rights and the right of integrity shall be exercised in good faith and on legitimate grounds.

The reasonableness of the exercise of the right of integrity means that the scope of protection should largely depend on the specific circumstances of the case at hand. From this perspective, it has been pleaded that the protection of the right of integrity should keep some flexibility in its application⁶³ and that the protection should depend on various factors which should be analysed by courts in each individual case.

The courts will first have to take into account the nature of the work at issue because an alleged violation of the right of integrity will not be assessed in the same way when dealing with a poem or a work of fine arts or with a functional work (for instance a computer program, for which specific – less protective – regulation might have been adopted in the relevant jurisdiction).⁶⁴ Similarly, the conditions of creation of the work could also be taken into account. If a work is created in performance of a contract (commissioned work or work for hire) and if such work is part of a collective creative project, such circumstances will also have an impact on the scope of protection of the right of integrity of the work and may limit such protection in view of the legitimate interests of third parties involved in the project (such as the employer and the other right holders). Another factor impacting on the scope of protection of the right of integrity depends on the type of use of the work for which a violation of the right of integrity may arise. If the publisher of a book is not allowed to change in any manner the book that it is supposed to publish, the adaptation of a book into a movie will necessarily imply that some changes should be made to the book in order to convert it into a movie. Similarly, a certain freedom may also exist, to a lesser extent, with respect to the staging of a theatrical play for which the director may also enjoy a certain creative freedom in the process of staging the play. Similarly, a parodic use of a work will intrinsically imply violations of the right of integrity of the parodied work. From this perspective, the scope of the protection of the right of integrity will necessarily depend on the modus of use of the work.

On this basis, it has been suggested that a list of factors defining the scope of protection of the right of integrity based on the model of the fair use provision

⁶³ Dietz, 182; see more generally J. de Werra, *Le droit à l'intégrité de l'oeuvre* (thesis of the University of Lausanne), Berne 1997.

⁶⁴ See for instance art. 121-8 of the French Code of Intellectual Property.

set forth under US copyright law⁶⁵ could be part of an EU harmonization of the right of integrity.⁶⁶

It may therefore be considered whether it would make sense to draw up a list of potential criteria on which courts could rely when deciding cases of alleged violation of the right of integrity which could be harmonized at the EU level. It may however be wondered whether such an approach could succeed to the extent that it may be quite difficult to find common ground between the diverging views existing in the Member States on the content of such a list of factors, whereby the goal would be to set up a list of criteria which would serve as a basis for decisions by the courts. However, it is likely that Member States will insist on including in such a list of criteria each and every one of their national special cases and exceptions⁶⁷ resulting perhaps in a long list of quite diverse factors which would not constitute a successful harmonization. By analogy, such lack of harmonization was also complained about with respect to the (very long) list of optional exceptions to the exclusive right of reproduction which is contained in article 5 of the Directive 2001/29 and which reflects the variety of specific exceptions contained in national copyright regulations.⁶⁸ On this basis, it does not appear realistic to suggest (even less to hope for) such an approach so that the power to decide cases of violation of the right of integrity will remain with the national legislative or more probably the judicial authorities within the Member States.

Finally, even though specific aspects of the right of integrity may be

⁶⁵ Art. 107 of the US Copyright Act provides (in the relevant section) that:

In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –

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

⁶⁶ See Dietz, 187 (noting that ‘one can also imagine that a harmonized regulation of moral rights within the European Community, which does not yet exist, not even as a proposal, could make use of such a method [i.e. list of factors modelled on s. 107 of the US Copyright Act] [. . .]’).

⁶⁷ For instance, the exceptions to the protection of the right of integrity under the UK copyright regulation, see S. 81 UK CDPA 1988.

⁶⁸ See Bernt Hugenholtz, ‘Why the Copyright Directive is Unimportant, and Possibly Invalid’, *EIPR* 2000, 501 (available at: <http://www.ivir.nl/publications/hughholtz/opinion-EIPR.html>).

harmonized at the EU level,⁶⁹ this right will essentially remain a matter to be decided by the judicial authorities of the Member States. It can thus be hoped, and this may be the most important challenge of the right of integrity in the future, that these judicial authorities will keep in mind that the right of integrity should not be neglected because it is perhaps the most essential right of an author given that it ultimately aims at making sure that the work that the author has created is disclosed to the public in the way in which the author wanted it to be disclosed.

⁶⁹ Such as the ones discussed in Chapter 3 *supra*.

12 Dealing with rights in copyright-protected works: assignments and licences

*Andreas Rahmatian**

1. Introduction: use of copyright

Copyright, in line with all other intellectual property rights, is often referred to as a ‘negative right’, that is, a right to prevent others from doing certain things.¹ However, this is an overstatement. In the same way as a plot of land, for example, is not merely owned to keep out trespassers, but also used for, say, crops or buildings, copyright is a positive right also and cannot be reduced to the infringement component only. Copyright in its conception as a property right, at least in the UK,² arguably shares the conceptual features of any property right, which means that the extent and content of the copyright are expressed by an external and an internal aspect.³ The external aspect denotes the relationship of the holder of the property right to third parties and is the right to *exclude*, in the form of a trespass/infringement action. The internal aspect denotes the content or substance of the property right and is the right to *use*: it is what in relation to property rights over tangible objects would be referred to as incidents of ownership, for example, a right to possession and use, a right to management, to capital and income, or a right to alienate and burden.⁴ These incidents of ownership are determined by (among other things) the physical characteristics of the object of the property (if any).⁵ Since in the case of copyright the object of property is purely intangible,⁶ a conceptual

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¹ W. Cornish and D. Llewelyn (2007), *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, London: Thomson/Sweet & Maxwell, 6, 501.

² CDPA 1988, s. 1.

³ A. Rahmatian (2006), ‘The Property Theory of Lord Kames (Henry Home)’, *International Journal of Law in Context*, 2(2), 177–205, at 182.

⁴ A. Honoré (1961), ‘Ownership’ in Antony G. Guest (ed.), *Oxford Essays in Jurisprudence (First Series)*, Oxford: Oxford University Press, pp. 107–47, at 112.

⁵ Rahmatian (2006), 187.

⁶ Purely intangible means that the object of property is an abstract concept created by law, as opposed to air, for example, which has a physical existence, although it is an intangible object. On pure intangibles, see also M. Bridge (2002), *Personal Property Law*, 3rd ed., Oxford: Oxford University Press, 6.

abstract creation of the law, the incidents of ownership are to be adapted to this characteristic and must manifest themselves in types of use other than possession, especially in the exercise of the right through alienation or permissions to use.⁷ This chapter deals with the internal aspect of the copyright-property right: the right to use in the form of the right to assign or license.

The right to assign or license, as will be shown, depends on the concept of copyright in a given jurisdiction. The object of property, the copyright, has different characteristics in an author's rights country when compared with a copyright country, and even the proprietary element is less dominant with author's rights than with copyright in copyright systems. These different characteristics determine the incidents of ownership and the types of use which flow from them. Thus certain components of the author's right, or the author's right as a whole, may not be assignable, and in the light of this restriction, the licence obtains a different role.

These problems define the organisation of the following chapter. First, the different ideologies of copyright and author's right protection and their impact on the legal framework regarding the exploitation and transfer/grant of rights will be discussed (under Section 2). The next section (3) will deal with the forms of transfer of copyright as assignments and licences, including their format and content in the context of exploitation contracts. This is followed by a discussion of the limitations on exploitation and transfer by way of moral rights, unfair competition law and waiver (Section 4). The chapter finishes with a brief consideration of the contract law aspects of assignments and licences and the problems a European harmonisation project in the area of copyright assignments and licences would face.

2. Authorship and ownership of rights: the copyright–author's rights (*droit d'auteur*) divide and proprietary aspects of the rights transfer

It is well known that there is a fundamental theoretical difference between copyright and author's rights systems, although in the light of practical commercial reality the different concepts usually lead to similar results. However, this theoretical difference has a surprisingly significant bearing on the legal framework regarding the use of rights (copyright/author's rights) in a given system, and the assignment/licensing rules are directly dependent on the conceptual decisions of the copyright/author's rights system in question. It is therefore necessary to discuss first the conceptual principles of copyright and author's rights (and its varieties within the latter category) as the basis for an exposition of the rules on dealing with the rights in copyright-protected

⁷ A. Rahmatian (2003), 'Contracts Infringing Intellectual Property Rights', *Intellectual Property Quarterly*, 4, 411–44, at 423, 430.

works. It will become apparent that in relation to the provisions on the assignments and licences the outcome is not that similar, even in commercial reality, and certainly not structurally.

The UK copyright system may be taken as the paradigmatic copyright system in Europe. In the UK, a creation is protected by copyright if it constitutes an original ‘work’ (as categorised by the UK Copyright Act⁸) that is recorded in some permanent form. ‘Original’ means that only one’s independent skill, judgment, labour and effort which has gone into the creation of the work obtains protection; if the skill and labour is derivative (i.e. copying from another source), protection is denied.⁹ This is the essence of copyright law in the UK: in particular, the ‘work’ need not have any cultural or artistic merits and it need not reflect the maker’s or author’s personality in any way. Copyright protects only the potential, not necessarily actual, economic value of someone’s own skill and labour (which can be limited¹⁰) that is represented by the product of that labour, or the ‘work’, in the language of copyright law.¹¹ This approach fits fairly neatly¹² with John Locke’s labour theory as a justification of property rights,¹³ and Locke has indeed been invoked in (historical) copyright cases,¹⁴ but one probably has to consider a Lockean argument as a speculative philosophical justificatory gloss on the reality of British copyright law.

Thus copyright is not directed at the protection of ‘creativity’ or artistic creations of any kind; such works may be protected incidentally,¹⁵ but merely

⁸ UK CDPA 1988, ss. 1, 3–8: literary, dramatic, musical, artistic works, sound recordings, films, broadcasts, typographical arrangements.

⁹ *University of London Press v. University Tutorial Press* [1916] 2 Ch 601, 608–9; *Ladbroke (Football) v. William Hill* [1964] 1 WLR 273, 278, 281, [1964] 1 All ER 465, 469, HL. Recent instructive example with regard to musical works *Sawkins v. Hyperion* [2005] EWCA Civ 565, paras. 16, 31, 82–5.

¹⁰ *Ibid.* There is, however, a *de minimis* rule, see *Cramp v. Smythson* [1944] AC 329.

¹¹ A. Rahmatian (2005), ‘Copyright and Commodification’, *European Intellectual Property Review*, **27(10)**, 371–8, at 373.

¹² The labour theory as applied to tangible property has certain logical defects, see L. Becker (1977), *Property Rights. Philosophic Foundations*, London: Routledge & Kegan Paul, 33, 37.

¹³ Locke (1988 [1690]), (ed. P. Laslett) *Two Treatises of Government*, Cambridge: Cambridge University Press, chapter V, §§ 27–36, 45, at pp. 287–92, 299 *et passim*; see also Rahmatian (2000), ‘Non-assignability of Authors’ Rights in Austria and Germany and its Relation to the Concept of Creativity in Civil Law Jurisdictions Generally: A Comparison with UK Copyright Law’, *Entertainment Law Review*, **11**, 95–103, at 96.

¹⁴ *Miller v. Taylor* (1769) 98 ER 201, 220, 231.

¹⁵ Rahmatian (2005), 373.

in the same way as computer programs,¹⁶ compilations of railway timetables,¹⁷ street directories,¹⁸ trade catalogues,¹⁹ football pool competition coupons²⁰ and other mundane products, none of which typically has any artistic merit or represents their maker's individual personality. The general principle is that if the work originates from the author's own skill and labour, it represents a potential economic value and deserves protection (normally) in favour of its maker, and someone's copying indicates the protectable value of the copied source.²¹ This protection philosophy resembles Continental European unfair competition laws which protect against misappropriation or free ride by competitors²² (parasitic competition, *concurrence parasitaire, unlauterer Wettbewerb*²³), a concept which does not exist as a general principle in the UK,²⁴ partly because copyright, passing off, comparative advertising and trade description laws already cover most of that ground. The characteristic of UK copyright law as a principally economic protection becomes particularly obvious with entrepreneurial copyright works: sound recordings, films, and typographical arrangements do not require originality as a protection prerequisite, but only that the work has not been copied.²⁵ The difference between 'original' and 'not being copied' is that in relation to entrepreneurial works not even the already low threshold of protection for authorial works (literary, dramatic, musical, artistic works) applies.²⁶ The very

¹⁶ CDPA 1988, s. 3 (1) (b).

¹⁷ *Blacklock v. Pearson* [1915] 2 Ch 376.

¹⁸ *Kelly v. Morris* (1866) LR 1 Eq 697.

¹⁹ *Purefoy v. Sykes Boxall* (1955) 72 RPC 89.

²⁰ *Ladbroke (Football) v. William Hill* [1964] 1 WLR 273.

²¹ The 'rough practical test that what is worth copying is prima facie worth protecting' by Petersen J. in *University of London Press v. University Tutorial Press* [1916] 2 Ch 601, 610.

²² A. Kamperman Sanders (1997), 'Unfair Competition Law – Some Economic Considerations', in A. Sterling (ed.), *Intellectual Property and Market Freedom (Perspectives on Intellectual Property)*, London: Sweet and Maxwell, pp. 133–61, at 149; Rahmatian (2005), 372.

²³ Especially relevant in the present context is a group of cases on exploitative anticompetitive practices or *ausbeuterischer Wettbewerb*, e.g. for Austria: OGH ÖBl. 1995, 116 – *Schuldruksorten* (prohibition under unfair competition law [§ 1 UWG] of direct copying of the layout of forms which would as such not necessarily qualify for author's right protection under the author's right system of Austria). The situation is similar in Germany and Switzerland.

²⁴ Cornish and Llewelyn (2007), 423.

²⁵ CDPA 1988, ss. 5A (2), 5B (4), 8 (2). The requirements for broadcasts are similar: copyright does not subsist in a broadcast to the extent to which it infringes the copyright in another broadcast (s. 6 (6)).

²⁶ L. Bently and B. Sherman (2004), *Intellectual Property Law*, 2nd ed., Oxford: Oxford University Press, 106.

making of the work irrespective of any level of skill and labour is regarded as having sufficient potential economic value to justify protection.

The protection concept of copyright has an effect which is essential to the copyright assignment and licensing rules. Once a creation is protected, the copyright turns the creation into property, which is a necessary quality of the protection in its current form.²⁷ In this way, copyright transforms the individual creation, being a poem, a railway timetable, a song, into an abstract concept which the law recognises and provides: property. This conceptual reduction permits the law to incorporate the elusive idea of an ‘intellectual creation of the human mind’ and its variegated forms and products into its own system: the law cannot ‘perceive’ a poem, a painting or a computer program, but it can ‘perceive’ their reduction as conceptually abstract objects of property, personal property in relation to the physical appearance of the work (the sheet of paper on which the poem is written), and intellectual property (purely intangible property), here copyright, in relation to the intellectual creation therein (the poem itself as an expressed idea).²⁸ The object of intellectual property represents my own skill and labour that has gone into its creation and the property *protection* acknowledges the potential economic value of my skill and labour. The conceptual reduction to property rights which the protection of copyright works effects also leads to a legal typification of the intellectual creation: it is no longer my poem describing the sunset in northern Scotland, but the abstract and typified normative category of ‘literary work’ which is property. This propertisation with its innate typification is also commodification: the intellectual creation has become a commodity and is therefore subject to dealings in the same way as other goods and fungibles – in particular, it is capable of being alienated.²⁹

Under the British system of copyright, the copyright in protected works is in principle freely transferable by way of assignment, because, as a result of the copyright protection process, the creation is merely a type of property,³⁰

²⁷ CDPA 1988, s. 1. Obviously, the fact that copyright is a property right is a modifiable normative decision and not the result of any fundamental moral principles rooted in natural law or wherever.

²⁸ Rahmatian (2005), 373.

²⁹ The term ‘alienation’ comprises all its historic and socio-economic consequences beyond the technical meaning of ‘transfer’ which cannot be discussed in the present context: alienation as the ability to establish individual wealth by way of unimpeded transfer of property as the rising capitalism demanded in opposition to the feudal privilege system, and alienation as estrangement (here: the author’s estrangement from the works created by him/her), especially in Marx’s conception. On the latter, see S. Gordon (2003), *The History and Philosophy of Social Science*, London: Routledge, 330.

³⁰ The CDPA 1988, s. 90 (1) says instructively: ‘Copyright is transmissible by assignment . . . as personal or moveable property’.

and this quality (usually) entails transferability.³¹ In addition, use of the property without outright transfer can be granted by way of a licence: the parallel in the area of tangible property would be the lease of a flat or a licence.³² The principal rule is that the first owner is the maker/creator of the copyright property, or the 'author'³³ in the somewhat confusing copyright terminology, thus he is initially granted the property right.³⁴ But the first assignment splits authorship from ownership: after an assignment the copyright vests in the assignee and no longer in the author. As an exception, the copyright in works created by employees in the course of their employment vests automatically in their employer (subject to any agreement to the contrary),³⁵ and no intervening act of assignment is necessary: in this case, authorship and ownership are separated from the outset.

Moral rights are a relatively recent alien insertion in the existing copyright concept in the UK,³⁶ and their fringe existence within that system becomes particularly apparent in the context of dealings with copyright works: wherever they could interfere with such dealings, they can be curtailed, especially by way of a general waiver of the moral right,³⁷ and often a prudent assignee will combine the copyright assignment with a waiver of moral rights wherever his bargaining power enables him to do so. Thus moral rights have no decisive relevance in a copyright system and can almost always be ignored in the context of assignment and licensing rules.

The situation could not be more different in author's rights countries. Moral rights are not merely an addendum to the copyright protection laws but

³¹ *National Provincial Bank v. Ainsworth* [1965] AC 1175, 1233, 1247. Transferability is not a necessary requirement of a property right, but alienability and commerciability are regarded as essential elements of property rights in English law. See, with regard to land in particular, K. Gray and S.F. Gray (2005), *Elements of Land Law*, 4th ed., Oxford: Oxford University Press, 120, and on the inherent circularity of definitions of property rights, *ibid.*, at 127–8.

³² Rahmatian (2000), 'Non-assignability of Authors' Rights in Austria and Germany and its Relation to the Concept of Creativity in Civil Law Jurisdictions Generally: A Comparison with UK Copyright Law', *Entertainment Law Review*, 11, 95–103 at 97.

³³ CDPA 1988, s. 9 (1). The term is confusing in that it also applies to composers, painters, film producers, computer programmers, makers of broadcasts etc., and it may conjure up the inappropriate connotation that the author may be an 'artist', which is not a relevant criterion in copyright law.

³⁴ CDPA 1988, s. 11 (1). On authorship and ownership, see Chapter 8, J. Phillips, 'Authorship, Ownership, Wikiship: Copyright in the 21st Century'.

³⁵ CDPA 1988, s. 11 (2).

³⁶ Cornish (1989), 'Moral Rights under the 1988 Act', *European Intellectual Property Review*, 11(12), 449–52, at 449.

³⁷ CDPA 1988, s. 87.

arguably the backbone of author's right systems and the primary justification as to why protection is granted in the first place.³⁸ The protection of an author rests principally on the author's person,³⁹ thus the author's right is primarily a personality right from which economic rights also originate. These authorial personality rights are historically partly the product of an increase of the self-understanding of writers and artists during the Enlightenment era,⁴⁰ which was coupled with the drive for a development and safeguard of civil liberties in general.⁴¹ From the French revolution onwards, the author's right has been conceived as a 'natural right',⁴² although in France, the proprietary element (*droits patrimoniaux*) of the author's right was originally not so much separated from the personal element of what would later become the moral rights or *droits moraux*. Both were rather regarded together under the common notion of *propriété littéraire et artistique*,⁴³ until only in the latter part of the nineteenth century scholarly theories emerged which regarded the complex of moral rights as a specific entity within the author's right (A. Morillot).⁴⁴ Germany developed philosophical personality concepts earlier and soon applied them to debates on what would become authors' rights. An early example is Kant's pamphlet *Von der Unrechtmäßigkeit des Büchernachdrucks* (1785) which he also included in his *Metaphysics of Morals* (1797),⁴⁵ followed by personality and ownership theories by Fichte and Hegel,⁴⁶ but those who applied these theories to emerging legal frameworks (or helped

³⁸ Rahmatian (2000), 97–8.

³⁹ Compare A. Lucas and H.-J. Lucas (2006), *Propriété Littéraire et Artistique*, 3rd ed., Paris: Lexis-Nexis/Litec, 33–4.

⁴⁰ An instructive example of what would later become problems of moral rights is a letter by Voltaire to Rousseau of 30 August 1755, Voltaire, François-Marie Arouet de (1957), *Correspondence* (ed. T. Besterman) (May–Aug. 1755), Vol. XXVII, Les Délices, Genève: Institut et Musée Voltaire, 230–32.

⁴¹ A. Strowel (1993), *Droit d'Auteur et Copyright*, Bruxelles/Paris: Etablissements Emile Bruylant/Librairie Générale de Droit et de Jurisprudence, 92–4.

⁴² Strowel (1993), 136.

⁴³ Also Le Chapelier's famous statement of 1791 refers to property: '*La plus sacrée, . . . la plus personnelle de toutes les propriétés est l'ouvrage, fruit de la pensée d'un écrivain*'. See Strowel (1993), 90. However, one should not underestimate the double meaning of '*propriété*' as property (an economic element) and quality (a personal element), that is, being individual to, characteristic of, the author, and Le Chapelier qualifies the notion of property considerably, quite in contrast with an Anglo-Saxon liberal view of property.

⁴⁴ Strowel (1993), 490–91.

⁴⁵ On Kant's major points of argumentation, briefly Rahmatian (2000), 98 n. 36.

⁴⁶ F. Kawohl (2002), *Urheberrecht der Musik in Preussen (1820–1840)*, Tutzing: Hans Schneider, 80–92.

create these) were less well-known figures in intellectual history, such as Eduard Gans, Leopold A. Warnkönig,⁴⁷ and Otto von Gierke.⁴⁸

The emphasis on the personal aspect of the modern author's rights is expressed in the protection criteria, which differ in theory significantly from copyright systems. A work is only protected by an author's right if it bears the 'mark' or 'stamp' of the author and is therefore 'original' ('*L'originalité s'entend de l'empreinte de la personnalité de l'auteur.*'⁴⁹),⁵⁰ This mark of the personality on the work results from the author's creative effort.⁵¹ French author's rights law refers to originality only obliquely⁵² and leaves the interpretation of this concept to court decisions and doctrine, but German law expressly speaks of 'personal intellectual creations'⁵³ which are the only works that enjoy protection ('*Schöpferprinzip*'⁵⁴). Austrian law illustrates particularly well the principal idea when it says that protectable works are only 'distinct intellectual creations'.⁵⁵ The actual word used for 'distinct' is '*eigentümlich*' in a now slightly old-fashioned usage. The original meaning of the word was 'proper to someone', 'characteristic', but tends to be understood today as 'idiosyncratic, eccentric, peculiar'. This emphasises the underlying notion of originality in author's rights systems: the work must show the signs of the author's peculiar and characteristic personality for obtaining protection.⁵⁶ Also the concept of related rights/neighbouring rights or *droits voisins* (protection of sound recordings and broadcasts, performers' rights etc.)⁵⁷ beside, rather than within, the actual author's rights reflects the

⁴⁷ Kawohl (2002), 96–100.

⁴⁸ Strowel (1993), 517.

⁴⁹ Lucas and Lucas (2006), 72, with examples of different phrasings of that principle in case law in n. 63, e.g. Cour de Cass. 1^{re} civ., 1.7.1970: D. 1970, 734: '*tempérament et style propre de l'auteur*'; Cour de Cass. 1^{re} civ., 13.11.1973: D. 1974, 533: '*empreinte du talent créateur personnel*'.

⁵⁰ J.A.L. Sterling (1998), *World Copyright Law*, London: Sweet & Maxwell, 254.

⁵¹ Strowel (1993), 401.

⁵² CPI 1992, Art. L. 112-4.

⁵³ § 2 (2) UrhG 1965: '*Werke im Sinne dieses Gesetzes sind nur persönliche geistige Schöpfungen*'.

⁵⁴ E.g. U. Loewenheim in G. Schricker (2006), *Urheberrecht. Kommentar*, 3rd ed., München: C.H. Beck, § 7 n. 1; R. Kraßer (1995), 'Urheberrecht in Arbeits-, Dienst- und Auftragsverhältnissen' in Friedrich-Karl Beier *et al.* (eds.) *Urhebervertragsrecht. Festgabe für Gerhard Schricker zum 60. Geburtstag*, München: C.H. Beck, pp. 77–115, at 79.

⁵⁵ § 1(1) UrhG 1936: '*Werke im Sinne dieses Gesetzes sind eigentümliche geistige Schöpfungen auf den Gebieten der Literatur, der Tonkunst, der bildenden Künste und der Filmkunst*'.

⁵⁶ Rahmatian (2000), 97.

⁵⁷ E.g. Lucas and Lucas (2006), 695; G. Schricker, Einleitung, n. 27, in G. Schricker (2006), *Urheberrecht. Kommentar*, 3rd ed., München: C.H. Beck.

authorial principle of creativity by human beings. As in the copyright systems, originality does not equal novelty, nor does it have to be of a high standard,⁵⁸ but unlike the copyright systems, it requires some degree of creativity. Thus the threshold for protection tends to be higher than in copyright systems (where the threshold is not the same in each jurisdiction either⁵⁹), and this became particularly apparent in the case of computer programs,⁶⁰ so that a Europe-wide unified level of originality as a criterion for protection had to be introduced by the EC Software Directive, whereby the actual wording of the relevant provision shows some influence of the author's rights conception.⁶¹ Generally, in author's rights countries the requirement of originality as creativity is considerably watered down and not without contradictions in reality.⁶²

A further effect of the personality-based system of author's rights is that author's rights systems are reluctant to grant automatic employer's rights to employees' works created in the course of employment (such rights are only given in the form of confined exceptions),⁶³ and there is no general 'works made for hire' doctrine.⁶⁴ The author is owner or holder of the author's right.⁶⁵ Thus, in principle, (use of) the right has to be granted by the employee in a separate act, although the employee may be required to grant the right (or may be deemed to have granted the right) by virtue of his/her express or implied obligations under the employment contract.⁶⁶ In Germany, the nexus between

⁵⁸ Lucas and Lucas (2006), 73, 75. The German notion of '*kleine Münze*' also reflects this principle, see Sterling (1998), 260; Schricker in Schricker (2006), *Einleitung*, n. 30.

⁵⁹ Compare the somewhat lower level of protection in the UK than in the USA: *Feist Publications Inc. v. Rural Telephone Service Co. Inc.* 499 US 340; 111 S. Ct. 1282.

⁶⁰ Germany: BGH 9. 5. 1985, (1985) GRUR 1041 – *Inkassoprogramm*.

⁶¹ Council Directive 91/250/EEC on the legal protection of computer programs, Art. 1 (3): '... original in the sense that it is the author's own intellectual creation'.

⁶² See examples in Lucas and Lucas (2006), 77 *et seq.*

⁶³ P.B. Hugenholtz and L. Guibault (2002), 'Study on the Conditions Applicable to Contracts Relating to Intellectual Property in the European Union', Study for the European Commission's Internal Market Directorate-General, Study Contract No. ETD/2000/B5-3001/E/69, available at: <http://www.ivir.nl/publications/other/contracts.html> (accessed 20 November 2007), 24–5.

⁶⁴ Strowel (1993), 29.

⁶⁵ E.g. Germany, § 7 and § 11 UrhG 1965, see Loewenheim in Schricker (2006), § 7 nn. 1–4 and Schricker in Schricker (2006), § 11 nn. 1–2. On authorship and ownership, see also Chapter 8.

⁶⁶ E.g. in Germany, § 43 UrhG 1965, whereby the general provisions regarding licences also apply to works made under employment contracts, however, subject to possible different rules as a result of the nature of the employment relationship. For this complex proviso, see Kraßer (1995), 86, 88, 90 *et seq.* See also Rojahn in Schricker (2006), § 43 nn. 1, 22, 23. For employment contracts in Austria, see e.g. OGH 19. 10. 2004, 4 Ob 182/04z – *Schutz von Werbemitteln – Dienstnehmerwerke*.

author and author's right is so strong that even the ownership provision in the EC Software Directive⁶⁷ concerning software made by employees has not been implemented in the form of a pure 'works made for hire doctrine' in the Anglo-Saxon style. The employer obtains all economic rights in a computer program through an exclusive licence by operation of law, but technically, he still acquires the rights derivatively from the author-employee.⁶⁸

In the author's rights protection system, the moral rights reflect the importance of the author as an individual human being and, in theory, the supremacy of his/her personal rights over the exercise of the economic rights. Besides the most important moral rights, the paternity right and the integrity right which are also enshrined in the Berne Convention (art. 6*bis*),⁶⁹ author's rights systems recognise a number of others (which differ in each jurisdiction), some of which are capable of affecting directly the exploitation of the author's right, also under assignments or licences, such as the divulgation right (*droit de divulgation*)⁷⁰ which is closely connected with the essentially economic right to control the destiny of the work, both in relation to the author's right itself and its physical expression in the form of copies⁷¹ (*droit de destination*).⁷² Further relevant moral rights are the right to repent (*droit de repentir*,⁷³ *Rückrufsrecht wegen gewandelter Überzeugung*,⁷⁴ right of the author to change his/her opinion and to have published copies of his work withdrawn), and the right to have access to the work under certain circumstances if the physical work is owned by someone else (*droit d'accès à l'œuvre*).⁷⁵

⁶⁷ Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, art. 2 (3).

⁶⁸ See § 69b UrhG 1965, and Loewenheim in Schricker, § 69b nn. 11–12; Kraßer (1995), 99. Elements of the author's right which qualify as moral rights (*urheberpersönlichkeitsrechtliche Befugnisse*) remain with the employee in principle, however, the practical aspect of this rule is limited because the author-employee's rights in this respect are to be interpreted restrictively, see Loewenheim in Schricker § 69b nn. 13–14.

⁶⁹ These moral rights have been incorporated into copyright law even in the UK since 1988, CDPA 1988, ss. 77, 80.

⁷⁰ France: CPI 1992, art. L. 121-2.

⁷¹ The author's right, under the Austrian § 29 UrhG, to forfeit a licence of an author's right under certain circumstances is also closely linked to this group of provisions. Within this category is also § 41 German UrhG 1965 (right to recall the licence because of non-use), see also H.-P. Götting (1995), 'Urheberrechtliche und vertragsrechtliche Grundlagen', in Friedrich-Karl Beier *et al.* (eds.), *Urhebervertragsrecht. Festgabe für Gerhard Schricker zum 60. Geburtstag*, München: C.H. Beck, pp. 53–75, at 74.

⁷² Strowel (1993), 131, 495.

⁷³ France: CPI 1992, L. 121-4.

⁷⁴ Germany: § 42 UrhG. See Götting (1995), 75.

⁷⁵ France: CPI 1992, art. L. 111-3. On the catalogue of moral rights, see Strowel (1993), 496.

The French system of *droit d'auteur* distinguishes between moral and patrimonial rights, or rights which have '*les attributs d'ordre intellectuel et moral*' and rights which have '*les attributs d'ordre patrimonial*'.⁷⁶ This categorisation is not unusual as such, and can also be found, for example, in Germany and Austria (*Urheberpersönlichkeitsrechte, Nutzungs-/Verwertungsrechte*) and even in the UK, as a kind of emulation, in the form of 'moral rights' and 'economic rights', but the distinction emphasises a quite important structural feature of French, and also Swiss⁷⁷ law: the *dualist theory* of author's rights.⁷⁸ According to this theory, there is a conceptual separation between economic and moral rights which form a kind of double-right united in the person of the author. This is for example shown by the fact that French moral rights are not only inalienable (transferability for personality rights would be a conceptual impossibility in any case), but they are also of eternal duration,⁷⁹ while the economic rights have the usual limited duration,⁸⁰ now following the EC-term directive.⁸¹ As the economic rights can be separated notionally from the moral rights, an assignment, whether partial or total, of the economic rights is possible.⁸² In contrast, German and Austrian author's rights laws adhere to the *monist theory*, which seems to hail from Otto v. Gierke.⁸³ This notion regards the author's right as an indivisible whole with personal aspects, the moral rights (*Urheberpersönlichkeitsrechte*), and patrimonial or economic aspects, the economic rights (*Nutzungsrechte, Verwertungsrechte*), whereby the latter are considered as manifestations of the underlying personality right.⁸⁴ Because the economic rights are intertwined with the moral rights and cannot be separated out, an assignment of the author's right is impossible in Germany⁸⁵ and in Austria,⁸⁶ and an economically similar effect can only be achieved with an exclusive licence.⁸⁷ Another consequence of the monist system is that

⁷⁶ CPI 1992, art. L. 111-1; Lucas and Lucas (2006), 187.

⁷⁷ F. Dessemontet (1999), *Le Droit d'Auteur*, Lausanne: Centre du droit de l'entreprise de l'Université de Lausanne, at 136.

⁷⁸ Lucas and Lucas (2006), 35, 37.

⁷⁹ CPI 1992, art. L. 121-1.

⁸⁰ CPI 1992, art. 123-1.

⁸¹ Council Directive 93/98/EEC harmonising the term of protection of copyright and certain related rights.

⁸² CPI 1992, art. L. 131-4. The same applies in Switzerland, Art. 16 (1) URG 1992.

⁸³ Strowel (1993), 99–100, 517, Schricker in Schricker (2006), Einleitung, n. 70.

⁸⁴ Schricker in Schricker (2006), § 11 n. 2, Vor § 12 nn. 6–13. Compare also Götting (1995), 64–5 and reference to Ulmer's famous tree metaphor in n. 47.

⁸⁵ § 29 UrhG 1965.

⁸⁶ § 23 (3) UrhG 1936.

⁸⁷ This will be discussed in more detail *infra*, under Section 3.

economic and moral rights have the same term of protection, because the protection period is determined by the term of protection for the author's right (*Urheberrecht*) as a whole.⁸⁸

This account indicates that in the context of UK copyright law, the often found distinction between economic and moral rights⁸⁹ is merely theoretical, in that UK copyright law adheres to an extreme form of dualism,⁹⁰ whereby the whole copyright comprises the economic rights, and the moral rights are in fact an irrelevant ornamentation, for they are not part of copyright at all. As discussed above, the 'economic' copyright is also a property right in quite unrestricted form, whereas the situation is more complicated in author's rights countries. The monist systems of Germany and Austria, in which the economic rights are 'marbled' by the moral rights, are reluctant to assign author's rights the status of outright property rights and resort to a *sui generis* classification of '*Immaterialgüterrechte*' which has features of property, but also personal elements (that can still have economic value),⁹¹ and the personalised interpretation of what English law would simply qualify as 'property' are characteristic of the monist author's rights systems. The term '*geistiges Eigentum*', intellectual property (or: ownership), is historical.⁹² The notion that the incorporeal author's right could be a property right never gained general recognition in German academic doctrine,⁹³ but the old term nevertheless seems to experience a certain rise in importance,⁹⁴ no doubt because of the economic influence of the copyright countries, above all the United States. However, German law stresses that central is not the protected work, but its author.⁹⁵ The conceptual separation of the French dualist system permits more easily the notion of a property right, and the author's rights are indeed referred to as *propriété intellectuelle*, and specifically, *propriété littéraire et artistique*. However, the general notions in English law (and common law) of 'property right' and in French law of '*droit de propriété*' differ considerably, which is frequently overlooked.⁹⁶ The modern French law – in this respect remaining

⁸⁸ Germany: § 64 UrhG 1965, Austria: § 60 UrhG 1936.

⁸⁹ E.g. Sterling (1998), 279, 306.

⁹⁰ Cornish (1989), 449.

⁹¹ Strowel (1993), 101; Götting (1995), 66.

⁹² Kawohl (2002), 72, 77, 93.

⁹³ This is partly because of the (pandectistic) idea of property as *res corporales*, see Götting (1995), 56. This idea of property is also reflected today in the definition of property (i.e. things) in § 90 BGB. See also Schricker in Schricker (2006), Einleitung, n. 69.

⁹⁴ Schricker in Schricker (2006), Einleitung, n. 11.

⁹⁵ Schricker in Schricker (2006), § 1 n. 2.

⁹⁶ Strowel (1993), 123. On the multifaceted meanings of 'property' in English law, see Rahmatian (2006), 180 *et seq.*

in the tradition of the first author's right laws of 1791 and 1793 – does, however, refer to the *droit d'auteur* as a property right with the attributes of a property right ('*droit de propriété incorporelle exclusif et opposable à tous*'),⁹⁷ and that is essentially echoed by the courts, while academic doctrine is more divided.⁹⁸ However, the author's rights countries do not have the complete propertisation/commodification and typification of creations of the human mind which can be found in copyright systems.

The way in which a given system conceives and constructs the rights of an author – as a purely economic property right or as, ultimately, a personality right from which economic rights flow – not only affects the interpretation of originality as a prerequisite of protection, but also the availability and qualities of assignments and licences, and the powers which an author may retain over rights granted in these.

3. Forms of transfer of copyright: assignments and licences

3.1 *Nature of, and difference between, assignment and licence*

An assignment is the outright transfer of a copyright/author's right or a part of it and effects a change of ownership. In case of a licence, the owner grants rights of a certain type, for a certain duration and/or in relation to a certain territory, and in this way permits the exercise of exploitation rights otherwise restricted to him, but he does not part with ownership.⁹⁹ However, the licence or a combination of a number of separate licences may exhaust all possible forms of exploitation and leave the ownership right empty in effect. The theoretical difference between a licence situation of this kind and the underlying ownership nevertheless remains relevant, particularly for the monist author's rights systems and their strong emphasis on the personal nature and inalienability of the author's right. Since the economic aspect cannot be severed from the personal aspect of the author's right, which precludes the possibility to assign, the licence is regarded as a burden on the author's inalienable ownership right,¹⁰⁰ whereby the latter covers the author's right, being the wholeness of the moral and economic rights. In monist systems, licences are regarded as the author's creations of separate rights of use rather than as devices of temporal and partial transfer of existing exploitation rights, and that may also affect the position of the licensee as title holder.¹⁰¹

⁹⁷ CPI 1992, art. L. 111-1.

⁹⁸ Lucas and Lucas (2006), 23–8.

⁹⁹ Compare Hugenholtz and Guibault (2002), 28.

¹⁰⁰ And the burden comes to an end with the end of the licence, see in Austria explicitly § 26 UrhG 1936: the economic right 'regains its earlier force' with the termination of the licence.

¹⁰¹ Rahmatian (2000), 99, and n. 42, and *infra* under Section 3.

Although theoretically strictly separated from one another, the commercial results of assignments and licences do not necessarily differ substantially.¹⁰² This is particularly the case with very wide exclusive licences which effectively emulate assignments, and with assignments that contain a reverter clause after the passing of a certain period of time, which come close to exclusive licences. Some jurisdictions have recognised the similarity of assignments and licences in effect and find it difficult to distinguish between these two.¹⁰³

3.2 Assignments and availability of outright transfer

The British conception of copyright as a freely transferable property right in principle consequently allows the assignment of copyright. The legal title to copyright is assigned in writing signed by or on behalf of the assignor; if these formality requirements are not complied with, the assignment is ineffective at law.¹⁰⁴ No special format beyond the writing requirement is necessary, and if general expressions can be construed to intend the transfer of copyright, then the assignment is effective.¹⁰⁵ A foreign instrument governed by foreign law purporting to assign a UK copyright has to fulfil the formality requirements under UK law, but if the foreign agreement is void under its governing law, then the copyright assignment is also ineffective.¹⁰⁶ Copyright is technically a chose in action,¹⁰⁷ but different to choses in action in general, no notice to any third party to perfect the transfer is required.¹⁰⁸ An invalid assignment at law may nevertheless take effect in equity: typically, a defective assignment of the legal title is construed as an agreement to assign and therefore takes effect as an equitable assignment of the copyright, provided it is supported by consideration and thus specifically enforceable.¹⁰⁹ Validity in equity only would also be the normal rule for the assignment of future copyright, but for the special provision of CDPA 1988, s. 91 (1) which allows the assignment of future copyright, provided it is in writing: once the copyright comes into existence, it vests with the assignee. However, for future rights in relation to an existing copyright (e.g. a rental right), the general rule for assignments under contract

¹⁰² Rahmatian (2000), 102.

¹⁰³ E.g. France, see *infra*, Section 3, and Lucas and Lucas (2006), 430; U. Suthersanen (2000), *Design Law in Europe*, London: Sweet & Maxwell, 150.

¹⁰⁴ CDPA 1988, s. 90 (3).

¹⁰⁵ K. Garnett (2005), *Copinger and Skone James on Copyright*, 15th ed., London: Sweet & Maxwell, 5-84, at 249 with references and examples.

¹⁰⁶ *Peer International Corp v. Termidor Music Publishers Ltd.* [2003] EWCA Civ., para. 7; Copinger (2005), 5-69, at 243.

¹⁰⁷ *Orwin v. Attorney-General* [1998] FSR 415, 421.

¹⁰⁸ Copinger (2005), 5-82, at 249.

¹⁰⁹ *Ibid.*, 5-73, at 244.

law applies: an assignment of such future rights is invalid at law (subject to possible statutory transitional provisions), but takes effect in equity as an agreement to assign.¹¹⁰ Partial assignments with regard to only a certain number of rights exclusive to the copyright owner, or with regard to part of the copyright protection period only, are permissible under CDPA 1988, s. 90 (2).¹¹¹

Those author's rights systems which are based on the dualist theory permit the total or partial assignment¹¹² of the economic rights. The concept of a divided ownership in legal title and equitable interest in English law has no equivalent in the civil law systems. In France, the 'patrimonial' (i.e. economic) rights of performance and reproduction can be freely assigned, with or without payment.¹¹³ The reference to 'performance' and 'reproduction' may make the right to assign appear more restrictive than it actually is, for these two terms comprise the usual list of exploitation rights.¹¹⁴ Whether there is a writing requirement depends on the type of the contract: performance, publishing and audiovisual production contracts and free performance authorisations must be in writing by virtue of the author's rights law; in all other cases, possible formality requirements depend on the relevant provisions in the French Civil Code,¹¹⁵ as do the general rules on assignment (*cession*) and on formation of contract as being the underlying legal concepts of the author's rights contracts in question.¹¹⁶ Naturally, the moral rights cannot be assigned, but they are inheritable.¹¹⁷ In the Benelux countries, the situation is the same, whereby a written instrument is generally necessary to effect or evidence the assignment.¹¹⁸ The situation is similar in Italy.¹¹⁹ The author's rights systems are cautious in relation to the transfer of future works. In France, a total transfer of future works is void,¹²⁰ but an assignment of a future, unforeseeable form of exploitation is valid, provided the transfer is explicit and the contract

¹¹⁰ *Performing Right Society Ltd. v. London Theatre of Varieties Ltd.* [1924] AC 1; Copinger (2005) 5-105, at 259, 5-110, at 262, 5-179, at 293.

¹¹¹ See, with regard to the problem of dividing up the copyright between different territories by partial assignments, which is in principle possible, Copinger (2005), 5-99 at 255 and below in the context of exclusive licences, where the same problems occur.

¹¹² E.g. partial assignment rule in France, CPI 1992, art. L. 131-7.

¹¹³ CPI 1992, art. L. 122-7.

¹¹⁴ As set out in CPI 1992, arts. L. 122-2 *et seq.*

¹¹⁵ CPI 1992, art. L. 131-2.

¹¹⁶ Lucas and Lucas (2006), 433.

¹¹⁷ CPI 1992, art. L. 121-1.

¹¹⁸ Hugenholtz and Guibault (2002), 46, 48.

¹¹⁹ *Ibid.*, at 94-5.

¹²⁰ CPI 1992, art. 131-1.

allows sharing of the profits from the new type of exploitation.¹²¹ A broadly similar situation can be found in Italy.¹²² Belgium prohibits the assignment of future rights (except for commissioned works and works created in employment), Luxembourg allows it (subject to remuneration), while in the Netherlands, opinion as to the validity of assignments of future rights is divided.¹²³

The monist author's rights systems of Germany and Austria prohibit the assignment of author's rights altogether, and any purported assignment is void.¹²⁴ The only recognised form of transfer of an author's right is transmissibility on death.¹²⁵ If the use of an author's right is to be granted to someone other than the author-owner, this has to be effected by a non-exclusive or exclusive licence.

3.3 Licences, types of licences and formality requirements

Under a licence, no proprietary interest passes, and the licensee's legal position derives from the contract with the licensor. In contrast, an assignment transfers a proprietary interest, and the assignee obtains a property right which he can then assign.¹²⁶ Licences can be in relation to one, several or all economic rights, and they can also be exclusive or non-exclusive. Exclusive licences, i.e. where rights are given to the licensee with the exclusion of anybody else, including the licensor,¹²⁷ give the licensee a position which can come close to that of an assignee, and sometimes only contractual construction can determine whether the parties' intention was to create an assignment or a licence.¹²⁸ In the UK, exclusive licences are required to be in writing, signed by the licensor.¹²⁹ As the exclusive licensee acquires a position akin to that of an assignee, only assignable rights can be licensed exclusively.¹³⁰ The

¹²¹ CPI 1992, art. 131-6.

¹²² Hugenholtz and Guibault (2002), 96.

¹²³ *Ibid.* at 49-50.

¹²⁴ Germany: § 29 (1) UrhG 1965, Schricker in Schricker, Vor §§ 28 *et seq.* nn. 17-18. This also applies to a purported assignment of economic rights only; Austria: § 23 (3) UrhG 1936.

¹²⁵ Germany: §§ 28 (1), 29 (1) UrhG 1965; Austria: § 23 (1) UrhG 1936.

¹²⁶ E.g. Copinger (2005), 5-201, at 300.

¹²⁷ Compare in the UK, CDPA 1988, s. 92 (1).

¹²⁸ For the UK, Copinger (2005), 5-202, at 301. The words 'assignment' or 'licence' are indicative of the kind of intention, but not conclusive, *ibid.*

¹²⁹ CDPA 1988, s. 91 (1).

¹³⁰ This is particularly important in relation to territorial splitting of economic rights, either by way of an assignment or an exclusive licence: in the UK, for example, an assignment or exclusive licence that grants rights to England only (rather than the whole of the UK), would be void, see Copinger (2005), 5-204, at 303.

exclusive licensee can sue under his own name and has the same rights and remedies as if the licence had been an assignment.¹³¹ All licensees have a certain protection in the case of subsequent dealings of the licensor: if the licensor assigns his copyright, the assignee of the licensor takes subject to the licence, unless the assignee is a purchaser in good faith for valuable consideration without notice.¹³² Licences can be implied from the surrounding circumstances in which copyright-protected works have been delivered. For example, the courts held that the commission of the preparation of an architectural plan normally entails an implied licence to reproduce the plan (i.e. erect the building) in the absence of further factors.¹³³

Under the monist systems of Germany and Austria, rights can be granted in the form of licences only. Both countries also recognise the partial and total licence,¹³⁴ as well as the exclusive licence (in Germany: *ausschließliches Nutzungsrecht*;¹³⁵ in Austria: *Werknutzungsrecht*¹³⁶) and the non-exclusive licence (in Germany: *einfaches Nutzungsrecht*;¹³⁷ in Austria: *Werknutzungsbewilligung*¹³⁸), which are granted on the basis of the economic rights (in Germany: *Nutzungsrechte*;¹³⁹ in Austria: *Verwertungsrechte*¹⁴⁰) as part of the author's right or *Urheberrecht*. However, due to the strong personal nature of the author's right, the exclusive licensee's position can potentially be weaker than in the UK. In Austria, the author retains his standing to sue,¹⁴¹ and also in Germany,¹⁴² although the law is silent in this respect. (The practical relevance of these distinctions is limited, because the author will invite the licensee to join the claim – and would have to do so even in the UK in case of

¹³¹ CDPA 1988, s. 101.

¹³² CDPA 1988, s. 90 (4).

¹³³ *Blair v. Osborne & Tomkins* [1971] 2 QB 78, CA. But see *Stovin-Bradford v. Volpoint* [1971] Ch 1007, CA. See also Cornish and Llewelyn (2007), 508.

¹³⁴ Germany: § 31 (1) UrhG 1965, Schricker in Schricker (2006), § 31 n. 7; Austria: § 24 (1) UrhG 1936.

¹³⁵ § 31 (3) UrhG 1965, Schricker in Schricker (2006) § 31 n. 4.

¹³⁶ § 24 (1) UrhG 1936.

¹³⁷ § 31 (2) UrhG 1965.

¹³⁸ § 24 (1) UrhG 1936.

¹³⁹ § 31 (1) UrhG 1965.

¹⁴⁰ § 14 (1) UrhG 1936. The British equivalent of the Austrian §§ 14 *et seq.* UrhG 1936 would be the acts restricted to the copyright owner, CDPA 1988, ss. 16 *et seq.*

¹⁴¹ So expressly in the Austrian § 26 UrhG 1936. This is not a feature of the monist systems only. A similar rule applies in the Netherlands, art. 27 (1) of the Dutch Copyright Act, see Hugenholtz and Guibault (2002), 58.

¹⁴² German BGH 17.6.1992, [1993/94] IIC 539 – *Alf*. See also Schricker in Schricker (2006), Vor §§ 28 *et seq.* n. 48. This view (which follows Schricker) is, however, controversial in Germany.

a non-exclusive licensee,¹⁴³ – or the author may be contractually obliged to join the licensee.) Furthermore, the exclusive licensee has a separate right to sue¹⁴⁴ and in principle he also excludes the author from the economic rights granted, but it can be agreed that the licensor-author is not precluded from exercising these rights.¹⁴⁵ The content of the licence, including whether it is or is not an exclusive licence, is determined by the contract (which constitutes the licence) and its stipulations.¹⁴⁶ Formality requirements exist for special licences only, such as (in Germany) licences in relation to future works,¹⁴⁷ or licences regarding hitherto unknown forms of exploitation,¹⁴⁸ both of which have to be in writing. Licences can be assigned in Germany¹⁴⁹ and in Austria,¹⁵⁰ whereby in both countries the author's consent is normally required. The assignee of the licence obtains the licence subject to the obligations undertaken by the assignor of the licence (i.e. the licensor),¹⁵¹ and assignor and assignee can become jointly and severally liable to the author in relation to the assigned obligations.¹⁵² The assignability of licences may come as a surprise, but one will find no contradiction in the conceptual framework of the author's right if one appreciates the fact that the rights of exploitation granted in licences are in fact new rights and notionally separate, therefore

¹⁴³ For the UK, see e.g. CPR 19.1 and A. Zuckerman (2006), *Zuckerman on Civil Procedure. Principles of Practice*, 2nd ed., London: Thomson/Sweet & Maxwell, at 501. (See also the general rule of CDPA 1988, s. 102 (1) regarding exclusive licensees: joinder requirement if concurrent rights of action between copyright owner and exclusive licensee.) The relevant Civil Procedure Codes of the Continental European countries have corresponding provisions regarding joinder.

¹⁴⁴ See, for Germany, Schricker (2006), Vor §§ 28 *et seq.* n. 48, § 31 n. 5 (*Negatives Verbotrecht, eigenes Klagerecht*).

¹⁴⁵ Germany: § 31 (3) UrhG 1965; Austria: § 26 UrhG.

¹⁴⁶ Germany: § 31 (5) UrhG 1965; Austria: § 26 UrhG 1936. On the special rules of contractual interpretation for author's rights contracts, see *infra* under Section 3.4.

¹⁴⁷ Germany: § 40 (1) UrhG 1965; in Austria, the corresponding § 31 UrhG 1936 does not require writing.

¹⁴⁸ Germany: § 31a UrhG 1965 (in force as of 1 Jan. 2008). Before the amendment in 2007, stipulations regarding unknown future types of use were void altogether, § 31 (4) UrhG 1965 in its old version.

¹⁴⁹ Germany: § 34 UrhG 1965, the necessary consent must refer to the conveyance (the assignment itself), not the underlying contract of the assignment of the licence; further assignment is possible but still subject to the author's consent requirements, see Schricker in Schricker § 34 n. 5, 7.

¹⁵⁰ Austria: § 27 (1) and (2) UrhG 1936.

¹⁵¹ Germany: § 34 (4) UrhG 1965; Austria: § 27 (3) UrhG 1936.

¹⁵² In Germany, this is the case if the author has not consented expressly to the assignment (§ 34 (4) UrhG 1965). In Austria, the joint and several liability is based on a liability of the assignor of the licence as surety for the assignee's obligations (§ 24 (3) UrhG 1936).

assignable, entities, though created out of the economic right (as part of the non-transferable author's right).

A look at representatives of the dualist systems reveals that in Switzerland, for example, the author's right law contains few provisions regarding the dealing with rights. As a dualist system, Swiss law allows the transferability of economic rights,¹⁵³ but contains no further rules, either on assignments, or on licences as possible means of transfer. The Swiss Author's Rights Act impliedly refers to the general contract law provisions of the Civil Code.¹⁵⁴ The transfer is to be effected (either by way of an assignment or by way of a licence) according to the general contract rules, and certain types of contract have emerged in the context of the transfer of economic rights,¹⁵⁵ such as the publishing contract, which is specifically regulated in the Civil Code.¹⁵⁶ The principal rule for publishing contracts is that rights are only transferred to the publisher to the extent to which it is necessary to fulfil the contractual obligation.¹⁵⁷ The law is silent as to the form of the transfer, whether this is to be as an assignment or a licence. In Belgium, the Netherlands and Luxembourg, the law is equally terse: it merely states that economic rights can be assigned or granted under a simple or exclusive licence.¹⁵⁸ Sweden (effectively a dualist system) ensures the inalienability of the moral rights,¹⁵⁹ but leaves freedom as to the transferability of economic rights: the author's right (except the personal rights) can be transferred totally or in part.¹⁶⁰ There is a distinction between total assignment (*överlåtelse*), partial assignment (*upplåtelse*) and (non-exclusive) licence (*tillstånd*) which is also available and tends to be the most common form of granting rights. However this distinction seems to be a terminological problem only in Swedish literature.¹⁶¹ This shows that for dualist systems the question as to whether a transfer is effected in the form of an assignment or a licence is merely a technical question, and not one of substance, because once a conceptual separation of economic rights from the

¹⁵³ Swiss § 16 URG 1992.

¹⁵⁴ See F. Dessemontet (1999), *Le Droit d'Auteur*, Lausanne: Centre du droit de l'entreprise de l'Université de Lausanne, 563.

¹⁵⁵ Dessemontet (1999), 566.

¹⁵⁶ Arts. 380 *et seq.* Obligationenrecht (*Code des Obligations*).

¹⁵⁷ Art. 381 (1) Obligationenrecht (*Code des Obligations*).

¹⁵⁸ Hugenholtz and Guibault (2002), 47.

¹⁵⁹ § 3 Swedish Author's Rights Law.

¹⁶⁰ § 27 (1) Swedish Author's Rights Law, see M. Levin and A. Kur (1995), 'Urhebervertragsrecht in ausgewählten Ländern: C. Skandinavien – unter besonderer Berücksichtigung Schwedens', in Friedrich-Karl Beier *et al.* (eds.), *Urhebervertragsrecht. Festgabe für Gerhard Schricker zum 60. Geburtstag*, München: C.H. Beck, pp. 725–69, at 732.

¹⁶¹ Levin and Kur (1995), 732, 735–6.

moral rights is made, the decision as to the format of the actual grant of exploitation rights can be left to the parties of the contract. In France, the strict separation between assignment (*cession*) and licence (*licence*) obviously exists as a concept under the general rules of private law, but is rather irrelevant in the context of the transfer of the economic rights (as part of author's rights) within an exploitation contract (*contrat d'exploitation*), and indeed, it is doubtful whether there is even a separate notion of 'licence' beside the assignment, save for special cases.¹⁶² The term '*cession*' (assignment) signifies that powers of a greater ambit have been conferred on the transferee, but otherwise the difference between assignment and licence is regarded as one of degree rather than substance.¹⁶³ Conversely, in the two extreme contrasting examples of the jurisdictions of the UK and Germany (also Austria), a clear distinction between assignments and licences has to be made; in the UK, because copyright is essentially an unfettered property right and thus follows the general rules regarding the use and transfer of property based especially on sale, gift and hire, and in Germany, because the ousting of the assignment by the monist systems presupposes a definition as to what constitutes an assignment and, in connection, a distinction between assignment and licence. *Les extrêmes se touchent*.

3.4 Assignment or licence contracts regarding the exploitation of economic rights and their content in different jurisdictions

The actual content of the assignment or licence contract depends primarily on the agreement the parties to the contract have reached – in this respect the jurisdictions are very similar – but also on the position which the individual copyright/author's right laws give to the author as initial holder of the author's right during negotiation and after the grant of rights has been made – and in this respect the various systems differ considerably.¹⁶⁴ The simplest situation can be found in Britain: a specific law of copyright contracts does not exist and, according to general contract law principles, there are only very few mandatory rules and no presumptions of interpretation regarding the content of the exploitation contract beyond the general contractual doctrines, such as

¹⁶² Lucas and Lucas (2006), 430.

¹⁶³ Lucas and Lucas (2006), 432: '*En somme, il importe peu qu'un contrat d'exploitation soit dénommé cession ou licence ...*'. See also the discussion in the 1st edition (1994) at 397.

¹⁶⁴ The following account does not deal with arrangements with collecting societies, collective bargaining and compulsory licences, which would deserve a whole chapter in their own right. See Chapter 16 of this book and, for the UK, briefly, Cornish and Llewelyn (2007), 513, for France, Lucas and Lucas (2006), 557 (*droits d'auteur*), 767 (*droits voisins*).

the *contra proferentem* rule.¹⁶⁵ There are, however, limits to contractual bargaining: if there is unreasonable restraint of trade¹⁶⁶ or undue influence,¹⁶⁷ the relevant contractual term is unenforceable.¹⁶⁸

The picture changes considerably if one looks at the author's rights systems of Germany and Austria. Under their laws, protection of the author in negotiations, and after exploitation rights have been granted (which is only possible in the form of a licence because of the monist system), plays a substantial role. Germany has an author's right contract law (*Urhebervertragsrecht*) which is recognised as a separate body of law,¹⁶⁹ based on the exploitation provisions of the German Author's Rights Act¹⁷⁰ and a separate Act regulating publishing contracts,¹⁷¹ with subsidiary application of the German BGB. These provisions contain several rules which seek to strengthen the author's position. The most prominent one is probably the restrictive rule on the interpretation of contracts in § 31 (5) German UrhG 1965, the 'purpose-of-transfer' rule (*Zweckübertragungsregel*), a special form of purposive interpretation approach which legal doctrine regards as a maxim that applies to German author's rights law as a whole.¹⁷² If in a grant of exploitation rights the parties have not determined expressly the type and ambit of the use of the right, the scope of the exploitation right shall be determined in accordance with the purpose envisaged in making the grant.¹⁷³ This rule is supplemented by additional factors of interpretation, such as the type of the grant (exclusive or non-exclusive licence) or the scope and purpose of the right to use and user prohibitions and restrictions. This purpose-of-transfer rule is not expressly

¹⁶⁵ Cornish (1995), 'Urhebervertragsrecht in ausgewählten Ländern: A. Großbritannien', in Friedrich-Karl Beier *et al.* (eds.) *Urhebervertragsrecht. Festgabe für Gerhard Schricker zum 60. Geburtstag*, München: C.H. Beck, pp. 643–84, at 656.

¹⁶⁶ The principal case is *A. Schroeder Music v. Macaulay* [1974] 3 All ER 616. But see also *S. Panayiotou v. Sony Music Entertainment (UK)* [1994] EMLR 229.

¹⁶⁷ *Gilbert O'Sullivan v. Management Agency and Music* [1985] QB 428; *Elton John v. James* [1991] FSR 397.

¹⁶⁸ Cornish and Llewelyn (2007), 514–17.

¹⁶⁹ Götting (1995), 54 *et seq.*

¹⁷⁰ §§ 28 *et seq.* German UrhG 1965.

¹⁷¹ German Publishing Contracts Act (Verlagsgesetz 1901) in the amended version of 2002. Most of its provisions are not mandatory, see G. Schricker (2004), 'Efforts for a Better Law on Copyright Contracts in Germany – A Never-Ending Story?', *International Review of Intellectual Property and Competition Law*, **35**(7), 850–58, 850.

¹⁷² Schricker in Schricker (2006), § 31 nn. 31–2, 34, 36 *et seq.*; Götting (1995), 72; Schricker (2004), 853.

¹⁷³ See e.g. BGH GRUR 2002, 248 – *Spiegel-CD-ROM*. As to the limits of this rule, see e.g. BGH 10.10.2002, [2002] 34 IIC 702 – *EROC III*. For an English translation of the provision in § 31 (5) UrhG 1965, see Hugenholz and Guibault (2002), 80.

stated in Austrian or Swiss law, but Swiss courts and doctrine have adopted this interpretation rule,¹⁷⁴ and the Austrian Supreme Court (OGH) is also very sympathetic to it.¹⁷⁵ Austrian law has, however, an interpretation provision in relation to special matters: in the absence of an express agreement, an exploitation contract does not extend to the right to translate or otherwise adapt the work, to reproduce (including in the form of a sound recording or film), to broadcast or to record a broadcast of the work.¹⁷⁶ As regards hitherto unknown types of use, German law gives the author a right to revoke his grant within three months. This right is mandatory.¹⁷⁷ A similar rule exists in relation to licences regarding future works.¹⁷⁸ There is also a general entitlement of the author to equitable remuneration.¹⁷⁹ In particular, a gross imbalance between grant of right and obtained remuneration entitles the author to insist on a variation of contract on economically more favourable terms, for example if his/her work has turned out to be an unexpected economic success.¹⁸⁰ Under German law, in the absence of a specific agreement, the licensee is not automatically bound to exploit his licence right.¹⁸¹ However, German author's right law grants the author to rescind the contract of the exploitation licence if the licensee does not actually exercise his granted right. This right is mandatory and cannot be waived.¹⁸² Austria has no general determination of remuneration right,¹⁸³ but it has a potentially quite strong device for the author in the form of a rescission right: the author can rescind an exclusive licence agreement by giving notice if the licensee does not exercise his exploitation right at all or only in a way which damages the author's interests, and the

¹⁷⁴ Dessemontet (1999), 596.

¹⁷⁵ OGH ÖBl 1997, 38 – *Buchstützen*; OGH 21.3.2000, 4 Ob 77/00b – *Für Katalog und Folder*, GRURInt. 2001–2, at 186; OGH 19.10.2004, 4 Ob 182/04z – *Schutz von Werbemitteln – Dienstnehmerwerke*; Hugenholtz and Guibault (2002), 40 with further references.

¹⁷⁶ § 33 (1) UrhG 1936.

¹⁷⁷ § 31a (1) and (4) UrhG 1965, in force as of 1 Jan. 2008. The right is subject to provisos in § 31a (2) and (3). The author also has a remuneration right under § 32c UrhG 1965.

¹⁷⁸ § 40 UrhG 1965. The author and the licensee can rescind within five years with a six months' notice period (mandatory rule). On the formality rules of this provision, see *supra* under Section 3.3. Similar rule in Austria, § 31 UrhG 1936.

¹⁷⁹ § 32 UrhG 1965, implementation rules especially in § 36 UrhG 1965.

¹⁸⁰ § 32a (1) UrhG 1965. See Schricker (2004), 854. However, the numerous provisos of this so-called 'bestseller rule' ('*Bestsellerparagraph*') restrict its application considerably and its practical relevance is very limited, see Götting (1995), 73. Belgium has a similar 'bestseller' clause, see Hugenholtz and Guibault (2002), 56.

¹⁸¹ Götting (1995), 74.

¹⁸² § 41 UrhG 1965.

¹⁸³ Hugenholtz and Guibault (2002), 40.

author's notice takes effect *incontestably* if the licensee does not object to it within 14 days.¹⁸⁴ All these rights not only envisage the protection of the author's economic interests, but are also, to a greater or lesser extent, part of the author's personality rights, especially in the form of the moral rights.¹⁸⁵ There are additional protection rules in the context of the exploitation of author's rights where the moral rights aspect is more central, and these will be discussed below.¹⁸⁶

French author's rights law contains numerous very detailed provisions which govern the content of exploitation contracts¹⁸⁷ (effectively in the form of assignments), and only a few general principles can be discussed in the present context.¹⁸⁸ French law has a general interpretation rule for exploitation contracts, in that the transfer of the right of performance does not imply the right of reproduction and conversely,¹⁸⁹ and any transfer in total of any of these rights is to be regarded as being limited to the exploitation modes as specified in the contract (CPI 1992, art. L. 122-7). The principle is that of restrictive interpretation.¹⁹⁰ Another main rule is the prohibition of the total transfer of rights in future works; such a transfer is void (CPI 1992, art. L. 131-1: '*la cession globale des œuvres futures est nulle*').¹⁹¹ There are also numerous provisions which give effect to the general principle of proportional remuneration of the author in CPI 1992, art. L. 131-4, art. L. 132-5.¹⁹² They include calculation rules,¹⁹³ as well as remuneration provisions for specific

¹⁸⁴ § 29 (1) and (4) UrhG 1936. See also Rahmatian (2000), 101, for further references.

¹⁸⁵ In Germany, not all personality rights are covered by moral rights. German law recognises the protection of a person's name (§ 12 BGB), and, as a further development from this rule, a general personality right, based on general private law, see H. Köhler (2003), *BGB Allgemeiner Teil*, 27th ed., München: Verlag C.H. Beck, 310–13.

¹⁸⁶ Under Section 4.

¹⁸⁷ CPI 1992, Art. L. 122 and Art. L. 131, and specific types of contract in Arts. L. 132 *et seq.*

¹⁸⁸ See Lucas and Lucas (2006), 429 *et seq.* and, for an overview in the English language, Suthersanen (2000), 150 and Hugenholtz and Guibault (2002), 64.

¹⁸⁹ The rights of performance and reproduction are umbrella terms for a long list of the usual exploitation rights of the holder of the author's right, see CPI 1992, Art. L. 122-2, L. 122-2-1, L. 122-2-2, L. 122-3.

¹⁹⁰ Lucas and Lucas (2006), 454.

¹⁹¹ Lucas and Lucas (2006), 450. There are two exceptions (Art. L. 132-4: the author can, under specified circumstances, exercise a right of preference for his/her publisher for the publication of future works; Art. 132-18: a professional body of authors may grant an entertainment promoter the performance of future works); see also Hugenholtz and Guibault (2002), 67.

¹⁹² Lucas and Lucas (2006), 462.

¹⁹³ CPI 1992, Art. L. 131-4, L. 131-5 *et seq.*

contracts.¹⁹⁴ French copyright law provides detailed rules regarding the content of publishing contracts, performance contracts, audiovisual production contracts and commission contracts for advertising.¹⁹⁵ These rules deal with issues such as: definition of the type of contract, validity of clauses regarding future works (as exceptions to the principal prohibition), remuneration, assignee's exploitation obligations, consent and guarantee provisions, termination of contract, and rules regarding further transfer of the grant by the assignee. The provisions in the French author's rights law are supplemented by the subsidiary rules of general contract law under the Civil Code.¹⁹⁶ There are further rights of the author which flow from his/her moral rights but affect the exploitation of the economic rights, especially the *droit de repentir*. These are discussed immediately below.¹⁹⁷

4. Limitations to exploitation and transfer: moral rights, unfair competition, waiver

4.1 Moral rights and exploitation contracts

While in the copyright system of the UK moral rights (if not waived anyway) play a very marginal role and have no influence on the exploitation of economic rights,¹⁹⁸ in author's rights countries moral rights can impact on existing exploitation contracts considerably. In Germany, the author has the right to withdraw the exploitation rights from the licensee if the author has changed her convictions in relation to her work, so that she can no longer be expected to suffer the exploitation of her work as granted in the original form (§42 UrhG 1965, *Rückrufsrecht wegen gewandelter Überzeugung*).¹⁹⁹ The author retains this right over the licensee; it cannot be waived or excluded contractually.²⁰⁰ This rule is a typical manifestation of the moral rights as the root and justification of author's rights protection. However, its practical application is limited, because the author exercising her right must reasonably compensate the licensee, and that often goes beyond the author's financial means.²⁰¹ French law has a similar rule, the *droit de repentir ou de retrait*

¹⁹⁴ E.g. CPI 1992, Art. L. 132-6 (publishing contracts).

¹⁹⁵ CPI 1992, Arts L. 132-1 to L. 132-17 (publishing contracts), Arts L. 132-18 to L. 132-22 (performance contracts), Arts L. 132-23 to L. 132-30 (audiovisual production contracts), Arts L. 132-31 to L. 132-33 (commission contracts for advertising).

¹⁹⁶ E.g. expressly in CPI 1992, Art. L. 132-2 subsection 3.

¹⁹⁷ Under Section 4.

¹⁹⁸ See *supra* under Section 2.

¹⁹⁹ Dietz in Schricker (2006), § 42 nn. 1–3.

²⁰⁰ § 42 (2) UrhG 1965, Dietz in Schricker (2006), § 42 n. 28.

²⁰¹ § 42 (3) UrhG 1965, Götting (1995), 75, Dietz in Schricker (2006), § 42 n. 32.

(CPI 1992, art. L. 121-4),²⁰² and the statute says expressly that this right continues to exist after publication of the work and notwithstanding the assignment of the right of exploitation. Again, however, the prerequisite for the exercise of this right is adequate compensation of the assignee. Swiss law does not have a *droit de repentir*,²⁰³ nor does Austrian law, but the Austrian rescission right of § 29 UrhG 1936²⁰⁴ is in principle available in such situations, because the author's interests may also be damaged if the author is faced with the continued publication of a work he no longer supports.

Furthermore, the central moral rights remain relevant during the lifetime of an exploitation contract. The paternity right²⁰⁵ must be observed in principle, also, for example, in relation to a publishing contract, and some jurisdictions state specific obligations to that effect beyond the principal moral right.²⁰⁶ However, this right can often be modified or renounced.²⁰⁷ Particularly important in this context is the integrity right²⁰⁸ which may lead to certain restrictions of the exploitation by the assignee or licensee. However, an author probably has to agree to necessary alterations in order to permit the appropriate exploitation granted in the respective contract. Some author's right laws state this proviso expressly,²⁰⁹ others presuppose the proviso, but limit it: even if the exploitation right has been granted, the author can nevertheless object to disfigurements which are prejudicial to his/her reputation.²¹⁰ French law stresses the integrity right in the context of the special exploitation agreements (publishing contract): the publisher has to seek written authorisation from the author for any modification of the work.²¹¹ The relevance of the moral rights can be restricted in relation to special types of works.²¹²

There are further *prerogatives morales* which may affect exploitation rights that are often (but not necessarily) granted in the form of an assignment or

²⁰² Lucas and Lucas (2006), 363–4, 511.

²⁰³ Dessemontet (1999), 631.

²⁰⁴ See *supra* under Section 3.4.

²⁰⁵ France: CPI 1992, Art. L. 121-1; Germany: § 13 UrhG 1965; Austria: § 20 UrhG 1936; Switzerland: Art. 9 URG 1992.

²⁰⁶ So in France, CPI 1992, Art. L. 132-11.

²⁰⁷ See e.g. Switzerland, Dessemontet (1999), 631, also France, CPI 1992, Art. L. 132-11 (3).

²⁰⁸ France: CPI 1992, Art. L. 121-1; Germany: § 14 UrhG 1965; Austria: § 21 UrhG 1936; Switzerland: Art. 11 URG 1992.

²⁰⁹ So Austrian author's right law in § 21 (1) UrhG 1936.

²¹⁰ So Switzerland, Art. 11 (2) URG 1992. Parody is expressly permitted, Art. 11 (3), although this is unlikely to be in an assignment context.

²¹¹ CPI 1992, Art. L. 132-11. Lucas and Lucas (2006), 511.

²¹² E.g. in France, see CPI 1992, Art. L. 121-5 (Audiovisual works), Art. L. 121-7 (software), see Lucas and Lucas (2006), 362.

licence. One is the right to access to the work for the exercise of the author's right, and the other the right to protect against destruction of the work which some jurisdictions provide. The right of the author to access the work can be found in French²¹³ and Swiss law.²¹⁴ Under Swiss law the access right (which includes an exhibition right of the work within Switzerland) can be waived.²¹⁵ Swiss law also has an express right to object to the destruction of the work by the owner in relation to certain works under certain circumstances, which may be seen as a special example of the integrity right.²¹⁶

In author's rights systems, all the rights stated above reflect the overall principle, emphasised particularly in France and Belgium, that the author alone determines the divulgation of the work,²¹⁷ and in connection, it is the author who remains empowered to control the fate of the work and its copies (*droit de destination*), especially their use, even after the grant of exploitation rights. This right is an economic right in effect, but a moral right at heart.²¹⁸

4.2 *Unfair competition and transfer restrictions*

The grant or refusal of licences can amount to anticompetitive practices under European Union law. These matters are dealt with elsewhere,²¹⁹ so that a few brief comments will suffice. The refusal to grant copyright licences in relation to published TV schedules was the issue of the *Magill* decision,²²⁰ and the ECJ held that the refusal to grant licences could amount to an abuse of a dominant position in violation of article 82 of the Treaty of Rome. The ECJ also allowed the remedy of compulsory licences in case of such of an abuse. However, the refusal of a licence in itself is not an abuse, unless there are exceptional circumstances under which the refusal of the licence can no longer be regarded as a refusal to license itself and so the exercise of an exclusive right involves an abusive conduct.²²¹ These exceptional circumstances have to be compared with the 'essential function' of copyright, that is, providing protection for the moral rights in the work and ensuring a reward for creative effort.²²² Where the exercise of copyright no longer corresponds to the essential function of

²¹³ CPI 1992, Art. L. 111-3, but with significant restrictions.

²¹⁴ Art. 14 URG 1992.

²¹⁵ Dessemontet (1999), 226, 632.

²¹⁶ Art. 15 URG 1992. Dessemontet (1999), 229-30.

²¹⁷ See e.g. France, CPI 1992, Art. L. 121-2.

²¹⁸ Strowel (1993), 132-3.

²¹⁹ Chapter 22 of this book.

²²⁰ *Radio Telefis Eireann and Independent Television Publications Limited (Intellectual Property Owners Inc. intervening) v. E.C. Commission (Magill TV Guide Limited intervening)* (Joined Cases C 241-242/91P) [1995] 4 CMLR 718, ECJ.

²²¹ *Ibid.*, para. 40.

²²² *Ibid.*, para. 71.

copyright, EU law can intervene (overriding national law) to restore the free movement of goods and free competition.²²³ The emphasis of the ECJ on moral rights ('copyright also includes moral rights and [...] the protection of those interests is so important a component of copyright that it must *necessarily* be taken into consideration in defining the essential function of copyright'²²⁴) is highly interesting, because it seems to be more an author's rights-based approach, which can have a certain harmonisation effect because of the role and power the ECJ has in the making of EU law. But it is obvious that the view of the ECJ about the importance of the moral rights component within the essential function of copyright is strikingly at odds with the copyright systems.

Another aspect relevant to competition law is the matter of territorial subdivision through partial assignments or licences which seek to divide up the common market and therefore violate the principles of free competition and free movement of goods (under art. 81 of the Treaty of Rome).²²⁵ Agreements which have the effect of partitioning national markets, for example through assignments and licences containing restrictions in relation to certain territories, are likely to be found to have the object or effect of preventing, distorting or restricting competition between EU Member States.²²⁶ There are further types of cases relevant to competition law, such as the imposition on the licensee to exploit the licence in a restricted and prescribed way only,²²⁷ or the assignment and licensing arrangements with collecting societies.²²⁸

4.3 *Waiver rights*

Waiver may amount to a restriction of dealings with rights, because the waiver may destroy the right granted. The question here is not the waiver of the moral rights component of the author's right or copyright, which the different jurisdictions tend to recognise, however often subject to qualifications, and provided that the waiver is not an all-encompassing one.²²⁹ The issue here is whether economic rights can be 'waived' by the assignor/licensor after a

²²³ *Ibid.*, para. 76.

²²⁴ *Ibid.*, para. 73 (emphasis added).

²²⁵ Copinger (2005), 5-99 at 255.

²²⁶ E.g. *Miller International Schallplatten GmbH v. E.C. Commission* (Case 19/77) [1978] 2 CMLR 334, ECJ, paras. 14–16.

²²⁷ ECJ 193/83 [1986] 3 CMLR 489 – *Windsurfing* (a patent licence case).

²²⁸ Several cases came before the ECJ, including: [1971] OJ L134/15, [1971] CMLR D35, ECJ – *Gema*; C-402/85 – *Basset v. SACEM* [1987] 3 CMLR 173, ECJ.

²²⁹ Hugenholtz and Guibault (2002), 29 (waiver of moral rights: overview), 76 (Germany), 63 (France), 47 (Benelux), 38 (Austria), 94 (Italy), 126 (United Kingdom). On Germany, see also Dietz in Schricker (2006), Vor §§ 12 *et seq.* n. 28.

licence or a partial assignment²³⁰ over these rights has been granted,²³¹ which extinguishes the licensee's/assignee's right given. The equivalent in personal property law of such a 'waiver' or 'abandonment' of copyright would be the destruction of a chattel, which is normally within the ownership rights. In the law of the UK, for example, the question of abandonment of copyright has never been fully explored, but it seems that abandonment will be accepted by the courts if there is incontrovertible evidence to that effect (which is rare).²³² It is arguable that the licensor/assignor cannot act in a way which would amount to a derogation from grant,²³³ but if the exercise of the waiver/abandonment is the result of a moral right that has not also been waived, matters can theoretically become difficult. Where moral rights-based recall rights exist, however, they are subject to compensation obligations which take account of the licensee's economic interests and which also reduce the practical relevance of such rights very considerably.²³⁴

5. The contractual aspects of assignments and licences

Space does not permit more than a warning that the area of assignments and licences is perhaps that part of copyright/author's right law which is most dependent on national private laws, especially the law of contract. The differences can be very substantial and go to the heart of national private law systems as a whole which can only be appreciated after a careful study of the general private law in question. Comparative law can only provide a limited overview. Assignments and licences are contracts or form part of exploitation contracts, and therefore rules regarding the formation of contract, parties' capacity and consent, mistake, terms and conditions as to quality and purpose, contract-based liability, rescission and termination rights, restitution and

²³⁰ A waiver after an assignment would not be able to affect the assigned right any more, but in case of a partial assignment, the waiver of the non-assigned part may render the assigned part useless. In addition, in some countries (France) the grant of rights is typically in the form of assignments, rather than licences, see *supra* under Section 3.

²³¹ For example, the author wants to 'give away his work for free'. Strictly speaking not a waiver, but effectively a destruction of the commercial value of an economic right can be Copyleft licences, general public licences, GNU licences and the like. On these licences, see e.g. A. Guadamuz Gonzalez (2004), 'Viral Contracts or Unenforceable Documents? Contractual Validity of Copyleft Licences', *European Intellectual Property Review*, **26(8)**, 331–9, at 331, 337.

²³² Copinger (2005), 6–85, at 364.

²³³ See Copinger (2005), 45–232 at 319 on the principle of non-derogation from grant, although in the different context of the right to repair by a licensee: *British Leyland Motor Corp. Ltd. v. Armstrong Patents Ltd.* [1984] FSR 591.

²³⁴ See *supra* under Section 4.1.

unjust enrichment, apply according to the legal system in question, sometimes complemented by *leges speciales* in the author's rights laws.²³⁵ All that shows that intellectual property law is really only a small specialist area which cannot exist without the general private law behind it.²³⁶ Intellectual property laws assist us little in relation to the exploitation of the rights they regulate: they provide for the definition, creation and protection of intellectual property rights and a few formality rules regarding dealing with these rights, but the actual *contractual* dealings, economically the principal reason which makes intellectual property rights worth having, are left to the civil codes of the civil law systems or the common law, as the case may be. In this light, any desire as to a Europe-wide legal harmonisation must be reduced considerably if it wants to remain within reasonable proportions.

Thus the applicable law to foreign copyrights/author's rights and to the underlying assignment and licence contracts in various European jurisdictions will have to be determined according to private international law rules for presumably a long time to come.²³⁷ Problems that can emerge in the present context are, for example, the recognition of foreign assignments of copyright in countries which do not permit assignments of copyright, for example the validity of a UK assignment in Germany. If one assumes that the law of that country applies in which protection is claimed or for which the right is granted,²³⁸ then a UK assignment in Germany would be subject to German law,²³⁹ and the assignment would probably be reinterpreted²⁴⁰ as an exclusive licence to give effect to the assignment to the greatest extent possible within the limits of German law.²⁴¹

²³⁵ Compare Lucas and Lucas (2006), 433–4; Götting (1995), 55; Schricker in Schricker (2006), Einleitung, n. 31.

²³⁶ See further discussion in Chapter 18 of this book.

²³⁷ See e.g. P. Torremans (2005), 'Authorship, Ownership of Right and Works created by Employees: Which Law Applies', *European Intellectual Property Review*, 27(6), 220–24, at 220, Katzenberger (1995), 225, and Chapter 18 of this book.

²³⁸ This seems to have become the prevalent opinion (for Germany) against the *lex originis* position, see P. Katzenberger (1995), 'Urheberrechtsverträge im Internationalen Privatrecht und Konventionsrecht' in Friedrich-Karl Beier *et al.* (eds.), *Urhebervertragsrecht. Festgabe für Gerhard Schricker zum 60. Geburtstag*, München: C.H. Beck, pp. 225–59, at 241. For France, see e.g. Cour de Cass. 5.3.2002 – *Sisro*, [2002] 34 IIC 701. In Austria, under § 43 (1) Private International Law Act (IPRG), the applicable law to a contract involving intellectual property rights is the law of that country for which the right has been granted.

²³⁹ Compare Katzenberger (1995), 257–8.

²⁴⁰ According to the principle in § 140 BGB ('*Umdeutung*').

²⁴¹ Rahmatian (2000), 102 with further references.

6. Conclusion: a harmonisation of rights transfer in Europe?

Should a Europe-wide harmonisation of the copyright/author's right assignment and licensing law be attempted? In the present discussion, EU law, especially in the form of harmonising regulations and directives, has almost not featured at all. This is significant and no coincidence. A European Directive on contracts dealing with copyrights/author's rights which goes beyond merely broad principles is probably impossible to implement, and there do not seem to be indications of current substantive projects in this direction.²⁴² The situation is the same at the level of international copyright conventions, especially the Berne Convention: they do not contain harmonising or mandatory provisions on assignments and licences and on underlying contractual rules,²⁴³ and any draft to that effect would certainly have failed to obtain international consent. In the rare instances where the Berne Convention refers to the exploitation of rights, it expressly leaves any regulation which involves dealings with copyrights to the national legislation of the Union countries.²⁴⁴ However, the EU has made inroads into central aspects of the regulatory framework of copyright law in the Information Society Directive,²⁴⁵ especially in article 5. The attempt at the harmonisation of the permitted acts (exceptions and limitations) in copyright can probably be described as a failure, because the exceptions in the list under article 5 (2) and (3) are optional only, not mandatory.²⁴⁶ The laws regarding assignment, licences and the underlying framework of such dealings with copyright, the law of contract, have even been expressly left out of the Directive.²⁴⁷

These examples give a suggestion that Europe-wide harmonisation of dealings with copyrights/author's rights and of exploitation contracts will not be possible without a violent attack on both the existing national systems of copyright/author's rights and the underlying contract laws/private laws. The recent attempt to harmonise the rather narrow and confined area of copyright

²⁴² On earlier projects in this respect with particular reference to Germany, see e.g. Katzenberger (1995), 230.

²⁴³ Katzenberger (1995), 235.

²⁴⁴ Berne Convention (Paris Act 1971), art. 11*bis* and art. 14*bis*. See also S. Ricketson and J. Ginsburg (2006), *International Copyright and Neighbouring Rights. The Berne Convention and Beyond*, 2nd ed., Oxford: Oxford University Press, 376.

²⁴⁵ Directive 2001/29/EC of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information society.

²⁴⁶ Hugenholtz (2000), 'Why the Copyright Directive is Unimportant, and possibly Invalid', *European Intellectual Property Review*, **22(11)**, 499–505, at 501.

²⁴⁷ Art. 9 and Recital 30: 'The rights referred to in this Directive may be transferred, assigned or subject to the granting of contractual licences, *without prejudice to the relevant national legislation on copyright and related rights*' (emphasis added).

exceptions and limitations proved unsatisfactory (and was a good example of the way in which lobbying leads to impracticable casuistic and complex rules), but a harmonisation of dealings with exploitation rights would need to go to the core of the author's right/copyright division if it were to make any substantive impact. As has been shown, the questions as to whether rights can be granted or are transferable at all, in which format (assignment or licence), whether the distinction of this format of transfer is practically relevant (not much in dualist systems), which limitations on transferability apply, and which subsequent authorial interventions after the grant of rights are available, are inextricably linked with the very essence of the protection philosophy of the respective copyright/author's right system. Any mandatory harmonisation rule invariably infringes upon one type of system, and if it is meant to be a compromise, upon both. Furthermore, such harmonisation would have to be complemented by an extensive body of *leges speciales* which would prevail over general private laws in relation to the contractual aspect of assignments and licences and as to exploitation contracts in general, since a harmonisation of the general private laws in Europe as a whole would be a highly unrealistic project. Furthermore, such a harmonisation of European private laws would be most undesirable, and the fact that academic projects regarding a possible 'European Civil Code' or, as a starting point, a 'European Contract Law' do exist, does not give these initiatives any further credibility. The intellectual insensitivity with which these projects treat the various European jurisdictions through their neglect of the different legal mentalities, especially of the epistemological divide between the civil law and common law, cannot be discussed here.²⁴⁸ Suffice to say that this approach is in fact an atavistic expression of nationalism, disguised as 'European' internationalism. Specialist areas of commercial or intellectual property law, such as the dealing with copyrights/author's rights and exploitation contracts, should not be used as an excuse to permit the advancement of large-scale legal unification projects under the pretext of commercial expediency and efficacy.

²⁴⁸ See e.g. P. Legrand (1996), 'Against a European Civil Code', *Modern Law Review*, **60**(1), 44–63, at 47, 51, 53 *et passim*.

13 The issue of exceptions: reshaping the keys to the gates in the territory of literary, musical and artistic creation

Marie-Christine Janssens

By way of introduction

For most of the things
That you aren't to do
There's always exceptions
In one case or two

Most often a teacher
Can break all these rules
In order to teach in
A setting like school

And also a scientist
Or engineer, too,
Has leeway to copy
An item or two

There are other exceptions:
Recording for blind ones
Or making performance
For blind or for veterans

But I'm not a lawyer
Don't rely just on me
Go find one to ask,
Better yet, two or three¹

As this simple text demonstrates, identifying permissible use and complying with legal exceptions has become difficult. With the adoption of a 'paracopy-

¹ Excerpt from 'Copyright in Verse' (<http://jergames.blogspot.com/2006/07/us-copyright-code-in-verse.html>).

right',² exercising exceptions may require heavy brainwork and – in the case of uses in an online environment – even turn out to be impossible.³ In sum, while provisions relating to exclusive rights have remained fairly transparent over decades, the same cannot be said for exceptions and limitations.⁴

The aim of this chapter is both to give a critical account of the harmonization achieved by the European Commission in the field of exceptions to copyright and to look at future perspectives. As the findings will reveal that the number of possible exceptions that can be invoked to escape copyright liability varies considerably across Member States, I have chosen to concentrate on certain issues, mainly deficiencies, which relate to the current failure to harmonize exceptions in Europe.

By way of introduction, and in further clarification of the poem quoted above, I wish to dwell briefly upon the feeling of 'malaise' that currently seems to surround the copyright system and that inevitably also affects its ingrained system of exceptions and limitations. Not only is the copyright realm very vast today, but, in contrast to other IP rights, its border is more difficult to define,⁵ to such an extent even that copyright has become 'a catch-all' notion.⁶ Copyright not only covers a collection of Campbell soup cans,

² Notion used by P. Jaszi (2005), 'Public Interest Exceptions in Copyright: A Comparative and International Perspective', Paper presented at the conference Correcting Course, Rebalancing Copyright for Librarians in the National and International Arenas, 5–7 May 2005, Columbia University, New York City, http://correctingcourse.columbia.edu/paper_jaszi.pdf, accessed 10 January 2008, at 17 to refer to the protection system for technological protection measures (TPMs).

³ R. Hilty (2004), 'Copyright in the Internal Market', *IIC*, 35(7), 760–75, at 767, alluding to article 6.4.4 InfoSoc Directive. As used hereafter, 'InfoSoc Directive' refers to 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, OJ L-167/10.

⁴ Note on terminology: I will interchangeably use the notions 'exceptions' and/or 'limitations' in their meaning of acts which are normally restricted by copyright but in relation to which the exercise of the exclusive right is legislated away (including both full exceptions and statutory licences that are subject to a right to remuneration).

⁵ E.g. for centuries distinguishing between unprotected ideas and information and delineating the subject-matter protected by copyright law has proved extremely difficult. The system has been built upon the requirement of 'originality', but that notion is relatively imprecise and its scope of application is broad. See e.g. B. Edelman (1995), 'The Law's Eye: Nature and Copyright', in Sherman, B. and Strowel, A. (eds), *Of Authors and Origins*, Oxford: Clarendon Press, 83.

⁶ W. Cornish (2004), *Intellectual Property. Omnipresent, Distracting, Irrelevant?*, Oxford: Oxford University Press, 45; T. Riis and J. Schovsbo (2007), 'Users' Rights: Reconstructing Copyright Policy on Utilitarian Grounds', *EIPR*, 29, 1–5, at 1; H. Laddie (1996), 'Copyright: Over-strength, Over-regulated, Over-rated', *EIPR* 18, 253; C. Geiger (2006), 'The Three-Step Test, a Threat to a Balanced

Tracey Emin's rumpled bed, urinals and pints of frozen blood, but also common appliances and utensils such as coffee machines, baker's bicycles, industrial machinery and many more such creations. The recent expansion of copyright protection (e.g. adding the *sui generis* right and providing for (over)protection of technological measures) has intensified the feeling of 'omnipresence' mentioned earlier. Although this latter discussion is beyond the scope of the present analysis, it is already important at this stage to highlight the constant need for careful reflection on how far copyright should extend if it is not to lose touch with its basic rationale, as well as for balancing at the same time protected interests between rightholders and beneficiaries of exceptions.

1. EU exceptions and limitations revisited

1.1 International background

The legal construction of exceptions and limitations is as old as copyright itself.⁷ Turning to the international texts, the oldest treaty – the Berne Convention signed on 9 September 1886 – paved the way with its (old) article 7, which allowed the reproduction of newspapers or similar articles for the purpose of reporting current events with a view to guaranteeing the freedom of the press.⁸ Further articles dealing with exceptions and limitations in the older versions of this Convention were, however, scarce.⁹ Copyright exceptions, apparently, were not the main concern of the drafters of the Convention and those that were accepted were very restricted in scope or received relatively unsystematic treatment as a result of serious compromises.

Copyright Law?', *IIC*, 37(6), 683, at 695; A. Adams (2005), 'The Road to the EUCD', dissertation submitted to the School of Law, University of Reading, <http://www.personal.reading.ac.uk/~sis00aaa/publications/LLMThesis.pdf>, accessed 10 January 2008, at 2.

⁷ C. Geiger (2006), 'Copyright and Free Access To Information: For A Fair Balance of Interests In A Globalised World', *EIPR* 28 (7), 366, at 367 (where the author takes us back to the age of Enlightenment).

⁸ S. Ricketson and J. Ginsburg (2006), *International Copyright and Neighbouring Rights. The Berne Convention and Beyond*, Oxford: Oxford University Press, 796.

⁹ There was also article 8 – currently 10(2) – in relation to the reproduction of works for educational or scientific purposes, which, however, left ample discretion to the national legislators; see e.g. Ricketson and Ginsburg (2006), *supra*, 789; R. Xalabarder (2007), 'On-line Teaching and Copyright: Any Hopes for an EU Harmonized Playground?', in Torremans, P. (ed), *Copyright Law. A Handbook of Contemporary Research*, Series Research Handbooks in Intellectual Property, Cheltenham, UK and Northampton, MA: Edward Elgar, 373–401, at 377.

Nevertheless, there is no doubt that the issue of exceptions was viewed as an essential part of the copyright system from the very start, as is confirmed by the legendary words spoken by Numa Droz, President of the preparatory Diplomatic Conferences of the Berne Convention, in 1884:

Consideration also has to be given to the fact that limitations on absolute protection are dictated, rightly in my opinion, by the public interest. The ever-growing need for mass instruction could never be met if there were no reservation of certain reproduction facilities, which at the same time should not degenerate into abuses.¹⁰

Despite its age, this statement remains as valuable today as it was in 1886. Cohen Jehoram rightly observes that it would have constituted a worthy clause for a preamble to the Berne Convention,¹¹ but unfortunately preambles did not exist at that time.¹²

The Berne Convention has been revised several times¹³ in order to ensure a minimum international level of protection and harmonize existing standards, taking into account challenges posed by technological development and the recognition of new rights. Since the last revision of 1971, however, it has proved very difficult to advance the level of copyright protection. In fact, it became impossible to alter the Berne Convention, partly due to objections from developing countries.¹⁴ It was the WTO that came to the rescue with the TRIPs Agreement,¹⁵ which imposed higher standards for all IP rights. Finally, in 1996, WIPO managed in time to put copyright on the digital track, although it is reasonable to assume that the major industrialized countries, including the European Commission, largely drafted the agenda for the WIPO Treaties on copyright (WCT) and on the protection of performers and phonogram producers (WPPT).

As regards the issue of exceptions (and possible revisions), the lack of amendments to the Berne Convention seems to indicate that the drafters were

¹⁰ Numa Droz in an address to the members of the conference, quoted in *WIPO 1886, Berne Convention, Centenary 1986*, Geneva 1986, 195; see also Ricketson and Ginsburg (2006), 756.

¹¹ H. Cohen Jehoram (2005), 'Restrictions on Copyright and their Abuse', *EIPR* 359. See also T. Vinje (1999), 'Copyright Imperilled', *EIPR*, 21 (4), 192, at 207, observing that such a mediating role between rights and public interest is central to copyright's mission.

¹² Preambles were only added to the text of the last revision (Paris 1971) but no mention of exceptions was made at that time; see also *infra* (Preamble to WCT).

¹³ Revisions took place in Berlin in 1908, Rome in 1928, Brussels in 1948, Stockholm in 1967 and Paris in 1971.

¹⁴ Cornish (2004), *supra*, at 3.

¹⁵ Agreement on the Trade-Related Aspects of Intellectual Property Rights of 15 April 1994.

not particularly in favour of including exceptions.¹⁶ In its current version, the Berne Convention comprises a handful of exceptions which are scattered throughout the text.¹⁷ After all, the aim of the Convention, as indicated in its first preamble, is 'to protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works'. Even when the need for revision was felt, for example because many national legislations had already adopted certain exceptions in relation to the (new) performance right – and because 'each country defended its own traditions here like the gold in the vaults of its national bank'¹⁸ – a consensus could at best be reached by approving a subtle statement relating to 'minor exceptions' in the Conference report.¹⁹ For Cohen Jehoram, this reference could nevertheless be regarded 'as a first slight opening of the Berne regime of a closed list of narrowly defined restrictions'.²⁰ The greatest change that the Convention would ever adopt was agreed upon during the Stockholm revision in 1967.²¹ This time, it was inserted into the text of the Convention itself as a second section to article 9 (exclusive right of reproduction), which would assume a life of its own as the so-called three-step test.²² Ever since, this test has become an essential part of

¹⁶ The revision conferences of Stockholm (1967) and Paris (1971) were predominantly concerned with special provisions for the developing countries and finding solutions in order to support the universal effect of the Convention; *WIPO Intellectual Property Handbook* (2004), 265.

