Intellectual property rights

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INTELLECTUAL PROPERTY RIGHTS: COPYRIGHT AND TRADEMARK ISSUES

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A. COPYRIGHT LAW

Preface The history of copyright law is marked by a constant struggle to adequately respond to the steady advance of technology and new market evolutions. The latest in this line of challenges is the digital networked environment that opened up huge potential as a source of online services for information and entertainment, as well as new business models. The digital evolution has not only intensively changed, and sometimes disrupted, everyone's world, it also has manifested itself as a gigantic challenge for traditional copyright paradigms.[1] Indeed, while the internet became an outstanding outlet for creation and proliferation of content, the massive and ever increasing flow of information that is made available on this medium is to a large extent copyright-sensitive. This "omnipresence" of copyright not only frustrates individual and commercial users, but also rights-owners who struggle to effectively enforce their rights. The preceding decades have witnessed continuous attempts by legislators and courts to uphold protection for the interests of rights-holders while at the same time achieving a fair balance with user rights in the digital environment. 8-001

1. Core concepts of copyright law

(a) The realm of copyright law

Introduction The scope of copyright law has expanded considerably since its international acceptance in the first copyright Convention, i.e. the Berne Convention, in 1886. This treaty essentially aims to protect literary and artistic *works*.[2] The subsequent advent of the media of records and broadcasts resulted in the Rome Convention, which was signed in 1961 and required the setting-up of a protection scheme for so-called *neighbouring rights* imposing protection for three categories of related beneficiaries, i.e. performers, producers and broadcasting organisations. By the mid-1990s, two new international frameworks were put in place, namely the 8-002

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1 W. Cornish, *Intellectual Property. Omnipresent, Distracting, Irrelevant?* (Oxford, Oxford University Press, 2004), 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 Castelnuovi of computing itself."

2 While Berne was intended to be regularly updated to keep pace with social and technological advances, it has now been almost half a century since the last substantive revision in 1971, and there is little prospect that it may ever be revised again.

TRIPs agreement and the WIPO Internet treaties.[3],[4] They embraced new artefacts to be given copyright protection, in particular *computer programs*,[5] effective *technological measures* and *electronic rights management information* that protects and/or accompanies digital content.[6] The most recent expansion, albeit only in the EU, resulted in the adding of a distinct sui generis style protection scheme for non-original *databases*.[7] The end-result (thus far) is a vast protection scheme. Yet, and especially in an online world, this scheme continues to be challenged by the enormous changes to business models, creative practice and consumer behaviour.

8-003 **Harmonisation in the EU** Since 1988, the EU legislator has made significant efforts to harmonise national legislation in the field of copyright. This was not obvious in view of the differences in ideology between Member States (the so-called divide between copyright and *droit d'auteur* traditions) and the originally predominantly economic competence of the European Union. The first effects could be felt with the publication in 1991 of Directive 91/250 on the protection of computer programs.[8] During the following decade, six more Directives were published dealing with important aspects of substantive copyright law relating to the economic rights of lending and renting, protection for neighbouring rights, cable and satellite distribution, the term of protection, protection of databases and the resale right.[9] The publication of the InfoSoc Directive in 2001[10] was the icing on the cake even though it could only be adopted after an unprecedented lobbying effort.[11] Indeed, besides the already numerous more traditionally interested parties (authors, beneficiaries of neighbouring rights and their representative organisations), new actors such as telecommunications operators and other interested industries as well as consumers, made their voices heard in the debate. After the adoption of two more sectorial Directives in 2012 (orphan works) and 2013 (collective management)[12] a new round of intense discussions was triggered by the publication in 2016 of a "copyright package" containing several proposals for new legislation. This initiative aimed at a further modernisation and adjustment of copyright law, tackling sensitive issues like the introduction of a new right for press publishers and the bridging of the so-called value gap through imposing direct liability on online content sharing service providers.[13] Both the most recent DSM Directive[14] as well as the aforementioned InfoSoc Directive will be central to the issues discussed in this chapter.[15] The latter remains the cornerstone of European copyright law as it has defined common denominators in respect of the three most substantive issues: the exclusive rights, exceptions to these rights and the protection of technological protection measures that will all be further discussed in this section.

8-004 **Harmonisation by the European Court of Justice (CJEU)** For many years, the CJEU took an active involvement in contributing to the completion and deepening of the harmonisation process, thereby filling gaps in the legislative acquis.[16] The Court thereby reasoned that the need for uniform application of European law and the principle of equality required that the terms of a provision of a copyright directive, which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope, must be regarded as autonomous concepts of EU law and interpreted uniformly throughout the European Union.[17]

8-005 **Principle of territoriality** As with all intellectual property rights, copyright law is characterised by the principle of territoriality which holds that a country has only competence to prescribe legal rules to govern activities that occur inside its national

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3 TRIPs stands for "Agreement on Trade-Related Aspects of Intellectual Property Rights". It constitutes an annex to the WTO Treaty of 1994 and is binding on all the member nations of the WTO. TRIPs requires them to comply with the substantive Articles of the Berne Convention other than the provisions on moral rights. While it substantially enlarged the scope of copyright protection, it did not address the digital challenges.

4 These include the WCT (WIPO Copyright Treaty) and the WPPT (WIPO Performers and Producers Treaty) which were both signed in December 1996. The principal aim of the WCT was to adjust the Berne protection scheme to the digital environment.

5 Arts 10 (1) TRIPs and art.4 WCT. For a discussion of these protection schemes, see below, para.8-076 and onwards.

6 Arts 11 and 12 WCT (see below, para.8-064 and onwards)

7 See below, para.8-081 and onwards.

8 Council Directive 91/250 of 14 May 1991 on the legal protection of computer programs [1991] OJ L122/42. This Directive has been amended by Council Directive 93/98 [1993] OJ L290/9 and repealed by Directive 2009/24 on the legal protection of computer programs [2009] OJ L111/16; see below, from para.8-076.

9 Directive 2006/115 of 12 December 2006 [2006] OJ L376/28, replacing Council Directive 92/100 of November 19, 1992 on rental and lending rights and on certain rights related to copyright in the field of intellectual property [1992] OJ L346/61; Directive 93/83 of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission [1993] OJ L248/15; as amended by Directive 2019/789 of 17 April 2019 laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes [2019] OJ L130/82; Directive 2006/116 on the term of protection of copyright and certain related rights, replacing Directive 93/98 of October 29, 1993 and as amended by Directive 2011/77 of 27 September 2011 [2011] OJ L265/1; Directive 96/9 of 11 March 1996 on the legal protection of databases [1996] OJ L77/20; Directive 2001/84 of 27 September 2001 on the resale right for the benefit of the author of an original work of art [2001] OJ L272/10.

10 Directive 2001/29 of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10 ("InfoSoc Directive").

11 Hugenholtz, "Why the Copyright Directive is Unimportant and Possibly Invalid", EIPR (2000) 11, p.501; Gotzen, "Copyright in Europe: quo vadis? Some conclusions after the implementation of the information society harmonisation directive", RIDA (2007) 211, p.35.

12 Directive 2012/28 of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L299/5, and Directive 2014/26 of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market [2014] OJ L84/72.

13 These issues will be discussed below.

14 Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L130/92 (hereafter: "DSM Directive"). It should be noted that Member States dispose of a period of 24 months to transpose the new rules into their national law, so many of the new provisions that we will discuss below may not be in operation yet.