¹⁷ See articles 10 (rights of quotation and uses for teaching purposes), 10*bis* (press usage), 11*bis* (conditions for the exercise of broadcasting and other rights), 13(2) (reservations on the exercise of mechanical reproduction rights) and, for developing countries, 30(2)(b) and Appendix.

¹⁸ Cohen Jehoram (2005), *supra*, at 360.

¹⁹ This is what happened at the Brussels Conference in 1948. See *WIPO 1886, Berne Convention, Centenary 1986*, Geneva 1986, 181 for the famous statement by general reporter Marcel Plaisant on the possibility available to national legislations 'to make what are commonly called minor reservations' with reference to examples such as 'religious ceremonies, military bands and the needs of child and adult education'. Plaisant also noted that 'these references are just lightly pencilled in here in order to avoid damaging the principle of the right'. This statement was endorsed at the Stockholm Conference in 1967. For more details on this 'minor reservations' rule, see Ricketson and Ginsburg (2006), 830.

²⁰ Cohen Jehoram (2005), *supra*, at 361.

²¹ During this conference, many efforts were also made – albeit in vain – to come up with a catalogue of exceptions. For more details, see Ricketson and Ginsburg (2006), *supra* at 761; P.B. Hugenholtz et al., *The Recasting of Copyright & Related Rights for the Knowledge Economy*, Final report, Study contract, European Commission DG Internal Market Study, no. etd/2005/im/d1/95, at 66, (hereafter referred to as IVIR report (2006)).

²² 'It shall be a matter for legislation in the countries of the Union to permit the reproduction of those works in certain special cases, provided that such reproduction

various treaties, European Directives and national copyright acts. In some respects, and maybe unwittingly, the negotiating parties seem to have moved towards an open-minded approach to exceptions. On the other hand, it cannot be denied that this test has various controversial aspects, which are beyond the scope of the present study.²³ It is undisputed that the three-step test sets general parameters to the freedom of national legislators to create exceptions, even though it also provides national legislators with some leeway to consider new provisions.

In the area of neighbouring rights, reference should be made to article 15 of the Rome Convention, which includes an exhaustive list of four optional exceptions: in particular, article 15 allows Contracting States to provide limitations on private use, the use of short excerpts in the context of reports of current events, ephemeral fixation by a broadcasting organization by means of its own facilities and for its own broadcasts, and use for educational and scientific purposes.²⁴ Not all these provisions, however, are as narrowly defined as the corresponding limitations in the Berne Convention.²⁵ In addition, paragraph 2 contains a general clause referring to the exceptions permitted under copyright law.

The adoption of the two WIPO Treaties in 1996 marked another milestone in the history of copyright. Unfortunately, although they are widely praised – and rightly so as regards certain solutions to digital challenges – the WCT and

does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.'

²³ For a comprehensive analysis of this test, see M. Senftleben (2004), *Copyright, Limitations and the Three-Step Test. An Analysis of the Three-Step Test in International and EC Copyright Law*, Information Law Series 13, The Hague: Kluwer Law International; see also S. Dusollier (2005), *Droit d'auteur et protection des oeuvres dans l'univers numérique – Droits et exceptions à la lumière des dispositifs de verrouillage des oeuvres*, Brussels, BE: Larcier, 438; C. Geiger (2007), 'From Berne to National Law, via The Copyright Directive: The Dangerous Mutations of the Three-Step Test', *EIPR* 486; Ricketson and Ginsburg (2006), *supra* at 769; R. Hilty (2007), 'Copyright Law and Scientific Research', in Torremans, P. (ed.), *Copyright Law. A Handbook of Contemporary Research*, Series Research Handbooks in Intellectual Property, Cheltenham, UK and Northampton, MA: Edward Elgar, 315–54, at 344; T. Dreier and B. Hugenholtz (eds) (2006), *Concise Commentary of European Copyright Law*, The Hague: Kluwer Law International, 42; A. Lucas (2001), 'Le triple test de l'article 13 de l'Accord ADPIC', in *Festschrift Adolf Dietz. Urheberrecht Gestern – Heute – Morgen*, München: Verlag C.H. Beck, 433. On the meaning of the various prongs of the test, see the decision of the WTO Dispute Settlement Body in the IMRO case (Doc. WT/DS 160/R). Finally, see also, *infra*, Sections 1.3.2 and 1.3.3.

²⁴ See more details in F. Brison, 'The Rome Convention', in Dreier and Hugenholtz (2006) *supra*, at 140 and Ricketson and Ginsburg (2006), *supra*, at 1216.

²⁵ IVIR report (2006), 61 noting, at the same time, that the WPPT has solved this problem.

WPPT treaties do not make much progress towards providing further guidance on exceptions and limitations. These two so-called 'Internet Treaties' restrict themselves to an article which reiterates, in two paragraphs,²⁶ the three-step test to determine the limitations and exceptions allowed.²⁷ It is accompanied by an Agreed Statement that permits Contracting Parties 'to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws' as well as 'to devise new exceptions and limitations that are appropriate in the digital network environment'.²⁸ For the present study, the most interesting part is to be found in the last preamble of both the WCT and WPPT, which recognizes '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 Convention'. The justification for exceptions and limitation is no longer confined to Numa Droz's legendary statement but is henceforth embedded in international texts!

To conclude this section, it must be noted that Contracting States have ample leeway to adopt (or not) exceptions along the lines of those foreseen in the Berne Convention, the TRIPs Agreement and the Internet Treaties. Only the exception permitting quotations in article 10 of the Berne Convention is mandatory.²⁹ The international norms nevertheless have some important points of view in common. First, exceptions should conform to the three-step test, although no clear common understanding of its significance seems to exist yet. Secondly, the various texts suggest that the provisions relating to exceptions are designed to prevent any commercial exploitation. Finally, and faithful to the Berne Convention's restrictive philosophy, the provisions on exceptions are, in most jurisdictions, subjected to the generally accepted notion that they should be construed narrowly as they limit the scope of the exclusive rights.³⁰

²⁶ In the WCT, they relate to exceptions to the rights granted under this Treaty and to the Berne rights, successively.

²⁷ Under article 9(2) of the Berne Convention, this test is applicable only to the right of reproduction, while both paragraphs of article 10 of the WCT cover all rights provided for in the Treaty and the Convention respectively. In this, these provisions partly – i.e. only in respect of the Berne provisions – overlap with article 13 of the TRIPs Agreement. This latter provision continues, however, to constitute the most important legal norm given that, contrary to the Berne and WCT provisions, it is fully justiciable through the mechanism of the WTO's Dispute Settlement Procedure. For more details on the TRIPs provision, see C. Correa (2007), *Trade Related Aspects of Intellectual Property Rights. A Commentary on the TRIPs Agreement*, Oxford: Oxford University Press, 134–55.

²⁸ See more details on this statement in Correa (2007), *supra*, at 143.

²⁹ Ricketson and Ginsburg (2006), *supra*, at 783; Dreier, in Dreier and Hugenholz (2006), *supra*, at 44; Cohen Jehoram (2005), *supra*, at 364.

³⁰ Cornish (2004), *supra*, at 46; D. Lipszyc (1999), *Copyright and Neighbouring*

1.2 *The European Union and exceptions to copyright*

This short historical excursion not only reveals that the international agreements hardly provide adequate starting points to the problem at hand, but above all that the issue of exceptions and limitations is a delicate one in all possible ways. For the European Commission, it unmistakably presented a hard nut to crack given the vast differences in the purpose, wording and scope of limitations existing at the national level, many of which reflect local cultural traditions or business practices.³¹

In what follows, I will briefly describe the solutions which the European Commission has devised to maintain a fair balance between the specific interests of copyright owners and the broader public interest, since it launched the process of harmonization of copyright in June 1988 with the Green Paper on 'Copyright and the Technological Challenge'.³²

We should bear in mind that, at that time, the world was very different from the world in which the copyright system was developed. Reality had radically changed with, first of all, the advent of the internet era³³ followed by the continuous convergence of media, communication channels and devices. At the same time, the system had to respond to new perceptions and to altered cultural, economic, legal and social values. With regard to its aims, in addition to stimulating creativity, the copyright system was now also expected to encourage economic growth, employment and investment.³⁴ Against this background, a legislator (whoever he may be) can hardly be expected to come up with simple rules to balance all the interests that copyright seeks to foster. Any solution will easily become the target of criticism and, admittedly with hindsight, it is of course easy to find fault with past achievements.

Looking back, however, it is more appropriate to highlight in the first place the many positive achievements. It is no exaggeration to say that, since 1988,

Rights, Paris: Unesco Publishing, 223; Riis and Schovsbo (2007), *supra*, at 4; Cohen Jehoram (2005), *supra*, at 360; A. Lucas (1998), *Droit d'auteur et numérique*, Paris: Litec, 171. For a critical analysis of this belief, see Burrell, R. and Coleman, A. (2005), *Copyright Exceptions. The Digital Impact*, Cambridge: Cambridge Studies in Intellectual Property Rights, Cambridge University Press, at 180.

³¹ For an overview of these differences, see B. Hugenholtz and D. Visser (1995), *Copyright Problems of Electronic Document Delivery*, Report to the Commission of the European Communities, Luxembourg, 1995.

³² COM (88) 172.

³³ Cf. Cornish (2004), *supra*, at 41: 'The Net is bulldozing the ramshackle castles of the copyright industries – the palisades of publishing, the strongrooms of sound recording, the Festungen of film and audio-visual production, the Bastilles of broadcasting, and, separately but very distinctly, the Castelnouvi of computing itself.'

³⁴ I would even suggest that the various adaptations of copyright during the last decades have been mainly prompted by economic factors. No doubt, these 'mercantile' interests have contributed to awakening the interest of the European Commission.

the European Commission has made huge efforts to harmonize national legislation relating to copyright. The first effects could be felt with the publication of the Council Directive of 14 May 1991 on the protection of computer programs.³⁵ During the following decade, six more Directives were published in the field of copyright, four of which contain – and often mandatorily impose – very detailed limitations on exclusive rights. In view of the topic under discussion, it is appropriate to provide an overview of these provisions, albeit not an exhaustive one.

The 1991 Software Directive introduces a number of exceptions that are specifically adapted to the software field³⁶ and that remain in full effect today.³⁷ In the 1992/2006 Rental Right Directive,³⁸ article 10(1) lists several limitations to the neighbouring rights, all of which are optional.³⁹ In a second part, this article allows Member States to further provide the same kinds of exceptions with regard to neighbouring rightholders as they provide with regard to authors.⁴⁰ In this Directive, rightholders are moreover given an exclusive public lending right, but the Member States are entitled to derogate from the exclusive nature of such a right. Such derogations may not deprive Community authors of the right to remuneration, but the States may exempt certain categories of establishments from the payment of that remuneration. In the second chapter of this same Directive, the exclusive right granted to performers and producers with regard to broadcasting and communication to the public is replaced with a right to equitable remuneration when a commercially available phonogram is broadcast or communicated to the public.⁴¹ In

³⁵ OJ L 122 of 17 May 1991.

³⁶ See, in particular, article 5.1 (necessary acts by lawful acquirer); article 5.2 (making a back-up copy), article 5.3 (using the program for observation and testing) and article 6 (decompiling it for purposes of interoperability).

³⁷ See Recital 50, *in fine*, InfoSoc Directive: ‘Articles 5 and 6 of that (Software) Directive exclusively determine exceptions to the exclusive rights applicable to computer programs’.

³⁸ Directive 92/100 on rental and lending rights and on certain neighbouring rights which was replaced by Directive 2006/115/EC of 12 December 2006, OJ 2006 L 376/28. In these Directives recognition is given to the existence of the rights of performing artists, phonogram producers, film producers and broadcasting producers. All exceptions listed in this Directive are applicable to these four groups.

³⁹ This list is quasi-identical to the list of article 15 of the Rome Convention (see, *supra*, text accompanying footnote 24).

⁴⁰ In line with this provision, it is generally accepted that article 5 InfoSoc Directive, which I will discuss below, can also be applied in the field of neighbouring rights, even if there is some overlap. See S. Bechtold ‘Directive 2001/29/EC’, in Dreier and Hugenholtz (2006), *supra*, at 370.

⁴¹ See also the related article 12 of the Rome Convention.

the Database Directive of 11 March 1996,⁴² the provisions relating to exceptions are scattered over two chapters. In the second chapter of this Directive, articles 5 and 6 enumerate the mandatory or optional exceptions that Member States should/can apply to databases that are protected by copyright.⁴³ A certain analogy can be found in articles 8 and 9 with the *sui generis* right chapter although the exhaustive list of optional exceptions does not include the possibility of introducing traditional exceptions as is the case for copyright.⁴⁴ These limitations also remain in force and cannot be replaced or modified along the lines of article 5 InfoSoc Directive.⁴⁵

Finally, and just as all ways lead to Rome, any discussion of the issue of exceptions and limitations in the European Union will inevitably lead us to the InfoSoc Directive and its article 5, which will be the focus of the following section.

1.3 Article 5 of the InfoSoc Directive or ‘the Avenue to Disunity’⁴⁶

1.3.1 THE INFORMATION SOCIETY DIRECTIVE OF 22 MAY 2001

The development of the Information Society urged not only the international community but also the European Commission to adjust the general regulatory framework in the field of copyright and related rights. This is, however, not the place to dwell on the events leading to the adoption of the InfoSoc Directive.⁴⁷ Relevant documents are the 1995 Green Paper on ‘Copyright and

⁴² Directive 96/9/EC, OJ L 77/20 of 27 March 1996.

⁴³ These will in any case have to include users’ freedom to perform acts that are necessary for accessing the database and using its contents in the normal way (article 6.1). Furthermore, this article optionally allows maintaining or introducing exceptions relating to the reproduction of non-electronic databases for private purposes, the use for teaching and research purposes, the use for purposes of public security or administrative or judicial procedures and any other use that is traditionally authorized under national law.

⁴⁴ This more restrictive approach can be explained by the fact that the exclusive right to prevent extraction and re-utilization only applies to substantial parts of a database. Hence the producer of the database can never prevent the use of non-substantial parts (article 8.1) except in cases of repeated and systematic extraction and/or re-utilization (articles 7.5 and 8.2).

⁴⁵ See article 1(2)(a) of the InfoSoc Directive.

⁴⁶ Title inspired by J. Brinkhof (2007), ‘Over “The Desire for Harmonisation” en “The Avenue to Disunity”’, *Zit de Nederlandse octrooirechtspraak wel op het juiste spoor?*, *Bijblad Industriële Eigendom*, no. 10, 565.

⁴⁷ For an overview, see Adams (2005), *supra*; see also Hilty (2004), *supra*, at 761; A. Dietz (1998), ‘The Protection of Intellectual Property in the Information Age – The Draft E.U. Copyright Directive of November 1997’, *IPQ* 335; A. Ross (1999), ‘The Future of EU Copyright Law: The Amended Proposal for a Directive on

Related Rights in the Information Society’⁴⁸ and the 1996 Follow-up Paper,⁴⁹ which respectively initiated and resulted from extensive discussions exploring the new avenues that the European Commission should take to adequately respond to evolving technology and new economic realities. These texts led the Commission to adopt the proposal of 10 December 1997 and the amended proposal of 25 May 1999 for a Directive harmonizing aspects of rules on copyright and related rights.⁵⁰ In turn, but only after an unprecedented lobbying effort,⁵¹ these proposals led to the final InfoSoc Directive.⁵² The goal of this Directive was twofold. Its first aim was to bring the rules on copyright and related rights into conformity with the 1996 WIPO Treaties. Secondly, on this occasion, a further attempt was made to harmonize, horizontally, basic aspects of substantial copyright law. While this Directive undoubtedly marks a turning point in the history of European copyright harmonization,⁵³ I will argue in what follows that its results are disappointing as regards the issue of exceptions provided for in its article 5.

1.3.2 THE PROVISIONS OF ARTICLE 5 OF THE INFOSOC DIRECTIVE IN A NUTSHELL⁵⁴

The general European view of exceptions is currently expressed in article 5 of the InfoSoc Directive, which aims at safeguarding ‘a fair balance of rights and interests (. . .) between the different categories of rightholders and users of

Copyright and Related Rights in the Information Society’, *Communications Law*, 4(4), 128; S. von Lewinski (1998), ‘A Successful Step towards Copyright and Related Rights in the Information Age: The New E.C. Proposal for a Harmonisation Directive’, *EIPR* 135.

⁴⁸ COM (95) 382.

⁴⁹ COM (96) 568.

⁵⁰ COM (1997) 628 def. and COM (1999) 250 def., respectively.

⁵¹ See, in particular, Adams (2005), *supra*, at 37 (describing the whole genesis in detail); see further Gotzen (2007), 35; IVIR report (2006), 214; Bechtold in Dreier and Hugenholtz (2006), *supra*, at 343; P.B. Hugenholtz (2000), ‘Why the Copyright Directive is Unimportant and Possibly Invalid’, *EIPR*, 11, 499, at 501.

⁵² The Directive itself has already been the subject of several contributions, an effort I do not want to duplicate here. See e.g. J. Reinbothe (2001), ‘Die EG-Richtlinie zum Urheberrecht in der Informationsgesellschaft’, *GRUR Int.*, 733; P. Sirinelli (2001), ‘La directive “Société d’Information”: apport réel ou fictive au droit d’auteur?’, in *Commerce électronique et propriétés intellectuelles*, Publications de l’IRPI, no. 20, Paris: Litec, 95; M. Hart (2002), ‘Copyright in the Information Society: An Overview’, *EIPR*, 58, at 61; Bechtold in Dreier and Hugenholtz (2006), *supra*, at 343.

⁵³ F. Gotzen (2007), ‘Copyright in Europe: Quo Vadis ? Some Conclusions after the Implementation of the Information Society Harmonisation Directive’, *RIDA*, 211, 3, at 7.

⁵⁴ For more details on the scope of the various exceptions see, in particular, Bechtold in Dreier and Hugenholtz (2006), *supra*, at 371.

protected subject-matter (and to reassess) the existing exceptions and limitations to the rights as set out by the Member States in the light of the new electronic environment'.⁵⁵

Article 5 applies to all subject-matter protected by copyright and related rights with the exception of software and databases.⁵⁶ As Recital 32 points out, article 5 provides an exhaustive enumeration of limitations on the exclusive rights of reproduction, public communication and distribution that are harmonized in the InfoSoc Directive⁵⁷ and that the Member States may provide in their national copyright acts. Adding or maintaining exceptions that are not included in the various lists of article 5 is not allowed.⁵⁸

From a formal point of view, article 5 presents a rather transparent structure with five different subsections. They successively set out the only mandatory exception (5.1), four optional exceptions to the reproduction right (5.2), fifteen optional exceptions to the rights of reproduction and/or public communication (5.3) and the possibility to apply all previously listed exceptions to the distribution right (5.4). Subsection 5.5 finally reiterates – and hence ‘communitises’⁵⁹ – the general obligation that all exceptions should conform to the three-step test to determine their legitimacy. The wording ‘reiterates’ is, however, not entirely correct as the community text contains an important deviation from its international counterparts in the Berne Convention, the WIPO Treaties and the TRIPs Agreement. In these treaties, the addressee of the test is the national legislator. By using the wording that the exceptions ‘shall only be applied in certain special cases, *etc.*’, the Directive seems to suggest – but this view is currently the subject of much controversy – that article 5 not only ‘communitises’ but also ‘nationalises’ the test, making it applicable by the courts of the Member States.⁶⁰ More clarification from the

⁵⁵ Recital 31 InfoSoc Directive.

⁵⁶ See, *supra*, Section 1.3.1 and *infra*, footnote 81.

⁵⁷ Not all exclusive rights are addressed in articles 2–4 of this Directive. Consequently, article 5 has no impact on the author’s moral rights, his rental and lending rights, his rights to authorize transmissions by cable or satellite, or – but this is disputed – to the right of adaptation or the right of public performance; IVIR report (2006), 63.

⁵⁸ Except in relation to the uses that are allowed under article 5.3.(o) (see, *infra*, footnote 139), non-conforming exceptions that exist in the national law should be deleted or amended.

⁵⁹ Reinbothe (2001), *supra*, at 740. For the sake of completeness, we recall that the three-step test is also – although not always consistently – incorporated in all other Directives dealing with limitations (Software, Rental and Database Directives). For further details on the differences amongst them, see IVIR report (2006), 69–70.

⁶⁰ See Gotzen (2007), *supra*, at 26: ‘The big difference between this interpretation and the first one lies in the extent of the court’s supervisory power. In the second (interpretation), the court can go beyond the stage of examining whether the legislature

European Court of Justice as regards the two possible interpretations would be highly welcome, especially because a few national courts have already applied the test,⁶¹ while other courts and commentators continue to reject this approach.⁶²

As a closer look at the text of article 5 reveals, there is, first, the obligatory exception to the reproduction right for transient or incidental acts of temporary reproductions which are dictated by technology and have no separate economic significance. To the extent that they meet these conditions, this exception should include the acts of browsing and caching.⁶³ All other exceptions are optional, indicating that the EU recognizes and preserves Member States' authority to govern what is clearly a sensitive issue. This decision is not only regrettable but also remarkable in view of the observation in Recital 31 that 'existing differences in the exceptions and limitations to certain restricted acts have direct negative effects on the functioning of the internal market of copyright'. In an even more puzzling passage, Recital 31 acknowledges that 'such differences could well become more pronounced in view of the further development of transborder exploitation of works and cross-border activities (and that) in order to ensure the proper functioning of the internal market, such exceptions and limitations should be defined more harmoniously'. Even if it might be argued that the Directive has tried to overcome these obstacles by stipulating that the provisions of article 5 are exhaustive, this argument is unconvincing. As noted above, it only means that Member States are as a rule not allowed to apply any other exceptions than those explicitly listed.

1.3.3 IMPLEMENTATION OF ARTICLE 5 INFOSOC DIRECTIVE IN THE MEMBER STATES

According to Article 12 InfoSoc Directive, the European Commission must

has duly complied with the three-step test and extend its analysis to whether the litigants in the case before it have acted in compliance with the three-step test, now a national legal provision.'

⁶¹ See, for instance, the decision of the French Cour de Cassation of 28 February 2006 in the *Mulholland Drive* case (*Auteurs & Media*, 2006, 177). In the Netherlands, the test was further applied by a lower court (Tribunal of The Hague, 2 March 2005, (2005) *Computerrecht*, 143); for comments on these decisions, see Geiger (2006), *IIC*, 684 (footnote 3).

⁶² See e.g. Senftleben (2004), *supra*, at 256 and 280; S. Dusollier (2005), 'L'encadrement des exceptions au droit d'auteur par le test des trois étapes', *IRDI*, 212, at 214; Cohen Jehoram (2005), *supra*, at 363; Gotzen (2007), *supra*, at 23–8; Bechtold in Dreier and Hugenholtz (2006), *supra*, at 382. For a balanced approach, see Geiger (2006), *supra*, at 683. For a recent update of the discussion, see Geiger (2007), *supra*, at 486.

⁶³ Recital 33 InfoSoc Directive.

submit a report examining the application of, *inter alia*, article 5 in the light of the development of the digital market. A study to this effect was undertaken by the Dutch Institute IVIR.⁶⁴ Apart from very interesting policy considerations on a wide variety of general and topical issues, this extensive report also includes a survey of the implementation of the InfoSoc Directive in the various Member States, which was undertaken in collaboration with the Queen Mary IP Research Institute.⁶⁵ I also refer to the initiative undertaken by the RIDA journal to publish summary reports of the implementation activities by the Member States in three of its issues⁶⁶ with a concluding synthesis by Gotzen.⁶⁷

These reviews confirm⁶⁸ that, as far as article 5 is concerned, the Member States have legislated in a ‘disorderly manner’.⁶⁹ This falls short of the ambition expressed in Recital 32, according to which ‘Member States should arrive at a coherent application of these exceptions and limitations’. The only exception to this finding relates – not surprisingly – to the sole mandatory provision on transient copies, which has been implemented rather literally.⁷⁰ All other extensive possibilities offered by the optional provisions of sections (2)–(4) of

⁶⁴ Hugenholtz et al. (2006), *supra*.

⁶⁵ G. Westkamp (2007), Part II of Study commissioned by the European Commission in response to tender MARKT/2005/07/D, *The Implementation of Directive 2001/29/EC in the Member States* (hereafter referred to as the Westkamp report), www.ivir.nl/publications/guibault/InfoSoc_Study_2007.pdf, accessed 15 January 2008.

⁶⁶ RIDA, no. 202 (October 2004) contains reports from Germany, Austria, Denmark, Greece, Italy, Luxembourg and the UK; RIDA, no. 206 (October 2005) contains reports from Belgium, Ireland, the Netherlands, Portugal and Sweden and RIDA, no. 210 (October 2006) contains reports from Spain, Finland and France.

⁶⁷ Gotzen (2007), *supra*, at 2. Other interesting overviews (whether or not covering the whole InfoSoc Directive), can be found in Brown, I. (ed.) (2003), ‘Implementing the European Union Copyright Directive, by-country report from 2003’, www.fipr.org/copyright/guide/, accessed 10 January 2008; *EUCD Review and Implementation Wiki* (2007), vol 4, network of European copyright experts from civil society, http://eucd.wizards-of-os.org/index.php/Main_Page#25_current_EU_members, accessed 10 January 2008 and U. Gasser and M. Girsberger (2004), ‘Transposing the Copyright Directive: Legal Protection of Technological Measures in EU-Member States. A Genie Stuck in the Bottle?’ papers.ssrn.com/sol3/papers.cfm?abstract_id=628007, accessed 10 January 2008 (this latter study essentially focuses on technological protection measures).

⁶⁸ For further details about the transposition of article 5 in the national copyright laws, I refer to the excellent aforementioned reports.

⁶⁹ Gotzen (2007), *supra*, at 14–16.

⁷⁰ Westkamp report (2007), *supra*, at 12. It is, however, noted in this report that there exist ambiguities in the scope and understanding of the text as well as deviating interpretations concerning the question of the correct addressee.

article 5 have tempted the vast majority of Member States to introduce new exceptions. Gotzen reports that France, Belgium and the Netherlands have added six new exceptions. Other Member States to have supplemented their lists with new exceptions include Italy (four), Germany and Spain (two); Austria, Greece and Sweden (one).⁷¹ Portugal has gone the furthest, as it has adopted all the possibilities listed in the European provision while also keeping its old ones. Of course, these numbers don't tell us much, as they should be considered in the light of existing exceptions. In this respect, it appears that most Member States have not only extended their lists of exceptions but have moreover seized the opportunity to modify or extend the conditions of existing exceptions.

As regards the three-step test, implementation policies adopted in the Member States offer an equally mixed picture, with some countries carefully avoiding repeating the text in their national laws⁷² while other states have included⁷³ – or maintained⁷⁴ – the whole or certain parts of the text of article 5.5 InfoSoc Directive in their copyright act.⁷⁵

Finally, major (if not most) discrepancies continue to subsist with regard to issues of remuneration and compensation. I recall that three of the reproduction exceptions are subject to the condition that rightholders should receive fair compensation to adequately compensate them for the use that the law permits. This is the case for the exceptions of reprography, private copying and reproductions by social institutions. However, Member States remain free to decide how to comply with this obligation⁷⁶ as well as to decide whether to maintain or introduce a remuneration system in relation to all other exceptions.⁷⁷ It is noteworthy that, in this respect, only very few Member States seem to have updated existing law. As a result, roughly four systems can be distinguished within Europe, ranging from the possibility to 'make a claim' to special forms of (collective or individual) licence schemes or – as is the case

⁷¹ Gotzen (2007), *supra*, at 16. The author further reports that only Denmark, the United Kingdom, Finland and Ireland have not introduced new exceptions.

⁷² Germany, Austria, Denmark, Sweden, the United Kingdom and Finland.

⁷³ Greece, France, Italy, Luxembourg and Portugal and Ireland (partly).

⁷⁴ Spain, Belgium (but only in relation to certain exceptions, which only adds to the confusion).

⁷⁵ For more details, see the Westkamp report (2007), *supra*, at 48–9; Geiger (2007), *supra*, at 486.

⁷⁶ In relation to the private copying exception, however, some constraints are imposed ('fair compensation which takes account of the application or non-application of technological measures'). For further discussion of this subject, I refer to the separate contribution by S. Dusollier and C. Ker in this book.

⁷⁷ Recital 36 InfoSoc Directive. Where compensation is provided, exceptions thus take the form of statutory licences.

in most Member States – the operation of levy schemes that are imposed on physical carriers, devices and/or a variety of other uses.⁷⁸

1.3.4 MAJOR CRITICISM

ARTICLE 5 FALLS SHORT OF THE GOAL OF HARMONIZATION I share the view of many commentators that article 5 has largely failed to achieve the aim of harmonization and that, moreover, the whole system of exceptions seriously lacks coherence.⁷⁹ As part of a Directive that inherently aimed at streamlining national laws – in which traditionally the number and nature of exceptions already varied considerably – article 5 falls disappointingly short of expectations.

This criticism is, first, prompted by the fact that previously existing but divergent systems of exceptions (software and databases) are left intact. The concurrent application of these regimes in relation to creations that can mutually be combined (literary works, software and databases) inevitably leads to incompatibilities or gaps.⁸⁰

A second ground for criticism is the vast number of optional exceptions from which Member States can ‘pick and choose at will’.⁸¹ Article 5 seems to consist of a random collection of cases that should not be forgotten, rather than listing certain uses that should be permissible on the basis of a clear justification. It is known that this situation was caused by the many heated discussions, resulting in political deals and concessions to lobbying pressure.⁸² It was, however, the Commission’s original aim to limit the list of exemptions to a bare minimum, exhaustively enumerated.⁸³ Unfortunately, the Community

⁷⁸ For more details, see Westkamp report (2007), *supra*, at 49–50.

⁷⁹ Bechtold in Dreier and Hugenholtz (2006), *supra*, at 369; Gotzen (2007), *supra*, at 19; F. De Visscher and B. Michaux (2006), ‘Le droit d’auteur et les droits voisins désormais dans l’environnement numérique’, *Journal des Tribunaux* (Be), 2006, 133, at 144; M.C. Janssens (2006), ‘Implementation of the 2001 Copyright Directive in Belgium’, *International Review of Industrial Property and Copyright Law*, 2006, 50, at 62; Hilty (2004), *supra*, at 765 (with more references in footnote 28); H. Cohen Jehoram (2001), ‘Some Principles of Exceptions to Copyright’ in *Festschrift Adolf Dietz. Urheberrecht Gestern – Heute – Morgen*, München: Verlag C.H. Beck, 381–8, at 387; M. Hart (1998), ‘The Proposed Directive for Copyright in the Information Society: Nice Rights, Shame about the Exceptions’, *EIPR*, 169.

⁸⁰ For example, the exception of transient copying does not apply to computer programs and databases. For other examples, see IVIR report (2006), 215. See also p. 64, where this situation is qualified as the ‘biggest source of inconsistency in the regime of limitations on copyright’.

⁸¹ IVIR report (2006), *supra*, at 66 and 213.

⁸² See *supra*, footnote 51.

⁸³ Hugenholtz (2000), *supra*, at 502.

legislator was not strong enough to withstand the pressure of Member States, which all tried to consolidate existing provisions, with the result that the number of exceptions increased from seven in the first proposal to no fewer than twenty optional cases in the final text.

Finally, the turbulent genesis of article 5 has clearly left its scars upon the phrasing of many provisions, in such a way that many alternatives are left open in critically important areas. In view of the numerous vague, ambiguous or even obscure provisions, it is largely up to the individual states to determine the provisos and the extent of most limitations on copyright. It has already been concluded that significant differences have emerged at the level of their implementation at the national level.⁸⁴ Further differences are likely to arise at the level of the application of these non-defined terms by local courts in the Member States. Given the optional nature of all but one of the exceptions, even the European Court of Justice will probably not be in a position to reconcile the divergent viewpoints.⁸⁵ Consequently, during the years to come, we will be confronted with a variety of solutions that, paradoxically, will have to operate in 'one internal market without barriers'.

ARTICLE 6 DISTORTS THE TRADITIONAL BALANCE WHERE EXCEPTIONS ARE CAUGHT IN A 'PINCER MOVEMENT'⁸⁶ The next major problem that affects article 5 concerns the intricate mechanism set up in article 6, and more particularly in its section (4), which deals with the intersection between the protection of technological protection measures on the one hand and exceptions to the exclusive rights on the other hand.

With the legal protection for technological measures *per se*, copyright holders (i.e. industries⁸⁷) have been given a new arsenal of tools that allows them to control the use of content on the internet in unprecedented ways. These provisions have been drafted against the background of the early internet days, when copyright owners had to struggle to stay in command of unauthorized use of their works and technological measures were seen as the answer to the

⁸⁴ See, *supra*, Section 1.3.3.

⁸⁵ In line with the decisions in *SENA/NOS* (6 February 2003 – C-245/00) and *SGAE/Rafael Hoteles* (7 December 2006 – C-306/05), the ECJ could probably hold at most that certain notions as they are used in the Directive – such as 'equitable remuneration' and 'public communication' – have to be given a uniform interpretation but that it is 'for each Member State to determine, in its own territory, the most appropriate criteria for assuring (. . .) adherence to that Community concept' (quote from *SENA* case). Cf. *Promusicae v. Telefonica de Espana* (29 January 2008 – C-275/06) (Member States can, but are not required, to order ISPs to disclose personal data about subscribers suspected of online piracy).

⁸⁶ Cf. Cornish (2004), *supra*, at 62 (footnote 54).

⁸⁷ Hilty (2004), *supra*, at 764.

countless challenges. Their prayers were answered successively by the international legislator,⁸⁸ by the European lawmaker in article 6 of the InfoSoc Directive and, at the national level, through the implementation of this latter provision. We recall that the scope of application of the European provision goes well beyond the international obligations, including as it does the possibility of control over permitted uses.⁸⁹ Hence, the provisions of article 6 may render copyright exceptions nugatory as they can be locked behind technological measures. In view of these disastrous effects upon the system of exceptions, it has repeatedly and rightly been stated that copyright's traditional doctrines of limitations no longer apply in this new legal space.⁹⁰

What is most worrying is the lack of a clear solution to the problem of how exceptions can be exercised in practice when works are access- or use-protected by TPMs. The European legislator has worked out a sophisticated construction in article 6(4) which, however, only made matters even more intricate for national legislators, copyright holders and users. Instead of the legislator, rightholders have been entrusted with the 'task' of providing the necessary measures to make material available if needed for the exercise of an exception.⁹¹ This solution, which implies a remarkable policy reversal, risks seriously undermining the copyright balance as rightholders may want to overlook or ignore the goals that the system of exceptions embraces. In fact, with the fourth paragraph that was added to article 6(4), and in which it is plainly declared that the obligation to allow access to beneficiaries of exceptions does not apply in relation to material that is made available 'on demand', it seems as if rightholders have been given legal permission to undermine essential user freedoms.

⁸⁸ Anti-circumvention provisions and measures to protect tools relating to electronic management information were imposed in articles 11–12 (WCT) and 18–19 (WPPT) in 1996.

⁸⁹ Dusollier (2005), *supra*, at 162.

⁹⁰ See e.g. Hilty (2007), 319; Jaszi (2005), *supra*, at 17; Cornish (2004), *supra*, at 6; J. Litman (2001), 'The Breadth of the Anti-trafficking Provisions and the High Moral Ground', *Adjuncts and Alternatives to Copyright*, New York: ALAI 2001, 456; K. Koelman (2000), 'A Hard Nut to Crack: The Protection of Technological Protection Measures', *EIPR*, 22 (6), 272, at 279; Vinje (1999), *supra*, at 196; S. Dusollier (1999), 'Electrifying the Fence: The Legal Protection of Technological Measures for Protecting Copyright', *EIPR*, 285.

⁹¹ For an overview of the different ways in which this obligation was implemented, see Gotzen (2007), *supra*, at 41; N. Braun (2003), 'The Interface between the Protection of Technological Measures and the Exercise of Exceptions to Copyright and Related Rights: Comparing the Situation in the United States and in the European Community', *EIPR*, no. 11, 496, at 501.

2. Road map for the future: constructing an 'Avenue to Unity'

2.1 Starting point

Proposing alternative solutions to remedy the deficiencies discussed above is a hazardous task. Now that all Member States have (finally) succeeded in transposing the many obligations imposed by the InfoSoc Directive into their national laws, it seems rather unlikely that they will be eager to even consider re-examining their systems of exceptions. On the other hand, some Member States have already indicated that their current framework may not adequately respond to the steady advance of technology and new market evolutions.⁹² Moreover, since the very day the InfoSoc Directive was enacted, the European Commission has also been constantly involved in continuing harmonization efforts.⁹³ So, in the end, it is not so odd to reflect upon missed opportunities and future avenues for the current system of exceptions. While I do not aim to come up with a ready-made solution, I will sketch a few guidelines for addressing some of the current imperfections that may serve as a starting point for discussion and more in-depth research.⁹⁴

2.2 Some guidelines

2.2.1 THE PURPOSE OF THE REVISED SYSTEM SHOULD BE TO REDRESS THE BALANCE IN A TRANSPARENT WAY THAT ACHIEVES COMPREHENSIVE HARMONIZATION

The central focus and ultimate goal of any new (legislative) intervention relating to exceptions should be threefold.

First, it should put in place a system of exceptions that would remedy the acute lack of harmonization within the European Union along the lines

⁹² See e.g. the 'Copyright Exceptions Consultation' process, which was recently (8 January 2008) launched by the UK's Intellectual Property Office and which, *inter alia*, relates to a reform of copyright exceptions (for more details, see <http://www.ipso.gov.uk/consult-copyrightexceptions.pdf>, accessed 12 January 2008). Also in Germany the Bundesrat identified on 21 September 2007 a need to start to work on a 'Third Basket' (third law for the regulation of copyright in the information society) as soon as possible.

⁹³ See *infra*, footnote 153.

⁹⁴ In the 2006 IVIR report, eight issues of actual or potential sources of tension relating to exceptions are listed and discussed. Apart from the exhaustive character of the list included in article 5, the optional character of the exceptions, the lack of guidelines regarding the contractual overridability of the limitations and the notion of lawful user, which we will address below, this report also refers to the question of transient and incidental copies (p. 68), the three-step test (p. 69), equitable remuneration vs. fair compensation (p. 70) and the discrepancies regarding the private copy exception (p. 73).

proposed in Section 2.2.4 below. Such an endeavour may moreover help to resolve the European Union's inability to articulate a 'European position' at the round tables of international copyright organizations.⁹⁵ In spite of this fact, I would not go as far as to claim that the whole European effort has thus far been in vain. Even though the results are rather meagre, article 5 of the InfoSoc Directive seems to have created a sort of 'spontaneous harmonization' of exceptions in the various Member States. Countries have more limitations in common and share more notions and issues relating to exceptions than ever before.⁹⁶ This may put us in a slightly more comfortable position to achieve our goal than at the end of the 1990s and remedy the deficiencies that were described in a previous section.

Secondly, any new legislative initiative should reassess the balance between rights and the public interest. As was pointed out in the introduction, there is a certain 'malaise', which has been nourished by the constant expansion of exclusive rights over the last decades.⁹⁷ This evolution goes hand in hand with growing concerns that the previously fair balance has become threatened. Changing the current system of exceptions to achieve a more balanced solution therefore seems obvious, if not absolutely essential.⁹⁸

Thirdly, the legislature should aim at more transparency of the copyright rules. Today copyright law has become over-intellectualized and detached from reality.⁹⁹ 'Asking two or three lawyers', as was recommended in our introductory poem, may not even be sufficient. It is important that users are able to understand the 'sense' behind the copyright system and its balancing mechanisms, which, in turn, may enhance proper observance of the rules.¹⁰⁰

⁹⁵ Hilty (2004), *supra*, at 775. Currently, the EU has to account for 27 national options, which of course seriously weakens its negotiating position.

⁹⁶ See the various reports on the implementation in the Member States referred to above and from which it follows that, contrary to initial expectations, a majority of countries have added new exceptions to their list and redrafted their conditions in a way that better conforms to the Directive. See, *supra*, section 1.4.3.

⁹⁷ See, *supra*, Introduction.

⁹⁸ Cf. Hilty (2007), *supra*, at 351 stressing the 'urgent need for a rapid adjustment' and proposing (at least) that article 6.4.4 be abolished and new specific exceptions introduced to guarantee access to scientific and knowledge-relevant information.

⁹⁹ See, *infra*, the example given in relation to the application of the teaching exception (Section 2.2.4).

¹⁰⁰ This task is probably much tougher today than Mark Twain thought in 1903 when he wrote that 'only one thing is impossible for God: to find any sense in any copyright law on the planet'. See also the famous statement by J.J. Rousseau ('si on veut qu'on respecte la loi, il faut faire qu'on l'aime'). See more details in M.C. Janssens (2004), 'Transparantie in het auteursrecht: een brug te ver?', *AMI (NL)*, 2004/6, 205.

In an indirect way, this objective may be served through achieving the two first goals of more harmonization and a better balancing of the various interests.

2.2.2 THE SYSTEM SHOULD ABANDON THE APPROACH OF ONE CLOSED AND EXHAUSTIVE LIST OF EXCEPTIONS

In 2001, the European legislator opted for a nearly closed system in the form of a long exhaustive list of exceptions, with many provisions drafted in inflexible or technology-specific language. The result is a 'photographic print' of the situation around the turn of the century. Not only are there important drawbacks to this approach, but it is moreover 'dangerous and short-sighted'.¹⁰¹ With the rapid technical evolutions taking place on and outside the internet, the meaning and impact of individual exceptions is, indeed, subject to continuous fluctuations.¹⁰² As most commentators already abhor the current length of the list of article 5, merely adding new exceptions to the list will certainly not solve the problem.

For these reasons,¹⁰³ the choice of a closed list should be abandoned and such a list should be replaced by a more flexible system that will allow a more rapid response to new business models, novel uses or urgent situations that will continue to arise, undoubtedly, in the dynamic information society.¹⁰⁴ As will be explained below, I would propose a system that combines a list of mandatory exceptions, some of which are given imperative character, with an exhaustive list of optional provisions coupled to a 'window provision'.

2.2.3 FAIR USE IS NOT AN ALTERNATIVE

An obvious alternative to an exhaustive and closed system of exceptions would be to provide for an openly worded set of application criteria by analogy with the 'fair use' system. The fair use concept certainly has some advantages as it provides for a flexible defence to copyright infringement, allows for 'ad hoc' exceptions, leaves more latitude to take into account the specific circumstances of the case, and, very importantly, also allows for its application to new

¹⁰¹ Hilty (2004), *supra*, at 766. Admittedly, this choice also has certain merits, the most important being the legal certainty that is given to rightholders and users about what kind of use is (not) exempted from prior authorization.

¹⁰² Hugenholtz (2000), *supra*, at 502; Vinje (1999), *supra*, at 194.

¹⁰³ For other reasons that are advanced in the literature against the use of an exhaustive list, see IVIR report (2006), *supra*, at 66.

¹⁰⁴ Cf. IVIR report (2006), *supra*, at 217. See also P.B. Hugenholtz and R.L. Okediji (2008), 'Concerning an International Instrument on Limitations and Exceptions to Copyright', Final Report, http://www.ivir.nl/publications/hugenholtz/limitations_exceptions_copyright.pdf, 44.

(unforeseen) evolutions. On the other hand, ‘fair use’, which is measured on the basis of four essential factors,¹⁰⁵ constitutes a rather intricate concept that has not ceased to challenge even IP specialists. These factors are, moreover, only guidelines and the courts are free to adapt them to particular situations on a case-by-case basis. In summary, even more than in a closed system, users in a fair use system are left at a loss as to what uses they are – or are not – allowed to make.¹⁰⁶ I am therefore not unhappy that the predominant view seems to oppose the adoption of a plain concept of fair use (even though proponents keep returning to the idea).

2.2.4 THE LIST SHOULD INCLUDE A CONSIDERABLE NUMBER OF MANDATORY EXCEPTIONS

To achieve meaningful harmonization, it is essential that as many exceptions as possible are uniformly applied in all Member States. A truly Single Market without borders will always be handicapped as long as permitted uses to copyright continue to be different among the various national territories.¹⁰⁷ Today, users across the EU have to acquaint themselves with the copyright laws of twenty-seven different jurisdictions. This is especially true with regard to uses in a digital environment. The exception of use for educational or scientific purposes provides but one of the many examples which touches the raw nerve of the failure to harmonize. Let us consider the case of a professor who scans parts of a textbook, copies some digital articles, uploads them to the university’s web server and refers his registered students – from home and abroad – to this material for further study by copying it or accessing it at the premises of a library.¹⁰⁸ Before this occurs, the professor, the students and the relevant

¹⁰⁵ Judges use the four following factors in resolving fair use disputes: the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion taken, and the effect of the use upon the potential market. See more details on <http://fairuse.stanford.edu/>.

¹⁰⁶ Jaszi (2005), *supra*, at 2.

¹⁰⁷ Clearly, the issue of ‘territoriality’ presents the most important obstacle here. So far, the EU legislator has left the territorial nature of copyright virtually untouched, and the IVIR report rightly points to the necessity of confronting this issue, as there is an apparent contradiction between a Single European Market and copyright rules, the application of which is confined to the borders of the Member States (IVIR report (2006), *supra*, at 212–14 and 218). See on this issue also Torremans (2007), ‘Questioning the Principles of Territoriality: The Determination of Territorial Mechanisms of Commercialisation’, in Torremans, P. (ed.), *Copyright Law. A Handbook of Contemporary Research*, Series Research Handbooks in Intellectual Property, Cheltenham, UK and Northampton, MA: Edward Elgar, 460.

¹⁰⁸ A comparable case scenario has been explored under five European jurisdictions by S. Ernst and D. Haeusermann (2006), ‘Teaching Exceptions in European Copyright Law – Important Policy Questions Remain’, Berkman Center for Internet &

educational institutions themselves should carefully scrutinize the laws of each country in the EU to determine whether a specific use of the protected work is allowed without asking permission. Even a rough examination of the possibly applicable provisions, reveals that it would amount to a ‘mission impossible’ to assess the permissibility of all these acts. National provisions do, indeed, not only differ in scope but also contain many variables relating to (analogue or digital) modes of copying, types of works and purpose of use as well as limitations regarding quantity, numbers, premises, etc.¹⁰⁹ Allowing for so much differentiation seems to constitute a paradox in a European Union where the legislator is at the same time thoroughly seeking to align and ‘europeanise’ the sector of (higher) education and to boost e-learning systems. Hence, mandatory effect should particularly be conferred on exceptions that tend to have transnational or cross-border effects.

While it is not yet clear what such a list of exceptions operating for the whole internal market would look like – as this would require a more elaborate study – it is obvious that a short mandatory list will always provide a better alternative than the current long list with many optional exceptions.¹¹⁰ In view of past experiences, we should moreover not be too ambitious. Limitations traditionally reflect an assessment of the need and desirability for society to use a work against the impact of such a measure on the economic incentive for rightholders.¹¹¹ Nevertheless, if one supports the ultimate goal of achieving a coherent European copyright system,¹¹² it will be necessary to (gradually) abandon the long cherished belief that the notion of what constitutes a legitimate or public interest should always accommodate national particularities.¹¹³ Such a concern was understandable at the start of the harmonization process in Europe at the end of the 1980s and may even still

Society Research Publication Series, No. 2006-10, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=925950, accessed 23 January 2008. See in this respect also Xalabarder (2007), *supra*, at 373.

¹⁰⁹ In reality, the picture is even much more complicated (non-transparent) as – in compliance with the InfoSoc Directive – use for educational/scientific purposes may also be allowed, subject to varying conditions, under the exceptions of reprography, private copying, quotation and communication by terminals on the premises of establishments.

¹¹⁰ J. Corbet (2005), ‘La transposition en droit belge de la directive droit d’auteur dans la société de l’information’, *RIDA*, October, no. 206, 4, 55.

¹¹¹ IVIR report (2006), *supra*, at 59.

¹¹² On the prospects – and many hurdles – of achieving a future Community Copyright, see IVIR report (2006), 218. Cf. Gotzen (2007), *supra*, at 59. For some interesting thoughts on how to proceed, see Hilty (2004), *supra*, at 774–5.

¹¹³ In this respect, the belief that the background of different copyright families also accounts for different perceptions on the nature and scope of exceptions should equally be put in perspective; see Burrell and Coleman (2005), *supra*, 201.

be justifiable in the international context. With the continuing integration of the European market, however, we should move on and make an effort to reconcile different perceptions, *at least* with regard to exceptions that are essential within the current borderless and multicultural knowledge economy. Not only do the factors of ‘society’ and ‘economic impact’ increasingly constitute a matter of European policy, but I would even argue that the notions and values that justify the exceptions (such as ‘public interest’, ‘cultural heritage’ and ‘individual user rights’), should equally, be it more gradually, be considered from a more ‘community-oriented’ angle.

In view of the goals of harmonization and transparency, finally, the mandatory exceptions should be precisely worded, leaving national legislators little leeway and, in particular, excluding the possibility of alternatives in critically important areas. While this approach may lack flexibility, it does promote relative certainty, thus encouraging activities that users might be unwilling to undertake if relying on open provisions.

2.2.5 THE LIST OF MANDATORY EXCEPTIONS SHOULD DISTINGUISH BETWEEN BINDING AND NON-BINDING EXCEPTIONS (TWO-TIER SYSTEM)

I have pointed out above how, during the preceding decade, rightholders were given powerful tools to control access to content in technical terms.¹¹⁴ In addition, such control can be gained based upon contractual terms – particularly standard form licences and e-contracts – that rightholders can impose upon users. Also in such a case, control can be extended beyond the very scope of copyright, as agreements can relate to non-protected material as well as to uses exempt from the copyright monopoly.¹¹⁵ If one takes the traditional system of exceptions seriously, it is imperative that this issue is re-examined and that new counterbalances are considered with a view to ‘liberating’ exceptions

¹¹⁴ See, *supra*, Section 1.4.4 (second part).

¹¹⁵ Over recent years, commentators and congresses have regularly addressed – and rightly expressed – the concern that the copyright system is (mis)used to create barriers to access to information as well as to the cultural and scientific heritage. These evolutions have a worrying impact on the whole copyright system and have surely contributed to the ‘malaise’ referred to in the introduction. See in this regard Hilty (2007), *supra*, at 332; Geiger (*EIPR*, 2006), *supra*, at 366; Cornish (2004), *supra*, at 50 and 55; Cohen Jehoram (2005), *supra*, at 364; IVIR report (2006), *supra*, at 67; J. Ginsburg (1999), ‘Copyright or InfoGrab’, in L. Blaich, G. Green and M. Wyburn (eds), *ALAI Study Days, The Boundaries of Copyright*, Australian Copyright Council, 55; Vinje (1999), *supra*, at 194. See also British Academy, *Copyright and Research in the Humanities and Social Sciences. A British Academy Review*, 2006, 15 and several contributions in *Proceedings of the ALAI Congress of 2001*, New York: Columbia University School of Law, 2002.

from both the technological and the contractual constraints currently imprisoning them.¹¹⁶

One way of solving the problem of the technological barriers or the contractual signing away of statutory exceptions¹¹⁷ is to turn these exceptions into rules of mandatory law. Claiming that certain exceptions should have an imperative nature conferred upon them may at present sound like ‘a voice in the wilderness’¹¹⁸ but I would nevertheless like to make a case for this proposal.¹¹⁹

In European copyright law, the question whether copyright limitations can be overridden by contractual agreements remains unresolved, and very little legislation or case law exists in this respect.¹²⁰ The InfoSoc Directive itself takes a rather hostile attitude towards the preferential treatment of exceptions. First, article 9 confirms that ‘this Directive shall be without prejudice to provisions concerning in particular (. . .) the law of contract’.¹²¹ Furthermore, recital 45 explains that the exceptions and limitations referred to in article 5(2), (3) and (4) should not prevent the definition of contractual relations designed to ensure fair compensation for the rightholders insofar as permitted by national law. Finally, and even though the Directive does not explicitly state that exceptions should not, or cannot, be given imperative treatment, article 6.4, dealing with the intersection between the protection of TPMs and exceptions, removes every doubt in its fourth paragraph, which stipulates that

¹¹⁶ Cornish (2004), *supra*, at 65–6; Vinje (1999), *supra*, at 200 and 207; Dusollier (2005), *supra*, at 532.

¹¹⁷ An additional solution would be to introduce a consistent copyright contract law; see Hilty (2004), *supra*, at 772.

¹¹⁸ Although I am not the first to raise this idea. See also Vinje (1999), *supra*, at 195; Dusollier (2005), *supra*, at 507; Riis and Schovsbo (2007), *supra*, at 1. *Contra*: Cohen Jehoram (2005), *supra*, at 364.

¹¹⁹ Incidentally, my own country has gained experience with such a solution. Belgium is indeed one of the only Member States to have clear legal provisions on this topic, which generally grant all copyright exceptions the status of mandatory law (except in situations of interactive on-demand services). For more details, see M.C. Janssens (2000), ‘Implementation of the 1996 Database Directive into Belgian Law’, *International Review of Industrial Property and Copyright Law*, 52, at 61; Corbet, *supra*, at 53; Dusollier (2005), *supra*, at 503; Janssens (2006), *supra*, at 59; Gotzen (2007), *supra*, at 44. This should also be the case in Portugal and, to a certain extent, in Denmark (Westkamp report (2007), 11).

¹²⁰ Bechtold in Dreier and Hugenholtz (2006), *supra*, at 370; Vinje (1999), *supra*, at 195 and 207. As Cornish notes, there even seems to be little inclination in general to disallow contractual terms that purport to override exceptions; Cornish (2004), *supra*, at 62. See also Cohen Jehoram (2005), *supra*, at 364.

¹²¹ See also Recital 30, in which the European Commission confirms the importance of preserving contractual practices.

in situations of ‘on-demand’ only contractual agreements will serve as the law for those who have made them.

On the other hand, looking at the prior *acquis communautaire*, my proposal to confer a binding nature on certain exceptions is not as revolutionary as it might seem at first sight. There are precedents in the Software Directive: article 9(1) prohibits three very specific exceptions from being contractually overridden.¹²² Analogously, in the Database Directive, article 15 makes clear that any contractual provision contrary to articles 6(1) (necessary acts by lawful users to access and/or use the contents of a database) and 8 shall be null and void. Hence, the InfoSoc Directive’s silence on this point, which at the same time confirms the full effect of the provisions of the Software and Database Directives, is remarkable.

In my view, the community legislator should reopen this discussion and attempt to find a consensus on a provision precluding the possibility of contracting away certain exceptions included in the list with mandatory provisions. This basic assumption requires further mental gymnastics, as it involves the delicate task of selecting the individual exceptions that should be given a binding nature¹²³ as well as phrasing their imperative terms of application.¹²⁴ What follows are only some ideas on how the European legislator could move towards a decision regarding the (non-) imperative status of an exception.¹²⁵ What is important is to realize that prime (if not exclusive) consideration should be given to the fundamental value for society of allowing certain uses rather than to the interests of lobbying groups. Many exceptions that are contained in a European Directive were indeed the result of industry-specific compromises. Hence – above all – an effort should be made to transcend perceptions of purely individual or national (economic) interest. Selection should primarily be based on the purpose underlying the exceptions.¹²⁶ As is sufficiently well known, the many permissible uses that are currently recog-

¹²² This article expressly provides that any contractual provisions contrary to article 6 or to the exceptions provided for in Article 5(2) and (3) shall be null and void.

¹²³ With regard to exceptions that are not given a binding nature, users could avail themselves of the (admittedly poor) remedies available in the general rules of law, such as competition law or consumer protection law.

¹²⁴ Given the very ‘exclusive’ status that such exceptions will be allocated, I take the view that their range of application should be confined to precisely defined situations that exclude any possible commercial use and fully comply with the three-step test. A broader scope could possibly be considered in a second part of the provision which is not given imperative status.

¹²⁵ As stated above, it is not my intention to individualize all exceptions that should figure on this or other lists.

¹²⁶ Let us not forget that this process of differentiating between exceptions is already known from the Software and Database Directives.

nized are justified by a broad range of reasons, not all of which should be given the same weight.¹²⁷ In general, it can be said that exceptions aim at accommodating societal interests, ranging from fundamental rights and freedoms (such as privacy and free speech), over public interest concerns (such as preserving material that is culturally or historically valuable) to practical solutions (such as overcoming market failure). But also other factors, such as the impact of exceptions upon the exclusive rights or their effect on certain (digital) markets should be given due reflection.¹²⁸ Indeed, exceptions should not merely aim at safeguarding users' interests, but their effect should continuously be balanced against the protection of exclusive rights.

Without going into too much detail, it is reasonable to assume that the list will include exceptions serving very strong, overriding public interests such as uses for news reporting or the quotation exception. It is in fact remarkable that, given the fact that this latter exception is already mandatory as a result of the Berne Convention,¹²⁹ the European legislator did not impose it in a more binding way in the InfoSoc Directive. Imperative treatment should, more generally, be given to uses that safeguard fundamental rights, such as the principles of freedom of speech and expression.¹³⁰ The list should moreover include uses that ensure public security, education and science or that are necessary to preserve the historic and cultural heritage (library and museum archiving). In these cases, however, preferential treatment would probably not need to be granted to all kinds of possible uses, and it may, for the purpose of conferring (non) imperative character, be appropriate to distinguish between types or circumstances of use.¹³¹ Finally, in view of the consolidation of the *acquis*,

¹²⁷ As this issue has already been the subject of several outstanding publications, it is not my aim to explore the rationale that animates each of the exceptions. See, in particular, L. Guibault (2002) *supra*, which is devoted to this subject. See also IVIR report (2006), *supra*, at 59; T. Dreier (2007), 'Regulating Competition by Way of Copyright Limitations and Exceptions' in Torremans, P. (ed.), *Copyright Law. A Handbook of Contemporary Research*, Series Research Handbooks in Intellectual Property, Cheltenham, UK and Northampton, MA: Edward Elgar, 232, at 234; S. Dusollier (2005), *supra*, at 466.

¹²⁸ Vinje (1999), *supra*, at 194; P.B. Hugenholtz (1997), 'Fierce Creatures, Copyright Exemptions: Towards Extinction?', keynote speech, IFLA/IMPRIMATUR Conference, 'Rights, Limitations and Exceptions: Striking a Proper Balance', Amsterdam, 30–31 October 1997, <http://www.ivir.nl/staff/hugenholtz.html>, accessed 25 January 2008, at 12.

¹²⁹ See, *supra*, footnote 29.

¹³⁰ Vinje (1999), *supra*, at 196; Dreier (2007), *supra*, at 235.

¹³¹ Clearly, a provision allowing wholesale copying of works for library users on request would be too wide. This may not be so in the case of a provision that limits copying by a library or archive for preservation purposes; S. Ricketson (2003), 'Wipo Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment', WIPO Document SCCR/9/7 of 5 April 2003, at 76.

this system should integrate the exceptions of other Directives, whether or not in binding terms and/or in separate sections to take account of the particularities of certain creations (e.g. computer programs).

To be consistent, the legislator should, when considering imperative character, in fact go further and also introduce a prohibition on technical devices preventing a use that is privileged by law. This decision would be far-reaching, as it could mean the death of technological measures in the long term, so I would advocate this idea with due caution awaiting further study.¹³²

2.2.6 THE SYSTEM SHOULD INCLUDE AN EXHAUSTIVE LIST OF OPTIONAL EXCEPTIONS LINKED TO A 'WINDOW PROVISION'

It was suggested above that the system of exceptions should not be closed to avoid it becoming anachronistic or sclerotic. To address this concern, two approaches seem possible. Either the Community legislator draws up a second list with optional provisions that allows a degree of variety on a country-to-country basis, or it limits itself to drafting a more general open-ended provision.¹³³ In view of our main goal of harmonization and given the fact that recent experience with the implementation of article 5 InfoSoc Directive has demonstrated that even optional provisions may generate a 'spontaneous' harmonizing effect,¹³⁴ I would prefer the first option.

Hence, I would propose that the community legislator should design an optional list that would essentially include uses having no or little impact on multi-territorial exploitations.¹³⁵ Rather than providing for its non-exhaustive character,¹³⁶ this list could build in additional flexibility through a 'window provision' that would allow Member States, subject to certain conditions,¹³⁷ to respond more appropriately to national societal developments or take into

¹³² P. Samuelson (1999), 'Intellectual Property and the Digital Economy: Why the Anti-circumvention Regulations Need to be Revised', *Berkeley Tech. L.J.*, 14, 519, at 547 and Geiger (2006), *supra*, at 371 have also advanced this idea. See further Dusollier (2005), *supra*, 543 proposing an in-between solution, which was adopted, for example, in Belgium and whereby the circumvention of a technological measure in order to benefit from an exception is not actionable (Westkamp report (2007), *supra*, at 132).

¹³³ This latter solution is proposed in the IVIR report (2006), *supra*, at 217.

¹³⁴ See, *supra*, Section 2.2.1.

¹³⁵ This could include uses in relation to, for example, religious ceremonies, military happenings and performances during public exams.

¹³⁶ Such an unlimited open-end solution would probably be more harmful to the goal of harmonization.

¹³⁷ This competence should, for example, be subject to the condition that new exceptions do not prejudice or interfere with exceptions included in the list with mandatory exceptions and that they fully comply with the three-step test.

account local (cultural) policy. Such a provision is not to be compared to the fair use concept nor to the limited grandfather clause of article 5.3(o) InfoSoc Directive. While I have already indicated the drawbacks of the former,¹³⁸ the latter solution does not sufficiently enable legislators to meet unforeseen situations, because it is constrained by three cumulative conditions that seriously diminish its impact.¹³⁹ To the extent that the proposed clause would allow some discretion to add and/or maintain purely national exceptions, it could perhaps be qualified as a 'mini fair use' provision for legislators. Whether such a 'fair-use effect' should be extended to courts and, in particular, whether the window provision would allow Member States to entrust courts with the competence to grant exemptions or even to apply existing exemptions to new situations by analogy is a more delicate question to answer. For the same reasons as mentioned below in relation to the three-step test, a provisional answer would tend to be negative.

2.2.7 THE SYSTEM SHOULD IMPOSE BINDING GENERAL MINIMUM REQUIREMENTS

Evidently, the three-step test, which is dictated by the international framework, will have to be included as an umbrella provision applicable to all exceptions. Considering the current debate,¹⁴⁰ the legislator must clarify the addressee of the test in a compulsory way. Although direct application of the three-step test by courts seems an attractive tool to allow for more flexibility,¹⁴¹ it entails certain dangers in terms of legal uncertainty. To the extent that the proposed window provision is adopted, I currently do not really support the possibility of directly applying the three-step test. With innumerable courts in twenty-seven Member States, I fear that it will lead to growing heterogeneity of the system of exceptions in Europe, thus seriously harming the goal of harmonization.

As a second general rule, it should be explicitly required that the protected material for which an exception can be invoked should (first) have been lawfully made available. In article 5 InfoSoc Directive, the condition of lawful use only applies to the mandatory exception of temporary and transient copies (5.1). The provision fails to clarify whether this or any other exception also

¹³⁸ See, *supra*, Section 2.2.3.

¹³⁹ This provision, which is commonly referred to as a 'grandfather clause' because of its potential to cover various non-defined situations, can only be used in relation to exceptions that already exist in the national legislation and provided they only cover analogue use, that such use is of minor importance and that it would not affect the free circulation of goods and services within the Community.

¹⁴⁰ See, *supra*, Section 1.3.2.

¹⁴¹ Geiger (2006, *IIC*), *supra*, at 694.

applies to infringing copies, and much diversity currently exists in this regard. For example, some countries have imposed the lawfulness of the copy as a preliminary condition (Germany¹⁴²), while other countries consider this condition inapplicable in the absence of clear legislative confirmation (Belgium¹⁴³) or give commentators and courts a free hand (France¹⁴⁴). It will, of course, be necessary to agree on a uniform interpretation of this requirement. Despite the current controversy over the meaning of similar notions in previous Directives,¹⁴⁵ such an endeavour should not pose an insurmountable problem.¹⁴⁶ The interpretation given to article 10 Berne Convention might offer a good starting point.¹⁴⁷

Finally, though my proposal is far from exhaustive, some more binding rules should be imposed to cover remuneration and compensation issues. While I have advocated the importance of strong mandatory exceptions, it is clear that some of them should be construed in the form of statutory licences, including a claim for remuneration for rightholders. This issue touches upon a highly controversial debate, which still has its roots in the varying legal traditions of the Member States and currently constitutes the major source of deviation.¹⁴⁸ As it has kept the European Commission busy in recent years¹⁴⁹ I will

¹⁴² The ‘Second Basket’ copyright reform that entered into force on 1 January 2008 restricts the possibility for private copies by means of a ban on copies from ‘illegal sources’. Hence, only copies of the original are admissible.

¹⁴³ The provisions on exceptions only impose the general requirement that the work should have been lawfully divulged. In Belgium, the majority doctrine holds that this condition does not concern the ‘legality’ of the copies of the work that are used but only relates to the moral right of divulgation; M.C. Janssens (2006), ‘Commentaar Artikel 22’, in F. Brison and H. Vanhees (eds), *Hommage à Jan Corbet. La Loi Belge sur le droit d’auteur*, Brussels: Larcier, 117, at 121.

¹⁴⁴ E.g. Cour de Cassation, criminal division, 30 May 2006 (no. K 05-83.335 F-D).

¹⁴⁵ The notion of lawful user or lawful acquirer is not new in community copyright law. Unfortunately, the relevant texts in the Software, Database and InfoSoc Directives are inconsistent, as there are differences in terminology (‘lawful acquirer’, ‘lawful user’ and ‘lawful use’). See more details on these differences in IVIR report (2006), *supra*, at 71–2. See also V. Vanovermeire (2000), ‘The Concept of the Lawful User in the Database Directive’, *IIC*, no. 1, 172.

¹⁴⁶ I do not, on the other hand, want to minimize the delicate character of the exercise as it will touch upon moral rights considerations and necessitate considering the (distinguishable) notions of unpublished and non-disclosed works.

¹⁴⁷ See Dreier, in Dreier and Hugenholtz (2006), *supra*, at 44: ‘A work has been lawfully made available to the public, if the public can access it and if this possibility of access has been either authorized by the rightholder, provided for under a permitted compulsory licence, or is permitted by a statutory licence.’

¹⁴⁸ See, *supra*, Section 1.3.3. *in fine*.

¹⁴⁹ See the many consultations and studies on the scope of the private copying

restrict myself to mentioning the importance of the issue and its relevance for the common market.

Conclusion

The internet and its offspring (such as advanced mobile networks) have changed the map of the copyright world considerably. From the first days of this (r)evolution, the future of copyright has been predicted in every possible way. Whereas some prepared for its funeral, others have striven for its revival and reinforcement. Thus far, the latter trend seems to have prevailed.

I do not for a moment dispute that authors and other creators should be afforded the necessary protection for their intellectual creations. 'Ensuring a robust protection of intellectual property rights'¹⁵⁰ continues to be of utmost importance. This aim should not, however, overshadow the need to constantly monitor the balancing mechanism between exclusive rights and exceptions, a mechanism that is ingrained in the copyright system and is of paramount importance for its legitimacy and credibility.¹⁵¹ Clearly, the reality of the digital environment has made it necessary to redefine the scope of exclusive rights. Unfortunately, as I have tried to demonstrate above, this goal has been pursued in a way that was heavily biased towards stronger protection and thus strengthened the monopoly grip of right owners.¹⁵² As a result, a pressing need has arisen to redress the balance by reassessing the scope of exceptions as well as acknowledging their binding nature. For the European Commission – which is again very active with new initiatives in the field of copyright¹⁵³ –

exception and existing systems of compensation (http://ec.europa.eu/internal_market/copyright/levy_reform/index_en.htm).

¹⁵⁰ Press Release European Commission, 3 January 2008 ('Commission sees need for a stronger more consumer-friendly Single Market for Online Music, Films and Games in Europe' – IP/08/5).

¹⁵¹ See Fifth Recital to the WCT; Gotzen (2007), *supra*, at 52; Correa (2007), *supra*, at 135; Riis and Schovsbo, (2007), *supra*, at 2; Senftleben in Dreier and Hugenholtz (2006), *supra*, at 89; IVIR report (2006), *supra*, at 59 and 212; Jaszi (2005), *supra*, at 16; L. Guibault (2002), *Copyright Limitations and Contracts. On Analysis of the Contractual Overridability of Limitations on Copyright*, The Hague: Kluwer Law International, 109; Vinje (1999), *supra*, at 192, 194, 200.

¹⁵² Adams (2005), *supra*, at 2. See also Burrell and Coleman (2005), *supra*, at 187, arguing at length that the interests of users have been inadequately represented during the debates at the various levels.

¹⁵³ See, e.g., the Recommendation on online management of music rights, issued in October 2005 (2005/737/EC – OJ L 276, 21 October 2005, 54/OJ L 284, 27 October 2005, 10); the many consultations and studies on the scope of the private copying exception and existing systems of compensation (http://ec.europa.eu/internal_market/copyright/levy_reform/index_en.htm); the 'Digital Libraries Initiative' with the Communication from the European commission of 30 September 2005, 'i2010: Digital Libraries', COM (2005) 465 final, http://ec.europa.eu/information_society/activities/

the additional challenge will be to respond to this need in a way that achieves more harmonization and remedies the InfoSoc Directive's failure to do so.¹⁵⁴

How should the Commission proceed? The recent past has taught us that it seems to favour alternative (softer) legal instruments over directives or regulations such as recommendations. These instruments may indeed be helpful to pave the way for issues that are not yet ripe for compromise. As these instruments lack binding effect, however, I am not convinced that they constitute the best legislative approach towards harmonizing the exceptions.¹⁵⁵ Notwithstanding the valid criticism against the use of directives,¹⁵⁶ this instrument should continue to be utilized 'tactfully', if only to counter the current view that efforts to harmonize Europe's copyright landscape are languishing and to allow us to pursue the dream of establishing and achieving a European internal market in the field of copyright (exceptions).

digital_libraries/index_en.htm and the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Creative Content Online in the Single Market of 3 January 2008, COM (2007) 836 final. This latter document is accompanied by a Commission Staff Working Document (SEC (2007) 1710 – 3 January 2008), which provides a good overview of challenges and initiatives that will be addressed by the Commission in the coming years.

¹⁵⁴ Obviously, it will be necessary to overcome objections to the EU's legislative competence with regard to copyright in general and exceptions in particular in the light of the EC Treaty. An examination of these (major) obstacles goes beyond the scope of the present study. For more details, see e.g. IVIR report (2006), *supra*, at 221 and Hilty (2004), *supra*, at 762–3 and 770.

¹⁵⁵ Cf. IVIR report (2006), *supra*, at 217.

¹⁵⁶ See *ibid.*, 211–12, which explains how previous Directives have involved considerable expense in terms of time, public finance and other social costs as well as an enormous burden on the legislative apparatus of the Member States.

14 Private copy levies and technical protection of copyright: the uneasy accommodation of two conflicting logics

*Séverine Dusollier and Caroline Ker**

Introduction

The recourse to technology in the protection of digital copyrighted works has raised many questions. Some of these have been discussed at length, for example, the adequate scope of the legal protection of such technical measures against circumvention, the relationship between technical protection and copyright exceptions.¹ Other issues, such as the interoperability of technological protection measures or the inhibition of a normal playability of the work, are emerging both in the lawmaking and the scholarship arenas. Amongst those (so far) less discussed matters, lies a peculiar provision of the European Directive of 22 May 2001 on the harmonisation of copyright in the information society that requires Member States to take into account the development of technological protection measures (hereafter TPM) when determining the regimes of levies associated with the private copy exception.

Considering a possible link between TPM and the private copies levies seems at first sight a rather logical and merely technical process. When a technical device prevents the very making of a copy, the compensation that is collected for the possibility of making such a copy arguably loses its justification. Should the overall number of private copies decrease by reason of the increasing distribution of works wrapped in technical formats disallowing their reproduction, the amount of levies compensating the prejudice incurred for the rights owners would normally decrease accordingly.

However, the application of TPM and the level of private copy levies are

* This chapter is based on the results of a study commissioned by the Belgian Ministry of Economy on the consideration of technological measures of protection of copyright and levies system for private copying. The study, completed in December 2007, is not yet publicly available.

¹ On technological measures in copyright, see S. Dusollier, *Droit d'auteur et protection des oeuvres dans l'univers numérique*, Bruxelles, Larcier, 2nd edition, 2007; E. Becker et al. (eds.), *Digital Rights Management – Technological, Economic, Legal and Political Aspects*, Berlin, Springer-Verlag, 2003.

not strictly communicating vessels. Difficulties arise when looking at the practical implementation of such a rule, what has been in a first stage called the ‘phasing-out provision’,² as if the notion intended to indicate that the development of anti-copy mechanisms would progressively mean the relinquishment of the levies system. This chapter aims to analyse the European mandate for considering the technological measures protecting works against copying and the levies system, and ultimately at underlining the inherent contradiction of these two different logics.

We will first recall the foundations and operation of the private copy and of the system of levies in the European context (Section 1). Then, the principle of the so-called phasing-out provision and its characteristics will be assessed (Section 2). The phasing-out confronts the TPM and the levy system, which gives rise to some intricate issues (Section 3). In the last part of this chapter, we will propose a methodology, albeit partial, to carry out an adequate consideration of the presence of technological measures in the levies schemes with due attention to the rights and interests of authors and other copyright and related rights owners (Section 4).

1. The private copy and the regime of levies

1.1 The origins of the levy system

In the early 1950s, technical progress in methods of reproduction gave birth to the private copying exception.³ The advent of reprography and sound recording equipments enabled users to make copies of works, first literary and sound works, and eventually audiovisual ones, with great ease and of a passable quality. Very rapidly, copyright owners saw in this easy copying capacity and in this new role taken by the end-users of copyrighted works, a worrisome threat to the economic exploitation of their works.

A case involving a copy made within the private sphere was brought before the German Supreme Court as early as 1955.⁴ Albeit there existed, in German law, a limited exception for private copy, the Court held that such an excep-

² See C. McCreevy, ‘Address to the EABC/BSA Conference on Digital Rights’ Management’, 12 October 2005, available at <http://ec.europa.eu/commission_barroso/mccreevy/docs/speeches/2005-10-12/euam_en.pdf> (15 January 2008).

³ On the history of and the rationale for the private copying exception and the levies, see B. Hugenholtz, L. Guibault and S. Van Geffen, ‘The Future of Levies in a Digital Environment’, Amsterdam, Institute for Information Law, March 2003, p. 10, available at <<http://www.ivir.nl/publications/other/DRM&levies-report.pdf>> (15 January 2008).

⁴ BGH, 24 June 1955, *Mikrokopien* [1955] *GRUR*, p. 546. See also, BGH, 29 May 1964, *Personalausweise*, [1965] *GRUR*, p. 104.

tion had to be reconsidered in the light of the new technological development. It recalled that, as a principle, copyright did not stop at the threshold of the private sphere of users. However, protection of privacy stands as an obstacle to any copyright enforcement within that sphere. This case law prompted the German lawmaker, soon to be followed by other countries, to enact a new exception allowing for the private reproduction of works in the private sphere and for a strictly personal use.

It was indeed noted that the authors' confirmed power of decision on those copies was revealed to be ineffective since they took place in the private sphere of the user. The practical impossibility for an author of actually preventing the making of a copy by a user or for a transaction to take place to authorise such a copy in exchange for remuneration, suggested that a limitation to the rights of the author be recognized.

A primary justification for the private copy exception was thus based on market failure consisting in the unfeasible transaction between the author and the user regarding private copies. Privacy concerns also contributed to the enactment of the exception, as only intrusive means of control could contribute to restoring (albeit in a rather inoperative manner) the control of the authors over private acts of reproduction.

The economic loss resulting from the exception for copyright owners was compensated, in many European States, by the setting up of a levy system. Such a system imposes the collecting of a levy on blank media and/or copying devices acquired by users, as an indirect compensation for the copies made with such supports or equipments. In the recent European Directive on copyright in the information society, the Member States that provide for the private copy exception are required to organise a fair compensation for such copies, which can take the form of a levy system.⁵ Beyond that reference and suggestion, the levy systems for private copy are not harmonised at the EU level despite some attempts to that effect. The basis of the levy (copying devices and/or media on which it is levied), its amount, the person who has to pay the levy, as well as the distribution keys and methods, differ from one country to another.⁶

⁵ S. Bechtold, 'Directive on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society', in T. Dreier and B. Hugenholtz (eds.), *Concise European Copyright*, The Hague, Kluwer Law International, 2006, p. 373.

⁶ For a comparative analysis of existing systems of levies in national laws, see S. Martin, 'Summary of the National Reports on the Questions Concerning the Regime of Private Copying in the Analog Domain', in *Creators' Rights in the Information Society*, Proceedings of the ALAI Congress, September 2003, Budapest, KJK-Kerszov Legal and Business Publishers Ltd., 2004, p. 206; W. Wanrooij, 'Remuneration Systems for Private Copying'; *ibid.*, p. 371.

From an economic point of view, the establishment of a levy system has permitted the creation of revenue for authors and other rights holders for such private copies, whereas the reproduction right was revealed to be totally fruitless. Private copies remuneration now amounts to a significant part of the revenues of some authors and, particularly, of performers, whereas this remuneration should normally be only additional to their primary sources of copyright revenues.

1.2 The characteristics of the levy system

A levy system does not aim to provide right holders with direct remuneration for the private copies that are made from their works. Indeed, the levies cannot be considered as the financial counterpart of the private copies realised, but are only a feeble substitute.

The levy system was conceived as a global compensation for the limitation made to the exclusive right to authorise the reproduction of works and other subject matters, when occurring within the private sphere of the users. Levy schemes seek to roughly compensate the global prejudice constituted by the exception and the resulting loss of monopoly and revenues for right holders.

This difference between a direct remuneration (which can only be achieved by the exercise of an exclusive right) and an indirect compensation (which intervenes when the exclusive right has been amputated) has many consequences.

It explains that the levy system is a form of rough justice, which cannot attribute to each author whose works have been copied the exact remuneration she could claim. The collected sums are justified by the inhibition of the right to prevent the making of private copies, which entitles the right holder to be compensated as an author, producer or performer whose rights have been limited, and not because of the private copies effectively made of works or other subject matter.

The levies paid by users when purchasing a blank medium or a recording device are equally abstracted from any private copy that they might carry out. Hence, the 'tax' is levied on any sale or importation of the media or devices concerned, irrespective of their actual use for private copying. Similarly, the amount of the levy is determined independently of the number of copies realised by the user with such material.⁷

Consequently, the fact that a levy has been paid by the users of a work

⁷ This is not inconsistent with linking the rate of the levy applicable to a blank medium to its recording capacity, as this variable arises from equity concerns. It may indeed be fair that the users who may make more private copies contribute in a greater manner to the compensation of the global prejudice due to the exception.

does not grant them a 'right' to that copy. The source of such a legal privilege (to avoid using the ambiguous terminology of 'right'⁸) is the copyright law itself when an exception for personal reproductions is provided for. This was recently confirmed by Belgian and French jurisdictions, which refused to grant a 'right' to the private copy to users on the ground of payment of the levy.⁹ Besides, the user is not entitled as a matter of principle to claim reimbursement of the levy he paid, even if he does not make any private copy with the acquired media or device. By paying the levy, the user participates in a solidarity system compensating for all private copying made on a specified territory.

Finally, the level of levies is normally determined by a collective negotiation between all stakeholders, whereas the exercise of exclusive rights is individual. It follows that the collection and repartition of the levies has to be organised collectively, generally by a collecting society, on behalf of all beneficiaries of this right to compensation.

The source of this approximate remuneration, explained as a mere compensation for the harm that the legal recognition of the private copy causes to the rights holders, is thus not to be found in the individual copy as allowed by the law, but in the global prejudice resulting from all private copies made by the users of copyrighted works.

The compensative nature of the levies is confirmed by the international and European legal framework.

At an international level, the levy system aims at complying with the so-called three-step test of the Berne Convention for the Protection of Literary and Artistic Works, which requires the exception provided by countries not to *unreasonably prejudice the legitimate interests of the author*. The establishment of a levy system is considered to provide an answer to that requirement,¹⁰ as it diminishes the prejudice of the author by providing a financial compensation. It is a matter for lawmakers to assess the prejudice created by each exception they enact and to set up a levies scheme or other form of compensation, when this prejudice, if left uncompensated, would be unreasonable.

⁸ L. Guibault, *Copyright Limitations and Contracts: An Analysis of the Contractual Overridability of Limitations on Copyright*, Information Law Series, The Hague, Kluwer Law International, 2002, p. 90.

⁹ In Belgium, see Civ. Bruxelles (cess.), 25 April 2004, *Auteurs et Media*, 2004, p. 338, note S. Dusollier. In France, see Paris (4^{ch} chamber A), 4 April 2007 (*Mulholland Drive*), *Communications – Commerce Electronique*, May 2007, p. 34, note C. Caron.

¹⁰ M. Senftleben, *Copyright, Limitations and the Three-Step Test – An Analysis of the Three-Step Test in International and EC Copyright Law*, Information Law Series, The Hague, Kluwer Law International, 2004, p. 237.

Besides the explicit inclusion of the three-step-test, the European Directive on copyright in the information society particularly stresses levies as a form of compensation for acts of private reproduction. Article 5(2), which allows Member States to provide for a private copy exception, also requires that a fair compensation be associated therewith. Recital 38 states that such a fair compensation can take the form of 'remuneration schemes' whose purpose is 'to compensate for the prejudice to right holders'. Recital 35 expands on that compensatory feature of the levy systems by stating that 'a valuable criterion [when determining the form and level of the compensation] would be the possible harm to the right holders resulting from the act in question'.

The 2001 Directive has recourse to the term 'compensation' when former EU legislation, as well as national laws,¹¹ sometimes refers to 'equitable remuneration'. In a decision of 6 February 2003,¹² the European Court of Justice interpreted the notion of the right to equitable remuneration enjoyed by performing artists and producers regarding the broadcast of phonograms. The Court ruled that the concept of equitable remuneration had to be 'in the light of the objectives of Directive 92/100 (. . .) viewed as enabling a proper balance to be achieved between the interests of performing artists and producers in obtaining remuneration for the broadcast of a particular phonogram, and the interests of third parties in being able to broadcast the phonogram on terms that are reasonable'. That case law seems to consider that the right to remuneration provided for by the Lending and Rental and Neighbouring Rights Directive does not have a compensatory nature per se but constitutes rather a direct remuneration for acts of use of the phonograms. One cannot infer from that ruling a clear definition of the levy system for private copies, even though most EU laws use the terminology 'right to remuneration' rather than 'fair compensation'. However, the ECJ stressed that the equitable character of the remuneration for a use covered by a limitation to copyright may be assessed in the light of the 'value of that use in trade',¹³ which brings the notion of 'equitable remuneration' closer to that of compensation: the standard of the value of the use mentioned by the court echoes the criterion of the potential economic harm referred to in the 2001 Directive.

¹¹ The terminology of 'right to remuneration for private copy' is used in Belgium and France for example.

¹² ECJ, 6 February 2003, *Stichting ter Exploitatie van Naburige Rechten (SENA) v. Nederlandse Omroep Stichting (NOS)*, C-245/00, *Rec. ECJ.*, 2003, p. 1251, § 36.

¹³ *Ibid.*, at 37: 'As the Commission points out, whether the remuneration, which represents the consideration for the use of a commercial phonogram, in particular for broadcasting purposes, is equitable is to be assessed, in particular, in the light of the value of that use in trade.'

The level of the levy system should reflect the scale of use of the exception. The more numerous the uses exempted from authors' control are, the higher the global sum to compensate this amputation of their rights should be. Nevertheless, the levy, being not a remuneration for the use, will never amount to the exact economic value of the copy. The levy system is then not to be interpreted as providing an economic counterpart for those acts or copies themselves.

1.3 The evolution of the private copy exception

In the early 1990s, new technical progress challenged the private copying exception in a twofold way. On one hand, the capacity to make digital reproduction of works, increasingly within anyone's reach, now enables users to easily make copies of perfect quality at a low cost. Private copying, when it occurs in a digital format, likely harms the economic interests of the copyright owners to a larger extent than analogue reproduction.

On the other hand, the advent of technical protection measures (hereafter 'TPM') that hinder the reproduction of content has been said to restore the control of authors over copies made in the private sphere. This newly regained control of rights holders over the use of their works has led some to allege that the exception has lost its justification, market failure having been solved by technological measures, and that the reproduction right, which has recovered its efficiency, should be restored over private copies.¹⁴

The unprecedented quality of the copy and the technological enforcement of the reproduction right could have led to the suppression of the exception altogether. Although some proposals to that effect were made in the adoption process of the Directive on the harmonisation of certain aspects of copyright and related rights in the information society, article 5(2) finally maintains an optional private copying exception, encompassing both analogue and private copying, as it was also considered to contribute to balance right holders' and users' interests.

The condition of the preservation of the exception is however that fair compensation has to be organised by law and that the latter takes into account the possible application of technological measures having an effect on the

¹⁴ T. Bell, 'Fair Use v. Fared Use: The Impact of Automated Rights Managements on Copyright's Fair Use Doctrine', *NCL Rev.*, 1998, vol. 76, p. 584; M. Einhorn, 'Digital Rights Management and Access Protection: An Economic Analysis', in *Adjuncts and Alternatives to Copyright*, ALAI Congress report, 13–17 June 2001, New York, ALAI-USA, Inc., 2002, p. 94; A. Strowel, *Droit d'auteur et copyright – Divergences et convergences*, Bruxelles and Paris, Bruylant/LGDJ, 1993, p. 646 (admitting that technical progress may solve the transaction cost issue and allow the substitution of a voluntary licence regime for the compulsory licence regime).

private copy. This relationship between private copy levies and technological measures of protection has been called the ‘phasing-out’ provision.¹⁵

2. The phasing-out rule

2.1 *Justification and legal framework*

The coexistence of a system of levies with the application of TPM to certain works engenders a practical issue. When a technological measure is affixed to a copy of a work and prohibits the reproduction thereof, no private copy can be made of such a work. On a global scale, the deployment of anti-copy mechanisms is likely to reduce the number of private copies made by users. Whereas the levy system globally compensates the absence of control over copies made within the private sphere, the TPM restores such control, irrespective of the legitimacy of the private copy.

Since the collected levies are deemed to compensate the prejudice of the copyright owners due to those copies they cannot prevent, it might seem unfair that the amount of levies does not change while the number of copies is decreasing. The system of levies, as we have seen, reflects the number of copies that are made outside the exclusive rights arena, by reason of the exception granted to users. Consequently, even though the system can only be based on rough justice and does not correspond exactly to the remuneration that the author could get through exclusive rights, the levies should amount to an approximate evaluation of the global prejudice endured by the right holders.

Users may also feel that the levies they have paid become unjustified when a TPM effectively deters the making of private copies. Two hypotheses can be distinguished. Either a technical system totally prevents a user from making a copy of a work or it allows the copy against remuneration. In the first case, the user of the technically protected work might feel that she is paying, through the levy paid when acquiring blank media or a recording device, for a copy that she is not entitled to make; in the second, that she has paid twice for the same copy. In all these circumstances, the levy system may likely cause the impression of an undue or double payment in the user’s mind. In both cases, the prejudice resulting from the private copy exception decreases either since no copy can actually be made or since the copy does not harm the copyright owner who has been remunerated for that copy through the operation of the technological measure, the prejudice having been internalised by the latter.

¹⁵ J. Reinbothe, ‘The Legal Framework for Digital Rights Management’, *Digital Rights Management Workshop*, Brussels, 28 February 2002; J. Samnadda, ‘Technical Measures, Private Copying and Levies: Perspectives on Implementation’, in Tenth Annual Conference on International Intellectual Property Law & Policy, Fordham University School of Law, 4–5 April 2002.

This objection has inspired the so-called *phasing-out* provision of the Directive on copyright in the information society, which requires Member States that recognize the private copying limitation to take into account the application or the non-application of technological measures in the compensation system they are bound to establish. This underlined relationship between the deployment of TPM and the level of levies appears in article 5(2) of the Directive, which deals with the private copy exception, as in recitals 35 and 39. Most EU Member States have transposed this provision into their laws. Fewer are the countries who have effectively started to consider the technological measures in their levy schemes.¹⁶

2.2 *The characteristics of the phasing-out principle*

It should first be stressed that the phasing-out rule should not be understood as a pretext for dismantling the levy systems, however discredited they are by some stakeholders, notably by the electronics manufacturing industry. The phasing-out provision does not require the Member States to abolish their levy systems, in the short or long term. In fact, the Directive does not even prefer the TPM over the levy systems.

In recent interventions, EU officials have confirmed that the ultimate objective was not the progressive suppression of the levies regimes, contrary to what the terminology of the ‘phasing-out’ seems to indicate.¹⁷ According to those interventions, the purpose of the phasing-out provision would be to abolish the obstacles to the economic development of the information society content services. The new technologies give the content retailers the means to design distribution schemes built on a better refined definition of the service offered. Those services may therefore embrace copies of the works those services give access to. In the Commission’s view, the coexistence of levy systems may threaten the attractiveness of those services because they may make them appear as requiring a payment or preventing the making of a copy whereas the users think they have already made such a payment when purchasing blank media or devices.

As a result, the phasing-out rule should not act as an incentive for the copyright and related rights owners to opt for TPM, for fear of losing levies revenues. We have seen that the digital private copy could have been outlawed due to the development of technological measures that, for some, ‘cure’ the market failure of the exceptions. This option was not followed by the EU lawmaker, rightly in our view. Likewise, technical mechanisms prohibiting

¹⁶ With the notable exception of Belgium which has started to envisage an adequate methodology to address the relationship between levies and TPM.

¹⁷ McCreevy, *op. cit.*

copy should not suppress the levies altogether. The exclusive right of reproduction will not be restored over the exception, by the mere availability of technological measures of protection. Should it be the case, the rights holders would be strongly compelled to distribute their works in a locked-up format to avoid the application of the exception and to regain an extended reproduction right. The *existence* of the private copying exception remains, even though its *exercise* can be hampered by a technical lock, whose intervention will only influence the levies collection.

The Communication of the EU Commission of 2004 on copyright management also stresses that ‘in their present status of implementation, DRMs do not present a policy solution for ensuring the appropriate balance between the interests involved, be they the interests of the authors and other right holders or those of legitimate users, consumers and other third parties involved (libraries, service providers, content creators . . .) as DRM systems are not in themselves an alternative to copyright policy in setting the parameters either in respect of copyright protection or the exceptions and limitations that are traditionally applied by the legislature’.¹⁸ The different interests safeguarded by the levies schemes would thus entail that the application of technological measures on protected works and other subject matter is but one factor in the determination of the method and level of the compensation for private copy.

Lastly, the notion of redundancy or of a double payment that is quite often used to describe the phasing out rule¹⁹ is largely misleading. The term ‘payment’ arguably refers to a direct remuneration for a determined use, which the levy is not, as seen earlier. As the direct cause of the levy is not the right nor the privilege to make a copy for a determined user but the existence of a prejudice resulting from the private copy exception in copyright laws, which has to be compensated, the technological measures pertaining to works do not suppress the cause of the levies, they only change the extent of the harm which justifies the collection of levies and their scale. Therefore, consideration of the TPM in the levies regime entails evaluating the prejudice caused by private copying as legitimated by the law, and its modification under a technically protected environment. This evaluation of the overall exercise of private copying should be the key criterion when assessing the impact of the TPM on the levy system.

¹⁸ Communication 2004/261 from the Commission to the Council, the European Parliament and the European Economic and Social Committee on the Management of Copyright and Related Rights in the Internal Market, 19 April 2004, point 1.2.5.

¹⁹ Bechtold, *op. cit.*, p. 375; Hugenholtz et al., *op. cit.*, p. 32.

3. Some conundrums brought about by the phasing-out principle

Mirroring the deployment of TPM upon the effectively made private copies and the levies associated thereto reveals a great number of puzzles. Two contradictory logics are indeed conflicting, making rather uneasy the effective implementation of a straightforward interaction between technological protection and compensation for private reproduction.

The levies regime relies on the principle of rough justice: a fair compensation balances a prejudice collectively endured by rights holders. Its evaluation can be nothing but global, approximate and collective; it cannot remunerate the copyright owners for each copy that might be made. The basis on which compensation is levied is arbitrarily chosen, though a link with a potentiality to make a copy is present. The remuneration for private copy is therefore not directly connected with the copy that is actually carried out.

Conversely, technological measures apply to single copies of the work and to an individualised act of use. An anti-copy mechanism prevents or allows against remuneration the making of a copy on a determined blank medium or with a reproduction device for which a levy has probably been paid. To some extent, technological measures consist in the exercise of exclusive rights, such exclusivity being the opposite of the compensatory nature of the right organised by levies structures.

The two schemes are largely opposed: a regime of compensation for a collectively endured prejudice (levies) versus the authorisation or prohibition of an individual prejudice (TPM); a potential copy (levies) versus a copy that is effectively made or inhibited (TPM); devices or media liable to remuneration for their potential, but unverified, use (levies) versus the effective implementation and operation of TPM.

These two conflicting logics raise a number of puzzles which make it difficult to reconcile technological measures of protection and the levy system.

3.1 The consideration of TPM amongst other factors influencing private copying

A first issue results from the departure point of the levies regime. Based on the potential for prejudice constituted by the private copies that could be legitimately made, the practical organisation of the levies collection should, as a matter of principle, follow an evaluation, albeit essentially approximate, of such prejudice. This explains the determination of media and devices upon which the levy will be collected, as potential means for copying, as well as the level of levies to be collected and the different rates established, depending on the countries, according to the recording capacity of such media or devices.

Ascertaining the influence of TPM on this global regime of levies would normally entail an assessment of the difference brought about by the technical prohibition of copying in terms of the prejudice. In practice two evaluations of

the prejudices should exist, the first being made before TPM, the other after TPM.

This evaluation should however take into account all modifications of the prejudice, that is, anything that has an effect on the practical capacity and perceived need to make private copying. TPM not only intervene as direct inhibitors of the copy, but belong to broader changes in business models of exploitation of protected content. Variations of private copying are likely to occur, not only as a consequence of the presence of a technological prohibition but for other reasons as well. For instance, private copying is certainly increasing in the digital environment, for the copy is now made easier and cheaper, and the available content is becoming more and more profuse. In opposition, some business models can reduce the number of copies being made by the users, by providing the work when and where needed, reducing the usefulness of a permanent copy of the work.

Considering that the application of TPM will forcefully diminish the number of private copies may be easily contradicted if one looks into a more comprehensive analysis of the changes brought about by the digital developments. Applying the phasing-out provision by limiting oneself to consider the revenues or exclusivity regained by the interaction of technological measures would infuse a remunerative logic into the levies system, which will then be very difficult to manage without some level of inconsistency.

3.2 The need to focus on the benefit of the authors and performers

Digital Rights Management mechanisms have been advertised as enabling the copyright owners to effectively monitor and manage the uses of their works. Authors, we are told, will soon be able to ask for a remuneration for each use, including each copy, made of their creation. The rule of phasing-out implies that, when a remuneration is asked of users for acts of reproduction, such remuneration is redundant with the levy possibly paid by the user. The levies system should then take that DRM-managed payment into account.

As to authors or performing artists, DRM might not be the panacea that some promote. In most cases, those primary rights owners have waived their rights to producers and other exploiters of their works or performances, and all decisions related to exploitation, including the application of technical protection, are beyond their control. Therefore, should a control of exploitation be regained through the operation of TPM, it would certainly not be for the benefit of the authors and performers, which seems not unfair, considering that the economic rights are now held by others.

However, some countries impose that the authors and performers, as weaker parties in copyright negotiation, be the primary beneficiaries of the compensation resulting from the private copy exception, notably by granting them an unwaivable right to an equitable remuneration for private copying.

When remuneration is paid to get access to the work and to make copies thereof, that payment might be redundant with the levy but it will not eliminate the prejudice endured by the holders of the right of compensation for the private copy, particularly when that right is unwaivable, if they do not see a penny of the money collected by the DRM. Even when the author is legally entitled to waive her right to remuneration for private copies, the remuneration managed by the DRM can be of benefit only to a mere distributor of protected works who is not entitled to such right of remuneration.

We would be of the opinion that the remuneration paid by users as a counterpart to the technical possibility of the copy should be deemed as having an influence on the levies regime only if it can be proven that this remuneration effectively, even partially, benefits the holders of the right of compensation for private copy, be they the producers, authors or performers. If not, prejudice would subsist for those rights holders and would not be compensated by the operation of the TPM.

This leads to a difficulty for it could seem unfair for the user who has indeed paid twice and is not aware of the final recipient of the remuneration said to relate to the possibility of making copies. This demonstrates, once more, that the deployment of technological measures in the protection of works might be more beneficial to exploiters and distributors than to creators themselves.

In order to tackle this perception of unfairness amongst consumers, the phasing-out implementation could well decide that the levy should reflect any double payment of the copy, regardless of who will actually enjoy the remuneration collected by the TPM. This would run afoul from the protection of authors that is at the core both of the copyright regimes (more accurately of the 'author's rights' ones) and of the levy systems.

A better solution would be to insist on the need to associate authors with the application of technological measures as to their works so as they could effectively benefit from the revenues yielded by such systems. In the long term, the revenues collected by TPM being partially enjoyed by authors, one could consider that this payment is redundant with the levies. A promising, though imperfect, example to that effect can be found in French copyright law where a provision requires explicit mention in the contract between authors and producers of the possibility to exploit the works with recourse to TPM.²⁰ Regrettably, such a mandate does not contain any sanction or remedy. However it could generalise a practice of laying down, in copyright contracts,

²⁰ Article L. 310-9 of the French Intellectual Property Code. See A. Lucas and H.-J. Lucas, *Traité de propriété littéraire et artistique*, Paris, Litec, 2006, 3rd edition, p. 600, n. 873.

the exploitation in technologically managed models whose remuneration should be fairly divided amongst the creators and the producers or distributors of works.

Not focusing on the adequate benefit of the authors, collective compensation would disappear and leave room for a possible increase of exclusivity over creative content and remunerations that would nonetheless be enjoyed only by exploiters of the works, whereas no significant decrease of private copying could be proven. That would accelerate an evolution of copyright towards an author's right without any author, which has regularly been denounced by copyright scholarship.

3.3 *The scope of the private copy either levied or technically conditioned*

The levy schemes compensate the loss resulting from the private copies made by users, as permitted by the law. This system, which provides some sort of remuneration, albeit minimal, to authors, producers and performers, is limited to the private copy exception. Its effect should not go beyond the legally defined scope of the exception, which means that the levy cannot act as a remuneration for copies not included in the exception realm.

Therefore, the levy system may not serve to remunerate copies or uses that are made illegally.²¹ This might seem unfair since the copyright owner whose works are copied with no authorisation or legal ground in cases where enforcement is difficult to achieve, as in peer-to-peer networks,²² will be in a worse situation than in the case of a legitimate private copy, for which he receives at least some form of compensation. The indiscriminate collection of the levy and the globally made estimation of the copies somewhat conceals the difficulty of establishing a link between the levy and the legitimacy of the copies effectively made. This results from the necessarily rough evaluation of the private copying activities on which the levies system is based.

Conversely, technological measures of protection prohibit or control one act of copy that can be determined and circumscribed. The analysis of what the TPM authorise or prevent could then be more accurate. In other words, whereas the levy system is roughly adjusted to a presumed number of copies, with no possibility of assessing the reality of copying and the practices of

²¹ A. Lucas, 'Observations to the Summary', in *Creators' rights in the information society*, *op. cit.*, p. 605; Hugenholtz et al., *op. cit.*, p. 32.

²² Such an example does not indicate what should be the legal treatment of copies made when downloading works from peer-to-peer networks. The possible application of the exception of private copy to these remains a tricky question, which can also vary from one country to another and in the way the exception is phrased in the copyright law.

users, the role of the TPM, not in terms of the overall copies effectively made, but in terms of what reproduction a determined system can encapsulate, is easier to measure.

When considering the possible effect of a technological measure on the private copy, a first step should thus consist in identifying if the copy inhibited or allowed can qualify as the copy covered by the legal exception. Indeed, it will not be sufficient that the TPM is said to prevent an act of reproduction to conclude that an act of private copy should be subtracted from the overall prejudice endured by the right holders and that the level of levies should subsequently decrease. The reason for this is that TPM generally belong to larger technological and/or business models specifically developed and enabled by digital development where the act of reproduction can have a different legal meaning.

For instance, the acquisition of a digital work, when occurring on-line, will require the user to materialise her purchase, whether on a computer hard disk, on a CD or on any other media or equipment. Contrary to the acquisition of an analogue work where a hard copy is provided to the user, as far as provision of digital work is concerned, the user has to make her own copy of the work. Technically this act of first fixation is a reproduction in the copyright sense, but is one that is authorised by the copyright holder and included in the overall price paid by the acquirer to get access to the work. We have seen that when such copies are allowed by a TPM against some fee, consideration should be given to reducing the level of levies globally collected. However, such reproduction is not a private copy for which a levy should be due, both since it is authorised by the right holder and because it is not, strictly speaking, a private copy, but the necessary embodiment of the work in a physical form.

This certainly holds true for many first fixations of works acquired in digital networks, but it can also be the case for subsequent copies when those are indispensable to normally enjoy the work. While the possession of a musical CD enables the user to listen to that CD on many devices, a work acquired on-line will necessitate the making of different copies, on the many devices on which it can be played. Are all those copies, albeit carried out within the private sphere, to be considered as private copies to be compensated by a levy?

When some uses of the work, not in themselves prohibited by copyright law or by the author, are conditioned upon a reproduction of a work, should not such reproductions be legitimate? This is a reflection that has already been made in the temporary copy discussion: technical acts of fixation, transient or ephemeral, should be included in the normal use of the work and legitimised, either through a rule of exceptions, as was the choice of the EU lawmaker, or as an act exceeding the public exploitation of the work, as

advocated by eminent scholars.²³ Inspired by the exception allowing for temporary copies of digital works when required for their normal use, some countries, such as Belgium or France,²⁴ have required that the technological measures do respect the normal use of the work by the user. These new provisions, limited to the operation of the TPM, have however introduced a new notion in copyright laws, that of the normal use of the work, which could form a new basis for the reassessment of the private copying exception.

Indeed, the phasing-out rule seems to assume that all technical fixations in some way controlled by a technological measure and occurring in the private sphere are private copies. That would lead to a discrepancy between the newly determined level of the levies and the prejudice effectively incurred for the copyright owners. Actually, one could consider that no levy should be set for those copies justified by normal use of work legitimately acquired by the user, as they do not worsen the harm endured by the copyright owners nor should they even be deemed to be private copies. When implementing the phasing-out provision of the European Directive, this should be kept in mind.

4. The practical consideration of the TPM in the levy system

Now that we have envisaged the phasing-out rule, its key principles and the issues it might raise when TPM are confronted to the levies, we can address the methodology that could be followed to take into account the presence of technological measures in the private copy regime.

4.1 The triggering point of the phasing-out mechanism

The Directive of 22 May 2001 uses three different formulas to require from Member States consideration of the relationship between levies and TPM. In its article 5(2), one reference is made to the ‘*application or non-application of technological measures to the work or subject-matter concerned*’. Recital 35 of the Directive makes an allusion to *the degree of use* of technological protection measures, whereas Recital 39 makes it sufficient that effective technological measures be *available*. Those three formulas have a different meaning.

Read literally, the criterion of ‘application of a TPM to the work or subject-matter concerned’ appears to imply that those copyright owners who have

²³ Lucas and Lucas, *op. cit.*, p. 205, n. 245; J. Spoor, ‘The Copyright Approach to Copying on the Internet: (Over)stretching the Reproduction Right’, in B. Hugenholtz (ed.), *The Future of Copyright in a Digital Environment*, The Hague, Kluwer, 1996, p. 78; B. Hugenholtz, ‘Caching and Copyright: The Right of Temporary Copying’, *EIPR*, 2000, pp. 482–93.

²⁴ For the analysis of the relevant Belgian and French provisions on normal use, see Dusollier, *op. cit.*, 2d edition, p. 560.

affixed a TPM on their works would not benefit any more from the remuneration right as to these works.²⁵

The standard of application of the TPM, so construed, would in fact raise serious problems of implementation as it would require verifying the presence of TPM on each work released on the national market where the levy regime is organised. Additionally, since all copies (material or immaterial) of a work are not offered via a single distribution path but via different ones, some might have recourse to TPM whereas others do not. Moreover, such an inventory of the technical protected works might be almost impossible to realise as authors may sometimes not even know about the TPM applied to their works as they are seldom associated with such an application, which is mainly operated by entrepreneurs of content provision platforms.

But most important is the fact that such an interpretation of the phasing-out provision is inconsistent with the above-mentioned global compensative nature of the levy system. Such a global nature is as a matter of fact the solution provided to the impossible treatment of individual acts of private copying. Faced with impossible individual control and remuneration of those acts, no direct remuneration system but a collective one could provide a counterpart to acts of private copying. There is therefore no individual economic link between the levy paid by the user when purchasing blank media, the works copied by such a user, and the sums collected through the system by the authors of those particular works. Corresponding to the absence of such an individual economic link is the absence of a legal individual link between the author of a work and a user making a copy of that work. The former is not the creditor of the levies paid by the latter when making a copy of his work. Hence, replicating the presence of a TPM on a determined work in the levy system, by decreasing the levy paid by the user of such a work, would contradict the collective logic that characterises it and would not be easy to achieve.

Because of this logical impracticability, taking the application of TPM into account in the levy system should rather refer to the 'degree of use' of the TPM, which is also referred to in the European text.²⁶

Referring to the degree of use of TPM, alongside their application to works, would mean assessing the extent of use of technological measures to protect works. In practice, assessing the application of TPM by looking at the degree of use involves carrying out a statistical approach to the deployment and use of TPM in markets of exploitation of copyrighted works. The more works are protected against copying in some modes of distribution, the less high the level of levies should be.

²⁵ Hugenholtz et al., *op. cit.*, p. 42.

²⁶ *Ibid.*

A segmented approach, that is, an assessment of the presence of TPM in differentiated markets for copyrighted works (primarily the markets for musical works, audiovisual works, subsidiarily the markets for literary works, visual and photographic works, and others), would allow for more fine-tuning of such degree of use.

Different reasons justify such a sector-based approach. First, it is consistent with the fact the TPM strategies are generally uniform within a given class of works, following the distribution schemes adopted for each particular class of works. Second, a sector-based assessment of the TPM utilisation is also necessary to verify that such utilisation has indeed the consequence of reducing the relative share of the consumption schemes that are typical sources of private copies, among the whole quantity of works utilised. As a matter of fact, a technically protected distribution scheme is likely to achieve a reduction in the number of private copies made (i.e. the sphere of uncontrolled acts of utilization) under two conditions. This protected source of works must come about in place of an unprotected one and it also must be a significant source of private copies (before being partially or totally substituted by the technically protected source of work). Hence it is necessary to measure the dissemination of protected schemes of work distribution per class of work, as this substitution phenomenon naturally occurs within each class of works. For instance, a TPM applied to a literary works distribution scheme will obviously not substitute for a distribution scheme of sound works.

Lastly, the pertinence of such a segmented approach to the market also derives from the fact that it permits integrating the differences in the TPM strategies within each class of works, when distributing the levies collected between those different classes of works. The use of TPM being different from one class of works to another, the allocation of collected levies between the classes of authors should reflect the TPM strategies of the given sector.

To be exhaustive, it should be recalled that a third interpretation of the phasing-out provision has been proposed.²⁷ It would arise out of Recital 39 of the Directive suggesting 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 remuneration schemes, when effective technological protection measures are available’.

However, the object of this recital appears to be the exception itself and has no relationship indeed with the determination of the fair compensation commanded by article 5(2)(b). The irrelevance of the standard of availability also arises from the fact that the sole availability of a TPM does not in itself

²⁷ Hugenholtz et al., *op. cit.*, p. 44.

seem likely to limit the use of the exception, and the subsequent prejudice. It is thus in no position to originate a reduction of the levies.

Most important though is that an available but not applied TPM will not cause an undue payment of a levy. A TPM may be available for copyright owners to apply to their works, yet when not effectively affixed to a work, the making of a copy or the management of remuneration for the copy will not be prevented. Then, the two hypotheses that the phasing-out provision precisely aims to tackle will never occur only because of the mere availability of a TPM. Additionally, opting for such a standard would incite rights owners to distribute their works in a technically protected format, when such options are available, since they will lose the benefit of levies irrespective of their actual recourse to TPM.

4.2 The effect of TPM on the private copying exception

The European Directive requires the taking into account of the technological measures for organising the levies system, but it does not define which technological measures are to be considered. For obvious reasons, only TPM having an effect on the exception will be taken into account. This effect on the exception may be direct or indirect.

Some TPM have a direct effect on the use of the exception, prohibiting the realisation of any private copy or limiting the number of them. A straightforward example is the anti-copy mechanism embedded in DVD, or that formerly used for protecting musical CDs. The new generation of digital format for audiovisual works, the HD-DVD or Blu-Ray, also includes an anti-copy device that can be devised to allow for one copy. Such TPM limiting the number of admissible copies equally reduces the possibility of private copying, albeit to a lesser extent than TPM that inhibit completely the making of any copy. By limiting or preventing the making of copies, those TPM convey control by authors over the acts of reproduction, hence contributing to a reduction in the global use of the private copy exception, as well as the prejudice to be compensated by the levies.

But TPM may also present an indirect effect, sometimes less obvious, on the exception. A first hypothesis is when the TPM withhold payment as a counterpart of the copy to be made by the user.

In most cases, the technological measure belongs to an overall system of distribution of works and management of the prices to pay to get access to works, such as in platforms for downloading music, on-demand video services or pay-per-use models.

From the user's point of view, part of the price she pays to the retailer may appear to be in compensation for the possibility to make copies. This copy-against-remuneration model is the second hypothesis addressed by the phasing-out provision. The user having paid for the copy, it appears to be

redundant with the payment of levies when purchasing a blank media or device. The use of such TPM should therefore entail a reduction of the amount of levies collected. This is recalled by one recital of the European Directive of 2001 that states that: 'in cases where rightholders have already received payment in some other form, for instance as part of a licence fee, no specific or separate payment may be due'.²⁸

However, this effect on the private copy levies should be qualified in two ways. On one hand, the price paid by the user may not be the counterpart of the private copies she will eventually carry out, but a fixed price for access to the work, whatever can be done with that work. Some link between the remuneration paid by the user and the private copies she will make should ideally be established in order to be able to consider that such a fee effectively remunerates for the private copies that the system allows, and not simply for access to the work and for its first acquisition. On the other hand, as we have highlighted above, the remuneration collected by the distributor of the work might not return, even in part, to the copyright owners entitled to the remuneration for private copying. In such a case, the making of the copy still harms the copyright owner, with no compensation, even though the user might perceive that she has remunerated that copy. The royalties allocated to rights owners for the licences they have granted to such forms of exploitation might only cover the remuneration of rights needed to distribute works on-line, but not the private copy.

Reducing the level of the levies in consequence of the utilisation of that kind of TPM may therefore be inconsistent with the rationale of the phasing-out provision which requires only the payments that would provide compensation to the authors and other rights holders be taken into account.

This inconsistency concerns the logic of the levy system itself: if the TPM does not permit authors to get remuneration as a counterpart of the acts of use of their works, this TPM does not convey restored control over the acts of private copies. There is no reason then to diminish the remuneration they receive from the levy system, as such a reduction should only occur when the prejudice endured by the authors has equally decreased.

The second kind of indirect effect happens when the business and technical model of distribution of works undermines the attractiveness or usefulness of private copying. New digital modes of exploitation of copyrighted works may indeed provide the work with an unprecedented set of possibilities as to the format in which the work can be listened to or viewed, the time or the place. For instance, pay-per-use provision of works may induce the consumer to get access to the work whenever he wants to use it, with no need to get a perma-

²⁸ Recital 35.

ment copy thereof. Some digital television services broadcast some programmes several times at different times, even on demand in some cases, or offer a catch-up option that gives the user the possibility to postpone the viewing of a programme.²⁹

The indirect effect on the exception resulting from all these models consists in the fact that they may reduce the interest of realising a private copy for time-shifting, format-shifting or portability reasons. When works are exploited in models where more options of access to works are provided to the user, it will diminish the number of private copies that the user used to carry out either to play the content at another time (time-shifting) or to have different copies of the work to get access to in different locations (portability) or in different formats (format-shifting). As a whole, with the number of private copies decreasing, the overall prejudice will be reduced as well, which would justify consequences for the regime of levies.

Those types of TPM, or rather the TPM included in such models, should therefore influence the design of the levy system.

4.3 Other factors to take into consideration

In considering the effect of TPM on levies systems, besides the key factors of the degree of use of the technological measure and its direct or indirect effect on private copying, other aspects may be relevant:

- the substitution of a consumption mode that applies a TPM to a mode that does not: the dissemination of the TPM that has an effect on the private copy should be taken into account in the levy system on condition that the media or the distribution mode that uses that TPM does not just come in addition to modes of exploitation that were not protected against copying, but substitutes for them. One example may be found in the development of certain content services for mobiles, which often make use of a TPM preventing the content to be transferred onto another player device. On the hypothesis that these services are used to purchase

²⁹ This interactivity is given by the technical possibility of interrupting the viewing of a programme played at a time fixed by the provider of the service, up to some limited time (e.g. 2 hours). It is usually realised via a temporary recording of the programmes played on the hard drive of the set-top box. It should be noted that this characteristic may imply that such a technical system could be considered as also presenting the above-mentioned indirect effect on the exception (i.e. a TPM that charges the user for the copies he is allowed to make). It may indeed be considered that the recording of the programme constitutes a private copy and that the subscription to the service of television comprises a counterpart to this service of recording.

content on mobile devices, it may be assumed³⁰ that they will not be used as substitutes for traditional unprotected television services, given the fact that mobile services and traditional television services pursue totally different users' needs. The development of protected mobile services may therefore have no effect on the global quantity of private copies made by the users of audiovisual contents, if the consumption of traditional television services is not shrunk by such a development;

- it should also be noted that the repercussions of a TPM on the levy system might also be impeded if its substitution effect is limited to a consumption mode that is equally protected against the copy (e.g. the protected HD-DVD that will likely replace the DVD format). This necessary substitution effect of a protected service or media also implies that, to be considered, a TPM should come as a substitute for a medium or service that is in fact the source of private copying. Radio broadcasting illustrates this assertion. Although the development of protected digital radio services (i.e. streaming) may come to replace the unprotected analogue radio, a diminishing use of the exception might not occur as the latter is no longer a significant source of copying;
- the voluntary measures adopted by the right holders in execution of article 6(4) of the Directive: article 6(4) of the Directive encourages right holders to allow for private copying, despite the presence of a TPM, and allows Member States to set up mechanisms to grant such privilege to users. When right owners or Member States have taken such appropriate measures, private copying can occur, even though it was originally inhibited by the TPM governing the distribution of the work. In that case, the recovered possibility to make a reproduction of the work has the reverse effect on the prejudice to be compensated by the levies;
- the definition of the levy basis (i.e. an inventory of the categories of recording devices and/or blank media that are submitted to levy) can also integrate the fact that a TPM is included in such media or devices. It would then require that the media or device including the TPM would render private copying totally impossible. That might be the case with, for instance, a portable player device that is bound to a content service provider and that makes it impossible to copy all content downloaded on that device. Insofar as all the copies taking place within that content service have been prohibited or compensated through the TPM and if the reproduction feature of the device cannot be used on unprotected content, one would assume that such a device should be excluded from the levy base;

³⁰ Such an assumption should however be confirmed by consumption surveys.

- the variation of acquisition of blank media or recording devices: should the practical possibility of making copies of works diminish due to the operation of anti-copy TPM, the level of levies collected would also decrease. Therefore, the effect of the TPM on the levies might be, to some extent, automatic.³¹ A reduction of the rate of the levies on such blank media would then be redundant. The same is not true for recording devices, as most of the time they have other functions besides copying, nor for media of great capacity of storage (e.g. external hard disk drive) as the amount of units purchased will be less influenced by the number of copies to be realised.

Conclusion

What makes it difficult for the phasing-out principle to fulfil all its promises is the already fragile ground on which it is transplanted. Private copy is one of those areas in copyright that are the most challenged in the digital environment. Yet, for political reasons, it has not been touched by the European Directive on copyright in the information society, whose very purpose was to address some challenges and provide adequate answers to them.

That the adaptation of the levies system is difficult to accomplish in national laws will come as no surprise. The main hurdles or concerns result from the fact that technological measures are not, despite the marketing of the industry, realised by copyright owners, but mostly by mere distributors of digital content, and certainly not by authors or performing artists; that the systems put in place to monitor the usage of the work less and less prohibit the making of copies, but allow them against a remuneration, reduce the need to make such copies, or monitor the making of fixations that can uneasily be qualified as private copying.

For all these reasons, technological measures cannot be said to take over the compensation provided by the levies by substituting for it a plain return of the exclusive right of reproduction. Fields of operation for the compensation ensured by the levy where the author is not entitled to exercise his rights and of the control the latter can assume through technical methods are much more intertwined. The phasing-out provision takes for granted that technique will basically occupy the vacancies left by levies. This is both a simplification and propaganda.

To take a real account of the technological measures protecting works and other subject matter, a preliminary step should be required, that is, an effective assessment of private copying in the digital environment. We would argue that

³¹ All things being equal, since the sales of blank media can increase for other reasons.

this could lead to differentiating more subtly between those reproductions that shall be included within the scope of the exception or those that shall not.

The notion of normal use should namely be investigated so as to create a new exception in copyright law which would permit the reproduction of a work where it is required to normally enjoy it. This new exception would make legitimate all acts of normal use of the work, irrespective of the path they take and the possible technical reproduction they engender. Such reproductions might not be submitted to a levy, according to the three-step test, since they will not cause any prejudice to the copyright owners, being only the normal consequence of the legitimate acquisition of a work for which they have been generally remunerated. That would leave other copies made within the private sphere that may cause a prejudice to the rights holders, still to be compensated by a levy. Only after such a reassessment of digital copying should we look into the effect of technological measures on that second type of copy and report it on the levies system.

This reflection about the private copy should also take place within a broader consideration of the digital exploitation of the work and the part occupied by the levies in the revenues of the authors and performing artists. As clearly pointed out by T. Dreier, 'at any rate, it seems that the question of adequate participation of individual authors in the proceeds of the exploitation of their works cannot be dissociated from the issues of levies and/or DRM'.³² Consumers and the electronics manufacturing industry are pushing for the levies to be suppressed or reduced. This should not be done to the detriment of the creators.

In the absence of such an analysis of private copying and of a proper consideration of the interests of the authors, the phasing-out rule would only be a cure administered to the wrong illness.

³² T. Dreier, 'Summary', in *Creators' Rights in the Information Society*, *op. cit.*, p. 588.

15 Collective management of copyright and related rights: achievements and problems of institutional efforts towards harmonisation

Maria Mercedes Frabboni

Introduction

The European Commission has commented that many aspects of substantive copyright law have now been harmonised and, in order to progress towards a genuine Internal Market,¹ the remaining aspect of intellectual property that needs to be reviewed concerns the rules and conditions of rights management.² When discussing such rules and conditions one should start with the acknowledgement that collecting societies are bodies which traditionally are not only in charge of the administration of rights for certain types of protected works, but also play an active and influential role in the enforcement of the now harmonised copyright provisions.³ Because of such a special role, expectations on the possible initiatives for the harmonisation of rules concerning collective management of rights are high. However, the harmonisation process in its various forms is still characterised by a large degree of uncertainty over the type of initiative that should be undertaken to align some characteristics of collecting societies and ensure that they operate according to common or comparable standards across the EU. Thus, while action at the European level has already started, it is agreed that collective management is still largely a non-harmonised field, where the territorial connotation of copyright instruments remains prevalent⁴ even when copyright-protected material is being transferred via the use of cross-border internet platforms.

¹ Guibault, Lucie and van Gompel, Stef (2006), 'Collective Management in the European Union', in Gervais, Daniel (ed.), *Collective Management of Copyright and Related Rights*, Kluwer Law International, The Hague, p. 118.

² European Commission (2004), 'The Management of Copyright and Related Rights in the Internal Market', (COM (2004) 261 final).

³ Dietz, A. (2004), 'European Parliament Versus Commission: How to Deal with Collecting Societies?', *International Review of Intellectual Property and Competition Law*, p. 817.

⁴ Lüder, T. (2007), 'The Next Ten years in E.U. Copyright: Making Markets Work', *Fordham Intellectual Property, Media and Entertainment Law Journal*, 18, 13–14.

The current level of harmonisation of collective management has been achieved via different instruments of public intervention. They have involved on the one hand the repeated participation of the Directorate-General for Competition and this has led to decisions being taken by the European Commission acting in its capacity as regional competition authority, and on the other hand the contribution of the Directorate-General for the Internal Market, which also exercised its influence with the effect that several documents were issued by the European Commission in its regulatory capacity.⁵

In order to provide a satisfactory picture of the aspects that have been subject to harmonisation it is therefore necessary to consider the two streams of initiatives, which have mainly affected the collective management of rights for musical works and sound recordings. However, before analysing the results and prospects of the activities of the Commission, the issue of harmonisation ought to be contextualised by considering collecting societies as institutions realising efficiencies that the individual management of rights would not be able to generate. Comments on the origin and developments of collecting societies will be followed by a short presentation of the economic arguments behind the emergence and the desirability of collecting societies as instruments of copyright enforcement. An illustration of some of the problems arising from the position that collecting societies hold in the market will conclude the first part of the chapter.

The second section of the chapter will focus on reciprocal representation agreements as the traditional instruments that the market offers to meet the demand for multi-territorial multi-repertoire licences. Comments will be offered on how these instruments spontaneously became the favoured method to respond to the challenges of new technologies. The analysis will consider the issues which were raised following the official notifications of the IFPI-Simulcasting Agreement, the Santiago Agreement, and the BIEM-Barcelona Agreement. The complaint concerning the CISAC Agreement will provide an opportunity for discussion on the effective ability of the societies to actually adapt their traditional instruments for both online and offline exploitation. The final review will be of the Cannes Extension Agreement and will consider how supervision on instruments of cooperation among societies fits with the harmonisation of specific commercial aspects of the exploitation of protected works.

The third section of the chapter will analyse the aspects of harmonisation brought forward at European level, specifically via regulatory attempts of the

⁵ On the possible colliding effects of this co-habitation, see KEA, European Affairs (2006), 'The Collective Management of Rights in Europe – The Quest for Efficiency', p. 19.

Directorate-General for the Internal Market. In the absence of a European Directive addressing collective management of rights as such, the Commission decided to engage in several initiatives aimed at testing the opportunity for precise regulatory intervention, which culminated in a Recommendation being issued in October 2005 and which is now producing its effects and generating varied reactions, for the parties involved as well as among European institutions. A critical analysis of these initiatives provides a guide through the orientation adopted by the Commission towards the introduction of regulatory measures, beside the effort already put into supervising the activities of the collecting societies via competition law. Finally, reflections on the controversy raised by the actions of the European Commission and the corresponding criticism by the European Parliament regarding the Recommendation will provide useful indications on the future prospects of harmonisation for collective management, not only for music exploitation but possibly for all cultural industries relying on the activities of collecting societies.

Emergence and evolution of collective management in the European markets: a mixture of tradition and modernisation

Collective management as a solution towards the full enjoyment of exclusive rights granted under copyright or author's right legislation in Europe is traditionally carried out by the collecting societies, institutions resulting from a strong cultural, social and legal tradition.⁶ Quite appropriately, it is contended that '[n]o work on music copyright is complete without the story of the French composers in the café'.⁷ Such a story dates back to 1847 and tells of two composers, Paul Henrion and Victor Parizot, and a songwriter, Ernest Bourget, who happened to be at a café called '*Les Ambassadeurs*', where an orchestra was playing their works without paying them any remuneration. As a countermeasure to the lack of monetary recognition, they refused to pay their bill for what they consumed on the premises. Hence, they were sued by the owner of the café but they were successful before the court and, as they requested, the owner of *Les Ambassadeurs* was ordered to pay compensation for the music that had been played. The victory obtained by the three creators provided the precedent for the courts to rule in favour of artists whose music was played in public. Shortly after this episode, in 1850, music composers set up their organisation called '*Société des auteurs, compositeurs et éditeurs de*

⁶ Ficsor, Mihály (2002), *Collective Management of Copyright and Related Rights*, WIPO, Geneva, p. 16.

⁷ Frith, Simon (2004), 'Music and the Media', in Frith, Simon and Marshall, Lee, *Music and Copyright*, Edinburgh University Press, Edinburgh, p. 171.

musique’ (SACEM).⁸ This story conveys a meaningful lesson on the justification of collective management but also indicates that, due to the expansion of the range of rights that can generate remuneration for right holders, it is natural that the traditional forms of licensing and monitoring uses, collecting fees and distributing royalties are subject to constant review.

Insights from the economic literature

The historical emergence of collecting societies is often recalled by economists when demonstrating the existence of an economic rationale which led to the development of institutions administering copyright and related rights in specific countries and for specific categories of works. In fact, it is legitimate to pose the question of why, despite the many differences existing in the rules applying to collecting societies and enforced at the national level, collecting societies have ended up developing along similar paths in most territories, not only in Europe but across the globe. The answer, according to a transaction cost analysis, lies in the economies of scale and scope generated within a single institution administering the rights of right holders with similar interests.⁹ More rigorously, ‘administration of copyright of a group of owners increases production efficiency when its cost is lower than that of administering the copyrights of all possible subsets of the same group of owners’.¹⁰ This point is intuitive if one thinks about the cost of managing the rights held in a single protected work in respect of the value of such a work when considered in the context of the worldwide repertoire.¹¹ The argument about efficiencies being created by collective administration is even more compelling when the other side of the coin is considered, namely the risk that, in the absence of collective administration, transactions could not actually take place because of the prohibitive costs of engaging in such transactions. It has been suggested that, without collecting societies, music rights would experience a ‘tragedy of the anti-commons’,¹² where the exclusivity that each individual right holder is granted prevents all the others from entering into an agreement to do business.

⁸ Ficsor, Mihály, *op. cit.*, 19. Daniel Gervais (2006), ‘The Changing Role of Copyright Collectives’, in Gervais, Daniel (ed.) (2006), *Collective Management of Copyright and Related Rights*, Kluwer Law International, The Hague, p. 15.

⁹ For an overview of the economics of collecting societies, see Towse, Ruth and Handke, Christian (2007), *Economic Analysis of Collective Management of Copyright*, Ediciones Autor, Madrid.

¹⁰ Stanley B.M., Kirby, S.N., and Salop, S.C. (1992), ‘An Economic Analysis of Copyright Collectives’, *Virginia Law Review*, 78, p. 383.

¹¹ Katz, A. (2005), ‘The Potential Demise of another Natural Monopoly: Rethinking the Collective Administration of Performing Rights’, *Journal of Competition Law and Economics*, 1(3), p. 545.

¹² Katz, A., *op. cit.*, p. 559.

It is claimed that a coordination mechanism is therefore necessary to avoid the complete absence of transactions and the social cost associated with it.

Economic theory, however, also teaches that the aggregation of power in a few hands entails costs (both expected and real) which need to be systematically compared with the costs of operating alternative solutions. If one accepts that the option of direct management by individual right holders was traditionally not available at the time of the establishment of collecting societies, it means the costs related to not having collecting societies were definitely higher than the costs generated by centralising rights in the hands of an agent in charge of enforcing those rights and defending the interests of the delegating individual or company. Yet markets and regulation had to find some method to minimise the latter category of costs, in order to ensure that the maximum level of remuneration was returned to members of the society.¹³ National and regional authorities had and still have to look for those methods, and act to correct the market failures that collective administration is always likely to generate.

Choosing the optimal method of external control: national versus regional authorities

Control by the public authorities for the achievement of the highest level of efficiency for collecting societies has mainly been exercised by national powers, for example via the imposition of rules of establishment, the requirement to submit tariffs to a public body for approval, the presence of designated institutions to solve disputes that may arise internally between the collecting society and its members, or externally between the society and its users.¹⁴ These are only some of the aspects that, to varying extents, have been regulated either under national copyright law or under other specific measures, and directly apply to the national collecting societies in their specific countries. Within Europe, following the harmonisation of competition principles, the different competition laws of the countries in question also allow the national authorities to exercise an additional form of control. Given that elements of control are already in place, it is legitimate to question the reason for the call for harmonisation of collective management across Europe following the harmonisation of most aspects of substantial copyright law. In answer to that question, it is helpful to compare the character of the uses when collecting societies first emerged, and the uses made nowadays. Collecting societies

¹³ Towse, Ruth and Handke, Christian, *op. cit.*, pp. 20–22. Suthersanen, Uma (2000), 'Collectivism of Copyright: The Future of Rights Management in the European Union', in Barendt, E. and Frith, A., *The Yearbook of Copyright and Media Law*, Oxford University Press, Oxford, p. 22.

¹⁴ See Dietz, A. *op. cit.*, p. 819.

were formed to administer rights arising when works were performed in public before an audience. Nowadays they are expected to provide rapid and efficient solutions for internet uses that make works available everywhere in the world. The differences are clear.¹⁵

The European Commission, in 2004, pointed to the situation created by online uses when it specified that collective management had become relevant for services which (1) have a cross-border character; (2) are provided to nationals of other Member States or persons resident in other Member States; (3) have been provided via the nexus of reciprocal representation agreements between collecting societies, and these agreements have been found to contain restrictions, in terms of territory, nationality and economic residence, which limit the provision of the services in question.¹⁶ The main point is that collecting societies now have an impact which extends beyond their own national territory. Through the nexus of agreements of reciprocal representation, they are able to exploit the works belonging to their repertoire beyond their national boundaries, and they are in charge of licensing foreign repertoires in their own specific jurisdictions. In the light of these aspects, the Commission maintained that collective management could not remain a matter that was solely under the supervision of national authorities. Hence action had to be taken by the European authorities to address the traditional market structure and the way the administration of foreign royalties was commonly carried out. This could be done under Article 12 (which prohibits any discriminations on grounds of nationality) and Article 49 (which prohibits restrictions on the freedom to provide services) of the EC Treaty. In performing the necessary subsidiarity test, the Commission believed that ‘Member States acting alone within the confines of national copyright law would be able to regulate the activities of CRMs [Collective Right Managers] within their national borders but not in relation to the cross border provision of services’,¹⁷ which arguably is the field where intervention from the European authorities is required. As far as the necessity for intervention is concerned, the Commission submitted that online music services in particular do require regulatory action, ‘because the market has failed to produce effective structures for cross-border licensing, cross-border royalty distribution and has not rectified a series of contractual restrictions preventing authors or other right-holders from seeking the best collective rights management service across national borders’.¹⁸ Taking into consideration the need to readdress the situation and the demonstration that action by

¹⁵ Lüder, T., *op. cit.*, pp. 16–18.

¹⁶ European Commission, ‘Study on a Community Initiative on the Cross-Border Collective Management of Copyright’, 7 July 2005, para. 1.5.1.

¹⁷ Study (2005), para. 1.5.2.

¹⁸ Study (2005), para. 1.5.3.

the European authorities would be justified by the provisions of the EC Treaty, it is now necessary to proceed to an analysis of those steps that have so far been taken by the Commission both in its role as competition authority for Europe and in its regulatory function, to investigate how harmonisation has partly already been achieved and to determine whether more needs to be done in order to fulfil the goals of an efficient Internal Market.¹⁹

Competition law acting towards harmonisation

Reliance on principles of competition law and, in Europe, on Articles 81 and 82 of the EC Treaty has been, for many years, the only way national and regional authorities could act on the working mechanisms of collecting societies.²⁰ The territorial nature of copyright and the national connotations of the action of collecting societies have never allowed for an extensive homogenisation of operational standards to take place. National authorities exercised, in many cases, some form of control over the societies acting in their specific territory. Only EU competition case law, over the years, has effectively influenced collecting societies in a coordinated manner.

Traditionally, Article 82 has been used to address specific types of behaviour by collecting societies in their relationship with users and in their relationship with their members. In prohibiting abuses of dominant position, competition law has addressed some of the problematic aspects of collecting societies acting as *de facto* (and in certain cases *de iure*) monopolies in their national territories and, for this reason, enjoying the freedom of unilaterally deciding terms and conditions for the delivery of their service, both towards right holders and users. The relevant case law represented an important step in collecting societies being controlled as normal undertakings. It ensured that they acted according to rules and principles aimed at the establishment of a well-functioning Common Market.²¹ Over time, the lessons from the *GEMA* case imposing sanctions against abusive conditions of membership²² and of

¹⁹ On the aspect of legitimisation of legislative action in the process of harmonisation of collective management, Guibault, Lucie and van Gompel, Stef, *op. cit.*, pp. 140–47.

²⁰ Study (2005), para. 1.5.3.

²¹ In particular, case law has categorically excluded collecting societies from being undertakings ‘entrusted with the operation of services of general economic interest within the meaning of article 90(2) of the Treaty and that therefore subject to the rules on competition only in so far as the application of such rules does not obstruct the performance of the particular task assigned to [them]’ (Case 7/82, *GVL v Commission*, [1983] ECR 483 para. 32). Therefore competition principles fully apply.

²² European Commission Decision of 2 June 1971 (IV/26760 – *GEMA*), [1971] OJ L 134/15.

the *Tournier* case²³ on the elaboration of the fees to be charged to users have become a strong deterrent for collecting societies engaging in abuses, as well as a reassurance for both right holders and users that their collecting societies have implemented more efficient measures for the management of the relevant rights.

On the other hand, the intervention of the Commission on matters involving collecting societies has also specifically addressed the relationship of collecting societies with each other. It can be said that, in recent years, the supervision of the Commission has contributed to the harmonisation of collective management in the light of the increasing importance of cross-border uses of the material, and in particular of the need for licensees to obtain multi-repertoire licences, not only in one jurisdiction but in two or more jurisdictions. The focus of the Commission has been the extent of cooperation among collecting societies in the drafting of new licensing solutions for online uses. Inevitably, cooperation became subject to concerns over adherence to Article 81 of the Treaty, which prohibits all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market.²⁴ This part of the chapter analyses current examples of cooperation among societies, which have been subjected to the scrutiny of the European Commission. It highlights the role of the competition authority not simply in preventing the negative effects of anti-competitive behaviours but also in determining the main elements of new licensing solutions for the digital environment.

Multi-repertoire and multi-territorial licences under scrutiny

Case law indicates that reciprocal representation agreements are not always contrary to the law:

Reciprocal representation contracts between national copyright management societies concerned with musical works whereby the societies give each other the right to grant, within the territory for which they are responsible, the requisite authorizations for any public performance of copyrighted musical works of members of other societies and to subject those authorizations to certain conditions, in conformity with the laws applicable in the territory in question, where those contracts have the dual purpose of making all protected musical works, whatever their origin, subject

²³ Case 395/87, *Ministère Public v Tournier* (ECJ), [1989] ECR 2521.

²⁴ For an analysis of Article 81, see Jones, Alison and Sufrin, Brenda (2008), *EC Competition Law* (3rd edition), Oxford University Press, New York, p. 121. For the applicability of Article 81 to reciprocal representation agreements, see the Notice by the Commission on 'Guidelines on the applicability of Article 81 of the EC Treaty to horizontal cooperation agreements' (OJ C 3/02), 6 January 2001.

to the same conditions for all users in the same Member State, in accordance with the prohibition of discrimination laid down in the international conventions on copyright, and to enable copyright management societies to rely, for the protection of their repertoires in another Member State, on the organization established by the copyright management society operating there, without being obliged to add to that organization their own network of contracts with users and their own local monitoring arrangements, are not in themselves restrictive of competition in such a way as to be caught by Article 85(1) [now 81 (1)] of the Treaty.²⁵

On this ground, many agreements have been drafted and subsequently amended to adapt them to various types of exploitation,²⁶ under the supervision of umbrella organisations such as BIEM and CISAC.

The IFPI-Simulcasting Agreement

The IFPI-Simulcasting Agreement was submitted to the attention of the European Commission in November 2000 by IFPI (International Federation of the Phonographic Industry) on behalf of several record producers' collecting societies from several countries, coming from both inside and outside the EU. IFPI, in accordance with Article 14 of Regulation No. 17, was seeking negative clearance, or an exemption under Article 81 (3) of the EC Treaty. The model agreement would have enabled each of the participating societies to authorise the simulcasting of sound recordings belonging to the repertoire of the other contracting party, or when claiming equitable remuneration to collect such remuneration.²⁷ Tariffs would then have been calculated in accordance with the 'country of destination' principle. In particular, the simulcasting tariff for multi-repertoire multi-territorial licences had to be based on those pre-determined national tariffs which, when aggregated, constituted the global licence fee valid for each contracting party. This way of designing the tariff had the effect, according to the Commission, of restricting competition within the meaning of Article 81 (1). The criticisms raised by the Commission referred in particular to the impossibility of distinguishing between the element of the tariff that would have gone towards the royalty distributed to right holders, and the element of the tariff that would have contributed to the administration fee for the society performing the different tasks for which it had been appointed. In fact, it was argued, charging the same administration fee would not have reflected the economic implications of the various administration tasks, as each society in its specific country was likely to bear different costs.

²⁵ Joined cases 110/88, 241/88 and 242/88, *François Lucazeau and others v Société des Auteurs, Compositeurs et Editeurs de Musique (SACEM) and others* [1989] ECR 2811.

²⁶ Lüder, T., *op. cit.*, p. 41.

²⁷ Commission Decision, 8 October 2002 (OJ L 107/62, 30 April 2003).

The parties submitted that their criteria for formulating the global licence fee were indispensable for the preservation of their members' interest. It was accepted on the one hand that, if each party could have granted multi-repertoire multi-territorial licences and decided its own fees, it would have had the incentive to lower prices to appropriate the largest possible slice of the market, even beyond what is efficient for a service which runs on a system of low costs per marginal transaction but high fixed and sunk costs. On the other hand, users would have the incentive to engage in 'forum shopping' and obtain a licence from the society which charged the lowest fee. Ultimately, the result would have been that all contracting parties would have reduced their fees, with a negative effect on the remuneration returned to right holders. Societies would have had no reason to be part of an agreement that did not protect them against this possibility.²⁸

The question was to what extent the risks of price fixing could be balanced against the efficiency gains that the agreement could have generated, and whether it was possible to diminish that risk through the introduction of modifications to the way tariff levels were formulated. The parties agreed to change the notified agreement in April 2002 and offered to identify the royalty element and the administration fee separately when charging a licence fee to a user.²⁹ In this way, a society granting a multi-repertoire multi-territorial licence would have to charge an aggregated fee in accordance with the pre-determined royalty element of the other societies and its own level of administrative fee, which reflected the actual cost of carrying out the administration service. This modification satisfied the Commission which, in fact, concluded that the amended version of the model agreement in question did not eliminate competition in respect of a substantial part of the relevant products and therefore fulfilled the cumulative conditions of Article 81 (3) of the Treaty and Article 53 (3) of the EEA Agreement.

The Santiago Agreement

The Santiago Agreement concerned the standard bilateral agreement designed to govern the relationship of reciprocal representation among performing right societies for the online public performance of musical works on a worldwide basis, via technologies such as webcasting, streaming and online music on demand. The Agreement prescribed that users could obtain a licence either from the society operating in the country corresponding to the URL used by

²⁸ Ibid. at 79–80.

²⁹ The case not only addressed 'the complex issues involved in the multi-territorial licensing agreements, but it also touched upon the need to establish principles of good governance within collective management' (Guibault, L. and van Gompel, Stef, *op. cit.*, p. 136).

the content provider, where the primary language used at the site of the content provider is the primary language of that country, or from the society operating in the country where the content provider was incorporated. This means that, according to the Agreement, a user would not have been free to obtain a licence from the collecting society of his choice but was bound to seek clearance from its national collecting society ('economic residency clause'). This aspect generated concerns in relation to its compatibility with Article 81.³⁰ The Agreement was first notified in April 2001. It was subsequently well received by a number of societies, not only those from the European Economic Association (EEA). Many of them decided to join and operate as one-stop-shops in the granting of online licences. In 2004, a Statement of Objections was issued by the Commission on the basis of the comments received in response to the initial Notice. The Statement of Objections underlined the existing problem with the economic residency clause and the possible negative effect that such a clause would produce, namely of 'preventing the market from evolving in different directions and crystallising the exclusivity enjoyed by each of the participating societies'.³¹ The Statement of Objections dictated the future of the Agreement. Only BUMA (Het Bureau voor Muziek Auteursrecht) and SABAM (Société Belge des Auteurs, Compositeurs et Editeurs) provided commitments in reply to the concerns raised by the Commission and undertook not to be party to an agreement concerning licences for online performing rights containing an economic residency clause.³² The Santiago Agreement was not renewed.

The BIEM Barcelona Agreements

In February 2002, the European Commission received notification of a standard bilateral agreement to be entered into by the members of BIEM (the Bureau International des Sociétés Gérant les Droits d'Enregistrement et de Reproduction Mécanique), the umbrella organisation representing and coordinating the activities of mechanical rights collecting societies. The standard form agreement was based on the reciprocal representation agreements already existing between mechanical rights collecting societies, which were amended to cover exploitation of musical compositions by electronic means, including the internet, for example via webcasting technology and on-demand transmission of music by acts of streaming or downloading. The model agreement established that licences had to be granted by the user's national collecting

³⁰ Groenenboom, Margreet (2005), 'Improving Cross Border Licensing Practices for Online Music Stores – The European Commission's View', *INDICARE Monitor*, 2(7), p. 16.

³¹ Notice, C 200/11, 17 August 2005, at No. 6.

³² *Ibid.*

society, with wording that reflects the rule of the Santiago Agreement. Also in the case of the BIEM-Barcelona proposal, the customer allocation clause was not well received by the Commission on account of the impact it could have had on the possible partitioning of the market. The agreement has not been renewed and this forced the industry to look at alternative solutions, with regrets from the societies, which decided they then had no choice but to go back to forms of licensing territory by territory.³³

Recent proceedings against CISAC

The CISAC Agreement contained the contract proposed by CISAC (The International Confederation of Authors and Composers Societies) as a model for the reciprocal representation contracts between members of the Confederation. It relates to the collective management of copyright for every category of exploitation covered by the public performance right. Following a complaint in April 2003 by Music Choice plc (a digital music broadcaster for Europe and Asia), the Commission issued a Statement of Objections in January 2006 which focused on the compatibility of the treatment of some specific aspects of internet, satellite transmission and cable retransmission of music contained in the model agreement with Article 81 of the EC Treaty and Article 53 of the EEA Agreement. The first matter of concern was the ‘membership clause’, according to which a society which enters into a reciprocal representation agreement cannot, without the consent of the other society, accept as a member any member of the other society, or any natural person, firm or company having the nationality of one of the countries in which the other collecting society operates.³⁴ The second matter is the ‘territoriality clause (or ‘economic residency clause’, as referred to above) whereby commercial users can only obtain a licence from the local collecting society.³⁵ This enables collecting societies to have the exclusive power to grant rights to specific users located in a certain territory, but also limits the validity of such a licence to the domestic territory, even as far as internet, cable retransmission and satellite transmission are concerned. The ‘territorial delineation’³⁶ character of this agreement specifically differentiates it from the Santiago and Barcelona Agreements, which were aimed at the issuing of multi-territorial and multi-repertoire licences.

³³ See CISAC Annual Report 2004 at 36, and Gilliéron, P. (2006), ‘Performing Rights Societies and the Digital Environment’, *bepress Legal Series. Working Paper* 1436.

³⁴ Notice, C 128/12, 9 June 2007, 5 (1).

³⁵ *Ibid.*, at 5 (2).

³⁶ *Ibid.*

The CISAC proposal makes one reflect on the effective adaptation of the traditional instruments of reciprocal representation to the current needs of those seeking licences for uses that are not necessarily limited to specific territories. The need for modernisation of such instruments is addressed in the concerns raised by the Commission, and dealt with in the commitments offered by the parties. In relation to the 'membership clause', CISAC offered not to recommend in relation to the reciprocal representation between the EEA societies, and the signatory societies offered to remove from their bilateral agreements, clauses identical, similar or having the same effect as the clause concerned.³⁷ In relation to the 'territoriality clause', CISAC offered not to recommend the granting of exclusive rights between EEA societies, and the signatory societies offered to remove from their bilateral agreements any clause identical, similar or having the same effect as the exclusivity clause contained in the model contract.³⁸ In respect of the specific aspect of 'territorial delineation', the societies undertook either to license performing rights directly across the EEA or to mandate, under certain conditions, each signatory society that fulfils specific qualitative criteria³⁹ to grant multi-repertoire multi-territorial licences for internet services, satellite services and cable retransmission services.

It is interesting to note, also in relation to the second part of the discussion concerning the initiatives of the European Commission in its regulatory role, that it was made explicit that the concerns in terms of competition principles were 'not based on the reciprocal representation contracts as such',⁴⁰ but only on some restrictive clauses contained in those contracts. According to this approach, the problem does not rest with the instrument of reciprocal representation agreements, but with the conditions that collecting societies attach to it when coming to define the practical working mechanisms of those agreements.

Competition issues of certain commercial conditions

The Cannes Extension Agreement

In February 2003, Universal Music BV lodged a complaint with the Commission in relation to an agreement concluded in November 2002 between major music publishers and mechanical copyright collecting soci-

³⁷ 'Proposed commitments under Article 9 of Regulation 1.2003' (7 March 2007), at 4.

³⁸ *Ibid.*, at 3.

³⁹ *Ibid.*, at 5 (IV).

⁴⁰ Press Release accompanying the Statement of Objections, MEMO/06/63 (7 February 2006).

eties on the administration and issuing of mechanical licences in respect of musical works, for the reproduction of sound recordings on physical carriers. The agreement in question was an extension of a similar agreement signed in 1997 and cleared in 2000, concerning in particular the maximum administration fee that societies could charge their members for the service they provided.

Through the Central Licensing Agreement (introduced in the mid 1980s) it is possible for record companies to obtain a single licence, valid not for a single territory but for the entire EEA. Then, under the nexus of reciprocal representation agreements, each society would be responsible for distributing royalties to the other national mechanical collecting societies for the use made of their respective works. It must be pointed out that the extent to which licences can be negotiated between a user and a mechanical collecting society is limited by reason of the well-established system of concerted negotiation that takes place between BIEM and IFPI contracting on behalf of their members. In considering the restriction that the Cannes extension presented, one should keep in mind that the degree of freedom in the negotiation of the commercial terms of the licence is already limited. Imposing further restrictions on the few elements that can actually provide a minimum degree of flexibility to the transaction could be detrimental, as it would uniformise even further the basis of the relationship between mechanical collecting societies and their users.

Two clauses gave cause for concern in terms of their compatibility with Article 81 of the EC Treaty and Article 53 of the EEA Agreement, as emerged from the preliminary assessment of the Commission.⁴¹ On the one hand, clause 9 (a) imposed a prohibition on collecting societies granting rebates to record companies. Specifically, it provided that '[g]iven the royalties and other sums collected by the Societies are destined for their members, no Society may under any circumstance give any money to any record company or allow any record company to retain or be paid money in the form of a rebate or reduction of tariff or any other form (by way of lump sum, provision of services or royalty reduction or any other return of value) unless agreed in writing with the relevant member'.⁴² This clause was introduced as an instrument to increase transparency in relation to the destination of income generated by members of a collecting society but not returned to them because of 'give away' strategies. The clause did not completely ban rebates which could still be granted, for example, if they were paid out of

⁴¹ Market Test Notice, OJ 122/2 (23 May 2006).

⁴² Commission Decision, 4 October 2006, (Case Comp/c2/28.681 – The Cannes Extension Agreement), No. 27.

administration fees. This, however, has limited commercial applicability. Thus, the clause would have made it almost impossible for a record company to obtain a rebate, as consent by the interested parties would have been required. Obtaining such consent is impractical, especially in the many cases where a record company seeks blanket licences, or licences for bundled repertoires.

On the other hand, clause 7 (a) (i) was identified as the 'non-compete clause' and provided that '[s]hould a Society find it right to enter into what could be considered as commercial activity, the said activity should be carried out only in relation to the promotion of the interests of that Society's members and should not be in any case detrimental to that Society's members' interests and shall never be an activity that would be undertaken by a Publisher or a record company except that the use of de minimis amounts of so-called cultural funds for the purpose of producing or supporting the production of recordings of members repertoire in circumstances where otherwise such recordings would not happen shall be permitted provided that such activity shall not be intended to be profit-making in nature except to the extent that any publisher or other rights holder shall specifically grant the exercise of the rights to the Society in question. Nor shall any Society act in any significant manner where it (or any entity controlled by or in any way associated with it) shall be both licensor and licensee of any rights.' This clause appeared to have the potential to crystallise the structure of the industry by eliminating a competitive element from the market. While it is unusual to consider that collecting societies may want to diversify their activity and start acting also in the field of music publishing or as record companies, it must be accepted that, within the music industry, collecting societies hold a strong position. For this reason, for example, they are able to negotiate with large users in a way that would be impossible for individual right holders. Indeed, a collecting society can influence the equilibrium of the market. Hence a possible transformation of the society into an entity that also performs the tasks of a record company and/or a publisher must be carefully considered. The reasons for the introduction of clause 7 (a) (i) are partly intuitive. Members of a collecting society such as large publishers may not want the society to compete against them via the use of economic resources that the society derives from the exploitation of its members' works. However, it is accepted that the revenue produced by the members is not the only source of income that could possibly be used to finance and support the activity of a society acting as publisher or as record company.

Because of the possible anti-competitive effect of these two clauses, the parties offered commitments. Clause 9 (a) was amended so as to allow rebates but only under the condition that they do not reduce the income of the Society's members. As suggested, they could be paid out of administrative

fees.⁴³ Clause 7 (a) (i) was deleted altogether.⁴⁴ As a result, the Commission was satisfied by the commitments and, in accordance with Article 9 (1) of Regulation EC No. 1/2003, made them binding. This brought the action to an end.

On the basis of the outcome of this and the other cases analysed above, one can identify how the scrutiny by the Commission of collecting societies relates to all forms of cooperation among collecting societies, and exercises a considerable influence on several aspects of commercial relevance. For this reason, competition law is not a peripheral instrument of harmonisation but a primary one, and imposes its rhythm and, of course, its delays on the development of the new forms that collective licensing will acquire in the future.

Regulatory efforts on the management of copyright and related rights

Beside the intervention of the European Commission enforcing the principles laid down in competition law, another set of initiatives has taken shape to address the issue of collective management and to harmonise some of the aspects concerning the working mechanisms of collecting societies. In the state of the art, different phases can be identified concerning the analysis of such initiatives. First, a preliminary phase acknowledged the need to raise the operational standards of collecting societies and identified the fields in which action at the regional level was thought to be appropriate. In this initial phase, the European Commission issued a Green Paper (1995). This document was the platform for starting a series of initiatives, among them a hearing and a consultation that allowed the European authorities to obtain information from the parties directly involved in the new challenges introduced by rapidly changing technology. A second phase started in 2004 when the Parliament, with a Resolution, and the Commission, with a Communication, took an active role in the definition both of the objectives of a reform for the harmonisation of collective management of rights and of the methods to be adopted in order to achieve such objectives. The third phase relates to the actual formulation of a strategy which the Commission illustrated in the form of a Study and officially addressed to the parties involved in the form of a Recommendation. This third phase is complemented by a document of the European Parliament, consisting of a Resolution which may limit the effects of the Recommendation.

Declarations of intent: the preliminary phase

The Green Paper on Copyright and Related Rights in the Information

⁴³ Commission Decision, No. 44.

⁴⁴ Commission Decision, No. 45.

Society⁴⁵ was issued on 19 July 1995 and provided specific comments on the issue of collective management.⁴⁶ The most relevant aspect discussed in the document concerned the challenges posed by the management of rights for new categories of works, such as multimedia works, the legal implications of which were not fully dealt with by the legal instruments present at the time of the Green Paper. It was stressed that one of the difficulties to be faced in the field of management of copyright and related rights was the administration of licences for multimedia works and, more precisely, the difficulty that users encounter in the identification of the multiple right holders from which they need to obtain a licence.⁴⁷ In facing this difficulty, the temptation to introduce new forms of compulsory licensing might have been strong. However, the direction taken in the Green Paper of 1995 maintained that the exercise of rights via the collecting societies should generally remain voluntary. On the other hand, users would have been assisted if a single entry point, operating for the purpose of identification, was established. It was argued that the necessary provision of information to the user 'could be possible if different societies operated together and combined their databases, and systems of identification were progressively introduced'.⁴⁸ This would not have diminished the role of collecting societies in the specific markets in which they were established. As for the possible anti-competitive impact of the establishment of a central body dealing with information relevant to multimedia uses, it was argued that a centralised scheme would not necessarily have contradicted competition rules and therefore the overall idea of establishing a one-stop-shop was not to be discarded.⁴⁹

The Green Paper was the starting point for a discussion on collective management and has been further developed through a series of documents that the European authorities have issued since 1995. Importantly, the follow-up to the Green Paper announced a strategic decision by the Commission in its future steps: 'the development of assignment schemes, of facilitated individual licensing or of collective licensing should be left, at least for the time being, to the market'.⁵⁰ This was the proposed path, even though the Commission also added that there was a need for a more precise definition of rights and obligations of collecting societies, 'in particular with respect to

⁴⁵ Green Paper, (COM (95) 382 final), p. 70.

⁴⁶ Guibault, Lucie, and van Gompel, Stef, *op. cit.*, p. 118.

⁴⁷ Green Paper, p. 72.

⁴⁸ *Ibid.*, p. 75.

⁴⁹ *Ibid.*, p. 77.

⁵⁰ Communication from the Commission, 'Follow-up to the Green Paper on Copyright and Related Rights in the Information Society', COM (96) 586 final, 20 November 1996, p. 26.

methods of collection, to the calculation of tariffs, to the supervision mechanisms, and to the application of rules on competition'.⁵¹ Subsequently, the Commission organised a public hearing that took place in 2000. From the hearing, it emerged that further efforts had to be deployed in the elaboration of Community-wide licences which are deemed to overcome in part the problems of territorial licensing.⁵² Thus, not only did more centralised forms of management have to be considered, but also the scope of the licences had to be re-addressed in the light of the technological environment in which new uses were arising on a continuous basis.

An active role in policy-making: the second phase

The Resolution of the European Parliament

The real course of action was taken with the adoption of a Resolution by the European Parliament on 15 January 2004.⁵³ With this document, the Parliament underlined the importance of the institutional goals that had been pursued by the collecting societies⁵⁴ but nevertheless pointed to several problematic aspects of the *status quo*. The Parliament called for some changes to be introduced. In summary: (1) common tools and comparable parameters should become available in order to improve cooperation among the societies; (2) minimum standards for organisational structures, transparency, accounting and legal remedies should be granted to members of the collecting societies; (3) discrimination in handling royalties should be ended, in particular via the discontinuation of type B agreements⁵⁵ among national collecting societies for the management of royalties generated by foreign right holders; (4) external control and dispute resolution mechanisms should also be in place and should be economically accessible.

⁵¹ Ibid., pp. 26–7.

⁵² <http://ec.europa.eu/internal_market/copyright/management/hearing-collective-mgmt_en.htm>.

⁵³ European Parliament Resolution on a Community Framework for Collective Management Societies in the Field of Copyright and Neighbouring Rights (2002/2274(INI)), OJ C 92 E, 16/04/2004, pp. 425–32.

⁵⁴ European Parliament Resolution 2004, No. 28. Adolf Dietz (*op. cit.*, p. 810) underlines this aspect by arguing that 'in spite of rather critical remarks . . . [the Resolution] is finally sympathetic to the traditional and still necessary role of such societies, including their particular *responsibility for cultural and social aspects*; in that regard the Resolution even sees them as *vehicles of public authorities*'.

⁵⁵ Under type B agreements, 'no payments are transferred between the contracting organizations; all the income remains in the country where it is collected, and is used in accordance with the rules of the organization of that country' (Ficsor, Mihály, *op. cit.*, p. 83).

Overall, the Parliament called for several steps to be taken for the purposes of harmonisation, democratisation and transparency⁵⁶ of collecting societies, notwithstanding the role already played by the competition authorities in preventing abuses.⁵⁷ Precisely on the matter of competition, a close link exists between the orientations expressed in the Green Paper and the approach adopted in the Resolution. In both documents it is clear that the role of the competition authorities should remain one of supervision, because '[a] misguided insistence on competition would . . . lead to further fragmentation of the markets, chaos in the clarification of rights and dumping tariffs'.⁵⁸

The Communication of the European Commission

Another highly relevant document, issued almost simultaneously with the Resolution, is the Communication of the European Commission dated 16 April 2004 and entitled 'The Management of Copyright and Related Rights in the Internal Market'. Here the Commission provided a more legal and technical approach to the problematic issues at stake, with particular focus on the digital environment.⁵⁹ It mentioned in passing, without thorough analysis, the problematic aspects of collecting societies from the perspective of competition law. Overall, the Commission submitted that a case existed 'for a legislative approach based on Internal Market rules and principles within the copyright framework'.⁶⁰ The legislative approach should have been designed to achieve a level playing field on collective management in the Internal Market, by acting on specific features of collective management, namely (1) the rules of establishment and status of the societies, (2) the relationship between collecting societies and users, (3) the relationship between collecting societies and right holders, and (4) the external control of collecting societies.

On the first point, the Commission wished to implement measures to ensure that the establishment of a collecting society would become subject to similar conditions in all Member States, in respect of the persons that may establish a society, of the status of the institution, and of the necessary proofs of efficiency, operability and accounting obligations.⁶¹ The project by the Commission to make conditions of establishment comparable in the different Member States appeared to be an arduous one, considering that the rules of

⁵⁶ European Parliament Resolution 2004, No. 62.

⁵⁷ European Parliament Resolution 2004, 18. See also Dietz, *op. cit.*, 817–19, and Guibault, Lucie and van Gompel, Stef, *op. cit.*, p. 131.

⁵⁸ Explanatory statement to the Resolution 2004.

⁵⁹ See Dietz, *op. cit.*, p. 814.

⁶⁰ Communication (COM (2004) 261), para. 3.5.

⁶¹ Communication, para. 3.5.1.

establishment in the various territories were not only largely different but also well rooted in the legal traditions of the specific countries.

On the second point, namely the relationship between collecting societies and users, the Commission suggested that obligations should be established upon the societies to publish tariffs, grant licences with reasonable conditions and, in general, offer appropriate instruments (arbitration, mediation etc.) for users to contest the tariffs they may be requested to pay.⁶² According to the Commission, this was required for the purpose of promoting or safeguarding access to protected works. However, the argument that users' access must be safeguarded is debatable, as European collecting societies are institutions normally appointed by right holders to manage their rights collectively and owing a fiduciary duty towards them. This takes the discussion to the third aspect, which concerns the relationship of collecting societies with their members.

The Commission insisted on the need for a collecting society to avoid discrimination and ensure good governance, transparency and accountability. It also added that the mandate with which the right holder appoints the collecting society should be flexible, to some extent, in duration and scope, so that, for example, individual management could become an option, should the individual right holder be in a position to rely on digital right management systems to perform the tasks otherwise performed by the collecting societies. While good governance of the societies is in the overall best interests of the parties involved, the impact of increased flexibility in the rules of membership is questionable. It must be recalled that the competition authorities have prevented the continuation of abuses that tied members to their collecting societies⁶³ and restricted their mobility. However, the risk of excessive mobility should also not be underestimated, in terms of the legal certainty legitimately demanded by users acquiring bundled or blanket licences, and in practical terms for the day-to-day running of a collecting society unable to effectively rely on a consistent volume of members.

Finally, when reflecting on the fourth aspect of the forms of control for collecting societies, the Commission considered it appropriate for external control mechanisms to have similar characteristics in terms of competencies, composition and of the binding or non-binding nature of their decisions. Once again, the characteristics of the different legal systems make it difficult for a reform to rigorously implement a strong and consistent common ground throughout the territories involved. Especially for external control, a non-invasive form of harmonisation ought to be preferred, so that action is dedi-

⁶² Communication, para. 3.5.2.

⁶³ See *supra*, nn 22 and 23.

cated not to changing the nature of the existing mechanisms but to the qualitative improvements of such mechanisms via encouragement coming from national markets and public institutions.

Contributions commenting on the approach taken by the Commission in the Communication were submitted by 107 parties invited to participate in the consultation process.⁶⁴ A review of the contributions provided commentators with useful insights into the diversity of opinions and feelings towards the approach adopted by the Commission. The divergent views expressed in the contributions also indicated that the plan to harmonise collective management via the introduction of a Directive was likely to encounter considerable obstacles. Nevertheless, the position of the Commission that legislative action was necessary to implement the changes highlighted in the Communication became part of the Commission Work Programme 2005, which maintained that a Directive would be appropriate: '[t]he purpose is not to harmonise all the rules governing collecting societies but to impose obligations necessary to the smooth functioning of the Internal Market without prejudging the legal mechanisms to be used by Member States in order to implement them. A Directive seems the most appropriate way to reach that target.'⁶⁵ The Work Programme 2005 indicated October 2005 as the expected date for the adoption of the proposal.

The third phase: formulating the strategy for collective management of online music rights

The policy options of the European Commission

With its 'Study on a Community Initiative on the Cross-Border Collective Management of Copyright' (7 July 2005), the Commission focused its efforts on the cross-border management of legitimate online music services and, more precisely, on finding a solution that dealt with the ubiquity of the internet.⁶⁶ The Commission found that the instruments available for cross-border licensing, namely agreements of reciprocal representation between collecting societies,

⁶⁴ <http://ec.europa.eu/internal_market/copyright/management/contributions_en.htm>.

⁶⁵ Commission Work Programme for 2005, 'Communication from the President in agreement with Vice-President Wallström', 26 January 2005 (COM (2005) 15 final). See also Guibault, Lucie and van Gompel, Stef, *op. cit.*, p. 140. 'A directive could have provided for a certain level of harmonisation and legal certainty but it would also have avoided time consuming negotiations and the regulatory over-complexity that the adoption of a regulation is generally likely to produce' ('Roadmaps – Commission Work Programme', p. 35).

⁶⁶ See Guibault, Lucie and van Gompel, Stef, *op. cit.*, p. 136.

were not efficient. On the contrary, they hampered the development of a market for the provision of online music services.⁶⁷ This appears to be at odds with the view expressed by the Commission on a different occasion when called to provide a judgement on the CISAC system of reciprocal representation.⁶⁸ Nevertheless, in its regulatory role, the Commission considered it necessary to provide players with the instrument that the market had failed to provide spontaneously, and submitted three possible policy options.⁶⁹

Option 1: Do nothing. This option is automatically discarded on the ground of the findings that the market has failed to produce effective structures for cross-border licensing.

Option 2: Eliminate territorial restrictions and discriminatory provisions in the reciprocal representation agreements concluded between CRMs. This option would improve the traditional instrument of reciprocal representation agreements by offering users the choice to obtain a licence not necessarily from their national collecting society, but from whichever collecting society they wished to bargain with. This would ensure that each collecting society at the national level operates as a one-stop-shop in relation to its repertoire as well as the repertoire of the other collecting societies in the network. However, the intrinsic risk of this policy is that collecting societies might try to obtain the largest possible number of users by lowering the price of their licences. This contradicts the fiduciary duty existing between the society and its members, and would ultimately reduce the remuneration received by the right holders.⁷⁰

Option 3: Give right holders the choice to appoint collecting societies of their choice to license their rights for online uses for the entire EU. This policy option, for which collecting societies would compete among themselves to be appointed by right holders possessing the most attractive repertoire, was favoured by the Commission. It was considered to be ‘the best model to harness digital technologies to the benefit of right-holders’.⁷¹ According to the Commission, Option 3 would also be the most sustainable long-term model for the offline world, even if a realistic timescale for switching from a national-based model to a regional-based (i.e. European) model would not allow for the immediate implementation of the new measures.

⁶⁷ European Commission, Study, para. 1.1.4.

⁶⁸ See *supra*.

⁶⁹ Study 2005, para. 3.

⁷⁰ Study, para 4.1.3.

⁷¹ Study, para. 3.3.

In offering these three options for consideration, the Commission provided an analysis of their impact in relation to several aspects that were likely to be affected by any attempt at reform, such as the level of legal certainty, the degree of transparency and good governance, the cultural implications, the trade flows, the impact on innovation and growth, and the effect on competition and prices. Interestingly, when reflecting on the prospective role of the existing collecting societies in a reformed scenario, the Study accepted that Option 3 could represent a difficulty for those societies that derive a large portion of their income from licensing foreign repertoire.⁷² However, it was argued that Option 3 would not produce such a pronounced result as the extinction of smaller collecting societies. On the contrary, in a situation where societies compete to attract the most profitable right holders, there is room for a small collecting society to appropriate a large portion of the market if the level of efficiency of its services is higher than that provided by a bigger society. In other words, a right holder would not simply be attracted by size but also by the effectiveness of the operational mechanisms of a society. If he observed that a collecting society charged lower fees to its members and/or was more efficient in the distribution of remuneration, he could decide to change his CRM and go with the more efficient one. In this sense, a 'race to the top' mechanism would perhaps be encouraged. The final comments in the chapter will indicate why, from a practical perspective, this reasoning may break down.

An instrument of 'soft law': the Commission Recommendation

After having firmly supported the view that a Directive was the appropriate instrument to deal with collective management, the approach of the Commission turned to the elaboration of a Recommendation, officially adopted on 18 October 2005. The Recommendation did not exclude a subsequent move towards the issuing of a Directive. However, this would take some time.

The Commission is entitled, according to Article 211 of the EC Treaty, to formulate recommendations on matters dealt with in such a Treaty, 'if it expressly so provides or if the Commission considers it necessary'. Yet a Recommendation is not a binding instrument, as clearly established under Article 249.⁷³ Thus, when considering the evolution of the initiatives by the Commission, it is appropriate to wonder to what extent a level playing field on collective management in the Internal Market can properly be established via a Recommendation. In other words, is an instrument of soft law sufficient to

⁷² Study, para. 4.11.2.

⁷³ Guibault, Lucie and van Gompel, Stef, *op. cit.*, 148. Lüder, T., *op. cit.*, p. 20.

achieve the goals pursued at the European level? For the analysis that follows it is useful to keep in mind that Recommendations cannot be invoked by individuals, directly or indirectly, before national courts. However, the case law indicates that they ought to be considered by national courts in the interpretation of existing laws.⁷⁴

The content of the Recommendation includes some fundamental guidelines for Member States and all economic operators involved in the management of copyright and related rights within the Community.⁷⁵ The document does not prescribe the elimination of the system of reciprocal representation agreements but leans towards the proposal of collecting societies competing for the most successful and profitable right holders (Option 3 of the Study).⁷⁶ In this sense, it is recommended that '[r]ight-holders should have the right to entrust the Management of any of the online rights necessary to operate legitimate online music services, on a territorial scope of their choice, to a collective rights manager of their choice, irrespective of the Member State of residence or the nationality of either the collective right manager or the right holder'.⁷⁷ Mobility of right holders should also be granted, within reason, with the opportunity for them to withdraw their rights upon having served reasonable notice.⁷⁸ This imposes on collecting societies a possibly heavier duty of keeping everyone (right holders, commercial users as well as each other) informed of the changes in the repertoire they represent.⁷⁹ Whether this is feasible and improves the current licensing system is debatable. The aspects of legal certainty and stability of the repertoires are to be carefully evaluated⁸⁰ as they are essential to the ability of all parties involved to enjoy the efficiencies that collective management is expected to produce.

On a different note, the Recommendation also considers the issue of social and cultural deductions. Without altering the situation currently in place, the Recommendation makes it explicit that collecting societies should specify in their membership rules whether cultural and social deductions apply. Moreover, as a form of protection for right holders, the Recommendation insists on the need to eliminate any form of discrimination between different

⁷⁴ Fairhurst, John and Vincenzi, Christopher (2003), *Law of the European Community* (4th ed.), Pearson/Longman, London, p. 41.

⁷⁵ Recommendation, No. 19.

⁷⁶ Groenenboom, Margreet (2005), 'Commission Recommendation on Cross Border Licensing: Last Train Boarding Now!', *INDICARE Monitor*, 2(9), p. 22.

⁷⁷ Recommendation, No. 3.

⁷⁸ Recommendation, No. 5 (c).

⁷⁹ Recommendation, Nos. 6 and 7.

⁸⁰ Groenenboom, Margreet, *op. cit.*, 'Commission Recommendation on Cross Border Licensing', pp. 22–3. Frabboni, Maria Mercedes (2006), 'Online Music Licensing: The Calm after the Storm', *Entertainment Law Review*, 17(2), pp. 67–8.

categories of right holders. As a form of protection for users, Member States are invited to provide for effective dispute resolution mechanisms. Practical problems of compatibility between the cross-border nature of the licences concerned and the traditional territorial ways of dealing with such matters are likely to arise. On the one hand, how are cultural deductions going to benefit the right holders that have contributed to them but are scattered across different countries? In other words, how is the collecting society going to avoid discriminating in the use of cultural deductions? On the other hand, considering that online licences may cover a number of countries, which dispute resolution instrument would be competent in the cases where one is required? Would it be that of the country where the use has taken place, that of the country where the service provider has its economic residence, or that of the country of the collecting society which has issued the licence? These questions leave scope for discussion among the many parties involved in the process of a reform that does not appear to have reached its natural conclusion just yet.

A first obstacle to the reform: the European Parliament Resolution

The Recommendation by the Commission came up against the institutional obstacle of a disappointed European Parliament that issued a Resolution⁸¹, on 13 March 2007, to express its views in relation to the soft law approach adopted by the Commission. The Resolution was based on the Report presented by Katalin Lévai in November 2006.⁸² A major point of the Resolution is the fierce criticism directed at the Commission, liable for having failed to involve the Parliament when it should have done so. The Resolution indicates that the soft law approach contained in the Recommendation effectively circumvented the democratic process. In fact, it is argued that the Recommendation was not an instrument that merely interpreted and supplemented existing rules but that it went well beyond that. The view of the Parliament is that the Recommendation has already started to influence decisions in the market⁸³ to

⁸¹ European Parliament, 'Resolution on the Commission Recommendation of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services', 13 March 2007.

⁸² Report on the Commission Recommendation of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services (2005/737/EC) (2006/2008(INI)) (A6-0053/2007 Final)) (the Lévai Report).

⁸³ 'First experience with the Recommendation shows that E.U.-wide online licensing will be offered by newly created platforms that are jointly operated by existing collecting societies. These platforms pool several publishers' or societies' repertoires and license them in one transaction across the E.U. Recent platforms include one for Anglo-American and German repertoires and another one for the French and Spanish repertoires' (Lüder, T., *op. cit.*, p. 56).

the potential detriment of competition and cultural diversity,⁸⁴ not only as far as online music services are concerned but also in the overall scenario of collective management of music rights.⁸⁵ In order to redress the imbalance created by the Recommendation, the Parliament invited the Commission to conduct a broad and thorough consultation of interested parties, and present as soon as possible ‘a proposal for a flexible framework Directive to be adopted by Parliament and the Council in codecision with a view to regulating the collective management of copyright and related rights as regards cross-border online music services’.⁸⁶ Thus, Parliament goes back to the initial view that a Directive would be the most appropriate instrument to be adopted.

On the content of the Recommendation, the Resolution does not fully oppose the initiative of the Commission in enhancing the freedom of right holders to choose the collecting society they wish to appoint for the exploitation of online uses (Option 3 of the Recommendation). However, a main concern expressed in the Resolution is that encouragement of such flexibility and elimination of reciprocal representation agreements could have a negative impact, especially on the interests of smaller and local right holders, and would ultimately harm creativity and cultural diversity. The risk that the Parliament envisages in the elimination of reciprocal representation agreements is that large right holders (such as major publishers and record companies) could decide to appoint large collecting societies that would then act as oligopolists within the boundaries of the EEA. A similar situation would exclude smaller collecting societies from the management of the largest portion of the repertoire. The impact on the revenues which smaller collecting societies could rely on would be negative, and particularly detrimental for those right holders which, by virtue of their size and the character of their work, would naturally appoint a national collective manager. The Parliament therefore excludes the possibility that smaller collecting societies would survive out of the specialisation they could acquire in niche markets, or out of

⁸⁴ European Parliament Resolution of 13 March 2007 on the Commission Recommendation of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services (2005/737/EC) (2006/2008(INI)), B and C. Explanatory Statement, Lévai Report: ‘The Recommendation has far-reaching consequences for the copyrights market and major players in the market are already acting on the basis of it. It clearly goes further than merely interpreting and supplementing existing rules and its impact has all the characteristics of a regulatory initiative.’

⁸⁵ On the implications of the Resolution and further developments, see Frabboni, Maria Mercedes (2008), ‘From Copyright Collectives to Exclusive “Clubs”’: The Changing Faces of Music Rights Administration in Europe’, *Entertainment Law Review*, 19, 100.

⁸⁶ European Parliament Resolution 2007, 1.

the reputation and volumes they could rely on if they perform their tasks in a more efficient manner.⁸⁷ The Parliament therefore suggests that only those collecting societies that succeed in attracting large right holders would eventually resist the market, while the others would eventually disappear. The main criticism of the proposal contained in the Recommendation is that it would result in a *de facto* oligopoly⁸⁸ which might fail to protect the smaller entities operating in the market, and would arguably harm creativity and cultural diversity. As a natural consequence of this submission, the Parliament indicates that reciprocal representation agreements should remain a major instrument for the collecting societies so that the global repertoire continues to be available to all of them.⁸⁹ In order to achieve this goal, it is therefore necessary to prohibit any form of exclusive mandate between major right holders and the collecting societies for the direct collection of royalties across the different Member States,⁹⁰ and reinstate a system based on the ‘country of destination principle’ for pricing the consumption made of protected works. This particular aspect highlights, once again, the struggle to reconcile the willingness to open up the market and therefore reduce the inefficiencies generated by the monopolistic positions of the collecting societies in their specific territories, and the need to make sure that a harmonised playing field for collective management appropriately protects both the economic and the cultural goals pursued via copyright law. The Parliament’s reasoning leads to the affirmation that, without the latter goal, the cultural industry would be exposed to a risk of a decrease in the quantity and quality of works exchanged in the Internal Market.

Conclusions

This chapter has analysed the two different approaches adopted by the European authorities to address the lack of harmonised provisions governing collective management of copyright and related rights. The results that have emerged from the enforcement of competition law principles have not necessarily found full

⁸⁷ This issue is debatable. ‘E.U. licensing platforms [emerging as a result of the Recommendation] do not appear to be limited to the repertoire of international music publishers. Despite all fears in this respect, E.U. direct licensing is not developing in the exclusive domain of Anglo-American music publishers. . . . platforms for the repertoire of small and medium sized publishers are emerging alongside those of the big music publishers’ (Lüder, T., *op. cit.*, p. 57).

⁸⁸ ‘Contrary to the avowed objective of the Recommendation of promoting fair competition, such action is potentially anti-competitive, as it is likely to lead to a *de facto* oligopoly, with market power concentrated in the hands of a few major right holders and a similar number of big CRMs’ (Explanatory Statement, Lévai Report).

⁸⁹ European Parliament Resolution 2007, 6.

⁹⁰ European Parliament Resolution 2007, 7.

support in the regulatory activity of the European bodies in charge of the harmonisation of the Internal Market. Moreover, the contrast between the European Commission and the Parliament described above is a sign not only of the formal obstacles that can be found in the attempt at reform, but also of a more fundamental difficulty that the current harmonisation process is encountering in singling out the precise boundaries for an efficient European action. Thus, if measures designed to harmonise collective management are justified in cases where they serve to remove disparities between the laws of the Member States that are liable either to create or maintain distorted conditions of competition, or to hinder the free movement of goods or the freedom to provide services within the Community, one can legitimately object to the special attention that cultural and social goals have received in the discussion over the necessity of harmonisation.⁹¹ Are these aspects likely to effectively impact competition, free movement of goods or the freedom to provide services? In general, while the question in relation to competition has already found answers in the activity of the European Commission acting as competition authority, the link between the current approach at the European level and the requirements relating to the principle of free movement of goods and freedom to provide services is not as straightforward. Nevertheless, it must be admitted that all policies that deal with economic exploitation of cultural goods have important cultural implications and therefore also the action proposed by the Parliament in the Recommendation cannot be fully dismissed as too broad. Harmonisation of collective management should therefore take into consideration also the cultural and social goals pursued by collecting societies, knowing however that those goals may find effective protection even without the specific involvement of national collecting societies.

⁹¹ Guibault, Lucie and van Gempel, Stef, *op. cit.*, p. 142.

16 Copyright protection of computer programs

Jon Bing

Copyright and information technology

In the 1960s, computer programs were considered accessories to the very expensive computers. There were several reasons for this, one that a program simply could not be run on any other computer than the one for which it was written, high-level languages were still in the making¹ and compatibility was low. But IBM had considerable success with its 360-series announced in 1964 allowing customers to purchase a smaller system and migrate upward if their needs grew. In 1969 IBM decided – perhaps somewhat stimulated by the anti-trust suit to which it was party² – to unbundle hard- and software. As computer programs were separately priced, it became possible for third parties to offer competing programs. And in such a market arose the obvious issue of the protection of computer programs.

At this time, it was still unclear to what extent the US Copyright law applied to computer programs. There were several court decisions, the copyright and patent systems competing to become the legal framework for the intellectual property protection of computer programs. There were also strong advocates for a third possibility, a *sui generis* regime for computer programs, as it was pointed out that neither copyright nor patent was designed to accommodate the special features of computer programs, the characteristic which is occasionally called ‘industrial copyright’, programs themselves often called ‘soft machines’.

The author will be permitted an anecdote³ by way of illustration. At one of the meetings of experts⁴ to the WIPO in Geneva,⁵ there had been an unusually heavy snowfall during the night. Struggling uphill to the WIPO building, one

¹ The first version of COBOL was adopted in 1968 by the American National Standards Institute.

² The complaint for the case *US v. IBM* was filed in US District Court, Southern District of New York on 17 January 1969 by the Justice Department. The case was withdrawn on 8 January 1982.

³ This is based on my own notes from the meeting.

⁴ Advisory Group of Governmental Experts on the Protection of Computer Programs.

⁵ 25 February–1 March 1985.

could see improvised tools being used to remove the snow in order for parked cars to escape. At the meeting, the head of the delegation of the Soviet Union⁶ made this the basis of a metaphor pleading for a *sui generis* solution, 'In Geneva, where the snow rarely falls, one may allow oneself to adapt the tools at hand for the removal of snow. If you live in Moscow, you will expect the snow to fall heavily every winter, and you will have efficient and specialised tools. And I ask you, ladies and gentlemen, do you think computer programs are like the snow in Moscow or in Geneva?'⁷

WIPO actually developed the 1971–77 'Model provisions on the protection of computer software' with the assistance of Professor Peter Seipel,⁸ but these were not adopted as national legislation in any country. The model provisions were inspired by copyright, but had some elements akin to patent protection of the content of programs. In practice the discussion of alternatives came to a halt when the US adopted the 1980 amendments to the 1976 Copyright Act, extending copyright protection to computer programs. A country was free under the conventions to qualify programs as literary works, and this made it possible nearly overnight to establish an international scheme of protection, based on the Berne and Universal Copyright Conventions.

The interest in copyright was nearly exclusively limited to computer programs. For these there was a market, and there were strong commercial interests in protecting programs. This interest also found different strategies for protection; one was to introduce various devices which had to be present for the program to be executed, like an extra element for the serial plug to the printer which then was called by the program, which failed to initiate printing if the element was not found. This was the beginning of technical protection measures, the discussion of which later escalated. Another obvious measure was only to make the program available in object form, which in turn gave rise to the doctrine of and provisions on reverse engineering in order to make it possible to develop programs functionally interacting with another program. A characteristic of copyright is that the protection allows anyone to access the information in the protected work, and use this information in the creation of new and independent works. The practice of making programs available in object form only, barred access to the information, and reverse engineering may be seen as a reaction to this, for copyright, somewhat alien aspect.

⁶ Vitaly Trousov, Deputy Director of the Patent Examination Department, USSR State Committee for Inventions and Discoveries.

⁷ One will find a reference to this intervention, though stripped of the images, in the report of the meeting, paragraph 22, UNESCO/WIPO/GE/CSS/3, 8 March 1985, 4.

⁸ Swedish Law and Informatics Research Institute, Faculty of Law, University of Stockholm.

There was some interest in other aspects. A joint WIPO and UNESCO meeting⁹ of 1982 concerned the 'problems arising from the use of computer systems for access to or creation of works'. In the recommendation it is stated that for instance uploading a protected work to a computerised system represented a reproduction in the terms of the conventions. The use of computers to create work attracted some attention. At this time composers would use computer programs as tools, and the recommendation¹⁰ also states that 'tool' is the perspective in which to consider such use.

However, there were considerable limitations in computerised systems at this time (1982) for a real concern about the use of literary, musical or audiovisual works to emerge for computerised systems. The IBM PC had been brought out the year before. The first model did not have a hard disk, but only 5 1/4 inch floppy disks (and they really were floppy). Storage was still expensive. Only with low storage costs could the volumes of data involved for storing protected works be considered. In the early 1980s, the emphasis was on programs and the special type of programs used for gaming in the first low cost specially designed consoles brought out for the lower end of the consumer market. Also, infrastructure had to develop for the establishment of a market for protected works. This did not happen until the early 1990s. These developments shaped the Web, and at the same time created the potential for a market in protected works for which legal policies are still unfolding, and which promise an interesting future for the law of intellectual property related to information technology.

Computer programs

Source and object programs

The term 'computer program' is part of our common language. Like other such terms, it is used on the basis of linguistic conventions of everyday technical language, and consequently is somewhat vague. At the core of the concept is the notion of a program which can be executed by a computer. The program will then have to take the form of a set of instructions conforming to the formalism of a programming language. The language consists of a certain predefined *set of commands*, which semantic is defined in detail with respect to the actions they will cause in a computer. The language will also have a defined *syntax* which has to be followed strictly for the program to be executed, or executed correctly. The program will permit variables which may be chosen by the programmer with considerable freedom. The program is seen

⁹ UNESCO is the depositary for the Universal Copyright Convention.

¹⁰ Art. 14.

as different from the *data*, which is what the program operates upon, that is, the relation between a word processing program and the texts processed by that program.

In simple terms, a diagram may indicate some of the different aspects of a program (see Figure 16.1).

The notion of a computer program is centred on the version in *source code*. This is a program written in a high-level language. This may be one of the traditional languages like COBOL, but is more likely to be a modern object-oriented language like C++ or RUBY. In our context, this is not very important. Such a programming language is often characterised as a high-level language, implying that it is ‘high’ in contrast to the programs existing at ‘deeper’ levels in the computer – the deepest level is where the program instructions are broken down to primitives which correspond to the machine components, ultimately the transistors, accumulators etc. which are present in their millions on the integrated circuits of the computer. The programming language exploits these possibilities to carve out hunks with special functions. Such a hunk is then given the name of an instruction, and using this instruction – which may be the word SORT – the programmer invokes the whole hunk of these special functions. The high-level programming language can be read by a human who is familiar with the language, in much the same way as we learn to read algebra. There are elements in the high-level language which are similar to natural language, like the word SORT, and its ‘meaning’ is related to the meaning of the word in natural language. But in contrast to natural language, the programming language has a detailed definition of its semantic (or understanding).

Typically, the program in high-level language will be run through another program to replace the high-level instructions by the machine-related detailed

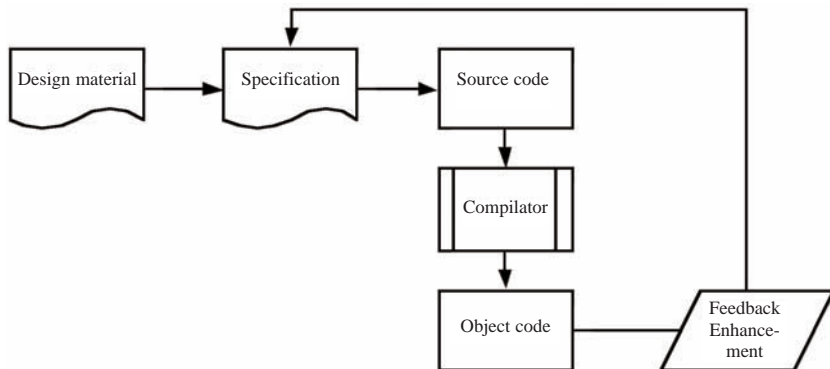


Figure 16.1 Introducing computer programs

instructions necessary to run the computer. This program is called a compiler. In this the simple sentences of high-level language are exploded into a very high number of primitive instructions implied by the definitions. The result is the object program, which may govern the functions of a computer. The compiler also checks the logic of the object program, and will report errors to the programmer. What may above have appeared as a one-way stream is really an interactive process, where the programmer has the program compiled as he or she works on developing the program, using the feedback of the compiler to improve on the program.

There is a one-to-one relationship between the source and object versions of the program in the sense that if two identical source programs were compiled by the same compiler, the result would be identical object programs. Occasionally one sees the process described as a ‘translation’ from object to source versions. This is not an appropriate choice of language, as translation conventionally is understood as a situation where the translator has a certain freedom of choice with respect to picking the right words or phrases. No such freedom exists for the compiler, it is a process governed by strict rules. It may be better compared to a machine which converts a text of Latin characters into Morse code, each letter being replaced by a pattern of dashes and dots.

There also is a one-to-one relationship between object and source code. Running the object code the reverse direction through a re-compiler, a source code will be produced – and running the same object code through the same re-compiler will each time result in an identical source version. But there is no one-to-one version between the original object code and the re-compiled object code. In compiling, a number of predefined choices are made. Several source code constructions may result in an identical set of object code instructions. And the compiler will make the object code optimal for the performance of the processing. Re-compiling the object code, there will be many possibilities for generating source code structures. While, originally, the programmer organised the source program for easy use by humans, the re-compiled program will reflect a structure made optimal for computer processing, and therefore pose challenges for the human sitting down to understand the re-compiled source.

In practice, the relation between source and object versions does not pose many difficulties for copyright law.

Preparatory design work

When starting to develop a program, someone must have an idea or take the initiative. There is no shortage of examples of the same person having a bright idea and developing it into a successful source program. But often the situation is more mundane – an organisation has a need for a certain function, and

requests a program to be developed to satisfy this need. Before the proper programming starts, there will be material describing the need, suggesting solutions etc. In Figure 16.1, this is indicated by the boxes ‘design material’ and ‘specification’. These obviously cannot be compiled, and cannot result in a set of instructions operating a computer. But according to the terminology of the Computer Program Directive,¹¹ they are to be understood as ‘computer programs’ (see the preamble item 7):

... whereas this term also includes preparatory design work leading to the development of a computer program provided that the nature of the preparatory work is such that a computer program can result from it as a later stage.

The criterion to distinguish preparatory work which is just an ordinary literary work of non-fiction discussing the development of a computer program, and preparatory work which is protected as a computer program, is whether a computer program ‘can result from it as a later stage’. This is certainly not a very clear criterion. It must obviously cover a situation in which a program has been specified by a formalism – for instance quasi-coding – which leaves little freedom for a programmer in transforming it into a source program. But how much freedom should be allowed before there is an independent literary work and an independent program has to be decided in the context of a concrete case.

One should keep in mind that there may be a case of *joint* authorship. The programmer may have sufficient freedom to imprint the resulting program with his or her choices, but at the same time the preparatory work governs the programming in such a way that it becomes a *derivative* work: the program is not independent of the preparatory literary work. This may be appropriate also because there is often a functional division between the person designing the program, resulting in a high-level specification, and the person coding the program on this basis. The designer may very well be the person with the original bright ideas, indicating functions and their interrelation, while the programming may be more of a sweat-of-the-brow task realising the indicated functions. In the abstract, this relation between designer and programmer, corresponding to the issue of when a program is an adaptation of a specification, may seem difficult. In practice, the issue will generally be solved by the rights of all those involved in the project being collected in the hand of the employer or through contracts governing the project (see below).

One may observe that the inclusion of preparatory design work makes it

¹¹ Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs.

explicit that computer programs do not have to be machine readable in order to fall within the scope of the Computer Program Directive. In principle, a source program printed as an example in a textbook, will be a program under the Directive, though this may create some detailed problems in practice.¹²

Originality

Article 1(1) of the Computer Programs Directive specifies that computer programs are to be protected as 'literary works within the meaning of the Berne Convention'. This implies that computer programs are to be treated as other works within the category of 'literary works', typical examples of which are novels or textbooks. This would seem appropriate. A source program has the appearance of a text when printed out, though generally more structured and repetitive in the choice of terms than a piece of natural language text. However, the main difference is that the text of a computer program through the process described above is transformed into instructions governing a computer – it has a *functional* aspect not found in other literary works. Even a very technical text relying on algebra, or a technical drawing defining a machine in detail, does not have functions – there is no way such a work can be made to execute any process in the real world by itself. The functional aspect is therefore a fundamental difference between computer programs and other sub-categories of literary works, and this may have consequences for the interpretation of the Directive or national law in some situations.

The criterion for achieving protection is set out in article 1(3) of the Computer Programs Directive:

A computer program shall be protected if it is original in the sense that it is the author's own intellectual creation. No other criteria shall be applied to determine its eligibility for protection.

This is an attempt to harmonise – at least with respect to computer programs – how to decide that a computer program rises above the threshold necessary to be qualified as a copyrighted 'work'. The Berne Convention does not itself have any definition or qualification of the term 'work', though guidance may be sought in the exemplification of article 2(1) of the Berne Convention. The criterion seems to require more than observing that the program is not copied from an earlier program (that it is 'new'), as it has to be the creation of its author. How much should be added to the criterion 'not copied' is not very clear. But in its report on the Computer Programs Directive, the Commission

¹² See *infra*.

has stated that twelve member states were required to lower, and three to increase, the threshold.¹³

The major decision signalling that the criterion of originality was interpreted as more severe with respect to computer programs was by the German Supreme Court.¹⁴ A decision by the same court, subsequent to the adoption of the Directive, confirmed that the threshold had been adjusted.¹⁵ One of the jurisdictions which had to raise its threshold was the United Kingdom, where a ‘sweat-of-the-brow’ doctrine would seem to have been accepted.