15 For a more detailed discussion of this Directive, see Stamatoudi and Torremans (eds), *EU Copyright Law. A Commentary* (Cheltenham, Edward Elgar Publishing, 2014), p.395, and Bechtold, "Directive 2001/29/EC", in *Concise European Copyright Law*, by Dreier and Hugenholtz (eds) (Alphen aan den Rijn, Kluwer Law International, 2016), p.421.

16 Griffiths, "The role of the Court of Justice in the development of European Union Copyright Law", in *EU Copyright Law. A Commentary*, by Stamatoudi and Torremans (eds) (Cheltenham, Edward Elgar Publishing 2014), p.1098; Geiger, "The Role of the Court of Justice of the EU: Harmonizing, Creating and sometimes Disrupting Copyright Law in the EU", in *The Future of Copyright. A European Union and International Perspective*, by Stamatoudi (ed.) (Alphen aan den Rijn, Kluwer Law International, 2016), p.435.

17 *Stichting ter Exploitatie van Naburige Rechten (SENA) v Nederlandse Omroep Stichting (NOS)* (C–245/00) EU:C:2003:68, para.31; *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* (C–306/05) EU:C:2006:764, para.31.

borders.[18] Yet, because of the absence of formalities coupled with the obligation of national treatment imposed by international treaties, copyright law seems to be somehow more "universal" than other forms of IP rights. Nonetheless, copyright law is still ultimately dependent on national law.[19] This feature, that already constituted a problem in an analogue world, is highly topical with respect to uses in a digital networked environment where access to content is by definition ubiquitous. Notwithstanding the harmonisation of many principles achieved by international and European norms, users seeking permission to use protected subject matter across the EU have to acquaint themselves with the copyright laws of many different jurisdictions. Differences remain pre-eminently apparent with respect to divergent judicial interpretations, exceptions and limitations to exclusive rights, ownership of copyright and contractual issues. The enforcement of copyright is also necessarily dependent on national courts whose jurisdiction is by definition territorial.[20]

(b) *Object and conditions of protection*

8-006 **Object of protection** The indication in the leading international Berne Convention (hereafter: "BC") that copyright law protects "literary and artistic works" wrongly suggests a reduced scope for protection. It is indeed generally accepted that this provision is to be given a very broad interpretation, including every production in the literary, scientific and artistic domain, irrespective of the mode or form of its expression. This understanding is demonstrated in the long catalogue of examples provided by way of illustration in BC art.2 which itself is viewed as a floor rather than a ceiling.[21] Hence, copyright can easily embrace works ranging from high-end art to applied and utilitarian creations, as long as they are not merely functional and comply with the standards for protection. As these standards imply a rather low threshold as well (see further below) copyright is capable of protecting a wide variety of works: from *written* works (books, articles, blog messages, music scores, etc.), *visual art* works (images, graphics, architecture, sculptures, geographical maps, technical drawings, posters, etc.), *music* works (music songs, etc.), *audio* and *audiovisual* works (movies, animations, podcasts, etc.), *design* (scale-model design, etc.), to *databases* and *software*. Also other objects of human creativity such as common appliances and utensils, including coffee machines, baker's bicycles, industrial machinery and of course digital creations such as website designs, news posts and user-generated YouTube files may benefit from copyright protection. There is finally no obstacle to protection for very short works (e.g. Twitter messages) or a mere combination of (known) individual elements that are not original in themselves but amount to a protected work as a whole.

8-007 **Exclusions** Most countries deny copyright protection to official acts of the

[18] Goldstein and Hugenholtz, *International Copyright. Principles, Law, and Practice* (Oxford, Oxford University Press, 2013), p.97.

[19] The territorial nature of copyright was confirmed by the CJEU in *Lagardère Active Broadcast v Société pour la perception de la rémunération équitable (SPRE) and Gesellschaft zur Verwertung von Leistungsschutzrechten mbH (GVL)* (C–192/04) EU:C:2005:475, para.46.

[20] Keeling, *Intellectual Property Rights in EU Law*, Vol.I (Oxford, Oxford University Press, 2003), p.266.

[21] Goldstein and Hugenholtz, *International Copyright. Principles, Law, and Practice* (Oxford: Oxford University Press, 2013), p.190.

authorities, such as statutes, judicial opinions and often also political speeches.[22] Likewise and according to BC art.2(8) "news of the day, miscellaneous facts and mere items of press information" cannot be protected by copyright.

Standards for protection A creation will be given copyright protection on the twofold condition (1) that it is *expressed* in a way that belongs to the literary, scientific and artistic domain and (2) that such expression also meets the standard of *originality*. An aesthetic merit is not a requirement; neither is novelty. Hence it is possible to have two identical protected works, so long as they were independently created.[23] 8-008

Expressions, not ideas The first copyright axiom dictates that only *expressions*, not ideas qualify for protection.[24] Yet, BC art.2(2) allows Member States to impose the requirement that the expression should include a fixation in some material form.[25] The demarcation of the borderline between the original expressive elements of a work and its unprotected content is one of the most researched, yet least clarified issues that continues to stir lively debates in Europe and elsewhere.[26] In the EU the CJEU has mandated that the expression should be in a manner which makes the copyrightable subject matter identifiable with sufficient precision and objectivity.[27] 8-009

Originality The second condition of *originality* constitutes the central prerequisite for copyright protection. Originality is not defined in the BC or the InfoSoc Directive but definitions can be found in other EU Directives in relation to photographs, computer programs, databases and reproductions of works of visual art in the public domain.[28] This inspired the CJEU to impose a uniform EU standard of originality in the sense that the work "is the author's own intellectual creation".[29] In other words, it has to be demonstrated that the work is the result of free and creative choices by the author and bears the personal stamp of this author's personality.[30] This threshold is not considered to be very high. However, labour and skill alone are not sufficient.[31] 8-010

[22] BC arts 2(4) and 2bis leave this latter matter open for national legislators.

[23] Ginsburg, "French Copyright Law: A Comparative Overview", J. Copyright Soc'y (1989), 36, p.274.

[24] See art.2 WCT: "Copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such". In the same sense, see art.9.2 TRIPs.

[25] This option to make copyright protection dependent on first fixation, leaving orally communicated works unprotected, has mainly been introduced in common law countries.

[26] See e.g. Latreille, "From idea to fixation: a view of protected works", in *Research Handbook on the Future of EU Copyright*, by Derclaye (ed.) (Cheltenham, Edward Elgar Publishing, 2009), p.133; Strowel, *Droit d'auteur et Copyright* (Brussels, Bruylant, 1993), no.312; Karnell, "The idea/expression dichotomy: a conceptual fallacy", *Copyright World* (1989), no.7, 16.

[27] *Levola Hengelo BV v Smilde Foods BV* (C–310/17) EU:C:2018:899. The Court concluded in this case that the taste of a food product cannot be classified as a "work" because it will be identified essentially on the basis of taste sensations and experiences, which are subjective and variable.

[28] See, respectively Term Directive 2006/116 art.6; Software Directive 2009/24 art.1(3); and Database Directive 96/9 art.3(1) and DSM Directive 2019/290 art.14.

[29] *Infopaq International A/S v Danske Dagblades Forening* (C–5/08) EU:C:2009:465.

[30] *Eva-Maria Painer v Standard VerlagsGmbH* (C–145/10) EU:C:2013:138.

[31] *Football Dataco Ltd v Yahoo! UK Ltd* (C–604/10) EU:C:2012:115.