In practice it may be quite difficult to appreciate the originality of a computer program. Often a program is composed by using third-party components which are ‘glued’ together by simple coding. The contribution of the author’s own intellect may be how to do this, and the result may be similar to an anthology, to which the creative editor may have copyright. In practice, the problem does not arise too often – and there seems to be considerable guidance in the rule of the thumb: if a computer program has market value, it is also a copyrighted work.¹⁶

In this introduction, computer programs have been presented as instructions and the preparatory design work which results in programs. But a ‘program’ will also have other elements. The code may represent graphical interfaces which may be protected as technical drawings or other examples of art. The program may rely on feedback messages contained in separate libraries of different languages for user communication. And there may be integrated systems for help and assistance. To the user, this is all one ‘package’. Generally, such elements are not considered in copyright terms to be part of the literary work qualified as a program (though there may be modifications; see below under reverse engineering). And such elements may be subject to protection under copyright law or related rights (for instance, the indexes or help files may be qualified as protected databases).

In general, one should be aware that a ‘program’ is a system concept. One program may consist of sub-programs, and interact with other programs to constitute one functional service. To decide what is one program will not be a technical issue alone; it also has to take into consideration the marketing context, what is presented as ‘a program’ to users, etc.

¹³ Thomas Dreier and Bernt Hugenholtz (eds), *Concise European Copyright Law*, Kluwer, Alphen aan den Rijn 2006, 217. The express objective of harmonisation is stated in the Preamble item 4.

¹⁴ Bundesgerichtshof, 9 May 1985; see for instance [1985] GRUR 1041, [1986] ICC 681. The case is generally referred to as ‘Inkasso-Programm’.

¹⁵ Bundesgerichtshof, 14 July 1993; see for instance [1994] GRUR 39, [1995] ICC 127. The case is generally referred to as ‘Buchhaltungsprogramm’.

¹⁶ Formulated by Mogens Koktvedgaard, Danish professor of intellectual property law, refusing to be confused by subtle arguments.

The right holder

The original copyright holder: vertical, horizontal and temporal cooperation

The author of a computer program is:

... the natural person or group of natural persons who has created the program or, where the legislation of the Member State permits, the legal person designated as the rightholder by that legislation. Where collective works are recognized by the legislation of a Member State, the person considered by the legislation of the Member State to have created the work shall be deemed to be its author.

This is no different for computer programs than for other literary works. In many instances, there is no problem in readily identifying the author, who is the person conceiving and coding the program, using his or her exclusive rights as a platform from which to negotiate the exploitation of the program.

However, computer programs are part of 'industrial' copyright, and often the context will be different from that in which the traditional literary works are created. It may be somewhat similar to the development of textbooks, which may be huge projects initiated by a publishing house involving several authors, illustrators and currently also web designers and possibly programmers. The differences from the traditional context may be summed up as follows:

- the initiative is usually taken by a institution or a more loosely organised 'project';
- there are usually created specifications for the coding of the program;
- there are usually several physical persons involved in coding the program;
- third party elements are occasionally purchased to be integrated with the program;
- the program is developed to be present in the market for some time (years);
- the program will be maintained over time by making adjustments, corrections, or adaptations.

In some jurisdictions, legal persons may be the original copyright holder. According to the Continental European model, the original copyright holder must be a physical person, and Figure 16.2 below illustrates aspects of this situation.

The coding of a program may be carried out by several, even many, persons. One may have large projects where the program is divided into parts with well-defined interfaces. Groups may have responsibility for one module, working in parallel with other groups under a coordinating project management. The result will be a work 'created by a group of natural persons jointly',

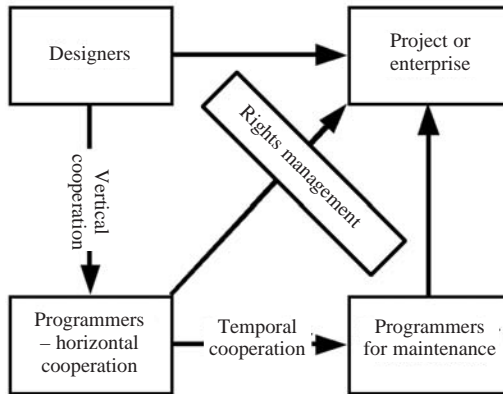


Figure 16.2 Cooperation in developing a program

and therefore ‘the exclusive rights shall be owned jointly’, see article 2(2) of the Computer Programs Directive. But this is only one of the several situations where such joint creation may take place; also indicated are the possibility for ‘vertical’ and ‘temporal’ cooperation.

Here there is ‘vertical cooperation’ between designers, specifying the program, and programmers, coding the program. This relationship has been briefly commented on above.

A prominent feature of computer programs is their maintenance. The use of programs will generate experiences which will be fed back to the design of the program. In any program of a certain complexity there will in practice always be ‘errors’ in the form of logical inconsistency. There will always be the possibility of improving performance. Throughout the life of a program, there will be new programs and hardware gadgets being introduced with which the program should interoperate, which will require further development of the program. And there may be functional enhancement. This is simplified in Figure 16.2 as a feedback loop amending the specifications of the program, requiring further programming. Errors may be addressed by the release of a patch to be integrated with the program. Enhancement may result in a new ‘version’ being released. Over time the program will be amended, perhaps even adapted. This change may be incremental; over time the program will change – and this change will be brought about by different persons than those involved in the first development.

The result is a ‘joint work’. As illustrated, this may include many physical individuals, and the relation between the work and a person who has contributed with his or her intellectual creative force to the program, may be rather tenuous. Some form of rights management is necessary, and this is

usually supplied by the institution, project or other entity which has taken the initiative in the programming. There will therefore be an assignment of rights from the original copyright holders to the institution in question, and this institution will then face the market with a whole bundle of rights as a platform for negotiating further contracts.

One will note this initial rights management is rather critical. If one of the original copyright holders fails to transfer his or her rights, there will be a defect in the title to the overall program. In practice this may happen. Often an implicit assignment is implied by the context in which the work is carried out, and there may be few possibilities for such a person to actually to exploit the situation in a commercial way. These practical circumstances are probably the reason for there being few examples of conflict on this basis.

Employee's assignment of copyright to employer

When organising the development of a computer program, an obvious way to organise the project is through employment of designers, programmers and others. There will then be an employment contract between the employer and the employee.

If a person is employed to create works – this is for traditional categories of jobs the case for journalists, both in paper and ether media – the rights in the created work obviously have to be shared in some way with the employer. It is understood that in this respect, the law varies between European countries. In some jurisdictions, the employer (also when a legal person) may be the original copyright holder. In other jurisdictions, the original copyright holder is always a physical person – the employee – and also the relationship between the employer and employee is seen as subject to contractual arrangements and in the perspective of labour law rather than copyright law. In the Nordic countries, journalists' organisations would maintain it is not appropriate for the legislator to interfere with the right of the unions to enter into collective agreements, including with respect to the transfer of copyright between employee and employer.

Therefore, there is not a unified background law in this respect. In spite of this, article 2(3) of the Directive on Computer Programs harmonises the transfer of employees' rights with respect to programs:

Where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer exclusively shall be entitled to exercise all economic rights in the program so created, unless otherwise provided by contract.

In this instance, European law has been harmonised. But it is a very limited coordination. As indicated above, the background law on transfer between employee and employer varies between jurisdictions. Also where there are

contractual arrangements, there may be different rules for interpretation, often in favour of the original copyright holder (who in the traditional view is the 'weaker' party in the relationship).

The term 'computer program' has to be interpreted according to the Directive, but may not be applied analogously for other types of work. Against the background of a default legislation based on the 'hands off' policy indicated above, the interpretation may be rather restrictive, for instance not applying to the design of databases. The term 'employee' is also a bit of a hurdle; in internal law there may be different definitions of 'employee' with respect to social security law, working environment law, tax law etc., especially the qualification of 'employee' with respect to a 'consultant' may be open to interpretation, as in projects for developing a program there are often inventive ways of associating individuals with a project. Obviously there may also be difficulties in determining whether the efforts are contained in the duties of the employment contract, or whether the employee himself or herself could have taken the initiative to develop the program.

Without elaborating this further, it is obvious that national law may vary in this respect. But these considerations on possibilities of divergences in national law should not overshadow the principle, which is also appropriate as a guideline for managing the rights to a computer program: the establishment of a practical regime of rights management which implies the collection of the many rights in one hand, with appropriate upstream contractual arrangements.

The exclusive acts

Having decided what is subject to the exclusive right (a computer program) and who is the right holder, one may approach the more succulent part of the issue – the exclusive acts reserved for the right holders.

The right of reproduction

REPRODUCTION

The more important exclusive right is the right to reproduction, stated in article 4(a) of the Directive:

the permanent or temporary reproduction of a computer program by any means and in any form, in part or in whole. Insofar as loading, displaying, running, transmission or storage of the computer program necessitate such reproduction, such acts shall be subject to authorization by the right holder . . .

'Reproduction' is interpreted according to the Berne Convention. But this does not have any definition of reproduction. The Directive includes *temporary* reproductions, and this was for some time an issue. It is believed that this

issue is resolved by article 2 of the Copyright Directive,¹⁷ though this does not directly apply to computer programs.¹⁸ The discussion leading to the adoption of the Copyright Directive must be taken into consideration, and the Directive as the conclusion of the discussion, which may be seen as addressing the permanence necessary for a representation to qualify as a reproduction. It is rather obvious that a 'permanent' reproduction on paper, magnetic or optical medium is a reproduction. It is also obvious that there are passing representations which are not qualified as reproductions, like the reflection of a painting in a mirror.

Processing a work by a computer implies numerous instances of copying. In order to examine a text on a computer screen, the text has to be communicated from a storage medium, typically a magnetic disk, to the central processing unit of the computer, where the representation is used to control the properties of the screen so that an image of the text appears. This representation in the CPU is short-lived, the storage cache has a limited capacity (but may in modern systems be of several gigabytes), and will be overwritten by the operating system if necessary. Also, data will be paged in and out of the CPU using techniques for virtual memory to make the user experience that a larger volume of data is available from the cache than in fact is the case. Similar solutions are used in communicating data through a network, where packets may be stored intermediately in nodes of the network waiting for forwarding capacity; the time stored varying upwards from microseconds.

There was disagreement as to whether these short-lived representations qualified as copies. The Copyright Directive would seem to have put an end to that disagreement, and the Computer Programs Directive uses the same terms in defining a reproduction. It must therefore be held that all these examples qualify as reproductions. In practice, there therefore would seem to be (at least) three degrees of permanence of a representation: those too volatile to qualify as a reproduction (like a mirror image), the temporary reproductions in computer-based systems, and permanent reproductions.

The author's own view on this issue is probably visible even through the brief discussion above. It is believed that the issue originally was caused by some concern with time-sharing computer bureaux. Time-sharing was popular in the 1980s. Several users would share a mainframe, accessing the computer from (dumb) terminals. A user would typically have an account and a password, and would have access to a segment of the mass storage, where the programs licensed by the user were available, and where data could be stored.

¹⁷ 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.

¹⁸ See art. 1(2)(a), Copyright Directive.

The scenario suggested a disloyal user accessing the mainframe, using the password of another user. In this way, the disloyal user could process data stored on his or her segment of the mass storage device by a program licensed by the user from whom the password was obtained. This would then not constitute a copyright infringement as the program was not reproduced – unless one qualified the temporary representation in the CPU of the terminal employed by the disloyal user as a reproduction. Otherwise, one would have to refer to the criminal law on hacking, which at that time was not very far advanced or coordinated between jurisdictions.

The Computer Programs Directive specifies that ‘such reproduction’ necessary for ‘loading, displaying, running, transmission or storage’ of the program is part of the exclusive right, which includes typical examples of permanent reproduction (‘storage’) and temporary reproductions in the meaning indicated above (‘loading, displaying, running, transmission’). The result is a very strong exclusive right of reproduction.

In addition, the Computer Program Directive extends the exclusive right through article 4(b) to

... the translation, adaptation, arrangement and any other alteration of a computer program and the reproduction of the results thereof, without prejudice to the rights of the person who alters the program ...

This makes it explicit that amendments or derivative works are also included in the exclusive right. Perhaps the use of the term ‘translation’ deserves a comment: translation from one high-level programming language to another is not necessarily identical to translating a text from one natural language to another. Programming languages may be related, or they may be based on widely different design principles. If a program is written in a logic language like PROLOG, the process of representing the rules in a language like COBOL would certainly be more than a mere translation, and perhaps better seen as taking a detailed specification to develop a new program. As algorithms, methods etc. are not protected, one may in such a case argue that there is no relevant derivative relationship between the programs. This is just an observation warning that one will have to look at what actually has been done rather than the term used to describe the process in order to decide whether it is a reproduction.

DELIMITATION FOR REPRODUCTION FOR INTENDED USE

It is obvious that the resulting exclusive right to reproduction is so strong that it has to be modified in order to make the market work in practice. Therefore, article 5(1) of the Computer Programs Directive makes a delimitation of the exclusive right for reproduction:

In the absence of specific contractual provisions, the acts referred to in Article 4 (a) and (b) shall not require authorization by the rightholder where they are necessary for the use of the computer program by the lawful acquirer in accordance with its intended purpose, including for error correction.

One will note that the provision is secondary to a deviating contractual regulation, and therefore presume that there is such a relation between the parties. In this context, there is no opportunity to further discuss the practices of contracting for computer programs. Of course, these vary from the detailed and complex documents governing the major development of a program system to the transactions across the counter, where no negotiation takes place, and the terms will flow from background law. It may not be unfair to maintain that the Computer Programs Directive is drafted on the understanding that the transaction will involve the acquisition of a physical medium, typically diskettes or compact disks, on which the program is stored. At the time the Directive was drafted, it was not uncommon that a program also was executed from a diskette inserted in the station of the computer. Development made this obsolete; the medium is only used for transporting the program to the computer on which it is to be used – here a reproduction takes place uploading the program to the internal memory of the computer. This reproduction is permitted by article 5(1) of the Computer Program directive, as it is in accordance with the intended purpose of the program. When executed, temporary copies will be made in the CPU; these also are permitted as they are in accordance with the intended purpose. But without contractual permission, only one such copy can be made of the program at the same time. It is the original copy on the physical medium which is the copy acquired, and it is this that governs the use of the program – the uploading to a computer is permitted because it is required for using the original purchased copy according to its purpose. Therefore it also must be permitted to delete an uploaded program and re-install the program on another computer; the relation between the original copy and the reproduction remains. There may be a certain leeway found in ‘intended purpose’, but the right to reproduce the program according to the Computer Program Directive article 5(1) remains rather narrow.

As emphasised, the delimitation of the Computer Program Directive article 5 rests on the presumption of a contractual relationship between the parties. Nevertheless, in implementing the provision in national law, at least two different strategies have been adopted. One is what would seem to follow the presumption of the Directive, introducing a clause governing the interpretation of licences for computer programs – many national acts will already have clauses for special categories of contracts, for instance the publishing contract or contracts for making a cinematographic work. However, another strategy is to introduce the substance of the Computer Program Directive as delimitations

of the general exclusive right of a right holder independent of any contractual relationship, but subject to such contracts in the sense that a contract will be given priority when the legislation does not state otherwise. The result is in practice rather similar, but in certain special situations there may be relevant differences (see below).

BACK-UP COPIES

As anybody dependent on a computer system will know from their own experience, there will occasionally be situations in which the data stored on local drives are lost. A basic principle of data security is that back-up copies should be made. The Computer Programs Directive permits reproduction for this purpose (see article 5(2)): ‘The making of a back-up copy by a person having a right to use the computer program may not be prevented by contract insofar as it is necessary for that use.’

The importance placed on this principle is evident partly from this being a mandatory right. Reproduction for this purpose may be done by ‘a person having the right to use the computer program’, which will include a somewhat wider circle than those having the right of reproduction for the intended use, which is limited to ‘the lawful acquirer’. The right to make a back-up copy will certainly include technical service staff routinely maintaining a computer system.

It may not be obvious why one needs a back-up copy when the program is acquired on a separate medium. If the program is lost on the computer on which it has been installed, a new installation may be made from the original copy, as happened in the first place – the original copy filling the need for a back-up. But a user of a program will typically make many choices in setting up the program to fit his or her preferences. All such features would be lost if a back-up copy could not be made.¹⁹

The right to make a back-up copy is limited to computer programs, a concept discussed above. In what for the user is perceived as a program, there may be elements which are not a computer program according to a strict inter-

¹⁹ UK courts have held that back-ups may not be necessary when the program is made available on a CD-ROM, see *Sony Computer Entertainment Inc v. Paul Owen and others*, [2002] EWHC 45 (ChD). The decision concerns use of a device to circumvent the geographical segmentation imposed by Sony on game modules, but the opinion of Justice Jacob on this point is given in very general terms. A similar view is taken by Justice Laddie in *Kabushiki Kaisha Sony Computer Entertainment Inc et al v. Ball et al*, [2004] EWHC 1738 (ChD). However, the decisions should be interpreted in the context of the disputes. A gaming module does not offer the type of user settings which in the text is indicated as creating a need for back-up copies, including also where the program is made available on a separate medium like a compact disk.



Figure 16.3 Example of files associated with 'one' program

pretation of the term. A typical example would be manuals, collections of clip-art etc. The program is also typically available to the user in object form. There is no practical way in which the user can qualify which part of the object code is a computer program in the strict sense, and which elements are accessories of a different nature. The clause must therefore be interpreted to permit reproduction for back-up purposes of all files presenting themselves as part of the purchased program.

This point gains some extra interest because the Copyright Directive seems to lack a corresponding provision. It is in some way remarkable that a limitation found sufficiently vital with respect to computer programs to make it mandatory, is not even mentioned with respect to other types of work, where it will be just as vital if these works are in computerised form. For such works, one therefore has to rely on the contract to authorise the reproduction necessary for back-up routines.²⁰

²⁰ This point will not be pursued, but there are obvious tensions between the two directives at this point.

Article 5(2) of the Computer Program Directive uses the phrase ‘a back-up copy’. This seems to imply that only *one* back-up copy is permitted at any time. According to routines, back-ups are made at intervals – every day, week etc. If only one back-up copy is permitted, this implies that earlier copies will have to be deleted when a new is made. Again, this would be contrary to basic data security principles, which advise at any one time having several generations of back-up copies, preferably stored at different locations to reduce the risk of accidental loss.

It must be justified to interpret the clause as a reference to normal back-up routines, permitting the reproduction of computer programs to the extent this is compliant with normal routines and loyal to the right holder.

A special situation occurs when a licence to a program lapses. The situation may be that a business has contracted for a program for some vital functions of its operation, perhaps as trivial – but necessary – as accounting. A special licence agreement is negotiated which includes a maintenance arrangement, the program being made available for an annual licence fee. Variations of such arrangements are rather common for large programs requiring user adaptation. As time goes on, there emerge competing programs, and the user decides to discontinue the relationship with the first provider, and switch to another solution. The licence agreement for the first program will lapse. Without such agreement, it may be argued that no right to maintain reproductions of the program remains. This would place the user in a very uncomfortable situation, as the program is needed to access historical records. Such access would be required by law in most jurisdictions for accounting records. One may look to article 5(2) of the Computer Programs Directive and argue that the right to make and retain a back-up copy also extends to a person who *had* a right to use the program when necessary to access the data processed by the program in the period the contractual arrangement lasted.

REPRODUCTION FOR PRIVATE USE

According to article 5(2)(b) of the Copyright Directive, one of the possibilities for limiting the exclusive right to reproduction by national legislation is ‘reproductions . . . made by a natural person for private use’. Considering the Computer Programs Directive, one will not find a similar possibility for delimiting the exclusive right to reproduction. This implies that the Directive bars the possibility in national legislation to open for ‘private reproduction’ of computer programs.

When the Computer Programs Directive was adopted, this was a rather controversial feature. The justification obviously was the argument that computer programs were very vulnerable to reproduction, and that the limitation of an exclusive right to private reproduction would represent a substantial reduction in the exclusive right enjoyed by the right holder, and would fail to

meet the three-step test of article 9(2) of the Berne Convention. The concern was partly that individuals would copy programs from their workplace to private portable computers or home computers, but also the market for gaming modules, where the major market was private and the typical user (at least at this time) juveniles.

When the Copyright Directive was passed, the provision in general on private reproduction was made subject to a presumption of fair remuneration to the right holder. But the regime established for computer programs was maintained, with respect to this type of literary works. There is no delimitation of the exclusive right for private use. Some national implementation laws made it explicit that this only holds for computer programs in machine readable form, otherwise a program printed in a textbook would be subject to different provisions on reproduction than the rest of the book.

ANALYSIS OF PROGRAMS

The Computer Programs Directive emphasises the dichotomy between the expression (which is protected by copyright law) and the ideas of a work (which are not protected). This is mentioned in the preamble, and it is repeated in article 1(2), mentioning explicitly that 'ideas and principles' are not protected. And article 5(3) of the Directive restates this in the context that a person having the right to use a program may examine it to 'determine the ideas and principles which underlie any element of the program'. It would seem that this is overstated in the Directive, as it is a delimitation flowing also from basic copyright law, and would apply without any direct regulation in the Directive. Perhaps the reason for emphasising the point is the strong exclusive right for reproduction given to the right holder, and the relation to the right of decompilation (see below).

The right of distribution

THE EXCLUSIVE RIGHT TO DISTRIBUTION

The exclusive right of reproduction is complemented by an exclusive right of distribution in the Computer Program Directive article 4(c): '... any form of distribution to the public, including the rental, of the original computer program or of copies thereof'. The typical situation is that copies are offered for sale across the counter, and this is obviously covered by the clause. The exclusive right requires that each copy of the program has to be distributed with the consent of the right holder.

Outside the consumer market, programs may be offered on the understanding that they will be configured for the individual user – this will also be a distribution of copies. 'Rental' is explained in recital 16 as 'the making available for use, for a limited period of time and for profit-making purposes, of a

computer program or a copy thereof'. This will include the arrangement where the licence to use a program relies on periodic payments, often combined with a 'maintenance contract' for keeping the program current with respect to the developments of hardware and other relevant programs. There is a Swedish case relating to Nintendo gaming modules, where these were sold with an offer of repurchase of the game from the customer on favourable terms. This was not seen as an infringement of the distribution right.²¹

The Computer Programs Directive makes no mention of public lending, which remains outside the scope of the Directive (see recital 16). Article 3 of the Rental and Lending Right Directive²² explicitly states that this Directive is without prejudice to article 4(c) of the Computer Program Directive. On the other hand, it is only this provision which is excluded. In article 5(2) of the Rental and Lending Right Directive there is a provision applying to the situation where the exclusive lending right is not implemented in national legislation for computer programs; in that case, remuneration for authors should be introduced.

The provision is cast on the basis of computer programs being made available to the market on some sort of carrier – diskettes or compact disks being typical examples. Currently, programs are typically acquired by downloading the program from a site. In this case, the purchase does not presume distribution. Downloading will result in a copy being made on the computer of the purchaser, but this copy has not been physically handed over from the right holder. The purchase through downloading is an example of a service (an 'information society service' in the terminology of the Electronic Commerce Directive).²³ The result of the downloading obviously is a reproduction falling within the exclusive right according to the Computer Programs Directive.

EXHAUSTION

Article 4(c) of the Computer Programs Directive establishes the principle of regional exhaustion of the distribution right. It applies when a copy of a computer program is *sold*; the distribution right in this copy is then exhausted.

The copy has to be subject to a sale. There may be other transactions which make a copy of a computer program available to a party. Typically, there may be a licence agreement which makes the program available for the period a

²¹ *Yapon AB v. Ekström*, [2002] ECDR (14) 155.

²² 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. This Directive has a somewhat broader definition of 'rental'; see art. 1(2).

²³ 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 ('Directive on electronic commerce').

licence fee is being paid. This will not constitute the sale of a copy of the program, but the qualification of the transaction may not be trivial, and will have to take the details of the situation into consideration.

Exhaustion only takes place within the European Community, and the European Economic Area. This is the general principle of exhaustion promoted by the EU, and a discussion of this in general falls outside the scope of this brief introduction.

Exhaustion includes only the copy subject for sale. In the case of off-the-shelf software, it only includes the original reproduction of the program on the carrier, which typically will be a compact disk.

In some instances, a computer is purchased with some pre-installed programs, typically operating system and some basic office programs. In this case, the copy has been purchased residing on the hard drive of the computer, and the distribution right is exhausted in these copies by the purchase, permitting the computer to be re-sold with the same programs. However, there are complicating factors, as such programs may be updated through online services, and if the updates considered separately qualify as works (as often will be the case for major updates), they have not been subject to sale as copies, and they are the result of services made available through the net.

This is an indication of the exhaustion principle not being quite straightforward. As mentioned, exhaustion does not apply to a program downloaded from a site. Occasionally, a hard copy in the form of a compact disk is offered as a back-up measure, being mailed to the purchaser separately, and typically for an additional fee. The distribution right in this must be subject to exhaustion, and may probably be sold by the purchaser to a third party without the consent of the right holder, while the purchaser continues to enjoy the advantages of the downloaded copy. To avoid this, the right holder may employ some technological protection measures.

Taking the typical example where off-the-shelf programs are purchased, the distribution right in the original copy will be exhausted. The purchaser may therefore sell this to a third party. But the right of reproduction is not exhausted. Therefore, the third party – who has no contractual relationship with the right holder – does not necessarily enjoy the limitations of these exclusive rights set out in article 5 of the Computer Programs Directive. For instance, if the third party has purchased a compact disk with a program and wants to use this on his or her computer, the program has to be uploaded to the hard disk of the computer, which constitutes a reproduction. Without a contract, it may be queried whether article 5(1) of the Computer Programs Directive applies, as this provision may be overruled by contractual arrangement. However, in the case of resale, the right holder has no possibility of making such arrangements.

As briefly mentioned, some implementations have made the provision of

the Computer Program Directive part of the general limitation of exclusive rights rather than provisions on the interpretation of contracts. If this strategy has been used, the problem indicated above is overcome, as a third party acquiring a copy of the program will be able to claim the same limitations in the right of reproduction.

But otherwise, one should interpret article 5 of the Computer Programs Directive to apply also to a third party having acquired a copy of the program in which the distribution right has been exhausted. It may be slightly at odds with conventional copyright principles to construe the transfer of a licence for reproduction with the copy in which the distribution right has been exhausted. But otherwise it would seem that the exhaustion to a large degree would be meaningless; one would be permitted to transfer the copy to a third party without the consent of the right holder, but that third party would not be in a position to make the intended use of the copy without such consent.

Decompilation

The right for decompilation is an innovation in copyright law. Its background may be found in the 1980s dispute between IBM and the European Commission, which was not dissimilar to the dispute with Microsoft which ended in 2007. In both instances the conflict was oriented towards a dominant enterprise, and its use of market power.

Under copyright law, certain exclusive rights are granted to the right holder. When the copyrighted work is made available on the market, anyone can avail themselves of the content, learn from the work and be inspired by it – and on this basis go on to create new and independent works by themselves. The exclusive right securing the position of the right holder is traded in the knowledge to be gained from the protected works. For computer programs, this (simplified) justification does not work – the programs are typically marketed in object form, which in practice cannot be read by a human.

Computer programs work in a context. When developing a program for a certain function, the developer would like to draw upon the functions of another program. One may think of a simple example, where a program is developed to assist translation from Norwegian to English. By highlighting a term, the auxiliary program will look for translations from its database. In order to do this, the developer of the auxiliary program needs to know how to communicate with the word processing program. This is often seen as a question of *interface* between a program and the surrounding domain. With knowledge of the interface, other programs may communicate with the program in the way defined by the program, and one may obtain interoperability between programs.

Interoperability is seen as desirable; it fosters competition and stimulates growth. Therefore it is seen as desirable for providers of a program to publish the specification of the interface of a program. But the provider of a program

may be reluctant to do so, because ignorance of the interface may offer some competitive protection.

This is the issue which article 6 of the Computer Programs Directive attempts to solve. It was easily the most controversial provision of the Directive, and the provision is rather complex. In this context, it will not be discussed in all its details, but an attempt is made to outline its structure.

First, the provision may only be applied by someone developing an independent program. It is the situation of the developer which may trigger the right of decompilation. The developer sees interoperability with another program as desirable. If necessary data on the interface is published or otherwise available, there is no need²⁴ to look further, and the right to decompilation cannot be invoked. Decompilation may take place only when it is 'indispensable'.

If decompilation is indispensable, further conditions apply. The program to be analysed must be lawfully available, the decompilation can only be performed by a licensee or another having the right to use a copy of the program and the decompilation can only be made of 'the parts of the original program which are necessary to achieve interoperability'. However, as the original program is only available in object form, it may be difficult for the person doing the decompilation to determine which parts are necessary: only what is available can be used to determine what to decompile.

The result of the decompilation can only be used for gaining the necessary interoperability, and not for any other purpose. The provision emphasises that decompilation does not authorise development, marketing etc. of a program 'substantially similar in its expression' or any other act which infringes copyright. To drive this point home, article 6(3) of the Computer Program Directive refers to the Berne Convention, and emphasises that the application of decompilation cannot be 'used in a manner which unreasonably prejudices the right holder's legitimate interests or conflicts with a normal exploitation of the computer program'.

Decompilation is therefore construed as a rather narrow right. If data on interfacing with a program is available to developers, it will not apply. And when applying, it only applies to the extent necessary to establish the desired interoperability with a program independently created.

In practice, decompilation results in a reproduction of the program, the object code being transformed to a form of source code by the strict rules of the decompiling program. As noted above, it will not be identical to the original source code due to the processing by the programs performing the compilation

²⁴ Though there will be rumours that the published data do not specify the most efficient way to interact with the program, etc.

and decompilation. The resulting ‘pseudo source code’ may be quite a jumble, and require considerable skill and time to analyse. Therefore, decompilation may be less of a solution than seen at first glance. The major effect of the provision is that on legal policy: to encourage the publication of interface specification and through this, exclude the application of the provision.

Technical protection measures

According to article 7(c) of the Computer Programs Directive, special protection is established for technical protection measures. The discussion of digital right management and technical protection measures became very heated with respect to the Copyright Directive, which in its article 6 implements article 11 of the WIPO Copyright Treaty (1996)²⁵ on technological measures. The provision of the Computer Program Directive predates this provision, and is excluded from the Copyright Directive (see article 1(2)(a)). Therefore, the provision on technical protection measures for computer programs applies in parallel to the more extensive regulation in the Copyright Directive.

At the time the Computer Programs Directive was passed, such protection devices were less sophisticated than examples currently being deployed. A typical device would be a plug (a ‘dongle’)²⁶ having to be present at the connection between the computer and printer. The program would check for its presence; if not found, the program would fail to print. This gave some security for the program being unlawfully reproduced as the plug itself was difficult to duplicate. Other measures would be key diskettes having to be present when initiating the program, the use of codes, etc.

The Computer Programs Directive applies to the possession, or putting into circulation of ‘any means’ which facilitate ‘the unauthorized removal or circumvention of any technical device which may have been applied to protect a computer program’. The act of circumvention itself is not qualified as illegal; the provision focuses on the ‘means’. The term ‘means’ is not specified, but will probably include ‘devices, products or components’ (see article 6(2) of the Copyright Directive), but probably not services.²⁷ The subject for

²⁵ See also art. 18, WPPT.

²⁶ In a German case, the court held that as the program was sold with a dongle, the intended use also presumed the use of the dongle, referring to the delimitation of the restricted acts under art. 5. It might also have been discussed in the context of art 7(c). See Oberlandesgericht Karlsruhe 1 October 1996, 6 U 40/95.

²⁷ In a Finnish case in which written instructions on how to circumvent were available, the Supreme Court did not find that this qualified as putting into circulation a means for circumvention according to the Finnish implementation of the Computer Programs Directive, see *Adobe Systems Inc v. [A] Software Distribution* [2004] ECDR (30) 303.

circumvention is qualified as a 'technical device'.²⁸ It is suggested that this is hardly a limitation – any measure implemented for a computerised system will be 'technical' in some sense of the term, but the term 'device' would seem – as suggested above – to exclude services.

There are two conditions. First, this must be the 'sole intended purpose' of the prohibited device. This is more limited than in the later Copyright Directive. Many devices may permit circumvention, but they may also have other lawful applications, for instance to translate formats.²⁹ Second, the act must be for 'commercial purposes'. This will exclude acts which are done by private persons – circumvention protection devices to access a program without any commercial purpose.

Term of protection

Article 8 of the Computer Program Directive stipulates the term of protection. This was originally fifty years counted from – as for other works – alternative dates, the major one being the death of the author (*post mortem auctoris*). However, the period was amended by article 1(1) of the Term Directive³⁰ for all literary works, including computer programs, to seventy years.

In this context, there is little reason to discuss this provision further, perhaps only with a small note on whether such a relatively long term of protection is justified for computer programs. The argument may be that though the term of protection may be justified for other types of literary works (and here opinions differ), it is not justified for works which are seen as rather short lived.

But the brief life-span of computer programs is to some extent a myth. Computer technology has since the beginning been subject to rapid development, which makes equipment obsolete in a matter of years. It is fascinating to note that the programs often survive through these changes by amendments and functional enhancement. Through incremental development, programs will make the leap from one generation of hardware to the next. There is no lack of examples of programs originally designed for the first personal computers in the early 1980s which still have a place in the market or, indeed, programs designed for managing the databases made possible by the first large magnetic discs still making their imprint on current systems in public administration.

²⁸ See art. 6(3), Copyright Directive.

²⁹ This is discussed in *Kabushiki Kaisha Sony Computer Entertainment Inc et al v. Ball et al*, [2004] EWHC 1738 (ChD) with respect to the 'Messiah2' chip, where Justice Laddie rejected that the chip had any other purpose than to circumvent the copy protection of Sony Playstation 2.

³⁰ Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights.

To unravel the term of protection in such cases must in practice be difficult. One will be able to determine when the term starts for the first version of a program. When the next version comes along, one has to decide whether the amendments meet the test of originality and represent a derivative work, or whether only changes of no copyright relevance have taken place. In the first case, a new term of protection will be initiated for the derivative work. This will happen time and again. The original coding may get lost in the chain of development – in principle there may be old versions actually passing into the public domain, but in practice this will be difficult to determine and of little practical importance.

The term of protection is, however, sufficiently long for us not to have had any direct experience. What is generally accepted to be the first electronic computer, the ENIAC, was unveiled in 1946, and was programmed by manipulating its switches and cables. Only when the von Neumann architecture was adopted for storing the program in logical notation separate programs could be written – the first stored program for the amended ENIAC was initiated 16 September 1948. This program was written for John von Neumann by Adele Goldstine, who died in 1964. Of course, other programmers would have died before her, but it may be an appropriate note of curiosity on which to close this introduction to reflect on the fact that the term of protection of the first program will last till 2035.

17 The protection of databases

Matthias Leistner

1. Introduction

The European harmonization of database protection through Directive 96/9/EC on the Legal Protection of Databases (Directive)¹ has become the object of intense controversy.

While the harmonization of traditional copyright in databases – based upon the condition of an individual selection or arrangement of the elements of a database – can be regarded as comparatively unproblematic,² the new *sui generis* right to protect substantial investments in databases has been the topic of lively discussion and criticism in legal writing. Thus, critics in literature emphasized that the new law would create a monopoly right in information as such, alien to essential principles of intellectual property law and endangering freedom of competition and freedom of access to information.³ The evaluation report of the European Commission of 2005⁴ at first sight seems to endorse

¹ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the Legal Protection of Databases, OJ EC L 77, at 20 et seq.

² See on the comparatively less problematic copyright provisions of the Directive and on the changes in this field from a continental European point of view e.g. Leistner, 33 IIC 2002, p. 439, at 446 et seq.: particularly, it has to be pointed out that the Directive – in contrast to the optional model in the more recent Information Society Directive (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, OJ L 167 of 22.6.2001, p. 10 et seq.) – has abolished the exception in favour of digital private copies of databases entirely and conclusively; cf. on this and on possible (and necessary) amendments to the Directive in this field also *infra*, at section 3.2; cf. for a focus on problems of implementation in the UK Derclaye, EIPR 2002, 466 et seq. See on the historical background of harmonization concerning copyright protection for databases Hugenholz, 'Implementing the Database Directive', in Kabel and Mom (eds), *Intellectual Property and Information Law*, The Hague/London/Boston: Kluwer Law International 1998, p. 183 et seq.

³ Cf. very early Mallet-Poujol, 1 Droit de l'informatique et des telecoms 6, p. 10 (1996); Reichman & Samuelson, 1997 Vand. L. Rev., p. 51 et seq.; since then cf. e.g. Maurer & Hugenholz & Onsrud, 294 Science, p. 789 (2001); Westkamp, 34 IIC (2003), p. 772 (801 et seq.).

⁴ DG Internal Market and Services Working Paper, First Evaluation of Directive 96/9/EC on the Legal Protection of Databases, of 12 December 2005

such views.⁵ The European Commission held that in light of empirical data, however dubious,⁶ the Directive had failed to achieve its main objective, that is, to boost European database production through granting a new property right as an incentive for investments in databases. Moreover, according to the evaluation report, the use of rather vague notions (particularly the notion of substantiality of investments as a condition of protection and other) in the text of the Directive has led to considerable legal uncertainty in the internal market. As a consequence, the European Commission has even considered withdrawing the whole Directive or at least the *sui generis* right.⁷

At closer inspection, however, it seems that while in certain problematic situations the new right could indeed potentially lead to serious restrictions on competition, in 'normal' cases it might – if certain necessary amendments were made in due course – still be an effective and reliable means of protection. From this viewpoint the *sui generis* right – even though it has generated legal uncertainty of its own – still seems a more reliable, stable and potentially more balanced framework for the protection of investments than the alternatives in Member States' laws, such as unfair competition and contract.⁸

Consequently, the following analysis will focus on the 'neuralgic' problem areas in the application of the new *sui generis* right in order to further identify and clarify the problematic issues of *sui generis* database protection (cf. *infra* Section 2.1) and to consider possible solutions to these problems. As will be shown, such solutions can partially be found in a proper interpretation and delineation of the exact subject matter of the new *sui generis* right in case law (cf. *infra* Section 2.2), can partially follow from a strict and consistent application of competition law (cf. *infra* Section 2.3), and should partially be sought by way of amending some of the provisions of the Directive (cf. *infra* Section 3). It is only against this background of concretely identified problems and possible solutions that a final conclusion about the evaluation and the perspectives of *sui generis* protection for databases in Europe can be drawn (cf. *infra* Section 4).

[Evaluation Report], available at http://ec.europa.eu/internal_market/copyright/docs/databases/evaluation_report_en.pdf (accessed 7 November 2007).

⁵ Cf. Leistner, K&R 2007, p. 457 et seq.; Derclaye, 38 IIC 2007, p. 275 et seq.

⁶ Cf. Leistner, *loc. cit.*, at 463 et seq.; Derclaye, *loc. cit.*, at 297 et seq.; see also *infra* at section 3.1.

⁷ Evaluation Report, p. 25 et seq.

⁸ Cf. Leistner, *loc. cit.*, at 465; Derclaye, *loc. cit.*, at 297 et seq.

2. The new *sui generis* right – a danger for free competition?

2.1 Problematic issues

In fact, while functioning quite well in some contexts (e.g. the protection of certain internet services),⁹ the new right has caused problems in others: primarily, in so-called *sole source data situations* (where the content of the database cannot be compiled independently from public domain resources, such as with respect to TV programme listings, train timetables etc.) *sui generis* protection for databases can indeed be restrictive on competition, in particular in secondary markets.¹⁰ These problems have been discussed extensively, and the database right (which was originally intended as a European model for a worldwide protection instrument) became the object of worldwide criticism. In some respects, therefore, it might be said that the *sui generis* right was the initial spark for the recent more general discussion about a possible ‘over-protection’ of mundane material through copyright, and about potential adverse effects of the copyright system on competition.¹¹

In fact, the broad formulation of the notion of potentially protectable databases in the Directive (any collection of independent elements, arranged in a systematic or methodical way and individually accessible can qualify as a database¹²) and in particular the vaguely formulated threshold of *sui generis* protection, i.e. the condition of a ‘quantitatively or qualitatively’ substantial investment in either the obtaining, verification or presentation of the contents of the database, can potentially lead to restrictions on competition in certain situations where the new right in fact comes dangerously close to a possible monopolization of mere information. Moreover, the possibility of gaining possibly infinite *sui generis* protection through continuous ‘updating investments’ (see

⁹ Cf. for comprehensive further references from German case law Leistner, in: Wiebe & Leupold (eds), *Recht der elektronischen Datenbanken*, C.F. Müller, Heidelberg 2003, Part II B; Leistner, K&R 2007, p. 457 et seq., and for an overview of the situation in Europe the excellent compilation by Hugenholtz et al., *The Database Right File*, available at www.ivir.nl (accessed 4 December 2007).

¹⁰ See on the effects of IP rights in aftermarkets from a more general recent viewpoint Bechtold, *Die Kontrolle von Sekundärmärkten – eine juristische und ökonomische Untersuchung im Kartell- und Immaterialgüterrecht*, Nomos, Baden-Baden 2007.

¹¹ Cf. e.g. Laddie, EIPR 1996, p. 253; Hoeren, GRUR 1997, p. 866; Hugenholtz, EIPR 2000, p. 499; Peukert, GRUR Int. 2002, p. 1012; Hilty, GRUR Int. 2003, p. 201; Zypries, GRUR 2004, p. 977.

¹² See for problems caused by an over-broad definition of database protection in certain specific fields of research and culture Bovenberg, EIPR 2001, p. 361; Galli, 37 IIC 2006, p. 452. For an attempt to domesticate the general field of application of database protection by emphasizing a strict interpretation of the criterion of ‘independence’ of the elements see Leistner, 33 IIC 2002, p. 439, at 443 et seq.

art. 10 (3) Directive), provided these are substantial, can even increase such adverse effects on competition; hence, the problem of delineating the scope of protection for ‘updated’ databases has to be solved accordingly.

Some have argued that these problems could be solved by requiring a rather high threshold of substantiality as regards both the notion of substantial investment and the notion of qualitatively or quantitatively substantial parts of a database to uses of which the scope of the new right in result is limited.¹³ However, the definition of a high threshold of substantiality would in fact seriously endanger the harmonization objective of the Directive since such more exclusive protection would be much narrower than the former broad UK copyright protection for databases which remains applicable to ‘old’ databases for a considerable transitional period. Moreover, in particular with regard to the condition of protection, the application of a high protection threshold would arguably lead to additional legal uncertainty as compared to an interpretation in the sense of a mere *de minimis* criterion.¹⁴

Besides (and decisively), the typical competition-related problems caused by the new right could hardly be solved on the basis of a strict interpretation of the condition of substantiality as such or on the basis of a restrictive interpretation of the notion of qualitatively or quantitatively substantial parts of a database, since in practically all of the problematic situations, in fact the potential competitor *needs substantial* parts of a *large* database to build up a competing or entirely new product or service. Hence, mere undifferentiated claims for a ‘high’ protection threshold are unjustified and would rather lead to additional problems for free competition, as a more restrictive condition of protection would indeed inherently favour producers of large databases. As a result, the trend in European case law towards a rather extensive interpretation of the protection threshold of substantiality, as regards its height as such, should be appreciated.¹⁵

In fact, instead of heightening the substantiality threshold as such, only a competition-orientated definition of the investments *eligible* for protection and hence of the particular immaterial subject matter of the new *sui generis* right

¹³ Although Art. 7 (5) Database Directive also covers the repeated and systematic extraction or re-utilization of insubstantial parts of a Directive, provided such acts conflict with a normal exploitation of the database or unreasonably prejudice the legitimate interests of the database maker, the ECJ has clarified in its judgment of 9 November 2004, Case C-203/02, *BHB v. Hill*, [2004] ECR I-10415, at para. 83 et seq., that to trigger this provision the repeated and systematic extractions or re-utilizations have at least to cover a substantial part of the database in sum.

¹⁴ See Leistner, 33 IIC 2002, p. 439, at 447 et seq.; similarly Derclaye, 36 IIC (2005), p. 2 et seq.

¹⁵ See Leistner, *loc. cit.*; similarly Derclaye, *loc. cit.*, at 30.

can avert most of the potential dangers for free competition which might follow from *sui generis* protection for databases. Moreover, such definition of the subject matter of the new right with regard to the *condition* of protection should be translated consistently into the level of interpretation of the notion of substantial parts of a database (as regards the *scope* of the *sui generis* right). Besides, such consistent definition of the particular immaterial subject matter protected through the new *sui generis* right can help to solve the problems with the treatment of continuously updated databases which at present could arguably profit from an infinite term of protection.

In the recent discussion about a restriction through the new right on access to mere factual information and, as a consequence, of adverse effects on competition, proponents of the new *sui generis* right have frequently argued that the right does not protect information as such but instead the mere investment in the compilation of information and its exact presentation.¹⁶ This argumentation is right at least in theory: the particular subject matter of the new right is indeed the immaterial investment in the database which only materializes as a tangible fixation in the compilation of elements of information as such. Hence, it is not the information which is protected but a certain, well-defined achievement of the database maker.¹⁷ As a consequence, potential competitors at least remain free to gather the same data independently. However, while this argument in defence of the new *sui generis* protection is

¹⁶ See e.g. Koumantos, RIDA 171 (1997), 78, 116; Gaster, in: Dittrich (ed.), p. 15, at 26; Leistner, *Der Rechtsschutz von Datenbanken*, C.H. Beck, Munich 2000, p. 144 et seq.; briefly also Leistner, 33 IIC 2002, p. 439, at 451 et seq. In contrast, according to Reichman & Samuelson, *op. cit.*, at 89 the specific subject matter of the new right would be *information as such* with the result of an over-broad, highly problematic protection. Similarly Oberster Gerichtshof (Austrian Supreme Court), Judgment of 27 November 2001, GRUR Int. 2001, p. 940 – *Gelbe Seiten*.

¹⁷ See e.g. Koumantos, RIDA 171 (1997), 78, 116; Gaster, in: Dittrich (ed.), p. 15, at 26; Leistner, *Der Rechtsschutz von Datenbanken*, p. 144 et seq. (2000); briefly also Leistner, 33 IIC 2002, p. 439, at 451 et seq.; Vogel, in: Schrickler (ed.), *Urheberrecht – Kommentar*, 3rd edition, C.H. Beck, Munich 2006, Vor §§ 87a ff., pt. 21. Cf. in contrast Oberster Gerichtshof (Austrian Supreme Court), Judgment of 27 November 2001, GRUR Int. 2001, p. 940 – *Gelbe Seiten*: content of the database, i.e. the compiled information as such, as protected subject matter of the *sui generis* right. The German Bundesgerichtshof (Federal Supreme Court) has meanwhile referred an Art. 234 EC reference question to the ECJ in the decision *Gedichttitelliste II*, which will allow the ECJ to decide on this problem, cf. Case C-304/07, OJ EC C 211 of 8 September 2007, p. 21 (for the reference question), and GRUR 2007, p. 688–90, for the respective Decision of the Federal Supreme Court which unveils the underlying considerations concerning the specific immaterial subject matter of *sui generis* protection (and showing a certain tendency against the attitude of the Austrian Supreme Court and in favour of the prevailing opinion in legal doctrine). See further *infra* 2.2.4.

dogmatically coherent, it practically fails in those situations where an independent collection of the data in question is impossible or prohibitively costly.

Such is typically the case whenever the data in question are *created* (instead of compiled) because in such cases an independent source for the data does not exist at all. Typical examples are TV programming data,¹⁸ train timetables¹⁹ or fixtures and results of sporting events.²⁰ As can be seen, such problematic creation of data will typically occur whenever the data are generated as a mere *spin-off* of another main activity, for example, the organization of a TV station, a railway company or various sporting events and leagues. While theoretically in such situations the data could also be ascertained independently (e.g. by watching the trains in question), such efforts will, however, either be economically unfeasible or will even (e.g. in the case of sports fixtures or TV programmes) come too late for companies wishing to offer a secondary product or service such as a TV programme guide or sports betting services.

In the older *Magill* judgment, the ECJ was first confronted with such a case – then based on broad Irish copyright protection for TV programme listings which was used by the broadcasting stations to block an independent service provider for a comprehensive TV guide from offering his service. The ECJ tried to remedy this situation – which then followed from an over-broad and widely criticized application of copyright to such mundane data²¹ – by granting compulsory licences according to article 82 (then art. 86) EC under certain, rather too narrow conditions (visibly deduced from the specific facts of the case).²²

However, even if such compulsory licences were granted on a coherent and effective basis,²³ according to article 82 EC, they could realistically not solve the *sole source data* problems resulting from the new *sui generis* right. This is because while in *Magill* the problematic situation followed from a singular

¹⁸ Cf. already Joined cases C-241/91 P and C-242/91 P, *Radio Telefis Eireann (RTE) and Independent Television Publications Ltd (ITP) v. Commission* [1995] ECR I-7430 – *Magill*.

¹⁹ Cf. e.g. LG Köln (Cologne District Court), judgment of 8 May 2002 – 28 O 180/02, MMR 2002, p. 689.

²⁰ See the seminal ECJ judgments: ECJ, judgment of 9 November 2004, Case C-203/02, *BHB v. Hill*, [2004] ECR I-10415; ECJ, judgment of 9 November 2004, Case C-444/02, *Fixtures Marketing v. Organismos Prognostikon*, [2004] ECR I-10549; ECJ, judgment of 9 November 2004, Case C-46/02, *Fixtures Marketing v. Oy Veikkaus AB*, [2004] ECR I-10365; ECJ, judgment of 9 November 2004, Case C-338/02, *Fixtures Marketing v. Svenska Spel AB*, [2004] ECR I-10497.

²¹ Cf. with respect to *Magill* e.g. Doutrélepon, GRUR Int. 1994, p. 302, at 307.

²² See further *infra* at section 2.3.

²³ See further for a revised Art. 82 EC ‘test’ with respect to compulsory licences for the use of IP rights *infra* at section 2.3.

and arguably wrong over-expansion of copyright, such protection for created data on the basis of a systematic application of the *sui generis* right would make these problems a *typical and structural* consequence of the definition of the very immaterial subject matter of *sui generis* protection and therefore a rather commonplace event. The application of competition law instruments would typically come too late to remedy such structural restrictions on competition in the highly dynamic markets for databases and database-related products or services.

In fact, a general lesson for the Intellectual Property (IP) system can be learned from the relation of *sui generis* protection for databases and the application of competition law in this field: whenever restrictions on competition in secondary markets follow typically and structurally from the very definition of the particular immaterial subject matter and scope of a new IP right, such problems should be solved by re-defining the IP instrument itself accordingly ('IP internal solution'). This is because IP rights cannot fulfil their very function in a concept of dynamic competition, that is, to replace imitative competition through innovative competition, when they lead in fact to a complete reservation of entire markets. Hence, where a certain interpretation of an IP right *typically and structurally* would have such consequences, as with respect to *sui generis* protection for *sole source data*, the very definition or – where possible – interpretation of the IP right in question has to be considered critically. On the contrary, where an IP right leads to restrictions on competition only *under certain market conditions*, and where this consequence is thus dependent on a certain market structure or situation, the application of competition law based on a sound economic analysis of the market in question might remedy such more exceptional 'side effects' of IP protection ('IP external solution').

From this differentiation follows, with respect to *sui generis* database protection, that the *sole source data* problem should be solved by a consistent interpretation of the *sui generis* right itself (i.e. what might be called an 'IP internal solution', see *infra* Section 2.2). However, *sui generis* protection for databases might also tend to lead to restrictions on competition which follow from certain market conditions, in particular in markets with high entry barriers or network effects where the new right might lead to a lock-in situation for potential customers. This is because the very structure or concept of a database – wherever it is the basis for exchange of data in a certain market with network effects and rather high entry barriers – can all too easily develop into a *de facto* standard. Thus, it could be said that database protection (concerning *sui generis* right and copyright) also tends to come close to a potential protection of *standards*. However, such developments are not a typical and structural consequence of these IP rights, but emerge only under certain market conditions which have to be subjected to a thorough economic analysis. Hence, with respect to such market-dependent *potential* restrictions on competition,

solutions primarily have to be sought by developing consistent criteria for compulsory licences on the basis of article 82 EC (i.e. ‘IP external solutions’, cf. *infra* Section 2.3). Any other IP internal solution would inevitably overshoot the mark since the existing IP system is hardly ready and capable of developing flexible protection concepts in relation to the *ad hoc* economic analysis of different market situations.

2.2 *IP ‘internal’ solutions: subject matter and scope of protection according to BHB v. Hill*

2.2.1 THE SPIN-OFF DOCTRINE

Because *sole source* databases were typically a *spin-off* of other main commercial activities,²⁴ the *sole source* problem has sparked a wide discussion, particularly in Dutch legal doctrine and case law, about the exclusion of mere by-products of another main activity of database producers from protection.²⁵ In fact, such a theory would have put a rather vague and uncertain additional subjective condition on protection, namely, that the database maker mainly intended to produce a database by his substantial investment. However, neither the text of the Directive nor the very objective of the *sui generis* right, to protect investments in obtaining, verification or presentation of the contents of databases, really backed up this theory. Even more gravely, such a theory – at least in a case of broad and undifferentiated application²⁶ – would have entirely missed the point concerning the implications of *sui generis* protection for free competition. This is because although most of the – highly problematic – created data indeed constitute a mere spin-off of

²⁴ See *supra* at section 2.1.

²⁵ See for judgments in the Member States employing and developing the so-called *spin-off* doctrine e.g. Court of Appeal of The Hague, judgment of 30 January 2001, *De Telegraaf v. NOS*, [2001] Mediaforum 94; Court of First Instance of Rotterdam, judgment of 22 August 2000, [2000] Mediaforum 344; Court of Appeal of The Hague, judgment of 21 December 2000, [2001] Mediaforum 87. For the development of the *spin-off* doctrine in legal writing, cf. e.g. Visser, in: H. Snijders and S. Weatherill (eds), *E-commerce Law*, 2003, at p. 106; Derclaye, *EIPR* 2004, 402 with further references.

²⁶ See on possible (and sensible) ways of terminologically differentiating the recently discussed versions of different *spin-off* theories in order to focus the theory on genuinely problematic situations Derclaye, *EIPR* 2004, p. 402, at 408 et seq. However, these (laudable) attempts to terminologically ‘save’ the *spin-off* doctrine by narrowing it down now seem outdated in light of the later *BHB v. Hill* judgment (*supra*, at note 20), which has outspokenly (and rightly so, cf. briefly Leistner, 36 *IIC* 2005, p. 592 et seq.) rejected the *spin-off* doctrine in favour of a more precise, essentially teleological approach to interpreting the condition of *sui generis* protection, cf. further *infra* at section 2.2.3.

another main commercial activity, this is certainly not necessarily the case; and – vice versa – not all spin-off databases are problematic from a competition-orientated point of view. Thus, in the German Federal Supreme Court *Michel-Nummern* case – concerning a ‘created’ *sole source* systematization system for stamp collectors – protection of the created and invented *sole source* data themselves would have constituted a grave problem for competing systematization systems and in particular for fair use transposition activities.²⁷ Hence, as a result the German Federal Supreme Court was right to deny the database maker protection against a program which allowed the fixation, export and import of the results of a manual transposition of the stamp system numbers into those of a competing system. In fact, however, this result could not have been based upon the spin-off theory since the principal and investment-intensive activity of the database maker was indeed the development and advancement of this systematization system. Moreover, the other way around, there are many spin-off databases where in fact no reason can be seen to deny *sui generis* protection to the exploitation of certain secondary markets which were not in the sights of the database maker when he devised his investment activity in the first place. For example, if an airline decided to license its own costly and precise weather²⁸ database to competitors, from a competition-orientated point of view such use would be by no means abusive or problematic. Hence, arguably database protection should and could be granted notwithstanding the database being a mere spin-off of organising the airline activity. As a result, a more precise solution of the only so far clearly distinguishable problematic implication of the *sui generis* right, that is, its application to sole source databases resulting from a data-generating activity of the database maker, should focus on the question of which is the particular immaterial subject matter, that is, the very protection objective of the new right.

2.2.2 THE ECJ’S JUDGMENT IN *BHB V. HILL*

In fact, this is exactly the line which the ECJ has taken on the basis of a strictly teleological argumentation in the seminal *BHB v. Hill* decision which has indeed already solved many of the problems which the new right could have posed. However, even the ECJ’s ruling needs careful interpretation and, even more important, it goes much further in answering open questions of *sui generis* protection than has hitherto been seen in legal doctrine. Besides, as will be shown in what follows, a consistent application and development of the

²⁷ Cf. German Bundesgerichtshof (Federal Supreme Court), judgment of 3 November 2005 – I ZR 311/02, GRUR 2006, 493 – *Michel-Nummern*.

²⁸ See on the problem of whether the measuring of data in nature can still constitute an eligible investment for the ‘substantiality’ test in the sense of Art. 7 (1) Directive in the light of the ECJ’s *BHB v. Hill* judgment (*supra*, at note 20), *infra* 2.2.3.

BHB v. Hill doctrine concerning the particular subject matter of the *sui generis* right can solve many of the ambiguous issues of database protection; on closer inspection, questions such as the exact delineation of the scope of the new right with respect to original and updated databases can be answered satisfactorily on this basis.

The facts in *BHB v. Hill* were, indeed, typical of a *sole source data* situation. The British Horseracing Board had tried, on the basis of database protection for horserace listings and other basically organizational information, to monopolize the information which was needed for services in the betting sector. This behaviour immediately found some imitators: actually, the English and Scottish football leagues tried to apply the same ‘business model’; their marketing branch, Fixtures Marketing Ltd., claimed Europe-wide database rights for the fixtures listings of football games.²⁹ Apart from some other issues, the crucial question in *BHB v. Hill* was whether investment in the production of a database with exhaustive horseracing information could be regarded as a substantial investment in the sense of the 1996 Directive.

While dismissing the spin-off theory (in its broad form³⁰) explicitly, the Court solved the case in an elegant and stunningly simple way.³¹ In fact, the ECJ simply defined the objective – and consequently the particular immaterial subject matter – of the new *sui generis* right in a restrictive way. Referring to the recitals of the Directive, the Court focused on the purpose of the new right, that is, to promote the production of compilations of data, and therefore excluded those investments which were not directed at gathering together already existing independent materials from the concept of relevant investments ‘in obtaining . . . of the content’ of the database. This particularly excludes investments which are only used for creating materials which make up the content of a database.³² As a consequence of this thorough teleological

²⁹ This situation was the object of the three parallel judgments of the ECJ in: *Fixtures Marketing Ltd v. Oy Veikkaus* C-46/02 (*supra*, at note 20), *Fixtures Marketing Ltd. v. Svenska Spel AB* C-338/02 (*supra*, at note 20) and *Fixtures Marketing v. OPAP* C-444/02 (*supra*, at note 20), in which the Court more or less applied the *ratio decidendi* from *BHB v. Hill* to similar facts in these cases.

³⁰ See for possible terminological differentiation in literature preceding the rejection through the ECJ, *supra* (at note 26).

³¹ Cf. Hoeren, MMR 2005, p. 34; Leistner, JZ 2005, p. 408; more critically Lehmann, CR 2005, p. 15; Derclaye, 38 IIC 2007, p. 275, at 284 et seq.; with more critical comments (namely emphasizing in particular the difficulties in distinguishing between ‘creation’ and ‘verification’ (cf. on solutions to this problem *infra*, at section 2.2.3), cf. Davison & Hugenholtz, EIPR 2005, p. 113, at 114 et seq.; Masson, EIPR 2006, p. 261, at 266 et seq.

³² For early approaches in a similar direction, cf. Vogel, in: Schricker (ed.), *Urheberrecht – Kommentar*, 2nd edition 1999, § 87a, at para. 16; Leistner, GRUR Int. 1999, p. 819, at 825 et seq.

approach, the Court also excluded from the expression ‘investment in . . . the . . . verification . . . of the contents’ of a database those investments which do not serve the purpose of monitoring the accuracy and reliability of existing database information, but instead are directed towards verification procedures during the stage of data creation.

Thus, the ECJ found an elegant solution for solving clear spin-off cases (in the narrow sense³³) and sole source data situations by simply excluding investments in the mere creation of data. This solution might indeed work well in clear-cut cases, because it is typical of sole source data situations that the data in question have been created by the database maker. It is because of this very creation process that the data cannot be obtained anywhere else, and thus, the new right becomes problematic.

2.2.3 THE DISTINCTION BETWEEN PROTECTABLE INVESTMENTS AND NON-PROTECTABLE INVESTMENTS ACCORDING TO THE ‘TELEOLOGICAL *BHB V. HILL* TEST’

However, the solution of the Court might cause some problems in less clear-cut cases than *BHB v. Hill*. This is because, in fact, the Court has only shifted the crucial problem (of identifying protectable investments) to a new terminological level. From now on, the thin red line (between protectable and non-protectable investments) will have to be drawn on the basis of a distinction between two stages in the production process of databases. It will have to be distinguished between a first stage of data creation, and a second stage of seeking out and collecting pre-existent independent materials (and a respective subsequent verification). This distinction is easy to make in an unambiguous case, such as *BHB v. Hill*. However, the criterion will be problematic to apply in cases where it cannot clearly be distinguished, in particular, between investments in data creation and investments in data collection.³⁴ In fact, a realistic database production process might, at times, not be as easy to categorize in different stages as the ECJ implies it in its judgment. The situation is made even more difficult by the fact that the Court favours a *pro rata* analysis; in

³³ Cf. Leistner, 36 IIC 2005, p. 592, at 593 et seq. (however emphasizing the necessity of finding a guiding factor for distinguishing eligible from non-eligible investments in less clear-cut cases than *BHB v. Hill*, cf. on this problem *infra*, at section 2.2.3); Leistner, Kommunikation und Recht 2007, p. 457, at 459 et seq.; similarly Davison & Hugenholtz, EIPR 2005, p. 113, at 114 et seq.; Derclaye, 38 IIC 2007, p. 275, at 284 et seq. (however both also pointing out some difficulties concerning possible circumvention of the new *BHB v. Hill* ‘test’).

³⁴ See for numerous examples from different fields of application and for suggestions of sensible distinctive criteria in literature e.g. Masson, ‘Creation of database or creation of data: Crucial choices in the matter of database protection’, EIPR 2006, 28 (5), 261–7.

other words, in the future, a claimant will have to show accurately which investments have merely been used in the creation process of the database, and which investments have been directed into the collection and representation of pre-existing independent, or previously created data. A respective and accurate documentation of the investments in the database must be strongly recommended to database makers; however, probably only larger database makers will be able to organize such documentation.

As for the interpretation of the crucial new distinguishing criterion, from the author's point of view a 'teleological' interpretation of the new case law test should be favoured concerning problematic and contentious cases such as the measuring or isolation of pre-existing data in nature. Thus, the interpretation should be guided by the precise analysis of the very problem which the ECJ tried to solve in developing the new *BHB* test. In fact, the issue in *BHB v. Hill* was the restrictions on competition which resulted from the fact that the data in question could not be gathered together independently by competitors or other service providers in secondary markets, such as the betting services market. This problem is typical for data which are 'made up' in the sense of independently generated by the database maker, while they cannot be obtained anywhere else. Hence, the essence of a 'teleological *BHB v. Hill* test' should be to exclude such investments as are directed at the very generation (the complete 'making up' or invention) of a system of new data, while data which are 'created' by measuring natural phenomena (e.g. the case of meteorological or geographical databases) should be eligible for protection. This is because those data which are 'freely' available in nature can be measured independently and with comparable costs by potential competitors without any restrictions following from pre-existing database protection for another compilation of these data. In consequence, the suggested 'teleological *BHB v. Hill* test', that is, the distinction between the (excluded) 'making up' (i.e. invention in the narrow sense) of data, and the (relevant) creation of data through measuring and comparable processes of seeking out pre-existent information, takes into account the very teleological underpinnings of the ECJ's terminological distinction, and would therefore constitute the best solution to identifying problematic situations.

2.2.4 CONSEQUENCES OF *BHB V. HILL* FOR THE SCOPE OF *SUI GENERIS* PROTECTION

In order to make such an approach workable, and – in fact – to solve some more of the problematic issues of *sui generis* database protection by applying and developing this new test, it is indispensable to consistently translate the definition of the very protected particular immaterial subject matter, that is, investments in obtaining, verification or presentation of pre-existing data, into a corresponding interpretation of the *scope* of database protection. This has

crucial consequences for the definition of the acts of extraction and re-utilization and, even more decisively, for the definition of substantial parts of a database in various use situations. In fact, from the character of the *sui generis* right as a genuine IP right protecting specific investment, which materializes in the protected database, it follows that the very investment effort – not the contents of the database³⁵ – shall be protected against use acts which are substantially harmful for the re-financing of the investment through legitimate exploitation of the database.³⁶ From this follows clearly that an act of extraction or re-utilization does not pre-suppose that the data used were *directly* extracted from the protected database;³⁷ an indirect use, notwithstanding a re-arrangement of the data,³⁸ suffices to trigger database protection whenever such use misappropriates the specifically protected investment of the database maker which materializes itself in the protected database as a tangible fixation. Consequently, the substantiality of the investment which was directed into the part in question has to be decisive for assessing the substantiality of the part subject to a use act.³⁹ However, the very restriction, as regards *protectable* investments according to the *BHB v. Hill* test, then naturally has also to be taken into consideration when assessing whether a substantial *part* of a database has been used. Hence, substantiality of a part must not follow from the value of the elements themselves. This value of the contents of the database itself is not the protected subject matter of the new right.⁴⁰ Consequently, parts of a database for which the substantiality of the underlying investments follows from investments in the generation of these elements or the intrinsic value of the elements in question cannot be regarded as substantial parts.⁴¹ Instead, the ‘qualitative’⁴² substantiality of a part, according to *BHB v.*

³⁵ See quite clearly ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 72 on the basis of Recital 46 Directive. See for the prevailing opinion in legal doctrine Koumantos, RIDA 171 (1997), 78, 116; Gaster, in: Dittrich (ed.), p. 15, at 26; Leistner, *Der Rechtsschutz von Datenbanken*, Munich 2000, p. 144 et seq.; briefly also Leistner, 33 IIC 2002, p. 439, at 451 et seq.; cf. also the tendency in the Reference Decision of the German Federal Supreme Court in Case C-304/07, OJ EC C 211 of 8 September 2007, p. 21 (cf. for the decision: GRUR 2007, p. 688–90).

³⁶ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 45 et seq. on the basis of Recital 42 Directive.

³⁷ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 53.

³⁸ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 52 et seq.

³⁹ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 69 et seq.

⁴⁰ Cf. ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 72 on the basis of Recital 46 Directive.

⁴¹ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 72.

⁴² Critically concerning this specific and very narrow interpretation of ‘qualitatively’ substantial investments Leistner, JZ 2005, p. 408, at p. 410; for an alternative conception cf. Leistner, 33 IIC 2002, p. 439, at 452 et seq.; for a comprehensive overview cf. also Derclaye, 36 IIC 2005, p. 2.

Hill, has to follow from obtaining, verification or presentation investments which the database maker put into acquiring and presenting this specific part.⁴³ If these guideposts of the ECJ *BHB v. Hill* judgment are taken seriously, in fact most of the open questions concerning the definition of ‘substantial parts’ can be answered satisfactorily. This regards, first, the question of whether even the completely independent collection of certain data (which do not even indirectly originate from the protected database) can constitute an act of extraction or re-utilization of substantial parts under certain circumstances, and, secondly, the contentious issue of the scope of protection for ‘updated databases’ (art. 10 (3) Directive).

INDEPENDENT COLLECTION OF DATA AND THE *SUI GENERIS* RIGHT As regards the first question, a recent article 234 EC reference of the German Federal Supreme Court (*Gedichttitelliste [Poems’ titles list]*) sheds light on the underlying problem.⁴⁴ A university professor and his assistants had, in the course of their employment, compiled a database of the ‘most important 1100 poems from 1730 to 1900’. The selection of these poems had been based upon an individual system of choosing certain big anthologies which were then related to a simple (two-class) system of impact factors. This system of impact factors allowed the statistical analysis of the frequency of the publication of each poem. In its individualized form as a database the resulting selection of poems, according to the German Federal Supreme Court, was eligible for copyright protection conferred upon the author, that is, the professor who had developed the individual selection system. However, at the same time the statistical analysis itself and the large-scale preparation of the material for statistical analysis (developing unitary searching criteria and so forth) had also required substantial investments thus establishing *sui generis* protection for the university as the database maker for investments in the obtaining and presentation of data. The alleged infringer had made use of the database in order to inspire her own selection of ‘1000 poems you have to have’ which comprised 1000 poems from the period between 1720 and 1900. For this selection the defendant had chosen 856 poems from the claimant’s database; for the time period in question she had thus orientated her own database along the lines of the selection of the claimant and had only – on the basis of a critical analysis – left

⁴³ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 71.

⁴⁴ Bundesgerichtshof (German Federal Supreme Court), Decision of 24 May 2007, GRUR 2007, p. 688–90 – *Gedichttitelliste II*. See for the resulting (more specific) reference questions Case C-304/07, OJ EC C 211 of 8 September 2007, p. 21. The opinion of Advocate General *Sharpston* has been delivered on 10 July 2008; it is essentially similar in argumentation and result to the approach submitted here. Because of the editorial deadline it could only be mentioned here.

out a small number of poems and added some poems of her own. While this use of the individual selection effort of the professor, according to the German Federal Supreme Court, amounted to a violation of copyright, the situation with respect to *sui generis* protection seemed less clear, because the defendant argued that while the selection had indeed been used as an inspiration which had been followed by her own, detailed consideration, the very poems in the defendant's database had been compiled entirely independently. Against this backdrop, the question which the German Federal Supreme Court has now referred to the ECJ for a preliminary ruling under article 234 EC reads as follows:

Can the adoption of data from a database protected in accordance with Article 7(1) Database-Directive and their incorporation in a different database constitute an extraction within the meaning of Article 7(2)(a) of that Directive even in the case where that adoption follows individual assessments resulting from consultation of the database, or does extraction within the meaning of that provision presuppose the (physical) copying of data?

The distinctive element of the case is the fact that the defendant had indeed compiled the poems in question independently. Accordingly, neither a direct nor an indirect extraction of the contents of the database of the claimant was involved. Indeed, only the very selection of the contents of the database had been used as an (albeit decisive) starting point for her own (rather insubstantial) critical reflection on an appropriate selection which resulted in but small changes of the selection of the original database. Bearing in mind the principle that the subject matter of *sui generis* protection is not the contents of the database as such but the immaterial investment in obtaining, verifying and presenting the data as it finds its tangible fixation in the protected database, it could be argued (and in fact the German Federal Supreme Court argues along these lines in the reasons given for the reference decision) that the independent collection of poems would have to remain free as long as the very poems in the second database did not originate from the database of the claimant.

However, the immaterial subject matter of the *sui generis* right, according to *BHB v. Hill*, is the investment effort which has been put into the obtaining, verifying and selecting of data for the protected database. The facts of *Gedichttitelliste* are particular in that the very selection of the poems required both an individual selection effort by the author (the professor in question) and a substantial investment by the database maker (the university) for statistically carrying out the individual selection system. Thus the crucial issue behind *Gedichttitelliste* is not the question of whether the appropriation of the selection of the database in an indirect way as the inspiration for one's own efforts instead of an act of direct physical copying could be covered by the notion of re-utilization. Rather, the decisive issue is whether the very structure of the database, its individual selection, is exclusively covered by database copyright

or whether it may also be protected by *sui generis* right if its completion required both an individual concept and a substantial investment in realizing this concept. In fact, nothing in the text of the Directive or in *BHB v. Hill* suggests that efforts which have been put into carrying out a certain selection system should not be eligible for protection as investments in obtaining and presenting the data. Thus it seems that indeed a substantial investment in carrying out an individual selection system could be eligible for *sui generis* protection.

Consequently, because of the genuine character of the *sui generis* right as an exclusive intellectual property right, such protection would cover each (direct or indirect) misappropriation of a substantial part of the resulting selection scheme, provided this misappropriation leads to considerable damage for the underlying investment. A direct act of physical copying would not be a pre-condition of protection against extraction. Regarding an adoption of selection results on the basis of one's own individual assessment, according to *BHB v. Hill*, the crucial question should not be whether this adoption constituted an act of physical copying or not, but rather whether the act in question could still be regarded as mere consultative use or whether it already amounted to the adoption of the whole or a substantial part of the database, that is, to the adoption of a part big enough to create a competing database on the very basis of the original database maker's efforts and thus to 'prejudice the investment of the maker of the database'.⁴⁵ Given the adoption of almost the whole selection result underlying the claimant's database in *Gedichttitelliste*, it seems that in fact the answer to the reference question should be that a direct adoption is not a pre-condition for the notion of re-utilization in the sense of the Directive and that instead the crucial benchmark for the re-utilization of a 'substantial part of a database' is the question of whether the act of direct or indirect appropriation involves substantial prejudice to investment by the database maker in the 'obtaining, verification or presentation' of the contents of the database. Since in fact in *Gedichttitelliste* the selection of 1100 poems from a certain time period not only involved individual creativity but also required considerable financial efforts (directed specifically at obtaining and presenting this specific selection), an indirect misappropriation of these financial efforts by using almost the entire selection result for the compilation of a competing database cannot be denied. Hence, the indirect taking undoubtedly was capable of prejudicing the protectable investment of the database maker and, consequently, constituted an actionable re-utilization in the sense of the *sui generis* right. This result, in fact, follows directly from the acknowledgement in *BHB v. Hill* of the *sui*

⁴⁵ Cf. ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 54 et seq. (concerning the freedom of consultative use, on one hand) and at para. 60 et seq. (concerning the limitation of this freedom with respect to the use of substantial parts, on the other).

generis right as a genuine, exclusive IP right and from the definition of the particular subject matter of *sui generis* protection in this judgment.

In consequence, while the independent compilation of data normally remains completely free, as the subject matter of *sui generis* protection is not the contents of the database as such, in certain particular situations database protection might still be triggered. In particular, this is the case when the defendant has made use of other results of the database maker's protectable investments, such as a costly to carry out selection scheme, in order to decisively guide his own compilation. This misappropriation of an investment in obtaining and presenting the data of the original database might still trigger *sui generis* protection even if it is carried out in an indirect way.⁴⁶ Only where the protected database with its investment-intensive selection is indeed only used as one of numerous inspirations and where considerable own value judgments lead to a genuinely independent selection by the defendant, the use in question can be regarded as mere consultative use of insubstantial parts which does not trigger database *sui generis* protection.⁴⁷

TERM AND SCOPE OF PROTECTION FOR 'UPDATED' DATABASES Pursuant to article 10 of the Directive, the database maker's right expires 15 years after publication of the database or 15 years after the making of the database if it has not been published within this period of time. The definition of this term of protection is, however, undermined substantially by the fact that article 10 (3) of the Directive grants an additional 15-year protection through new *sui generis* rights for each substantial re-investment.⁴⁸ Hence, a continuously updated database could potentially be perpetually protected.⁴⁹ As regards the substantiality of

⁴⁶ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 52 et seq. Cf. also the Opinion of Advocate General Sharpston in Case C-304/07 delivered on 10 July 2008.

⁴⁷ See ECJ, *BHB v. Hill* (*supra*, at note 20), at para. 54 et seq.

⁴⁸ Although Art. 10 (3) Directive speaks of 'substantial changes', the decisive factor, despite the ambiguous wording, is solely whether a substantial new *investment* has been made in the database. If this is the case, the scope of the *changes* enabled by the investment is no longer relevant. The new investment can also be embodied in unchanged parts. However, substantial changes can be an indication of substantial new investments. A substantial change of a qualitative or quantitative nature to the database can result from the accumulation of successive additions, deletions or alterations pursuant to Art. 10 (3) of the Directive. This wording makes it clear that the most frequent change in practice, the successive updating of the database, is covered by the extension of the term of protection. In such a case, the actual term of protection is established once the successive updating expenditure can first be qualified as substantial. See further Leistner, 33 IIC 2002, p. 439, at 459.

⁴⁹ Combeau, 1996 RIPIA 158, 162; Kaye, 1995 EIPR 583, 586; Reichman and Samuelson, 50 Vand. L. Rev. 51, 90 (1997), who however do not separate the real property and the intellectual property levels sufficiently sharply; cf. also Leistner, 33 IIC 2002, 460 et seq.; Derclaye, 38 IIC 2007, p. 275, at 287 et seq.

continuously updating investments, assessment of the substantiality of a cumulative new investment in an existing database is subject to the same criteria as were developed for the investments in the creation of a database. In fact, there is no reason to define the threshold of protection for new and cumulative investments in existing databases differently from the threshold of protection for investments in the creation of a new database.⁵⁰

As to the contentious issue of the scope of protection of the database maker's right to the improved database with its own term of protection, 'resulting from the (new) investment', two apparently different approaches to a solution suggest themselves. Whilst one approach assumes that in the case of a new investment the entirety of the changed or reviewed database is protected irrespective of the 'age' of its individual parts,⁵¹ the other proposal for a solution indeed emphasizes the intellectual property law nature of the protection and hence draws crucial consequences from the definition of the very protected subject matter that underlies the database maker's right according to *BHB v. Hill*.⁵²

Obviously, protection of the whole new 'updated' database would be problematic from the viewpoints of free access to information and free competition since a constantly updated database could then be perpetually protected *in its entirety*.⁵³ Thus, it seems that a differentiation is needed as regards the scope of protection for updated databases. Although the ECJ did not have the opportunity to clarify this question in *BHB v. Hill* and the parallel judgments,⁵⁴ in fact a very sensible solution which strikes an appropriate balance between necessary protection of the database maker and the necessity not to unduly restrict free competition can be derived from the definition of the protected subject matter and the objective of *sui generis* protection in these judgments.

Accordingly, when the immaterial subject matter of *sui generis* protection is not the contents of the database⁵⁵ but the actual investment effort of the database maker, any eligible substantial new investment in an existing database creates a *new* database maker's right with its own term of protection embodied in the database parallel to the already existing database maker's

⁵⁰ See with further arguments Leistner, 33 IIC 2002, p. 439, at 459 et seq.

⁵¹ See e.g. Vogel, in: Schricker (ed.), *Urheberrecht – Kommentar*, 3rd ed. 2006, § 87a, at para. 42.

⁵² See comprehensively on this concept in order to limit the scope of the database right with respect to updated databases Leistner, 33 IIC 2002, p. 439, at 460 et seq., with further references from German legal doctrine.

⁵³ Cf. also Leistner, 33 IIC 2002, 460 et seq.; Derclaye, 38 IIC 2007, p. 275, at 287 et seq.; cf. also the references *supra*, at note 49.

⁵⁴ Cf. Derclaye, 38 IIC 2007, p. 275, at 287.

⁵⁵ Cf. ECJ, *BHB v. Hill* (*supra*, at note 20), e.g. at para. 72.

rights. As a consequence, two or more independent *sui generis* rights can overlap within a single database and will each have to be regarded separately. The scope of protection of one of the investment-specific *sui generis* rights will then always only concern those parts of the new database that were the subject matter of the investment thus protected.⁵⁶

In practical terms, the intellectual property law protection following from this 'bundle' of *sui generis* rights embodied in an updated database covers precisely only those parts of the database that are relevant with respect to the protection of the investments for the last 15 years at any time. According to the spirit of *BHB v. Hill*, this inevitably has to be taken into account when assessing the *substantiality* of extracted or re-utilized parts of the updated database in question.⁵⁷ The expiry of the term of protection should hence be included within the concept of 'substantial parts' of a database as regards the scope of protection. This does not even require a separate assessment of the substantiality of an element of a database with respect to all single substantial new investments that are still protected by database maker rights, for the several investments still protected as having been made in the course of the past 15 years overlap each other cumulatively in the single embodiment of a continuously updated database, anyway.⁵⁸ Thus, in a specific case of infringement there is no objection to a cumulative and uniform assessment of all the investments in a database still protected provided by one and the same maker in the course of the previous 15 years or whose results were first published within this period of time.⁵⁹ An individual assessment would be unrealistic and hardly feasible in practical terms in the light of the widespread practice of continuously updating electronic databases as is expressly included by the Directive in the protection of the new investment as an 'accumulation of successive changes'.

⁵⁶ Leistner, 33 IIC 2002, p. 439, at 462 et seq.; similarly Gaster, *Der Rechtsschutz von Datenbanken*, Cologne 1999, at paras 648–52.

⁵⁷ However, it would be incorrect to draw the conclusion that this would as a matter of principle restrict the scope of protection of the new database maker's rights to the changed or added parts of the database. For database parts that were not the direct subject matter of a new investment could also profit indirectly from such investment and accordingly be substantial in terms of the protection of the new investment. Thus, for instance, a new innovatory conception that resulted from a new investment could be embodied in all parts of the database, including those that remain unchanged. See also Leistner, 33 IIC 2002, p. 439, at 461 et seq.

⁵⁸ The value of the investment by no means declines with the passage of time, since this would not correspond to the concept of intellectual property law protection with a fixed term of protection. Hence all substantial investments of the last 15 years can be assessed in a holistic way, see further Leistner, 33 IIC 2002, p. 439, at 462 et seq.

⁵⁹ Thus the tendency also in Cornish, 1996 Columbia-VLA Journal of Law & the Arts, p. 1, at 9.

It follows that the assessment of the substantiality of an extracted or re-utilized part of a database, in the case of databases whose publication is more than 15 years in the past, differs from the general assessment criteria in that the examination must ignore those investments whose term of protection has expired. Such investments as are no longer protected can no longer establish the substantiality of a database part. For the rest, the general principles apply *mutatis mutandis*. This solution, which strikes a fair balance between the protection of valuable investments by the database maker and the interest in free and unrestrained competition and access to information, directly follows from the spirit, if not from the wording, of the *BHB v. Hill* judgment concerning the interpretation of the notion of ‘substantial parts’ of a protected database.

2.2.5 CONCLUSION

From what has been said it follows that a consistent application of the *BHB v. Hill* doctrine, interpreted in a teleological way, indeed helps to effectively ‘neutralize’ the adverse effects of the *sui generis* right in all those situations where it tended to become a structural danger for free competition (in particular the so-called *sole source data* situations). Moreover, a consistent transposition of the *BHB v. Hill* test to the interpretation of the notion of ‘substantial parts’ of a database helps to delineate the scope of the new right in a way which strikes a fair balance between necessary and intended protection of the database maker and the necessity not to unduly restrict free competition. In particular, an appropriate reduction of scope of protection for ‘updated’ databases as well as a satisfactory interpretation of the notions of extraction and re-utilization can be obtained on this basis.

In fact it might thus be argued that for the future a consistent interpretation of the *sui generis* right along the lines of *BHB v. Hill* represents a workable ‘IP internal’ solution for all those potential dangers for freedom of competition which could have followed typically and structurally from a too broad definition of the particular subject matter of database *sui generis* protection. Hence, the ECJ – by defining the protected subject matter narrowly on the basis of consistent teleological interpretation of the text of the Directive – has in fact ‘re-defined’ the *sui generis* right in a way which makes it, at least on principle, an IP right which is complementary to a system of free competition.

IP-‘EXTERNAL’ SOLUTIONS: *IMS HEALTH* AND COMPULSORY LICENCES This leaves as problematic only those situations where the new *sui generis* right, because of its unquestionable closeness to a protection of potential *de facto* standards, tends to lead to restrictions on competition which follow from certain market conditions (high market entry barriers, network effects and the resulting development of *de facto* standards etc.). For these situations an IP

external solution has still to be found by consistently applying Article 82 EC to dominant database makers.

The ECJ's case law in this field – from *Magill*⁶⁰ (and the restatement of the *Magill* criteria in *Bronner*⁶¹) through *IMS Health*⁶² to the recent spectacular *Microsoft* judgment of the European Court of First Instance (CFI)⁶³ – has developed a four-element test which presupposes, as a condition for granting compulsory licences on the basis of article 82 EC, first, indispensability of the IP-protected material for competitors to offer, secondly, a new product for which there exists a demonstrable consumer demand, thereby, thirdly, eliminating all competition in a secondary market without having, fourthly, any objective justification for the refusal to license. However, in *IMS Health* the condition of the existence of a secondary market has been watered down to a mere condition of a 'hypothetical market' for the licence in question (thus effectively giving up the two-markets condition), and in *Microsoft*, in fact, the new product criterion has been relativized substantially in the direction of a mere 'better, more effective, safer' product criterion.⁶⁴ The resulting extension of the field of application of article 82 EC with respect to dominant IP-rightholders is a commendable step in the right direction of a complementary and effective interplay of IP protection and competition law, based on a strict application of competition law in the field of IP rights. However, it might be objected that the four-element test no longer faithfully represents the underlying considerations with the necessary methodological clarity since in fact the condition of the existence of a secondary market has become merely virtual, and the condition of the emergence of a new product has been extended to cover virtually almost all *alternative* products (at least where they are 'better' in any way). Therefore it is submitted that in the future a straightforward two-element test with regard to IP rights as indispensable facilities should be applied, comprising, first, *indispensability* itself and, *secondly*, *the non-existence of an objective justification* for the refusal to license.⁶⁵ On the basis of

⁶⁰ ECJ, judgment of 6 April 1995, Case C-241/91 P and C-242/91 P, *RTE and ITP v. Commission*, [1995] ECR I-00743.

⁶¹ ECJ, judgment of 26 November 1998, Case C-7/97, *Bronner v. Mediaprint*, [1998] ECR I-07791.

⁶² ECJ, judgment of 29 April 2004, Case C-418/01, *IMS Health v. NDC-Health*, [2004] ECR I-05039.

⁶³ CFI, judgement of 17 September 2007, Case T-201/04, *Microsoft v. Commission*, OJ C 269 of 10.11.2007, p.45, available at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2007/c_269/c_26920071110en00450046.pdf (accessed 3 December 2007).

⁶⁴ CFI, *Microsoft* (*supra*, at note 63), at paras 240 and 656 et seq. Cf. also (on the eve of *Microsoft*) Leistner, ZWeR 2005, p. 138, at p.161.

⁶⁵ See Leistner, ZWeR 2005, p. 138, at p. 161.

such a methodologically clarified test, in particular the issue of *indispensability* of the IP right of the dominant undertaking for competitors wanting to enter the market should be assessed on the basis of a thorough and strict economic analysis with respect to the remaining leeway for competition by substitutes (switching costs for customers as one of the *IMS Health* sub-factors might play a role here) rather than on the basis of abstract criteria, such as the issue of cooperation in the development of a *de facto* standard (this sub-factor from *IMS Health* should be given up).⁶⁶ Thus, the condition of *indispensability*, evaluated in a strict way taking into account all thinkable and economically realizable alternatives (in particular possible substitutes and alternative solutions developed ‘around’ the IP right), should become the decisive and stringent filter for an application of article 82 EC in this field.

However, even if the competition provisions are actually applied strictly and to their full extent competition law might still all too often come ‘too late’ and competition law actions might be too difficult and costly to file to be effectively accessible instruments to market newcomers in smaller database markets. A certain caveat must therefore be made concerning competition law as a means of reconciling *sui generis* protection for databases with a certain tendency to develop into a standard, on the one hand, and the needs of unrestricted competition, on the other. Therefore, instead of relying entirely on external rules that are possibly subject to high administrative costs, it might be a worthwhile alternative to implement a regime of non-voluntary licences within database legislation itself⁶⁷ – that is, to make use of the option expressly mentioned in article 16 (3) of the Directive.⁶⁸ However, as experience with (albeit slightly differently focused) provisions on compulsory licences in patent law shows, the effectiveness of such provisions should not be over-estimated either. At the same time, it should not be ignored that to install a regime of non-voluntary licences, whether in the form of compulsory licences or licences of right, does create its own transaction costs and may therefore also result in an impediment for market efficiency.⁶⁹ Hence, this route should only be embarked upon if the next evaluation report on the basis of methodologically unassailable economic studies clearly shows that in spite of a faithful observation in practice of the guidelines set out in the *BHB v. Hill* decision, and in spite of a strict application of competition law, unambiguous

⁶⁶ *Ibid.*

⁶⁷ Such compulsory licences were included in the earlier Directive proposal of 13 May 1992 (Proposal for a Council Directive on the Legal Protection of Databases, COM 1992/24 final, Brussels, 13 May 1992, OJ 1992, C 156/4 (Art. 8 (1) and (2))).

⁶⁸ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 552, at 554 et seq.; similarly Derclaye, 38 IIC 2007, p. 275, at 296 et seq.

⁶⁹ Cf. Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 555 (in note 7).

signs can still be found of a serious obstruction of access to information, and of a lack of efficient competition in the database markets.⁷⁰

3. The new right within the system of harmonized EU copyright law – necessary amendments in order to prevent a ‘super copyright’ for databases?

3.1 The Evaluation Report of the European Commission 2005

In its Evaluation Report of 2005⁷¹ the European Commission casts a rather damning light on the Database Directive. Particularly, the Commission measures the new protection instrument against the original objective to increase European database production and comes to the result that the *sui generis* right has failed ‘to produce any measurable impact on European database production’.⁷² However, the empirical basis for this conclusion is, in fact, rather weak. Actually, the European Commission just compared the absolute number of databases in pre-Directive time and today (building mainly on information from the Gale Directory of Databases) and came to the result that the EU database production in 2004 had fallen back to pre-Directive levels, and to a smaller market share of European database producers as compared to the US.⁷³ Notably, this completely ignores the fact that in the first years after the enactment of the Database Directive the European database industry had indeed increased substantially and that the crucial decrease of database production from 2001 to 2004 might indeed rather be linked to the general crisis of the information industries in that period or other incidental factors. Nonetheless, the European Commission is certainly right to conclude that a positive effect of the Directive in this respect cannot be proved on the very narrow factual basis the Commission had chosen for its analysis; however, there is no clear evidence that the *sui generis* right was detrimental to database markets either.⁷⁴ Moreover, when the Commission emphasizes administrative inefficiencies because of diverging jurisprudence and legal uncertainty, sparked by vague notions in the text of the Directive concerning the condition of protection and the scope of the *sui generis* right,⁷⁵ this ignores the consid-

⁷⁰ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 555; slightly more in favour of compulsory licences Derclaye, 38 IIC 2007, p. 275, at 297.

⁷¹ See *supra*, at note 4.

⁷² Evaluation Report 2005, p. 24.

⁷³ Evaluation Report 2005, p. 16 et seq.

⁷⁴ See Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 552; similarly Leistner, Kommunikation und Recht 2007, p. 457, at 463 et seq.; Derclaye, 38 IIC 2007, p. 275, at 297.

⁷⁵ Evaluation Report 2005, p. 13 et seq., 24 et seq.

erable legal uncertainty of the *status quo ante* when database protection in the internal market was based upon different protection instruments throughout the Member States, comprising namely the rather vaguely delineated unfair competition law protection in many continental European Member States.⁷⁶ Indeed, *in statu quo ante* in many Member States, the case law on unfair competition law protection against unfair copying of databases in particular was rather ambiguous and led to considerable problems and legal uncertainty on its own account. Thus, the analysis of the success of the new *sui generis* right certainly presents a picture which is less ‘black and white’ than the Evaluation Report suggests.

Consequently, the first and second option for action presented in the report, that is, to repeal the Directive altogether or to withdraw the *sui generis* right, cannot be considered as realistic options for the future.⁷⁷ Whereas it is clear that the texture of IP protection has become more dense than before – with the ensuing risk of a freezing effect on free competition as well as on the freedom of information in this particular area – the previous analysis shows that on the basis of the ECJ’s decisions in *BHB v. Hill* at least the *structural* dangers for a system of free competition can be substantially reduced by a sound interpretation of the *sui generis* right.⁷⁸ Much the same can be said about market-structure-dependent inhibitions of competition resulting from copyright or *sui generis* protection of databases which develop into a *de facto* standard in certain information markets: these situations should be solved by a strict application of competition law for which the European courts have paved the way in *IMS Health* and *Microsoft*.⁷⁹ Against this background, a withdrawal of the

⁷⁶ See Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 552 et seq.; Leistner, K&R 2007, p.457, at 464; similarly Derclaye, 38 IIC 2007, p. 275, at 296 et seq.

⁷⁷ See Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 553; see further Leistner, K&R 2007, p.457, at 464, pointing out that the withdrawal of the whole Directive or the part on *sui generis* protection would lead to substantial legal differences in the unitary market and to potentially resulting concrete distortions of competition in the database markets; cf. also Derclaye, 38 IIC 2007, p. 275, at 297, emphasizing (by way of a comparison with the situation in the US as an example) that the resulting unhampered use of alternative protection instruments, such as contract, unfair competition and protection via technological protection measures, could potentially also lead to the consequence of an even more intense protection for databases than before in some Member States. Clearly, more precise empirical economic studies on the impact of European *sui generis* protection in the database markets would be needed here.

⁷⁸ Cf. also Leistner, 36 IIC 2005, p. 592, at 593; Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 553; Leistner, K&R 2007, p.457, at 461; Derclaye, 38 IIC 2007, p. 275, at 297.

⁷⁹ Cf. Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 552 et seq.; Leistner, K&R, p. 457, at 461.

sui generis right seems unnecessary and, in fact, detrimental because it would lead to the old ‘multi-faceted’ protection situation which might, in certain circumstances, even lead to an intensified database protection in certain Member States by alternative protection instruments, such as contract and unfair competition.⁸⁰

3.2 Necessary amendments to the Database Directive

However, certain necessary amendments should arguably be made to the *sui generis* provisions, according to option 3 of the Evaluation Report, in particular in order to improve the balance of the new right with respect to the public interest in access to information.⁸¹ Apart from a possible (but arguably unnecessary) statutory restatement of the sensible and consistent *BHB v. Hill* qualification with regard to investments eligible for protection, this concerns mainly the provisions on exceptions to the new right and the systematic place and delineation of the *sui generis* right within the system of Community and Member States’ IP rights.⁸²

As for the catalogue of exceptions to the *sui generis* right, it has to be noted that this enumerative and conclusive optional list of possible exceptions in Member States’ laws is considerably narrower even than the catalogue of optional exceptions according to the Information Society Directive.⁸³ In particular, it seems to have been ignored in the legislative process that the *sui generis* right, by virtue of its autonomous nature, would not be subject to the limitations set out in national laws with regard to copyright-protected works.⁸⁴

⁸⁰ Cf. the references *supra*, at note 1621.

⁸¹ Option 3 was indeed also favoured by a statistical majority of stakeholders who submitted comments (all available at http://circa.europa.eu/Public/irc/markt/markt_consultations/library?l=/copyright_neighbouring/database_consultation&vm=detailed&sb=Title (accessed 3 December 2007)). Cf. also Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 553 et seq.; Leistner, K&R 2007, p.457, at 464 et seq.; similarly Derclaye, 38 IIC 2007, p. 275, at 297.

⁸² Cf. Kur, Hilty, Geiger & Leistner, *loc. cit.*; Leistner, *loc. cit.*; similarly Derclaye, *loc. cit.*

⁸³ 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, OJ L 167 of 22.6.2001, p. 10 et seq.