8-011 **No formalities** Copyright protection is automatic as the BC has outlawed any formal requirement—such as registration at an office or application of a © notice—as a precondition to enjoy copyright protection.[32]

8-012 **Ownership and contracts** The question of first ownership of copyright is one that is answered differently in the various copyright systems. In a nutshell, there exist two major systems. Countries either belong to the "copyright system" (most notably the US and the UK) which allows one to legally vest all rights in an entity other than the author (e.g. the employer or the producer) or they have opted for the "*droit d'auteur* system" (as in the majority of EU countries) where first ownership necessarily is vested in the natural person who has created the work. Legal persons—such as companies, organisations or other legal entities—have to subsequently "acquire" the exploitation rights from the person who created the work. Such a first transfer can occur either through contractual provisions or through the mechanism of legal presumptions in certain situations, e.g. creations by employees or particular works such as audiovisual works, computer programs and databases.[33] Of course, further transfers of copyrights are allowed in all systems on the condition that they comply with the applicable rules of copyright contract law. This is an area which in essence necessitates a country-by-country analysis.[34] In the DSM Directive,[35] the European legislator has imposed mandatory safeguards that should ensure that where authors and performers license or transfer their exclusive rights for the exploitation of their works or other subject matter, they are entitled to receive appropriate and proportionate remuneration and regularly receive relevant and comprehensive information on the exploitation of their works and performances. They are moreover entitled to claim additional, appropriate and fair remuneration when the remuneration originally agreed turns out to be disproportionately low compared to all the subsequent relevant revenues derived from the exploitation of the works or performances. Finally, they should be given the right to terminate an agreement or to make it non-exclusive if the contract partner fails to exploit the works. This latter right is subject to nationally defined conditions that take into account e.g. sector-specific practices.

(c) Moral rights

8-013 **Mandatory attributes** The theory of moral rights became part of the international legal order at the time of the revision of the BC in 1928. Enshrined in its art.6bis, the *right of attribution* and the *right of integrity* together lay down the minimum standards that are by now adopted on a nearly worldwide basis.[36] The former safeguards the author's right to be acknowledged as the creator of a work and the

[32] BC art.5.2.

[33] In the EU, art.5 of the Enforcement Directive establishes a refutable presumption of ownership in favour of the person whose name appears on the work, which can be a legal entity.

[34] In *Soulier*, the CJEU held that both the right of communication to the public and the reproduction right do not specify the way in which the prior consent of the author must be given. Since those provisions cannot be interpreted as requiring that such consent must necessarily be expressed explicitly, an implicit but certain consent must be admissible. *Marc Soulier and Sara Doke v Premier Ministre and Ministre de la Culture et de la Communication* (C-301/15) EU:C:2016:878, para.35.

[35] DSM Directive, arts 18 to 23.

[36] There was, and remains, some reluctance in common law systems, in particular in the United States who were slow in joining the BC because their "copyright industries mounted a stubborn and organized opposition of the (moral) rights"; Adeney, *The Moral Rights of Authors and Performers. An International and Comparative Analysis* (Oxford, Oxford University Press, 2006), p.3.

latter guarantees that authors can shield their creative personality by giving them the right to oppose distortions or other derogatory action amounting to misrepresentation of their honour and reputation.[37] Both moral rights should be given particular attention in the internet age as, in digital form, protected materials are very "vulnerable". Digital technologies indeed offer unprecedented means for users to manipulate ("digipulate") protected works, e.g. by creating derivative works or by deleting the name of the author, which would amount to a violation of the moral rights of integrity and attribution.

8-014 **Other attributes** Two other rights are commonly referred to as being included in the moral rights concept. They include the *right of disclosure* under which the artist can determine the circumstances in which their work is first presented to the public. This right is recognised in the majority of EU Member States but, generally, not in common law systems. Furthermore, there is possibly *the right of retraction* under which the artist can withdraw work from circulation after it is published. This latter right constitutes an exceptional attribute that is only adopted in a limited number of *droit d'auteur* countries.[38]

8-015 **No harmonisation in the EU** The scope of moral rights in the various EU Member States differs significantly. This is a result of the European legislator's choice to leave moral rights outside the scope of the various harmonisation Directives.[39] As the BC also leaves open how precisely the minimum moral rights are to be enforced within domestic legal systems, an analysis on a country-by-country basis needs to be performed.

8-016 **Duration and nature of protection** The BC does not impose a minimum term. Countries are thus left with the option to provide for a shorter, an equal or a longer term of protection as compared to the economic rights. The majority of Member States adhere to the rule of equal duration of economic and moral rights. Some countries, in particular France, continue however to honour a longstanding tradition of perpetual duration,[40] although some controversial and intricate cases in the past have put this rule under pressure.[41] The general rule is that moral rights are *inalienable* but few countries apply this rule in such an extreme manner. While a blanket renunciation of the exercise of moral rights will often be held null and void, a waiver of a particular moral right (often the right of integrity) in relation to clearly defined creations is frequently admitted.

[37] This mandatory minimum Berne standard is incorporated—by reference via art.3—in the 1996 WCT Treaty and is extended to the benefit of performing artists in art.5 of the adjoining WPPT Treaty.

[38] In particular in Germany, Spain, France, Italy, Portugal, Slovenia and Croatia, according to Lucas-Schloetter, "Rapport général: le droit moral dans les différents régimes du droit d'auteur", in Brison, Dusollier, Janssens and Vanhees (eds), *Moral Rights in the 21st Century. The changing role of the moral rights in an era of information overload*, Proceedings of the 2014 ALAI Conference (Brussels, Larcier, 2015), p.57.

[39] See, e.g., InfoSoc Directive recital 19. For more details, see Janssens, "Invitation for a "Europeanification" of moral rights", in *Research Handbook on Copyright*, by Torremans (ed.) (Cheltenham, Edward Elgar Publishing, 2017), p.202.

[40] See French Intellectual Property Code art.L.121-1.

[41] French Cour de Cassation, 30 January 2007, Case No.125, *"Les Misérables'*, RIDA (2007) 212, p.487. See discussion in Bénabou, "Letter from France", RIDA (2008) 215, p.196.

(d) Economic rights

8-017 **Overview and interpretation** Copyright confers upon the owner extensive economic rights to authorise use that can be made of protected material. In the EU, a comprehensive harmonisation of the various economic rights was achieved through the InfoSoc Directive requiring Member States to provide for exclusive rights for authors in relation to the reproduction, communication to the public and distribution of their works.[42] These legal provisions are to be given a uniform interpretation across the EU according to the case-law of the CJEU. Yet, the CJEU has also reminded that, while copyright is a property right safeguarded by the Charter of Fundamental Rights of the European Union ("CFR"), it does not exist in isolation. Hence, when enforcing exclusive copyrights, courts need to apply a balancing test and take into account other fundamental rights and principles of EU primary law in the CFR.[43] In particular the right of freedom of expression and information (art.11), the protection of personal data (art.8) and the right of undertakings to conduct their business (art.16) will often merit special attention.[44]

8-018 **Right of reproduction** The right of reproduction is to be given a very broad scope. Article 2 of the InfoSoc Directive attributes to the author the exclusive right to authorise or prohibit any "direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part". The EU legislator thus mandates to bring even transient acts within the definition of reproduction, even though an international consensus to secure a right embracing such types of electronic reproductions could not be reached at the Diplomatic Conference that preceded the adoption of the 1996 WCT.[45] Certain attributes of the reproduction right, in particular the rights of adaptation and translation, have been left out of the European harmonisation process.[46] These rights covering any modification or adaptation of the work, as long as the original work remains recognisable, are very relevant in an internet context. They are dealt with in BC art.12 and recognised in all EU Member States.