⁸⁴ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557; Leistner, K&R 2007, p. 457, at 465; *ibid.*, GPR 2007, p. 190–194 (comprising an English language summary); similarly Derclaye, 38 IIC 2007, p. 275, at 297. In fact, the recent Green Paper on Copyright in the Knowledge Economy, COM (2008) 466/3, points out that the exception for people with a disability (Art. 5(3)(b) of the Information Society Directive) in European Copyright could also be undermined by the fact that a corresponding exception is not foreseen in the exhaustive catalogue of exceptions of the Database Directive. This further supports the argument, brought forward here, to align

The most problematic and imminent example of this is the fact that collections of data established by public authorities or by private undertakings which fulfil a public task are covered by *sui generis* protection even though in most Member States such 'official works' are generally exempted from copyright protection or subject to certain specific rules (*crown copyright*). In the short term this most imminent problem could either be solved by excluding public databases from the scope of the new right by arguing that such databases, as a rule, are not based upon a substantial investment which will be recovered on a market,⁸⁵ or by an extension of the national copyright exceptions by way of an analogy.⁸⁶ The first solution, however, fails with respect to collections of data which have been compiled by private commissioners who by their service fulfil a public task. Therefore, for the time being, the better and more effective solution would be to extend national copyright exceptions in this field by way of analogy to the *sui generis* right.⁸⁷ In fact, regarding this very problem, the German Federal Supreme Court had referred two questions to the ECJ for a Preliminary Ruling according to article 234 EC.⁸⁸ To put it in a nutshell, the Federal Supreme Court had asked whether the exception of German copyright law for 'official' copyrighted works could be extended by way of analogy to the *sui generis* right for databases, although the Directive did not provide for a respective exception from the *sui generis* right in its conclusive catalogue of possible national exceptions. In the light of the more recent Information Society Directive 2001/29/EC which allows such exceptions in national copyright law on an optional basis, and although this later provision explicitly excludes the provisions of the older Database Directive, contradictions within the *acquis* should be avoided as far as possible in this particularly sensitive field and therefore a respective analogy should indeed have

the exceptions of the Database Directive at least with those of the Information Society Directive as soon as possible.

⁸⁵ In this direction Vogel, in: Schricker (ed.), *Urheberrecht-Kommentar*, 3rd ed. 2006, § 87b, para. 25; Derclaye, *EIPR* 2004, 402, 408.

⁸⁶ Cf. Lehmann, 29 *IIC* (1998), p. 776, at 790; with the same result on the basis of a fictive waiver of rights Gaster, *Der Rechtsschutz von Datenbanken*, Cologne 1999, paras 611 et seq.

⁸⁷ Cf. Leistner, *GPR* 2007, pp. 190–194 (comprising an English language summary).

⁸⁸ Cf. Case C-215/07 – *Schawe v. Sächsisches Druck- und Verlagshaus*, OJ EC C 155 of 7 July 2007, p. 12; for the underlying Decision of the Bundesgerichtshof (German Federal Supreme Court), of 28 September 2006, see *GRUR* 2007, pp. 500–502. Cf. for a summary of the case with comments (comprising an English language conclusion) Leistner, *GPR* 2007, pp. 190–194 (comprising an English language summary). Meanwhile, the proceedings have been closed without a result, because the Federal Supreme Court had withdrawn the Art. 234 reference, cf. Decision C-215/07 of 25 June 2008.

been allowed.⁸⁹ Unfortunately, the reference questions have been withdrawn and the ECJ has meanwhile closed the proceedings without a result.

However, it has to be noted, anyway, that such *ad hoc* solutions for the most pressing problems could not belie the fact that it would be of considerable practical interest to enable, and oblige, Member States to extend, *mutatis mutandis*, all the exemptions and limitations applying to works protected under copyright also to *sui generis* protection of non-original databases. The obligation should be phrased so as to establish a dynamic link between both fields, to the effect that limitations set out in new copyright legislation would automatically become applicable, under suitable terms and circumstances, also to the *sui generis* right.⁹⁰ Otherwise a certain bias with respect to the *sui generis* right would be perpetuated and cemented in the system of community law although there is no reason, for example, to exclude digital private copying in this field completely (see art. 9 (a) Directive) as compared to the situation in general copyright law where this exception remains an optional possibility for the Member States (see art. 5 (2) (b) Infosoc Directive). Moreover, some of the optional exceptions and limitations in the Infosoc Directive should be made mandatory. Harmonization of the limitations to the *sui generis* right can only be achieved if the Member States are forced to implement them to a certain extent.⁹¹ It is also worth analysing further whether article 6 (4) of the Infosoc Directive, which also applies to the database right, provides for sufficient guarantees for safeguarding the practical possibility of executing exempted uses in the case where an owner of the *sui generis* right employs technical measures to restrict the acts permitted by the Directive.⁹²

Another aspect where clarification seems to be needed in order to secure the aim of harmonization within the internal market concerns the systematic delineation of the *sui generis* right within the system of alternative protection instruments in Member States' laws, and particularly its relationship to unfair competition law protection for databases.⁹³ Unfair competition is among the legal provisions whose application, according to article 13 of the Directive, is not prejudiced by the protection prescribed therein. While that statement is

⁸⁹ See further Leistner, GPR 2007, pp. 190–194 (comprising an English language summary).

⁹⁰ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557.

⁹¹ *Ibid.*; Derclaye, 38 IIC 2007, p. 275, at 297. Meanwhile, the recent Green Paper on Copyright in the Knowledge Economy, COM (2008) 466/3, also raises this issue with respect to several of the exceptions of the Information Society Directive.

⁹² Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557; cf. further on this problem Derclaye, 38 IIC 2007, p. 275, at 289 et seq.

⁹³ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557 et seq.; similarly Derclaye, 38 IIC 2007, p. 275, at 297.

correct in the sense that the application of unfair competition provisions is not precluded on principle, it might be misunderstood as meaning that national law is free to provide for an additional layer of protection for data compilations, even if the requirements for protection under the *sui generis* rule have not been met, for example, because the investment in the compilation of the database has not been substantial, or when the extraction or utilization of data is such that it does not qualify as infringing under the provision(s) implementing article 7 (2) of the Directive.⁹⁴ However, to grant such an additional, flexible and unpredictable ‘safety net’ of protection in case law would obviously clash with the very objective of the Directive, considering that the aim of the Directive has not only been to ensure a minimum level of protection, but also to reach a workable degree of harmonization of Member States’ laws in this field and to guarantee that access to compilations of data remains free whenever the requirements set out in article 7 have not been met.⁹⁵ Hence, a pre-emption doctrine in the sense that absent additional factors the database right pre-empts additional layers of national protection is of vital importance. Accordingly, additional application of unfair competition protection against copying of databases can only be considered if, and to the extent that, the unfair competition action is based upon genuinely additional aspects of the case (such as a *passing off* situation or a dishonest appropriation of the data in question through breach of confidence etc.) which have not yet been comprised by the balancing of interests on which the EC legislator based the very *sui generis* provisions of the Directive. In short, while the free-riding in the re-utilization or extraction of data as such must no longer trigger unfair competition law protection, additional aspects, such as a risk of confusion as regards the origin of the data in question from the viewpoint of the relevant public or other additional factors, can still do so.⁹⁶ In fact, such an amendment of the Directive should insert express wording to reflect the legal principles of the pre-emption solution, outlined above, since the considerable reduction of the scope of *sui generis* protection through *BHB v. Hill* might well lead to a temptation in continental European Member States to fill in the resulting ‘protection gaps’ by means of traditional unfair competition doctrine.⁹⁷

4. Conclusion

By way of a short conclusion it can be held that while the new *sui generis*

⁹⁴ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557 et seq.

⁹⁵ Leistner, *Der Rechtsschutz von Datenbanken*, Munich 2000, p. 343 et seq.; Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557 et seq.

⁹⁶ Leistner, *Der Rechtsschutz von Datenbanken*, Munich 2000, p. 344 et seq.; Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 557 et seq.

⁹⁷ Kur, Hilty, Geiger & Leistner, 37 IIC 2006, p. 551, at 558.

protection system has worked effectively in some contexts and has helped to level some of the imbalances which the relatively unpredictable protection instrument of unfair competition law caused in the internal market, it has undoubtedly also brought about considerable problems from the viewpoint of free competition and access to information. Moreover, particularly as regards the very strict provisions on exceptions, the later development (in particular through the Infosoc-Directive) has made the Directive a somewhat foreign element within the system of Community copyright law.

However, when interpreted consistently along the lines set out by the ECJ in *BHB v. Hill*, the *sui generis* right is better than its current reputation might suggest. In fact, the *BHB v. Hill* qualification might serve as a precise filter in order to deny database protection exactly in those (sole-source data) situations in which the new protection instrument has proved to be structurally and typically problematic for free competition in the respective database markets and certain secondary markets. Moreover, a consistent transposition of the *BHB v. Hill* principles to the level of the interpretation of the notion of 'substantial parts', concerning the scope of protection, might help to clarify some further ambiguities of the *sui generis* right, such as the notoriously discussed problem of the appropriate scope of protection for updated databases. If these guidelines for interpretation as they have been outlined in this chapter mainly on the basis of a consistent further development of *BHB v. Hill* case law⁹⁸ are strictly applied and further concretized, it might be argued that the *typical* and *structural* dangers which the new right has brought about for a system of free competition by virtue of its very existence can be neutralized effectively. The remaining (incidental and market-dependent) dangers for freedom of competition which the new right might additionally cause on the condition of a certain market structure might in fact effectively and conveniently be remedied by way of a strict application of article 82 EC in this particularly sensitive field.⁹⁹ If such strict application of Community competition law, going even slightly beyond the principles laid down in *IMS Health* and *Microsoft*, were guaranteed, the new *sui generis* right might in fact therefore play a role which is even complementary and beneficial to the goal of establishing and maintaining free and undistorted competition in the internal database markets.

As regards the issue of access to information, some decisive amendments should be made to the narrow catalogue of exceptions to the new right which in consequence should be extended substantially by aligning it at least with the broader catalogue of optional exceptions of the Infosoc Directive. Moreover, some of the exceptions should be formulated mandatorily and the systematic

⁹⁸ See *supra* at section 2.2.3.

⁹⁹ See *supra* at section 3.2.

position of the new protection instrument within the system of Community and Member States' IP rights should be further clarified in the text of the Directive.¹⁰⁰

If these smaller amendments were made in due course, the Directive, which meanwhile has almost become a scapegoat of European copyright law, could still develop into a worthy representative of European copyright legislation and arguably even into the model for a flexible international protection framework which it was originally meant to be.

¹⁰⁰ See *supra* at section 3.2.

18 Choice of law in EU copyright directives

*Paul Torremans**

Introduction

Fortunately the aim of this book is to look at the future of European Union copyright. It is after all the case that the current European Union copyright rules have ignored the issues that arise in the context of private international law. In the course of this chapter we will briefly mention a private international law rule in relation to satellite broadcasting that was not supposed to be a private international law rule, but apart from that there is really nothing to write about. The European legislature has not addressed the problems of private international law at all in its copyright directives. These problems are nevertheless very real and will need to be addressed in the near future either at European or at international level. All we have at present are certain rules in relation to jurisdiction that will also apply to copyright cases. The Rome II text¹ also comes from a private international law, rather than a copyright angle, but at least it seems to confirm the rules we had already.

It is therefore proposed to clarify the existing situation and at the same time indicate some areas where the European legislature could usefully intervene in the future.

Existing legislation

Like the vast majority of national copyright acts, the UK's Copyright, Designs and Patents Act 1988 does not contain a true choice of law rule. Section 1 immediately sets out to define the various types of work that will attract copyright protection. These are substantive rules, but a peculiar rule that is of interest to the choice of law analysis has been added to it. Copyright will, according to this rule, only be granted if the work also meets the qualification requirement,² either through the author or through the country of first publication. This means in broad terms that the work will be granted copyright protection if the author is a British citizen, domiciliary or resident, or if the work is first

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¹ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), [2007] OJ L199/40.

² S. 1(3) Copyright, Designs and Patents Act 1988.

published in Britain.³ The system is then expanded to other countries, of first publication or of which the author is a national etc., by means of an Order in Council.⁴ This system addresses the point whether or not a work will be protected in the UK, but the Statute does not determine which law will govern that protection. A work by a Belgian author, which was first published in Belgium, should be protected in the UK, but should that protection be governed by Belgian or by British copyright law? In terms of substantive rules, the UK's Copyright, Designs and Patents Act 1988 stipulates that 'the owner of the copyright in a work has [. . .] the exclusive right to do the following acts in the United Kingdom'.⁵ It could be argued that such a system equally expects all other systems to restrain their territorial scope to the territory of their own country. Does this go further, though, than the scope of the protection?

The Berne Convention as a basis for a choice of law rule

The Berne Convention, on which all this is based, does not just grant national treatment, article 5(2) adds to this the additional substantive rights which are granted in the convention itself. An exception to this minimal rights rule is formed by the level of protection in the country of origin of the works that originate there. Article 5(3) does not mention the additional substantive rights in relation to these works and in general their level of protection is left entirely to the domestic law of the country of origin. In practice, a second exception might arise in those countries, such as the UK, that do not give direct effect to international conventions, as individual parties will not be able to invoke the provisions in the convention that grant them these additional substantive rights in the absence of national implementing legislation. With this in mind we can now turn to the particular implications of this regime.

We will look at issues such as the creation of the right, the scope of the right, the duration of the right,⁶ the assignability of the right, etc. But any rule that is to respect national treatment in substance is almost bound to apply the law of the protecting country. Any alternative suggestion makes it very difficult to

³ See ss. 153–62 Copyright, Designs and Patents Act 1988.

⁴ For more detail on the qualification rules, see P. Torremans, *Holyoak and Torremans Intellectual Property Law*, Oxford: Oxford University Press (4th ed, 2005), Chapter 10.

⁵ S. 16(1) Copyright, Designs and Patents Act 1988.

⁶ In a wide-ranging approach that can be used as a first starting point C. Von Bar, 'Kollisionsrecht, Fremdenrecht und Sachrecht für internationale Sachverhalte im internationalen Urheberrecht', 108 (1988) UFITA 27, refers for the three latter issues to the law of the country where the right has been used, which is also the approach of the Austrian Private International Law Statute.

guarantee national treatment in substance. Whilst there is therefore no real choice of law rule in the Berne Convention it does seem to push Member States down the road of the law of the protecting country. Part of our analysis will focus on the exact scope of the law of the protecting country.

The creation of the right

The Copyright, Designs and Patents Act 1988 does not contain any detailed guidance on the issue of the applicable law. Whilst the provisions that were discussed in the previous paragraphs decide whether a work will be protected or not, no indication is to be found that would address the issue of which law should govern that protection. The creation of copyright leads to an exclusive right that restricts competition. It would therefore seem to follow that the UK's public policy dictates that the creation of a copyright that will be exercisable in the UK will be governed by the provisions of the Copyright, Designs and Patents Act 1988. Protection will be sought in the UK; therefore, the 1988 Act should apply as the law of the protecting country.

The Berne Convention also leads to the application of the law of the protecting country⁷ to issues related to the creation of copyright, as these issues form part of the non-contractual 'property' aspect of copyright.⁸ Nothing transactional is involved. Which issues, though, are related to the creation of copyright?⁹ What issues are involved in the creation of copyright? There is obviously the concept of a work that in turn becomes a copyright

⁷ Holleaux has argued that the French Cour de Cassation decided, in a case where he was the judge-rapporteur, that the existence, creation and scope of copyright in France was governed by French law, as the law of the protecting country. See Judgment of 22nd December of the French Cour de Cassation, *Société Fox-Europa v. Société Le Chant du Monde*, (1960) 28 RIDA 120, annotated by Holleaux at p. 121 *et seq.* The very short text of the judgment mentioned the fact that the composers whose music had been used in a film also enjoyed copyright protection in the USSR, the country of origin. This gave rise to the argument that the law of the country of origin was the applicable law, while the law of the protecting country was only concerned with the enforcement of the rights that had been granted by the law of the country of origin. See e.g. H. Desbois, 'Les Droits d'Auteur et le Droit International Privé Français', in *Festschrift G.S. Marikadis*, Athens (1966), p. 29 *et seq.*, at 34. The Berne Convention did not apply in this case.

⁸ Issues such as whether copyright exists and what its content is in each case are governed by the law of the country where the copyright work is exploited; see K. Siehr's argument in 'Das Urheberrecht in neuere IPR Kodifikationen', 108 (1988) UFITA 9, at 18 and the reference to Art 34 para 1 of the Austrian Private International Law Statute: 'The creation, content and extinction of rights in intangible property shall be judged according to the law of the state in which an act of use or violation occurs.'

⁹ See E. Ulmer, *Intellectual Property Rights and the Conflict of Laws*, The Hague: Kluwer & Commission of the European Communities (1978), at 34-5.

work. Copyright also talks in terms of fixation and qualification and there may be formalities involved, as the right only exists because the Act generates it.

THE TYPES OF WORKS THAT WILL BE PROTECTED

Rules on the types of works that will be protected are a first example of rules that relate to the creation of copyright. Article 2 Berne Convention restricts itself to stating the principle that ‘literary and artistic works’, which include ‘every production in the literary, scientific and artistic domain’, will be protected and article 2bis allows for certain limitations without obliging Member States to introduce them. The precise definition of the types of works that will be protected and the decision whether or not to introduce any limitation is left to the Member States and their domestic legislation.¹⁰ Even if they are not large, differences exist between the laws of the Member States. Whether a work comes within a category of works that will be protected and, if so, in which category of works, will be determined by the law of the protecting country.

FIXATION IN A MATERIAL FORM

Copyright is not simply created because a work comes within one of the categories of works that are protected. On top of this, fixation in some material form¹¹ may be required. Article 2(2) of the Berne Convention leaves it up to the Member States to decide whether or not to introduce this additional requirement. The UK, for example, has decided to introduce this additional requirement,¹² while many other countries in the European Union have decided not to do so.¹³ Whether or not this additional requirement is applicable is also an issue related to the creation of copyright and thus the issue will be decided under the law of the protecting country.

THE QUALIFICATION REQUIREMENT

The qualification requirement also needs to be met if copyright is to be created. Article 3 Berne Convention contains fairly detailed rules which do not leave a lot of discretion to the Member States, nonetheless minor differences exist between the domestic legislations of the Member States. It is the law of

¹⁰ Compare in this respect Art 2(1) Berne Convention and ss. 1–5B Copyright, Designs and Patents Act 1988.

¹¹ This does not mean that publication is required. Unpublished works that are fixated in some material form, for example because the work has been put in writing, are protected fully.

¹² S. 3(2) Copyright, Designs and Patents Act 1988.

¹³ E.g. Belgium. See the Copyright Act: *Wet betreffende het auteursrecht en de naburige rechten*, 30th June 1994, [1994] *Belgisch Staatsblad* 19297.

the protecting country which determines the precise qualification requirements¹⁴ which have to be met if copyright is to be created.

FORMALITIES

Registration or other formalities would have been another example of an issue related to the creation of copyright if formalities had not been ruled out by article 5(2) Berne Convention. On a point of detail it can be mentioned here that the ban in article 5(2) only applies to works that originate in another country of the Berne Union. Member States could, for example, require that works that originate in their territory, and for which their law is the law of the country of origin in application of article 5(3) Berne Convention, are registered. A foreign author who first publishes his work in such a country will have to register his work before copyright in it is created, because here the law of the protecting country which is applicable to creation issues is the law of that country as protection is sought there.¹⁵

The scope of the right

Once copyright has been created it is important to know what the content of the exclusive right will be. How far will the protection and the restriction of competition extend? Logically speaking this issue is inextricably linked with the decision to grant copyright, as it determines exactly what is being granted. The issue should therefore be decided under the same applicable law. The law of the protecting country should apply.¹⁶ The law of the place where the right is used has to decide whether the right exists and what its content is.¹⁷ There is, however, no specific provision in the Copyright, Designs and Patents Act 1988 that deals with this issue.

¹⁴ For the UK see Chapter IX Copyright, Designs and Patents Act 1988.

¹⁵ There is a delicate relationship between the law of the protecting country and the law of the country of origin in such cases, but we cannot go into detail about it here.

¹⁶ See *Novello & Co Ltd v. Hinrichsen Edition Ltd and Another* [1951] 1 Ch 595 and see also Art 34 para 1 of the Austrian Private International Law Statute, note 8 *supra*, that contains the same rule and H. Schack, 'Die grenzüberschreitende Verletzung allgemeinen und Urheberrechtspersönlichkeitsrechte', 108 (1988) UFITA 51.

¹⁷ See M. Walter, 'La liberté contractuelle dans le domaine du droit d'auteur et les conflits de lois', (1976) 87 RIDA 45, at 51 and, for an example, see the judgment of 1 March 1989 of the Arrondissementsrechtbank (Dutch court of first instance) in Leewarden, *United Feature Syndicate Inc v. Van der Meulen Sneek BV*, [1990] *Bijblad Industriële Eigendom* 329, the scope of copyright in the Garfield dolls in the Netherlands was determined by Dutch law (law of the protecting country), rather than under US law.

This choice of law point is important in practice as the Berne Convention does not define the scope of protection in a rigid way. Rather it sets minimum standards. While it is generally accepted that the copyright holder has the exclusive right to reproduce the work and make public representations of the work, certain national legislations add to this the exclusive right for the copyright holder to distribute copies of the work.¹⁸

The scope of the rights is not only important in infringement cases, but also, for example, when it comes to assigning or licensing the right. It is nevertheless true that there is a parallelism between scope and infringement and that questions of scope often arise in an infringement setting. It is therefore gratifying to see that in an EU context the new Rome II Regulation operates a law of the protecting country choice of law rule when it comes to the infringement of intellectual property rights in general and of copyright in particular. Any choice of law by the parties is also excluded. Or in the terms of article 8 of the Rome II Regulation:

Infringement of intellectual property rights

1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.
2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.
3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.¹⁹

This approach clearly confirms that despite the absence of explicit provisions in national law the law of the protecting country is generally accepted as the correct choice of law rule in this area. This is of course due to a large extent to the fact that the results of its practical use are in conformity with the rules of the Berne Convention.

We will now look in more detail at a couple of issues that may form part of the category of the scope of the work.

MORAL RIGHTS

Whether one sees moral rights as an integral part of copyright or as separate rights, the precise content of the moral rights that are granted is also determined

¹⁸ E. Ulmer, note 9 *supra*, at 36.

¹⁹ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), [2007] OJ L199/40, article 8.

by the law of the protecting country.²⁰ Either they are just part of the scope of the copyright that has been granted, or, if they are seen as independent rights, they come into being automatically through the creation of the copyright. It is logical in these circumstances to accept that they are governed by the same rule, for reasons of uniformity. The applicability of the law of the protecting country is confirmed by article 6bis (3) Berne Convention which explicitly states that the means of redress in relation to moral rights are governed by the law of the protecting country. The specific means of redress for each moral right are linked so strongly to the moral right concerned that it would make no sense to separate them in terms of the applicable law.

Moral rights could also be seen as personality rights that are linked to the person of the author of the work. From a choice of law point of view they could then be classified as forming part of the personal law of the author. An alternative in copyright terms could be the law of the country of origin, because the latter is closely linked to the author. The common law approach to substantive copyright and moral rights, which is based on the commercial exploitation of the work rather than on the author, has never gone down this path. It is, therefore, submitted that this choice of law approach is to be rejected.

We have argued elsewhere that moral rights should be seen as fundamental rights that protect the author against the abuse of his work.²¹ From that point of view the UK's approach to moral rights should form part of its public policy. This would have important implications in a situation where the case is litigated in the UK, but where the law of the protecting country is not the Copyright, Designs and Patents Act 1988. Rather than applying the law of the protecting country, the court would be obliged to apply the UK's provisions on moral rights, if the standard of moral rights protection in the law of the protecting country were lower than the one in the Copyright, Designs and Patents Act 1988. It needs to be stressed that this approach does not replace the choice of law rules and the law of the protecting country altogether. Public policy considerations, and eventually the application of the law of the forum, can only be considered at a later stage.²²

²⁰ The term 'rights' in the Berne Convention includes both pecuniary and moral rights, see J. Ginsburg, 'Conflicts of Copyright Ownership between Authors and Owners of Original Artwork: An Essay in Comparative and International Private Law', 17 (1993) Columbia-VLA Journal of Law and the Arts 395, at 405 and see also the analysis of the *John Huston* case *infra*.

²¹ P. Torremans, *Holyoak and Torremans Intellectual Property Law*, Oxford: Oxford University Press (4th ed., 2005), Chapter 13.

²² See J. Ginsburg and P. Sirinelli, 'Authors and Exploitations in Private International Law: The French Supreme Court and the Huston Film Colorization Controversy', 15 (1991) Columbia-VLA Journal of Law and the Arts 135, at 139.

Mandatory rules, however, operate in a slightly different way. These rules are directly applicable²³ and the choice of law process is not followed at all. The provisions on moral rights of the forum are directly applicable, irrespective of the content of the law of the protecting country, if they are mandatory rules. This is the approach that was taken by the French Court de Cassation²⁴ in the *John Huston* case.²⁵ It is submitted that the nature of moral rights, as rights that only come into operation when the copyright work is used abusively, does not justify the latter approach. The traditional law of the protecting country, plus public policy of the forum in exceptional cases, is far more suitable.²⁶ The same law would then also be applied to all issues that form part of the scope of copyright.

The applicability of the UK's substantive provisions on moral rights has certain interesting implications. A foreign author who is not resident in the UK and whose work is first published abroad will not have the right to be identified, unless he asserts that right in the format prescribed by Section 78 of the Copyright, Designs and Patents Act 1988.²⁷ The fact that a similar assertion

²³ In French legal terminology these rules are referred to as 'règles d'application immédiate', which characterises them very well.

²⁴ Different decisions were reached at first instance and upon appeal, see Judgment of 23 November 1988 of the Tribunal de Grande Instance de Paris, [1989] Recueil Dalloz Sirey 342 (Jurisprudence), annotated by Audit and [1989] *Revue Critique de Droit International Privé* 372, annotated by Gautier; Judgment of 6 July 1989 of the Cour d'Appel de Paris, [1990] Recueil Dalloz Sirey 152 (Jurisprudence), annotated by Audit and [1989] *Revue Critique de Droit International Privé* 706, annotated by Gautier; Judgment of 28 May 1991 of the Cour de Cassation, [1991] *Revue Critique de Droit International Privé* 752, annotated by Gautier. In this case French law was both the law of the protecting country and the law of the forum, but that does not influence our conclusions. The related issue concerning the law applicable to the authorship issue will be returned to below.

²⁵ For an in-depth analysis of the case see J. Ginsburg and P. Sirinelli, 'Authors and Exploitations in Private International Law: The French Supreme Court and the Huston Film Colorization Controversy', (1991) *Columbia-VLA Journal of Law and the Arts* 135 (an English translation of the judgment is attached as an appendix); J. Ginsburg and P. Sirinelli, 'Auteur, création et adaptation en droit international privé et en droit interne français. Réflexions à partir de l'affaire Huston', [1991] 150 *RIDA* 3; see also J. Ginsburg, 'Colors in Conflict: Moral Rights and the Foreign Exploitation of Colorized US Motion Pictures', 36 (1988–9) *Journal of the Copyright Society of the USA* 81 and J. Ginsburg, 'Conflicts of Copyright Ownership between Authors and Owners of Original Artwork: An Essay in Comparative and International Private Law', 17 (1993) *Columbia-VLA Journal of Law and the Arts* 395.

²⁶ See J. Ginsburg and P. Sirinelli, 'Auteur, création et adaptation en droit international privé et en droit interne français. Réflexions à partir de l'affaire Huston', (1991) 150 *RIDA* 3, at 21.

²⁷ The exceptions to moral rights will also apply, see ss. 79 and 81 Copyright, Designs and Patents Act 1988.

requirement is unheard of in the author's country, or in the country of first publication, is irrelevant in this respect. This conclusion, though correct, could seem rather bizarre, especially as it may be doubted whether the UK's assertion requirement is in compliance with the no-formalities rule in the Berne Convention.²⁸

BROADCASTING

Broadcasting the work is, in general, also part of the exclusive right that is given to the copyright holder. When it is claimed, for example, that royalties are due in the UK in relation to a planned broadcast, the law of the protecting country, in our example UK copyright law, should be used to define what amounts to a broadcast and to the legal concept of communicating the work to the public and whether the planned activity comes within the scope of that definition.²⁹ The definition of what amounts to a broadcast for the purposes of communicating the work to the public should also include the determination of the place where the exploitation takes place. It should also determine where broadcasting and the communication to the public take place and only if that place is within the UK in our example will the proposed activity be broadcasting and communication to the public for the purposes of the law of the protecting country. The latter point is particularly relevant as many broadcasts can be received in more than one country. There is a general agreement on considering the point of emission of the signal as the place where the broadcast and communication to the public take place.³⁰

SATELLITE BROADCASTING

Satellite broadcasting presents us with an even more complex picture. Does the broadcasting take place in the country of the up-link where the signal is emitted from the ground station towards the satellite or does it also take place wherever the signal from the satellite is received? What amounts to communication to the public in this context? The receiving area traditionally covers many countries and is described as the footprint of the satellite. Does it matter

²⁸ English courts are not entitled to verify this point, but see Art 5(2) Berne Convention.

²⁹ This includes the determination whether a broadcast that can be received in the protecting country is an unintentional spill-over broadcast or a deliberate targeting of the audience in the protecting country from abroad. Only in the latter case will the copyright law of the protecting country apply and will copyright permission from the rightholders in that country be necessary. See Judgment of 28 May 1991 of the Austrian Supreme Court (Case 4 Ob 19/91), [1992] European Commercial Cases 456 and [1991] GRUR Int. 920, see also Judgment of 6 December 1990 of the Oberlandesgericht in Graz, [1991] GRUR Int. 386.

³⁰ See E. Ulmer, note 9 *supra*, at 14.

that certain countries or parts of countries do not come intentionally within the footprint of the satellite, but are only there for unavoidable technical reasons?

The Berne Convention in article 11bis speaks of broadcasting as communication to the public, but one has to turn to the law of the protecting country to see how this principle has been translated into national law, as this issue is part of the scope of copyright. The wording of the Convention could lead one to the conclusion that both emission and reception are essential elements and that the copyright law of the emission country and the copyright laws of the countries inside the footprint of the satellite should be applied cumulatively.³¹ This is called the 'Bogsch Theory'.³² The opposing theory is called the emission theory and it has now been adopted by the UK³³ and the whole of the European Union. Communication to the public is deemed to occur solely in the country where the signal is emitted to the satellite.³⁴

The Satellite Broadcasting Directive states that 'communication to the public by satellite means the act of introducing, under the control and responsibility of the broadcasting organisation, of the programme-carrying signals intended for reception by the public into an uninterrupted chain of communication leading to the satellite and down towards the earth'.³⁵ An exception to this rule is provided for the situation where communication takes place from the territory of a non-Member State (third country) which does not provide the required minimum level of protection. In that case, the act of communication is deemed to have occurred in the Member State of the Union in which the up-link ground station is situated or in the Member State in which the broadcasting organisation has its principal establishment if there is no use of an up-link ground station situated in a Member State.³⁶

³¹ This approach was taken by the Austrian Supreme Court, Judgment of 16 June 1992 (Case 4 Ob 44/92), [1994] European Commercial Cases 526 and [1994] IPRax 380; see also the Judgments of 30 November 1989 and 27 June 1991 of the Oberlandesgericht in Vienna, [1990] GRUR Int. 537 and [1991] GRUR Int. 925 respectively.

³² See M. Ficsor, 'Direct Broadcasting by Satellite and the Bogsch Theory', [1990] International Business Lawyer 258.

³³ S. 6(4) Copyright, Designs and Patents Act 1988.

³⁴ See G. Karnell, 'A Refutation of the Bogsch Theory on Direct Satellite Broadcasting', [1990] International Business Lawyer 263.

³⁵ EC Council Directive 93/83/EEC of 27 September 1993 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, [1993] OJ L 248/15, article 1(2)(b).

³⁶ EC Council Directive 93/83/EEC of 27 September 1993 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, [1993] OJ L 248/15, article 1(2)(d).

The rule contained in the Directive is, *sensu stricto*, not a rule of private international law, but it has a determinative effect on choice of law matters. The rightholder can only invoke his exclusive right if broadcasting takes place and by defining broadcasting the Directive assures that this will only take place in one country. That country's law is the only law of the protecting country under which the rightholder can make a successful claim, or that country is the only country where protection can be claimed. According to the definition no broadcasting takes place in any other country involved and in the absence of any copyright activity no protection can be claimed in these countries. So, to a certain extent, the law of the up-link country is singled out as the applicable law while any other law is in practical terms ruled out.

EXCEPTIONS TO THE RIGHTS

Restrictions placed on the exclusive right modify the content of the latter. So, if all issues relating to the content of the exclusive right granted by copyright are to be governed by the law of the protecting country, exceptions to the rights granted to the copyright holder form the next issue in this category. The precise scope of the rights granted is, indeed, only to be determined when these exceptions are also taken into account. For example, the rightholder's exclusive right to make copies of the work is restricted by the exceptional right of the user to make a copy for personal use. One sees here again the parallelism with infringement and with the parallel legal solution in article 8 of the Rome II Regulation.³⁷ Further exceptions might exist for reporting current events, research and private study, etc.³⁸ The same exceptions obviously also play a role as defences against copyright infringement.

CIVIL REMEDIES

Civil remedies are the final issue in this category. The availability of damages and injunctions restraining further encroachments on the exclusive rights of the rightholder make the rights effective. This includes the issue of who can sue: for example whether a licensee can sue independently for copyright infringement or whether he needs to rely on the copyright-owner to do so. They determine the real scope of the right involved and should therefore come under the law of the protecting country.³⁹ The parties cannot use the law of the

³⁷ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II), [2007] OJ L199/40, article 8.

³⁸ For a full catalogue of these exceptions under UK law see Chapter 3 (ss. 28–76) Copyright, Designs and Patents Act 1988.

³⁹ See, for an example in the case law, the judgment of 17 June 1992 of the German Bundesgerichtshof (Supreme Court), [1993] GRUR Int. 257 and see E. Ulmer, note 9 *supra*, at 35.

contract to change the rights to sue which each of them has, in so far as that change is to have effect against third parties.⁴⁰ The traditional procedural restrictions apply though in the situation where the law of the protecting country is not equally the law of the forum. For example, the quantification of damages issue will be governed by the law of the forum.⁴¹

Termination of the right

This issue is important because the Berne Convention only sets out a minimum term of protection of life of the author plus 50 years.⁴² Member States are free to introduce longer terms of protection into their legislation. The European Union countries have used this flexibility to introduce a 70-year term of protection after the death of the author as a general rule, although other shorter terms of protection apply to some categories of works.⁴³ The Copyright, Designs and Patents Act 1988⁴⁴ has introduced the 70-year term after the death of the author for literary, dramatic, musical and artistic works⁴⁵ and, for example, for films⁴⁶ whilst a 50-year term from release⁴⁷ or broadcast applies to sound recordings⁴⁸ and broadcasts⁴⁹ respectively. The term of protection could thus be different depending on which law is applicable.

The question of which law should be applicable to the issue of the termination of copyright becomes easier to answer when it is considered that what is really involved is the term of copyright and that the question can be reformulated as meaning: for how long is the exclusive right created? Looked at in this way, it seems logical to opt for the same applicable law as the one that is applicable to creation issues. The law of the protecting country will therefore govern the duration and the termination of the right.⁵⁰ This solution also fits

⁴⁰ See the judgment of 17 June 1992 of the German Bundesgerichtshof (Supreme Court), note 39 *supra*.

⁴¹ See Cheshire and North, *Private International Law*, Butterworths (13th ed, 1999), Ch 6 and more specifically at 87–8.

⁴² Art 7(1) Berne Convention.

⁴³ In general see EC Council Directive 93/98/EEC of 29 October 1993 harmonising the term of protection of copyright and certain related rights, [1993] OJ L290/9.

⁴⁴ Ss. 12 to 15.

⁴⁵ S. 12(2).

⁴⁶ S. 13B(2).

⁴⁷ Or from the end of the calendar year in which the recording was made if the recording was not released during that period, see s. 13A(2)(a).

⁴⁸ S. 13A(2).

⁴⁹ S.14(2).

⁵⁰ See also Art 34 para 1 of the Austrian Private International Law Statute, note 8 *supra*, which contains the same rule; H. Schack, note 16 *supra*.

in well with the public policy idea that the country that authorises a restriction on competition may only wish to do so if its legislation can also determine the length of the restriction.

One special situation should be looked at in more detail. The Berne Convention restricts the length of the term of protection which Member States' legislation grants to foreign works to the term granted in the country of origin of the work, but it also gives Member States the option to deviate from this rule.⁵¹ The UK has decided, in applying the Directive, to impose such a restriction on the length of term of certain works. The restriction applies to works, the country of origin⁵² of which is not a Member State of the European Economic Area⁵³ and the author of which is not a national of such a Member State.⁵⁴ The term of protection is initially still governed by the law of the protecting country. But the substantive rule only imposes a maximum length for the term of protection that is equal to that granted to domestic works. The specific length of the term of copyright protection for such works is then referred back to the term granted by the law of the country of origin.

France has used the option left open by the Berne Convention in a similar way. The Court of Appeal in Paris ruled that a series of American Buster Keaton films that were no longer protected by copyright in their country of origin, the USA, were not entitled to copyright protection under the law of the protecting country, France. The films were not entitled to the normal longer French term of protection, because they were no longer in copyright in the country of origin and continuing copyright protection in the country of origin is a prerequisite for protection in France.⁵⁵

Validity of the right

The question concerning the validity of the right is answered by looking at criteria for the creation of the right. The test is whether the criteria for the creation of the right were present at the time the right allegedly came into existence. If the answer is in the negative the right is not, and never was, valid.

⁵¹ Art 7(8) Berne Convention.

⁵² The first (country of origin) limb of the rule has not been retained in relation to sound recordings and broadcasts.

⁵³ The areas of co-operation between EU and EFTA countries include intellectual property. The EU zone could, therefore, be expanded to the EEA zone.

⁵⁴ See ss. 12(6), 13A(4), 13B(7) and 14(3) Copyright, Designs and Patents Act 1988.

⁵⁵ Judgment of 24 April 1975 of the Cour d'Appel de Paris, *S.A. Galba Films v. Friedman, S.a.r.l Capital Films, Pernot and Société Les Films La Boétie*, (1975) 83 RIDA 106; the decision was appealed unsuccessfully in the French Cour de Cassation, see Judgment of 15 December 1975, *Léopold Friedman v. S.A. Galba Films*, (1976) 88 RIDA 115, annotated by Françon.

Such cases arise frequently before the courts. Alternatively, the criteria might have been met at the time the right came into existence, but they are now no longer met. In that case the right is no longer valid. Apart from the issue of the expiry of the term of copyright, situations involving the latter alternative will hardly ever arise in relation to copyright.

The strong link with the creation of the right militates strongly in favour of the application of the same choice of law rules in both cases. It is suggested that the issue of validity should also be governed by the law of the protecting country.⁵⁶

The fact that the validity point often arises in an infringement context, where typically an alleged infringer argues, as a defence or by way of counterclaim, that the right is not valid in the first place and that therefore it cannot be infringed, constitutes a factor which complicates matters slightly. It could be argued that the whole infringement issue, including the validity point, should be governed by the same law. This might seem attractive from a practical point of view, but it is submitted that this argument needs to be rejected. Apart from the fact that the two points arise in the same proceedings, there is no substantive link between the two points, while there is, as demonstrated above, a strong link between validity and the creation and existence of the right. Moreover, it makes no sense to apply a different law to the same validity point depending on whether it arises independently or in the course of infringement proceedings. In the latter case the validity of the right should be determined as a preliminary point on the basis of the law of the protecting country. The situation in which the validity point arises should have no influence on the choice of law rule.

Authorship, ownership of right and works created by employees

AUTHORSHIP OF COPYRIGHT WORKS

Authorship could be said to be a factual matter. The author of a work is the person who creates it: the writer, painter or sculptor. The Copyright, Designs and Patents Act 1988 sets out in Section 9(1) by restating that rule. However, it does not stop there. A set of legal fictions follow. For example, the author of a film is taken to be the producer and the principal director, whereas for a sound recording it is the producer.⁵⁷ English law has traditionally referred to the producer in this respect, but other legal systems have traditionally (also) referred to the director and even in this new context not all Member States

⁵⁶ See Ernst Rabel, *The Conflict of Laws*, Chicago: Michigan University Press (1950), at 295.

⁵⁷ S. 9(2)(aa) and (ab).

have adopted the same approach. A different person could be designated as author, according to the choice of the applicable law.⁵⁸

Two obvious laws could be chosen as the law applicable to the issue of authorship. The law of the protecting country is an obvious candidate, if the function of copyright is to reward the author. It might seem logical to apply the law that authorises the restriction and that determines its scope to the authorship issue if that reward is to take the form of a restriction on competition. After all the author could well be the beneficiary of the right that is created. The law of the country of origin could be an alternative, though. The author is also the first point of contact for those parties that are interested in the worldwide exploitation of the copyright in the work. Such worldwide exploitation has become the norm, for example on the internet, and it is important that the same starting point is available worldwide. The logical aim of identifying the same author for the same work in every jurisdiction can be achieved if the issue of authorship were to be governed by the law of the country of origin, as each work has one country of origin only. It is submitted that the latter solution is the better option.⁵⁹ It would facilitate the international exploitation of the work, eliminate the artificial situation in which a single work can have different authors in different countries and English case law, as well as the statute and the Convention, do not preclude it.

Apart from being often used to identify the owner of the copyright, the definition of authorship is also used to identify the beneficiary of moral rights. The Copyright, Designs and Patents Act 1988 grants to the 'author' of the work the right to be identified and the right to object to derogatory treatment. If someone is not identified as the author, he cannot be granted moral rights from a substantive law point of view. It has been argued above that moral rights touch public policy and it must therefore follow that the identification of the author, only for the purposes of the attribution of moral rights,⁶⁰ must also touch upon

⁵⁸ See generally J. Seignette, 'Subjectbepaling in het auteursrecht, een tocht door de jungle van het IPR', [1990] *Informatierecht/AMI* 195.

⁵⁹ See Judgment of 29 April 1970 of the French Cour de Cassation, [1971] *Revue Critique de Droit International Privé* 270, at 271; Judgment of 14 March 1991 of the Cour d'Appel de Paris [1992] *La Semaine Juridique* 21780 (Jurisprudence); Judgment of 21 September 1983 of the Tribunal de Grande Instance de Paris, (1984) 120 *RIDA* 156; Judgment of 14 February 1977 of the Tribunal de Grande Instance de Paris, (1978) 97 *RIDA* 179; and see generally J. Ginsburg, 'Colors in Conflict: Moral Rights and the Foreign Exploitation of Colorized US Motion Pictures', 36 (1988-9) *Journal of the Copyright Society of the USA* 81, at 98-9 and Ginsburg and Sirinelli, 'Authors and Exploitations in Private International Law: The French Supreme Court and the Huston Film Colorization Controversy', 15 (1991) *Columbia-VLA Journal of Law and the Arts* 135, at 141.

⁶⁰ See J. Ginsburg, 'Colors in Conflict: Moral Rights and the Foreign

public policy. The provisions of Section 9 *et seq.* of the Copyright, Designs and Patents Act 1988 should apply whenever the law of the country of origin grants an insufficient level of protection for moral rights, as compared with the level offered by the provisions of the law of the forum.

The French Court de Cassation applied the French authorship rules as mandatory rules for the purpose of the identification of the author of the film *Asphalt Jungle*. John Huston was, in his capacity as director, not the author under the law of the country of origin,⁶¹ the USA. Under US law he was therefore not entitled to moral rights protection. The French Cour de Cassation argued that lack of moral rights protection in the US would lead to a French court being obliged to deny moral rights protection in France. This was unacceptable from a French public policy point of view. The problem was solved through the mandatory application⁶² of the French rules on authorship, according to which Huston was an author. This meant that he was entitled to moral rights protection in France. It needs to be stressed, though, that the *Huston* ruling is restricted in scope to the moral rights and authorship for the purposes of moral rights issues.⁶³ The public policy argument does not apply to any other issue and the normal choice of law rules can then be applied to the authorship issue.⁶⁴

FIRST OWNERSHIP OF COPYRIGHT WORKS

The Copyright, Designs and Patents Act 1988 contains only a substantive rule on ownership. The author is supposed to be the first owner of the copyright in the work.⁶⁵ The case law has never addressed the issue of choice of law in relation to the first ownership of copyright. Finally, the Berne Convention

Exploitation of Colorized US Motion Pictures', 36 (1988–9) *Journal of the Copyright Society of the USA* 81, at 98–9.

⁶¹ It has been suggested that authorship for moral rights purposes is determined by applying the provisions of the law of the country of origin; see Judgment of 14 February of the Tribunal de Grande Instance de Paris (first instance court), *Dimitri Busuioo Ionesco v. Sté Metro Golwyn Mayer and Sté Romania Films*, (1978) 96 RIDA 179. This decision can no longer stand in the light of the Cour de Cassation's (supreme court) decision in the *John Huston* case.

⁶² Public policy tends to operate as a negative tool, ruling out the application of certain rules, whereas mandatory rules impose their own application instead of the normally applicable law.

⁶³ See J. Ginsburg and P. Sirinelli, 'Auteur, création et adaptation en droit international privé et en droit interne français. Réflexions à partir de l'affaire Huston', (1991) 150 RIDA 3, at 19.

⁶⁴ On the difference in approach between moral rights and pecuniary rights, see also Judgment of 1 February of the Cour d'Appel de Paris, *Anne Bragance v. Olivier Orban and Michel de Grèce*, (1989) 142 RIDA 301.

⁶⁵ S. 11(1) Copyright, Designs and Patents Act 1988.

contains one detailed rule on ownership. Article 14bis (2) determines that the law of the protecting country will govern the issue of ownership in relation to cinematographic works. It is important to trace back the history of this rule to see what implications it has. The original version of the Convention contained no rule at all concerning ownership. In practice almost no real problems arose because most legal systems considered the creator of a work to be the author of a work and the author to be the first owner of the copyright in the work and cases on co- and joint authorship are relatively rare. Differences did however arise in relation to the ownership of copyright in a cinematographic work. One could primarily look towards the maker of the film or alternatively to the individual creator of contributing parts of the work.

Article 14bis (2) was introduced during the Stockholm revision conference of the Berne Convention to deal with these specific differences. There are no explicit indications that the Member States wanted to introduce an exception for cinematographic works to the general rule on ownership, but there are no indications to the contrary either. All that is known is that the Member States could not agree who was to be the author of a cinematographic work. In the absence of an agreement as to who, in substantive law, was the author of a film, the point was addressed from a choice of law point of view. The rule that the issue will be governed by the law of the protecting country means that all Member States can continue to apply their own (different) substantive rules, without any of them having to give way. The choice of law rule confirms and continues the disagreement in the area of substantive law. The general point concerning the first ownership of copyright was not necessarily raised, but why would the draughtsmen restrict the application of the rule to one category of works if the same rule was already applicable to all other works? If the latter had been the case a note mentioning that the same rule would also apply to cinematographic works would have been sufficient.

That brings us to the general rule. Which law should be applied to the issue of ownership? At first sight, there seems to be a strong link between the grant of the copyright and the issue of to whom it is granted. It may make sense to apply the same law of the protecting country to both issues.⁶⁶ This would also result in a situation where a single choice of law rule deals with the issue of ownership in relation to all types of works.

It is submitted, however, that upon closer analysis, these arguments are not convincing. Other arguments point towards the law of the country of origin.⁶⁷

⁶⁶ For an example, but admittedly one in relation to cinematographic works, but outside the scope of the Berne Convention, see the judgment of 17 June 1986 of the Austrian Supreme Court, *Hotel Video*, [1986] GRUR Int. 728.

⁶⁷ See also U. Drobnič, 'Originärer Erwerb und Übertragung von Immaterialgüterrechten im Kollisionsrecht', 40 (1976) *RabelsZ.* 195, at 198–202.

The exploitation of copyright works to an increasing extent takes place at international level. For example, literary works, photographs and films are disseminated and exploited over the internet. The internet knows no borders and it would create enormous practical difficulties and costs if the first ownership of these works was given to different persons in different countries. A choice of law rule that links the first ownership of copyright to the law of the country of origin would solve this problem.⁶⁸ The copyright in each work would have a single (first) owner. The latter would be able to sell the rights for the worldwide exploitation of the work and the buyer would have certainty that he would be dealing with the real rightholder.⁶⁹ It would also make sense to apply the same law to the issues of authorship and first ownership, because most legal systems would have a substantive rule that makes the author the first owner of the copyright in the work.

But let me add one element to the discussion. It may well be that a *lex originis*-based approach will in practice push the entertainment industry even further down the path of publishing all works for the first time in the US. Via first publication a *lex originis*-based approach could then lead to an almost uniform application of the work for hire doctrine across the board. From a political point of view this may not be desirable in the light of the strong aversion towards work for hire and its consequences in certain European jurisdictions. Public policy could offer a way out in terms of moral right and that would significantly soften the blow, but the political problem remains. One could also ask the question whether the economic arguments in favour of the *lex protectionis* approach do not regain the upper hand if one takes the practical consequences of the application of a *lex originis* approach into account and if one considers that the moral rights issue can be addressed satisfactorily in another way. So maybe after all, we should apply the *lex protectionis* to the issues of authorship and first ownership in terms of choice of law.

As has been shown, this discussion is not entirely academic in nature, because, although most legal systems operate the same general ownership rule, there are differences between the provisions in the various national

⁶⁸ See H. Schack, note 16 *supra* and see Judgment of 14 March 1991 of the Cour d'Appel de Paris, *SARL La Rosa v. Sté Almax International SPA*, [1992] *La Semaine Juridique* 21780 (Jurisprudence), in which the Paris Court of Appeal applied this approach, even if the Italian law of the country of origin granted the rights to a company, whereas French substantive law would have ruled out such an option. The fact that the author is a company does not offend against French public policy, see Judgment of 3 June 1961 of the Cour d'Appel de Paris, *Soc. Toho Cy Ltd. v. Soc. Film d'art et Soc. Prodis*, (1961) 33 *RIDA* 112.

⁶⁹ See Ginsburg's annotations under the Judgment of 14 March 1991 of the Cour d'Appel de Paris, *SARL La Rosa v. Sté Almax international SPA*, [1992] *La Semaine Juridique* 21780 (Jurisprudence), at p. 5.

copyright regimes which deal with issues such as co- and joint authorship and authorship in relation to films and sound recordings. This may therefore well become an area in which the European Commission may want to intervene and harmonise the relevant legal provisions. Our analysis has demonstrated that such an approach would not be very effective without a choice of law rule, and as this is traditionally an area in which the parties can decide by contract to an extent it is vital that all involved know what the exact starting point is. On that basis each of them knows their rights and they can then decide whether a different contractual approach on the ownership point is required.

OWNERSHIP OF COPYRIGHT IN WORKS CREATED BY EMPLOYEES

The provisions of the Copyright, Designs and Patents Act 1988 depart from the normal first ownership rule in the situation where a literary, musical or artistic work is made by an employee in the course of his employment. Subject to an agreement to the contrary, the employer becomes the first owner of the copyright in the work, rather than the employee-author.⁷⁰ This change is, of course, a change in the substantive law. The statute is silent on the choice of law point. Would it be advisable to follow the change in substantive copyright law and change the choice of law rule too?

It would, of course, be possible to apply the same choice of law rule to works created by employees and works created outside an employer-employee relationship. The application of the law of the country of origin would have the advantage that the same law would be applicable to all issues concerning ownership. A choice in favour of the law of the protecting country would, however, seem to have the advantage that the copyright industry in a given country would always be able to apply the same law. This is not a valid argument. Such an approach would create great practical difficulties for the international use and exploitation of works created by employees. Let us take the example of a manual containing operating instructions and useful tips for the use of a video-camera. The manufacturers clearly want to market their product, accompanied by the manual, in as many countries as possible. Applying the law of the protecting country would mean applying as many different laws as there are countries in which the product is marketed and, because of the differences in national laws, the manufacturers might in a number of countries be selling a manual in which they did not own the copyright, whilst they might own the copyright in the country of production. This situation is clearly undesirable. This seems to point to the application of the law of the country of origin to the issue of employee-ownership.

⁷⁰ S. 11(2) Copyright, Designs and Patents Act 1988.

A matter which also needs to be considered is the employment relationship as set out in the contract of employment.⁷¹ If the employee retains the copyright and becomes the owner of the rights that flow from it, the exploitation of these rights might provide him with an extra income, whilst the extra royalty cost for the use of the work in which the employee owns the copyright will be taken into account by the employer. This might influence the determination of the salary of the employee in the contract of employment. This establishes a close link with the contract of employment and provides an argument for applying the same law to both that contract and the issue of employee-ownership of copyright. Maybe the issue ought to be characterised as an employment-related contractual issue. Such a solution would also eliminate the problem highlighted above in relation to the law of the protecting country approach. One law would then govern the ownership issue, irrespective of the place of exploitation of the work. Which law would be applicable in such a situation though? After the entry into force of the EC Convention on the law applicable to contractual obligations 1980 (the Rome Convention), there is no longer any doubt on this point. Article 6 of the Convention allows the parties to choose the applicable law and it determines that, in the absence of a choice of law by the parties, the law of the place where the employee habitually carries out his work is applicable. In the situation where the employee does not habitually carry out his work in any one country, that rule is replaced by a rule applying 'the law of the country in which the place of business through which he [the employee] was engaged is situated'. The employee will also be able to rely on the mandatory rules of the law that would govern the contract in the absence of a choice of law by the parties, even if the parties have made such a choice.

It is submitted that the link with the employment relationship and the contract of employment is stronger than the link with the general copyright ownership rule. Accordingly, a contractual characterisation is preferable⁷² and the choice of law rule contained in article 6 of the Rome Convention 1980 should be applied to the issue of employee ownership. This solution has also been adopted in the Austrian Private International Law Statute.⁷³

⁷¹ See U. Drobnič, note 67 *supra*, at 202–3.

⁷² See E. Ulmer, 'Die Immaterialgüterrechte in internationalen Privatrecht', 41 (1977) *RebelsZ* 479, at 507–9.

⁷³ Art 34 para 2: 'For intangible property rights arising from the activity of an employee within the framework of his employment relationship, the conflicts rule governing the employment relationship (Art 44) shall be determinative for the relationship between the employer and the employee.'

Transferability of the right

We are not concerned here with the actual transfer of the right. Before a transfer of a right enters the picture, there is a preliminary issue which needs to be addressed. This is the issue of whether the right can be transferred in the first place. Does the issue of the scope of the right which is granted also include the issue of whether the rightholder is able to transfer the right to another party? Once more the statutory provisions remain silent on this point.

This transferability issue is linked with the grant of the right, rather than with the transfer of the right by means of a contract. Transferability and assignability are closely linked to the issue of what can be assigned, for example pecuniary rights and moral rights or pecuniary rights only, and with the scope of the right.⁷⁴ It would clearly not be desirable to apply the law of the contract to it and allow the parties to choose a law which allows the transfer of the right at their convenience. It is therefore submitted that the issue of transferability should be governed by the law which governs the creation and the scope of the right. The choice of law rule should thus result in the application of the law of the protecting country.⁷⁵ This solution has been approved in *Campbell Connelly & Co Ltd v. Noble*.⁷⁶ In this case the proper law of the contract (English law) was *de facto* applied to determine whether the contract had validly transferred the copyright in a popular tune, but only after the assignability issue had been determined under the law of the protecting country (US law). Whether the US copyright could be assigned had to be decided as a preliminary point and that issue was governed by the law of the protecting country.⁷⁷

The issue of transferability assumes practical importance due to the fact that some legal systems allow for the transfer of the copyright itself, while others do not. For example, the UK's Copyright, Designs and Patents Act 1988 allows the transfer of copyright,⁷⁸ whilst the German UrheberGesetz rules out any such transfer. The German act only provides the opportunity to grant licences to carry out some form of activity which would otherwise have

⁷⁴ T. De Boer, 'Aanknopning in het internationaal auteursrecht', [1977] WPNR No. 5412, p. 674, at 707.

⁷⁵ Contra: H. Schack, note 16 *supra*, who argues that the law of the country of origin should govern this issue, because that would mean that the same law applied in every jurisdiction and this would facilitate the worldwide commercial exploitation of copyright works. It is submitted that this suggestion is to be rejected as not feasible, as the issue of assignability is strongly linked with the public policy of each country.

⁷⁶ [1963] 1 WLR 252, at 255.

⁷⁷ A similar result was reached in an American case in which the law of the contract was Brazilian law, see *Corcovado Music Corp. v. Hollis Music*, 981 F.2d 679 (2d Cir. 1993).

⁷⁸ See s. 90(1).

amounted to copyright infringement. In contrast, the view is held, almost unanimously, that moral rights are not transferable, and so no choice of law problem arises.⁷⁹

Up to now, we have been primarily concerned with the transfer of the right by contract during the lifetime of the rightholder. Similar problems arise though after the death of the author. These are of less practical importance in terms of private international law. This is because the rules in the various legal systems are very similar in this respect and allow for the transfer of copyright and moral rights by testamentary disposition. In the absence of a will, a statutory transfer regime is generally provided for.⁸⁰

In the final analysis, there is no reason not to apply the law of the protecting country to the issue of transferability of rights, regardless of the situation in which it arises.⁸¹ The boundaries of the issue need to be taken into account, though. Assignability is restricted to the question whether or not the right can be assigned. Whether and under what conditions a transfer or assignment occurred is a matter for the law of the contract, if the law of the protecting country allows the principle of an assignment or a transfer of right.⁸² This approach was followed by the Court of Appeal in Paris in *Anne Bragance v. Olivier Orban and Michel de Grèce*.⁸³ The contract between Anne Bragance, who had helped Michel de Grèce with the writing of his book, and the latter was governed by American (New York) law and included a transfer of all aspects of copyright to Michel de Grèce. This included both the moral and the pecuniary aspects of copyright. Due to the publication of the book in France, French law was the law of the protecting country. The French court ruled that moral rights are not assignable under French law and it was therefore impossible for the contract and the law of the contract to transfer these rights effectively. Pecuniary rights are, on the contrary, assignable under French law and the assignment was valid under the law of the contract.⁸⁴ In practical terms the

⁷⁹ See e.g. s. 94 Copyright, Designs and Patents Act 1988.

⁸⁰ See e.g. for the United Kingdom ss. 90(1) and 95 Copyright, Designs and Patents Act 1988.

⁸¹ See *Campbell Connelly & Co Ltd v. Noble* [1963] 1 WLR 252, at 255.

⁸² See J. Ginsburg, 'Conflicts of Copyright Ownership between Authors and Owners of Original Artwork: An Essay in Comparative and International Private Law', 17 (1993) *Columbia-VLA Journal of Law and the Arts* 395, at 408

⁸³ Judgment of 1 February of the Cour d'Appel de Paris, (1989) 142 RIDA 301.

⁸⁴ The public policy argument that was invoked in relation to moral rights was not invoked in relation to pecuniary rights, even if the specific arrangement would not have been permissible under French law. See J. Ginsburg, 'Conflicts of Copyright Ownership between Authors and Owners of Original Artwork: An Essay in Comparative and International Private Law', 17 (1993) *Columbia-VLA Journal of Law and the Arts* 395, at 414.

outcome of the case was as follows. Anne Bragance gained the right to be identified as an author on every (French) copy of the book, but she did not gain any further pecuniary compensation, as she had effectively assigned all her pecuniary rights.

By way of conclusion

We started from the uncomfortable observation that choice of law provisions are virtually absent from the existing EU copyright directives. That observation would have been less uncomfortable if choice of law problems hardly ever arose in a copyright context or if other sources of law were able to contribute a valid choice of law rule. Our analysis of the current situation on the basis of the provisions of the Berne system has demonstrated that this is not the case. No straightforward answers are found in the Berne system, even if the law of the protecting country principle that has been derived from it can help us to go a long way. Many uncertainties remain though and there are plenty of problems outstanding.

There is therefore an urgent need for a more systematic and explicit approach. We have highlighted the starting points of such an approach, but an international treaty is necessary to achieve a solution. In the absence of a global solution the EU may wish to legislate in this area. In reality any new initiative in the area of copyright should no longer be allowed to shy away from the difficulties presented by the choice of law issues. When the artists' resale right was discussed the obvious problem of certain sales moving to Geneva or New York arose. The argument was that the introduction of the right would encourage European owners to sell in Geneva or New York, rather than in London. The introduction of a choice of law rule based on the principle that the right would apply whenever the work originated in Europe, irrespective of the fact that it was exported in order to be sold abroad or would leave after the sale, would have overcome most of the problems. But when the proposal was made in consultations held by UK government officials that idea was seen as too complex and hard to explain to governments and the public alike. That was a missed opportunity and in future we will no longer be able to avoid the choice of law issue. There are real problems in EU copyright that can only be addressed properly if choice of law is given a proper place in the package of measures that are needed to come to an acceptable solution.

19 Overlap/relationships between copyright and other intellectual property rights

Antoon Quaedvlieg

Introduction

The question of overlap in the copyright acquis

It is a common experience in the copyright field, and a joy for many a lawyer, that one or more different intellectual property (IP) regimes may cumulate with copyright in granting protection to a certain ‘product’.¹ Of course, much depends on the national system of IP law, and to what extent it leaves room for concurrence. In some respects, especially as far as industrial design is concerned, the Netherlands can be regarded as a laboratory for questions of overlap, and to illustrate some points we have taken the liberty of relying on examples taken from Dutch practice.

The essential problem of concurrent protection by several IP regimes is conflicts as to what should be reserved for the public domain: which law has priority where one IP law intends to grant an exclusive right on certain works or uses and another law expressly intends to keep those works or uses free. On a practical level, the main issues of overlap in a copyright context are, on the one hand, copyright’s own limits on entering the technical domain and, on the other hand, the extent to which trademark law must show restraint to enter the copyright domain or to artificially ‘prolong’ the term of protection of a work after the expiration of copyright.

Overlap between copyright and other intellectual property rights is a subject which up to now has hardly been touched upon by Community legislation and ECJ case law. However, two important cases in which the ECJ was called to give a decision prove at once that if the Community does not address practice and its problems, these will address the Community, and also provide precious material for a first approach.

In the first section, a general description of the problem is presented. Sections 2–4 deal with the specific questions resulting from overlap with regard to the issues of scope of protection, duration and ownership.

¹ The term ‘product’ is used here as a general term for all creations eligible for protection by several IP regimes.

1. Generalities: cumulation and exclusion

This section maps the basis for overlap (section 1.1) and the grounds for excluding protection by one regime in favour of the free domain as reserved by another regime (Section 1.2).

1.1 Cumulative protection

1.1.1 CONCURRENCE IS THE RULE

Concurrence simply occurs when one and the same product or creation falls within the object definition of different IP rights. As all these regimes have their own independent and valid ratio for protection, and as around each object a mode of protection is framed corresponding to the specific demands of these rationales, the starting point if not the principle is that all potential regimes apply cumulatively. If only one regime were to apply, specific legal interests taken into account by the others would have to be sacrificed. As it is a very realistic possibility that several interests are involved at once, it is natural to, in principle, grant several kinds of protection corresponding to each of these interests. It can only be different where the general interest and/or the system of IP requires it to be so; this will be examined hereafter.

1.1.2 AN INVENTORY OF CASES OF OVERLAP ON THE BASIS OF THE DEFINITION OF THE OBJECT

The key to the different IP rights, including copyright, is the definition of its *object*. The definition of the object of copyright has a complex three-layer structure: the general term 'literary and artistic works', an open catalogue of examples and a 'functional' originality criterion.

An important number of national statutes follows the example of the Berne Convention, which in its article 2.1 first describes works eligible for copyright protection as 'literary and artistic works', including 'every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression', and then lists a long, open catalogue of categories of works falling under that description: books, musical compositions, cinematographic works, works of painting, photographic works, works of applied art etc. European directives, as well as the TRIPs and WIPO treaties, have added software and databases to the open catalogue of protected works.

Thirdly, in certain cases the so-called 'originality' criterion is applied in order to decide whether the work is eligible for protection. This will only be elaborated on hereafter, as it raises some special issues. But for most practical purposes, the concrete list of the BC *cum suis* suffices to identify most cases of overlap between copyright and other IP regimes.

As far as *patent law* is concerned, overlap will occur in the case of industrial design and computer programs.

Conflicts in the sphere of industrial design can arise where shapes are aesthetic and can still be said to be dictated (almost) solely by functional requirements. Although it is believed that the number of cases where aesthetic and functional features are really inseparable (still) are extremely rare, they do exist and the questions they raise are complex (see section 2). Patent law and its 'negative reflex' requires that if technical subject matter is not protected by patent law, it should not be protected at all and remain in the free domain. Does this exclude the possibility of copyright protection in such cases?

As to computer programs on the other hand, there may be a problem arising from the fact that there can be different right holders. Another question may arise as to duration. Although the free domain indicated by patent law is respected in so far as after the 20-year patent term, the invention underlying the program will be free for all to use, it must nevertheless be stated that the otherwise unprotected know-how embodied in the 'expression' of that invention remains to be protected by copyright, for another, perhaps long period. Thus, full access to a technical achievement which in terms of patent logic should be free is, by then, hindered by the complementary protection of another IP right. In principle, it could be held that this contravenes the system, but it is sanctioned by the explicit terms of the Directive.

As far as the law on *models and designs* is concerned, it is obvious that the designs as defined by the European Directive and Regulation will in many cases coincide with the works of applied art eligible for copyright protection. This is particularly so in countries adhering to the theory of *unité de l'art*. The application of this principle results in a low or sometimes very low threshold for copyright protection allowing for the copyright protection of the great majority of designs. The design regimes of the Community contain detailed provisions as to the exclusion of technical shapes. The question here is to what extent a regime as close to copyright as design law influences the copyright solutions to either protect technical features or not.

Trade mark law can be used to protect 'any sign capable of being represented graphically (. . .) provided that such signs are capable of distinguishing the goods and services of one undertaking from those of other undertakings'. This means that a host of pictorial works could be eligible for cumulative protection by trade mark law and copyright law, whereas the same can apply to shapes of goods or their packaging or certain musical fragments. Titles, characters and slogans can be further candidates for concurrence between copyright and trade mark protection, depending on the various systems of national law. Although in principle, copyright law and trade mark law can go together well, there may arise difficulties in cases where trade mark protection is considered to be used as an artificial prolongation of copyright protection. Another question is whether technical exclusion in trade mark law and the way it has been interpreted by the ECJ, could be of importance for copyright.

Finally, here also conflicts can arise when different owners own different IP rights with regard to one and the same work.

Collections of data may enjoy protection by copyright as well as by *sui generis* database protection, upon complying with the criteria of eligibility for protection of each of those regimes. Both the copyright and the *sui generis* protection have been harmonized (and the latter was introduced) in Directive 96/9/EC of 11 March 1996.² *Sui generis database law* and copyright law were obviously designed to fulfil a complementary function: they were meant to cumulate. Article 1 of the Database Directive defines a general concept of database as the object for both copyright and *sui generis* protection. Nevertheless, the issue of overlap between the two regimes and the possible consequences thereof arguably has not received all the attention it needs, notably (again) with regard to the case that the different rights come to belong to different right holders. It will be objected that both regimes carefully distinguish as to the precise *aspect* of the database they protect: copyright protection concerns the arrangement and selection, the *sui generis* right the contents of the database. But this does not prevent there being problems of concurrence, nor in fact that there is concurrence as such, as will be explained below.

The conclusion for the moment is that copyright is a promiscuous member of the IP village. It easily agrees to concur with others as to the protection of the form of works. Nevertheless, not all works eligible for copyright protection are typically subject to cumulative protection. Certain categories of works are more likely to be confronted with concurrence of protection than others. Designs and works of applied art form the ‘classic’ example of a category of works eligible to be protected by a plurality of IP regimes. Problems also concentrate in many cases around software.

1.1.3 THE ORIGINALITY CRITERION AND THE OBJECT OF COPYRIGHT

A few special remarks must be made with regard to a third layer in the definition of copyright’s object, the originality criterion.

Originality is a broad concept which has received diverging interpretations. Within those different interpretations, one can distinguish two functions. Originality can be used as a criterion to decide whether a work *within* one of the protected categories – a text, a drawing, a photograph – individually has the minimum ‘quality’ required to meet the threshold for protection: whether it is not too trivial to be protected. So far, one could say that the criterion serves the *internal* delineation of the protected subject matter: *within* the accepted categories of works, it chooses those creations which either will or

² OJ L 77/20.

will not be granted protection. It is probably in this sense that the originality criterion is most commonly used. However, there is a second way to use the originality criterion, and then it (also) serves the *external* delineation of copyright: it identifies the types or categories of creations which in principle belong to the copyright domain. It is this function that interests us here. First, in its frame of external delineation of the copyright domain the originality criterion will be identified as a ‘functional definition’ of copyright. Secondly, cases of overlap can only be identified at the hand of the concrete results of the functional definition, not its abstract purport. Thirdly, the functional definition is of limited use for the present purpose of finding cases of overlap, but it will prove to be the main instrument for determining the *scope* of protection in cases of conflict. Finally, some remarks will be made as to how to interpret the special originality criterion in the Software and Database Directives.

ORIGINALITY, PERSONAL EXPRESSION AND FUNCTIONAL DEFINITION In *droit d’auteur* systems, the originality criterion is often more or less identified with the condition that the work should be the *personal expression* of the author. The *personal expression* criterion also allows us to construe a link between the rationale of copyright – the protection of the personality of the author – and its object. For it is via the *personal expression* contained in the work that the *personality* of the author becomes involved and needs protection. If understood in this way, the personal expression criterion can be regarded as a *functional definition* of the work, as opposed to the more factual approach formed by the open catalogue with examples of protected works. In the light of its function to protect the personality of the maker, copyright protects creations bearing a mark of this personality. Understood in this way, the criterion can also identify new categories of works which may contain this element of personal expression, and consequently can come to supply the open catalogue of ‘literary and artistic works’ in the Berne Convention and the national statutes. Indeed, when confronted with totally new types of creation applying for copyright protection, courts will rely on the criterion of personal expression or more or less equivalent criteria. The recent case of the eligibility for copyright protection of the scent of a perfume serves as an example.³ Reference could also be made to the older case of software protection⁴ (before

³ Cass. Civ. 13 June 2006, *Nejla Bsiri-Barbir / Soc Haarman et Reimer*, *Chronique du droit d’auteur* (André Lucas), *Propr. Int.* 2006, 442 et seq.; *GRUR Int.* 2006, 1039; *RCJB* 2007, 5–23, note Louis van Bunnem; Dutch Supreme Court 16 June 2006, *Kecofa/Lancôme* (‘Trésor’), *JiPL* 2006, 756–758; *GRUR Int.* 2006, 951; *NJ* 2006, 585 note Spoor; *AMI* 2006, no. 14, pp. 168–73, see also Marina Foschi, ‘Droit d’auteur et parfums’, *Auteurs et Média* 2004, 309–17.

⁴ Bundesgerichtshof 9 Mai 1985, *GRUR* 1985, p. 1041 stated sufficient room

national laws or the Directive provided an explicit legal basis). In a way this strongly proves the importance of the originality criterion for the external delineation: its interpretation arguably was modified in order to allow access to copyright protection for computer programs, as it apparently was considered impossible to simply bypass it.

IMPORTANCE FOR OVERLAP By stressing the differences in the ratio of IP rights, functional definitions rather suggest separated than overlapping fields. The functional definitions of copyright law on the one hand ('work of personal expression') and patent- and trademark law on the other hand (inventions, distinctive signs) appear to reserve clearly different domains. It is only in the application to concrete objects like logos or computer programs that the different fields of protection are found to overlap. But taken as such, functional definitions neither help to identify nor to prevent potential causes of overlap. From a different theoretical angle, two regimes create two distinctively separate objects of protection, but in practice one right may constitute a barrier to the free use of the object although the other right intentionally reserves that use for the free domain. The result is overlap. The same happens in the case of database protection. Although both rights have carefully been kept apart – copyright protection is granted to the selection and arrangement of the contents, whereas the *sui generis* right protects the contents as such of the database against extraction and reutilization – in practice there are problems with overlap.

However, if the functional definition as such is of no great use in *establishing* cases of overlap, it is, once such cases are established, a vital tool for *fine tuning* the balance of power between IP rights, as will be examined later.

1.1.4 THE OBJECT OF COPYRIGHT IN THE EUROPEAN *ACQUIS*

Apart from some exceptions concerning software, photographs and databases, there is no EC legislation as yet regarding the object of copyright. Where the copyright object has been an issue for legislation, this was mainly in order to secure in the whole community that certain works would be eligible for protection, where this might otherwise have been doubtful in some of the member states, mainly because the legal systems of these member states applied a threshold of originality or individuality considered too 'high' by the Commission. Consequently, only software, databases and photographs are mandatorily protected by copyright on the basis of Community legislation,

for individual, 'personal-creative' solutions ('hinreichender Spielraum für individuelle, eigenschöpferische Lösungsmöglichkeiten'), Cour de Cassation ass. plén. 7 March 1986, *Atari/Valadon (Pachot)*, D. 1986, p. 405, note Edelman; RIDA 3/1986, p. 136, note Lucas: a computer program is an *oeuvre de l'esprit* as soon as it is original.

with the emphasis on the fact that they will be protected in terms of a ‘reduced originality concept’:⁵ if they are original in the sense that they are the author’s own intellectual creation. ‘No other criteria shall be applied to determine (their) eligibility for protection.’⁶ This indicates that in those definitions, the originality criterion is exclusively used as a ‘quality’ criterion, regarding the minimum height of the threshold to be eligible for copyright, but not as a criterion which could also be used to determine the copyright domain. The problem of the external delineation was solved by simply qualifying computer programs as ‘literary works within the meaning of the Berne Convention’.⁷ The Database Directive could refer to the existing practice of protecting databases as collections or compilations.⁸

Accordingly, as far as any European *acquis* exists in this field, it is hardly of any use for the purposes of this study. However, one thing which can at least be stated is that there are no rules forbidding copyright to cumulate with other forms of protection. On the contrary, several directives contain rules stating that copyright protection is without prejudice to any other existing IP regimes in the member states which concern the same object, or vice versa.⁹ So far, the *acquis* supports the conclusion drawn above that without special reason to the contrary, protective regimes will cumulate.

1.2 *Exclusion: dealing with overlap in two stages*

INTRODUCTION Although protective regimes are basically allowed to cumulate, cumulative protection is undesirable in situations where one regime proves to be useful, sometimes more or less by surprise, at protecting works or uses consciously reserved for the free domain by another regime. That may mean that the first regime will have to bend its rule and to abstain from protection. This might be called *negative convergence*: IP rights will converge in either totally denying protection or denying complementary protection besides a dominant regime which is considered the only competent one. Patent law provides an example of a regime which entails negative convergence in both senses. First, it monopolizes to a very large extent¹⁰ the protection of technical

⁵ Walter, in: *Europäisches Urheberrecht Kommentar*, Springer, Wien and New York, 2001, p. 1117.

⁶ Art. 1.3; Art. 3.1 Database Directive, also see recitals 14–17; Art. 6 Term Directive, photographs. Interestingly, recital 17 of this last Directive refers to ‘the author’s own intellectual creation *reflecting his personality*’ (emphasis added).

⁷ Art. 1.1 Software Directive 91/250/EEC.

⁸ Recital 13.

⁹ Art. 9 Software Directive; art. 13 and recital 58 Database Directive.

¹⁰ Unless the national system opens the possibility of concurrent protection as a model.

solutions which are new and represent an inventive step. No other regime concurs to offer protection for technical inventions. Secondly, as far as technical solutions *lacking* either novelty or inventiveness or both are concerned, patent law withholds protection whereas no other protective regime is allowed to step in. Outside patent law, technical subject matter is free. No or at best only very minor exceptions to this principle are allowed. Thus, this field of unprotected 'know-how' shows negative convergence of all IP regimes in respecting a particular area as free domain.

Although hard examples exist of this exclusionary mechanism, it is difficult to find hard rules in order to establish when it applies. But it is possible to research *how* it is triggered. This can be schematized in a procedure consisting of two stages. First it has to be established whether a certain exclusion only results from the character of the individual IP right or from a more general, overriding interest. Only in the last case can the exclusion also be of importance for other IP rights. Secondly, it must be established whether, in view of the circumstances of the case and the functional definition of the IP right, there is a sufficiently real connection in order to justify the overriding norm imposing itself and a sufficiently distant connection with the rules of other IP regimes to allow these to step back.

1.2.1 OVERRIDING INTERESTS

Exclusions which result from the system express overriding interests. They result from concepts regulating competition and innovation at a level overreaching the individual IP right. Only when such overriding interests are at stake can rules crosswise be of relevance in the relation between IP rights, for only then is such a rule legitimized to work outside its own regime. For example, the fact that patent law refrains from the protection of technical achievements lacking novelty and/or inventiveness is considered as an indication of a general policy and will have a reflex outside patent law. But the fact that trade mark law refrains from the protection of signs which are not capable of being represented graphically or of distinguishing the goods or services of an undertaking, only concerns this particular regime and does not have consequences for protection by alternative regimes.

If it is true that practical market considerations and a functional organization of competition are at the root of the system of IP, these precepts will often transpire, either explicitly or implicitly, in more than one regime. If, for example, it was the intention of the legislator to reserve the protection of technical achievements for patent law only and that technical subject matter *not* eligible for patent protection should not be protected at all and consequently remain in the free domain, it frequently happens that traces of this can be found in several laws. The interplay of several functional definitions can then help to identify overriding interests and to interpret them in line with each other and

the system. As we will see, the functional definition of copyright provides a *basis* for the exclusion of technical subject matter, but it is predominantly the interplay with the rest of the system that makes it attractive or convincing to follow that interpretation. It is clear therefore that the interpretation of a functional definition as to its external delineation may often rely on its *combination* with the functional definitions of other regimes.

A conflict that opposed the French perfume manufacturer Dior and Evora, the owner of the Dutch chainstore Kruidvat, may serve as an example to illustrate this mechanism of overriding interest.¹¹ In this case, the ECJ curtailed copyright by not allowing it to expand beyond the boundaries set by article 7 of the Trade Mark Directive, by declaring that

...the protection conferred by copyright as regards the reproduction of protected works in a reseller's advertising may not, in any event, be broader than that which is conferred on a trade mark owner in the same circumstances. (para. 58)

Around Christmas, the unpretentious Kruidvat stores had offered their customers (parallel imported) Dior perfumes such as Eau Sauvage, Poison, Fahrenheit, Dune and Svelte. Evora had depicted the packaging and bottles containing the perfumes in a rather trivial advertising leaflet. It was this way of advertising the products that Dior challenged, alleging that the advertising did not correspond to the luxurious and prestigious image of the Dior marks. Dior alleged that the advertisements thus violated article 7.2 of the Trade Mark Directive as they changed the condition and, more particularly, the 'mental' condition of the goods after they had been put on the market. As to these questions concerning article 7.2, the ECJ started out by stating that

on a proper interpretation of Articles 5 and 7 of the Directive, a reseller, besides being free to resell those goods, must also be *free to make use of the trade mark in order to bring to the public's attention the further commercialization of those goods*, as otherwise any resale would be made considerably more difficult. (paras. 37, 38)

It subsequently ruled that

...the proprietor of a trade mark may not rely on Article 7(2) of the Directive to oppose the use of the trade mark, by a reseller who habitually markets articles of the same kind, but not necessarily of the same quality, as the trade-marked goods, in

¹¹ ECJ 4 November 1997, case C-337/95, Jur. I-6013, *NJ* 2001, 132, note Spoor at 134; *AMI* 1998, 6–8, note Grosheide; *Ars Aequi* 1997, 640, note H. Cohen Jehoram; *BIE* 1998, no. 41 pp. 195–212, note Steinhauser; *IER* 1997, 224–9, *Parfums Christian Dior/Evora*.

ways customary in the reseller's sector of trade, for the purpose of bringing to the public's attention the further commercialization of those goods, unless it is established that, given the specific circumstances of the case, the use of the trade mark for this purpose seriously damages the reputation of the trade mark.

So far, *Dior/Evora* only concerned trade marks. But Dior also concurrently invoked *copyright* protection on the packaging and bottles containing the perfumes. In its sixth question, the Dutch Hoge Raad asked the ECJ whether articles 30 and 36 (now 28 and 30) of the Treaty precluded the owner of a trade mark or copyright from preventing a reseller from advertising the further commercialization of those goods, and whether this was also the case where the reseller damaged the luxurious and prestigious image of the trade mark or the person entitled to the copyright. The Court ruled that as regards the question relating to *trade mark* rights, article 36 of the Treaty had to be interpreted in the same way as article 7 of the Directive, which the ECJ had interpreted before.¹² Turning subsequently to the question regarding *copyright* law, the ECJ first states that 'commercial exploitation of copyright raises the same issues as that of any other industrial or commercial property', to decide subsequently as follows:

... there being no need to consider the question whether copyright and trade mark rights may be relied on simultaneously in respect of the same product –, in circumstances such as those in point in the main proceedings, the protection conferred by copyright as regards the reproduction of protected works in a reseller's advertising may not, in any event, be broader than that which is conferred on a trade mark owner in the same circumstances. (para. 58)

Contrary to appearances, it is not trade mark law as such that curtails copyright in this case. The judgment as a whole makes it clear that the limits of both rights are subjected to the *overriding* interest of the free movement of goods within the internal market and the purpose of the exhaustion rule. The Court first establishes that in the light of these rules, a reseller, besides being free to resell those goods, must also be free to make use of the trade mark in order to bring to the public's attention the further commercialization of those goods, as otherwise any resale would be made considerably more difficult

¹² Accordingly, 'the answer to be given to this part of the sixth question must be that, on a proper interpretation of Articles 30 and 36 of the Treaty, the proprietor of a trade mark may not oppose the use of the trade mark, by a reseller who habitually markets articles of the same kind, but not necessarily of the same quality, as the trade-marked goods, in ways customary in the reseller's sector of trade, for the purpose of bringing the further commercialization of those goods to the public's attention, unless it is established that, given the specific circumstances of the case, the use of the trade mark for this purpose seriously damages the reputation of the trade mark' (para. 54).

(paras. 37, 38). Secondly, it decides that this can be different when it is established that, given the specific circumstances of the case, the use of the trade mark for this purpose seriously damages the reputation of the trade mark. Finally, the Court decides that as far as exhaustion is concerned, commercial exploitation of copyright raises the same issues as those of any other industrial or commercial property and that the case law of the ECJ makes no difference to them. It is in that light that copyright will not be able to offer broader protection than trade mark law. The principle of the free movement of goods and the exhaustion rule prevail over both exclusive rights, not trade mark law over copyright.

1.2.2 THE FUNCTIONAL DEFINITION AS A GAUGE FOR THE ‘MOST SIGNIFICANT RELATIONSHIP’

If several IP regimes converge in excluding specific subject matter, this can indicate the presence of an overriding interest respected by all regimes. But it is not excluded that only *one* regime expresses rules for the free domain, and we are nonetheless in the presence of an overriding interest, so that the exclusion must be respected by the other regimes. This will occur especially where one particular IP law is closest to the situation that norm deals with, whereas it is – or formerly was – felt unlikely that this situation could also play a role in other regimes. With a reference to our colleagues in international private law, one could speak of the ‘*principe de proximité*’ or of the IP regime which has the ‘most significant relationship’ with the situation. The above-mentioned *Dior/Evora* case also offers an example of this phenomenon: the specific limitation had only been laid down in the ‘key provision’ of article 7.2 of the Trade Mark Directive, but its effect was extended to the scope of protection conferred by copyright.

How to establish what regime has the most significant relationship with the case? Systematic considerations will be decisive again. But positive law offers somewhat more guidance in this case than was the case with establishing whether an overriding interest exists allowing an exclusion to expand beyond its own IP regime. In assessing whether this interest is strong enough to prevail when applied to the circumstances of a particular case, the functional definition of the IP right may be quite helpful. It allows us to measure how close the interests invoked in the case are to the interests protected by the exclusive right, and the closer they are, the more this proves that there is a significant relationship.

Increasingly, IP rights tend to be defined in terms of function, that is, in terms of the interest they protect, rather than of material objects. As to copyright, rather than whether one is faced with a *work of literature, science or art*, the criterion of eligibility for protection has become whether the work represents an *original expression* of the author, or, in the wording of several directives, his

own intellectual creation. As to a trade mark, more than by its being a sign, it has traditionally been defined in the jurisprudence of the ECJ¹³ by its essential *function* of being capable of identifying¹⁴ the goods or services of an undertaking. Accordingly, a graphic representation serving to identify the commercial origin of certain goods would, in case of conflict, primarily be governed by trade mark law, whereas one which is perceived as a personal expression for a cultural public, would be governed by copyright.

At first glance, functional definitions of IP right may appear to be 'inverted'. They are inwardly directed; they pursue the unravelling of the – internal – essence of the exclusive right as such, rather than being part of a larger – external – system. But functional definitions find their *origin* in different economic activities, exercised in different branches, to which different economic and moral precepts apply. As they originate in a compartmentalized external structure, they passively reflect that order and should actively maintain it, otherwise the legal and economic balance underlying the system could be jeopardized. Practice is at the root of the system and forces the law to separate different kinds of exclusive rights. Therefore, the analysis of the academic concept underlying the object of that right cannot be disconnected from the economic and social realities at its basis.

Establishing the most real connection can be impeded by the increasing osmosis between the terrains of technical subject matter, marketing and culture. One could imagine cases of 'perfect concurrence', in which two or more of these aspects are of equal weight. Consequently, several IP rights have a full and equally strong attachment to the case. Cases of perfect concurrence will probably remain rare, but if they happen, only hierarchy can solve conflicts between the applicable regimes. Present European *copyright* direc-

¹³ *Inter alia* ECJ 22 June 1976, Case 119/75, Jur 1976, p. 1039, *Terrapin/Terranova*, no. 6; ECJ 11 October 1990, Case C-10/89, Jur. 1990, 3711, HAG II, no. 13; ECJ 23 May 1978, Case 102/77, Jur. 1978, 1139, *Hoffmann-La Roche/Centrafarm*, no. 7; ECJ 11 July 1996, *Bristol-Myers Squibb/Paranova* no. 44; ECJ 11 November 1997, Case C-349/95, Jur 1997, p. I-6227, *Loendersloot/Ballantine*; ECJ 18 June 2002, *Philips/Remington*, Case C-299/99, Jur. 2002, I, p. 5475 ff., *IIC* 2002, 849; *GRUR Int.* 2002, 842; *GRUR* 2002, 804.

¹⁴ See ECJ 18 June 2002, *Philips/Remington*, Case C-299/99, Jur. 2002, I, p. 5475 ff. no. 30: 'Moreover, according to the case-law of the Court, the essential function of a trade mark is to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin, and for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods or services bearing it have originated under the control of a single undertaking which is responsible for their quality' (with references to Case C-349/95 *Loendersloot* [1997] ECR I-6227, paras. 22 and 24, and Case C-39/97 *Canon* [1998] ECR I-5507, para. 28).

tives contain no clues yet as to what regime has priority in cases of perfect concurrence. However, when dealing hereunder with technical exclusion, it will be held that this rule is probably of heavy weight in the hierarchy.

Establishing the ‘most significant relationship’ is a legal technique, not a bundle of ready-made answers. It can be very difficult to establish, in a concrete case, what regime represents the most real connection to the case and it certainly can also be a choice of policy.

2. Scope of protection: technical exclusion in copyright law

INTRODUCTION: REFLEX FROM PATENT LAW AND NATURAL RESISTANCE TO PROTECTING TECHNICAL SUBJECT MATTER

Obviously, the question of technical exclusion in copyright relates to the overlap between copyright and patent law in the first place. As in all cases of overlap, the main question is whether the protection of one regime must give in to the room for the public domain claimed by another regime. In this case copyright will typically have to surrender to the rule of patent law, such that technical subject matter is either protected by this law or not at all. Economically, copyright law and patent law are two different planets, and copyright interference in the patent domain would frustrate key elements in the policy of the latter. One only needs to state the impressive difference in the term of protection (20 years after application for the patent versus 70 years after the death of the author in the copyright case) to know that in patent law, the need for the invention to fall in the free domain has an economic priority much more urgent than in copyright law. One could add the condition that the invention must be published, and it should not be forgotten either that a large part of technical creation – all know-how which cannot be considered as an invention – is consciously left to the free domain by patent law. Filling this ‘gap’ with protection by other intellectual property rights would therefore run counter to the policy of the legislator.

Copyright has fully internalized this strong systematic reflex. A universally accepted traditional rule excludes technical subject matter from copyright protection. Apparently, this principle is so obvious that it was never expressed in so many words in the Berne Convention. Even the introduction of copyright protection for computer software, undeniably a phenomenon of a technical nature,¹⁵ did not shake this conviction: if software was a technical product at

¹⁵ Although computer software shows little convincing resemblance to the traditional concept of a personal expression, its economic characteristics and its ‘competitive environment’ might place it closer to copyright. Software is, like other traditional subject matter in the information industry, exposed to cheap and easy mechanical copy-

all, which some denied, its eligibility for copyright protection was just an exception to the rule,¹⁶ and not meant to be applied analogously in order to further expand the realm of copyright.¹⁷ The impression is that it is still, or even more so, widely considered this way.¹⁸

It is attractive to see technical exclusion in copyright in relation to the idea/expression dichotomy. Copyright protects the form, not the content; the subjective element, not the objective; the arbitrary aspect of the shape, not the one which is wholly determined by the function. The link with the idea/expression dichotomy would make it possible also to link technical exclusion to the exclusion of ideas, concepts etc. in TRIPs and WCT.¹⁹

Although it can therefore be said that copyright has a natural reluctance to trespass on the technical domain, charging it with the protection of industrial design and computer software made it inevitable that points of tension would come up. As to software, this will be dealt with under the sections dealing with ownership and duration. Here, the emphasis will be on industrial design.

TERMINOLOGY

In this chapter, ‘technical’ or ‘functional’ shape means that the shape is wholly determined by the technical function it has to perform, so that a modification of that shape will mean that the fitness to fulfill its function is affected. Therefore in the vast majority of cases, only a part – or even only some abstract features – of a useful object are ‘technical’ or ‘functional’ in this specific sense. Bellini’s exuberant salt cellar is fit for performing the function of containing salt, but it is very far from qualifying, in its entirety, as a ‘technical shape’.

ing. The algorithm underlying the program is (rightly or not) supposed to be capable of being expressed in an almost endless number of varieties, which reduces the anti-competitive impact of protection. This may explain better why software occupies a special position as compared to other technical achievements.

¹⁶ Although it is true that at the peak of the software discussion in the 1980s, it incidentally was voiced that copyright could now extend over the whole technical domain.

¹⁷ Nor does it seem advisable to use the ratio for the protection of databases in order to extend copyright protection to the protection of a so-called kinetic scheme, used in the chemical industry; see Dutch Supreme Court 24 February 2006, *Technip/Goossens, IIC* 2007, pp. 615–22.

¹⁸ See, *inter alia*, Guido Westkamp, Overlapping Intellectual Property Protection and the Proportionality Principle in International Trade Regulation, in: *Intellectual Property Law. Articles on Crossing Borders between Traditional and Actual*, Molengrafica series, Intersentia, Antwerpen and Oxford, 2004, pp. 95–117, at p. 101 ff.

¹⁹ Art. 9.2 TRIPs provides: ‘2. Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.’ The same exclusion is found in practically the same wording in art. 2, WIPO Copyright Treaty of 20 December 1996.

The term ‘technical’ in itself is a legal minefield, and has for obvious reasons received much attention in patent law. We will not enter into the intricacies of this concept; it is used here in a general way. It should not be considered to exclude features which, in a restrictive interpretation of the term ‘technical’, would (only) be seen as ‘functional’. It is another question whether *everything* which could be labelled as functional falls under the technical exclusion. Features of shapes can be functional on legal or commercial grounds, on the grounds of market considerations or out of a desire for standardization. The question whether all these circumstances should always fall under the technical exclusion is not dealt with here in detail.²⁰

Furthermore, a technical shape is understood here as a shape with a technical *result*. Whether the inspiration, creativity or motivation to create the shape was of a useful or aesthetic nature, is a matter of indifference. As copyright only excludes what is indispensable for the function, it is the shape of the product that triggers the exclusion, and not the nature of the process in the brain of its spiritual father. A shape solely dictated by its technical function is excluded from protection, no matter how creative the process of invention might have been at the level of psychology. Even if purely artistic inspiration has led to a shape with unexpected functional qualities, the technical exclusion applies.

In most cases, only specific *aspects* of the shape of a useful product are indispensable to the technical result. Consequently, it will have to be determined as to *what* features of the shape are ‘solely dictated by the technical function’.²¹ Only these features are excluded from protection. Only highly sporadically, shapes which are dictated by the function in their *entirety* present themselves. If the exclusion had to be restricted to this category it would fail to serve the goal of keeping free the competition on functional aspects.

2.1 *The challenge of ‘hyperfunctional’ design*

Despite the fact that the technical exclusion in copyright is obvious, contemporary design seems committed to defying it. Form and function merge ever more. As such, this does not pose a threat to the eligibility for copyright

²⁰ See, with regard to *design(!)* law, the clear rejection by Annette Kur, ‘EG-Geschmacksmusterschutz und Kfz-Ersatzteile – Eine Erwiderung’, *GRUR Int.* 1993, 71 et seq., at p. 74; Ulrike Koschtial, ‘Design Law: Individual Character, Visibility and Functionality’, *IIC* 2005, p. 297–313, expresses doubts as to the exclusion – in design law – of shapes ‘necessary’ for economic or aesthetic reasons. It might however be different for copyright law.

²¹ Fernand de Visscher, ‘Quelques réflexions sur l’exclusion de l’effet technique en droit des dessins et modèles’, in: *Jura Vigilantibus. Antoine Braun, les droits intellectuels, le barreau*, Larcier, Bruxelles, 1994, p. 117 et seq., at 130.

protection of so-called *functional design*. In fact, ‘functional design’ is largely an aesthetic, not a legal or technical, notion. It indicates that the *aesthetic* impression created by the design is sober. It emphasizes the function and does not lead attention away from it by the fantasy or luxury of the design. But that does not mean that the design is 100 per cent ‘dictated’ by the technical function. To the contrary, for many useful objects ‘the’ purely functional design *cannot* even be created. For example, ‘the’ shape of a knife which is solely dictated by its technical function is difficult to imagine. Still, a great variety in functional design for knives exists. The technical exclusion being limited, as remarked above, to those *aspects* of a shape which are *solely* dictated by the technical function, most of the field of ‘functional design’ consequently will not be threatened by the exclusion. However, it will, in the example of the knife, touch on some *abstract* aspects of the shape: the general and abstract requirement, for example, that it must have a handle and a cutting part is not eligible for copyright.

Nevertheless, as contemporary design appears to ever more bitterly pursue the ‘perfect’ fusion of form and function, in the end some results of top design might find themselves confronted with technical exclusion. Despite such cases probably remaining rare, it creates a considerable copyright dilemma, for it may mean that the regime fails to provide protection for exquisite works of devoted authors. The question is whether in such cases copyright will have to follow the strict ‘Philips’ regime the ECJ imposed on trademark law, or a lighter regime inspired by the theory of multiplicity of forms. In this perspective, technical exclusion not only concerns copyright’s unilateral relationship with patent law but also the wider perspective of its systematic position as to trade mark and design law. These two regimes will now be examined.

2.2 *Strict technical exclusion in trademark law*

The exclusion of technical subject matter finds a clear basis in trade mark law. Article 3.1(e) of the Trade Mark Directive declares invalid, *inter alia*, a trade mark in a sign which exclusively consists of the shape of goods which is necessary to obtain a technical result.²² This implies a limitation as to the

²² Article 3. Grounds for refusal or invalidity

1. the following shall not be registered or if registered shall be liable to be declared invalid:

(. . .)