8-019 **Right of communication to the public** The public communication right includes all forms of exploitation of copyrighted works through intangible means. Similarly to the reproduction right, this right is defined in an open manner with the difference that only exploitations which are public are brought within copyright control. The meaning of the pivotal term public and the scope of this exclusive right are discussed in the next section ("Relevant Capita Selecta").

8-020 **Term of protection** Article 1 of the Term Directive states that copyright:

[42] The right of distribution in principle only applies in an offline environment and will therefore not be further discussed. A prejudicial question on the issue of exhaustion in respect of digital transmissions (in particular the possibility of sales of second-hand ebooks) has been referred to the CJEU in *Nederlands Uitgeversverbond and Groep Algemene Uitgevers v Tom Kabinet Internet BV* (C-263/18).

[43] *Promusicae v Telefónica de Espana* (C–275/06) EU:C:2008:54, para.68.

[44] *Scarlet Extended SA v Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)* (C–70/10) EU:C:2011:771.

[45] An Agreed Statement to art.1(4) WCT merely states that digital storage is considered to fall within the reproduction right.

[46] However, there might be some arguments to support the position that adaptation falls within the scope of harmonisation.

"...shall run for the life of the author and for 70 years after his death, irrespective of the date when the work is lawfully made available to the public."

In the case of a work of joint authorship, this term should be calculated from the death of the last surviving author. The term of protection of neighbouring rights amounts to 50 years after the date of performance, fixation (performers) or first transmission (broadcasters). For music performers and music producers, Directive 2011/77 has prolonged this term by 20 years.

(e) Exceptions and limitations to exclusive rights[47]

8-021 **General** The copyright system has always sought to maintain an appropriate balance between, on the one hand, ensuring exclusive rights for rights-holders and, on the other hand, the public interest (e.g. in relation to freedom of expression or the right to information). This balance is achieved by permitting legislators to introduce exceptions to the exclusive rights that allow, in certain circumstances, for the use of protected material without the prior authorisation of the owner of the copyright. On the international level a distinction can be made between open systems, such as the fair-use scheme typically adopted in common law countries (in particular the USA) and closed systems, such as the one implemented in EU copyright law. It goes without saying that the latter approach is less adapted to keeping pace with constantly changing technologies and new forms of using copyrighted material as such systems depend on (often lengthy) legislative interventions. Permissible uses are justified by a broad range of reasons. Some exceptions serve very strong, overriding public interests such as uses for news reporting or the quotation exception.[48] In many jurisdictions exceptions further safeguard uses that ensure public security, education and science or that are necessary to preserve the historic and cultural heritage (library and museum archiving). Finally, some exceptions are adopted to cater for practical solutions, such as overcoming market failure (reprography and private copying).

8-022 **European framework** Article 5 of the InfoSoc Directive merely lays down a general framework in the form of a long *exhaustive list* of mostly *optional exceptions* that the Member States may provide in their national copyright acts. Adding or maintaining exceptions that are not included in art.5 is not allowed,[49] but Member States are nevertheless given some leeway to decide whether and how to implement the different optional provisions as well as with regard to the organisation of a remuneration system in relation to all or some exceptions. The result today is that the number as well as the scope of possible exceptions that can be invoked to escape copyright liability varies considerably across EU Member States.[50, 51] This is problematic for the cross-border dimension of their application, which is an inher-

[47] Note on terminology: we 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 law precludes the rights-holder from exercising their exclusive rights (including both full exceptions and statutory licenses that are subject to a right to remuneration).

[48] This latter exception is mandatorily prescribed by the BC.

[49] *Marc Soulier and Sara Doke v Premier ministre and Ministre de la Culture et de la Communication* C-301/15 EU:C:2016:878, para.34. There is a small exception to this rule in art.5(3)(o) that includes a so-called "grandfather clause" for additional minor analogue uses.

[50] Janssens, "The issue of exceptions: Reshaping the keys to the gates in the territory of literary, musical and artistic creation", in *The Future of Copyright Law*, by Derclaye (ed), Series Research

ent feature of internet use. A use falling under an exception in one Member State need not necessarily be exempted in other Member States. The CJEU has partly solved this problem by holding that Member States are not free to determine, in an unharmonised manner, the limits of even optional exceptions.[52] This case-law can, however, not prevent that significant differences continue to subsist as regards the nature and scope of exceptions in the Member States. The lack of legal certainty about potential infringement in some Member States may frustrate end-users, service providers and other intermediaries and is therefore problematic for the development of new online platforms and services. From a formal point of view, art.5 presents a transparent *structure* with five different alineas. They successively set out one mandatory exception (art.5(1)),[53] four optional exceptions to the reproduction right (art.5(2)), 15 optional exceptions to the rights of reproduction and/or public communication (art.5(3))[54] and the possibility to apply all previously listed exceptions to the distribution right (art.5(4)). Article 5(5) finally reiterates the general obligation that all exceptions should conform to the three-step test to determine their legitimacy.[55] The 2019 DSM Directive has partly resolved the problem of fragmentation by adding four additional mandatory exceptions, which will be discussed further below.

8-023 **General conditions** The exceptions enumerated in art.5 InfoSoc Directive have not been conferred an imperative nature and, hence, can be overridden by contractual agreements unless the national legislator has precluded such a possibility (as is the case in Belgium and Portugal). The 2019 DSM Directive has, to some extent, remedied this deficiency by introducing mandatory provisions in respect of a new exception for text and data mining, an extension of the educational exception to cross-border use and the making of preservation copies by cultural heritage institutions.[56] Furthermore, in a number of countries, the benefit of every exception is conditioned to the prior exercise by the author of their moral right of divulgation (e.g. in Belgium, Germany, France, Greece, Spain or Italy).[57] Also, as they derogate from the general principle of broadly construed exclusive rights, legislation and case-law dictate that exceptions and limitations should be construed

Handbooks in Intellectual Property (Cheltenham, Edward Elgar Publishing, 2009), p.328; Hugenholtz et al., *The recasting of copyright & related rights for the knowledge economy—Final Report*, DG Internal Market study contract No. ETD/2005/IM/D1/95, (Brussels, European Commission, 2006), p.83, available at *http://ec.europa.eu/internal_market/copyright/docs/studies/etd2005imd195recast_report_2006.pdf* [Accessed 17 September 2019].

51 Reviews have confirmed that, as far as art.5 is concerned, Member States have legislated in a "disorderly manner": Gotzen, "Copyright in Europe: quo vadis? Some conclusions after the implementation of the information society harmonisation directive", RIDA (2007) 211, pp.14–16; Hugenholtz, *The recasting of copyright & related rights for the knowledge economy* (Brussels, European Commission, 2006), pp.66 and 213.

52 *DR and TV2 Danmark A/S v NCB — Nordisk Copyright Bureau* (C–510/10) EU:C:2012:244, para.36.

53 This exception is discussed in para.8-035 and onwards.

54 More details on some of these exceptions are provided from para.8-042.

55 See below, para.8-024.

56 DSM Directive, arts 3 to 7.

57 Triaille, Dusollier, Depreeuw et al., *Study on the Application of Directive 2001/29/EC on copyright and related rights in the information society* (the "InfoSoc directive") (Brussels, European Commission, 2013), pp.253 and 269, available at *http://ec.europa.eu/internal_market/copyright/docs/studies/131216_study_en.pdf* [Accessed 17 September 2019].

narrowly.[58] Nevertheless, when applying a strict interpretation of the terms of an exception, courts must at the same time ensure that the usefulness and effectiveness of the specified exception is respected.[59] The degree of latitude afforded to the Member States however, remains limited. They cannot go beyond the exhaustive catalogue of exceptions in art.5 and rely, for example, on the right of freedom of expression. The CJEU has firmly denied the application of fundamental rights as external limits to copyright protection.[60] Finally, it should be borne in mind that, apart from their different individual requirements, all these exceptions must comply with the three-step test.

Three-step-test The three-step test is a standard that ensures a balanced application of the exceptions, taking into account the interests of the rights-holders. It is an essential part of several international treaties[61] and is transposed in art.5 InfoSoc Directive. The test imposes the obligation to confine exceptions to exclusive rights (i) to certain special cases (ii) which do not conflict with a normal exploitation of the work and (iii) do not unreasonably prejudice the legitimate interests of the rights-holder. Rather than as an additional restriction on the scope of exceptions, the CJEU understands the test as an enabling clause to counteract an excessive application of an exception.[62] Several authors, however, also advocate for the use of the test taking into account other legitimate interests, such as the interests of users. Through such an interpretation, the test may also serve as a balancing mechanism where the application of an exception would be too restrictive.[63] **8-024**

2. Relevant Capita Selecta

(a) Communication to the Public and Making Available

The concept The concept of "communication to the public" refers to any form of exploitation of works through intangible means. It covers any kind of transmission or retransmission by wire or wireless, including broadcasting and making available in such a way that members of the public may access them from a place and at a time individually chosen by them. This concept has led to an extensive case-law at European level. As the CJEU has determined, it involves two cumulative criteria, namely an "act of communication" of a work and the communication of that work to a "public".[64] Both criteria have led to a detailed interpretation by the Court. The interpretation of the notion of "public" by the CJEU deserves special **8-025**

58 *Infopaq International A/S v Danske Dagblades Forening* (C–5/08) [2009] EU:C:2009:465, paras 56 to 58; *Eva-Maria Painer v Standard VerlagsGmbH ("Painer")* (C–145/10) EU:C:2013:138, para.109.

59 *Eva-Maria Painer v Standard VerlagsGmbH ("Painer")* (C–145/10) EU:C:2013:138, para.133; *Technische Universität Darmstadt v Eugen Ulmer KG* (C–117/13) EU:C:2014:2196, para.43.

60 *Spiegel Online GmbH v Volker Beck* (C-516/17) ELCI:EU:C:2019:625, para.47; *Funke Medien NRW GmbH v Bundesrepublik Deutschland* (C-469/17) ELCI:EU:C:2019:623, para.62.

61 BC art.9(2), art.13 TRIPS and art.10 WCT.

62 See e.g. *ACI Adam BV v Stichting de Thuiskopie & Stichting Onderhandelingen* (C–435/12) EU:C:2014:254, para.26; *Technische Universität Darmstadt v Eugen Ulmer KG* (C–117/13) EU:C:2014:2196, para.47.

63 See e.g. Geiger, Hilty, Griffiths and Suthersanen, "Declaration a Balanced Interpretation of the 'Three-Step Test' In Copyright Law", JIPITEC, 2010, Vol.1; Koelman, "Fixing the three-step test", EIPR (2006) 28, p.407; Senftleben, "L'application du triple test: vers un système de fair use européen?", *Propriétés intellectuelles*, 2007, p.453.

64 *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.24 and the case-law cited.

attention because it seems to deviate from the common interpretation at the international level.

8-026 **Act of communication** The notion of *act of communication* has been broadly construed. It refers to any action by which an access is given to the protected works.[65] Such an access can take various forms. The CJEU decided that there is a communication in the following cases: the distribution of a signal by means of television sets by a hotel to customers staying in its rooms, whatever technique is used to transmit the signal;[66] the installation by a hotel in guest bedrooms of apparatus and phonograms in physical or digital form which may be played on or heard from such apparatus;[67] the transmission of broadcast works by the operator of a café-restaurant, a spa, or a revalidation centre, via television or radio sets, or speakers, to the customers present in their establishment;[68] the indexing on an online sharing platform of torrent files which allows users of that platform to locate works and share them in the context of a peer-to-peer network.[69] It is sufficient that the members of the public may have access to the works, irrespective of whether they avail themselves of that opportunity.[70] Admittedly, in line with recital 27 of the InfoSoc Directive,[71] the mere provision of physical facilities for enabling or making a communication does not in itself amount to a communication.[72] However, there is more than a mere provision of physical facilities when the operator of a hotel distributes a signal by means of television sets installed in the guest rooms,[73] or when the operator of an online sharing platform indexes torrent files.[74] Likewise, it is correct to state that a mere technical means to ensure or improve reception of the original transmission in its catchment area does not constitute a "communication". But at the same time, the intervention of such a technical means falls outside the scope of a "communication" only if it is limited to maintaining or improving the quality of the reception of a pre-existing transmission and cannot be used for any other transmission. As a consequence, the latter exclusion does not apply to the user of a work who makes a transmission of their own.[75] For instance, the second user of a work who uses technical means that are different from those used by a first user for the original communication makes a transmission of their own and does not merely maintain or improve the quality of the initial transmission.

8-027 *Deliberate act* In order to conclude that an act of communication has occurred,

[65] *SGAE v Rafael Hoteles* (C–306/05) EU:C:2006:764.
[66] *SGAE v Rafael Hoteles* (C–306/05) EU:C:2006:764, para.47.
[67] *Phonographic Performance Limited v Ireland* (C–162/10) EU:C:2012:141, paras 66 to 69. Admittedly the latter case relates to a communication to the public under the Directive 2006/115 on neighbouring rights, not under the InfoSoc Directive. But the concept has the same meaning in both Directives and it must be interpreted in light of the same criteria (see below).
[68] *Football Association Premier League v QC Leisure* (C–403/08) EU:C:2011:631, para.196; *OSA v Léčebné lázně Mariánské Lázně a.s.* (C–351/12) EU:C:2014:110, para.26; *SPA v Ministerio Público* (C–151/15) EU:C:2015:468, paras 14 to 15; *Reha Training v Gema* (C–117/15) EU:C:2016:379, paras 54 to 55.
[69] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.36.
[70] *SGAE v Rafael Hoteles* (C–306/05) EU:C:2006:764, para.43; *Stichting Brein v Filmspeler* (C–527/15) EU:C:2017:300, para.36; *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.31.
[71] The wording of recital 27 of the InfoSoc Directive is similar to that of the Agreed Statements concerning art.8 of the WCT.
[72] InfoSoc Directive recital 27.
[73] *SGAE v Rafael Hoteles* (C–306/05) EU:C:2006:764, para.46.
[74] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.38.
[75] *ITV* (C–607/11) EU:C:2013:147, para.30.