(e) signs which consist exclusively of:

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which gives substantial value to the goods;

(. . .)

object: functional shapes cannot be a trade mark. As such, the Directive is neutral as to the question of whether or not there is a relation with the functional definition of a trade mark, in the sense that such signs would lack distinctive power. It is obvious however that in practice, this will very often be the case. Like the shape which results from the nature of the goods themselves, and the shape which gives substantial value to the goods – the two other categories mentioned in article 3.1(e) – the shape of goods which is necessary to obtain a technical result is as such already unlikely to be perceived as a sign indicating the origin of the good from a particular undertaking. Lack of distinctiveness and the exclusion of article 3.1 (e) will therefore to a considerable extent run parallel to excluding such shapes from protection. But not all technical shapes will always lack distinctiveness. Of course, it cannot be ruled out that certain functional shapes acquire distinctive power by use. But according to paragraph 3 of the same article, this does not change the invalidity of the shape as a trade mark. The functional shape *cannot* be a trade mark.

In its judgment in *Philips/Remington*,²³ the ECJ linked the technical exclusion to the overriding *public interest* of preventing technical shapes from being monopolized by trademark law, because they should be free to be used by all. The Court pointed out that a sign which is refused registration under article 3.1(e) of the Directive can never acquire a distinctive character for the purposes of article 3.3 by the use made thereof (para. 75). It then ruled that the rationale for the ground for refusing registration as laid down in article 3.1(e), second indent, of the Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics (para. 78). Article 3.1(e) of the Directive, the ECJ stated, pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1 (b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration’.

²³ ECJ 18 June 2002, *Philips/Remington*, Case C-299/99, Jur. 2002, I, p. 5475 ff., *IIC* 2002, 849; *GRUR Int.* 2002, 842; *GRUR* 2002, 804; *NJ* 2003, 481, note Spoor; *IER* 2002, 251–62, note Grosheide; *Ars Aequi* 2003, 43–9, note Gielen; *BMM Bulletin* 2002, 188–99, note Ellen Gevers and Daan Teeuwissen; *BIE* 2003, no. 89 pp. 547–55, note Quaadvlieg, also see Verkade, *BIE* 2002, Actualiteiten, p. 447; see further Suthersanen, ‘ECJ in *Philips/Remington* – Trademarks and Market Freedom’, *IPQ* 2003, 257; Karl-Heinz Fezer, ‘Entwicklungslinien und Prinzipien des Markenrechts in Europa’, *GRUR* 2003, 457–69, at p. 468; Menno Heerma van Voss, ‘Vormmerken en techniek, vóór en ná *Philips/Remington*’, *BMM Bulletin* 2002, 182–7.

be freely used by all. Article 3.1(e), second indent, prevents such signs and indications from being reserved for one undertaking alone because they have been registered as trade marks (para. 80). From this, it logically results that article 3.1(e), second indent, excludes all technical shapes: ‘As to the question whether the establishment that there are other shapes which could achieve the same technical result can overcome the ground for refusal or invalidity contained in Article 3(1)(e), second indent, there is nothing in the wording of that provision to allow such a conclusion’ (para. 81). ‘In refusing registration of such signs, Article 3.1.e, second indent, of the Directive reflects the legitimate aim of not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions’ (para. 82).

2.3 *A mild exclusion: doctrine of multiplicité des formes*

A much milder test than was used in *Philips/Remington* to decide whether a shape is necessary to obtain a technical result, is proposed by the theory of multiplicity of forms. It compares the shape of the product with that of other products. If it is found that the market offers a variety of shapes fit for the same function, the conclusion is that the particular shape of the product is not necessary to obtain a technical *effect* and that consequently, it is not excluded from protection.

An example can illustrate this. The spiral shape of the corkscrew is dictated by its technical function. There are however alternative shapes capable of achieving the same result,²⁴ like the *tire-bouchon bilame* cherished by the French winegrowers and consisting of two thin metal blades, to be introduced between the cork and the neck of the bottle, after which the cork can be withdrawn with a slowly rotating movement. Although the relevant technical part of the *tire bouchon bilame* is solely dictated by its technical function, there is variety in the shapes available for corkscrews, so that it is not ‘necessary to obtain the technical effect’. The consequence of this approach is that ‘original’ technical shapes would be eligible for copyright protection, as long as they are not the only way to achieve a particular result or effect. It thus opposes an ‘effect’-oriented assessment of *Philips/Remington*, which requires, *without* reference to alternative solutions, a careful examination of what features or ‘aspects’ in the particular shape cannot be changed without the shape losing its ability to perform its function. Under *Philips*, a shape can only be protected so long as aesthetic, or arbitrary, or capricious variations in the form of the useful object are possible.

²⁴ We leave aside the nuance that, although more or less equivalent in the normal use for the average natural cork, the two techniques also show differences. The *tire bouchon bilame* is particularly practical when it comes to removing soft corks of older bottles, which may crumble when the operation is performed with a spiral corkscrew, but it performs badly (or not at all) when used for certain types of synthetic corks.



Figure 19.1 The aspect-oriented approach of Philips-Remington excludes both technical shapes from copyright, the effect-oriented approach of multiplicité des formes only one

The clash between this effect- or aspect-oriented exclusion is up to now unresolved in the law of models and designs, as will now be demonstrated.

2.4 Technical exclusion in design law

Article 7 of the Design Directive (art. 8 of the Design Regulation 6/2002²⁵) contains a rule for technical exclusion.²⁶ As copyright law can – especially in systems embracing the theory of *unité de l'art* – concurrently apply with

²⁵ OJ L 003/1 of 5 January 2002.

²⁶ ‘Article 7 Designs dictated by their technical function and designs of inter-connections

1. A design right shall not subsist in features of appearance of a product which are solely dictated by its technical function.

2. A design right shall not subsist in features of appearance of a product which must necessarily be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically connected to or placed in, around or against another product so that either product may perform its function.

3. Notwithstanding paragraph 2, a design right shall, under the conditions set out in Articles 4 and 5, subsist in a design serving the purpose of allowing multiple assembly or connection of mutually interchangeable products within a modular system.’

design law in many cases, it has to be examined whether the detailed rules in the latter may provide guidance as to the way the exclusion must be understood in copyright.

‘SOLELY DICTATED BY THE TECHNICAL FUNCTION’ AS AN AUTONOMOUS CONCEPT UNDER EU LAW

The Directive formulates the general technical exclusion thus: that ‘a design right shall not subsist in features of appearance of a product which are solely dictated by its technical function’. It must be assumed that the formula finds its origin in the (old) UK Registered Designs Act 1949, section I.3.²⁷ The same formula made its way, in a slightly altered version, to the optional provision of article 25.1, last sentence of TRIPs.²⁸

In our view, the wording of the criterion of *solely dictated by its technical function* clearly expresses that the exclusion only concerns those shapes or features of shapes, which cannot be changed without affecting the technical function. This is likely to match the intention of the early versions and proposals, that the technical exclusion would be triggered if in shaping the product with regard to the technical functions to be fulfilled by it, there remains no *playing field* for design²⁹ or the realization of a technical function leaves no freedom as regards *arbitrary features of appearance*;³⁰ which is different from: no alternative shapes or solutions to the same effect exist. At least, that would seem the only viable interpretation. The law of models and designs protects *useful* objects. It is inevitable that a three-dimensional shape designed for a useful function is at least partly determined by that function. Although a million shapes can be imagined for a flower vase, it must be open at the top to allow the flowers to be put in and closed for the rest in order to contain the water. It is therefore a matter of course that as far as arbitrary variations are possible as to the shape, such elements are eligible for protection, even if the

²⁷ ‘(3) In this Act the expression “design” means features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged solely by the eye, but does not include a method or principle of construction or features of shape or configuration which are dictated solely by the function which the article to be made in that shape or configuration has to perform.’

²⁸ ‘Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.’

²⁹ See Annette Kur, ‘EG-Geschmacksmusterschutz und Kfz-Ersatzteile – Eine Erwiderung’, *GRUR Int.* 1993, 71 et seq., at p. 74: ‘(. . .) wenn bei der Formgebung eines Produktes im Hinblick auf die von ihm zu erfüllende technische Funktion keinerlei Gestaltungsspielraum verbleibt’.

³⁰ Art. 9 of the Proposal for a Regulation COM (93) 342 *final* – COD 463, OJ C 29/20 of 31.01.1994.

strict trade mark rule of *Philips/Remington* were to apply equally in design law.³¹ Such arbitrary variation will almost always be possible, as the appearance of the overwhelming majority of useful objects is only partly ‘dictated’ by their technical function. As to this great majority of products, the technical exclusion will only touch certain aspects of the shape; only in a small minority of cases is the integral shape of the product at stake.

Under UK design law, however, as well as under Belgian law, different interpretations exist. In the UK, the *solely dictated* criterion was interpreted by the House of Lords in *Re Amp/Utilux* in a different fashion.³² The shape of the product at stake in that case – electric terminals – could have been of a different form without affecting the function, but in the features of the shape of the terminals there was ‘neither the purpose nor the result of making an appeal to the eye’. Their Lordships ruled that under these circumstances, the shape had to be considered as solely dictated by its technical function. Despite the fact that the criterion stems from British law, this interpretation, which will exclude simple industrial forms even in aspects which are not indispensable for the performance of their function, seems to be imposed neither by the literal wording of the provision in the Directive nor by the interests pursued by the technical exclusion. In the system of the European directives, this should be dealt with as a question of whether the shape complies with the required level of originality. Ulrike Koschtial finds that there might be yet another risk of the *AMP/Utilux* doctrine. If the reasoning is turned around, it can be read as implying that, even if the shape cannot be different without affecting the function, it is not solely dictated by its technical function when its purpose or result is to ‘make an appeal to the eye’, so that in fact technical subject matter could be monopolized and withheld from the free domain.³³

Likewise, there is no certainty that in Belgium, the technical exclusion in article 7 of the Design Directive will be interpreted in line with the result of *Philips/Remington*. Several Belgian authors, among whom Massa, Strowel and Vanhees, find (for the moment) no obstacle in article 7 to continue to apply the theory of *multiplicité des formes*,³⁴ under which a functional shape is eligible

³¹ Bas Pinckaers, ‘De techniekrestrictie in het modellenrecht en de relevantie van alternatieven’, in: D.J.G. Visser and D.W.F. Verkade (eds.), *Een eigen, oorspronkelijk karakter. Opstellen aangeboden aan prof. mr. Jaap H. Spoor*, DeLex, Amsterdam, 2007, pp. 257–73.

³² *AMP Inc v. Utilux Pty Ltd* [1971] FSR 572 (HL). Summary in [1972] RPC 103.

³³ See Ulrike Koschtial, ‘Gemeinschaftsgeschmacksmuster: Kriterien der Eigenart, Sichtbarkeit und Funktionalität’, *GRUR Int.* 2003, pp. 973–82, at p. 978.

³⁴ Whereas this seems to have been the dominant position in Belgium, the picture for the Netherlands is much more diffuse. Frequently, courts will refuse to

for protection provided that there exist alternatives to reach the same result.³⁵ Moreover, the same position has been taken by Advocate General Ruiz-Jarabo Colomer in no. 34 of his conclusion on *Philips/Remington*: a functional design may be eligible for protection if it can be shown that the same technical function could be achieved by another different form.³⁶ British courts likewise narrowly construed the exclusion so that it would not apply if the purpose of the functional design could be achieved by any other means.³⁷

In France however, the courts reject the theory of multiplicity of shapes.³⁸ M. Greffe's statement that article 7 of the Directive does not change that jurisprudence, can be agreed with; in fact, we think that the wording of article 7 rather supports the French position.

THE MUST FIT EXCLUSION

As to the 'must fit' exclusion in paragraph 2 of article 7 Design Directive, there is no reason to assume that the exclusion would not equally apply in copyright law. However, it is highly improbable that the *exception* which paragraph 3 creates as to the *must fit* exclusion – notwithstanding paragraph 2, a

extend the scope of protection to technical aspects of shapes, whereas it must be obvious to them that alternatives exist that achieve the same effect. Indeed if – given the existence of an alternative – it is accepted to protect, by design law, the integral shape of an object which is 'solely dictated by its technical function', it makes no sense to exclude from protection, in the case of designs which are only partly dictated by their technical function, those technical aspects. But exactly that is what happens if those aspects are excluded from the scope of protection. See however Heijo E. Ruijsenaars, 'Die Zukunft des Designschutzes in Europa aus der Sicht des Französischen und des Benelux-rechts', *GRUR Int.* 1998, p. 378 ff., at p. 381.

³⁵ Charles-Henry Massa and Alain Strowel, 'Community Design: Cinderella Revamped', *EIPR* 2003, p. 68–78, at p. 72; Hendrik Vanhees, *Het Beneluxmodel*, Brussels, 2006, no. 68, p. 33. Also see Martin Schlötelburg, 'Design protection for technical products', *JIPL* 2006, vol. 1, no. 10, p. 675.

³⁶ '34. The wording used in the Designs Directive for expressing that ground for refusal does not entirely coincide with that used in the Trade Marks Directive. That discrepancy is not capricious. Whereas the former refuses to recognise external features which are solely dictated by its technical function, the latter excludes from its protection signs which consist exclusively of the shape of goods which is necessary to obtain a technical result. In other words, the level of functionality must be greater in order to be able to assess the ground for refusal in the context of designs; the feature concerned must not only be necessary but essential in order to achieve a particular technical result: form follows function. (8) This means that a functional design may, none the less, be eligible for protection if it can be shown that the same technical function could be achieved by another different form.'

³⁷ *Landor & Hawa International Ltd v. Azure Designs Ltd* [2006] EWCA Civ 1285 (CA).

³⁸ See the numerous decisions cited in Pierre Greffe and François Greffe, *Traité des Dessins et Modèles*, 6th ed., Litec, Paris, 2003, no. 99, pp. 73–5.

design-serving assembly within a modular system is eligible for design protection – will likewise apply under copyright, if copyright protection for such a design can be envisaged at all. Recital 15 of the Directive justifies this exception with the argument that the mechanical fittings of modular products may constitute an important element of the innovative characteristics of modular products and represent a major marketing asset, and therefore should be eligible for protection. It is very uncertain that this policy argument in a specific design context can also justify the much longer term of copyright protection.

It must finally be remembered that the Design Directive has not (yet) harmonized the regime applying to spare parts – described in recital 19 rather extensively as ‘the use of protected designs for the purpose of permitting the repair of a complex product so as to restore its original appearance, where the product incorporating the design or to which the design is applied constitutes a component part of a complex product upon whose appearance the protected design is dependent’. Whether spare parts should be eligible or not for copyright protection primarily seems to be a matter of policy. It does not straightforwardly fall under the technical exclusion, which does not mean that other reasons of economic policy could lead to certain restrictions in protection.³⁹

2.5 ‘Copyright for normal cases’: the test of the ‘subjective work’

As stated in the introduction above, a strong systematic reflex forbids copyright from interfering with technical subject matter. The general legal definition of its object, ‘works of literature and art’, implicitly expresses this separation and should be read in accordance with it. The functional definition: ‘original works containing a personal expression of the author’, will equally have to be viewed in accordance with the strong technical exclusion the system imposes.⁴⁰ Indeed, the criterion of *personal expression* is often understood as a formula which excludes technical shapes.⁴¹ A shape with a functional purpose will be tested to

³⁹ For a 2005 update with extensive literature references see J. Drexler, R.M. Hilty and A. Kur, ‘Design Protection for Spare Parts and the Commission’s Proposal for a Repairs Clause’, *IIC* 2005, pp. 448–57.

⁴⁰ G. Schricker, in: Schricker (ed.), *Urheberrecht Kommentar*, 3rd ed., Auflage, München, 2006, p. 4, states that the technical exclusion does not follow so much from the copyright concepts as from the systematic interplay of copyright and patent law.

⁴¹ See Fernand de Visscher, ‘Quelques réflexions sur l’exclusion de l’effet technique en droit des dessins et modèles’, in: *Jura Vigilantibus. Antoine Braun, Les droits intellectuels, le barreau*, Larquier, Bruxelles, 1994, p. 117 et seq., at 128; J.H. Spoor, D.W.F. Verkade and D.J.G. Visser, *Auteursrecht*, 3rd ed., Deventer, Kluwer, 2005, no. 3.10 p. 67; F.W. Grosheide, *Auteursrecht op maat*, Kluwer, Deventer, 1986, p. 213; J.L.R.A. Huydecoper, ‘Originaliteit of inventiviteit? Het technisch effect in het auteursrecht’, *BIE* 1987, 106 et seq.; A. Quaedvlieg, *Auteursrecht op techniek*, Tjeenk Willink, Zwolle, 1987, pp. 21–7; G.H.C. Bodenhausen, ‘De rechtmatigheid van technische navolging’, *NJB* 1954, p. 367, note 1.

see whether it fulfils its function; if it does not, the shape will be modified until it performs better. In essence, therefore, the criterion applied to such a shape is not whether it is the perfect expression of what moved the author to his labour, but whether it is the perfect answer to the problem. It ultimately does not depend on the subjective taste and arbitrary preference of the author, but on the objective test in what modality it best performs its function. In this sense, it is not a ‘personal expression’.

Personal expression is not re-established where an author has a ‘free choice’ between several possibilities, to the extent that the shapes between which the choice must be made still individually depend on the requirement that they are capable of fulfilling the technical function. Each such shape individually is ‘objective’ and the system requires that everyone can use such a technical shape. Works of authorship must be *intrinsically* subjective in the sense that they exclusively depend on the arbitrary preferences of the author, and that the only test which can be applied to them is the personal judgment of the author, without reference to a technical result outside that author. In this interpretation, the functional definition of copyright is optimally in line with the requirements of the system.⁴² The technical exclusion in copyright can and should therefore be in accordance with the interpretation in *Philips/Remington*, thus adding to the consistency of the system as a whole.

2.6 Challenging the boundaries of the exclusion: hyperfunctional design

It was assumed above that in the great majority of cases, even ‘functional’ design leaves plenty of room for arbitrary choices in the design, leading up to the level of originality required for copyright protection. However, it was also observed that designers strive for an ever more complete phasing out of the non-functional aspect. In some cases, it becomes almost impossible to distinguish, at the factual level, between functional and arbitrary elements. For the purposes of this chapter this was labelled as ‘hyperfunctional’ design. Authors of hyperfunctional design can in many cases be top designers. The suppression of arbitrary features does not prevent such shapes from producing an impression of great aesthetic appeal, based on an unorthodox technical approach or on an original combination of technical measures. In such cases, most courts are not inclined to deny copyright protection to what they rightly consider as exquisite design. But how to grant protection despite the fact that technical subject matter is excluded?

⁴² See also Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis*, 2nd ed., Sweet & Maxwell, London, 2003, who indicates that the optional exclusion from *design* protection of functional shapes in art. 25 TRIPS could be linked to the definition of ‘originality’ in this context.

Courts find several ‘escape routes’. A characteristic approach consists of an *a priori* confirmation of the originality of the shape, in combination with the application of the doctrine of *multiplicité des formes*. First, the judges praise the (considerable) aesthetic merits of the shape and find its compliance with the originality criterion beyond doubt, without testing how far the features of the shape are dictated by the technical function. Subsequently, they state that an abundance of alternatives is available for the same useful ends, which not only ensures that the protection of the shape will not lead to the ‘monopolisation of a technical result’, but is also quite often wrongly considered as sufficient proof that the shape as such is not dictated by its function.⁴³

The famous Scandinavian Tripp Trapp child chair can serve as an example of hyperfunctional design. It concerns a design as sober as it is beautiful for a child’s chair in blank varnished beech wood,⁴⁴ which is continuously adjustable to the size of the growing child, in a way taking into account certain ergonomic goals. The 1972 design of the Tripp Trapp chair still appears as fresh and modern. It was awarded prizes and exhibited by museums. And, perhaps the greatest compliment, it is continuously ‘besieged’ by competitors desiring to come as close to its example as possible. The same famous Tripp Trapp chair, victim of numerous infringements, also illustrates the benevolent approach of the courts towards quality design. Copyright protection according to Dutch law was for a long time granted by all courts. But in 2007, the District Court of the Hague⁴⁵ refused to follow that policy. In a well-considered and scrupulously motivated decision, the Tripp Trapp was analysed as a product which could almost entirely be explained in terms of either technical utility or (unprotected) choices of style. The two posts at the sides between which the back is attached, the horizontal slits into which the sit- and feet board can be slid in, the horizontal position of the sit- and feet board, a certain thickness of the material, as well as the choice of beech wood, combining as it does good mechanical qualities with a low price, were considered by the court as being inspired by a technical or functional motive. From the sober Scandinavian style resulted the austere lines, the white finish, the sober finish with metal parts, the non-application of coloured elements. Moreover, the court held that the choice for ‘visualised technics’, only modestly furnished with decorative aspects, strongly determined the overall impression the chair produced. The

⁴³ As to the Tripp Trapp chair, an example of such reasoning can be found in (among many others) District Court of The Hague, 4 October 2000, *BIE* 2001, no. 78 p. 363, *Stokke Industries/Jako Trade en Hauck*; also see OLG Hamburg 1 November 2001.

⁴⁴ This is the standard version.

⁴⁵ District Court of the Hague 7 February 2007, *Stokke/Fikszó, AMI* 2007, no. 13, pp. 99–103, note Dirk Visser, *IER* 2007, no. 74 p. 265, note F.W. Grosheide.

main freedom the designer had enjoyed, the court found, was the choice of the L-shaped standards, from which resulted the characteristic floating appearance of the Tripp Trapp. With its scope of protection thus reduced, only two of the four Tripp Trapp imitations involved in the lawsuit were considered as infringing.

As a footnote, attention is drawn to another enduring copyright enigma, the Rubik Cube.⁴⁶ Is this rather old case another example of hyperfunctional design, although incorporating, in its external features, applied mathematical insights rather than a technical effect? Rubik turned abstract theory into a surprising confetti of movable coloured squares. It is a true design achievement, though nothing in it exceeds ‘mathematical’ functionality. However, it could still be asked whether the cube is not an (intelligent) ‘toy’ rather than an instrument and perhaps represents, in that quality, a case different from ordinary useful objects.



Source: Use of the Rubik's Cube(r) is by permission of Seven Towns Ltd.

Figure 19.2 Each horizontal and vertical level of the Rubik Cube can be rotated independently. By crosswise rotating different levels, the position of the stones can be changed

⁴⁶ *Ch.re Polytechnika Ipari Szovetkezet c.s. v. Dallas*, (1982) FSR 529; *GRUR Int.* 1983, 946; Court of Appeal of Amsterdam, 16 July 1981, *BIE* 1982, 145; *AMR* 1982, p. 13, note Verkade.



Source: Use of the Rubik's Cube(r) is by permission of Seven Towns Ltd.

Figure 19.3 The aim is to achieve surfaces of a uniform colour

Although rare, the impression is that the hyperfunctional design of the Tripp Trapp is not an isolated case; several more examples surfaced in recent case law in the Netherlands.⁴⁷ In these cases however, protection was not refused. How to assess these opposing solutions in the light of the technical exclusion?

2.7 'Redundant functionality'

Where a shape offers a clear advantage for the primary function of a product, no copyright can exist in that shape. But this is a one-dimensional case. Products also show features which are very secondary to the main purpose of the product, or although functional to some end, not useful at all in the context of that product. In one trade mark case, the District Court of The

⁴⁷ The most interesting example is the caravan step in Pres. District Court of The Hague 19 March 2003, *BIE* 2004, no. 72, p. 472 (*Caravan Step I*) and District Court of The Hague 22 December 2004, *BIE* 2005, pp. 265–71 (*Caravan Step II*). Also see District Court of The Hague 17 October 2006, *Howe/Casala*, still unpublished; Pres. District Court of The Hague 30 September 2005 and District Court of Den Bosch 6 June 2007, *Fatboy bean-bag*, both published in *AMI* 2007, pp. 158–9.

Hague⁴⁸ refused to apply the technical exclusion for this reason. The defendant had alleged that the octagonal shape of a Davidoff cigarette package *inter alia* added to its solidity and therefore was excluded from trade mark protection as being a shape necessary to obtain a technical result, but the District Court considered that this technical effect did not yield a *concrete or relevant* advantage.

2.8 'Fuzzy functionality'

Worse, in some cases, the purpose of a product is variable or unclear as such. Many products fall into the 'fuzzy' context of a plurality of more or less relevant technical specifications. Products must not only be strong, but also light, and if possible small, and cheap, and easy to use and maintain, etc. In connection with the varying weight which one can arbitrarily assign to each of these different technical factors, endlessly varying shapes can be imagined, whereas each can be explained as responding to another combination of functional specifications. But as the choice is arbitrary, it *may* also have been determined by aesthetic considerations alone ('I add this functional characteristic only because it makes the product look more sturdy'). After all, in the end, the inclusion of a certain functional feature could even be entirely abandoned if the designer felt like it. Formally, such features may still be dictated by the function, but if this function is neither dictated nor obvious in the context of the product, the reason for denying protection in the context of that particular design certainly declines. But if this reasoning may grant relief in particular cases, how attractive is it in a larger perspective? Poignantly, the top design of the Tripp Trapp chair shows no fuzzy functionality: all features fit perfectly into one transparent, consistent scheme.

3. Scope of protection: The substantial value exclusion in trademark law

INTRODUCTION

Above, technical exclusion was dealt with as an example of self-restraint. Copyright prevents itself from extending its production over technical achievements. Now, the reverse case will be addressed: do *other* regimes contain safeguards which limit them in 'overflowing' the domain of copyright and does the functional definition fulfil a role in this respect? This section deals in particular with the relation between *trade mark law* and copyright.

⁴⁸ District Court of The Hague 22 December 2004, *BIE* 2005, no. 87, pp. 430–37 (*Davidoff/Cigaronne*); *IER* 2005, no. 37, pp. 166–74.

Article 3.1(e) of the Trade Mark Directive declares invalid: ‘signs which consist exclusively of the shape which gives substantial value to the goods’.

The provision has been inspired by, amongst other things, a more or less identical rule in the former Uniform Benelux Trademark Law, excluding shapes which influenced the essential value of the good. The Benelux rule in its turn was based on an American doctrine. It expresses trade mark law’s natural reflex that the trade mark cannot coincide with the essential properties of the good. According to the (Benelux) Common Governmental Comment, the purpose of this rule was to create, to a certain extent, a limit on the possible concurrence of trade mark protection and the protection which results from copyright law or the law on models and designs. The Common Governmental Comment⁴⁹ explained that if, ‘in view of the nature of the good, a great significance accrues to the attractiveness of the shape added to the good, the chosen form cannot qualify for additional protection as a trade mark’. For example, the artistic form given to a crystal service would not be eligible for trade mark protection, in contrast to products from the foodstuff industry. These remarks made the decision easy in the early Dutch *Wokkels*⁵⁰ case, where it nevertheless was held moreover that the value of the crisp resided in ‘its comestible nature, its taste and crispiness’. But it will be the case for most useful products that, in the end, their value is of a useful nature; so this criterion, without the Hoge Raad probably realizing it in the context of the case, is very restrictive.

But the decisions handed down later by the Benelux Court of Justice⁵¹ also

⁴⁹ Gemeenschappelijk Commentaar der Regeringen, Benelux- Merkenbureau, loose-leaf Benelux-Regelgeving inzake merken/Réglementation Benelux en matière de marques, The Hague 1996, III, 11–12; Van Arkel m.m.v. Limperg (ed.), S&J no. 47, I, 5th ed. 1996, p. 50 ff.

⁵⁰ Dutch Hoge Raad, 11 November 1983, *GRUR Int* 1986, 126–128; *NJ* 1984, 203, note LWH; *BIE* 1985, no. 9, p. 23 (*Wokkels*). Also see Kamperman Sanders, *EIPR* 1995, 68.

⁵¹ Benelux Court of Justice 23 December 1985, Case A 83/4, *GRUR Int.* 1987, 707–11, Anm. Eva Marina Bastian; *Ing. Cons.* 1986, 75; *NJ* 1986, 258, note LWH; *BIE* 1986, no. 54 p. 208, note Van Nieuwenhoven Helbach; *RW* 1986–7, col. 2471 ff. (*Adidas Three Stripes*); Benelux Court of Justice 14 April 1989, Case A 87/8, *GRUR Int.* 1990, 863; *Ing. Cons.* 1989, 89; *IIC* 1991, no. 4, 567–70; *NJ*, 1989, 834, note Wichers Hoeth; *BIE* 1989, no. 90, p. 329, note Steinhäuser; *Superconfex/Burberry’s, Burberry’s I*; also see Kamperman Sanders, *EIPR* 1995, 68, and Frauke Henning-Bodewig and Heijo Ruijsenaars, ‘Designschutz qua Markenrecht? Das “Burberrys” Urteil des Benelux-Gerichtshof im Rechtsvergleich’, *GRUR Int.* 1990, 821–31, at p. 826; Benelux Court of Justice 16 December 1991, Case A 90/4, [1992] 7 *EIPR* D-140; *GRUR Int.* 1992, 552 m. art. HER, p. 505; *NJ* 1992, 596, note D.W.F. Verkade; *JT* 1992, 617, note De Visscher; *BIE* 1992, no. 99, p. 379, notes J.H.S.; *IER* 1992, 57, note De Wit, *Burberry’s/Bossi (Burberry’s II)*.

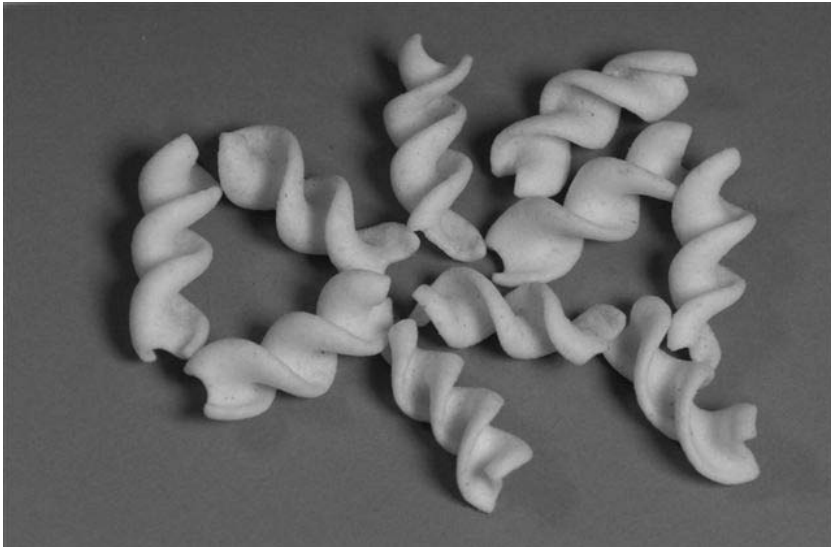


Figure 19.4 The essential value of the Wokkel resides in ‘its comestible nature, its taste and crispiness’

failed to shed light on the opaque criterion of essential value.⁵² The judges now concentrated on the criterion of the great significance of attractiveness. In *Burberry’s I*⁵³ the Benelux Court settled for the formula that the distinctive form of a good only affected its essential value when the good was of such a nature that its appearance and form very much determined, by their beauty and original character, its market value. Perhaps it is significant that during all the times the Benelux Court struggled with the criterion of essential value, it never actually applied it, and cases in the lower jurisdiction where this defence was allowed remained extremely rare.

Although the Uniform Benelux Trade Mark Act did not enter into force before 1 January 1971, the preparatory activities for it were started in the early 1960s. Possibly, it was still possible in the market of those days to make a

⁵² For a more extensive overview see A. Quaedvlieg, ‘Concurrence and Convergence in Industrial Design: 3-Dimensional Shapes Excluded by Trademark Law’, in: *Intellectual Property Law, Articles on Crossing Borders between Traditional and Actual*, Molengrafica series, Intersentia, Antwerpen and Oxford, 2004, pp. 23–69.

⁵³ Benelux Court of Justice 14 April 1989, Case A 87/8, *GRUR Int.* 1990, 863; *Ing. Cons.* 1989, 89; *IIC* 1991, no. 4, 567–70; *NJ* 1989, 834, note Wichers Hoeth; *BIE* 1989, no. 90, p. 329, note Steinhauser; *Superconfex/Burberry’s, Burberry’s I*; also see Kamperman Sanders, *EIPR* 1995, 68.

better distinction between trivial goods and goods, the shape of which affected their essential value. But since then, aesthetic and marketing properties have increasingly merged. So much attention is given to design and so much importance has it acquired in the market, that the shape may nowadays provide substantial value to many goods. That would *extend* the exception over – by now – the great majority of goods, but this would obviously contradict the fundamental intention of the European trade mark instruments to open up trade mark protection for the shape of goods and their packaging, explicitly laid down in article 2 of the Directive and article 4 of the Regulation. The question arises whether there is still a place for substantial value exclusion. The severe criticisms it meets in the literature,⁵⁴ culminating in the suggestion that in practice it should be disregarded as a useless instrument, suggest not.⁵⁵ The courts tacitly seem to take the same view, for hardly any question about substantial value exclusion has been put to the ECJ, although certain cases, concerning trade mark protection of design articles, would appear to have offered an opportunity for this. In the meantime, this does not mean that the question has lost all material importance, because it does from time to time come into play, as shown by the case which led to the decision of the ECJ in *Benetton/G-Star*.⁵⁶ It had been established on a factual level that the litigious design for jeans trousers as well as its registered components were distinctive, but it still had to be decided whether the substantial value exclusion applied to this fashion article.

THE OVERRIDING INTEREST IN SUBSTANTIAL VALUE

In Section 1, it was postulated that negative convergence of IP rights had to be justified by an overriding interest. The first step in order to elucidate the purport of the substantial value exclusion therefore would be to find that overriding interest. It is easy to see trade mark law's restraint in extending its protection over technical characteristics of the good as a measure of systematic hygiene.

⁵⁴ Ulrike Koschtial, 'Die Freihaltebedürftigkeit wegen besonderer Form im europäischen und deutschen Markenrecht', *GRUR Int.* 2004, 106–12, at p. 110, with further references.

⁵⁵ See Annette Kur, 'Harmonization of the Trade Mark Laws in Europe – An Overview', *IIC*, vol. 28, 1997, pp. 1–23, V. 17 note 106: 'The exact meaning and scope of application of the clause relating to the addition of "substantial value" could hardly be more obscure. In my opinion, it was a mistake to include this provision in the European legislation, and the best solution would be to disregard it in practice – which would be all the more justified as the provision is probably not in accordance with article 15(2) of the TRIPs Agreement'; *idem*, in: 'Formalschutz dreidimensionaler Marken – neue Aufgaben für die Markenabteilung des Deutschen Patentamts', in: *DPA 100 Jahre Marken@-Amt*, Wila Verlag, Munich, 1994, pp. 175–96, see pp. 192–3.

⁵⁶ ECJ 20 September 2007, Case C-371/06 (*Benetton G-Star*).

The same approach can be applied to substantial value. It could be an important tool to prevent artificial prolongation of exclusivity after the expiration of copyright. This will be dealt with separately. Secondly, trade mark protection can vest exclusive rights in works long since fallen into the public domain. Thirdly, there could be an issue of scope of protection, more precisely with regard to style and ideas. For good reasons, style is not protected by copyright: if it were, it would stifle cultural development. But imitation of style and ideas, particularly in combination, can cause strong associations, and these associations can be an important element leading to the confusion which is the basis of trade mark infringement. The overriding interest which can be identified therefore is the free development of the cultural domain in a wide sense. But no matter how valid this could be as an academic construction, it is perhaps not very persuasive in practice, as long as (with the exception of duration and parodies) few examples are at hand of public or expert indignation resulting from ‘anti-cultural’ enforcement of trade mark rights.

Strangely enough, if anything at this moment could lead to further consideration being given to the substantial value criterion, it is the development of *trade mark* law itself, and more specifically the increasingly restrictive attitude it adopts towards the protection of shapes of goods. However, the instrument used for this is not the substantial value criterion, but the introduction of ever higher thresholds before a shape may be considered as *distinctive*.

In *Philips/Remington*,⁵⁷ the ECJ assured that ‘Article 2 of the Directive makes no distinction between different categories of trade marks. The criteria for assessing the distinctive character of three-dimensional trade marks, such as that at issue in the main proceedings, are thus no different from those to be applied to other categories of trade mark’ (para. 48). One year later, in *Linde, Winward, Rado*,⁵⁸ it added that ‘it may in practice be more difficult to establish distinctiveness in relation to a shape of product mark than a word or figurative trade mark. But whilst that may explain why such a mark is refused registration, it does not mean that it cannot acquire distinctive character following the use that has been made of it and thus be registered as a trade mark under Article 3(3) of the Directive’ (para. 48). Again one year later, in re *Mag Instrument*⁵⁹ (preceded, for packaging, by an identical consideration in *Henkel*⁶⁰), and while still maintaining that no different criteria apply to

⁵⁷ ECJ 18 June 2002, *Philips/Remington*, Case C-299/99, ECR 2002, I, p. 5475 ff., *IIC* 2002, 849.

⁵⁸ ECJ 8 April 2003, ECR I-3161, *GRUR Int.* 2003, 632; *GRUR* 2003, 514 Anm Gert Würtenberger pp. 671–2; *BIE* 2004, no. 19, 122–7; *IER* 2003, 241–5, Linde, Winward, Rado (‘Gabelstapler’).

⁵⁹ ECJ 7 October 2004, Case C-136/02P, ECR I-9165, para. 31.

⁶⁰ ECJ 12 February 2004, Case C-128/01, para. 49 (*Henkel bottle*).

three-dimensional marks, the European judges introduced a further additional criterion: ‘the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character for the purposes of Article 7(1)(b). Only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin, is not devoid of any distinctive character for the purposes of that provision.’ In 2006, the ECJ ruled that the market share held by the mark is an indication which may be relevant for the purposes of assessing whether that mark has acquired distinctive character through use. It added: ‘Such is the case, in particular, where, as in the present case, a mark consisting of the appearance of the product in respect of which registration is sought appears to be devoid of any distinctive character because it does not depart significantly from the norm or customs of the sector. It is probable, in such a case, that such a mark is likely to acquire distinctive character only if, following the use which is made of it, the products which bear it have more than a negligible share of the market in the products at issue.’⁶¹

As a conclusion, if according to the ECJ no different criteria apply as to the distinctiveness of shapes, the result looks discriminatory. It has become difficult for shapes to acquire trade mark protection. If the result of this were that in practice, shape marks become an exception rather than a ‘normal’ category of protected distinctive signs, one would almost come to wonder whether a strictly applied substantial value exclusion should not in the end be preferred. It would, however, although no more than the present practice of the ECJ, run counter to the goal of the Directive and regulation to protect shapes on a larger scale.

4. Duration and exceptions

4.1 Duration

Could, and should, trade mark law come to supplement copyright protection after the expiry of the latter, 70 years after the death of the author? No uniform answer can be given to this question. It is clear that the logo, which is also protected by copyright, should continue to be protected by trade mark law even after expiry of the copyright term. On the other hand, works of art must fall into the public domain one day. They should not continue to be protected by means of trade mark law. Although the Term Directive has not shown particular attention for the public interest in *ending* protection, it should not be

⁶¹ ECJ 22 June 2006, Case C-25/05 P, *Storck/OHIM* (gold-coloured sweet wrapper with twisted ends).

ruled out that the ECJ will be called one day to rule whether such an interest exists and whether it could produce a reflex on trade mark law. This will open important new developments, for there is a large category of works in between the two ‘extremes’ we mentioned above, and these will raise even more complex issues.

However, the contrary position also finds support in the literature. Caspar van Woensel, whilst admitting that the prolongation of protection can have effects which are unsympathetic, finds that in the absence of any support to the contrary in either copyright law or in the Trade Mark Directive or regulation, that it is allowed to ‘prolong’ a copyright with a trade mark registration.⁶²

4.2 Exceptions

Problems of overlap can further occur concerning the free domain reserved by certain exceptions in copyright or other IP laws. It is certain however that exceptions in copyright are usually inspired by (combinations of) different aspects of the public interest.⁶³ This is amongst other things evidenced by the fact that it can lead legislators or judges to decide that the right to invoke such exceptions and limitations cannot be waived by contract, or trigger sharp reactions in the doctrine where it can be contracted away too easily.⁶⁴

As copyright contains many detailed exceptions, each supported by its own individual cocktail of public and private interests, the subject of exceptions typically is one where certain *copyright* rules or interests might take precedence over other IP rights. However, although the public interest of exceptions has been more intensively explored, *overlap* represents a field which as yet has not been explored very extensively. It certainly presents too many highly detailed problems to deal with in the context of this chapter. It is only one step further to decide that other IP rights should pose no barrier to the use of such exceptions.

COMPUTER PROGRAMS

The problem could arise with regard to the cumulative protection of computer

⁶² Caspar van Woensel, *Merk, God en verbod. Oneigenlijk gebruik en monopolisering van tekens met een grote symbolische waarde*, DeLex, Amsterdam, 2007, pp. 327–54, at 354.

⁶³ Lucie Guibault, *Copyright Limitations and Contracts*, Kluwer Law International, The Hague/London/Boston, 2002.

⁶⁴ Séverine Dusollier, ‘La contractualisation de l’utilisation des œuvres et l’expérience belge des exceptions impératives’, *Propriétés Intellectuelles*, October 2007, no. 25 pp. 443–52; Séverine Dusollier, ‘Exceptions and Technological Measures in the European Copyright Directive of 2001 – An Empty Promise’, *IIC* 2003, pp. 62–75, see p. 64 ff.

programs by copyright and patent law.⁶⁵ Certain uses of software are left free by the Software Directive, either directly by the compulsory provisions of article 5, paragraphs 2 and 6 of the Directive, or indirectly by recital 17.⁶⁶ Whilst Weyand and Haase point to the fact that the right of the patent owner to set comprehensive restrictions on a program can undermine copyright's interoperability clause,⁶⁷ Ghidini and Arezzo fear that copyright law may 'nullify the more pro-competitive regime envisioned by patent law and hamper derivative innovation'.⁶⁸ The problem therefore may come from two directions.

DATABASES

Comparable problems as with computer programs may arise with regard to the protection of databases by copyright and *sui generis* database law. Article 15 of the Database Directive declares imperative the exceptions to the copyright and *sui generis* right, which article 6.1 and article 8.1 create for the lawful user. Therefore, the right of the lawful user to make normal use of the database and/or to use insubstantial parts of it cannot be contracted out. Otherwise, however, all possible exceptions are made optional, so that in theory, a suffocating protection is imaginable. Moreover, as long as optional exceptions are created under national law, article 13 allows these to be eliminated by contract. Derclaye⁶⁹ has pointed to the risk that this will lead to overprotection, more specifically where sole source databases are concerned. This also involves the public interest. However, in the context of overlap dealt with here, the emphasis is mainly on the question whether overlap of copyright and *sui generis* protection can result in a conflict as to the free domain. It seems that this cannot wholly be ruled out. Article 6.2(d) gives member states the option of providing for limitations where other exceptions to copyright which are traditionally authorized under national law are involved. The traditional

⁶⁵ See among others, R. Moufang, 'Patentrecht', in: H. Ullrich and M. Lejeune (eds.), *Der Internationale Softwarevertrag*, Frankfurt am Main, 2006, no. 147, p. 134.

⁶⁶ Recital 17 reads: 'Whereas this means that the acts of loading and running necessary for the use of a copy of a program which has been lawfully acquired, and the act of correction of its errors, may not be prohibited by contract; whereas, in the absence of specific contractual provisions, including when a copy of the program has been sold, any other act necessary for the use of the copy of a program may be performed in accordance with its intended purpose by a lawful acquirer of that copy.'

⁶⁷ J. Weyand and F.F. Haase, 'Patenting Computer Programs: New Challenges', *IIC* 2005, pp. 647–62, at pp. 653–54.

⁶⁸ G. Ghidini and E. Arezzo, 'Patent and Copyright Paradigms vis-à-vis Derivative Innovation', *IIC* 2005, pp. 159–73.

⁶⁹ Estelle Derclaye, 'An Economic Analysis of the Contractual Protection of Databases', *University of Illinois Journal of Law, Technology & Policy* 2005, vol. 2, pp. 247–71.

exception of the right of quotation is of fundamental significance in copyright in the light of the underlying public interest of freedom of expression and information. It is true that in the context of databases, these exceptions only concern the structure in terms of selection and arrangement.⁷⁰ But is it excluded that the application of this exception could lead to a conflict with the more restrictive *sui generis* right, which does not allow for a quotation right if the quote involves a use which falls under the enigmatic concept of a 'qualitatively substantial use', forbidden under the *sui generis* regime? Would it be justified to grant priority to the more restrictive regulation?

DISTINCTIVE SIGNS

Problems as indicated above can also occur in the interplay of copyright and trade mark law. As a matter of fact, it is in this field that the ECJ gave its cornerstone decision in *Dior v Evora*, which was dealt with above: there, the more permissive rule of trademark exhaustion was extended to also apply to copyright. Further examples can be found at random. If a work is protected cumulatively by both copyright and trade mark law, and it is made the object of a parody, the admissibility of which is assessed differently under each of these regimes, which shall then have priority and under what circumstances?

5. Ownership

It is very impractical if two cumulating protection regimes vesting exclusive rights in one and the same object indicate *different* legal subjects as the original right holder, but it happens in more than one case. The Database Directive can serve as an example. Databases can enjoy protection by copyright law as well as by the *sui generis* database protection. Although from a theoretical point of view, there is a difference between the object of protection as defined by the copyright and the *sui generis* regime, the two may of course in practice often coincide. Article 4 of the Database Directive provides rules for the *authorship* of databases. The rights are granted to the natural person(s) who created the base, but where collective works are recognized, exploitation rights may be owned by the person holding the collective copyright. However, the beneficiary of protection under the *sui generis* right is, according to article 7, the *maker* of a database, defined in recital 41 as the person who takes the initiative and the risk of investing. Consequently, there may be two different right owners of two different IP rights in one and the same database, which obviously may create practical conflicts. The Directive apparently has not

⁷⁰ Recital 35; B. Hugenholtz, 'Database Directive', in: Thomas Dreier and Bernt Hugenholtz (eds.), *Concise European Copyright Law*, Kluwer Law International, Alphen aan den Rijn, 2006, p. 324 under para. 1.

foreseen such a situation. Before the Database Directive, a similar problem had already arisen in the field of computer software. Here, it is equally imaginable that one will be in the presence of different right holders of the patent and the copyright, to whom different rules apply.⁷¹

Convergence can be equally desirable in cases of transfer. It frequently happens in practice that trade mark rights in a logo are assigned to another party, but that the copyright which concurrently applies to that logo is not mentioned in the contract, although the parties obviously intend the 'complete' assignment of all the rights in the logo. The Dutch Hoge Raad assumed in 1992⁷² that the party who had assigned the trade mark rights had waived the copyright. Although in a situation like this, convergence is desirable, the situation in cases of transfer is more complicated than in the case of the original right holder. There may be reasons why parties consciously keep different IP rights separate. Yet another situation where convergence may be desirable appears when different concurrent IP rights are each mentioned in a deed of assignment, but formal requirements relating to one of them have been neglected.

⁷¹ See recently, Christian Le Stanc, 'Interférences entre droit d'auteur et droit de brevets quant à la protection du logiciel: approche française' (Interplay between Copyright and Patents in Software: French Approach), in: S.K. Verma and Raman Mittal (eds.), *Intellectual Property Rights. A Global Vision*, ATRIP Papers 2002–03, The Indian Law Institute 2004, pp. 162–75, at p. 164 ff.

⁷² Dutch Supreme Court, 20 March 1992, *BIE* 1993, 39 (*Laser Vloerplan*).

20 Relationship between copyright and contract law

Lucie Guibault

1. Introduction

Contracts play a fundamental role in copyright law, for without them the production and dissemination of works to the public would be most problematic. Indeed, contracts enable authors to transact with the party who is best suited to commercially exploit their works, as well as to set the conditions under which they want to disseminate these to the public. An age-old practice has developed among authors to conclude agreements with publishers and other categories of producers with a view to authorizing the latter to exploit their works. Such agreements usually take the form of either an assignment of rights in favour of the producer or an exclusive licence to exploit the work. In recent years, rights owners have also taken up the practice of marketing their works to end-users subject to the terms of a standard form contract. Standard form contracts play an increasing role in the mass-market distribution of copyrighted works, particularly in the digital networked environment.

In application of the principle of freedom of contract, parties are free to negotiate the content of their agreement, so as to best suit their needs and to ensure the most efficient exploitation and dissemination of their works. Circumstances may occur, however, where the strict application of the principle of freedom of contract can lead to unfair results for at least one of the parties. It is indeed not uncommon to see that authors are compelled to grant the producer a broad transfer of rights on all existing and future works, with respect to all known, or yet to be invented, modes of exploitation. End-users are also faced with restrictive licensing terms, which purport to set aside the privileges that the law grants them pursuant to the limitations on copyright. The main source of friction derives from an imbalance in the bargaining power of the contracting party, where one party is able to impose the content of the agreement on the other party – usually the author and the end-user – usually to the latter party's disadvantage.

How does European copyright law deal with such situations? Does European copyright law set formal or material norms with which contracting parties must comply in order to reduce the risk that the agreement be unreasonably burdensome for one of the parties? If the answer is in the affirmative,

what are these norms and do they provide sufficient protection? If not, would there be room to implement such norms at the European level?

This chapter analyses the current state of the law in Europe with respect to the contractual relationships between authors and producers on the one hand, and between rights owners and end-users, on the other hand. Section 2 follows this introduction and examines the relationship between authors and producers. More particularly, it takes a look at the *acquis communautaire* in this sector, at the interests involved in restrictive contractual practices, as well as the scope for harmonisation in this area. Section 3 deals with the relationship between rights owners and end-users and follows the same structure as the previous section: it presents the *acquis communautaire*, the interests at hand, and the room for legislative action. Section 4 contains some concluding remarks.

In view of the limited space available, this chapter will not consider the law governing transfers to collecting societies, nor the law applicable to copyright contracts concluded between right holders other than authors, such as book club agreements, film distribution contracts, merchandising deals, etc.

2. Contractual relationship between authors and producers¹

Authors are rarely in a position to commercially produce and distribute their own works. In order to bring their creations to the market, they often have no choice but to come into contact with those businesses or entities that might be willing to exploit and distribute these works, such as book, sound recording and software publishers, radio and television broadcasters, movie producers, museums and galleries, showbusiness promoters and different public or private corporations.² The relationships between authors and producers are usually governed by individual contracts, in which the transfer of rights in favour of the producer constitutes one of the key provisions.

In principle, authors are free to dispose of their right as they see fit, that is, to enter into the contracts that will lead to the best allocation of those rights and to the best use of their work. An agreement concluded in the true spirit of the principle of freedom of contract normally presupposes that it has been reached at the close of a free and voluntary negotiation process conducted in

¹ This section is based on L.M.C.R. Guibault and P.B. Hugenholtz with the collaboration of M.A.R. Vermunt and M. Berghuis (2002), *Study on the Conditions Applicable to Contracts Relating to Intellectual Property in the European Union*, Study commissioned by the European Commission, Amsterdam.

² F. Dessemontet (1998), 'General Report', in G. Roussel (ed.), *ALAI Conference 1997 – Protection of Authors and Performers through Contracts*, Cowansville, Éditions Yvon Blais, p. 48. These various people and entities can be collectively referred to as 'producers'.

good faith between equal and perfectly informed contracting parties. But this premise no longer holds true in today's world.³ Indeed, most of the time, copyright contracts are not concluded between equal and perfectly informed contracting parties. Severe inequalities of bargaining power, of practical experience and of technical knowledge may have an impact on the authors' capacity to express consent at the time when the contract is concluded.⁴ Producers have a tendency to demand broad transfers of rights from authors, arguing that broad transfers give them the legal certainty necessary to make the required investment for the production and distribution of protected works. In practice, only successful authors possess sufficient bargaining power to influence the content of the contract. Most often, authors find themselves in a weak bargaining position and must accept the terms imposed on them by the producer.⁵

2.1 Authors' contract law in the *acquis communautaire*

Exploitation contracts have so far never been subject to overall harmonisation within the Community.⁶ The European legislator has until now refrained from intervening on the issue of transfers of rights and of contractual agreements between authors and producers, because contractual and civil matters have traditionally fallen under the exclusive competence of the Member States.⁷ Member States have until now enjoyed the freedom to adopt under their own national legal systems protective measures to the benefit of authors or performing artists regarding either the scope of transfer of rights or the formation, execution and interpretation of contracts concluded with broadcasters, publishers and other producers.

As we shall see in Section 3.1 below, the Directive on the legal protection of computer programs⁸ addresses issues of contractual relations by granting

³ D. De Freitas (1991), 'A Study of the Terms of Contracts for the Use of Works Protected by Copyright under the Legal System in Common Law Countries', *Copyright*, vol. 27, pp. 222–3, at p. 257.

⁴ J. Ghestin (1993), *Les obligations – la formation du contrat*, 3rd ed., Paris, L.G.D.J., p. 117; and T. Hartlief (1999), *De vrijheid beschermd*, Deventer, Kluwer, p. 33.

⁵ P.B. Hugenoltz (2000), *Sleeping with the Enemy*, Oratie Amsterdam UvA, Vossiuspers AUP, p. 11.

⁶ Commission of the European Communities, *Communication from the Commission to the Council and the European Parliament on European Contract Law*, Brussels, 11 July 2001, COM(2001) 398 final, Annex 1, p. 38.

⁷ S. Von Lewinski (1996), 'Vertragsrecht', in G. Schricker, E.-M. Bastian and A. Dietz, *Konturen eines europäischen Urheberrechts*, Baden-Baden, Nomos Verlag, pp. 49–57, at p. 49.

⁸ Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, O.J.C.E. L 122/42, 17 May 1991.

minimum rights to users, as does the Directive on the legal protection of databases.⁹ By regulating the initial ownership of rights over cinematographic or audiovisual works and by allowing Member States to establish a presumption of transfer of rights from the authors and performers to the producer of the audiovisual work, the Directive on public lending and rental rights indirectly addresses the issue of the contractual relationship between authors and producers.¹⁰ Moreover, article 4 of this Directive establishes a new concept with respect to the rental of protected material, by granting authors an unwaivable right to equitable remuneration in case the author transfers his rights. The adoption of this provision was justified by the fact that it is usually not sufficient simply to determine who should be the initial owner of a right in a work. The legislation must in addition ensure that the first rights owner is actually able to benefit from his or her right.¹¹

Although the contractual practices regarding the transfer of authors' rights to producers are generally not regulated at the European level, the importance of contractual agreements as a means to determine the conditions of use of protected works clearly transpires from the text of some of the directives adopted in the field. The Cable and Satellite Directive¹² contains several Recitals in which mention is made of contractual relations. Recital 9 proclaims that 'the development of the acquisition of rights on a contractual basis by authorisation is already making a vigorous contribution to the creation of the desired European audiovisual area' and that 'the continuation of such contractual agreements should be ensured and their smooth application in practice should be promoted wherever possible'. Recital 19 of the same Directive sets out a number of principles of interpretation of international co-production agreements. According to the European lawmakers, international co-production agreements are to be interpreted in the light of the economic purpose and scope envisaged by the parties upon signature. However, the Directive contains no particular rule of interpretation for contracts pertaining to the division of rights between co-producers. Recital 30 reaffirms the need to promote contractual arrangements regarding the authorisation of cable retransmission. The only provision included in the text of the Directive regarding contractual agreements is article 12(1), according to which Member States are required to

⁹ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, O.J.C.E. L 77/20, 27 March 1996.

¹⁰ 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, O.J.C.E. L 376/28, 27 December 2006.

¹¹ J. Reinbothe and S. von Lewinski (1993), *E.C. Directive on Rental and Lending Rights and on Piracy*, London, Sweet & Maxwell, p. 65.

¹² O.J.C.E. L 248/15, 6 October 1993.

ensure by means of civil or administrative law, as appropriate, that the parties enter and conduct negotiations regarding authorisation for cable retransmission in good faith and do not prevent or hinder negotiations without valid justification.

The Directive on the harmonisation of certain aspects of copyright and related rights in the information society¹³ contains a number of references to the conclusion of contractual arrangements as a means to determine the conditions of use of protected works. However, it does not regulate the contractual relationship between authors and producers. Recital 30 of the Directive merely states that the rights referred to in the Directive may be transferred, assigned or subject to the granting of contractual licences, without prejudice to the relevant national legislation on copyright.

All in all, the main provisions of the existing directives in the field of copyright offer little or no protection to authors regarding the conclusion of exploitation contracts, nor do they contain any rule regarding the formation, execution and interpretation of exploitation contracts. They merely imply, and no more, that the economic rights of authors may be freely transferred to third parties. In some cases, these directives even have the effect of operating a presumption of transfer of rights to the benefit of certain categories of producers. Moreover, while the general rules of civil law can, in certain circumstances, be of some use to soften the harshness of restrictive agreements, these rules are generally not sufficient to protect the interests of authors in their contractual relations with producers. It is therefore not surprising to note that a number of national legislators have filled the gaps left by private law with the adoption of measures to protect authors in their contractual relations concerning the exploitation of their works.

2.2 Restrictive exploitation contracts and authors' interests

The scope of rights that are assigned, conferred or otherwise transferred through contract by authors to producers constitutes one of the key aspects of the legal relationship involved in the exploitation and distribution of works and performances. Such transfers generally pertain to the creator's economic rights: these are undeniably the most relevant rights to obtain in view of the commercial exploitation and distribution of a protected work. Indeed, without some form of transfer of right or of permission to perform certain acts with respect to the protected work, the producer would be committing an infringement of the creator's right every time that he reproduced, communicated, displayed or distributed the subject matter to the public. However, the creator's exercise of certain attributes of his or her moral right may also have

¹³ O.J.C.E. L 167/10, 22 June 2001.

an impact on the producer's capacity to exploit the work efficiently. Therefore, the producer may require that the author not only agree to a transfer of his economic rights, but also to a waiver of certain attributes of his moral rights. In addition, authors are sometimes asked to waive the right to remuneration that the law grants them instead of an exclusive right on their subject matter.

To minimise the risk of producers taking unfair advantage of their stronger position, authors can be recognised as a weaker party to transactions relating to the exploitation of their productions. It is indeed no use granting rights to authors if the latter are unable to draw from the exploitation of these rights all the benefits to which they are entitled under the law. In addition to the general principles of contract law, many Member States have implemented a number of specific measures designed to protect authors and performing artists in their contractual relations with publishers, broadcasters and producers. Such measures of protection range from default rules applicable to publishing contracts, such as those codified in the early 20th century in Germany, to the imperative rules for the protection of authors, found in France, Belgium, Spain and other countries of the *droit d'auteur* tradition. Among the protective measures adopted in these and other Member States are rules governing formalities, restrictions on transfers, remuneration, interpretation (scope) of contracts, effect of transfer in relation to third parties, and termination of contract. In application of these rules and the general rules of contract law, courts in various Member States of the European Union have consistently ruled that contracts between authors and publishers, which were concluded in 'analogue' times, do not cover new electronic uses, such as the right to communicate works on-line.¹⁴

2.3 *Towards a European authors' contract law?*

Existing disparities in the laws relating to copyright contracts may lead to different outcomes depending on which national law applies to the initial allocation of rights and further transfer of rights in international copyright cases. Because copyright contracts are primarily governed by the national laws of the Member States, such disparities may have an adverse effect on the working of the Internal Market. The possibility of transferring rights according to several mechanisms, the existence in some Member States of presumptions of transfer and of waiver of rights and the varying degrees of regulation applicable to contractual practices in the field may all carry consequences for the exploitation of works and performances within the European Community.

¹⁴ For a more comprehensive overview of the protective measures in force at Member State level, see Guibault and Hugenholtz, *supra* note 1.

2.3.1 IMPACT OF DISCREPANCIES ON THE INTERNAL MARKET

It is impossible, without conducting an economic survey among stakeholders, to assert with any certainty whether the existing differences in the law of copyright contracts in the Member States of the European Union affect the functioning of the Internal Market. Intuitively, we would tend to believe that the disparities in national legislation may not be so important as to affect the efficient functioning of the Internal Market. A first indication that the impact on the Internal Market may be somewhat limited is that, to our knowledge, neither the European Court of Justice nor the national courts have had to decide a case where the application of the rules on copyright contracts of one Member State raised problems in another Member State.

A second indication comes from the fact that there appears to be a general consensus among Member States on a number of important issues. For example, the requirement of form of a transfer of right should cause no problem, since the majority of Member States require formalities of some sort (usually a written deed) for assignments or licences to be valid, or validly proven. With respect to the substance of the contract, contracting parties can also rely on the fact that a majority of States only permit the subsequent transfers of rights to third parties if the author has given his consent, unless such subsequent transfer is part of the sale of the whole or part of the producer's business. A majority of Member States allow for the termination of contracts in case the transferred right is not used within a certain period. Most countries also permit the waiver of certain attributes of the authors' or the performers' moral rights in the context of copyright contracts, subject to certain conditions and restrictions. In most Member States, even those of the copyright tradition, courts are instructed or inclined to interpret transfers of right in a restrictive manner. The restrictive interpretation of copyright contract may be based on an express provision laying down the *in dubio pro auctore* principle or the 'purpose-of-transfer' rule, or on the general principles of contract law, such as *bona fides* (good faith), fairness and equity, or the generally accepted notion that the law has a duty to protect the weaker party.

The greatest uncertainty that contracting parties may have to face in the context of cross-border activities arises from differences in rules on the ownership of rights in works created under employment, rules on the scope of the transfer and the ability to transfer rights in future works or unknown modes of exploitation, and rules on remuneration. Uncertainty may also arise from the fact that, in some instances, author-protective measures constitute mandatory rules that may not be set aside by contract, while in other countries, they are merely default rules. To illustrate this point, the British Music Rights Society, which represents British composers, songwriters, music publishers, and their collecting societies, has given the following example:

UK law requires the assignment/exclusive licence to be in writing (ss 90 (3) and 92 (1) CDPA respectively). In contrast, under German law it is not possible to assign copyrights (§ 29 UrhG), and a licence cannot encompass any form of exploitation not in existence at time of the granting of the licence (§ 31 (4) UrhG). This example shows the difficulty in harmonising this aspect of contract law, regardless of the complex nature and finesse of copyright law. Additionally, in our experience there has been no evidence of problems caused by this difference in law.¹⁵

The lack of legal certainty due to disparities in national laws may to some extent be compensated by the fact that parties have the freedom to choose the law applicable to copyright contracts. This freedom, however, may not – and perhaps should not – be without limitation. The Rome Convention of 1980 governs most aspects relating to copyright contracts, except clearly non-contractual issues such as the determination of authorship and ownership. The freedom to choose the law applicable to contracts is central to the Convention, albeit subject to certain limitations: rules of mandatory law may not be circumvented; priority rules prevail. Whether and to what extent national rules on copyright contracts qualify as such is debatable. In the end, this is for the courts to decide.

A third indication of the limited impact on the Internal Market of legislative differences in the area of copyright contract law could be inferred from the discussions that have recently taken place concerning the need for European action in the area of general contract law.¹⁶ Several documents originating from governmental bodies, businesses and consumer groups were submitted in response to the European Commission's Communication on European Contract Law.¹⁷ Generally speaking, the governmental bodies dealing with the implications for the Internal Market of diversities of contract law affirmed that there are problems, or at least that there may be. However, only a minority of contributions mentioned specific problems. Among the problems mentioned by the commercial sector were diversity in the implementation of the directives and the different applicable laws and jurisdictions, which could prove to be a serious impediment to cross-border trade. Indeed, the implementation of most if not all directives has led to some discrepancies between

¹⁵ British Music Rights Response to the Communication from the Commission to the Council and the European Parliament on European Contract Law, London, 24 October 2001, p. 2.

¹⁶ Communication from the Commission to the Council and the European Parliament on European Contract Law, (COM(2001) 398 final), Brussels, 11 July 2001.

¹⁷ See: European Commission, Summary of the responses to the Commission's Communication on European contract law (COM(2001) 398 final), Brussels, 29 April 2002.

the Member States. Such discrepancies are almost unavoidable, for Member States are in principle free to implement European directives as they see fit. Interestingly, the need to harmonise existing rules on copyright contracts was not mentioned at all during the consultations.

2.3.2 SCOPE FOR HARMONISATION

Considering the scant evidence that legislative differences in the area of copyright contract law lead to significant discrepancies in the Internal Market, there may be little scope for harmonisation of the rules on copyright contracts across the European Member States at this stage. The harmonisation of this body of rules may be unnecessary and even undesirable for two additional reasons. First, any harmonising measure in the field of copyright contract law must rest on a solid bedrock of harmonised substantive copyright law. Although the European legislature has been successful in approximating important aspects of the law of copyright and related rights, most recently by adopting the Directive on the harmonisation of copyright and neighbouring rights in the Information Society, important areas of the law remain un-harmonised.

This is particularly true for two main pillars of copyright that are particularly relevant, and in fact, directly related to the field of copyright contracting: initial ownership of rights and moral rights. It is hard, if not impossible, to imagine harmonisation of copyright contract law without prior, or simultaneous, approximation of rules on moral rights and ownership which have not been harmonised at the European level, with the exception of the rules on ownership of audiovisual works. The collective administration of rights constitutes another aspect of the exploitation of copyright that is yet to be addressed at the European level. It is a known fact that the nature and scope of the agreements signed between members and collective societies vary considerably from one society to the next and from one country to the next.¹⁸ In other words, to effectively address the issue of copyright contracts, the European legislator would have to intervene in copyright law on a very broad scale, or run the risk of adopting piecemeal and less satisfactory measures. In addition, any further harmonisation of the rules on copyright would risk leading to similar inconsistencies of implementation at the national level as the ones previously observed, whereby the expected level of harmonisation would fail to be achieved.

Second, the principle of subsidiarity provides a strong argument against harmonisation. Most aspects of copyright contract law fall indeed within the

¹⁸ See: L. Guibault (1997), *Agreements between Authors or Performers and Collective Rights Societies: Comparative Study of some Provisions*, Report prepared for ALAI Canada, Québec, ALAI Canada, p. 84.

exclusive competence of the national legislatures. Copyright contract law is, strictly speaking, part of the law of contracts in general. In addition, the legal protection granted to authors and performing artists derives, in many jurisdictions, from labour and social law. Moreover, many aspects of copyright contract law are predicated, at least in part, upon cultural considerations, such as the desire to protect independent authorship against increasingly dominant media and entertainment conglomerates. At present, apart from a few areas of special European concern, such as consumer law, commercial agency and electronic commerce, contract law remains firmly a matter for the national legislatures.¹⁹ Whereas the principle of subsidiarity is a central element in matters of pure contract law, it is particularly compelling in matters of social and cultural policy. In view of the fact that there seems to be no real indication that the functioning of the common market urgently requires the approximation of the laws of Member States in this area, it is therefore questionable whether an action from the European legislator towards the harmonisation of the rules on copyright contracts would be consistent with article 5 of the Treaty establishing the European Community.

In sum, issues of authors' contract law are best addressed at the national level, since the national legislator is in the best position to reconcile the principles of copyright law with those of contract law, labour law and social law, while taking account of the relevant cultural considerations. This was also the view adopted by the European Commission, for in its 2004 Communication to the Parliament and Council on the management of copyright and related rights in the Internal Market, it declared that:

For the time being, the degree of common ground regarding the rules on copyright contracts across Member States appears to be sufficient, so as not to necessitate any immediate action at Community level. While, at this stage, national developments have not given rise to any particular concern from the point of view of the functioning of the Internal Market, the Commission will nevertheless have to continue to keep the matter under review.²⁰

It should also be emphasised that the conclusion of collective agreements between representatives of authors or performers on the one hand and

¹⁹ See Communication from the Commission to the Council and the European Parliament on European Contract Law, Brussels, 11 July 2001, COM(2001) 398 final. Annex I of the Communication provides an overview of the Community *acquis* in the field of contract law.

²⁰ Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, 'The Management of Copyright and Related Rights in the Internal Market', Brussels, 16 April 2004, COM(2004) 261 final, p. 13.

publishers, broadcasters or producers on the other, tends to provide the most satisfactory solution for all parties concerned. Recent experience shows that satisfactory collective agreements are often reached in the absence of any author-protective measure, as in the Netherlands,²¹ but also sometimes despite the very existence of elaborate author-protective measures, as in France.²² Finally, it should be stressed that, in deference to the principle of freedom of contract, the most sensitive and crucial issue in a copyright contract should always remain exempt from any type of legislative intervention: the actual amount of remuneration paid to the author or performer. Consequently, collective bargaining offers perhaps the only guarantee that the interests of authors will be duly taken into account when the time comes to determine the level of remuneration.

3. Relationship between rights owners and end-users²³

Increasingly, copyrighted works are put on the market subject to contractual terms of use. In fact, the deployment of Digital Rights Management (DRM) systems not only presupposes the application of technological protection measures to protected works, but it also entails the use of contractual agreements spelling out the acts that users are permitted to accomplish with respect to the licensed material. The digital network's interactive nature has created the perfect preconditions for the development of a contractual culture. Through the application of technical access and copy control mechanisms, rights owners are capable of effectively subjecting the use of any work made available in the digital environment to a set of particular conditions of use.²⁴ While the Information Society Directive contains extensive provisions on the protection of Technological Protection Measures (TPMs) and rights management information, it fails to deal with the use of contracts in the context of DRM systems or otherwise. At most, the Directive contains a few statements

²¹ See for example: 'Modelcontract voor auteurs vernieuwd', *NRC Handelsblad*, 21 May 2002.

²² G. Vercken (2001), 'Les accords entre entreprises de presse et journalistes au regard du code de la propriété intellectuelle: quelques réflexions', *Légipresse*, no. 187, p. 149.

²³ This section is based on chapter 5 of L. Guibault, G. Westkamp, T. Rieber-Mohn, P.B. Hugenholtz et al. (2007), *Study on the Implementation and Effect in Member States' Laws of Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society*, report to the European Commission, DG Internal Market.

²⁴ P.B. Hugenholtz (2000), 'Copyright, Contract and Code: What Will Remain of the Public Domain?', *Brooklyn Journal of International Law*, vol. 26, pp. 77–90, p. 79; P. Goldstein (1997), 'Copyright and its Substitutes', *Wisconsin Law Review*, pp. 865–71, p. 867.

encouraging parties to conclude contracts for certain uses of protected material. Since neither the Directive nor the relevant international instruments on copyright and related rights, such as the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), prescribe any rules on the subject, the specific regulation of licensing contracts has been left to the Member States. Thus, the contractual framework generally remains voluntary and market-driven, knowing that the principle of freedom of contract constitutes a cornerstone of European contract law.

Although the Information Society Directive does not regulate the issue of end-user contracts as such, it does create a legal framework within the boundaries of which rights owners are able to license their rights to end-users. This framework essentially consists in rules regarding the scope of protection of copyright and related rights, including limitations on rights, as well as TPMs, most of which are default rules that parties to an agreement are free to set aside. How does this framework influence the form and content of end-user licences used in the context of DRM systems? To what extent do these contractual arrangements take account of the interests of end-users? Are most contractual arrangements compatible with the general policy goals pursued by the Directive?

3.1 *End-user contracts in the *acquis communautaire**

There exists very little *acquis communautaire* in the area of licensing contracts for the end-use of copyright-protected material. The absence of specific rules on this topic may partly be explained by the fact that contract law is traditionally perceived as a matter falling under the competence of the individual Member States and that the mass-marketing of copyright-protected works subject to the terms of a licence of use is a relatively recent phenomenon. The lawmakers of the European Union intervened for the first time in contractual relations between rights owners and end-users with the adoption in 1991 of the Computer Programs Directive. Article 9(1) of the Directive expressly provides that ‘any contractual provisions contrary to Article 6 or to the exceptions provided for in Article 5 (2) and (3) shall be null and void’.²⁵ Aside from the growing practice of licensing computer programs to users, no significant contractual practice concerning the use of other copyrighted material had developed at that time to justify a clarification as to the imperative character of other limitations. In view of the growing practice of marketing mass-market

²⁵ See also Recital 26 of the Directive: ‘Whereas protection of computer programs under copyright laws should be without prejudice to the application, in appropriate cases, of other forms of protection; whereas, however, any contractual provisions contrary to Article 6 or to the exemptions provided for in Article 5 (2) and (3) should be null and void’.

databases subject to contractual terms of use, however, the European Community adopted a similar provision under the Database Directive. Article 15 states that ‘any contractual provision contrary to Articles 6 (1) and 8 shall be null and void’.²⁶

Since then, more and more works of all kinds are distributed to the mass-market under conditions set by contractual agreements, particularly in the on-line environment. One might have expected that, in light of this growing practice, the European legislator would have addressed the issue of the relationship between the rules of copyright law and contract law and clarified the weight to give limitations on copyright. The Information Society Directive contains, however, very few provisions referring to the conclusion of contractual licences as a means of determining the conditions of use of copyright-protected works. The Directive makes no mention of the possibility of concluding licences of use with respect to the exclusive rights granted therein. With respect to the limitations on copyright, Recital 45 declares that ‘the exceptions and limitations referred to in Article 5(2), (3) and (4) should not, however, prevent the definition of contractual relations designed to ensure fair compensation for the right holders insofar as permitted by national law’. The text of this Recital gives rise to interpretation. Some commentators believe that, according to Recital 45, the limitations of articles 5(2) to 5(4) can be overridden by contractual agreements.²⁷ Others consider that, pursuant to this Recital, the ability to perform legitimate uses that do not require the authorisation of rights holders is a factor that can be considered in the context of contractual agreements about the price. Whether the requirement that a contractual agreement must have the goal of securing the fair compensation of rights holders means that contractual agreements with the purpose of overriding legitimate uses are impermissible is, according to these authors, questionable.²⁸

In the specific case of the limitations adopted in favour of non-profit-making establishments such as publicly accessible libraries and archives, Recital 40 specifies that such limitations should ‘not cover uses made in the context of on-line delivery of protected works or other subject matter. Therefore, the conclusion of specific contracts or licences should be promoted

²⁶ J. Gaster (1998), *Der Rechtsschutz von Datenbanken: Kommentar zur Richtlinie 96/9/EG mit Erläuterungen zur Umsetzung in das deutsche und österreichische Recht*, Munich, Carl Heymanns Verlag, p. 186.

²⁷ S. Bechtold (2006), ‘Comment on Directive 2001/29/EC’, in T. Dreier and P.B. Hugenholtz (eds), *Concise European Copyright Law*, Alphen aan den Rijn, Kluwer Law International, p. 371.

²⁸ M.M. Walter in M.M. Walter (ed.), *Europäisches Urheberrecht: Kommentar*, Vienna, Springer, 2001, p. 1064–5.

which, without creating imbalances, favour such establishments and the disseminative purposes they serve'. As the Explanatory Memorandum to the Proposal for a Directive specifies, this does not mean that libraries and equivalent institutions should not engage in on-line deliveries. However, it is the Commission's opinion that 'such uses can and should be managed on a contractual basis, whether individually or on the basis of collective agreements'.²⁹ In practice, representatives of public libraries and archives, and of publishers' associations, have signed contractual agreements relating to the use of copyright-protected material in several Member States, like Germany, the UK and the Scandinavian countries.

Recital 53 and article 6(4) of the Directive both deal with the use of technological measures to ensure a secure environment for the provision of interactive on-demand services. The first paragraph of article 6(4) also encourages the development of a contractual practice between rights holders and users when it states that 'in the absence of voluntary measures taken by right holders, including agreements between right holders and other parties concerned, Member States shall take appropriate measures to ensure that right holders make available to the beneficiary of an exception or limitation provided for in national law (. . .)'. In view of the wording of article 6(4), the European Commission seems to put the emphasis on the negotiation of agreements between rights owners and parties concerned as a means to achieve its objective of encouraging rights owners to provide the means to exercise certain specific limitations on copyright. The way to contractual negotiations is only realistic when users are easily identifiable, like libraries and archives, broadcasting organisations, and the like. However, this is not necessarily the case for all users who may invoke the right to benefit from a limitation pursuant to article 6(4), like private individuals who wish to make a private copy.

Article 6(4), fourth paragraph, of the Directive takes away the obligation of rights owners and Member States to ensure that the beneficiaries of certain enumerated exceptions are given the means to exercise such limitations in respect of works protected by a TPM, whenever such works are '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 term 'agreed contractual terms' in this provision could be interpreted as requiring the negotiation of a licence of use. In practice, however, most contracts in the digital networked environment take the form of 'take-it-or-leave-it' licences, where users only have the choice of accepting or refusing

²⁹ European Commission, Proposal for a Directive on the harmonisation of copyright and neighbouring rights in the information society, 10 December 1997, Brussels, COM(97) 628 final, p. 39.

the terms of the licence presented to them on the Internet. While this provision establishes a rule of precedence between the use of contractual arrangements and the application of technological protection measures, no rule has been established anywhere in the Directive concerning the priority between contractual arrangements and the exercise of limitations on rights.

While the initial intention of the European legislator appears to have been to encourage economic players to move towards a more finely tuned and individualised form of rights management, it is doubtful whether the legal framework actually put in place by the Directive is capable of catering to the interests of all parties involved, especially those of users. After only a few years following the adoption of the Information Society Directive, the Commission made the following observation:

At the same time, in their present status of implementation, DRMs do not present a policy solution for ensuring the appropriate balance between the interests involved, be they the interests of the authors and other right holders or those of legitimate users, consumers and other third parties involved (libraries, service providers, content creators...) as DRM systems are not in themselves an alternative to copyright policy in setting the parameters either in respect of copyright protection or the exceptions and limitations that are traditionally applied by the legislature.³⁰

3.2 *Restrictive licensing practices and end-user interests*

Besides restricting end-users to a private and non-commercial use of the protected material, end-user licences typically contain a prohibition on reproducing, copying, distributing, publicly communicating, transforming or modifying the content without prior written permission from the rights owner. Although the wording used in most licences does not specifically prohibit such acts as the use of a work for educational purposes, or for purposes of quotations, news reporting, parody, private study or research, a general prohibition on any kind of reproduction or communication to the public could be interpreted as such. This wording seems to imply that protected works made available on these on-line services are accessed and used only by passive consumers, who limit themselves to reading, listening to or viewing the downloaded material. This assumption, however, does not hold true in practice. Mass-marketed protected material is not only accessed and used by consumers, but also by professional and semi-professional users, such as journalists, writers, composers, librarians, teachers etc. As the digital environment keeps developing, more and more protected material will be made available

³⁰ European Commission, *Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee – The Management of Copyright and Related Rights in the Internal Market*, COM(2004) 261 final, Brussels, 16.04.2004, p. 10.

on-line to an ever wider public. End-users are not merely consumers, understood in the strict sense of the word, but encompass a broad range of categories of users. Restrictive contract terms may therefore impede such legitimate uses as music review, media studies and film critique, to name just a few examples.³¹ In order to be able to make any kind of legitimate use of a work, end-users should unequivocally be allowed to benefit from the limitations on rights recognised in copyright and related rights law.

In practice, the exercise of this type of control over the use of copyrighted works could bring about several undesirable consequences such as preventing competition or encroaching upon the users' fundamental rights. When a rights owner decides to make his work accessible to the public, he must do so in a manner that will not hinder competition. As an author points out, DRM can raise competition law issues because 'copyright holders have, by the very nature of the rights they hold in their copyright works, a monopoly over what can and cannot be done with their work. Adding a DRM system to an electronic song, which dictates on what medium it can be used while preventing it from being converted to another format, looks set to cause problems.'³² Accordingly, a contractual prohibition on quoting or making reproductions of a work for legitimate purposes such as comment, criticism or news reporting, would not be acceptable if it resulted in a reduction in competition and manifested an anti-competitive behaviour on the part of the licensor.³³

A restrictive licence of use may also affect the users' fundamental rights, more particularly their freedom of expression. The users' freedom of expression might be considered to be affected if, for example, individual licensees were unable to voice an opinion, a criticism or a comment on a matter touching the public interest. Numerous court decisions emphasise that not only the message conveyed, but also the form of expression are recognised as a protected exercise of freedom of expression under article 10 of the European Convention on Human Rights (ECHR).³⁴ A contract term that restricts or

³¹ C. Stromdale (2006), 'The Problems with DRM', *Entertainment Law Review*, vol. 17, 1–6, p. 4.

³² *Id.*, p. 4; See also: Organisation for Economic Co-operation and Development, Digital Broadband Content, OECD, Paris, 2005, DSTI/ICCP/IE (2004)12/FINAL, 13 December 2005, p. 53.

³³ Guibault (2002), *Copyright Limitations and Contracts: An Analysis of the Contractual Overridability of Limitations on Copyright*, The Hague, Kluwer Law International, p. 249. See also: P. Akester and R. Akester (2006), 'Digital Rights Management in the 21st Century', *EIPR* no. 28, pp. 159–68, at p. 162.

³⁴ *Müller & Ors v Switzerland*, European Court of Human Rights, 24 May 1988, Series A no. 133, § 27; *Oberschlick v Austria*, European Court of Human Rights, 23 May 1991, Series A No. 204, § 57 where the Court writes: 'Article 10 (art. 10) protects not only the substance of the ideas and information expressed, but also the form in

prohibits the exercise of a statutory limitation on copyright essentially takes away the privilege of the user to accomplish a particular act with respect to a copyrighted work. Arguably, rights owners expect that the grant of such licences of use will allow them to exercise greater control over the use of their work so as to increase exploitation revenues and to prevent piracy. While rights owners are certainly entitled to protect their economic interests, privacy or reputation within the bounds set by copyright law, it is highly questionable whether a restriction on the right to quote or to make a parody or news report would be considered 'necessary' and 'proportional' to the interest served by the contract, in the sense of article 10(2) of the ECHR.

The contractual language used in a majority of licences may have a chilling effect on users who would like to use the protected material for otherwise legitimate purposes than strictly private non-commercial use.

3.3 Preserving the balance of interests

The widespread use of restrictive standard form contracts in the on-line environment poses a threat to some of the basic objectives of copyright policy. If technological measures are prone to undermine essential user freedoms, the same is true *a fortiori* for standard form licences. The Legal Advisory Board (LAB) in its *Reply to the Green Paper* had already warned that 'there is good reason to expect that in the future much of the protection currently awarded to information producers or providers by way of intellectual property will be derived from contract law'.³⁵ In fact, the use of DRM systems in combination with on-line standard form contracts may accentuate information asymmetries, indirect network effects, high switching costs and lock-ins, leading to market failures and thereby preventing well-functioning competition.³⁶ Absent certain limits to freedom of contract, lawful end-users may be forced to forego some of the privileges recognised by law, in order to be able to use protected material.

In order to restore the balance of interests between rights owners and lawful end-users, the relationship between the protection by copyright law, TPMs, and contract needs to be re-assessed. What would be the most appropriate measure to achieve the objective of restoring the balance of interests? In which

which they are conveyed'; and Hof Amsterdam, 30 October 1980, *NJ* 1981, No. 422 (*Boycott Outspan Aksie*). In Germany: Landgericht Berlin, 12 December 1960 (*Maißeiern*), in *GRUR* 1962/04, p. 207; BVerfGE, 29 June 2000, 1 BvR 825/98 (*Germania*), *AfP* 2000/5, p. 451; and BVerfGE, 17 December 1999, 1 BvR 1611/99 (*Havemann*), *ZUM* 2000/4, p. 316.

³⁵ Reply to the Green Paper on copyright of 20 November 1996 of the LAB, § 9A.

³⁶ S. Bechtold (2004), 'Digital Rights Management in the United States and Europe', *American Journal of Comparative Law*, vol. 52, 323–82, p. 362.

body of law would such a measure best be integrated: copyright law, contract law or consumer law? In the following pages, we discuss the pros and the cons of some of the options available to the European legislator to limit the freedom of contract in order to preserve the balance of interests between rights owners and content providers, on the one hand, and lawful end-users of protected material, on the other hand. These options vary between adopting a rule in consumer protection law; regulating standard form contracts in private law; declaring limitations on copyright imperative; and promoting the development and acceptance of codes of best practice.

3.3.1 CONSUMER PROTECTION RULE

As copyrighted works are increasingly being distributed on the mass market subject to the terms of standard form contracts, end-users of protected material are likely to be confronted more and more by contract clauses that attempt to restrict the privileges normally accorded to them under copyright law. The only choice of an end-user is often to refuse to transact under the conditions set out in the standard form contract. In view of the users' inferior bargaining power and information asymmetry, the question is whether and to what extent the introduction of a rule in consumer protection law could improve the user's position with respect to such restrictive contract clauses. Consumer protection rules typically purport to operate on two levels: first, to increase the consumer's pre-contractual information and, second, to offer protection against unreasonable one-sided contract terms. A Community legislative intervention could be envisaged on both levels, namely to impose an obligation to inform consumers of the licensing conditions before they proceed to a purchase, to regulate the content of the licences.

Imposing a duty on rights owners to disclose particular information or to observe specific formalities at the time of the conclusion of the standard form contract does contribute to reducing inequalities between parties, insofar as it increases transparency and compensates for the lack of information or experience on the part of the end-user. While they were absolutely unknown to the area of copyright just a few years ago, consumer protection measures related to copyright matters have recently become more frequent. This is the case for example of article 95(d) of the German Copyright Act, which, as a result of the implementation of the Information Society Directive, now requires that all goods protected by technological measures be marked with clearly visible information about the properties of the technological measures. Not only have legislative solutions been put forward to this end, but judicial decisions also play a role in protecting consumers. In France, the Court of Nanterre upheld a complaint introduced by the French consumer association, UFC Que Choisir, against Sony UK and Sony France on the ground that the former had failed to inform consumers about the lack of interoperability of their products and

services to other devices. The court found Sony liable for misleading the consumers by ‘the fact that Sony did not explicitly and clearly inform the consumer that the music players sold could read only the music files downloaded on the only legal site Connect’. Sony UK was also held liable for failing to explicitly state in its contract that the music files downloaded from the Connect website could be read only by music players with the dedicated Sony trade mark.³⁷

However, the obligation to supply information imposed by German law or by the French courts has so far addressed only the restrictions imposed by technology and not the restrictions imposed inside contractual agreements. These rules do not eliminate the risk that rights owners abuse their economic and bargaining position by making systematic use of licence terms that are unfavourable to end-users.³⁸ Since, in practice, pre-contractual information regarding restrictive terms of use of copyrighted material would only have limited effect on the end-users’ situation, another type of intervention may be called for. One possibility could be to extend the regulations concerning unfair consumer contract terms to cover copyright matters. In principle, the provisions of the European Directive on unfair contract terms³⁹ cover mass-market licences for the use of copyrighted material, provided that the conditions of application are met. A term is to be regarded as unfair under the Directive if, contrary to the requirement of good faith, it causes a significant imbalance in the parties’ rights and obligations arising under the contract to the detriment of the consumer. The list presented in an annex to the Directive is meant to give an indication of the clauses that are deemed or that are presumably deemed abusive or unfair. Unfortunately, none of the terms appearing in this annex is likely to apply in the case of a consumer faced with a restrictive copyright licence term.

The Community legislator could introduce an item in the list of unfair clauses, according to which a term in a non-negotiated contract would be deemed unfair if it departed from the provisions of the copyright act. This provision could be incorporated into the ‘black’ list of contractual clauses, for example, those that are deemed unfair under consumer protection law and where the presumption cannot be rebutted. Such a presumption of unfairness would have the advantage of having a broad application, relating not only to limitations on copyright, but also to any other provisions of the copyright act,

³⁷ Tribunal de Grande Instance de Nanterre (6e chambre), *Union Fédérale des Consommateurs-Que Choisir v Sony France and Sony United Kingdom*, 15 December 2006, RG no. 05/04574, http://www.tntlex.com/public/jugement_ufc_sony.pdf.

³⁸ Guibault (2002), *supra*, note 33, p. 251.

³⁹ Directive on Unfair Terms in Consumer Contracts, 93/13/EEC, of 5 April 1993, O.J.C.E. L 95/29.

such as those concerning the term of protection. One inconvenient aspect of this option would be, however, that it would only apply to consumers, that is, ‘any natural person who, (. . .), is acting for purposes which are outside his trade, business or profession’. Accordingly, a handicapped person could invoke this protective measure, but only insofar as she acts for purposes which are outside her trade, business, or profession. Should she need to use a protected work – albeit lawfully obtained via an on-line service under restrictive terms – for professional purposes, the provision would be of no help. Unless the national law of the Member States was expressly declared to apply, this provision would therefore not benefit legal persons and professionals, like small businesses, public libraries, archives and educational institutions that make use of the services of on-line content providers and that may be disadvantaged by the restrictive licence terms.

3.3.2 REGULATING CONTRACTUAL AGREEMENTS

To make sure that not only consumers but all types of end-users of copyrighted material, be they professionals, public libraries, archives or educational institutions, benefit from a protective measure against the use of restrictive terms in standard-form contracts, a second option could be to introduce a provision in the general contract law of the Member States. The contract law in most Member States regulates a number of specific contracts, like lease, sale, insurance and labour contracts. Like the consumer protection rules, the rules governing these specific categories of contracts purport to ensure the proper functioning of the pre-contractual phase, to regulate their content, and to impose formalities where necessary. Member States could be encouraged to introduce a section in their national contract law on the subject of copyright licences. A rule of contract law could be adopted to declare any clause in a non-negotiated licence null and void which, contrary to the requirement of good faith, causes a significant imbalance in the parties’ rights and obligations arising under the contract to the detriment of the other party. Alternatively, the rule could simply dictate that any contractual clause in a standard-form contract is deemed unfair if it departs from the provisions of the national copyright act.

The main problem with this option is that contract law is a matter generally not considered to fall under the competence of the European Union. Although some efforts have been deployed over the past decade to approximate the laws of the Member States in the field of contract law, the European Community has so far been only indirectly involved in the process.⁴⁰ To date, the initiative

⁴⁰ European Parliament, Committee on Legal Affairs and the Internal Market, European Parliament resolution on European contract law and the revision of the *acquis*: the way forward (2005/2022(INI)), Brussels, 23 March 2006.

has been limited to rationalising and tidying up the *acquis* in the field of consumer protection and to producing optional standard contract terms and conditions. This situation renders the adoption by the European Community of a new rule on contract law regulating copyright licences rather unlikely. Moreover, since the basic rules on contract law must still be officially harmonised across the Member States, the creation of such a specific set of rules on copyright licences may not be called for at this time.

3.3.3 DECLARING LIMITATIONS IMPERATIVE

A third option to restore the balance of interests inside on-line contractual agreements would be to declare some or all limitations on copyright and related rights imperative.⁴¹ European copyright law recognises very few imperative limitations. These flow from the Computer Programs Directive and the Database Directive. According to a provision in the two Directives, any contractual provision contrary to the provisions laying down these limitations is null and void. The Information Society Directive contains no imperative limitation on copyright. By contrast, some limitations in the Information Society Directive are expressly default rules, like article 5(3)(n), which makes libraries and their patrons dependent on the benevolence of the rights holders. As a result, the vast majority of limitations on copyright in the *acquis communautaire* have been declared neither expressly imperative nor optional. In view of the silence of the Information Society Directive and a general lack of relevant case law, the status of the limitations listed in article 5 remains unclear. Even the status inside contractual relations of the mandatory provision of article 5(1) of the Directive has yet to be clarified.

Interestingly, two Member States, Belgium and Portugal, have actually dealt with the issue in their national copyright laws. In its Act of 1998 implementing the Database Directive, Belgium not only declared imperative every mandatory and optional limitation relating to databases, but it also proclaimed the imperative character of most other limitations included in the Copyright Act.⁴² According to article 23*bis* of the Act, articles 21, 22, 22*bis* and 23, §§ 1er and 3 have a mandatory character. Unfortunately, since its enactment, article 23*bis* of the Belgian Copyright Act gave rise to no case law, although a few good occasions to test it might have been overlooked. However, with the implementation of the Information Society Directive, and particularly of its article 6(4), fourth paragraph, the Belgian legislator appears to have made one

⁴¹ U. Gasser (2006), 'Legal Frameworks and Technological Protection of Digital Content: Moving Forward Towards a Best Practice Model', *Fordham Intell. Prop. Media & Ent. L.J.*, vol. 17, 39–113, p. 111.

⁴² Belgian Copyright Act of 1994, as modified, art. 23*bis*.

major step backwards in this matter. A second sentence was indeed added to the original text of article 23bis of the Act, which now reads as follows:

The provisions of articles 21, 22, 22bis and 23, §§ 1er and 3 have a mandatory character. It is, however, possible to deviate from these provisions on a contractual basis in relation to works 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.

This amendment is probably the result of an erroneous interpretation of the intention of the European legislator. The Belgian legislator must have confused, in article 6(4), fourth paragraph of the Directive, the absence of obligation to provide the means to benefit from a limitation in cases where the work is made available on-line according to the terms of a contract, with the possibility to contract around the limitations. The first measure has in fact little to do with the second. If a rights holder does not have to provide the means to exercise a limitation, either by providing a decryption key or a TPM-free version of the work, this does not imply that rights holders should be free to contractually take away the privileges granted by the law. In any case, all this leads to an odd result. While the Belgian legislator recognises the importance of protecting the beneficiaries of limitations on copyright in their off-line contractual relations, it leaves basically intact the freedom of contract in on-line relationships, where the need for protection of users is much more pressing. Consequently, the Belgian law is probably doomed to remain a dead letter.⁴³

The provision of the Portuguese Copyright Act is more convincing and probably much more effective than its Belgian counterpart. Article 75(5) of the Portuguese Act No. 50/2004 declares null any unilateral contractual provision eliminating or impeding the normal exercise of the free uses mentioned in the Act. As the wording indicates, this provision applies with respect to all limitations recognised in the Portuguese Copyright Act. This legislative modification occurred during the implementation of the Information Society Directive, and is premised on the observation that often the unequal bargaining power of the parties will mean that only one of them will be able to determine the terms of a contract to the possible detriment of the other party. As Akester points out, although it does not expressly say so, this provision is meant to avoid unilateral decisions as regards exceptions and limitations.⁴⁴

⁴³ M.-C. Janssens (2005), 'De uitzonderingen op het auteursrecht anno 2005—Een eerste analyse', *Authors & Media*, no. 6, pp. 482–511, p. 509.

⁴⁴ P. Akester (2005), 'Implementation of the Information Society Directive in Portugal', *Entertainment Law Review*, vol. 16, pp. 7–12, p. 10.

But the Portuguese legislator showed more consistency in its policy decisions, when implementing article 6(4), fourth paragraph of the Information Society Directive. Article 222 of the Portuguese Copyright Act provides as follows:

This scheme does not apply to copyright works 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 two Portuguese provisions precisely fill the gap left by the Information Society Directive. They ensure that, while rights owners are under no obligation to provide the means to exercise certain limitations with respect to a work that is protected by a TPM and made available on-line on agreed contractual terms, they may not eliminate or impede the normal exercise of the free uses mentioned in the Act on the basis of these 'agreed contractual terms'. In other words, rights owners may protect their works by TPMs, but they may not contractually prohibit users from exercising a limitation.

While the copyright laws of the other Member States do not expressly recognise the imperative character of limitations on copyright, the view that limitations form an integral part of the balance of interests established by the copyright system, from which contracting parties cannot derogate by way of standard-form licences, is slowly gaining acceptance throughout the European Union. While this position is generally well-admitted in countries following the common law tradition, a change of perception in this direction is noticeable in a number of countries following the *droit d'auteur* tradition.⁴⁵ Belgium and Portugal are, of course, prominent examples. In Germany, constant jurisprudence of the Federal Supreme Court and the Federal Constitutional Court emphasises the fact that limitations are an integral part of the German copyright system and that the balance established by the law should not be disrupted without careful consideration. Even in France, where limitations were until recently invariably construed as undesirable but necessary exceptions to the principle of the rights owner's exclusivity, Professor Lucas now writes:

Le droit d'auteur est un droit réel opposable à tous. Ses limites devraient, en bonne logique participer de la même nature, et donc être tracées par la loi indépendamment du contrat conclu par l'utilisateur avec le titulaire du droit.⁴⁶

⁴⁵ See for example, in the Netherlands: *De N.V Drukkerij 'de Spaarnestad' v Leesinrichting 'Favoriet'*, HR, 25 January 1952, *NJ* 1952, no. 95; *Stichting Stemra v Free Record Shop B.V.*, HR 20 November 1987, *NJ* 1988, p. 280, *AA* 1989/38, pp. 941–8; in Germany: BGH, decision of 6 July 2000 – I ZR 244/97 (*Microsoft OEM Licence*).