account must be taken of the indispensable role played by the user and the deliberate nature of their intervention.[76] That user makes an act of communication when they intervene, in full knowledge of the consequences of their action, to give access to a work, particularly where, in the absence of that intervention, the members of the public would not be able to enjoy the work, or would be able to do so only with difficulty.[77] The indispensable role of the user and the deliberate nature of their intervention form part of a number of *complementary criteria* which, in the case-law of the CJEU, serve to establish that the user makes an act of communication to the public. It should be stressed in this respect that the concept of "communication to the public" has the same meaning in the InfoSoc directive and in the Directive 2006/115 on neighbouring rights. Consequently, that concept must be assessed in accordance with the same criteria in order to avoid, inter alia, contradictory and incompatible interpretations depending on the applicable provision.[78] These complementary criteria are not autonomous and they are interdependent, which means that, depending on the situations, they may be present to widely varying degrees.[79] On another note, a controversial subject concerns the question of *who* makes the communication to the public in a situation where different parties intervene in a transmission. In *SBS Belgium* the CJEU ruled that a broadcasting organisation does not carry out an act of communication to the public when it transmits its program-carrying signals exclusively to distributors without those signals being accessible to the public during, and as a result of, that transmission.[80] However, it is for the national court to ascertain whether the intervention of the distributors sending those signals to their respective subscribers so that they may watch those programs, is merely technical, or not. In the former case, the broadcasting organisation will be considered to make the communication to the public.

Public The second key component entails the concept of "public" which refers to an indeterminate number of potential recipients, and implies, moreover, a fairly large amount of persons.[81] In this context, it is irrelevant whether the potential recipients access the communicated works through a one-to-one connection, because that technique does not prevent a large number of persons having access to the same work at the same time.[82] Beyond this situation, it may be relevant to ascertain the number of persons who have access to the same work not only at the same time, but also successively.[83] **8-028**

New public A number of complementary criteria established by the CJEU relate to this concept of "public". They require that the public which has an access to the work be a "new" public in that it has not already been taken into account by the **8-029**

[76] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.26.
[77] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.26; *Stichting Brein v Filmspeler* (C–527/15) EU:C:2017:300, para.31 and the case-law cited.
[78] *Reha Training v Gema* (C–117/15) EU:C:2016:379, para.34.
[79] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.25.
[80] *SBS Belgium NV v Belgische Vereniging van Auteurs, Componisten en Uitgevers (SABAM)* (C–325/14) EU:C:2015:764.
[81] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.27; *AKM v Zurs.net* (C–138/16) EU:C:2017:218, para.24.
[82] *ITV* (C–607/11) EU:C:2013:147, para.34.
[83] *ITV* (C–607/11) EU:C:2013:147, para.33; *SGAE v Rafael Hoteles* (C–306/05) EU:C:2006:764, para.39.

copyright holders when they authorised the initial communication of their works to the public. The requirement of a "new" public does not apply where the communication uses technical means which are different from those previously used (e.g. in the situation where the communication at stake occurs via an internet transmission while the initial transmission occurred through terrestrial and satellite broadcast signals).[84] The criterion of a "new" public has caused a lot of discussion, due to the fact that it was unknown until it was developed by the Court of Justice, but also as it seems hard to domesticate. It has been observed by a number of specialists that this criterion was lacking a legal basis in either the BC or the InfoSoc Directive, so that a good suggestion would be to abandon it and opt rather in favour of the criterion of "the organization other than the original one" of art.11bis, 1 (ii) of the BC.[85] Moreover, after the *AKM* judgment of the CJEU, concerns had been raised concerning the fact that the "new" public requirement could be found applicable even in situations where the communication at stake uses a technical means different from that used for the initial transmission.[86] However, the *V-Cast* judgment of the CJEU seems to have significantly reduced these concerns. This decision made clear that when the transmission at stake uses a technical means different from that used by the initial transmission, whereby each transmission is intended for its public, the publics are different. In the latter situation, each transmission must receive the consent of the rightholder, and it is no longer necessary to examine whether the public targeted by the transmission at stake constitutes a new public.[87]

8-030 **Profit making** The profit-making nature of a communication might play a role as a criterion to assess an infringement but it is not decisive. The Court of Justice simply said that it is "not irrelevant".[88] Moreover, in *ITV* the CJEU has even ruled that a profit-making nature is not necessarily an essential condition for the existence of a communication to the public.[89]

(b) Linking and framing

8-031 **Communication to the public** The provision, on a website, of clickable links to protected works published without any access restrictions on another site, affords users of the first site direct access to those works. The question is whether this provision constitutes an act of communication to the public which requires the consent of the rightholders. According the CJEU, the provision of clickable links whereby, after having clicked, the internet users are redirected to another website where they have an access to a work in which they are interested constitutes an act of communication. Moreover, in so far as this act is aimed at all potential users of the linked site, i.e. an indeterminate and fairly large number of recipients, it amounts to an act of communication to "the public".[90] As observed by the Court of Justice, for there to be an "act of communication', it is sufficient, in particular, that a work

[84] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.28.
[85] See the resolutions and positions adopted by the "Association Littéraire et Artistique Internationale", available at *http://www.alai.org/en/resolutions-and-positions.html* [Accessed 17 September 2019].
[86] *AKM v Zurs.net* (C–138/16) [2017] EU:C:2017:218, paras 26 to 29.
[87] *VCAST Limited v RTI* (C–265/16) EU:C:2017:913, paras 48 to 50.
[88] *Stichting Brein v Ziggo* (C–610/15) EU:C:2017:456, para.29.
[89] *ITV* (C–607/11) EU:C:2013:147, para.42.
[90] *Svensson v Retriever Sverige* (C–466/12) EU:C:2014:76, paras 20 to 23.

is made available to a public in such a way that the persons forming that public may access it, irrespective of whether they avail themselves of that opportunity.[91]

8-032 **New public** However, such an act requires the consent of the rightholders *only* if it is directed at a "new" public, that is to say, at a public that was not taken into account by the copyright holders when they authorised the initial communication to the public.[92] There is *no new public*, if the works on the linked site were freely accessible to all internet users, *with* the consent of the copyright holders (see below for the situation in which there is no such consent). In such a situation, the public redirected to the works by the provider of links is part of the public already taken into account by the copyright holders when they authorised the initial communication. It does not make any difference if the persons who click on the links have the impression that the work is appearing on the site where the link is found, whereas in fact the work is coming from another website, that is to say, if the operator of the linking site uses *framing techniques*.[93] Moreover, the use of such techniques does not amount to the use of means different from those used for the initial communication which has been authorised by the copyright holder in order for the requirement of a "new" public to apply.[94] By contrast, there is a *new public* in a situation where the link provider enables any person who clicks on the links to access the work on the other website, whereas the work on the other website is not freely accessible, in particular when it is no longer available on the linked website or it is available only to a restricted public on this website.[95] In such a situation, there is an act of communication to a new public and the consent of the copyright holders is needed.

8-033 **New public and absence of consent of rightholder** Moreover, the exclusive right of the copyright owner also applies to a situation where the link provider enables an access to works freely accessible on the linked site *without* the consent of the copyright holder, if the link provider knew or ought to have known that the hyperlink they posted provides access to a work illegally placed on the internet, for example owing to the fact that he was notified thereof by the copyright holders.[96] Likewise, the link provider makes an act of communication to the public in a situation such as here above where the posting of the link is made for profit. In such a situation, it can be expected that the person who posted the link carries out the necessary checks to ensure that the work concerned is not illegally published on the website to which those hyperlinks lead, so that it must be presumed that that posting has occurred with the full knowledge of the protected nature of that work and the possible lack of consent to publication on the internet by the copyright holder.[97] This case-law of the CJEU has been met with significant criticism. It has been argued that the answer to the question as to whether a person makes an act of communication to the public, may not depend on whether that person seeks a profit or acts with the knowledge that the work concerned is illegally published. The critics have also stressed that, according to the general rules and principles prevailing in

[91] *Svensson v Retriever Sverige* (C–466/12) EU:C:2014:76, para.19.
[92] *Svensson v Retriever Sverige* (C–466/12) EU:C:2014:76, para.24.
[93] *Svensson v Retriever Sverige* (C–466/12) EU:C:2014:76, paras 29 to 30; *Best Water v Michael Mebes* (C–348/13) EU:C:2014:2315, paras 17 to 19.
[94] *Best Water v Michael Mebes* (C–348/13) EU:C:2014:2315, para.19.
[95] *Svensson v Retriever Sverige* (C–348/13) EU:C:2014:2315, para.31.
[96] *GS Media v Sanoma Media* (C–160/15) EU:C:2016:644, para.49.
[97] *GS Media v Sanoma Media* (C–160/15) EU:C:2016:644, para.51.

the field of copyright, the profit-making and the knowledge criteria may only serve to determine whether a person is exposed to an indirect liability for an unauthorised communication to the public made by a third party, not to determine whether that person is directly liable because it makes an unauthorised communication to the public.

8-034 **New public: new act of communication distinguished from a mere linking** Moreover, the exclusive right of the copyright owner is also likely to apply to an act that consists of something other than simply providing a link to a work freely accessible on the internet. The CJEU confirmed this solution in a situation where the defendant, rather than providing a link to a work already freely accessible on an initial website, had reproduced the work and made it available to the public on another website. First, the CJEU decided that unlike hyperlinks, which contribute to the sound operation of the Internet, a publication on a website without the authorisation of the copyright holder of a work which was previously communicated on another website with the consent of that copyright holder, does not contribute to the same extent to that objective.[98] Secondly, the Court found that the posting on another website of a work gives rise to a new communication, independent of the communication initially authorised. As a consequence of that posting, such a work may remain available on the latter website, irrespective of the prior consent of the author and despite an action by which the rightholder decides no longer to communicate their work on the website on which it was initially communicated with their consent. Therefore, the posting by the defendant did not respect the preventive nature of the exclusive right of the copyright holder.[99] Thirdly, the Court considered that the defendant played a decisive role in the communication of the work to a public which was not taken into account by its author when they consented to the initial communication, since the defendant reproduced that work on a private server and then posted it on a website other than that on which the work was initially communicated.[100]

(c) Exception for technical incidental copies

8-035 ***Legal framework*** Network communication and consultation is only possible through short-term reproductions that occur several times during the communication process onto the internal memory (so-called RAM) of a computer, in routers and proxy servers or comparable technical tools. They involve constant steps of storage, many of them being only transient but all of them essential for the working of the internet. Following a long controversy, art.2 InfoSoc Directive has embraced such temporary copies in the broad definition of the reproduction right, even in cases where they are unavoidable or made by technical necessity. To counterbalance this extensive approach, a new exception for temporary technical copies has been introduced in art.5(1). Because it constitutes a mandatory exception, this provision has been implemented in all Member States in an almost identical wording.

8-036 **Five cumulative conditions** Rightholders cannot oppose the making of reproduc-

[98] *Land Nordrhein-Westfalen v Renckhoff* (C–161/17) EU:C:2018:634, para.40.
[99] *Land Nordrhein-Westfalen v Renckhoff* (C–161/17) EU:C:2018:634, para.44.
[100] *Land Nordrhein-Westfalen v Renckhoff* (C–161/17) EU:C:2018:634, para.46. On the legality of snippets taken from online (press) articles by search engines, see below.

tions on the condition that they are (1) temporary, (2) as well as transient or incidental in nature, and (3) form an integral and essential part of a technological process, (4) the sole purpose being to enable either a transmission in a network between third parties by an intermediary, or a lawful use of a work or other subject matter to be made, and (5) which have no independent economic significance. The CJEU has on several opportunities clarified these different conditions.[101] As a starting point, the court prescribes a strict interpretation of the terms[102] which, in addition, need to be interpreted in light of the three-step test.

8-037 *First condition: the reproduction is temporary* The CJEU has ruled that copies are of a temporary nature if they are erased on screen when the internet user leaves the consulted internet site. This is also true if cached copies are usually automatically replaced by other data, depending on the cache capacity, as well as the volume and frequency of the internet user's internet usage.[103]

8-038 *Second condition: the reproduction is transient or incidental* The second condition includes two alternative situations.[104] The reproduction either has a very short lifetime the duration of which is limited to what is necessary for the proper completion of the technological process in question (i.e. transient). It is thereby understood that that process must be automated so that it deletes the content automatically, without human intervention, once its function of enabling the completion of such a process has come to an end.[105] For example, the temporary storage during the process of data-capture by a media monitoring business could satisfy this condition,[106] even where the deletion by the system of the copy generated is preceded by the intervention of the end-user designed to terminate the technological process concerned.[107] Also on-screen copies that are made in the so-called RAM of a computer during the process of "browsing" can be considered as transient as they are automatically deleted by the computer at the moment when the internet user

[101] See *Infopaq International A/S v Danske Dagblades Forening ("Infopaq I")* (C–5/08) EU:C:2009:465; *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16; *Football Association Premier League Ltd v QC Leisure* and *Karen Murphy v Media Protection Services Ltd ("Premier League")* (Joined Cases C–403/08 and C–429/08) EU:C:2011:631; and *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195.
[102] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq I")* (C–5/08) EU:C:2009:465, paras 56 to 58; *Football Association Premier League Ltd v QC Leisure* and *Karen Murphy v Media Protection Services Ltd ("Premier League")* (Joined Cases C–403/08 and C–429/08) EU:C:2011:631, para.162; *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16, para.27.
[103] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, para.26.
[104] The CJEU has ruled that this condition should actually be examined as third condition; *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, at para.39.
[105] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq I")* (C–5/08) EU:C:2009:465, paras 61 to 70.
[106] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq I")* (C–5/08) EU:C:2009:465, paras 64 to 65. Infopaq is a media monitoring and analysis business, engaged in sending customers selected summarised articles from Danish daily newspapers and other periodicals by email. The articles were selected on the basis of certain subjective criteria agreed with by customers and made available by means of a data capture process without the authorisation of the copyright owners.
[107] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, paras 41 to 42.

moves away from the website concerned.[108] Alternatively the reproduction has no particular autonomous significance from a copyright perspective (i.e. incidental).[109] This situation would apply to longer copies created in proxy servers and local caches that are retained in the computer system for the purposes of a possible subsequent viewing of a same site.[110] Incidental may thus involve a longer lifetime than transient as long as the reproductions remain temporary.