⁴⁶ A. Lucas (2006), 'Chroniques–Droit d'auteur et droits voisins', *Propriétés intellectuelles*, vol. 20, pp. 297–316, p. 309.

In view of the above, the express recognition of the imperative character of statutory limitations may not encounter as much resistance on the part of European lawmakers as one might have initially feared. Should the European legislator decide to declare limitations on copyright imperative in contractual relations, two issues should still be addressed: first, whether all limitations recognised in Community copyright law should be declared imperative; and second, whether such a declaration should apply to all types of contracts, irrespective of whether they are the result of a negotiation process or not.

With respect to the first question, the argument has often been made in the legal commentaries that while limitations represent the legislator's acknowledgment of the users' legitimate interests, not all of these interests should be given the same weight.⁴⁷ Since quite a number of limitations included in the Information Society Directive would probably qualify as 'minor reservations', there would be no justification to grant these limitations an imperative character. On the other hand, the European legislator could consider recognising the imperative character of the limitations that reflect the users' fundamental rights and freedoms enshrined in the ECHR, as well as those that have a noticeable impact on the Internal Market or concern the rights of European consumers. This proposal could be without prejudice to article 6(4), fourth paragraph, of the Information Society Directive, which might remain unaffected. However, such a regime would safeguard the integrity of the European legislator's policy goals with respect to the users' interest. For, if the legislator has deemed it appropriate to limit the scope of copyright protection to take account of the public interest, there would be no reason in principle why private parties should be allowed to derogate one way or another from the legislator's intent.

Concerning the second question of whether the imperative character of the limitations on copyright should be made opposable to all types of contracts, the risk of such a broad rule would be that it might frustrate the negotiation and conclusion of valuable contracts.⁴⁸ The principle of freedom of contract and party autonomy should prevail wherever it does not conflict with public policy or public order. When a licensor and a licensee negotiate with a view to concluding a bargain, they usually understand the nature of their respective

⁴⁷ Janssens (2005), *supra* note 43, p. 510; J. de Werra (2003), 'Moving Beyond the Conflict between Freedom of Contract and Copyright Policies: In Search of a New Global Policy for On-Line Information Licensing Transactions', *Columbia Journal of Law and the Arts*, vol. 25, 239–375, at p. 330; Thomas C. Vinje (1999), 'Copyright Imperilled?', *EIPR*, vol. 21, pp. 192–207, at p. 207; P.B. Hugenholtz, 'Fierce Creatures – Copyright Exemptions: Towards Extinction?', IMPRIMATUR Consensus Forum, Amsterdam, 1997.

⁴⁸ Guibault (2002), *supra* note 33, p. 194.

rights and obligations, including those rights that the licensee agrees to forego. In principle, neither party would enter the agreement if the bargain were not favourable to each of them in the circumstances. On the other hand, the widespread use of standard-form contracts has the potential to severely upset the traditional balance established by copyright law and of standing as an obstacle to the accomplishment of the full purposes and objectives of the legislator's public policy. These contracts typically attempt to redefine the boundaries of the copyright protection. Consequently, limitations should be declared imperative only with respect to standard-form contracts. This proposal would not only coincide with Portugal's solution, but also with the position adopted in by the courts in Denmark, where judges have ruled that limitations cannot be unilaterally contracted out by way of imposing restrictive terms and conditions.

3.3.4 PROMOTING THE ADOPTION OF CODES OF CONDUCT

As a last possible option, which could be combined with the previous options, Member States might encourage industry players to develop codes of conduct, which would promote the adoption of fair contractual terms. Self-regulation of the private sector could be more efficient, better fit the electronic environment, and reduce rule-making and enforcement costs. An example could be taken from the Directive on electronic commerce that promotes the adoption of codes of conduct in relation to the conclusion of electronic contracts and the notice and take-down procedures elaborated with respect to the liability of on-line intermediaries. An additional aspect of this self-regulatory mechanism could deal with the issue of on-line contracting on copyrighted material, and might codify certain imperative user freedoms.

4. Conclusion

As we have seen in this chapter, the current European *acquis communautaire* is mostly silent on the subject of the contractual relationship between authors and producers on the one hand, and between rights owners and end-users, on the other hand. In other words, there are, at the European level, very few norms that can serve to protect the weaker party to a restrictive exploitation contract or licence of use. With regard to exploitation contracts, authors have long been recognised as the structurally weaker party in their contractual relationship with producers. The silence of the European legislator has therefore been filled in several Member States by the introduction of protective rules in the national copyright act. Moreover, the general principles of civil law often provide additional protection, albeit not always tailor-made to their specific needs. Since there exists a definite common ground of rules among the Member States with respect to the norms applicable to the contractual relationship between authors and producers, and since as a consequence, there is

no evidence that the legislative differences affect the Internal Market, the European Commission has clearly indicated that no action in this sense would be necessary at the present time.

The situation differs with regard to restrictive licences of use. The practice of marketing works to the general public subject to the terms of a licence of use is a relatively new phenomenon, where the end-user is slowly emerging as the weaker party in the transaction. So far, only Portugal has adopted a measure to prevent the use of standard-form contracts excluding the exercise of limitations on copyright to the detriment of the user. In view of the potentially chilling effect that such restrictive licences may have on the end-user's actions, it may be desirable to adopt a rule protecting the end-users' interests. Several options were presented in the previous section that could provide a basis for legislative action. In our opinion, the most efficient measure would be to declare null any unilateral contractual provision eliminating or impeding the normal exercise of the limitations recognised in the copyright act.

21 European competition law and copyright: where do we stand? Where do we go?

*Valérie Laure Benabou*¹

Relations between copyright and competition law² have become commonplace for European lawyers: the impact of the landmark decisions of the Commission or of the ECJ on the subject is such that not a day passes without comments or expectations on the topic in the press: it has become a sort of ‘trendy’ subject. The condemnation of Microsoft to the highest fine ever pronounced in a competition case for abuse of a dominant position whilst using its intellectual property right shows that the encounter between the two sets of rules can be anything but superficial.

Yet, the history of this relationship is not old, nor are the rationales on which it has so far been grounded unmovable. If we look back, it appears that the relationship between those two bodies of regulations in Europe has been changing since the beginning. In the very early 1960s, competition law and copyright regarded each other with mutual neutrality. Various reasons underlay this peaceful coexistence; uncertainty about the Community’s jurisdiction on copyright issues; competition law being a new concept within Europe. The key to the application of competition rules was based for a while on the distinction between the existence and exercise of the monopoly, only the latter being subject to application of competition rules. But in fact, case law went further in the neutrality attitude; even exercise of copyright by the right holder was set aside from the direct application of competition prohibitions.

Comparative law reveals that a number of States more or less still ignore any head-on relationship between copyright and competition law. Most often, one notes a partitioning of legislation, which results in a lack of interpenetration between legal provisions from one field to another. Thus, the competition

¹ For an analysis of the relationship between EC competition and intellectual property rights (IPRs) as a whole, see S.A. Anderman and H. Schmidt, ‘EC Competition Policy and IPRs’, in *The Interface between Property Rights and Competition Policy*, Cambridge, Cambridge University Press, 2007, pp. 37–124 and also V. Korah, *Intellectual Property Rights and the EC Competition Rules*, Oxford, Hart Publishing, 2006).

² We will only refer in the present contribution to the application of articles 81 and 82 of the EC Treaty.

authorities are not referred to in the mechanisms for settling disputes under copyright law. Conversely, the rules governing competition law do not appear to cater for any specific copyright law regime. The two sets of laws totally ignore one another. Thus, quite logically, litigation involving both laws occurs only rarely or by way of exception. Copyright and competition law keep themselves at a mutually agreed distance, each obeying a closed set of rules which never cross over within the scope of their respective application.

That is not to say that there is no element of inter-relationship between those two fields, for the very structure of the exclusive right which induces a monopolistic exploitation of copyrightable work cannot but arouse the interest of competition law.

Most often, the main reason for such indifference is paradoxically due to a converging economic conception, which runs through these two fields of regulation. The sets of rules each trace a parallel course driven by one and the same end objective.

Leaving aside autarchic behaviour and starting from the basis of this fundamental convergence, several legal systems have allocated a specific place to each field of law, avoiding a normative head-on confrontation. In that respect, competition law, although bathed in the holy light of the hierarchical authority attached to the public order which it is intended to serve, has often shown a certain benevolence to copyright by honouring it with a favourable bias.

This is, for example, the attitude adopted in North American law. Indeed, in the United States, a country which is a forerunner in competition law, case law considers that since consumer welfare is the common goal uniting copyright and competition laws, these laws must be read together and harmonized. 'American courts recognize that the antitrust and copyright laws both promote the same goal of consumer welfare and, therefore, must be read together and harmonized.'³ Hence, it is not unusual for the competition authorities to abandon their conceptual tools in favour of giving reign to more adequate intellectual property instruments in order to arrive at their intended goals. In the guidelines published by the Department of Justice and the Federal Trade Commission relating to intellectual property licences, those two bodies felt that the authorities should not assume that patent, copyright or trade secrets necessarily conferred market power on its or their owner but that, on the contrary, there would often be an actual or potential substitute for a product, process or work protected by intellectual property law to prevent the exercise of market power. They also added that 'intellectual property is [. . .] neither

³ *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1186-7 (1st Cir. 1994).

particularly free from scrutiny under the antitrust laws, nor particularly suspect under them'.⁴

Nevertheless, for several years now, the two bodies of rules have embarked on a conflicting course in European law and competition law always seems to have to be brandished 'against' copyright.⁵ Following a period of benevolent neutrality, European competition law has recently traded in its affability for a much more cautious attitude with regard to copyright. In order to understand the relationship between copyright and European competition rules and to envision its prospects, it is necessary to review the scheme of the encounter between the two bodies of regulations and analyse the results which have ensued so far.

1. Evolution of the relationship between copyright and European competition law

One might primarily recall that the starting premises of European Law had little in common with the rationales of copyright. Long discussions have even been held on the core question of jurisdiction of European Law over copyright issues. The first goal of the Community Law being to achieve an economic common market between member states, the rather 'cultural' notion of copyright seemed to fall within the scope of the application of the Treaties. However, copyright monopoly based on territorial restrictions has no such aim as to promote the common market but is focused on giving inputs for cultural expansion, education and, more recently, innovation at large. But as the economic dimension of copyright could not be totally neglected, the uncertainties about the applicability of European law were quite quickly swept away. Thus, through the hierarchy of norms within European treaties, rules dedicated to free movement of goods and fair competition appeared to be superior to the national provisions on copyright.

Yet, the encounter between both bodies of rules was not to be solved as simply as by a mere affirmation of the superiority of European law. Even if early decisions had copyright regulations comply with the free movement of

⁴ US DoJ and FTC, Antitrust Guidelines for the Licensing of Intellectual Property § 2.2 (6 April 1995):

- 'Agencies will not presume that patent, copyright, or trade secret necessarily confers market power up on its owner', and that 'there will often be sufficient actual or potential close substitutes' for an IP-protected 'product, process, or work to prevent the exercise of market power';
- 'Intellectual property is [. . .] neither particularly free from scrutiny under the antitrust laws, nor particularly suspect under them'.

⁵ ECJ, 6 April 1995, *RTE & ITP*; 16 December 1999, *Micro Leader*; CFI, 26 November 2001, *IMS Health*, 184/01, but this concept of exceptional circumstances has already been seen in the *Deutsche Grammophon* ruling, in 1971.

goods principle, article 30 (ex 36) of the Treaty dealing with exceptions provides a restriction on the principle based on protection of intellectual property. Case law has since then developed the exhaustion of rights principle, reconciling both objectives and delineating the specific subject matter of copyright in such a way that exhaustion of right is reduced to its smallest expression.

Competition law has also naturally to be applied in order to foster the single market. One may even say that since the Treaty did not provide any intellectual property exception to competition rules, the rationales for its plain application are even stronger.

Competition law encompassing copyright as any economic field

The broad definition of economic market participants for whom competition law rules are intended is sufficiently wide to encompass any entity exploiting or managing intellectual property rights, including therein the original author. The competition authorities have for a long time now held that an artist performing a work constitutes a business undertaking. The fact that the author officiates within a sector which is not exclusively related to economy, but also has a social and cultural impact, is therefore not taken into consideration at this level. Competition law has an irrefutable authority to concern itself with such undertakings.

Collective management companies are also naturally included amongst the economic players falling within the scope of competition law. Despite certain social functions for which they are responsible, the European Commission, and subsequently the Court of Justice, have refused to characterize them as undertakings managing a service for the good of the general public,⁶ which characterization would have been likely to have kept them outside the undifferentiated application of the law on concerted practices and abuse of a dominant position.⁷ The fact that collective management societies for the most part collect and redistribute remuneration on behalf of the beneficiaries is only very indirectly taken into account.

There is no specific provision in the Treaty or in the European regulations intended to draw a particular balance between competition rules and protection of copyright. The contractual organization of rights does not enjoy any specific form of exemption mechanism. The only trace of copyright being specifically taken into account in the category-based block exemption regu-

⁶ *BRT/SABAM*, ECJ, 21 March 1974 '*BRT II*', Matter 127/73, Rec. p. 313, with findings by Advocate General Mayras.

⁷ Arguing against the immunity views defended by some, see M. Mendes Pereira, 'Collective Copyright Management and Competition Law: Myths and Legends Haunting the Battle for the Virtual World', *Concurrences*, 2006, no. 2, p. 24.

lations appears in the legislation devoted to technology transfer agreements, and only with regard to rights concerning software.⁸ There are no interpretation guidelines which postulate that a particular regime must be reserved for contracts between business undertakings making transfers of rights. Given the silence of the texts, the competition authorities had no choice but to apply competition prohibitions to copyright when the monopoly was used as a tool for anti-competitive agreements or when it was instrumental in abuse of a dominant position.

Period of benevolence

Yet, through their initial binding decisions, namely, by drawing a distinction between the existence and the exercise of the right, the European courts have been able to allow a certain indulgence in the application of competition law.⁹ Although the applicability of competition law is reaffirmed via this distinction, a certain level of immunity was established in favour of copyright's legal status such as delineated by the domestic legislator. Thus, in principle, all misuse of a structure or automatic abuse is avoided, since the existence of the right and its monopolistic character do not, in principle, provide any grounds for the application of competition law.¹⁰

Furthermore, the Court of Justice, for example in its *Volvo* ruling,¹¹ considered that a refusal to grant a licence for an intellectual property right, a form of *exercising* the said right, did not *per se* constitute an offence under competition law. It held, on the contrary, that the exclusive right leads to the possibility of such a refusal, being the only way for a right holder to freely choose the organization modalities of the markets he is likely to occupy by virtue of its monopoly.

The main objective of the case law thus consisted of finding some form of equilibrium aimed at establishing a 'balance of interests' between the restricted competition inherent in the monopoly position and benefit for the end consumer. In this perspective, the application of competition law appears essentially peripheral, being more concerned with the contractual organization of the monopoly than with the principle of exclusivity.

Even within this 'mediate' application, competition law often shows itself to be lenient. Thus, whereas so-called absolute territorial protection clauses have always been considered as mortal sins against the market, they would

⁸ Regulation no. 772/2004 of 7 April 2004 relating to technology transfer agreements.

⁹ ECJ, 8 June 1971, *Deutsche Grammophon*, Matter 78/70.

¹⁰ In its *Sirena* ruling, the Court was able to consider that the holding of an intellectual property right did not necessarily create a dominant position in favour of the holder of that right; ECJ, 18 February 1971, *Sirena/Eda*.

¹¹ ECJ, 5 October 1988, *Volvo*.

appear to have been ratified in the *Coditel II* decision, in that such a restriction is necessary to protect the specific subject matter of the copyright, namely guaranteeing the right to be fully associated with the royalties generated from each public performance. This landmark decision established the capacity of competition authorities to take into account the very rationales for copyright based on the definition of specific subject matter defined by the ECJ and not only to transpose the principles applicable to industrial property.

By moving away from the hard core of copyright, the Court of Justice has also considered that reciprocal transmission agreements forged between collective management societies may be looked on in a positive manner by the law on concerted practices, to the extent that the territorial restrictions to which they give rise, justified by the constraints of collective management, nevertheless allow the holder's rights to be better complied with.

Modern period: tensions and absorption

Recently, however, the relationship between competition rules and copyright has evolved on two different levels which both demonstrate the growing impregnation of competition considerations into the copyright field. First, copyright law itself now integrates rules targeted at increasing competition. Secondly, the last ten years' application of the competition rules in copyright cases by the ECJ has pushed aside the classical conception of exclusive right, the exercise of which has become precarious in case of 'exceptional circumstances'.

TIMID INCORPORATION OF COMPETITION GOALS WITHIN COPYRIGHT EUROPEAN STATUS

Instead of ignoring one another, the legal fields may be able to collaborate on the sidelines. There are actually various ways in which competition concepts are invading copyright. In some national legislation competition law is able to waive its authority to govern an issue by delegating to copyright law the responsibility of applying certain rules which have the same aims as its own, but in respect of which the methods of application are 'internalized'. This is, for example, the trend followed by the French intellectual property code, which increasingly monitors collective management societies and regulates the activities of such bodies via the issuing of approvals or certain account-auditing-procedures.¹² The law implementing the Infosoc Directive¹² has also

¹² Such a tendency is induced by the Infosoc Directive: 'whereas 17) It is necessary, especially in the light of the requirements arising out of the digital environment, to ensure that collecting societies achieve a higher level of rationalisation and transparency with regard to compliance with competition rules'.

chosen to establish a new administrative authority in charge of determining the extent to which the right holder of technical protection measures has to open his systems to competitors for purposes of interoperability. The domestic legislator will sometimes prefer to integrate the goals of competition inside the provisions dedicated to copyright and to create ad hoc institutions rather than leaving the solving of difficult matters to competition authorities.

Even though such an 'inclusion' choice has not been clearly made by the Community institutions in the bunch of directives adopted on copyright, competition considerations are not completely absent from the secondary legislation adopted so far. Deferring to the hierarchy of norms, most of the directives mention the possible application of competition rules within their scope. Thus, without any actual interpenetration, the directives are a reminder that competition law rules may always be applied in order to foster the single market. But by expressly referring to these rules, the directives not only evoke respect for the superiority of primary law but also promote certain of their own definitions as potential criteria for the application of competition rules. One might take for example some recitals of the EC Software Directive which states: 'Whereas the provisions of this Directive are without prejudice to the application of the competition rules under Articles 85 and 86 of the Treaty if a dominant supplier refuses to make information available which is necessary for interoperability as defined in this Directive'. Such a provision can be understood as a clear signal given by the Directive to the competition authorities to refer to the notion of interoperability provided under its own provisions rather than to define another concept. The manner in which the ECJ interprets interoperability may even rebuff the potential application of prohibition of abuse of dominant position. If a competitor can use such an exception to exclusive right without prior consent from the right holder, the latter's refusal will no longer be an issue. But one might suggest that it is precisely because the definition of the exception of interoperability is too narrowly sketched within the Directive that the Court of Justice had to use the concept of abuse of a dominant position in order to condemn Microsoft to deliver the information necessary to achieve actual interoperability.

The best example of the 'upstream influence' of harmonization on the application of competition prohibition may be found in the Database Directive and the interpretation thereof given by the ECJ. One might remember the huge concerns about the risks for the market of the creation of a new '*sui generis*' right for non-original databases during the process of discussion of the 1996 Directive. In the preliminary versions of the text, the suggestion was made to enforce a mere right to remuneration instead of a quasi exclusive right in order to avoid potential abuses of a dominant position. The final text rejected this

proposal but was scattered with provisions,¹³ which underlined the necessity for this new monopoly to comply with the competition rules. It also invited the European legislator to examine in a short-term perspective (three years from the date of implementation), whether it would be likely to establish non-voluntary licensing arrangements in case of interference with free competition. In its first evaluation of Directive 96/9/EC, made on December 2005, the Commission, though skeptical about the benefit of the *sui generis* right for economic growth, nevertheless decided to wait longer before removing the monopoly. One of the reasons for this cautiousness lies in the ECJ decisions in November 2004,¹⁴ which had interpreted some of the core notions of the *sui generis* right such as 'substantial investment' in order to establish the perimeter of the protection. As the Commission pointed out, though questionable, the ECJ's narrow interpretation of the *sui generis* protection for 'non-original' databases where the data were 'created' by the same entity as the entity that establishes the database would put to rest any fear of abuse of a dominant position that this entity would have on data and information it 'created' (so-called 'single-source' databases).¹⁵

These examples show that the existence and interpretation of a Directive

¹³ Yet not binding as in recital 47, Directive 96/9/EC on the legal protection of databases, OJ L 77/20, 27 March 1996: '(47) Whereas, in the interests of competition between suppliers of information products and services, protection by the *sui generis* right must not be afforded in such a way as to facilitate abuses of a dominant position, in particular as regards the creation and distribution of new products and services which have an intellectual, documentary, technical, economic or commercial added value; whereas, therefore, the provisions of this Directive are without prejudice to the application of Community or national competition rules; see also, binding article 16 paragraph 3. Not later than at the end of the third year after the date referred to in paragraph 1, 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 application of the *sui generis* right, including Articles 8 and 9, and shall verify especially whether the application of this right has led to abuse of a dominant position or other interference with free competition which would justify appropriate measures being taken, including the establishment of non-voluntary licensing arrangements. Where necessary, it shall submit proposals for adjustment of this Directive in line with developments in the area of databases.'

¹⁴ ECJ, 9 November 2004, Matter C-203/02, *The British Horseracing Board Ltd and Others v. William Hill Organization Ltd.*; C-338/02, *Fixtures Marketing Ltd. v. Svenska Spel AB*; C-444/02, *Fixtures Marketing Ltd. v. Organismos prognostikon agonon podofairou AE (OPAP)*; affaire C-46/02, *Fixtures Marketing Ltd v. Oy Veikkaus Ab.*

¹⁵ DG Internal Market and Services Working Paper, 'First evaluation of Directive 96/9/EC on the legal protection of databases', December 2005, 22.

may influence the (non) application of competition law, like two communicating vessels. By delineating precisely the outlines of the exclusive right, the Directive and the related case law reduce the risks of application of competition law, while competition aims are always more embedded within copyright status. The introduction of a large number of provisions on copyright since 1991 in European Law might therefore induce a new reading of the existence/exercise distinction so far applied by the Court as a line of competence between the domestic legislator on the one hand and the Community on the other hand. The harmonization of copyright actually reduces the antagonisms mentioned above between the aims of competition law and national exclusive rights, which both currently share achievement of economic union as a common goal. Future ECJ case law on the interpretation of the European concepts of copyright might consequently be decisive for the application of competition rules, limited to the mere control of the wrong exercise of the monopoly. This might balance the actual situation in which competition prohibitions challenge more and more the nature and exercise of the exclusive right. The European legislator could also set common objectives of competition law and copyright law within directives, and so reduce the risk of an *a posteriori* application.

Competition law reshaping copyright

Today is without doubt a time at which competition law has a firm hold over copyright. However, the phenomenon of direct application of the prohibition of competition law is not new, and even if it seems to take on a greater importance these days, it still remains exceptional from a quantitative perspective. Yet, for the last ten years case law has deeply disturbed the scheme in which traditional copyright monopoly is exercised as demonstrated by a quick overview of landmark decisions by European courts in this field.

As regards concerted agreements between undertakings, article 81 has already been applied in a very traditional manner to the restraints on trade arising from, for example, the so-called shared publishing practice relating to books, showing that literary work status carried very little weight in the analysis of the market. In the absence of any exemption regulation encompassing all kinds of protected works, the prohibition of article 81 indifferently applies subject to the respect for the specific subject matter designed by the ECJ. The previous benevolence towards agreements between collective management societies has been rebutted by a new policy coming from the Commission. In the famous *Tournier*¹⁶ case the Court decided, in a rule of reason approach, that the restriction of competition, namely territorial exclusivity, resulting from

¹⁶ ECJ, 13 July 1989, *Tournier*, Matter C-395/87, p. 2521; RIDA, no. 144, p. 51, A. Françon.

reciprocal agreement was necessary to achieve the goal of better protection of copyright and better access to the repertoires by the public. But this favourable a priori attitude was no longer on the agenda in the Commission's decision about the Simulcasting¹⁷ agreements where the European authority considered void an exclusivity clause requiring a multiterritorial-multirepertoire licence only for the collective society governing the territory on which the user was established. Since then, the Commission has pushed for a deep reorganization of the competition between collective societies throughout the Community, quick to consider that the principles arrived at in relation to traditional collective management were no longer necessarily applicable in the era of digital broadcasting over open networks. In a later recommendation of October 2005,¹⁸ the Commission proposed to introduce such competition by increasing the mobility of authors but clearly repelled any attempt from the collective societies to maintain territorial exclusivity. The outcome of the recommendation is still uncertain as to the expected goal followed by the Commission. One need only observe the huge concern among stakeholders about the future of collective management and cultural diversity in Europe.

In the field of the prohibition of abuse of a dominant position, recent ECJ case law has also deeply evolved into a more intrusive application of article 82 to the individual behaviour of the right holders. The landmark decision is without a doubt the *Magill*¹⁹ case. Unlike the *Volvo* case,²⁰ the ECJ (after the Court of First Instance (CFI) and Commission) condemned the refusal to grant a licence by the copyright owner to an undertaking wishing to develop a weekly

¹⁷ See V.-L. Benabou, 'La décision Simulcasting: gestion collective, internet et concurrence, trois ingrédients pour une nouvelle recette', *Légipresse*, April 2003, no. 200, p. 35; T. Desurmont, 'Mutual representation agreements', ALAI, *Exploring the Sources of Copyright*, Paris, ALAI, 2005, p. 750.

¹⁸ See the Commission's recommendation of 18 October 2005, and the comments to which it gave rise in the *Revue Concurrences*, no. 2006, devoting an entire special report to the relationship between competition law and collective management. On that recommendation, by J. Drexl in R.M. Hilty and C. Geiger (eds), 'The Balance of Interests in Copyright: Theses and Documents presented at the Conference Organized by the Max Planck Institute of Intellectual Property in Berlin from 4th to 6th Nov. 2004', Munich, 2006 (Publication online at the following address: www.intellecprop.mpg.de/ww/de/pub/forschung/publikationen/online-publikationen.cfm); Dr Tilman Lueder, 'Working toward the Next Generation of Copyright Licenses', Presented at the 14th Fordham Conference on International Intellectual Property Law & Policy, 20–21 April, 2006 <http://ec.europa.eu/internal-market/copyright/docs/docs/lueder-fordham-2006.pdf> and also, Etude CSPLA, a study report by V.-L. Benabou.

¹⁹ *Radio Telefis Eireann and Independent Television Publications v. EC Commission* (C-241 and 242/91 P), 6 April 1995, [1995] ECR I-743, [1995] 4 CMLR 718.

²⁰ *Volvo AB v. Erik Veng (UK) Ltd* (238/87), 5 October 1988 [1988] ECR 6211, [1989] 4 CMLR 122.

TV programmes magazine. No such magazine existed in Ireland at that time, the national TV companies supplying their own information journal limited to their own programmes. The television companies also supplied their television listings to media outlets for free but on a limited basis and had refused to license Magill to produce an integrated television listings magazine with programme listings for all the television stations then broadcasting in Ireland. This prevented a new product coming onto the secondary market.

The Court acknowledged that holding an IPR does not automatically confer a dominant position but the television companies were dominant in both markets because they were the sole source of information on programme listings. While acknowledging the author's exclusive right of reproduction, the Court held that a refusal to license could constitute an abuse in 'exceptional circumstances' under Article 82(b), as it limited production and markets to the prejudice of consumers. Such exceptional circumstances arise where:

1. there are no substitutes so access is indispensable;
2. there is a new product for which there is a potential consumer demand;
3. there is no objective justification for the refusal;
4. the copyright holder reserves the secondary market to itself by excluding competition on that market through its refusal to supply.²¹

At the time of the decision, the weakness of copyright protection for television listings appeared to be a key explanation for the justification of the intrusion of competition rules against the refusal of the right holder to deliver mere information. Yet, since then, *Magill* has appeared to be a landmark case and the so-called 'exceptional circumstances' a kind of guideline for the application of competition rules to right owners' behaviour.

In the *IMS*²² case, the right holder refused access to his competitors to a brick structure for reporting information on sales and prescriptions of pharmaceutical products whereby the German territory was divided into 1,860 zones. Until 1999 IMS was, with the active help of pharmaceutical companies, the sole provider of regional data, and subsequently two new market entrants found that their information system met with resistance because of the routine

²¹ I. Maher, 'Methods and Criteria of Application of Competition Law to Copyright Law, The Market Definition in Competition: Which Repercussion on Copyright Law', *Exploring the Sources of Copyright*, ALAI, Paris 2005, p. 583.

²² *IMS Health v. NDC Health* (C-418/01), 29 April 2004, [2004] 4 CMLR 1543; on this case see A. Kamperman Sanders, 'Encroaching on Exclusive Rights: Access Obligations after *IMS Health* – Rational Competition Policy and a bit of Animal Logic', *Exploring the Sources of Copyright*, ALAI, Paris, 2005, p. 694; V.-L. Benabou, 'Chron. Transversales', *Propriétés Intellectuelles*, July 2004, no. 12, p. 823.

of territorial divisions already in use by pharmaceutical companies. In other words, customers were not able or willing to make the switching costs. NDC and AzyX, sued by IMS for having started to use the IMS brick system without licence, were condemned by the national court. The European Commission,²³ however, required IMS to grant a compulsory licence on the brick system. The European Court of Justice was asked for guidance on this very question of compulsory licence. In its decision, the ECJ considered that the refusal to license an industry standard in the absence of a reasonable alternative may constitute an abuse of a dominant position. Whether a refusal to license an intellectual property right constitutes an abuse of a dominant position should, according to the ECJ, be addressed according to the three cumulative criteria of its *Magill* decision, namely that the refusal: (1) prevented the emergence of a new product for which there was a potential consumer demand; (2) was not justified by objective considerations; and (3) was likely to exclude all competition in the secondary market.

More recently the *Microsoft* case²⁴ confirmed the wide applicability of prohibition of abuse of a dominant position, *inter alia*, to the refusal to deliver information necessary for interoperability of software programs with the Microsoft operating system. On this occasion, the CFI even expanded the exceptional circumstances concept beyond the boundaries of *Magill*, revealing its ability to be applied to all kinds of new propositions.²⁵ Contrary to optimistic comments, the case law reveals that competition rules practise poor self-restraint when applied to copyright.

The fact that copyright law is indeed 'subject' to competition law is not in question. The competition authorities need no benediction from the copyright experts on their competence. The growing importance of the targets assigned to competition law has even begun to invade copyright status itself. So what? This application must nevertheless be discussed, notably with regard to the virtues of such a 'head-on' approach, partially ignoring all the common elements between both institutions.

²³ See the subsequent decisions of the CFI president, reversing the Commission decision, *IMS interim order of the Commission* (2002/165/EC, COMP D3/38.044), 3 July 2001, OJ 2002, L59/18, [2002] 4 CMLR 58; *IMS Health v. Commission II* (T-184/01R), 26 October 2001, OJ 2002, C144/45, [2002] 4 CMLR 58.

²⁴ CFI, 17 September 2007, *Microsoft*, Matter T-201/04.

²⁵ Paragraph 336: 'In the light of the foregoing factors, the Court considers that it is appropriate, first of all, to decide whether the circumstances identified in *Magill* and *IMS Health*, paragraph 107 above, as described at paragraphs 332 and 333 above, are also present in this case. Only if it finds that one or more of those circumstances are absent will the Court proceed to assess the particular circumstances invoked by the Commission (see paragraph 317 above).'

2. Inadequacy of a standard application of competition law to copyright: abuse of competition rules on copyright?

Competition law and copyright follow, to a certain extent, the same aims, that is to say, the final benefit for the consumer and/or the public. In principle, the goal of competition law is to preserve the general interest through optimal economic activity whilst still ensuring the best possible allocation of resources for consumers. Copyright can also be viewed as a legal tool shaped to foster culture, education and innovation, therefore increasing the public welfare. But where competition law intervenes by way of *ex post* regulation and is used to remedy distortions in the market on the basis of observed market player conduct, copyright tries to structure the exercise of monopoly rules using *ex ante* mechanisms: definition of the scope of the right – purpose, duration – extent of the monopoly – exceptions, limitations, right to remuneration.

Because of these structurally different approaches, and the uncertainty of its application criteria, the systematic primacy of competition law over copyright rules may weaken the security of the market players. The balance of interests which competition authorities try to accommodate is not a static element and may be envisaged differently depending on the evolution of the market and certain technologies. It has a fairly precarious nature which renders the outcome of the closer relationship between the two fields uncertain. It appears, from the above-mentioned illustrations, that the application of competition law to copyright can go through ‘sudden changes of mood’.

Two types of observation can be made regarding the treatment of copyright by competition law. The first concerns the methods used by the relevant courts, which sometimes seem to forget the orthodoxy of the competition law criteria or ignore the absence of rationality in their application to copyright. The second stems from the mixed consequences of such application for the achievement of the shared goals in competition law and copyright.

2.1 *Nonsense concepts*

Several recent rulings which have analysed the exercise of copyright in terms of an abuse of a dominant position are laying themselves open to criticism in so far as they seem to depart, with a certain amount of liberty, from the more traditional interpretation of competition law. Occasionally, even, criteria are applied without any thought being given to whether they are really appropriate to the matter under review. Two examples may reveal the inadequacy of unconditional application of competition law to copyright.

MARKETS AND ESSENTIAL FACILITIES

Tough market definition lies at the heart of many an analysis of competition law and is of considerable importance in the European system. One cannot but note the low level of market analysis underlying certain competition decisions

involving copyright issues. In the *IMS* case, for example, the market analysis has stirred up much confusion on the definition of the primary and secondary markets as regards the application of the essential facilities doctrine. In this much-referred-to case,²⁶ the European competition authorities ended up differentiating between a primary ‘upstream’ modular structures market and a downstream market relating to the exploitation of data created through such structures. They thus rather artificially identified the upstream market as the product or service to which access is sought and the downstream market as uses of that product for another product or service. The Court concluded that once a *potential* or even *hypothetical* market can be identified, that is sufficient to apply the standards of *Magill*. But such an approach is barely consistent with traditional competition reasoning as I. Maher²⁷ outlines it, ‘doctrinally and practically how is a potential market to be defined? There is a notion of potential competition but not potential markets in competition law.’

With regard to this point, the Court of Justice followed the findings of the Advocate General, considering it enough that one is able to identify an ‘upstream input market’, even where the market in question is only a ‘potential’ one, inasmuch as the undertaking holding a monopoly in that market decides not to market the input concerned independently, but to exploit it in an exclusive manner on a derivative market, thus totally restricting or eliminating competition on that secondary market. The Court of Justice practically had to resort to artificial reasoning in order to retain a distinction between a primary market and a derivative market, thereby placing at risk a distinction which is nevertheless of primary importance to the application of the essential facilities theory in the real world.

Despite its fragility, the concept of ‘potential’ market was used again by the CFI in the *Microsoft* case where the judges said

The fact that the indispensable product or service is not marketed separately does not exclude from the outset the possibility of identifying a separate market (see, to that effect, *IMS Health*, paragraph 107 above, paragraph 43). Thus, the Court of Justice held, at paragraph 44 of *IMS Health*, paragraph 107 above, that it was sufficient that a potential market or even a hypothetical market could be identified and that such was the case where the products or services were indispensable to the

²⁶ ECJ, 29 April 2004, Matter C-418/01, *IMS Health GmbH & Co. OHG v. NDC Health GmbH & Co. KG*, notably Estelle Derclaye, ‘L’arrêt *IMS Health* – Une décision clarificatrice et salutaire tant pour le droit de la concurrence que pour le droit d’auteur’, *Auteurs et Médias*, no. 4/2004, p. 295; V.-L. Benabou, ‘Chron. Transversales’, *Propriétés Intellectuelles*, July 2004, no. 12, p. 821.

²⁷ I. Maher, ‘The Market Definition in Competition Law: Repercussions for Copyright Law’, *Exploring the Sources of Copyright*, ALAI, Paris 2005, p. 583.

conduct of a particular business activity and where there was an actual demand for them on the part of undertakings which sought to carry on that business. The Court of Justice concluded at the following paragraph of the judgment that it was decisive that two different stages of production were identified and that they were interconnected in that the upstream product was indispensable for supply of the downstream product. (para. 335)

Yet, this distinction between a rights' market and an exploitation market does not really make any sense since the economic value of a right lies precisely in its ability to be transferred for any exploitation purposes notwithstanding their order. According to Maher,

the difficulties with having a potential market are that it minimizes or removes the leverage requirement, making it look like an obligation to share competitive advantage, in effect making it an obligation for the dominant firm to create competition in the only real market. From a policy perspective, if there is an obligation to allow competition in the only real market, this could stymie innovation and creativity. If investment in the core market is threatened by the risk of obligation to deal, this could have a dampening effect.^{28,29}

Nor is that distinction any more coherent in relation to intellectual property law, which does not stipulate any difference in treatment based on the market in which the monopoly is exploited. The exercise of an exclusive right – most especially in copyright where the original holder of the right is under no obligation to do so – pertains to the right holder's intention to invest in a market, according to that holder's own timetable. The first market to be exploited will not necessarily be the most significant one, so that markets exploited second are not to be characterized as 'derivative' markets. This demonstrates that competition law fundamentally refutes copyright's traditional contractual organization of rights.³⁰

²⁸ I. Maher, *ibid.*

²⁹ See also A. Strowel and W. Hull, 'Encroaching on Exclusive Rights: Compulsory Licensing of IP Rights: The ECJ's Judgment in the *IMS* Case and its Impact on the *Microsoft* Case', *Exploring the Sources of Copyright*, ALAI, Paris, 2005, p. 687: 'While the ECJ pays lip service to the need to establish a secondary market, it is clear that, under the current case law, a dominant firm may be required to license its technology in its own market as long as the competitor is able to show that it intends to introduce a new product. This approach could well chill innovation because firms will not have the incentive to invest in research and development if they face the prospect of having to make those technologies available to competitors.'

³⁰ See the control exercised by the Conseil de la Concurrence (Competition Council) and the French Cour de Cassation (Supreme Court of Appeal) over a clause contained in TF1's co-production contracts which reserved video production rights to one of its subsidiaries. The Council considered that the purpose and effect of the exclu-

The issue of market power is also often skirted around by the European competition authorities. Whenever the market concerned is inaccurately identified, it is all the more difficult to determine a player's position in that market. In particular, where emphasis is placed on the 'essential' nature of the authorization to penetrate a downstream market, there is an almost automatic assumption of a dominant position. In such cases as IMS, 'this would happen because if a facility were found indispensable, it would constitute the potential market. The controller of that facility would be dominant in that market and the fact that the facility was indispensable could also be a feature in finding abuse.'³¹

Yet, in principle, the existence of such a position should be determined through an analysis of the substitutability of products or services, such analysis being however sometimes lacking. Paradoxically, the innovative nature and the creativity of the subject matter protected by copyright can lead to an assumption of its 'indispensable nature' and through that, to an eventual characterization of the owner's dominant position. It is only through a careful examination of the indispensable nature of the protected work that the hypothesis of an abuse of dominant position may be excluded.³² If any work is considered an essential facility, an agreement relating to a copyright might never be able to benefit from the new policy of applying prohibitions according to certain

sive rights granted interfered with the free play of competition on the video graphics production market and that it constituted an unfair concerted trading practice (Décision 99-D-85 of 22 December 1999). The Cour de Cassation, in a ruling of 26 November 2003, commended the Cour d'Appel (Appeal Court) for having noted that TF1 had not committed itself in any way with regard to the actual exploitation of the works co-produced in the form of video recordings and that it had thus found 'a way of protecting itself from an exploitation of rights by a competing undertaking and had sought to impede all potential competitors from entering the derivative video graphics production market and to guarantee its growth on that market, whereas such practice was justified neither by any specific requirements of the television sector nor by any requirements specific to the video recording production business. The relevant practice does not constitute a normal exercise of the exclusive reproduction rights of a co-producer, but an abuse of law with a view to distorting competition.'

³¹ I. Maher, *op. cit.*

³² See for example, ECJ, 12 June 1997, *Tiercé Ladbroke SA*, Matter T-504/93, where the CFI considered that a refusal to grant a licence in relation to sounds and pictures of races did not constitute an abuse where the televised broadcasting of horse races, whilst constituting an additional and even fitting service offered to betters, is not in itself indispensable to the exercise of the principal activity of taking bets. See also for a national illustration, Cour de Cassation, Chambre commerciale, 12 July 2005 re: CA Paris, 1re ch., 12 February 2004: BOCCRF 2004, p. 422; Contrats, conc., consom., 2004, comm. no. 111, obs. M. Malaurie-Vignal. On this matter, see S. Lemarchand, 'L'affaire NMPP: s'orientent-elles vers une nouvelle limite au droit d'auteur du logiciel au nom de la libre concurrence?', *Propriétés Intellectuelles* 2004, no. 11, p. 626.

thresholds which have been incorporated into European competition law, as shown by the *de minimis* notice or the category-based block exemption regulations.

PRICING

Competition law is still being applied to copyright without any consideration being given to the methods used to evaluate the price of access to a work according to intellectual property rules. Where the economic value of an asset is principally due to certain restrictions placed on its availability (the law thereby having created an artificial scarcity of that item), it seems absurd to try to determine the price, as certain competition decisions tend to do, on the basis of costs. In French law, disturbing rulings,³³ after having found that an economic market participant was making access to its database conditional on certain inequitable terms, required the latter to allow such access at prices 'in line with costs'. Yet the introduction of that requirement goes against the economics of copyright, which are essentially based on demand. Moreover, Advocate General Mayras, in his findings presented under the *SABAM* ruling, emphasized very early on the logical impossibility of transposing traditional excessive price reasoning, as derived from the *United Brands* case, to determining the right price of royalties in the field of copyright.

Under no circumstances can the concept of production costs give a true indication of the value of an intellectual property asset, such value being independent of the number of hours worked or the cost of materials used to produce, for example, a painting. It is rather a function of the reputation of the author, of the exploitation potential of the work, or of the spirit of the age! It is therefore particularly tricky to characterize, within this context, what constitutes an excessive price. Only a standardized product, which is eminently substitutable, may conform to such reasoning. Where the work is an original, unique and coveted, the cost of the materials with which it is made is irrele-

³³ CE, 29 July 2002, D. 2003, Somm. 901, Gonzales, CCC 2003, no. 39, M. Malaurie-Vignal. Cass. Com. 4 December 2001, *France Télécom c/ Lectiel et Groupeadress*, Com. Com. Elect, March 2002, no. 3, p. 62, note C. Caron, *Propriétés Intellectuelles*, April 2002, no. 3, p. 62, obs. A. Lucas. The Cour de Cassation confirmed the French Appeal Court's decision requiring France Télécom to apply prices in line with costs made necessary by technical operations with regard to access to a database of telephone addresses: '[free translation] Whereas, although the holder of an intellectual property right over a database has a legitimate right to demand remuneration, it cannot when its database constitutes an essential resource for market participants operating in a competing field of activity, make access to that database subject to payment of an excessive price].' Consequently, it has given rise to certain results in respect of which one might query the relevance.

vant, so too the price of works in the same category. If it finds itself an interested buyer, the price will be fixed on the basis of demand.

No doubt recourse must also be had to economic analysis in order to clarify thought on the concept of what constitutes a 'reasonable price'. It is out of the question to allow an economic market participant freedom to make an arbitrary evaluation, irrespective of whether that participant relies on an intellectual property right. Nevertheless, defining what constitutes an excessive price is obviously fraught with difficulty in this field since it involves works containing original material. An argument based on discriminatory prices could probably be made where the matter concerns a comparison of prices applied to the medium incorporating the work, as outlined in the *Micro Leader* case before the Court of First Instance of the European Communities.³⁴ The court considered that the price applied within the European Community to Microsoft software could constitute evidence of abuse of a dominant position, in so far as it was higher than the price at which it was marketed in Canada, and to the extent that such price (i.e. that applied within the European Community) was also excessive. However, the Court was not more specific about this last point.

Should the reference to costs be reserved solely for works involving an upstream investment of funds or can one extend it to all types of creation? How should the amount of the licence fee be fixed when it is impracticable to apply the concept of price being in line with costs? Determining the excessive nature of a licence fee is difficult because there is no such thing as a unique price of reference. The question of the price is also mostly addressed in those cases ending up with compulsory licences. Upstream, no one has the intention of aligning the amount of royalties owed to authors for their literary or artistic works. It is even customary for authors to receive very different levels of remuneration despite having contributed to the creation of the same work. At the distribution stage, the diversification of tariffs constitutes a material component in the economics of certain sectors. Thus, a film may be auctioned at very different prices according to the medium, version, territory of distribution, the time at which the marketing takes place, the number of scheduled

³⁴ CFI, 16 December 1999, *Micro Business Leader v. Commission*, Matter T-198/98, '[free translation] A copyright may be sanctioned on the grounds of an abuse of a dominant position where the holder of that right charges lower prices on one market than on the European Community market for equivalent transactions and where the European Community prices are excessive].' It considered that the difference in price between the Canadian market and the French market constituted evidence according to which 'Microsoft was charging lower prices on the Canadian market than on the European Community market for equivalent transactions and that the European Community prices were excessive'.

screenings, and even the time of broadcast. Under such circumstances, an authoritarian, univocal and permanent fixing of the price for auctioning a joint work would have a lethal effect. It is therefore important that the price fixed for a compulsory licence be confined to a given type of use and that it has no influence on other potential methods of exploiting a work. As A. Kamperman Sanders puts it,³⁵ 'it is not yet clear how to calculate a reasonable royalty for the compulsory licence. Cross-licensing practices have not yet fully developed in the copyright and database domain to the same extent as in the patent area.'

More generally, the competition authorities should balance the outcomes of their potential decisions against the long-term objectives of stimulation of innovation promoted by intellectual property rights. It is only through such a prospective reasoning that the results of application of competition prohibitions will be consistent with this goal.

UNPROMISING RESULTS

The recent application of competition law to copyright by European authorities, because of or despite the uncertainty of the criteria has led to results subject to criticism. As regards the essential facilities doctrine, the progressive abandonment of the condition of 'the new product' is endangering the monopoly of the right holder without guaranteeing to society any cultural benefit or progress in innovation. Though we will not develop the subject in the present chapter, let us point out, concerning the collective management societies, that the quite dogmatic view of free competition taken by the Commission has also upset the landscape of music distribution.³⁶

ABOLITION OF THE NEW PRODUCT CONDITION: WHAT KIND OF PROGRESS IS PROMOTED?

The transposition of the essential facilities theory, which stemmed from American antitrust law, to the field of intellectual property rights, is not easy as is demonstrated by the reluctance of American competition law to apply it.³⁷ Yet, since the *Magill* ruling, that reasoning has made a resounding

³⁵ A. Kamperman Sanders, 'Access Obligations after *IMS Health* – Rational Competition Policy and a bit of Animal Logic', see also A. Kamperman Sanders, 'Essential Facilities and Appropriate Remuneration of Achievements', in C. Heath and A. Kamperman Sanders (eds.), *New Frontiers of Intellectual Property Law – IP in Cultural Heritage, Geographical Indications, Enforcement and Overprotection*, Oxford, Hart Publishing, 2005, pp. 245–65.

³⁶ The effects of the above-mentioned recommendation of October 2005 have raised huge concerns, from among others, the European Parliament with regard to the respect for cultural diversity.

³⁷ See M. Leaffer, *Exploring the Sources of Copyright*, ALAI, Paris, 2005. The

entrance into European Community law, in relation to the exercise of copyright. It could nevertheless be concluded from a comparative study of the *Magill* and *Oscar Bronner*³⁸ cases that a compulsory licence could be granted by the competition authorities in the field of copyright when the refusal to grant a voluntary licence is preventing the emergence of a ‘new product’ for which potential demand by consumers could be identified, this ‘new product’ condition not being required in the presence of ‘material facilities’.

In its *Oscar Bronner* ruling, the ECJ did not in fact mention the ‘new product’ condition, considering that (recital 41):

Therefore, even if that case law on the exercise of an intellectual property right were applicable to the exercise of any property right whatever, it would still be necessary, for the *Magill* judgment to be effectively relied upon in order to plead the existence of an abuse [. . .], not only that the refusal of the service comprised in home delivery be likely to eliminate all competition in the daily newspaper market on the part of the person requesting the service and that such refusal be incapable of being objectively justified, but also that the service in itself be indispensable to carrying on that person’s business, in as much as there is no actual or potential substitute in existence for that home delivery scheme.

In other words, the exceptional circumstances motivating the intrusion of competition rules within the field of copyright were limited to the situation where the right holder was hindering innovation by a mere passive exercise of his monopoly.

Yet, the *IMS* case showed that such a ‘copyright-friendly’ approach was not to be generalized, because the right holder was indeed exploiting the protected work on the very market where competitors wanted to enter. The ECJ was not very precise on the new product condition; it seems to have been put aside, in so far as the competitor who was demanding a compulsory licence completely failed to show that access to the infrastructure would allow him to develop a product that was different from that already marketed by the creator. Even though the Court declined to follow Advocate General Tizzano’s invitation to transform the new product requirement into a ‘different’ product requirement under which it would only be necessary to show that the competitor intended

Essential Facilities Doctrine in US Law, p. 628: ‘the doctrine runs counter to the fundamental tenets of U.S. antitrust and intellectual property law. Antitrust’s purpose is not to force firms to share their monopolies, but to prevent monopolies from occurring or to break them down when they do occur. Forcing a firm to share its monopoly is inconsistent with antitrust goals for two reasons. First, consumers are no better off when a monopoly is shared; ordinarily, price and output are the same as they were when one monopolist used the input alone. Second, the right to share a monopoly discourages firms from developing their own alternative inputs or innovations.’

³⁸ ECJ, 26 November 1998, *Oscar Bronner*, Matter C-7/97.

to introduce a product with 'different characteristics' from the dominant company's product, it remained difficult to identify the new product the competitors intended to offer to the consumers. As underlined by A. Strowel and W. Hull, 'Clearly, the ECJ's approach leaves much to be desired in terms of legal certainty'.³⁹

In the *Microsoft* case,⁴⁰ dealing with the interoperability of the Windows operating system with server software, the European Community authorities based their reasoning on the essential facilities theory without requiring that the unlocking of the monopoly be contingent upon the emergence of a new product proposed by a competitor. In such respect, the relevant software existed in spite of the restriction on market outlets and there was nothing to guarantee that the setting up of interoperability systems would necessarily lead to the emergence of such a product. Moreover, in its decision the CFI held that (recital 647),

The circumstance relating to the appearance of a new product, as envisaged in *Magill* and *IMS Health*, paragraph 107 above, cannot be the only parameter which determines whether a refusal to license an intellectual property right is capable of causing prejudice to consumers within the meaning of Article 82(b) EC. As that provision states, such prejudice may arise where there is a limitation not only of production or markets, but also of technical development.

In the light of this last decision, not only is the emergence of a new product no longer required, but neither is the condition regarding the potential demand of consumers.⁴¹ It is sufficient to demonstrate, in a rather abstract way

³⁹ Strowel and Hull propose 'To avoid this uncertainty, a better approach may be to limit compulsory licences to cases where the licence relates to a market entirely separate from that on which the dominant company is exploiting its IP rights and on which it is not active. Thus, a dominant company could not be forced to create competition in its own market – which would go to the very heart of its IP right – but only in an adjacent market where it is not exploiting its right', *op. cit.*

⁴⁰ Order of the President of the Court of First Instance of the European Communities, 22 December 2004, Matter T-201/04 R, *Microsoft Corp., v. Commission of the European Communities*, V.-L. Benabou, 'David contre Goliath', *Propriétés Intellectuelles*, Transversales no. 14, January 2005; L. Idot, 'Les ventes liées après Microsoft et GE Honeywell', *Concurrences*, no. 2, 2005; Luc Gyselen, 'Do the Holders of Intellectual Property Rights have to License their Rights to Competitors?', *Concurrences*, no. 2, 2005, pp. 24–30; CFI, 17 September 2007, T-201-04; V.L. Benabou, *Propriétés Intellectuelles*, January 2008.

⁴¹ *Microsoft*, recital 648: 'It was on that last hypothesis that the Commission based its finding in the contested decision. Thus, the Commission considered that Microsoft's refusal to supply the relevant information limited technical development to the prejudice of consumers within the meaning of Article 82(b) EC (recitals 693 to 701 and 782 to the contested decision) and it rejected Microsoft's assertion that it had not been demonstrated that its refusal caused prejudice to consumers (recitals 702 to 708 to the contested decision).'

that the behaviour of the right holder might possibly chill ‘technical development’.

The concept of a new product had nevertheless been previously reaffirmed in French case law. Similarly, the Conseil de la Concurrence⁴² considered that Apple’s Fair Play digital rights management system (DRM), the only system compatible with the iPod personal stereo, did not constitute an essential facility, owing to the fact that other technical processes, such as rewriting, enabled songs and music to be downloaded from the Virgin Mega platform to an iPod personal stereo. That being the case, access to that DRM was not indispensable to Virgin Mega. Furthermore, the Council emphasized that the risk of competition being eliminated had not been established and that Virgin Mega had not declared any intention of offering a new product or service. Apple’s refusal to grant Virgin Mega a licence over that system was therefore not sanctioned. It is unclear whether, after *Microsoft*, such reasoning is likely to be held by the Commission, which has recently opened proceedings against Apple.

Consequently, it is currently extremely difficult to determine the moment as of when the refusal by a right holder to issue, here, a licence, or grant access rights to a work, will expose that holder to censure under competition law and to the transformation of his exclusive right into a mere right to remuneration.

What advantages have been gained by confiscating monopoly rights? As we have seen from the *IMS* case, if a compulsory licence is granted where a competitor does not even claim the intention of producing a new product, that denial of an exclusive right will subsequently encourage the stowaway phenomenon. It would be better to wait and see a product’s growth on the market before committing to such denial. When a compulsory licence is granted by the competition authorities, one might first wonder for whom and at what price? Should all competitors have access to the work on the same terms and conditions where the principle of a compulsory licence has vested? Should one, on the contrary, reserve such access solely to competitors capable of evidencing a contribution in terms of a new product? The consumer might possibly, in such circumstances, get a better price for the same service, since the competitor will have spared a certain commercial risk. But for all that, will that short-term advantage for the consumer counterbalance the ice age effect on innovation in the medium term? Even without mentioning innovation, one must acknowledge the fact that consumer gain is not confined to getting a product at the cheapest price; the consumer is likely to prefer being given a choice, to enjoy the persistence of a certain form of cultural diversity, and having access to multiple expressions both artistic and political.

⁴² Decision 04-D-54 of 9 November 2004.

Such reasoning may also lead to severe market disruption. Indeed, if a right holder operating on the market has to allow access to the work for a price fixed by the competition authorities, there is no longer any point in having a monopoly. Not only is the creator taking a commercial risk in entering the market, but he will not even be certain of being able to demand the amount of remuneration that he would normally have been able to fix with no other constraint than of finding a demand for it.⁴³

Where the act of creation implies a considerable investment of funds, as can be the case with film production, the lack of any guarantee as to sole rights would then act as a very potent deterrent. It is difficult for market players to play a game in which the rules on arrival are different from those at the start. Yet competition law, as a means of *ex post* regulation, is virtually incapable of being fully foreseeable by market participants in terms of both scope and conditions of application.

Some maintain that competition law will only intervene for specific works of a markedly functional nature.⁴⁴ In fact, key judgments have concerned software and databases or even elements of cartography. This principle of limited application should be treated with reservation. Indeed, there is nothing in the aforementioned judgments which indicates that their reasoning only applies to functional works. The concept of informational assets which has also been relied on to limit the intrusion of competition law, is not more convincing in so far as all works will contain a certain element of information of which an economic market participant might wish to extract the substance. Moreover, unlike the *Magill* ruling, the *IMS* case related to an original structure enabling the computation of information and not to the information itself, which was freely available to all. Incidentally, this reliance on a differentiation in treatment according to category of work has found little to match it in copyright law, which postulates a principle of indifference with regard to the type or form of the subject matter. So there is therefore nothing to prevent a publisher of a catalogue of works by a well-known painter from relying on competition law, rather than on an abuse of right, to counter a refusal by the right holders to authorize the appearance of a work in such a catalogue. A new product will indeed have been created, for which there is a potential demand, and a refusal may appear unjustified where it arbitrarily deprives the public of scientific access to a painter's work.

⁴³ For example, L. Richer, 'Le droit à la paresse?' Essential facilities version française: D. 1999, chron., p. 253.

⁴⁴ S. Lemarchand, O. Freget and F. Sardain, 'Biens informationnels: entre droits intellectuels et droit de la concurrence', *Propriétés Intellectuelles*, no. 6, January 2003.

Conclusion

The major drawback in the current application of competition law is, as already pointed out, that it plunges copyright into great legal insecurity. Creators and their transferees are operating with a sword of Damocles over their heads. In their efforts to challenge the monopoly, users/competitors are often driven by rather trivial motives and essentially call on competition law in order to . . . pay less! This situation in which unpredictability prevails is increasing the fragility of the interested parties and is one which may act as a deterrent against funds being invested in creation and cause the stowaway phenomenon to develop, both of which will ultimately be detrimental to the economy.

To combat that negative impact of competition law, several avenues may be explored.

As said, one can think about ‘internalizing’ certain constraints under competition law within copyright law in order to remove the risk of an *a posteriori* application.⁴⁵ A second possibility might consist of developing instruments to assess the consequences of the decisions delivered by the competition authorities on the markets, in terms of innovation and redistribution to the end-user. Where the competition authorities recognize certain ‘potential’ markets to justify their findings, it would seem reasonable to require them to sketch an outline of such potential markets, once the obstacle has been removed, and to consider at that time the repercussions of removing the monopoly on the basis of a comparative ratio of short-term/long-term advantages. Finally, it would seem appropriate for experts from both fields to get together for the purposes of jointly promoting a suitable method of interpretation enabling certain market definition guidelines to be determined, as has already been done in certain other sectors. Attention must also be given to the emergence of an ‘industry standard work’ such as appears in the *IMS* case. In such connection, careful thought must be given to the indispensable nature of a creation in order to determine, amongst other things, the impact of the customer’s participation in the creation of the final work, the technical impossibility of producing an alternative, and the economic viability of creating a substitutable work. Considerable attention must, especially, be paid to that condition of substitutability of products and/or services. It is time for economic and law analyses to create tools specific to copyright and not rely any more on economic patent models.

⁴⁵ It is with this in view that certain mechanisms such as management company review panels or certain statutory licences have been envisaged; restrictions on the scope of an exclusive right, the application of abuse of law or the ‘misuse’ concept or even the plea (exception) of interoperability which accompanies the establishing of an exclusive right over software.

22 Do whiffs of misappropriation and standards for slavish imitation weaken the foundations of IP law?

Anselm Kamperman Sanders

Introduction

This contribution deals with the fact that notions of unfair competition law, such as misappropriation or slavish imitation, are used to stretch the system of intellectual and industrial property itself, to cumulate with intellectual or industrial property rights to provide a supplementary, alternative method of protection, or to provide subsequent protection if industrial or intellectual property rights have lapsed. Although highlighting some recent Dutch cases, the contribution nevertheless advances some universal notions on the sense of European harmonisation, the doctrine of pre-emption and post-sale confusion. The present author is of the opinion that the current state of disharmony in the field of unfair competition is both a blessing and a curse for the development of intellectual property law. The lack of harmonisation in the field of unfair competition on the one hand appears to ‘breed’ disharmony through the expansion of copyright, yet principles of the internal market also curtail the expansion of unfair competition law beyond their natural ambit. It is, however, submitted that there is a need for a fundamental discussion of the role of unfair competition law as a supplementary, alternative, or subsequent method of protection to intellectual and industrial property rights which should however be undertaken in the context of the whole system of protection of intellectual and industrial creativity in its international context.

Smells like misappropriation

In the *Trésor* decision of June 2006¹ the Dutch Supreme Court held that the scent of perfume is a ‘work’ in the sense of Article 2 of the Berne Convention. The embodiment of this work is the perfume in the bottle. In doing so, the

¹ *Lancôme v. Kecofa*, Dutch Supreme Court, 16 June 2006, NJ 2006, 585. For a critical appraisal see H. Cohen Jehoram, ‘The Dutch Supreme Court Recognises Copyright in the Scent of a Perfume. The Flying Dutchman: All Sails, No Anchor’ [2006] *EIPR* 629–31.

Dutch Supreme Court not only challenged all existing notions of what a copyright work is,² it also blurred the lines between idea and expression to such an extent that producers of scent-alike perfumes will have a hard time establishing that their work is an independent creation. This does not even begin to take into account that very few humans have such developed sensory organs that they can begin to separate the idea of the mix of the ingredients from expression in a perfume.

If anything, one cannot help but believe that for all its high-brow depiction of the artistic and aesthetic qualities of perfume,³ at the heart of the Supreme Court's decision lies the desire to protect 'everything under the sun made by man',⁴ one way or another. It remains to be seen, however, whether future harmonisation of copyright will embrace the Dutch notion of a copyright work. Widely criticised⁵ for its impact on the system of copyright, the decision is not without its academic supporters either.⁶ Some proponents, however critical, tend to point to the fact that the decision fits into a growing recognition that certain 'hybrids'⁷ that fall short of copyright, patent, trade mark, or design protection are worthy to receive some protection as a way of regulating fair competition in the marketplace. If the notions of copyright can be stretched to incorporate what it would otherwise be difficult to argue under unfair competition law, then that is seen as a good thing. The copyright regime is after all a 'known quantity' that is not subject to the seemingly frivolous

² At roughly the same time the French Cour de Cassation decided that scent is not a work, overturning the decision of a lower court that held the opposite. See French Cour de Cassation, *Bsiri-Barbir v. Haarmann & Reimer Civ.* (1re ch.), 13 June 2006; [2006] ECDR 28: 'Mais attendu que la fragrance d'un parfum, qui procède de la simple mise en oeuvre d'un savoir-faire, ne constitue pas au sens des textes précités, la création d'une forme d'expression pouvant bénéficier de la protection des oeuvres de l'esprit pas le droit d'auteur; d'où il suit que le moyen n'est pas fondé, par ces motifs; rejette le pourvoi'.

³ Cohen Jehoram, note 1 *supra* at 630, even ridicules the fact that manufactured bad smells, such as a chemical drug used for dog training, are apparently to be excluded from copyright protection, as these serve a functional purpose.

⁴ A form of expression now typically associated with all that is wrong with US patent law, and stemming from the case of *Diamond v. Chakrabarty*, 447 US 303 (1980), 100 S. Ct. 2204, 65 L. Ed. 2d 144, 206 USPQ 193, which dealt with the question whether genetically modified micro-organisms can be patented.

⁵ For example, see C. Seville, 'Copyright in Perfumes: Smelling a Rat' [2007] *Cambridge Law Journal* 49–52.

⁶ For an exposé see E. Dommering, 'Auteursrecht op parfum: de definitieve verdamping van het werkbegrip', in *Spoorbundel* (2007, Amsterdam, deLex) 65–77.

⁷ See the seminal article by J. Reichman, 'Legal Hybrids between Patents and Copyright Paradigms', 94 *Columbia Law Review* 2432–558 (1994).

judicial discretion that renders unfair competition law uncertain.⁸ The other benefit is that copyright has been harmonised to a large extent, so the 'work' definition could be too in future. To others this notion of protection against unfair competition is tantamount to market distortion and the impairment of free competition. One only has to think of Lord Justice Jacob's statement in *Hodgkinson & Corby Ltd and Roho Inc. v. Wards Mobility Services Ltd*⁹ that laid to rest any notions of a general tort of unfair competition in English law: 'There is no tort of copying. There is no tort of taking a man's market or customers. Neither the market nor the customers are the plaintiff's to own. There is no tort of making use of another's goodwill as such. There is no tort of competition.' The law of unfair competition is, however, not harmonised in Europe.¹⁰ With Article 10*bis* of the Paris Convention as a reference point, each European member state is still free make its own interpretation of the obligation to provide 'effective protection against unfair competition'.

It is therefore possible that, should there ever be a 'downward' form of harmonisation of the 'work' definition in copyright, the law of unfair competition may be used to take over where copyright can no longer serve to protect the interests of perfume manufacturers. This is a possibility that is supported by the example of the way in which the Database Directive has been implemented in Scandinavia, but more to the point in the Netherlands. The Nordic catalogue rule was always outside of the scope of the Database's harmonising effect, but that was clearly not the case for the Dutch *sui generis* protection of published non-original or non-personal writings against wholesale copying.¹¹ This form of protection harks back to the pre-author's rights system of safeguarding the labour, skill and investments of printers and was expressly included in the Dutch Copyright Act of 1912. It bears more resemblance to traditional copyright than author's rights. Upon implementation of the Database Directive, the Dutch legislator chose to exclude from its ambit only those works that could be qualified as a database on the basis of the fact that

⁸ Fry LJ in *Mogul Steamship Co. v. McGregor Gow & Co.* (1889) 23 QBD 598 at 615: '[T]o draw a line between fair and unfair competition, between what is reasonable and unreasonable, passes the power of the courts.'

⁹ [1995] FSR 169.

¹⁰ F. Henning-Bodewig and G. Schricker, 'New Initiatives for the Harmonisation of Unfair Competition Law in Europe', [2002] *EIPR* 271–2; Schricker, 'European Harmonisation of Unfair Competition Law – A Futile Venture?' (1991) *IIC* 788; C. Wadlow, 'Unfair Competition in Community Law: Harmonisation Becomes Gridlocked' [2006] *EIPR* 469–73.

¹¹ Stemming from Article 10(1)(1) of the Dutch Copyright Act's definition: 'For the purposes of this Act, literary, scientific or artistic works includes: books, pamphlets, newspapers, periodicals and all other writings; . . .'. The Dutch Supreme Court has long established the principle that non-original writings can be protected.

they have attracted substantive qualitative and/or quantitative investment.¹² Although cumulation of the *sui generis* database right and non-original or non-personal writings is therefore not possible,¹³ all databases that do not meet the required level of investment are still covered.¹⁴ The narrowing effect of the ECJ's decision in *British Horseracing Board v. William Hill* may therefore be circumvented in the Netherlands.¹⁵ However defective the implementation of the Database Directive in the Netherlands may be, the practice of wishing to retain the freedom to counter certain types of copying appears to be omnipresent. Whereas copyright can be stretched to accommodate scents as works, and ancient mechanisms for the protection of labour, skill, and investment can be given a place in the copyright act, the common desire appears to be to provide an action against misappropriation where the European legislator and the Berne Convention have not foreseen or intended it. The placement of the protection of perfume and non-original, non-personal writings in the context of copyright, however, opens the Dutch practice up to challenges of further harmonisation or procedures over incorrect implementation of the Database Directive. In view of harmonisation practice in all areas of intellectual and industrial property, it is therefore interesting for creative lawyers to attempt to rely on claims based on unfair competition to supplement and circumvent intellectual property rights proper, or claim rights that would otherwise no longer be available or not at all.

Slavish imitation ad infinitum

When Lego faced competition from a firm replicating its Lego and Duplo blocks in the Netherlands, the Dutch District Court of Breda¹⁶ came to its rescue and held that the reproduction by Mega Blocks amounted to a slavish imitation of the originals. The court based its conclusion on the basis of the

¹² Article 10(4) of the Dutch Copyright Act.

¹³ See E. Derclaye, 'Can and Should Misappropriation also Protect Databases? A Comparative Approach', in P. Torremans (ed.), *Copyright Law: A Handbook of Contemporary Research* (2007, Cheltenham, UK and Northampton, MA, Edward Elgar Publishing), 83.

¹⁴ As recently as August 2007, the principle of protection of non-original/personal writings was relied on to stop web search site 'www.Jaap.nl' from copying verbatim all information (descriptions and photos) on houses for sale from other websites run by real-estate agents. *Stichting Baas in Eigen Huis v. Plazacasa B.V.*, Provisional Measures Judgement, District Court of Alkmaar, 7 August 2007, LJN: BB1207.

¹⁵ See P.B. Hugenholtz's note to ECJ Case C-203/02 *British Horseracing Board v. William Hill, Auteurs-, Media en Informatierecht* 2005, 36–7.

¹⁶ *Lego v. Mega Brands*, District Court Breda, 6 July 2005, LJN: AT8962, 118470/HA ZA 03-501.

notion that Mega Brands could have used a different configuration without impairing utility or reliability, and therefore should have done so. In not doing so, Mega Brands was liable for slavish imitation. An action for slavish imitation is available in the Netherlands, based on the general clause in the Dutch civil code dealing with tort.¹⁷ The principle of slavish imitation is part of the judge-made law on unfair competition and is based on three key Dutch Supreme Court decisions handed down between 1953 and 1960.¹⁸

Lego had relied on the principle of slavish imitation because its patent rights in the modular system had lapsed and any design or copyrights were no longer or not available. The court held that the size of the Lego bricks was in any event not wholly dictated by technical or functional requirements, so that the public would be confused by the appearance of the products. The fact that the Mega Brands' bricks were sold in different packaging and carried a different logo was held to be insufficient. Furthermore it was held that confusion would also be likely, not only at the time of sale, but also post-sale, when Mega Blocks bricks, without their packaging, would be mixed with the originals from Lego. At the time of the decision, critical voices¹⁹ remarked that the lapse of Lego's patent right should pre-empt any claim in unfair competition,²⁰ and that *post-sale confusion* is an inappropriate test for slavish imitation anyhow. Support for the decision can be found in an article written by the counsel for Lego,²¹ where he argues that *post-sale confusion* is simply part of the wider notion of protection against confusion as to source, reputation, or otherwise, that can be found in Article 10*bis* of the Paris Convention. Whereas *post-sale confusion* is indeed part of EU trade mark law after the decision by the ECJ in *Arsenal Football Club*,²² it remains controversial.²³ Transposing *post-sale confusion* without any quali-

¹⁷ Article 6:162 Dutch Civil Code.

¹⁸ Dutch Supreme Court in *Hyster Karry Krane*, 26 June 1953, NJ 1954, 90; *Drukasbak*, 21 December 1856, NJ 1960, 414; *Scrabble*, 8 January 1960, NJ 1960, 415.

¹⁹ F.W. Grosheide, 'Hoe slaafs mag men nabootsen?', *Intellectuele Eigendom en Reclamerecht* 2005, 64, at 271.

²⁰ On the application of the theory of pre-emption in relation to unfair competition law in several legal systems see A. Kamperman Sanders, *Unfair Competition Law* (1997, Oxford, Oxford University Press), ch. 1.

²¹ C. Gielen, 'Bescherming tegen nodeloos verwarringsgevaar, ook bekend als bescherming tegen slaafse navolging', in *Spoorbundel* (2007, Amsterdam, deLex), 99, at 105–8.

²² Case C-206/01, *Arsenal Football Club plc v. Matthew Reed*, OJ 2002 C323/22.

²³ P. O'Byrne and B. Allgrove, 'Post-sale Confusion', *Journal of Intellectual Property Law and Practice*, 2007, 315–23.

fiction from the domain of trade mark law proper to the domain of unfair competition is therefore asking for trouble. In order to deal with the points raised by either side, the question is whether slavish imitation serves to protect an interest other than that of the patent right in order to determine whether the lapse of the patent right truly pre-empts the claim for slavish imitation. In this respect one also needs to see what exactly is covered by *post-sale confusion*. At the time of sale, the question of the presence of a likelihood of confusion points to the source or provenance of the products. It is difficult to say that Mega Brands causes confusion as to the source of the products at the time of sale, since its product is packaged differently. The consumer is in fact likely to make a purchase decision based on the fact that Mega Brands bricks do *not* originate from Lego, but are merely Lego-system compatible. This is why the presence of post-sale confusion is a necessity for liability. However, post-sale confusion points not so much to confusion as to source, but to confusion about the product, where original and imitation are literally used interchangeably. In this case the user of the bricks, rather than the purchaser, will not distinguish one brick from the other when constructing a 'Lego'. The present author questions whether slavish imitation would serve an independent and different purpose from patent law, if the use of an object were covered by *post-sale confusion* and prohibited under slavish imitation as a result. Therefore, the lapse of the patent right alone should have pre-empted the claim for post-sale confusion. The decision on the other hand offered Lego protection for its bricks in perpetuity.

Unfair competition standards

Upon appeal, however, the Court of Appeals of 's-Hertogenbosch²⁴ found another way to sink the decision of the lower court. The success and wide dissemination of the Lego system became its own undoing in this case. It was found that Lego's Duplo or Lego bricks are present in a majority of households in the Netherlands. In this sense Lego has acquired a unique position in the market for toys, not least due to its patent rights. After all these years the modular structure still allows people to add to and expand on their existing collection, and integrate new purchases in the existing construction options. According to the appellate court, there is real consumer demand for products that meet the Lego standard. Mega Brands is reproducing those aspects of the Lego system necessary to achieve compat-

²⁴ *Mega Brands v. Lego*, 12 June 2007, *Intellectuele Eigendom en Reclamerecht* 2007, no. 79, at 301.

ibility and interoperability, which justifies the slavish imitation of Lego's product. The Court of Appeals found support for this decision in Supreme Court decisions that held that potential or actual consumer demand²⁵ for standardised²⁶ products or generic non-distinctive staple goods²⁷ may form a justification for the (slavish) imitation of a product. In the light of the decisions of the European Court of Justice in *Volvo*,²⁸ *Magill*,²⁹ *IMS Health*³⁰ and *Microsoft*,³¹ this appears to be a reasonable, but fashionable, solution for the case at hand. It is a shame that the court remains silent on the more fundamental discussion of the role of unfair competition law as a supplementary, alternative, or subsequent method of protection to intellectual and industrial property rights, let alone the appropriateness of the concept of *post-sale confusion* in slavish imitation. In the absence of a standard for which there is consumer demand, reliance on slavish imitation to prolong a patent right remains dubious.

Conclusion

The concept of misappropriation continues to pervade copyright and other rights of intellectual property, especially when national courts feel that the plaintiff has something worthy of protection that the defendant is copying without justification. In the case of the protection of perfume this means that the boundaries of the 'work' concept are stretched to the point of absurdity. It remains to be seen whether this new type of protection will survive future European harmonisation of copyright. In the case of non-original and non-personal writings, a *sui generis* right is retained in the face of harmonisation efforts within the Community. Even though European member states continue to give their own spin to the obligations contained in Article 10*bis* of the Paris Convention, the effects of European competition law are visible in the curtailment of slavish imitation claims, as is also the case for intellectual property rights involving standards for which there is potential

²⁵ Dutch Supreme Court, *Layner/Assco*, 30 October 1998, NJ 1999, 84.

²⁶ Dutch Supreme Court, *Monte/Kwikform*, 1 December 1989, NJ 1992, 391, involving scaffolding.

²⁷ Dutch Supreme Court, *Tomado*, 12 June 1970, NJ 1970, 343, involving clothes hangers.

²⁸ ECJ Case C-237/87, *Volvo AB v. Erik Veng (UK) Ltd.* [1988] ECR 6211, [1989] 4 CMLR 122.

²⁹ ECJ Cases C-241 and 242/91, *Radio Telefis Eireann and Independent Television Publications v. EC Commission* [1995] ECR I-743.

³⁰ ECJ Case C-418/01, *IMS Health v. Commission*, OJ C118, 30 April 2004, p. 14.

³¹ ECJ Case T-201/04, *Microsoft v. Commission*, OJ C269 of 10 November 2007, p. 45.

consumer demand. What remains to be undertaken is a fundamental discussion of the appropriate ambit and place of the law of unfair competition in the context of European harmonisation, but most important of all on the role of unfair competition law as a supplementary, alternative, or subsequent method of protection for intellectual and industrial property rights.

23 Access to knowledge under the international copyright regime, the WIPO development agenda and the European Communities' new external trade and IP policy

Henning Grosse Ruse-Khan

1. Introduction

The rise of digital technologies, their capacity for infinite and identical clones as well as global communication networks allowing unlimited dissemination of digital content are providing new opportunities for access to information. Individuals are able to access, reproduce and distribute data, ideas, concepts and any other electronic material more widely and at almost no cost. This potential for removing barriers to accessing knowledge on a global scale is however not only limited by the 'digital divide' as a synonym for the affordability and availability of the underlying hard- and software technology, but also affected by artificial exclusivity in the form of intellectual property (IP) protection.

In relation to the concept of access to knowledge, this chapter examines the current status and newly evolving trends in international IP protection as well as Europe's external trade and IP agenda. The concept is crucial not only for a society's ability to engage in learning and offer education. It relates further to scientific research and forms the basis for technological advancement. Taking agricultural, bio-chemical or medical research and technology as examples, access to knowledge can improve or save lives. Knowledge in the form of information, ideas and concepts also enables and facilitates the development of new, innovative products or services with an added value or distinctive character. It finally serves as an important input in the cultural life of a society. Without any attempt to engage in an exhaustive discussion of the role of access to and transfer of knowledge, these examples indicate its central role in the development of any society.¹

¹ One may further refer to calls for a treaty on access to knowledge (see for example drafts prepared by civil society groups such as the Consumer Project on Technology (now dubbed Knowledge Ecology International) – available at

In the copyright context relevant to this book, I focus on access to knowledge as a concept calling for the free or easy accessibility of information, data, ideas and concepts which are not subject to copyright protection as such; as well as access to copyrighted material in order to utilise raw information, data, idea and concepts incorporated therein. In both instances access and even free utilisation should not be subject to limitations by copyright law as the idea-expression dichotomy, incorporated in several major international copyright regimes, excludes ideas, procedures, methods of operation or mathematical concepts as such from protection. Furthermore, plain facts, raw data and items of information generally do not qualify for copyright protection. Nevertheless, and especially in the digital environment, access to and use of plain data, information, concepts or ideas are often effectively limited by copyright protection for the expression of these elements. The causes that effectively inhibit, limit or even exclude access to knowledge will vary and may relate to provisions on the protected subject matter, the scope of protection, the rights granted and in particular the availability of exceptions and limitations to copyright.

Against this background access to knowledge addresses not only the question of which subject matter may or may not 'benefit' from copyright protection but a range of issues across the board of (international) copyright law. Attempts to secure access to (and the subsequent transfer of) knowledge can thus equally relate to a wide range of copyright policy choices including a robust public domain, well-defined exclusive rights and schemes for statutory or compulsory licensing as well as exceptions and limitations which (if necessary) override contractual extensions of protection and technological protection measures.

Given the asymmetries between the industrialised countries and developing countries not only in their level of technological advancement but also in their ability to access and use information and knowledge, there is a specific need for the latter to be able to focus on easy transfer and dissemination of knowledge as a means to create and innovate. From an economic perspective, due to their less advanced stages of (technological) development, their comparative advantage lies in allowing imitation to some extent instead of focussing on incentives for R&D-intensive innovation. Equally from a trade perspective, the comparative advantage of developing countries (as net importers of knowledge-based goods and services) lies rather in ensuring easy access to

http://www.cptech.org/a2k/a2k_treaty_may9.pdf, visited on 8 January 2008), recent initiatives such as A2K (see <http://www.cptech.org/a2k/>, <http://research.yale.edu/isp/eventsa2k2.html> or <http://www.access2knowledge.org>, all visited on 8 January 2008) and simply to terms such as 'information society' or 'knowledge economy' as indicators of the central role the concept of access to knowledge has in our lives.

and dissemination of existing knowledge as a mechanism for facilitating creative and innovative activities at the domestic level.

2. Access to knowledge under the international minimum standards on copyright protection

Various provisions in international treaties on copyright or intellectual property protection do have a specific impact on access to information and knowledge. Others are more concerned with the transfer of (technical) knowledge. In this section, I will provide an overview of the most relevant treaty provisions and analyse their importance for the topic at issue. In order to put greater emphasis on those elements at the multi- and bilateral level that go *beyond* the globally recognised minimum standards, this section is limited to the provisions of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention). The stronger copyright protection available under the WIPO Copyright Treaty (WCT) and various bilateral Free Trade Agreements (FTAs) will be addressed in Section 4 as part of the European Communities' external trade and IP policy. This will not only allow for an assessment of the current minimum standards but also set the context for the discussion of the recent initiative within WIPO to promote access to knowledge and the subsequent analysis of the external trade relations of the European Communities and its impact on access to knowledge.

2.1 TRIPS and Berne as global 'minimum standards'

As Annex 1 C to the Agreement establishing the World Trade Organization (WTO), the TRIPS Agreement obliges all WTO Member States to implement its 'minimum standards' relating to all relevant areas of IP including copyright and related rights.² It not only incorporates – by means of reference – the key substantive provisions of the Berne Convention,³ but further raises the standard for copyright protection beyond Berne⁴ and includes comprehensive obligations with regard to IP enforcement.⁵ Unlike all pre-existing interna-

² See arts 9–14 TRIPS.

³ See art. 9 (1) TRIPS, obliging WTO Members to comply with arts 1 through 21 of the Berne Convention in its most recent revision and the appendix thereto.

⁴ By making copyright protection for computer programs (software) as well as for compilations of data (databases) mandatory, including a rental right for certain categories of works and especially by extending the so-called 'three step test' of art. 9 (2) of the Berne Convention to become the benchmark for all exceptions or limitations to any exclusive right; see arts 10–13 TRIPS.

⁵ Part III TRIPS, comprising arts 41–61 which require WTO Members to provide for injunctions, damages and other civil remedies, border and provisional measures as well as criminal procedures *inter alia* for 'copyright piracy on a commer-

tional agreements on IP in general and copyright in particular, the TRIPS agreement is – like the other WTO Agreements such as the GATT 1994 – subject to the rules of the WTO Dispute Settlement Understanding (DSU) which allow WTO Panels or the Appellate Body to rule on the compliance of national IP laws with TRIPS obligations.⁶ This system of dispute settlement is largely perceived as much more effective than the theoretical (but never used) option of bringing a violation of, for example, the Berne Convention to the International Court of Justice⁷ and has arguably been one of the main reasons for including IP in the WTO mandate: if national laws are found to be inconsistent with TRIPS, they must be brought into compliance and if the WTO Member fails to do so, the DSU foresees as a last resort the right for the affected member to retaliate in the form of suspending equivalent obligations under TRIPS or other WTO Agreements.⁸

From these distinctive aspects follows not only the role of TRIPS as the most important multilateral agreement on IP. TRIPS also serves as the key benchmark of what is currently considered to be the (minimum) standard of protection for copyright as well as other IP rights from a global perspective.⁹ Even though most net-exporting countries of copyrighted material have extended copyright protection further to cover various aspects in the so-called ‘digital environment’ and – as early as 1996 – managed to conclude international agreements on this matter under the auspices of the World Intellectual Property Organisation (WIPO), this is not the case for the majority of the world’s developing economies which are net importers of copyrighted material.¹⁰ TRIPS therefore should – from both a

cial scale’. Especially in the copyright context the proponents of TRIPS perceived not so much the lack of substantive obligations but the lack of effective enforcement as the main problem for their entertainment, information or other copyright dependent industries’ ability to exploit new markets around the globe.

⁶ See art. 64 TRIPS.

⁷ See art. 33 of the Berne Convention which further allowed entering into reservations as to its application.

⁸ See art. 22 (3)–(5) DSU; cross-retaliation by suspending obligations in other sectors or other agreements however is subject to further conditions. It may nevertheless function as an effective mechanism to induce TRIPS compliance – especially if a large trading partner threatens to withdraw tariff concessions of central importance for a developing economy.

⁹ This observation is not to be understood as a value judgement about the appropriateness of the level of (copyright) protection mandated by TRIPS but rather as a pragmatic view about the current realities in international IP protection which very often has moved significantly beyond TRIPS and taken away various of its inherent flexibilities and options for policy space.

¹⁰ As of January 2008, the most relevant international instrument extending copyright protection into the digital environment, the WIPO Copyright Treaty (WCT), has 64 contracting parties in about two-thirds of which the treaty is in force; see <http://www.wipo.int/treaties/en> (visited 9 January 2008).

practical as well as a normative standpoint – be considered as the current global benchmark of copyright protection. For this reason this section deals only with those TRIPS provisions which are of particular relevance for access to knowledge in the copyright context.¹¹ The provisions of the Berne Convention are also discussed here – not only because of its long history and broad membership, but especially since its main provisions on copyright protection form part of the TRIPS *acquis* by means of reference in article 9 (1) TRIPS.

2.2 *The Objectives for IP Protection in article 7 TRIPS*

Although not a copyright-specific provision and not even one incorporating a substantive minimum standard of IP protection, article 7 TRIPS addressing the objectives of the TRIPS Agreement also has a particular importance for access to knowledge issues. The provision states:

Objectives

The protection and enforcement of intellectual property rights should contribute to the *promotion of technological innovation* and to the *transfer and dissemination of technology*, to the *mutual advantage of producers and users of technological knowledge* and in a manner *conducive to social and economic welfare*, and to a *balance of rights and obligations*.¹²

As the main and most explicit expression of the aims and objectives of the TRIPS Agreement,¹³ article 7 has an important role to play in the interpreta-

¹¹ Apart from the individual provisions discussed below, two other issues equally subject to TRIPS provisions should be mentioned as having a particular relevance in the access to knowledge context: the choice of a suitable exhaustion regime (see art. 6 TRIPS which leaves this to the WTO Member States and para. 5 of the Doha Declaration on TRIPS and Public Health stressing this as an important policy space within TRIPS) which can certainly influence users' access to knowledge goods. Further, the adoption of a tailored competition policy in the field of IP licensing and abuse of IP (see art. 8 (2) as well as art. 40 TRIPS) can help to increase a competitive market and limit the exclusionary tendencies of IP protection to the extent necessary for incentive creation. A full discussion of these tools and the related scope of policy space is however beyond the scope of this chapter. Regarding art. 8 (2) and art. 40 TRIPS see R. Okediji, 'The International Copyright System', ICTSD Issue Paper No. 15 (Geneva, 2006), 16–20.

¹² Art. 7 of the TRIPS Agreement (emphasis added).

¹³ Next to art. 7, which is explicitly entitled 'Objectives', the preamble of the TRIPS Agreement is generally perceived as an integral part of the agreement which indicates its underlying principles, objectives and purpose; see *Canada – Patent Protection of Pharmaceutical Products* (WT/DS114/R), Panel Report (17 March 2000), para. 7.26; D. Gervais, *The TRIPS Agreement – Drafting History and Analysis* (2nd edn, London, 2003), para. 2.08; C. Correa, *Trade Related Aspects of Intellectual Property Rights* (Oxford, 2007), at 1.

tion of (substantive) TRIPS provisions. This follows not only under the theories favouring teleological approaches to treaty interpretation, but – in the WTO context – from the WTO Dispute Settlement Understanding (DSU). Article 3 (2) DSU calls upon the WTO dispute settlement organs (the panels and the Appellate Body) to ‘clarify the existing provisions of the [WTO] agreements in accordance with customary rules of interpretation of public international law’. It is established WTO jurisprudence¹⁴ that this provision calls in particular for the application of articles 31 and 32 of the Vienna Convention on the Law of Treaties (VCLT) – even though the VCLT is not treaty law for all WTO Members.¹⁵ The main rule of treaty interpretation in article 31 (1) VCLT requires an interpreter to analyse the relevant treaty provisions ‘in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose’. Thus, next to a determination of their ordinary meaning, a proper context analysis and in particular due regard to the TRIPS objectives will have a significant impact on the interpretation of the TRIPS provisions.¹⁶

The text of article 7 indicates that the provision comprises, besides the overarching goal of facilitating social and economic welfare, three sets of (competing) interests which need to be properly balanced in order to achieve that overarching aim. First and foremost, article 7 represents a compromise between the objectives to *promote* (new) innovation on the one hand and to *transfer and disseminate* the resulting knowledge and technology on the other.¹⁷ This is further confirmed by the call for *mutual supportiveness* of IP

¹⁴ *United States – Standards for Reformulated and Conventional Gasoline* (WT/DS2/AB/R), Appellate Body Report (29 April 1996), 3 at 16; *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products* (WT/DS50/AB/R), Appellate Body Report (19 December 1997), para. 46; *United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany* (WT/DS213/AB/R), Appellate Body Report (28 November 2002), paras. 61–2

¹⁵ Several WTO Members, notably the USA, have not ratified the Vienna Convention.

¹⁶ The importance of the objectives of TRIPS for interpreting its provisions has been stressed also by para. 5 (a) of the Doha Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2), 20 November 2001. On the importance of the Preamble (in that case the Preamble to the WTO Agreement) for determining the intentions of the WTO Members see *United States – Import Prohibition of Certain Shrimp and Shrimp Products* (WT/DS58/AB/R), Appellate Body Report (12 October 1998), at para. 153. On the role of the context compare *United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany*, note 14 *supra*, at paras. 65, 69 and 104.

¹⁷ See Correa, note 13 *supra*, at 91–2 who notes that art. 7 has been written in particular with technology-related IPRs in mind; but argues that since the balance of

protection for both producers (which receive an incentive to innovate via IP rights) and users of knowledge (which (later) should be enabled to access and utilise these innovations). The need to weigh different positions is directly addressed by the phrase that IP rights should contribute to 'a balance of rights and obligations'. While this is broad enough to accommodate both rights and obligations from the perspective of all potential stakeholders in IP regulation,¹⁸ the balancing will often occur primarily between the two poles of promoting new innovation and transferring as well as disseminating the results to the wider public. One could even attempt to link balancing between these two poles to economic theories on the justification and scope of IP protection: depending on whether its comparative advantage¹⁹ lies more in innovation or more in imitation, a country is – from the perspective of trade theory – best advised to choose a level of IP protection individually tailored to its strengths in innovation and imitation.²⁰ Article 7 arguably supports this by focussing on innovations and producers on the one hand as well as on the transfer and dissemination of these innovations and users on the other.²¹

For the access to knowledge paradigm, the second set of competing interests in article 7 is of special interest: the protection and enforcement of IP, in our case copyright in particular, should be mutually advantageous to producers and also to users of (technological) knowledge. Copyright protection under TRIPS therefore not only and not even primarily aims to serve the interests of those who create copyrighted material in undisturbed economic exploitation of the results of their investments. Article 7 places on an equal footing the interests of users of copyrighted material in access to and dissemination of knowl-

rights and obligations is an overriding principle in IP law (compare the Preamble of the WIPO Copyright Treaty, WCT) and also in general WTO law (see art. 3.5 DSU and the Preamble WTO Agreement), art. 7 is of key relevance for all IP rights.

¹⁸ Here one can think of e.g. rights and obligations of IP owners, original creators and inventors, investors, competitors, (commercial) IP users, (private) IP consumers, specific interest groups such as researchers, libraries, new market entrants, state authorities, etc. or those related to general societal interests.

¹⁹ A general explanation of the theory of comparative advantage, its origins in Adam Smith's and David Ricardo's work, its main argument for specialisation and (free) international trade and its current implications can be found in P. Van der Bossche, *The Law and Policy of the World Trade Organization* (Cambridge, 2005), at 19–24; For an economist's perspective see S. Brakman, H. Garretsen, C. Van Marrewijk & A. Van Witteloostuijn, *Nations and Firms in the Global Economy* (Cambridge, 2006), at 63–95.

²⁰ M. Trebilcock & R. Howse, *The Regulation of International Trade* (3rd edn, London, 2005), at 400–401.

²¹ Also arguing for the – albeit limited to art. 7 and provisions like art. 30 and 31 TRIPS – incorporation of economic theory in the TRIPS objectives: J. Straus, 'Implications of the TRIPS Agreement in the Field of Patent Law' in K. Beier and G. Schricker, *From GATT to TRIPS – IIC Studies*, vol. 18 (New York, 1996), at 170.

edge embodied in copyrighted works as well as the works itself. This general policy of balancing competing interests may not necessarily translate into concrete provisions and does not imply that there is only one approach to the implementation of TRIPS provisions. Instead, the balancing approach of TRIPS – applied in the copyright and access to knowledge context – leaves sufficient room for an implementation tailored to the domestic needs of any given country as long as the ordinary meaning and the context of individual TRIPS provisions do not prescribe a particular meaning. Article 7 therefore calls for an interpretation of the copyright provisions in articles 9–13 TRIPS, which places equal emphasis on the interests of producers as well as users and so aims to ensure a ‘balance of rights and obligations’.

2.3 *The idea–expression dichotomy*

Usually referred to as idea–expression dichotomy, article 9 (2) TRIPS contains one of the most important provisions on the scope of copyright protection in the context of access to knowledge. It affirms that ‘copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such’.²² Taken together with article 2 (8) of the Berne Convention²³ stating that ‘the protection of this convention shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information’, the idea–expression dichotomy establishes the dividing line between copyright protection and the public domain.²⁴ Access to and utilisation of ideas, concepts and also information – plain facts – cannot be exclusive to anyone. This limitation in the scope of copyright protection enables others to build on the underlying ideas, concepts or plain facts even if they are embodied in a protected work and re-utilise them without restriction.²⁵ The importance of this basic paradigm for access to and dissemination

²² In an almost identical wording, art. 10 WCT confirms the idea–expression dichotomy. Similar regulations can be found in art. 2.1 of the EC Software Directive (91/250/EEEC) and s. 102 b of the US Copyright Act (USCA).

²³ WTO Members must comply with this provision of the Berne Convention by virtue of art. 9 (1) TRIPS.

²⁴ Correa, note 13 *supra*, at 120; ICTSD/UNCTAD, *Resource Book on TRIPS and Development: An Authoritative and Practical Guide to the TRIPS Agreement* (Geneva, 2005), part two, chapter 7 (1.2) – online, available at www.iprsonline.org/unctadictsd/ResourceBookIndex.htm (visited on 8 January 2008); Okediji, note 11 *supra*, at 10.

²⁵ For example, copyright protection available for a scientific article or textbook applies to the way the author elaborates and describes scientific concepts and his ideas as well as how she/he presents information. It does not prevent anyone from using these ideas, concepts or information as such.

of knowledge cannot be underestimated.²⁶ Ideas and information are the basic building blocks of innovation, scientific research, education and creative processes and preserving them from the scope of copyright is an important policy strategy to ensure that copyright protection does not operate to confer monopoly rights on the basic ingredients for societal progress.²⁷ From an economic perspective, the idea-expression dichotomy thereby ensures that second-comers have the ability to build on existing ideas, facts and knowledge in order to develop value-added products and so facilitate competition as well as the overall progress of science and the arts in society.²⁸ From an educational viewpoint, it prohibits copyright restrictions on access to and dissemination of the basic building blocks of knowledge.

Another aspect worth mentioning is that article 9 (2) TRIPS contains a *mandatory* obligation: WTO Members shall protect expressions under copyright,²⁹ but shall not allow the protection of ideas, concepts and procedures. This may gain particular importance in the context of additional, so-called 'TRIPS-plus' protection of copyrighted subject matter which has frequently been incorporated in bilateral Free Trade Agreements (FTAs) between industrialised and developing countries in the last ten years.³⁰ Under article 1 (1) TRIPS, WTO Members 'may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, *provided that such protection does not contravene the provisions of this Agreement*'.³¹ Against this background, TRIPS-plus copyright protection which inhibits access to and transfer of ideas, information or other forms of unprotectable

²⁶ The US Supreme Court relied on this doctrine as early as 1879 when it stated this in *Baker v. Selden* (101 US 99, 1879): 'A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. . . . The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book.'

²⁷ Compare ICTSD/UNCTAD, note 24 *supra*, at 1.2.

²⁸ Compare Correa, note 13 *supra*, at 120.

²⁹ This however cannot be understood to require Members to protect all kinds of expressions and does not prevent Members from requiring works to be original, creative or be fixed in a material form; see J. Watal, *Intellectual Property Rights in the WTO and Developing Countries* (The Hague, 2001), at 215; Correa, note 13 *supra*, at 122.

³⁰ For a detailed analysis of the TRIPS-plus copyright provisions in FTAs negotiated by the European Communities (EC) and their impact on access to knowledge see Section 4 *infra*.

³¹ Art. 1 (1) 2nd sentence TRIPS (emphasis added).

knowledge subject matter could be considered as contravening the idea-expression dichotomy. While it is rather unlikely to find a direct violation of article 9 (2) TRIPS – for example in the form of FTA obligations to protect ideas, concepts or procedures as such – indirect conflicts are certainly possible. This could be the case for example by extensive protection of the ‘look and feel’ and functionality of software³² or by granting copyright merely on the basis of ‘sweat of the brow’ and investment into the production of compilations of data, texts or websites.³³ Even though not formally part of copyright, the so-called *sui generis* right for non-original databases, granted merely on the basis of substantial investments and extending protection also to insubstantial elements (i.e. data) of such a database, has the potential to effectively protect plain data, or other incorporated elements.³⁴ It can certainly be considered as conflicting with the notion of the idea-expression dichotomy and article 2 (8) of the Berne Convention. The latter is also a mandatory provision³⁵ and participates in the TRIPS *acquis* by virtue of article 9 (1) TRIPS so that FTA provisions contravening article 2 (8) Berne may equally be actionable under article 1 (1) TRIPS. Finding such conflicts is even more likely keeping in mind the balancing objectives of article 7 TRIPS which – by virtue of article 3 (2) DSU and article 31 (1) VCLT – should guide the interpretation of both article 1 (1) as well as article 9 (2) TRIPS.

2.4 *Copyright protection for databases*

Another TRIPS provision which can gain importance in the context of access to knowledge is article 10 (2) on copyright protection of compilations of data (or databases). Article 10 (2) provides:

³² One could argue that granting exclusivity under copyright protection for central functions available in software user interfaces (protecting drop-down menus, etc.) amounts to extending copyright protection to methods of operation, concepts and ideas.

³³ Here one may argue that protecting anything (within the literary and artistic domain) merely because of the money or labour invested in its production and extending this protection also to prohibit extractions or re-utilisations of non-original portions of that laborious work (‘if it is worth copying, it is worth protecting’) effectively amounts to a protection of ideas, concepts or information as such if they are embodied in the non-original elements.

³⁴ See in particular art. 7 (1), (5) of the EC Database Directive (96/6/EC) and the issue of so-called ‘sole source’ databases where a protected database amounts to the sole source for the data incorporated; see Grosse Ruse-Khan, *Der Europäische Investitionsschutz für Datenbanken vor dem Hintergrund Internationaler Abkommen* (Frankfurt am Main, 2004), 329–33; For a further discussion on the *sui generis* database right as a TRIPS-plus element of the EC’s foreign policy on IP see Section 4 *infra*.

³⁵ Art. 8 (2) states: ‘The protection of this convention *shall not* apply to news of the day or to miscellaneous facts having the character of mere items of press information’ (emphasis added).

Compilations of data or other material, whether in machine readable or other form, which *by reason of the selection or arrangement of their contents constitute intellectual creations* shall be protected as such. Such *protection, which shall not extend to the data or material itself*, shall be without prejudice to any copyright subsisting in the data or material itself.³⁶

This provision – with its origin in article 2 (5) of the Berne Convention³⁷ – establishes the international standard for protecting collections of information via copyright. Due to the ever increasing importance of systems, tools or mechanisms to store, manage, order and provide access to the vast amounts of information available in particular via open networks such as the internet, copyright protection for such collections of information or databases can have significant implications in the context of access to knowledge.

WTO Members must protect databases under TRIPS as soon as there is an intellectual creation either in the selection or in the arrangement of the data or other material – meaning that the maker of the database either has to choose creatively from the available pool of data the material which he wants to be the content of his database or has to arrange that material creatively in a specific order. An interpretation in line with article 7 TRIPS and the concept of minimum standards leaves the determination of the level of intellectual creativity up to the WTO Member States.³⁸ This leaves significant policy space for countries wishing to allow greater access to material contained in databases to adopt a higher threshold for copyright protection.³⁹ The copyright

³⁶ Art. 10 (2) TRIPS (emphasis added); an almost identical provision can be found in art. 5 WCT. The EC Database Directive (96/6/EC) defines the term database in art. 1 as 'a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means'. It confers copyright protection on such databases under art. 3 of the Directive: '1. In accordance with this Directive, databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection. 2. The copyright protection of databases provided for by this Directive shall not extend to their contents and shall be without prejudice to any rights subsisting in those contents themselves.'

³⁷ Art. 2 (5) of the Berne Convention states: 'Collections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections.' It is therefore more limited in its scope as it does not extend to collections of material other than literary and artistic works and further requires cumulatively creativity in selection *and* arrangement; see Correa, note 13 *supra*, at 125; Gervais, note 13 *supra*, at 2.107.

³⁸ Compare Correa, note 13 *supra*, at 126.

³⁹ By for example rejecting the traditional English common law notion of

protection then naturally only extends to these creative elements of the database which means that the information or other material used is in itself not protected by copyright in the selection or arrangement of the data. This material in general is therefore free for anyone to use. Article 10 (2) TRIPS makes this explicitly clear by stating that the copyright protection for the database does not ‘extend to the material itself’.⁴⁰

Article 10 (2) TRIPS therefore limits copyright protection for databases in a way which should generally not preclude access to the material incorporated in the database and even leaves the collection as a whole unprotected whenever the selection and arrangement are not sufficiently creative – for example because full and complete information is crucial.⁴¹ In response to this perceived lack of protection for highly useful collections of information which often require significant investments in their production, the EC has adopted a form of *sui generis* protection for investment-bearing databases outside copyright.⁴² The EC has (so far with limited success) attempted to ‘encourage’ other countries to adopt the same approach – by including a provision on material reciprocity in article 11 and recital 56 of the Directive, placing the topic on the WIPO agenda and trying to include obligations for *sui generis* database protection in some of its FTAs. As already indicated above, this concept can have serious implications for access to knowledge⁴³ while there is as yet no evidence for its benefits in creating incentives for the production of investment-bearing databases.⁴⁴ One may therefore conclude that unless attempts

extending protection to collections or databases which merely require skill, effort or labour to compile.

⁴⁰ Art. 10 (2) TRIPS further clarifies that the copyright protection for a creative selection or arrangement of the data is independent of any potential copyright in the material collected.

⁴¹ For example databases which contain financial, geological or other scientific data need to include all the data available on a certain subject or topic in order to be complete and comprehensive and the order in which the data is presented to its user should be (chrono-) logical and functional. This implies that for these databases there will usually be no creative selection or arrangement of the data. And if there is, copyright does not prevent a competitor from extracting and re-utilising the data itself (unless protected as such) for a competitive product or service.

⁴² See arts. 7–11 of the EC Database Directive (96/6/EC).

⁴³ See also S. Dusollier, T. Poulet, M. Buydens, *Copyright and Access to Information in the Digital Environment* (UNESCO Study CII-2000/WS/5, Paris, 17 July 2000); further B. Corbett (28 EIPR (2/2006), 83–91), which examines the impact of database protection in light of a human right to information.

⁴⁴ See the recent First Evaluation of Directive 96/9/EC on the legal protection of databases presented by the EC Commission on 12 December 2005 – online, available at http://ec.europa.eu/internal_market/copyright/docs/databases/evaluation_report_en.pdf (visited on 9 January 2008). On this basis, even the EC Commission is now considering repealing the Database Directive and the *sui generis* right.

such as those of the EC to introduce protection on the mere basis of investment prevail, the current international regime under TRIPS leaves sufficient room for national policies which aim to facilitate access to knowledge.

2.5 *The three-step test for copyright exceptions and limitations*

Article 13 TRIPS is a further provision with specific relevance for sufficient access to and dissemination of knowledge. The provision concerns limitations and exceptions to copyright which very often serve the purpose of allowing the use and exploitation of copyrighted subject matter for a particular purpose (such as criticism, parody or illustration for teaching or research), by a particular group of beneficiaries or institutions (disabled persons, libraries, the press) and/or to a certain extent (limited to certain forms of use or to a specific portion of the protected work). The provision reads:

Members shall confine limitations or exceptions to exclusive rights to *certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.*⁴⁵

Instead of positively defining some minimum standards in the area of exceptions to copyright,⁴⁶ Article 13 TRIPS – on the basis of the template of Article 9 (2) of the Berne Convention⁴⁷ – takes the approach of setting out three conditions which all WTO Members wishing to legislate exceptions to copyright must adhere to. Since it is often via exceptions and limitations to the exclusive rights that access to knowledge – for example in the context of scientific research, news reporting or education or to the benefit of disabled persons or library-users⁴⁸ – is given effect, general limitations on the ability to enact such exceptions are bound to have a significant impact.⁴⁹

⁴⁵ Art. 13 TRIPS – emphasis added. The TRIPS Agreement contains several other provisions in relation to other IP rights which contain similarly worded conditions on the use of exceptions by WTO Members: art. 17 on trade marks, art. 26 (2) on industrial designs and art. 30 on patents.

⁴⁶ On the importance of such an approach setting minimum standards in the field of copyright exceptions see Okediji, note 11 *supra*, at 12.

⁴⁷ Art. 9 (2) of the Berne Convention applies only to the exclusive right of reproduction and states: 'It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.'

⁴⁸ An example of various exceptions which can be employed to facilitate access to knowledge can be found in art. 5 of the Copyright in the Information Society Directive (2001/29/EC). By virtue of art. 5 (5), however, the implementation of any of these exceptions is subject to the requirements of the three-step test.

⁴⁹ See on the importance of exceptions in particular *Consumers International*,

The meaning of the individual conditions of the three-step test in article 13 TRIPS has been at the centre of the WTO dispute *United States – Section 110(5) of US Copyright Act*,⁵⁰ while two other WTO disputes have dealt with the interpretation of related tests in article 17⁵¹ and article 30 TRIPS.⁵² In particular the Panel Report on article 13 has received considerable attention in the literature⁵³ and this chapter is not the place to address all the issues relating to various attempts to offer an appropriate interpretation of the three-step test. A brief critique of the overall approach of article 13 TRIPS as well as the main interpretative findings of the Panel Report in *United States – Section 110(5) of US Copyright Act* however suffices to point out the devastating impact the three-step test can have on exceptions favouring a broad approach on access to and dissemination of knowledge.

The starting point is again article 7 TRIPS which calls for a balance of rights and obligations and between the various interests involved – in particular those of right holders on the one hand and those of the public at large (or other non-IP-specific interest groups) on the other. While provisions on the exclusive rights granted to copyright holders generally aim to secure their option to benefit from any economically relevant form of exploitation of their copyrighted material, the exceptions and limitations in turn seek to ensure

Copyright and Access to Knowledge (Kuala Lumpur, 2006) – online, available at http://www.consumersinternational.org/Shared_ASP_Files/UploadedFiles/23775AAE-3EE7-4AE2-A730-281DCE859AD4_COPYRIGHTFinal16.02.06.pdf (visited 9 January 2008); further Okediji (note 11 *supra*, at x–xi, 4–8) who points out the relevance of exceptions also for follow-on creations and innovations in line with the principle of ‘standing on the shoulders of giants’.

⁵⁰ *United States – Section 110(5) of US Copyright Act* (WT/DS160/R) Panel Report (15 June 2000).

⁵¹ *European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs* (WT/DS/179/R) Panel Report (15 March 2005).

⁵² *Canada – Patent Protection of Pharmaceutical Products* (WT/DS114/R), Panel Report (17 March 2000).

⁵³ On art. 13 (as well as art. 9 (2) of the Berne Convention) see especially J. Ginsburg, ‘Toward Supranational Copyright Law? The WTO Panel Decision and the “Three Step Test” for Copyright Exceptions’ 187 RIDA (2001) 3–65; S. Ricketson, ‘WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment’ (SCCR/9/7), (Geneva, 2003); for a review of several of those Panel Reports see M. Fisor, ‘How Much of What? The Three Step Test and its Implications in two Recent WTO Dispute Settlement Cases’, 192 RIDA (2002) 111–251; M. Senftleben, ‘Towards a Horizontal Standard for Limiting Intellectual Property Rights?’ IIC (4/2006) 407–38. Several commentaries on TRIPS address all provisions incorporating a three-step test – see Correa, note 13 *supra*; ICTSD/UNCTAD, note 24 *supra*; Gervais, note 13 *supra* and Beier & Schriker, *From GATT to TRIPS – IIC Studies*, vol. 18 (New York, 1996).

various public (as well as specific private) interests which are potentially affected by granting exclusive rights. From this perspective, provisions on exceptions or limitations to copyright protection should allow for these non-IP interests to *prevail* under certain conditions over the interests of right holders.⁵⁴ Instead, article 13 TRIPS insists that exceptions – apart from being restricted to ‘certain special cases’⁵⁵ – may *not conflict with any normal exploitation* of the copyrighted work by the right holder. Leaving aside the further third condition, this requirement subordinates the interests served by exceptions and limitations *per se* to those of the right holders. The interpretation by the Panel in *US – Copyright* further supports such an approach. A conflict with a normal exploitation of the work was found whenever uses that in principle are covered by an exclusive right but exempted under the exception or limitation enter into economic competition with the ways that right holders normally extract economic value from that exclusive right to the work and thereby deprive them of significant or tangible commercial gains.⁵⁶ Instead of entering into a true and fair balancing exercise as mandated by article 7 TRIPS, the three-step test as applied by the Panel in *US – Copyright* does not allow the interests served by an exception ever to prevail over those of the right holders in undisturbed commercial exploitation.

Interestingly, this result does not correspond with equivalent mechanisms for the balancing of interests in the two other main areas of WTO law: both article XX GATT as well as article XIV GATS allow WTO Members – under certain circumstances – to disregard obligations in favour of domestic policies to protect animal, plant or human health, public morals or the environment.⁵⁷

⁵⁴ Compare Ricketson, note 53 *supra*, at 4.

⁵⁵ This has been interpreted by the Panel in *US – Copyright* as requiring an exception or limitation to be clearly defined and narrow in a quantitative as well as a qualitative sense – thereby demanding a narrow scope as well as an exceptional or distinctive objective; see *United States – Section 110(5) of US Copyright Act* (WT/DS160/R), note 50 *supra*, at 6.107–6.109. This very narrow interpretation of the first condition neglects both the overall purpose of exceptions to give effect to important public policy considerations, further disregards the role of the TRIPS objectives in treaty interpretation as established in art. 31 (1) VCLT and in this way prevents exceptions from effectively playing an equal role in an overall balance of interests in international copyright law.

⁵⁶ *United States – Section 110(5) of US Copyright Act* (WT/DS160/R), note 50 *supra*, at 6.183.

⁵⁷ See art. XX GATT as well as art. XIV GATS and the extensive jurisprudence of the WTO Appellate Body on this subject, well summarised in Van Der Bossche, note 19 *supra*, at 597–627. On art. XX GATT see in particular *United States – Import Prohibition of Certain Shrimp and Shrimp Products* (WT/DS58/AB/R) and Appellate Body Report, 12 October 1998; *United States – Standards for Reformulated and Conventional Gasoline* (WT/DS2/AB/R), Appellate Body Report, 29 April 1996; on

Put simply, these systems of balancing operate on the basis of a *necessity test* which allows non-trade interests to prevail over trade interests as long as the WTO Member in question has chosen the least trade-restrictive, reasonably available measure to give effect to the non-trade interest at stake.⁵⁸ Within TRIPS, the objectives of article 7 call for an interpretation of the various three-step tests in general and article 13 in particular, which aims as much as possible towards a GATT- and GATS-like balancing of interests which is fair and equitable—without a predetermined subordination of one side.⁵⁹ This could be achieved by a broader reading of the term ‘normal exploitation’ as well as ‘legitimate interests’ and ‘unreasonable’ in article 13 TRIPS.⁶⁰ In this way, the potentially detrimental impact of the three-step test in preventing WTO Members from giving effect to non-IP interests (such as providing easy access to knowledge for research or educational purposes) can be avoided to some extent. Whether future WTO Panels (or the Appellate Body which has yet to rule on any of these provisions on exceptions in TRIPS) will adopt an interpretation more in line with the objectives in article 7 TRIPS and in favour of a fair balancing exercise as found in GATT and GATS remains to be seen.⁶¹

2.6 *Compulsory licensing under the Berne Appendix*

A final mechanism with potential importance for access to knowledge – in

art. XIV GATS see *United States – Measures Affecting the Cross Border Supply of Gambling and Betting Services* (WT/DS285/AB/R), Appellate Body Report (7 April 2005).

⁵⁸ Van Der Bossche, note 19 *supra*, at 603–9.

⁵⁹ Earlier drafts of the TRIPS Agreement contained with art. 8 (1) TRIPS an art. XX GATT style provision (allowing ‘measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development’) which in its final version has been significantly curtailed by adding the phrase ‘provided that such measures are consistent with the provisions of this Agreement’; compare Gervais, note 13 *supra*, at 2.82–2.84.

⁶⁰ Compare C. Geiger, ‘The Role of the Three Step Test in the Adaptation of Copyright Law to the Information Society’, UNESCO e-Copyright Bulletin, January–March 2007, online, available at http://portal.unesco.org/culture/en/files/34481/11883823381test_trois_etapes_en.pdf/test_trois_etapes_en.pdf (visited 10 January 2008); see further Ricketson, note 53 *supra*, at 25–6 who seems to support the incorporation of normative, non-economic considerations which should be made at the level of national legislation. See also the draft for a Treaty on Access to Knowledge, note 1 *supra*, art. 3–1 (c) which also builds on the three-step test but then requires qualifying the second and third step in light of ‘the extent to which the use benefits the larger public interest’.

⁶¹ For a general analysis on the role art. 7 TRIPS could play in the interpretation of TRIPS see H. Grosse Ruse-Khan, ‘Proportionality and Balancing within the Objectives of Intellectual Property Protection’, in P. Torremans (ed.), *Intellectual Property and Human Rights* (Kluwer, Alphen aan den Rijn, forthcoming).

particular in developing countries – is regulated in the Appendix to the Berne Convention. By virtue of article 9 (1) TRIPS, all WTO Members are bound to comply with this set of provisions which aims to ensure bulk access to works at affordable prices – especially those relevant for technological and scientific progress and advancement. The mechanism in the Berne Appendix is based on compulsory licences to be granted by the competent authorities in a developing country regarding the right of translation and the right of reproduction. It therefore seems to address the key concerns over effective access to knowledge in developing countries: the lack of affordable material in the local language. From its objective, the system should serve as the primary solution to address any concerns over access to copyrighted material in developing countries. It is however subject to various constraints and limitations set out in articles II and III of the Berne Appendix which are summarised below. The right to *translate* a work may be subject to a non-exclusive and non-transferable compulsory license if

- after a minimum of three years from the date of first publication of a work
- the work has not been published in a general language of that developing country
- or in case a published translation is out of print.

The licence is subject to several conditions. For example, it applies only to nationals of that country, only extends to publishing the translated work in printed or analogous form and only for the purpose of teaching, scholarship or research. The right to *reproduce* a work may be subject to a further non-exclusive, non-transferable compulsory licence to be granted by the competent authorities if

- for works of natural and physical sciences including mathematics and of technology after a period of three years;
- for works of fiction, poetry, drama and music and for art books after a period of seven years;
- for any other work for the period of five years

from the date of first publication of the work and only if

- copies of the work have not been distributed in the country to the general public at a price reasonably related to that normally charged within that country for comparable works.

Again this licence is subject to further conditions as set out in article III of the Appendix.

It has been observed that the Berne Appendix has been a complete failure.⁶² This is not only due to the complex and burdensome requirements set out in the Appendix and the high transaction costs which make the mechanism unaffordable for low income developing and least developed countries. In addition, its irrelevance in the digital context and particular its inapplicability to copyrighted material stored in electronic databases or provided on demand over the internet make the system more or less useless in relation to electronic media. Overall, one cannot help comparing the compulsory licensing scheme under the Berne Appendix with the recent ‘paragraph six solution’ on the export of patented medication to (developing) countries which lack domestic manufacturing capacity to produce the needed drugs under a compulsory licence. Both systems took years to negotiate, involved extensive lobbying of the right holders, are extremely complex and complicated to utilise,⁶³ have nevertheless been hailed by industrialised countries as major steps towards addressing key problems of the world’s poor but in the end have (so far) proven to be ineffective in practice.⁶⁴

3 The WIPO development agenda

In response to a proposal initially put forward by Brazil and Argentina,⁶⁵ the WIPO General Assembly in autumn 2004 initiated negotiations on a ‘Development Agenda’ within the institution and relating to all aspects of its

⁶² Okediji, note 11 *supra*, at 15–16. S. Ricketson & J. Ginsburg, *International Copyright and Neighbouring Rights*, vol. II (2nd edn, Oxford, 2006), at 14.49–14.106.

⁶³ One only needs to compare the one-sentence provisions granting exclusive rights which lead to access to knowledge or access to medication problems on the one hand and compare them with the page-long ‘solutions’ in the Berne Appendix or in the 30 August 2003 Decision (see General Council, Decision of 30 August 2003 (WT/L/540 and Corr.1)).

⁶⁴ The ‘paragraph six solution’ in the form of the art. 31 (f) TRIPS waiver (due to be replaced by a permanent amendment of TRIPS introducing a new art. 31bis, an Annex to TRIPS as well as an Appendix to the Annex and further complicated by the ambiguous role of a chairman’s statement) has – despite the urgency and gravity of the public health concerns it aims to address – so far only been put into action once. See Council for Trade-Related Aspects of Intellectual Property Rights, Notification under paragraph 2(a) of the Decision of 30 August 2003 on the Implementation of paragraph 6 of the Doha Declaration on TRIPS and Public Health – Rwanda (IP/N/9/RWA/1), 19 July 2007. On the potential interpretative role of the chair statement see H. Grosse Ruse-Khan, ‘The Role of Chairman’s Statements in the WTO’, 41 *JWT* (3/2007), 475–534.

⁶⁵ WIPO General Assembly, Proposal of Argentina and Brazil for the Establishment of a Development Agenda for WIPO, (WO/GA/31/11) 27 August 2004.

mandate.⁶⁶ This section reviews the recent successful outcome of the Argentinean and Brazilian proposal in the form of the WIPO Development Agenda adopted by the General Assembly in September 2007. In line with this chapter's focus, I focus on those agreed proposals which have specific relevance for access to knowledge in the context of international copyright regulation.

3.1 Initial proposal by Argentina and Brazil

The proposal by Brazil and Argentina identified a need to integrate a development dimension into policy-making on intellectual property protection at the international level in general and in relation to all of WIPO's activities in particular. Apart from general considerations about the role of IP in development⁶⁷ and the need for a flexible approach tailored towards the individual development needs of countries,⁶⁸ the proposal particularly addressed norm-setting activities, transfer of technology, IP enforcement, technical cooperation and assistance as well as member and civil society participation.

Against the background of various norm-setting activities at the multi-lateral level, which included obligations to protect IP well beyond those of the TRIPS Agreement, the proposal called for international regulations to preserve public interest flexibilities and the policy space of Member States. Provisions on 'objectives and principles', reflecting the content of articles 7 and 8 of the TRIPS Agreement, should be included in all treaties under discussion in WIPO.⁶⁹ The proposal went on to discuss the specific importance of safeguarding access to knowledge in the regulatory framework and its implications for the digital environment:

While access to information and knowledge sharing are regarded as essential elements in fostering innovation and creativity in the information economy, adding new layers of intellectual property protection to the digital environment would obstruct the free flow of information and scuttle efforts to set up new arrangements

⁶⁶ See *Bridges Weekly Trade News*, 'Moving Forward the Development Agenda in WIPO', vol. 8, no. 33 (6 October 2004), online, available at <http://www.ictsd.org/weekly/04-10-06/story1.htm> (visited 10 January 2008).

⁶⁷ The proposal states: 'Intellectual property protection cannot be seen as an end in itself, nor can the harmonization of intellectual property laws leading to higher protection standards in all countries, irrespective of their levels of development', WIPO General Assembly, note 65 *supra*, at 1.

⁶⁸ 'The role of intellectual property and its impact on development must be carefully assessed on a case-by-case basis. IP protection is a policy instrument the operation of which may, in actual practice, produce benefits as well as costs, which may vary in accordance with a country's level of development.' *Ibid.*, at 1.

⁶⁹ *Ibid.*, at 2–3.

for promoting innovation and creativity, through initiatives such as the ‘Creative Commons’. The ongoing controversy surrounding the use of technological protection measures in the digital environment is also of great concern.

The provisions of any treaties in this field must be balanced and clearly take on board the interests of consumers and the public at large. It is important to safeguard the exceptions and limitations existing in the domestic laws of Member States.

In order to tap into the development potential offered by the digital environment, it is important to bear in mind the relevance of open access models for the promotion of innovation and creativity. In this regard, WIPO should consider undertaking activities with a view to exploring the promise held by open collaborative projects to develop public goods, as exemplified by the Human Genome Project and Open Source Software.⁷⁰

A final link to the access to knowledge dimension can be found in the section on transfer of technology. Among potential measures to ensure an effective transfer of technology to developing countries, the proposal notes

(. . .) with particular interest the idea of establishing an international regime that would promote access by the developing countries to the results of publicly funded research in the developed countries. Such a regime could take the form of a Treaty on Access to Knowledge and Technology.

The proposal found 13 further countries as co-sponsors and strong support from various non-governmental organisations (NGOs) and academics. In 2005, a Provisional Committee on Proposals Related to a WIPO Development Agenda (PCDA) was set up. Within two years the PCDA generated from 111 distinct proposals made by various WIPO Member States a list of 45 agreed proposals which were presented to the 2007 General Assembly for adoption.

3.2 *Agreement for a development agenda*

On 28 September 2007, the WIPO General Assembly adopted the 45 proposals which the PCDA agreed upon during two key sessions in February and June that year.⁷¹ Of those proposals, 19 had been selected for immediate implementation.⁷² It further approved the establishment of a Committee on Development and Intellectual Property which had the tasks of developing a work programme for the implementation of the adopted recommendations and to monitor, assess, discuss and report on the implementation process. The Committee is supposed to meet twice a year, starting in 2008. It will replace WIPO’s current body dealing with development issues, the Permanent

⁷⁰ *Ibid.*, at 3.

⁷¹ WIPO General Assembly, ‘General Report—Forty-Third Series of Meetings’ (A/43/16) 12 November 2007, at para. 334 and Annex A.

⁷² *Ibid.*, Annex B.

Committee on Cooperation for Development Related to Intellectual Property (PCIPD).

The 45 agreed proposals are divided into six clusters: (A) technical assistance and capacity building; (B) norm-setting, flexibilities, public policy and public domain; (C) technology transfer, information and communication technologies (ICT) and access to knowledge; (D) assessment, evaluation and impact studies; (E) institutional matters including mandate and governance; (F) other issues. Of these clusters, (B) and (C) are of specific interest for the access to knowledge issues in the context of international copyright regulation. Within (B), proposal 15 stipulates that norm-setting activities shall 'take into account different levels of development' and consider a balance between the costs and benefits of the IP regulation at stake. Number 17 then requires WIPO to 'take into account the flexibilities in international IP agreements, especially those which are of interest to developing countries and LDCs'.⁷³ Both proposals are amongst the 19 which are to be implemented immediately.

Two comments are warranted here: finally all WIPO Members seem to have acknowledged that the scope and intensity of IP protection is dependent on the individual level of a country's development.⁷⁴ From this follows naturally the call of proposal 17: an international regime should be flexible and these flexibilities should be utilised as much as possible in line with individual development needs. Proposal 17 should be seen in line with paragraphs 4 and 5 of the Doha Declaration on TRIPS and Public Health,⁷⁵ although the latter goes on to identify specific TRIPS flexibilities relevant for access to patented drugs. A distinctive feature is that the finally accepted proposals do not contain any mention of provisions on the objectives of IP protection along the lines of articles 7 and 8 TRIPS. Given the significant interpretative role

⁷³ In a similar fashion, no. 22 requests the WIPO Secretariat to include in its working documents on norm-setting activities issues such as potential flexibilities, exceptions and limitations for Member States.

⁷⁴ This realisation is supported by economic theory (see Trebilcock & Howse, note 20 *supra*, at 397–401) and a variety of historical evidence (see the Report of the Commission on Intellectual Property Rights (CIPR), Integrating Intellectual Property and Development Policy (London, 2002) – available at www.iprcommission.org (visited 24 October 2007), at 18–20; and especially the two related background papers Z Khan, Study Paper 1a: 'Intellectual Property and Economic Development: Lessons from American and European History'; and N Kumar, 'Intellectual Property Rights, Technology and Economic Development: Experiences of Asian Countries', Study Paper 1b).

⁷⁵ Ministerial Conference, Doha Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2), 20 November 2001. Paragraphs 4 and 5 'reaffirm the right of WTO Members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility' and continue to list various flexibilities, amongst them an interpretation on the basis of TRIPS objectives.

treaty objectives can play,⁷⁶ this is certainly to be regretted. However, neither the Doha Declaration nor the WIPO proposals address the central problem which prevents countries from tailoring IP protection to domestic needs: the continuing trend of including TRIPS-plus IP obligations in bilateral FTAs have become the main factor which takes away the flexibilities which still exist on the international plain.⁷⁷ So far, no multilateral response has been seriously discussed (let alone agreed upon) which tackles this issue. As I have indicated above, article 1 (1) TRIPS⁷⁸ could, for example in relation to the idea-expression dichotomy, play a role in countering bilateral tendencies which curtail international recognised flexibilities. It is however doubtful whether WTO Panels would be willing to take such an interpretative approach, although giving due regard to the objectives of article 7 TRIPS – as required by article 3 (2) DSU and article 31 (1) VCLT – supports such an interpretation.⁷⁹ One must therefore hope that proposal 17 is understood in a broader sense so that it not only relates to transferring existing flexibilities into new WIPO norm-setting, but equally leads to the definition of new and appropriate flexibilities. In light of the need to address bilateral pressures for TRIPS-plus obligations, in the copyright context those flexibilities should include *binding* minimum standards on exceptions and limitations which safeguard access to knowledge.

The WIPO Development Agenda contains two further specific proposals relating to the concept of the public domain: no. 16 requires consideration of how to preserve the public domain within WIPO's normative processes and deepen the analysis of the implications and benefits of a rich and accessible public domain.⁸⁰ Proposal 20 goes on to call for the promotion of 'norm-setting activities related to IP that support a robust public domain in WIPO's Member States, including the possibility of preparing guidelines which could assist interested Member States in identifying subject matters that have

⁷⁶ See Section 2 *supra* and Grosse Ruse-Khan, note 61 *supra*.

⁷⁷ For a general discussion on TRIPS-plus in FTAs see P. Drahos, 'Developing Countries and International Intellectual Property Standard Setting', JWIP (2002) 765–89; B. Malkawi, 'The Intellectual Property Provisions of the United States – Jordan Free Trade Agreement: Template or Not Template', JWIP 2006, 213–29; P. Drahos, 'Expanding Intellectual Property's Empire: The Role of FTAs', 2003 – available at: http://www.grain.org/rights_files/drahos-fta-2003-en.pdf (visited 16 January 2008).

⁷⁸ Art. 1 (1) TRIPS 2nd sentence prohibits countries from introducing TRIPS-plus protection as soon as this contravenes the provisions of TRIPS.

⁷⁹ On the preliminary (and equally important) issue of which WTO Member might have an economic interest in initiating a WTO dispute over another Member's too stringent IP laws, see the concluding remarks in Section 5 *infra*.

⁸⁰ Proposal no. 16 will also be implemented immediately.

fallen into the public domain within their respective jurisdictions'. If properly implemented, these proposals should lead to IP policy-making which moves away from a sole focus on the interests of right holders – for example by ongoing strengthening of exclusive rights). Instead, access to and dissemination of knowledge (and its important role for technological, economic and economic progress) would play an equal part in international norm-setting in the copyright context.

This issue of access to knowledge is also addressed directly in another proposal: no. 19 demands to 'initiate discussions on how, within WIPO's mandate, to further facilitate access to knowledge and technology for developing countries and LDCs *to foster creativity and innovation* and to strengthen such existing activities within WIPO'.⁸¹ The most striking issue in this proposal is that it establishes a direct causal link between facilitating access to knowledge and fostering creativity and innovation. WIPO Members recognise that greater access to knowledge actually leads to more creativity and innovation and therefore supports the core aims of IP protection. It is therefore not only for the benefit of certain specific interests and objectives outside copyright protection that access issues should be addressed. Rather, facilitating access to existing creations and innovations enables and encourages new creations and follow-up innovation.⁸² Implementing this insight necessitates giving significantly more room to policies which foster access and dissemination of knowledge in international norm-setting.

However, the key problem which currently takes away the rudimentary flexibilities in the international copyright system – the TRIPS-plus obligations imposed on more and more developing (and developed) countries in bilateral trade deals – fortunately finds no mention in the WIPO development agenda. In the next section I will assess the EC's external trade and IP policy (especially vis-à-vis the group of African, Caribbean and Pacific (ACP) countries) in order to determine to what extent it demands TRIPS-plus protection in a copyright and access to knowledge context. As a Member of WIPO, the EC should at least find itself morally obliged to stick to multilateral proposals for a development agenda when dealing also with developing countries at the bilateral level.

⁸¹ Emphasis added; proposal no. 19 is also among those which require immediate implementation. Above this proposal, several in cluster C (which deals mainly with technology transfer) relate to access to knowledge. The relevant proposals focus on cooperation and knowledge transfer between developed and developing countries' research and scientific institutions (no. 26) as well as between WIPO and other inter-governmental organisations (no. 30) and finally on exploring options to further promote transfer of technology (nos. 25, 28, 29).

⁸² See Okediji, note 11 *supra*, at 4–8.

4 The external agenda of the European Communities on trade and IP

Under the title 'Global Europe: Competing in the World'⁸³ the EC Commission has recently presented a new action plan on external trade relationships which also covers issues of IP protection in export markets abroad. While most academic attention is directed towards the discussion and analysis of EC rules and policies on IP which are targeted at and applicable in the Member States of the EC, this section looks at the *external* policy adopted by the EC in the field of IP. In line with the overall theme of this chapter, I limit myself to issues relevant in the copyright and access to knowledge context.⁸⁴

4.1 *A new external trade and IP policy*

The economic importance of industries producing goods and providing services related to copyrighted subject matter within the EC is significant. The copyright sector represents more than 5 per cent of European gross domestic product (GDP) and employs more than 3 percent of the workforce.⁸⁵ Considering further that about half of the EC's exports consist of so-called 'upmarket products'⁸⁶ (selling at premium prices due to quality, branding and related services) which are relatively more dependent on IP protection, it is therefore not surprising that the EC is pursuing an agenda which demands effective protection and enforcement of IP in markets abroad.

One element of this agenda was launched in 2004 when the EC Commission introduced a new strategy to tackle IP infringements abroad by focussing on *effective implementation and enforcement* of existing IP regulation.⁸⁷ The strategy called for identification of 'priority countries' where enforcement actions should be concentrated.⁸⁸ Apart from 'technical cooperation and assistance' to

⁸³ EC Commission, 'Global Europe: Competing in the World' (COM(2006) 567 final), 4 October 2006.

⁸⁴ For a general analysis of the EC's trade and development policy see L. Bartels, 'The Trade and Development Policy of the European Union', 18 EJIL (4/2007), 715–56. The (bilateral) agenda of the EC in the field of IP is addressed in M. Santa Cruz, 'Intellectual Property Provisions in European Union Trade Agreements' (ICTSD, Geneva, 2007) – online, available at <http://www.iprsonline.org/resources/docs/Santa-Cruz%20Blue20.pdf>.

⁸⁵ See J. McMahon, 'Current Developments – European Union Law – Intellectual Property', 56 ICLQ (4/2007), 899.

⁸⁶ EC Commission, Commission Staff Working Document, SEC(2006) 1230, October 2006, at 5.

⁸⁷ EC Press Release, 'EU Strengthens Fight against Piracy and Counterfeiting beyond its Borders' (IP/04/1352) Brussels, 10 November 2004.

⁸⁸ Besides China, ASEAN, Korea, Chile, Russia and Ukraine have been targeted; see EC Commission, Commission Staff Working Document, note 86 *supra*, at 20–1.

help fight piracy, the Commission emphasised that it 'will not hesitate to trigger all bilateral and multilateral sanction mechanisms against any country involved in systematic violations'.⁸⁹ From both the rhetoric as well as the measures to identify 'priority countries' and threaten sanctions in cases of non-compliance with multi- or bilateral standards of IP protection, this strategy certainly reminds one of the infamous US 'special 301 watchlist' on IP infringements abroad.⁹⁰

Beyond monitoring (perceived) lacks of IP protection and especially effective enforcement abroad, the 2006 Communication of the EC Commission calls for new norm-setting initiatives – in particular via bilateral Free Trade Agreements (FTAs). While pledging its continued commitment to the multilateral negotiations in the framework of the Doha Development Round in the WTO,⁹¹ the EC seems to feel it is missing out on the US-led trend for comprehensive, bilateral FTAs and therefore wants to initiate negotiations with various partner countries. These 'new, competitiveness-driven FTAs' differ from the existing FTAs concluded by the EC in the past. While the former were mainly driven by 'neighbourhood and development objectives', the new breed will be clearly trade-oriented and aim 'for the highest degree of trade liberalisation' – including services, investment, government procurement, competi-

⁸⁹ EC Press Release, note 87 *supra*.

⁹⁰ The EC strategy includes, *inter alia*, the following aspects: (1) identifying priority countries: EU action will focus on the most problematic countries in terms of IPR violations. These countries will be identified according to a regular survey to be conducted by the Commission among all stakeholders; (2) awareness-raising: promoting initiatives to raise public awareness about the impact of counterfeiting and make available to the public and to the authorities of third countries concerned a 'Guidebook on Enforcement of Intellectual Property Rights'; (3) political dialogue, incentives and technical cooperation: ensuring that technical assistance provided to third countries focuses on IPR enforcement, especially in priority countries; (4) IPR mechanisms in multilateral (including TRIPS), bi-regional and bilateral agreements: raising enforcement concerns in the framework of these agreements more systematically; consulting trading partners with the aim of launching an initiative in the WTO TRIPS Council, sounding the alert on the growing dimension of the problem, identifying the causes and proposing solutions and strengthening IPR enforcement clauses in bilateral agreements; (5) dispute settlement – sanctions: recall the possibility that right holders have to make use of the Trade Barriers Regulation or of bilateral agreements, in cases of evidence of violations of TRIPS; in addition to the WTO dispute settlement, recall the possibility using dispute settlement mechanisms included in bilateral agreements in case of non-compliance with the required standards of IPR protection.

⁹¹ In the WTO context, the EC has recently pressed for putting IP enforcement on the Agenda of the TRIPS Council (see Council for TRIPS, 'Enforcement of Intellectual Property Rights – Communication from the European Communities' (IP/C/W/448), 9 June 2005.

tion and IP.⁹² The types of FTAs envisioned will ‘build on WTO and other international rules by going further and faster in promoting openness and integration, by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation’.⁹³ In short, the FTAs which the EC is now interested in ‘must be comprehensive in scope, provide for liberalisation of substantially all trade and go beyond WTO disciplines’.⁹⁴ The EC Commission nevertheless claims to be striving also for strengthening sustainable development and emphasises that the FTAs will take into account the ‘development needs of our trading partners’.⁹⁵

In the field of IP protection, however, the new trade policy of the EC Commission seems to be exclusively interested in promoting further economic development *within* the EC. The Commission Working Paper annexed to the Communication calls for trade policy to support creativity, innovation and related investments within Europe by means of better recognition and enforcement of IP rights abroad.⁹⁶ This approach will certainly profit right holders in the EC, but neglects the now widely accepted principle that the scope and intensity of IP protection should be tailored to match the individual level of a country’s development.⁹⁷ The stronger IP protection advocated by the EC will therefore not benefit, but instead be rather detrimental to, the economies of the EC trading partners. Furthermore, the brave new world of EC trade policy considers TRIPS (among other WTO Agreements) as an ‘essential but not sufficient’ framework for liberalising trade and removing non-trade barriers. It therefore aims to move beyond TRIPS obligations also in the field of IP protection. Apart from general calls to ‘strengthen IPR provisions in future

⁹² EC Commission, ‘Global Europe: Competing in the World’, note 83 *supra*, at 8–9.

⁹³ *Ibid.*, at 8.

⁹⁴ *Ibid.* The Commission Working Paper is even more blunt: ‘New EU FTAs must be fully compatible with WTO rules and aim above all at deep integration, i.e. *WTO-plus in terms of width and depth*, in order to maximise the mutual and long-term benefits from regionalism’ (see Commission Staff Working Document, note 86 *supra*, at 19 – emphasis added).

⁹⁵ *Ibid.*, at 9. See further EC Commission, Commission Staff Working Document, note 86 *supra*, at 10–11. Within the new type of FTAs, regard to the individual development needs mainly seems to be given through labour standards and environmental protection. Whether the new type of FTAs will also be development-sensitive in the area of IP protection will be examined in more detail below.

⁹⁶ EC Commission, Commission Staff Working Document, note 86 *supra*, at 7.

⁹⁷ See the agreed proposals 15 and 17 of the WIPO Development Agenda as well as the references in note 74 *supra*.

bilateral agreements',⁹⁸ again IP enforcement takes centre stage. Here, new agreements should 'include a well developed chapter on enforcement of rights along the lines of the EC Enforcement Directive'.⁹⁹ The IP policy agenda for new FTAs is not, however, limited to issues of enforcement. As I shall show in the next section, the EC also advocates specific TRIPS-plus standards in the field of copyright, with far-reaching consequences for access to knowledge within the domestic systems of its developing trading partners.

4.2 IP protection and access to knowledge in EC free trade agreements

While the US FTAs tend to incorporate very detailed provisions on IP rights, the approach on IP protection taken in the EC's existing trade agreements is in principle limited to obligations to accede to various international agreements.¹⁰⁰ Of those agreements, TRIPS is the most important: as the website of the Directorate General (DG) Trade indicates, a primary objective of the EC is to ensure full implementation of the 'minimum standards' on IP protection under the TRIPS Agreement.¹⁰¹

An example of the 'traditional' EC approach to IP protection in bilateral agreements¹⁰² with developing countries is article 46 of the Partnership Agreement between Members of the African, Caribbean and Pacific Group of States (ACP countries) and the European Community and its Member States (Cotonou Agreement).¹⁰³ Its provision on IP is particularly interesting since the EC currently attempts to replace article 46 with much more comprehensive and detailed IP rules negotiated in the framework of the Economic Partnership Agreements (EPAs) which are to supersede the Cotonou Agreement.¹⁰⁴ A

⁹⁸ EC Commission, 'Global Europe: Competing in the World', note 83 *supra*, at 10.

⁹⁹ EC Commission, Commission Staff Working Document, note 86 *supra*, at 18.

¹⁰⁰ For a comprehensive analysis of EC FTAs see Santa Cruz, note 84 *supra*.

¹⁰¹ European Commission, Directorate General Trade, 'Intellectual Property – Towards Better Recognition of Intellectual Property Rights', online, available at www.ec.europa.eu/trade/issues/sectoral/intell_property/index_en.htm.

¹⁰² One needs to add that the EC has also negotiated significantly stronger levels of IP protection which more or less require the trading partner to adopt the community *acquis* on IP protection. These types of bilateral agreements, however, are mainly negotiated with candidates or potential candidates for accession to the EC as well as other neighbouring countries. For details see Santa Cruz, note 84 *supra*, at 10–11.

¹⁰³ Cotonou Agreement (2000) OJ L317/3, amended (2005) OJ L287/1.

¹⁰⁴ The Cotonou Agreement has to be seen in the historical context of the special economic relationships between the EC Member States and their former colonies in Africa, the Caribbean and in the Pacific. It continued a regime of preferential access for specific products from ACP countries to the EC market which WTO Panels found to be in conflict with WTO rules on non-discriminatory most favoured nation treatment. After the EC indicated that it was no longer willing to negotiate waivers to 'legalise'

comparison between article 46 and the proposed new provisions now under negotiation with at least some regional groupings of ACP countries indicates the shift in EC external trade policy on IP.

Under article 46 of the Cotonou Agreement, the Parties ‘recognise the need to ensure an *adequate and effective* level of protection of intellectual, industrial and commercial property rights, and other rights covered by TRIPS (. . .) *in line with the international standards*’.¹⁰⁵ Section 2 then emphasises the importance of adherence to TRIPS, the WTO Agreement and the Convention on Biological Diversity (CBD). Parties further agree ‘on the need to accede to all relevant international conventions on intellectual, industrial and commercial property as referred to in Part I of the TRIPS Agreement, *in line with their level of development*’.¹⁰⁶ Further sections contain a mandate to negotiate specific agreements on trade marks and geographical indications and a comprehensive definition of IP rights.¹⁰⁷ Article 46 (6) finally addresses further cooperation in the field of IP protection which, upon request and on mutually agreed terms, shall extend especially to IP enforcement, the IP–competition law relationship and support for regional IP organisations.

Overall, the standard of IP protection required under article 46 does not contain TRIPS-plus elements which would further limit the policy space available to the majority of those EC trading partners which are already Members of the WTO.¹⁰⁸ While section 3 refers also to the Rome Convention on the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961) and therefore includes some TRIPS-plus elements, the obligation to accede to the Rome Convention exists only if this is in line with

the preferential treatment for ACP countries (as this implied the duty to compensate, *inter alia*, Latin American WTO Members which were negatively affected by the scheme). ACP countries saw a need to negotiate comprehensive, art. XXIV GATT compatible regional trade agreements with the EC in order to maintain the level of market access available under the Cotonou Agreement. For a detailed analysis of the EC’s trade relationship with ACP countries see Bartels, note 84 *supra*, 722–56.

¹⁰⁵ Art. 46 (1) of the Cotonou Agreement (emphasis added). This obligation is ‘without prejudice to the positions of the parties in multilateral negotiations’ – which is of particular relevance to those ACP countries which are not yet WTO Members and therefore not bound by TRIPS.

¹⁰⁶ Art. 46 (3) of the Cotonou Agreement (emphasis added).

¹⁰⁷ See art. 46 (4) and (5) of the Cotonou Agreement. The definition roughly draws on the types of IP rights incorporated in TRIPS and further mentions the ‘legal protection for databases’. As to the latter, it is unclear whether this relates to copyright protection along the lines of art. 10 (2) TRIPS or extends to *sui generis* protection equivalent to the EC Database Directive.

¹⁰⁸ With regard to the implications of art. 46 on those ACP countries which are not (yet) WTO Members, see S. Musungu, ‘An Analysis of the EC Non-Paper on the Objectives and Possible Elements of an IP Section in the EC-Pacific EPA’ (ICTSD, CAFOD, Geneva, 2007), 12–15.

the level of development of the ACP country in question. Furthermore, even if the definition of IP under section 5 is understood broadly also to cover *sui generis* type of investment protection for non-original databases, this arguably cannot then be interpreted as a need to introduce such a regime under the obligation for 'adequate and effective' IP protection in article 46 (1). The latter provision contains the qualification of IP protection being 'in line with the international standards'. With regard to the *sui generis* protection for non-original databases, the failure to conclude a WIPO convention on this issue in 1996 provides clear evidence that such investment protection outside copyright is certainly not the internationally accepted standard.

In order to bring the preferential trade relations with ACP countries into compliance with WTO rules,¹⁰⁹ the EC has been negotiating several so-called 'Economic Partnership Agreements' (EPAs) with in total seven different groupings of ACP countries. Using article 46 of the Cotonou Agreement as a mandate and starting point, the EC insisted – reportedly to a different extent – on provisions covering the protection of IP rights in the different EPAs.¹¹⁰ In the following, I will offer a brief analysis of the TRIPS-plus elements proposed in the EC non-paper for a section on IP protection in the EPA between the EC and the CARIFORUM¹¹¹ group of Caribbean states.¹¹² Again the focus will be on the potential impact of the proposed TRIPS-plus copyright obligations on access to knowledge.

¹⁰⁹ The trade preferences for certain products had been found inconsistent with art. XXIV GATT – compare the explanations in note 104 and Bartels, note 84 *supra*, at 728–30.

¹¹⁰ See South Centre/Centre for International Environmental Law (CIEL), 'Intellectual Property in European Partnership Agreements with the African, Caribbean and Pacific Countries', *Intellectual Property Quarterly Update* (4/2006), 1–10; Musungu, note 108 *supra*, 18–29 on the EPA with the Pacific countries; Santa Cruz, note 84 *supra*, 18–33, on the EPA with the Caribbean countries and briefly on the one with Eastern and Southern African Countries.

¹¹¹ The CARIFORUM countries consist of Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Surinam, and Trinidad and Tobago.

¹¹² At the time of writing, the parties had already reached political agreement on an EPA, including a chapter on 'Innovation and Intellectual Property' (see DG Trade – EPA Flash News, 'Update: Full Economic Partnership Agreement with CARIFORUM Countries', online, available at http://www.acp-eu-trade.org/library/files/EC_EN_201207_EC_CARIFORUM.pdf – visited on 15 January 2008). However, the parties did not publicly disclose the final results of their negotiations until months later so that the final version of the EPA and its IP and Innovation chapter cannot be addressed in this chapter. A research project at the Max Planck Institute on Intellectual Property in Munich started in Spring 2008 to analyse the IP provisions of the final EPA.

In article 1, the EC non-paper¹¹³ sets out the commitments of article 46 of the Cotonou Agreement as the foundation for the IP obligations in the EPA. It states that ‘the provisions in this Title give effect to such commitments’. On the basis of the analysis of article 46 above, this assertion gives the, to put it mildly, misleading impression that a proper implementation of article 46 actually requires the TRIPS-plus approach taken in the EC non-paper. Instead, nothing in article 46 obliges ACP countries to move beyond the obligations of the TRIPS Agreement.¹¹⁴ Article 2 of the non-paper then describes the objectives for implementing the obligations under this title so as to ensure ‘an adequate and effective level of protection and enforcement of intellectual property rights’. While TRIPS also contains a similar wording in its preamble, article 2 falls significantly short of the objectives in favour of a balanced regime of IP protection incorporated in article 7 TRIPS.¹¹⁵ In Section 2 above I have explained the great importance which the article 7 objectives can – and by virtue of article 3 (2) of the DSU have to – play in securing a balanced interpretation of TRIPS provisions. The Doha Declaration on TRIPS and Public Health confirmed the importance of article 7 TRIPS and listed that provision as one of the key flexibilities for developing countries.¹¹⁶ Interestingly, the non-paper refers to this Declaration in a special provision on ‘Patents and Public Health’.¹¹⁷ It provides that parties ‘recognise the importance’ of the Doha Declaration and allows the parties to rely upon this Declaration when ‘interpreting and implementing the rights and obligations *under this Article*’.¹¹⁸ Even this provision – arguably in favour of the developing and least developed ACP countries – contains TRIPS-plus elements by limiting the scope of the Doha Declaration to the interpretation and implementation of article 11.2 of the non-paper. In line with article 2 of the non-paper, it aims to exclude any room for a balanced interpretation of the IP provisions which could be used to give effect to interests such as access to knowledge.

Article 3 of the non-paper contains another TRIPS-plus element relevant in the copyright and access to knowledge context: the definition of what constitutes IP for the purpose of the proposed agreement includes also ‘*sui generis*

¹¹³ CARIFORUM – EC EPA, ‘Non-paper on Elements for a Section on IPRs’, available at http://www.bilaterals.org/article.php?id_article=6496; for an examination of the other IP provisions in the EC non-paper see Santa Cruz, note 84 *supra*, 20–33.

¹¹⁴ See the analysis *supra* as well as Musungu, note 108 *supra*, 12–15.

¹¹⁵ Compare also Santa Cruz, note 84 *supra*, at 21–2.

¹¹⁶ See para. 5 (a) of the Doha Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2), 20 November 2001.

¹¹⁷ See art. 11.2 (1) of the Non-Paper.

¹¹⁸ *Ibid* (emphasis added).

rights for non original databases'. Even though the non-paper does not include any further provisions requiring ACP countries to adopt an investment protection regime along the lines of articles 7–11 of the Database Directive, the inclusion of *sui generis* database protection within the scope of IP protection covered could set the stage for future demands on this issue. As explained in Section 2 above, such a type of protection has the potential to effectively exclude the contents of a database – plain information, facts or any other data – from the public domain in all cases where the database is the sole source for the data contained therein.

The final important TRIPS-plus provision in the section on 'Objectives and Principles' deals with the exhaustion of IP rights in the copyright context, especially the exclusive right to distribute material copies of a protected work as soon as they have been lawfully made available to the public.¹¹⁹ While article 6 (1) mirrors article 6 TRIPS by allowing – subject to non-discrimination principles – the parties to determine their own regime for exhaustion of intellectual property rights, article 6 (2) limits this freedom: 'In determining their exhaustion regime, Parties shall take into account, if relevant, the impact of such regime on the supply of medicines at strongly reduced prices by foreign companies.' Even though relevant only for another crucial access issue – the availability of affordable medication for diseases like AIDS, malaria and TB – this provision demands attention. Under this proposal, ACP countries would have to justify their choice of international exhaustion as soon as this impacts on the ability of EC pharmaceutical companies to engage in differential pricing (which often will provide the only commercially interesting option for these companies anyway). Instead of determining exhaustion on the basis of domestic needs such as access to drugs, ACP countries must consider the market opportunities of the EC pharma-industry.

Finally, this section examines the specific copyright related TRIPS-plus proposals of the EC non-paper. In this regard, article 7-1 states that 'The Parties shall *comply* with (. . .) Articles 1 through 14 of the WIPO Copyright Treaty (Geneva, 1996)'.¹²⁰ Several observations are warranted here. First, the obligation to comply with the substantive provisions of the WIPO Copyright Treaty (WCT) is distinct from an obligation to *accede* to the WCT. Under the former, compliance with substantive obligations under the WCT can be challenged and tested under the (proposed) comprehensive dispute settlement

¹¹⁹ On the various theories regarding the proper scope of (international, regional or national) exhaustion regimes under art. 6 TRIPS see Correa, note 13 *supra*, 78–89.

¹²⁰ Art. 7-1 (b) of the non-paper (emphasis added). Art. 7-1 further requires parties to comply with arts 1 through 22 of the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961) and arts 1 through 23 of the WIPO Performances and Phonograms Treaty (Geneva, 1996).

system of the EPA – whereas under the latter, the only obligation subject to the EPA’s dispute settlement regime is whether ACP countries actually have acceded to the WCT.¹²¹ The envisioned obligation to comply therefore links the substantive obligations under the WCT – for example relating to the legal protection of technological measures and digital rights management systems – with the effectiveness of the bilateral dispute resolution mechanism which is unlikely to do away with the economic and political power the EC is able to exert on developing ACP countries. While accession to the WCT would arguably involve the same substantive obligations, there is no dispute settlement mechanism under the WCT (and only a completely ineffective one under the Berne Convention)¹²² which can be utilised to challenge and test national compliance with WCT obligations. This lack of enforceability in itself can be seen as a policy space for developing countries to adopt an interpretation and implementation of the WCT which suits its domestic needs. Article 7-1 of the EC non-paper therefore not only entails substantive obligations which go beyond the level of copyright protection under TRIPS, but further brings those into the realm of an effective system of dispute settlement.

As to the substantive TRIPS-plus obligations which follow from the duty to comply with articles 1 through 14 of the WCT, the following two issues demand specific attention in the context of access to knowledge: article 1 (4) WCT requires Contracting Parties to ‘comply with Articles 1 to 21 and the Appendix of the Berne Convention’. Under footnote 1 to this provision, an ‘Agreed Statement concerning Article 1 (4)’ provides:

The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the *storage of a protected work in digital form in an electronic medium constitutes a reproduction* within the meaning of Article 9 of the Berne Convention.¹²³

This statement clarifies the scope of the reproduction right in the digital environment. The most important material consequence is that – unless a specific exception comes into play – temporary acts of reproduction which are a technically necessary element of access to and the mere use of any digital

¹²¹ South Centre, ‘Comments on Innovation and Intellectual Property, Chapter 2 Part II Title IV of the Draft CARIFORUM–EC EPA’, online, available at www.southcentre.org.

¹²² There is a theoretical option to bring a case to the International Court of Justice under art. 33 of the Berne Convention, but this has never been relied upon in the more than 100 years of history of the Berne Convention.

¹²³ Agreed Statement on art. 1 (4) WCT (emphasis added).

material on a computer fall under the scope of the reproduction right.¹²⁴ This means that in the digital context (and unlike in the case of the traditional approach of copyright law) the *mere use or consumption of a copyrighted work*, for example reading a text, listening to music or viewing a movie, in principle amounts to an act which is subject to the authorisation of the right holder. This has obvious consequences in the context of access to knowledge. As right holders now potentially enjoy an exclusive right to prevent access to and ordinary consumption of copyrighted material, they have much greater means to control any use of their works. Anybody wishing to utilise or access the work will have to rely on the applicability of a specific exception which covers her/his activity. While another agreed statement on article 10 WCT permits 'to carry forward and appropriately extend into the digital environment limitations and exceptions (. . .) which have been considered acceptable under the Berne Convention' and 'to devise new exceptions and limitations that are appropriate in the digital network environment', they are still subject to the three-step test in article 10 WCT and depend on a country's ability and resources to draft appropriate exceptions.

However, several questions arise on whether any obligations derive from the agreed statement on article 1 (4) WCT for ACP countries. First, since the agreed statement has not been adopted through the consensus of all parties,¹²⁵ it arguably does not constitute context under article 31 (2) (a) of the VCLT¹²⁶ and therefore is not part of the primary means of treaty interpretation under article 31, but only relevant as supplementary means under article 32 VCLT.¹²⁷ Such an understanding would significantly limit the interpretative value of the agreed statement. Another question is what the proposed obligation for ACP

¹²⁴ Technically this is due to the fact that e.g. when viewing a film on CD ROM or playing a computer game at least within the Random Access Memory (RAM) of a computer a temporary copy is kept in order to enable screen display; compare on this issue J. Ginsburg, 'Achieving Balance in International Copyright Law', *Columbia Journal of Law and the Arts*, Spring 2003, 205–7; M. Reinbothe & S. von Lewinski, *The WIPO Treaties 1996: Commentary and Legal Analysis* (Butterworths, 2002), 42–5; S. Ricketson & J. Ginsburg, *International Copyright and Neighbouring Rights*, vol. I (2nd edn, Oxford, 2006), at 4.23 and 11.69.

¹²⁵ According to the records of the 1996 WIPO Diplomatic Conference on the WCT and WPPT, the agreed statement was accepted by a vote of 51 in favour, 5 against and 30 abstentions; see Reinbothe & von Lewinski, note 124 *supra*, at 42.

¹²⁶ Under art. 31 (2) (a) VCLT the context for the purpose of treaty interpretation shall comprise 'any agreement relating to the treaty which was made between *all the parties* in connexion with the conclusion of the treaty' (emphasis added). Besides the ordinary meaning and the treaty objectives, context is part of the primary means of treaty interpretation under art. 31 VCLT.

¹²⁷ Compare also Ricketson, note 53 *supra*, at 6 and 56–8; Ginsburg, note 124 *supra*, at 206.

countries to comply with, *inter alia*, article 1 (4) WCT means with regard to the agreed statement. Since article 32 VCLT only allows resort to supplementary means of interpretation whenever the primary means leave the meaning ambiguous or obscure or lead to a result that is manifestly absurd or unreasonable, an ACP country would therefore be obliged to consider the statement only if article 9 (1) of the Berne Convention leaves the scope of the reproduction right in the digital context ambiguous or leads to the above-mentioned results. This, however, is hardly the case as it is rather a question of copyright policy how countries wish to deal with the issue of a temporary and technically necessary act of reproduction in the digital context.¹²⁸

The second and probably most significant TRIPS-plus element of the obligation to comply with article 1-14 WCT lies in article 11 WCT which for the first time in international copyright law requires countries to add a new layer of legal protection for technological measures utilised by right holders to protect their works in the digital environment. The WCT not only instructs Member States to supply a first, legal layer of copyright protection (e.g. by granting a new making-available right under article 8 WCT) to which right holders may add a second, technological layer of protection. The WCT is the first Convention to impose another, third layer of indirect copyright protection by requiring Contracting Parties to prohibit the (technical) circumvention of the technological measures that right holders utilise to protect their works.¹²⁹ Article 11 WCT provides:

Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures 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.

Without any room for a comprehensive discussion on all potential implications of article 11 WCT,¹³⁰ the following aspects are particularly relevant in the access to knowledge context. Generally speaking, the legal protection for privately imposed technology limiting access and/or utilisation of digital

¹²⁸ See e.g. art. 5 (1) of the Copyright in Information Society Directive (2000/29/EC) which completely *exempts* these acts from the scope of the reproduction right under certain circumstances.

¹²⁹ A comparable, but earlier system consisting of three layers of protection with respect to copyrighted software can be found in art. 7 of the EC Directive on the Legal Protection of Computer Programs (91/250/EEC).

¹³⁰ See Ricketson & Ginsburg, note 124 *supra*, 15.02–15.26; Reinbothe & von Lewinski, note 124 *supra*, 135–48; Fiscor, *The Law of Copyright and the Internet* (Oxford, 2002), C11.01–11.23.

content carries the risk of protecting *beyond* what copyright law otherwise provides for right holders – that being a form of exclusivity as to the main forms of exploiting protected subject matter unless a specific valid interest warrants a limitation on this exclusivity. Technological measures used by right holders may for example extend to content which is not covered by copyright (preventing access and/or use of plain information or other types of non-original material). Even if employed in relation to copyrighted subject matter, they will generally also prevent access to/use of the underlying ideas, concepts or methods of operation. Further, technology may be used to extend the exclusivity beyond the scope of exclusive rights granted by national law – for example by technically preventing mere access to works or limiting the number of times a person can consume copyrighted content while the applicable copyright law has exempted such temporary and incidental copies from the reproduction right. Finally, technological measures could be used to prevent a beneficiary of an exception to copyright making effective use of it or even covering material which has fallen into the public domain. In all these instances, traditional copyright concepts would not prevent access and/or use and sometimes may even prohibit contractual limitations which go beyond the scope of statutory copyright protection.¹³¹ The traditional copyright paradigms as well as the underlying public interests (e.g. in safeguarding sufficient access to the underlying ideas, concepts or to plain facts)¹³² will in these cases rather warrant a *legal right to circumvent* private technology limiting access or use beyond copyright. Statutory legal protection against the circumvention of 'private' technological protection therefore should ensure as far as possible the upholding of these traditional paradigms and underlying concepts of copyright protection. Circumvention protection therefore needs to be limited along the lines of the boundaries to copyright protection and give due regard to all interests served by copyright.

For an implementation of article 11 WCT this means that (developing) countries wishing to ensure sufficient access to knowledge should use all available policy space within this broad provision to limit the legal protection against circumvention in line with its traditional copyright paradigms. In this regard, several options exist. First of all, ACP countries should consider as 'adequate legal protection' against circumvention only such measures which uphold the domestic boundaries of copyright – be they in the form of limited subject matter or scope, conditions for protection, limited exclusive rights or

¹³¹ See e.g. the mandatory exemption from the reproduction right in art. 5 (1) of the Copyright in Information Society Directive, art. 5 (2)–(3) of the Software Directive and arts 6 (1), 8 (1), 15 of the Database Directive.

¹³² Compare the internationally mandatory idea–expression dichotomy under art. 9 (2) TRIPS.

exceptions.¹³³ A limitation of circumvention protection corresponding with the scope of the exclusive rights further follows from the need for technological measures to be used ‘in connection with the exercise’ of Berne or WCT rights.¹³⁴ Finally, only technological measures restricting acts which are either not authorised by the right holders or not ‘permitted by law’ must be protected against circumvention. The latter option clearly refers to the option to give effect to copyright exceptions. But must ACP countries afford protection against circumvention merely on the alternative basis that the right holder has not ‘authorised’ a particular act? This would effectively allow right holders to freely determine the scope of legal protection against circumvention – simply by withholding ‘authorisation’ for any kind of use or access. ACP countries can avoid this result by adopting a more narrow understanding of ‘authorised’: this can be interpreted as only relating to acts which otherwise would amount to a copyright infringement – for which an authorisation is therefore necessary.¹³⁵ On this basis, ACP countries must not provide legal protection against circumvention if the conduct which this aims to make possible is not prohibited by the domestic copyright law. In summary, all these options lead to the result that an obligation to comply with article 11 WCT can and should be interpreted as limited in line with the traditional boundaries of copyright protection.

5. Conclusions

In this chapter, I have tried to provide an overview of the current ‘minimum standards’ in international copyright protection and how these impact upon access to and dissemination of knowledge. This has been juxtaposed against (1) the recent and potential future trends in copyright norm-setting which might flow from an implementation of the proposals for a WIPO development agenda; and (2) conversely the current external trade and IP policy of the European Communities.

¹³³ Compare Ginsburg, note 124 *supra*, at 210. This argument finds additional support in the preamble of the WCT which calls for ‘the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information (. . .)’. While the preamble is not amongst the provisions ACP countries must comply with, it should nevertheless gain importance in the interpretation of the substantive obligations as part of the treaties’ context under art. 31 (1), (2) VCLT and by stating the treaties’ objective which is equally relevant under art. 31 (1) VCLT.

¹³⁴ This does not extend to the mere *access* to works in the digital format since – for reasons given above – the agreed statement on art. 1 (4) WCT does not imply a binding legal obligation on the scope of the reproduction right for ACP countries.

¹³⁵ Again, an interpretation based on the WCT preamble (compare note 133 *supra*) would support this.

Summing up the analysis of the 'minimum standards' in international copyright law, one can point to the codification of some important principles and overall objectives which should serve as a good basis for more detailed provisions balancing incentives for new creations on the one hand and access to and wide dissemination of existing creations, innovations and the underlying ideas, concepts and facts in particular. However, the current international regime lacks any further and more concrete provisions which provide minimum standards – for example by means of exceptions to exclusive rights – in favour of access to knowledge. Instead, the so-called three-step test as currently interpreted by WTO Panels significantly curtails the ability of WTO Members to foresee such exceptions in their national laws. This lack of an explicit recognition of the need for a fair balancing exercise is unique to TRIPS in the overall body of WTO law. *De lege lata*, it should be countered by an interpretation which – in line with the customary rules of interpretation in public international law – places much more emphasis on the objectives of IP protection as incorporated in article 7 TRIPS. *De lege ferenda*, the three-step test should be replaced by a general rule of balance – potentially along the lines of a proportionality or necessity test similar to article XX GATT or the fair use doctrine in the US Copyright Act. It should further be accompanied by mandatory minimum standards for specific exceptions in copyright law which give effect to various access to knowledge and other relevant interests.

This call then leads to the problem of effectively enforcing such minimum standards within a global framework such as the WTO: the existing dispute settlement system functions on the basis of trade interests being nullified or impaired.¹³⁶ WTO Members are unlikely to initiate a dispute in order to ensure compliance with a public policy-based exception to copyright protection in another Member State (which for example could be threatened by a TRIPS-plus obligation in a bilateral FTA) unless they have a *commercial interest* in these exceptions being implemented fully. On the basis of convincing arguments that such exceptions also secure further creations and innovations however,¹³⁷ it is not far fetched to suppose that certain industries do have strong commercial interests in preserving the public domain. In the patent context this is obvious, for example for the producers of generic medications and follow-on innovators in general. In the case of copyright, software producers wishing to develop interoperable value-added computer programs and internet services providers wishing to utilise new business models and technologies to store and provide tailored access to information depend on the

¹³⁶ See art. XXIII GATT as well as art. 3 (8) of the DSU.

¹³⁷ See Okediji, note 11 *supra*, at x–xi, 4–8.

ability to utilise potentially copyrighted material.¹³⁸ Generally speaking, any commercial entity wishing to develop new, value-added products or services necessarily relies on the ability to build on existing innovations, creations and knowledge. Or to put it in more poetic terms: everyone who wishes to create and invent must be able to 'stand on the shoulders of giants' – whereas no one wishes to be forced to 'reinvent the wheel'. As soon as the negative effects of (copyright) overprotection become more and more visible for various industries, one can hope that more and more governments will perceive that a robust public domain not only in their own territory but also in export markets abroad is in their primary commercial interest. On this basis, enforcing minimum standards which safeguard access to and dissemination of knowledge even within the trade- and commerce-oriented context of the WTO does not seem unrealistic.

Assessing the potential impact of the WIPO development agenda highlights several important proposals in the area of norm-setting which – if implemented – could address some key flaws in the current international copyright regime. The most relevant and perhaps equally urgent proposal would be to utilise the Agenda for a rewrite or at least a rereading of the three-step test.¹³⁹ Its main message, which generally subordinates the interests and aims served by exceptions and limitations in relation to the economic interests of right holders in undisturbed and full economic exploitation, directly clashes with calls to emphasise flexibilities, exceptions and access to knowledge. If WIPO Members truly and honestly wish to place these latter issues on an equal standing with the former, the three-step test in its current interpretation must go. Realising that this is a rather unrealistic scenario for the time being, one should focus on an interpretation of the three-step test which actually allows for a fair balancing of interests. As I have shown above, this follows also from the objectives of article 7 TRIPS as well as from a comparative analysis of balancing provisions in other WTO regimes.

I shall conclude by emphasising again that the key problem which currently removes the rudimentary flexibilities in the international copyright system are

¹³⁸ This tension between the copyright protection for all forms of content and the need for new technologies which develop some forms of new use for this content has always existed and is well exemplified in the US Supreme Court case on the copyright legality of introducing technology which allows consumers to record copyrighted television shows, movies, etc. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 US 417 (1984).

¹³⁹ For WIPO, this is of course only an option in relation to WIPO-administered treaties and therefore does not apply to TRIPS. Similar arguments however could be deduced from the Doha Declaration on TRIPS and Public Health, the Doha Development Agenda and the Preamble to the WTO Agreement.

TRIPS-plus obligations imposed in bilateral forums. This issue unfortunately finds no mention in the WIPO development agenda. While US FTAs have long become infamous for their comprehensive obligations beyond TRIPS,¹⁴⁰ the EC's external trade and IP policy in general and vis-à-vis the group of Caribbean ACP countries in particular has only recently moved strongly beyond TRIPS standards. Apart from the EC's overall focus on improving effective IP enforcement in various multi- and bilateral forums, the negotiations between the EC and various ACP groups warrant special attention. This is not only because of the new focus on the EC's own trade and IP interests, and the particular consequences for access to knowledge caused by TRIPS-plus copyright obligations. The outcome of these negotiations potentially affects about 80 countries (among them some of the world's poorest). Imposing TRIPS-plus obligations on such a large number of countries would not only affect a very large number of people with very different development needs but further has the potential to take away a critical mass of countries which have an interest in pushing for a different agenda at the multilateral level – such as the effective implementation of the WIPO development agenda.

¹⁴⁰ US FTAs actually have relaxed their standards a little since the political shift in Congress, which holds the power to approve and potentially even amend trade agreements.

By way of conclusion: what next?

Estelle Derclaye

There is no denying that the European copyright landscape has drastically changed since the 1971 *Deutsche Grammophon* case. And mostly for the better, despite some hiccups. To quote Ramón Casas Vallés' metaphor in this book: 'European copyright, still in a protean state, may be presented as an unfinished tapestry showing something similar to the old maps of the Holy Roman Empire: some enclaves of different nature and status, and wide empty spaces, one of them being originality.' Should the tapestry nonetheless be completed? What is certain is that, despite a recent lull, the Commission has decided that harmonisation should go on, at least in certain areas. Recent initiatives include the proposed extension of the term of protection for sound recordings and performers to 95 years,¹ a recommendation on the collective cross-border management of copyright and related rights in relation to music² and a strategy for creative content online.³ In February 2008, the Commission also launched a new consultation (its first consultation being in 2006), indicating a renewed interest in harmonising the area of private copying.⁴ Besides these initiatives, to determine if further harmonisation is necessary, it is necessary to identify those aspects of copyright law which really need harmonisa-

¹ See http://ec.europa.eu/internal_market/copyright/term-protection/term-protection_en.htm (all websites in this conclusion were accessed on 8 October 2008).

² Recommendation 2005/737/EC of 18 October 2005 on collective cross-border management of copyright and related rights for legitimate online music services, available at http://eur-lex.europa.eu/LexUriServ/site/en/oj/2005/l_276/l_27620051021en00540057.pdf. See also the recent monitoring report of 7 February 2008, available at http://www.ec.europa.eu/internal_market/copyright/docs/management/monitoring-report_en.pdf.

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Creative Content Online in the Single Market of 3 January 2008, COM(2007) 836 final. See also http://ec.europa.eu/avpolicy/other_actions/content_online/index_en.htm.

⁴ Background document, 'Fair Compensation for Acts of Private Copying', 14 February 2008, available at http://ec.europa.eu/internal_market/copyright/docs/levy_reform/background_en.pdf. Even more recently, the Commission launched a consultation on copyright exceptions. See http://ec.europa.eu/internal_market/copyright/docs/copyright-infso/greenpaper_en.pdf.

tion. For instance, as regards originality, the Commission said that in practice the difference in the level of the originality requirement does not lead to barriers to trade.⁵ According to Ramón Casas Vallés, this is mainly because many disputes do not go beyond the borders of a country. In this connection, the Commission harmonised originality for those works which are often commercialised beyond the borders of a country (software and databases). How does this statement fare for other areas of copyright law? This book's contributors have revealed the current gaps and sometimes offered opinions as to whether or not they should be filled.

Of course, additional, and proper, harmonisation, where it is needed, can only bring more legal certainty, more transparency and ease in the application and respect for the law by copyright holders and users alike, and probably also reduce costs.⁶ In addition, right holders would not be able to benefit from the 'strictest national law' to 'ransom' users any more.⁷ This short conclusion is not the place to add in detail to what the contributors have already said as to areas of further harmonisation but it is useful here to pinpoint some important aspects which deserve the EU's attention in the future.

The core aspect that the EU should begin to tackle is definitely the most daunting. It is both procedural and substantive. It is 'simply', instead of continuing to harmonise by way of Directives, to adopt a Regulation on the issues which affect the functioning of the internal market and to get rid of the corresponding aspects in national copyright laws. This would eliminate the territorial character of copyright laws (at least in those targeted areas) and the need to resort to private international law and avoid the latter's detrimental effects. Indeed, if I want a licence to use a copyright work in several Member States, I will need to comply with all the laws involved where (the product incorporating) the copyright work will be marketed. In other words, I will have to make sure that such use does not infringe in any of the countries where the product will be marketed. Also, even if the work may not be protected in one country (e.g. the Tripp Trapp chair or perfumes⁸), simply because one of the Member States where I intend to market the work itself or the product

⁵ *Commission Staff Working Paper on the Review of the EC Legal Framework in the Field of Copyright and Related Rights*, Brussels, 19 July 2004, SEC(2004) 995, 14.

⁶ See also K. Peifer, 'Das Territorialitätsprinzip in Europäischen Gemeinschaftsrecht vor dem Hintergrund der technischen Entwicklungen' [2006] 1 ZUM, pp. 3–4. Especially if it is done by way of a Regulation and if done by way of Directives, if those Directives do not leave options to Member States.

⁷ An explanation is provided below.

⁸ See respectively the contributions in this book by A. Quaedvlieg and A. Kamperman Sanders.

incorporating the work is protected in that Member State (although not in the others or many others), I will have to get a licence, and the right holder may well decide to ask for a price which would cover all Member States. This scenario will happen often, as markets have become increasingly global. In short, because according to conflict of laws rules for copyright, the law of the protecting country applies in most cases, the most protective national copyright law always wins. This of course always favours right holders. This in itself is a strong enough reason for adopting such a regulation. As stated in the introduction, the rule of the protecting country that all Member States are forced to adopt to respect the national treatment requirement of the Berne Convention, is not a panacea. Adopting such a rule does not magically create the coming together of national copyright laws as they themselves remain only partially or not at all harmonised (e.g. in the areas of ownership or moral rights to cite but two). The procedural aspects and obstacles linked to the adoption of a Regulation will be discussed further below.

What are the other pressing areas where harmonisation is necessary?

Another important and urgent aspect is exceptions to infringement. Whatever form the future harmonisation of substantive copyright law is to take, and that might be the most difficult issue to agree on, the proposals by Marie-Christine Janssens and Lucie Guibault, and others before them, to render exceptions underlain by human rights and the public interest imperative, beyond articles 9 and 15 of respectively the Software and Database Directives, should definitely be implemented. The Danish and Portuguese examples could be followed.⁹ In addition, the same imperativity should *a fortiori* be provided in respect of unilateral measures such as technological protection measures (TPMs). The requirement that only lawful users may benefit from exceptions, proposed by M.C. Janssens, may be more debatable. First, it would involve a drastic change in current copyright laws, as at present, this requirement only applies to software and databases, perhaps because of their more vulnerable nature (owing to their digital format, in most cases). This does not detract from the fact that the meaning of the concept should be clarified because as M.C. Janssens notes, three different interpretations now exist in the Member States. Second, what about the burden of proof? Who should bear it and how can users in every case determine that they are lawful users? In any case, the concept of lawful user is not one which is in fact properly 'harmonised' but would deserve to be, as different terms are used both in the Software Directive itself and in the Database Directive.

In this connection, the database *sui generis* right is probably the next most important area that definitely needs amending. Proposals to do so have been

⁹ For more information, see Chapter 20.

discussed in this book¹⁰ and elsewhere.¹¹ In short, more exceptions need to be added and made mandatory for Member States to adopt as well as (for most) rendered imperative. Although every compulsory licence system may create its own costs, such licences must also be available for some commercial uses when the database producer has a monopoly and should be preferred to competition law's by nature *ex post* and costlier solution.¹² Pre-emption of the unfair competition law tort of slavish imitation is also necessary. As for most copyright exceptions in general, a similar pre-emption must also apply to TPMs and anti-circumvention provisions.¹³

Another area which deserves academic attention, if not harmonisation, is that of the relationships between copyright law and other intellectual property laws or so-called overlaps. Many questions remain unanswered: can the term of a copyright work be prolonged by the latter's protection under trade mark law? What if a copyright work also protected by a trade mark is parodied: which of the two laws applies? How should the rules relating to authorship and ownership be articulated when a work is also protected by a trade mark, design right or a patent? And even inside copyright law itself: what is the exact articulation between copyright and the database *sui generis* right, between databases and computer programs? Some partial rules already exist in some national laws.¹⁴ The EU could definitely do with a more precise definition of what it meant in the last articles of Directives (famously or infamously called 'Continued application of other legal provisions').¹⁵ This clarification was proposed above for the relationship between copyright and contract law. That with unfair competition (or at least with slavish imitation or parasitism), proposed above for databases, urgently needs more general consideration. Although the relationship between intellectual property rights and unfair

¹⁰ Chapter 17.

¹¹ See e.g. M. Davison, *The Legal Protection of Databases*, Cambridge: Cambridge University Press, 2003; E. Derclaye, *The Legal Protection of Databases: A Comparative Analysis*, Cheltenham, UK and Northampton, MA: Edward Elgar, 2008.

¹² Matthias Leistner's suggestion to apply article 82 ECT to *sui generis* right databases only when two conditions are fulfilled (namely indispensability and no objective justification) might arguably go too far in the other direction and nip some important investments in the bud.

¹³ For more information, see E. Derclaye, *The Legal Protection of Databases: A Comparative Analysis*, Cheltenham, UK and Northampton, MA: Edward Elgar, 2008, chapter 5.

¹⁴ See in the UK, ss. 224 and 236 of the Copyright Act which organise some relationships between copyright, registered and unregistered design rights.

¹⁵ See e.g. articles 9 of the Software Directive, 13 of the Database Directive and 9 of the InfoSoc Directive.

competition law is a sisterly one and academic literature has often addressed the issue and rung alarm bells,¹⁶ it has never been dealt with by the EU.

In the same vein, it is a platitude to say that the relationship between copyright and competition law is unharmonised.¹⁷ Until recently, the case law has been relatively 'soft' on copyright, albeit (until *IMS Health*) to say the least, unclear. Now, it is not only unclear again but also much more pervasive. As Valérie-Laure Benabou argues, copyright and other IPR are arguably different and deserve special and rather urgent treatment. Unfortunately, the *Microsoft* case has silently but surely dented the rather clear precedent set out in *IMS Health* that took almost 10 years for the ECJ to reach. As argued above in relation to the *sui generis* right, the relationship needs to be tackled and for better results, internalised, as has already been partly done for agreements between undertakings.¹⁸

Next follows a list of the areas where harmonisation is not pressing but would nevertheless be welcome.

To start at the beginning, one area which has hardly been harmonised and would need to be, if there is evidence of market distortions, is subject-matter.¹⁹ As noted by Tanya Aplin, the main discrepancy is between common law and civil law countries, the latter being more generous as they do not require categorisation before protection can arise. Characters, titles, and some functional works, some artistic works and most recently and notably, perfumes, can therefore be protected only on the continent. If this divergence distorts the market, and it may well do so, the case for harmonisation is ripe. The main question is whether to opt for an open or closed list of protectable works. For several reasons, Community legislative action in this area might be best rather than leaving this issue to the courts. Notwithstanding the doctrine of precedent, which anyway only exists in the UK and Ireland, judicial harmonisation could take a long time as on the one hand, certainty would only be achieved once the highest court had heard a case, and on the other, a long-standing lower court precedent could always be overturned with one strike of the highest court's hand. In addition, the composition of courts changes (judges move up the ladder and eventually retire), so rulings may inevitably fluctuate.

¹⁶ J. Passa, *Contrefaçon et concurrence déloyale*, Publications de l'IRPI no. 15, Paris: Litec, 1997, M. Buydens, *La protection de la quasi-crétation*, Bruxelles: Larcier, 1993, E. Derclaye 2008, *supra* and A. Kamperman Sanders, chapter 22 in this book.

¹⁷ Apart from the Technology Transfer Block Exemption Regulation 772/2004.

¹⁸ *Ibid.*

¹⁹ As a reminder, only computer programs and databases have been harmonised in respect of subject-matter and very partially, also photographs.

Harmonisation of the criterion of originality has been very limited. In 2004, the Commission clearly stated that it did not envisage further harmonisation as there was no evidence of effects on the single market. If that is still the case, there is indeed no need to act. Otherwise, in principle it would be good to harmonise. Contrary to Ramón Casas Vallés, my view is that it would not be such a symbolic move as the UK's sufficient skill, judgement and labour or capital criterion still protects many works which would not be protected in continental Europe. However, this may prove impossible as it would necessitate, if not harmonisation of unfair competition in general, at least the introduction into UK law of the tort of slavish imitation; and this is bound to meet fierce opposition. This may therefore be the most difficult area to legislate, if it ever gets onto the EU's agenda.

Economic rights do not need to be further harmonised (with the exception perhaps of the rights of adaptation and performance) but as Ansgar Ohly suggests, a simple codification of the existing Directives on the subject would not be a luxury.²⁰

In 2000, a study commissioned by the EU concluded that moral rights did not create distortions in the internal market. Perhaps the fear of downward harmonisation was the main driver in the study's conclusion. Nevertheless, collecting societies and/or authors and performers' associations, even in the United Kingdom, where moral rights are arguably protected the least, may now be strong enough to voice their concerns in this regard²¹ and this fear may be overcome. In addition, the Member States' weight has now definitely shifted to civil law systems with the enlargement, making it normally more possible to harmonise upwards rather than downwards. In addition, as pointed out by Jacques de Werra, some specific issues seem to have an effect on the internal market and would deserve to be harmonised.

The Software Directive would only need a few fixes here and there, among other things, as stated above, a clarification of the concept of lawful user which it shares with the Database Directive. Another important change would be to provide the possibility of making more than one back-up copy when it is

²⁰ Some other minor adjustments to the rights of reproduction, communication to the public and broadcasting may also be required as mentioned in the IVIR Study 2006 (P.B. Hugenholtz et al., 'The recasting of copyright and related rights for the knowledge economy', no. etd/2005/im/d1/95, 2006, http://www.ec.europa.eu/internal_market/copyright/docs/studies/etd2005imd1/95recast_report_2006.pdf).

²¹ As shown by L. Bently's study, *Between a Rock and a Hard Place: The Problems Facing Freelance Creators in the UK Media Market Place*, London: Institute of Employment Rights, 2002.

justified by the circumstances or the user's activity or business. Other features could be revisited for added clarity and consistency, such as article 7's anti-circumvention provision, which is more lenient than that in article 6 of the InfoSoc Directive.

Finally, duration might be in need of a revamp, but for other reasons. These will be discussed below.

On the other hand, some areas of copyright law do not need to be harmonised.

As we know, the idea-expression dichotomy is by definition harmonised because of TRIPs. Even if all Member States adhere to the concept, it is by nature woolly and its application will always be a question of fact. This does not mean that most national courts would arrive at different results if the same case was litigated in different Member States. Even if there are differences between the UK and Ireland and continental Europe, there is also no need to harmonise the issue of fixation as shown by A. Latreille. These differences do not in practice give dissimilar results. It would therefore be a lot of effort for nothing and might open a can of worms.

It is evident that authorship and ownership are not harmonised enough. However, these areas often touch the property and contract laws of the Member States and may be outside the competence of the EU. This may be the reason why harmonisation on these issues has been minimal. For this reason and because of the GNU Free Documentation Licence (GFDL) and the fact that people expressly or implicitly relinquish their copyright when contributing to wikis, Jeremy Phillips' proposal may only be applicable in a handful of situations (mainly when such licences do not exist on other wikis or Web 2.0 platforms). Maybe these new situations will trigger harmonisation concerns. The effects on the internal market may be more pronounced than for traditional forms of exploitation but again it would have to be checked if the EU is competent to legislate on such issues. In addition, the issue may often go beyond the EU's borders and may be more efficiently tackled at international level.

Similarly, secondary infringement and dealings with copyright are arguably again in the remit of the Member States and harmonisation would therefore not be possible. For these areas, however, codes of practice or more generally soft law tools might achieve indirect harmonisation and would be useful although they would often lack the legitimacy of 'hard law'.

How can these discrepancies be remedied? What are the obstacles and advantages and disadvantages of each option? And what if the EU decides not to harmonise them?

As stated above, the Directive has been the main instrument used so far. An indirect harmonisation tool could be soft law (e.g. codes of practice issued by right holders, for instance collecting societies with or without consultation of

the users).²² In fact, the Commission has recently made more use of such legal instruments by way of recommendations,²³ but as noted by Marie-Christine Janssens in her chapter, this instrument is not binding and therefore not entirely satisfactory. Recommendations, as well as interpretative communications can be seen as a good start and testing ground but they should be followed by binding law (Directives or Regulations) so as to have the enforcement effect and the possibility for the Community courts to further harmonise by interpreting Community terms. Also, as noted above, they will often not have the legitimacy of 'hard law'. Ideally, and as proposed by Bernt Hugenholtz, a Regulation, and one that overrides the national laws (unlike the Trade Mark and Designs Regulations) would solve most if not all unharmonised issues. Whatever the form (Directive or Regulation), as the cost of harmonisation is high (Member States have had to implement Directives almost every year), it would be better to legislate on the remaining issues all in one go.²⁴

In addition to the obvious advantage of a Regulation over a Directive (direct legal effect and with it, reduced cost and added transparency), another advantage is that it 'might provide a certain "rebalancing" of rights and limitations, in order to rectify the overprotection resulting from 15 years of "upwards" harmonisation'.²⁵ The choice of a Regulation has however some disadvantages. It may attract greater opposition from Member States and may therefore take longer to adopt and if it is not based on article 95 but on article 308 of the EC Treaty (ECT), it will require unanimity in the Council,²⁶ an added obstacle to (swift) adoption. Other potential obstacles to further harmonisation, be it achieved by Directive or Regulation, can be identified. A first and perhaps obvious one is the increase in the number of Member States from 25 in 2004 to 27 in 2007, and possibly even more in the future. Notably, the last Directive in the field of copyright (on the resale right) dates from 2001 and the last horizontal one applying to copyright (the Enforcement Directive) was literally adopted just two days before the accession of the new Member States on 1 May 2004.²⁷ Now, with such a large number of countries around the table, obtaining the qualified majority required to adopt a Directive or a

²² Could proposals by academics fall into this category?

²³ T. Dreier & P. B. Hugenholtz, *Concise European Copyright Law*, Alphen aan den Rijn: Kluwer, 2006, p. 2.

²⁴ As implicitly advocated by the IVIR Study 2006, Chapter 7.

²⁵ IVIR Study 2006, p. 11 of the Executive Summary and p. 219 of the study.

²⁶ IVIR Study 2006, p. 221.

²⁷ 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, 30.04.2004.

Regulation²⁸ may become an uphill struggle, if not an impasse. If achieved, it may lead, as has already been seen with the InfoSoc Directive, to a situation as bad if not worse than before harmonisation, owing to complex compromises to please all Member States and exacerbated by vigorous and generally one-sided lobbying. In addition, according to the principles of subsidiarity and proportionality, the EU can only adopt measures for the approximation of national laws 'which have as their object the establishment and functioning of the internal market'. In other words, differences must exist in the Member States which distort the internal market, otherwise harmonisation (be it by Directive or Regulation) cannot be initiated. It could however act on the basis of article 308 (residual competence) as it did for the Community Trade Mark and Design Regulations but only if the Community Copyright Regulation leaves intact territorial copyrights. If this path is followed, as stated above, it would require unanimity in the Council which is a considerable disadvantage. Also, now that many areas have been harmonised, there may be a shift towards the protection of cultural identities (which copyright laws arguably influence) and a reluctance to harmonise the national copyright laws further to preserve them. With the risk of downward harmonisation in some areas (such as moral rights), this argument (which could be based on the subsidiarity principle) might gain weight.

If the worst comes to the worst and further harmonisation is not achieved by way of binding or non-binding instruments, extra harmonisation may be achieved gradually by the Community and national courts on the basis of the current Directives. Whilst it may take a long time for a question to be asked at the Community courts and then for them to interpret Community copyright concepts,²⁹ national courts can also play a significant role in the harmonisation of EU copyright law. This has recently been seen in the area of designs where both the High Court and the Court of Appeal of England and Wales followed rulings of the OHIM and other national courts. This way of proceeding will also reduce the need to refer questions to the ECJ, which is already overburdened.

The last question is perhaps the most important: as differences inevitably exist between Member States, the issue of upwards or downwards harmonisation always arises. This question is bound to recur and perhaps sooner than one thinks, for instance on the issue of duration, with the recent proposal to

²⁸ If a unitary copyright 'were deemed necessary to ensure the functioning of the internal market, it could however be argued that article 95 does constitute an adequate legal basis'. See IVIR Study 2006, pp. 14 and 15.

²⁹ And provided the Community courts do not give cryptic answers or leave it entirely to national courts. See for instance the notion of equitable remuneration in the *SENA v. NOS* case, ECJ, C-245/00, [2003] All ER (D) 67; [2003] ECR-I 1251.

prolong the term of protection of sound recordings and performers to 95 years probably driven by ever growing life expectancy.³⁰ As the issue of upward or downward harmonisation will arise with any future legislative action in the field of copyright, it is crucial to think beyond the specific aspect at hand before a Directive or Regulation (re)sets this aspect in stone (as we know it is extremely difficult to revise statutory law once it is passed). Therefore, a return to the history of copyright, its general justifications and those for its specific conditions and limits, with a comparative outlook, and an analysis of the consequences of legislating upwards or downwards beforehand, combined with some empirical or at least theoretical economic evidence, is necessary before adopting a Directive or a Regulation on any copyright aspect. The copyright term can usefully be discussed here, as it is a good example of upwards harmonisation and provides food for thought on all future 'harmonisable' areas.

Was it absolutely necessary to harmonise the term upwards? Probably not. And it need not be that way in future. If one simply rethinks along the lines of the justifications for having copyright, arguably, if the incentive to create is the rationale, or even natural rights, the authors' heirs do not need royalties, as they are not the ones who created the work in the first place. Arguably, it may even discourage them from creating themselves (and arguably the same goes for any legal entity that owns the rights) if they sit on a nice royalties stream all their life (and 70 years will still for the most part cover it)!³¹ Perhaps the term of copyright should be set at the life of the author only.³² This should be backed by empirical or at least theoretical economic analysis. An examination of the reasons for the gradual increase in the length of the copyright term in the different Member States would also help us to understand how we got there and see whether it was justified in view of the rationales. As hinted by Brigitte Linder in her historical account of the German copyright act, (one-sided?) lobbying, and/or national protectionism (noting that the term of protection was increased to 30 years in 1841 primarily to secure protection in the works of Goethe and Schiller), may have been and may still be the main

³⁰ An argument that can be seen as a pretext used by holders of related rights to expand the term of protection to their single advantage.

³¹ See D. Desai, '*Eldred and Copyright's Hidden Assumption: Heirs Matter But They Shouldn't*', Presentation at the 2008 Intellectual Property Scholars Roundtable <http://www.law.drake.edu/centers/docs/roundtable08.pdf>.

³² An exception could be made when the author dies very young leaving his or her family, if s/he had one, with no income stream, as generally heirs will welcome this revenue. A counter-argument would be that any widower, widow or orphan will always have the same problem whatever the source of the income stream. Thus, why should an exception be made for widows, widowers and orphans of authors?

reason for upwards harmonisation and this may not only apply to duration but to all other areas of copyright law. Since Germany was the most powerful country which had one of the longest terms of protection in Europe when the Directive was adopted, it would be interesting to revisit as well why the term of protection in Germany more than doubled in a little more than a century (from 30 p.m.a in 1837 to 70 p.m.a. in 1965). As for human rights, according to John Adams in his chapter, ECHR case law concerning article 1 of the First Protocol to the ECHR (right to the respect of property) means that ‘when the term of copyright is altered, it should not be done in a way which divests owners of the unexpired part of their copyright term’. This needs further explanation. One interpretation of this case law leads to the consequence that harmonising upwards may be the only way forward! Such interpretation, without safeguards, may lead to a vicious escalating circle. Another interpretation could be in line with the German Federal Constitutional Court’s decisions noted by Brigitte Lindner in her contribution: ‘neither the downgrading of the protection from an author’s to a related right nor the shortening of the term of protection as such was contrary to constitutional law. However, the change of the starting point of a term of protection which was already running at the time the law is modified was considered incompatible with constitutional law’. In addition and more generally, with human rights now firmly in the picture, could not it be said that some ‘expropriations’ of intellectual property rights could sometimes be in the public interest? As the example of the copyright term shows, there is definitely a lot to be studied, and in many different ways, before any new harmonisation initiative in the field of copyright should be undertaken.³³

³³ In the area of duration, the 2006 IVIR Study (chapter 3) has already made a fairly comprehensive analysis of the arguments for and against an upwards harmonisation of the term of sound recordings and recommended the *status quo*.

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