8-039 *Third condition: the reproduction is an integral and essential part of a technological process*[111] The reproduction should occur due to technical necessities in the sense that the technical process could not correctly and efficiently operate without such reproduction.[112] This is the case for internet routers and proxy servers that do not exist in order to make reproductions of copyrighted works, but for the purpose of network addressing, management and performance issues. Also on-screen copies during the process of "browsing" as well as copies in cache have been found to comply with these requirements.[113] Contrary to the transient requirement, the "technicality" aspect here does in itself not exclude the involvement of human intervention or manual activation.[114] Other examples forming an integral part of a technological process include the reproductions performed within the memory of a satellite decoder and on a television screen which were held to be temporary, transient.[115]

8-040 *Fourth condition: the sole purpose is a transmission in a network or a lawful use* The fourth condition again includes two alternative situations. The first hypothesis, transmission in a network, covers, for instance, copies made by internet routers which direct copyrighted works from the sender to the recipient or by proxy servers for the sole purpose of facilitating the transmission of copyrighted works and other data over the network. Similarly this condition also applies to other communications networks such as the telephone network and wireless networks,[116] as long as the intermediary does not modify the information transmitted or interfere with the lawful use of technology.[117] The second hypothesis, a lawful use, is explained in recital (31) as being a use that is either authorised by the rightholder or not restricted by law. The latter situation refers to the types of uses that are

[108] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, paras 44 to 46.

[109] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, para.43.

[110] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, paras 47 to 50.

[111] It is more appropriate to examine this *third condition* in the second place; see *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd and Others ("PRC")* (C–360/13) EU:C:2014:1195, para.28.

[112] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq I")* (C–5/08) EU:C:2009:465, para.61 and *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16, para.30.

[113] *Public Relations Consultants Association Ltd v Newspaper Licensing Agency Ltd ("PRC")* (C–360/13) EU:C:2014:1195, paras 33 to 37.

[114] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16, paras 31 to 32.

[115] *Football Association Premier League Ltd v QC Leisure* and *Karen Murphy v Media Protection Services Ltd ("Premier League")* (Joined Cases C–403/08 and C–429/08) EU:C:2011:631, paras 161 to 182.

[116] Bechtold, "*Article 5*" (2016), p.457.

[117] InfoSoc Directive recital (33).

covered by an exception in the national copyright act such as, e.g. the picking up of broadcasts and their visual display in private circles in countries that recognise a private use exception.[118] The former situation of authorised use may e.g. occur in relation to content that has been made freely available by the rightholder on a publically available website.[119]

Fifth condition: the reproduction has no independent economic significance The fifth condition alludes to the second prong of the three-step test. Lack of independent economic significance should be understood in such a way that the economic advantage derived from the temporary reproduction must not be either distinct or separable from the economic advantage derived from the lawful use of the work concerned. In other words, it must not generate an additional economic advantage going beyond that derived from that use of the protected work.[120] It is clear that, since the works to which access is provided by means of temporary reproductions have a specific economic value, access to them and their use necessarily also has economic significance. An inherent feature of these reproduction acts is indeed to enable the achievement of efficiency gains in the context of such use and, consequently, to lead to increased profits or a reduction in production costs. However, an advantage derived from an act of temporary reproduction becomes only distinct and separable in a way that precludes the application of the exception if the author of that act is likely to make a profit due to the economic exploitation of the temporary reproductions themselves.[121] **8-041**

(d) Private copy exception

European legal framework The European legislator has laid down the scope of application of the (optional) exception of private copying in art.5(2)(b) of the InfoSoc Directive: rightholders cannot oppose "reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial". This exception only affects the exclusive reproduction right. Hence, in an online environment, it will be for the most part relevant for acts of downloading as the making available of materials on the internet, i.e. uploading, would trigger the application of the right of communication to the public that is not exempted under this exception. In the Member States where the copyright law includes this exception, the law must also provide a system for compensation of the harm to the rightholders, as is stipulated in the second part of this provision ("on condition that the rightholders receive fair compensation which takes account of the application or non-application of technological measures referred to in art.6 to the work or subject matter concerned"). **8-042**

Background The private copying exception was introduced in many Member States in the 1960s as a response to the development of new performing reproduction techniques (photocopy and fax machines, and music and video recording **8-043**

[118] *Football Association Premier League Ltd v QC Leisure and Others* and *Karen Murphy v Media Protection Services Ltd ("Premier League")* (Joined Cases C–403/08 and C–429/08) EU:C:2011:631, paras 170 to 171.

[119] Bechtold, "*Article 5*" (2016), p.458.

[120] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16, para.50; *Premier League*, para.175.

[121] *Infopaq International A/S v Danske Dagblades Forening ("Infopaq II")* (C–302/10) EU:C:2012:16, para.52.

equipment).[122] The massive copying practice by individual users resulting from these evolutions had led to a phenomenon of "market-failure" with (too) high transaction costs required for the negotiation of individual licenses and for the enforcement of the exclusive reproduction right.[123], [124] The digital developments have speeded up the ease, speed and volume with which nearly perfect copies can be made. Countless works, with music and movie first, are nowadays copied for further private use to hard disks, smartphones, tablets digiboxes and cloud-based locker services such as nPVR (network based personal video recorders)[125] and their economic impact on the normal exploitation of copyright is increasing. The resulting challenge explains the label of "a remaining hot issue" that continues to keep the EU as well as national legislators busy in framing the exception of private copying. As many new services involve the intervention of intermediary services questions relating to copyright infringement have brought the issue of (primary or secondary) liability of the latter to the forefront.[126]

8-044 **Situation in EU Member States** The private copy exception was introduced in most Member States, except for the UK and Ireland, which allow only limited forms of private use.[127] It is not a coincidence that these are common law jurisdictions. In other Member States, as is the case with other optional exceptions, the scope of the private copying regimes and, in particular, the levy systems differ markedly from country to country.[128] This constitutes an obstacle to the development of cross-country services such as cloud locker or cloud video recorder services in the internal market. Article 5(2)(b) of the InfoSoc Directive gave rise to numerous preliminary questions to the CJEU, but apart from *ACI ADAM*, they have thus far mainly concerned the remuneration provisions.[129]

8-045 **Conditions of application** The CJEU ruled that, although art.5(2)(b) does not address expressly the lawful or unlawful *nature of the source* from which a reproduction of the work may be made, Member States may not apply the exception for

[122] See more details in Hugenholtz, "The Story of the Tape Recorder and the History of Copyright Levies", in *Copyright and the Challenge of the New*, by Sherman and Wiseman (eds) (Alphen aan den Rijn, Kluwer Law International, 2012), 179; Reinbothe, "Private Copy Levies", in *New Developments in EU and International Copyright Law*, by Stamatoudi (ed) (Alphen aan den Rijn, Kluwer Law International, 2016), p.299.

[123] Burrell and Coleman, *Copyright Exceptions: The Digital Impact*, Cambridge Studies in Intellectual Property Rights (Cambridge, Cambridge University Press, 2005), pp.197–198; Ricketson and Ginsburg, *The Berne Convention for the Protection of Literary and Artistic Works*: 1886–1986 (Oxford, Oxford University Press, 2006), p.781.

[124] There are alternative justifications for the private copying exception, such as the right to privacy. See, e.g. Visser, "Copyright Exemptions Old and New: Learning form Old Media Experiences", in *The Future of Copyright in a Digital Environment*, by Hugenholtz (ed.) (Alphen aan den Rijn, Kluwer Law International, 1996), p.50; Mazziotti, *EU Digital Copyright law and the End-User* (Berlin, Springer, 2008), pp.34–36.

[125] This form of consumption of protected content should be distinguished from the alternative successful business model of "streaming" (Netflix, Spotify, Tidal, Apple Music, etc.) that does not imply the making of "copies" and therefore does not trigger an application of the private copyright exception.

[126] Further discussion in para.8-070 and onwards.

[127] For the UK, see CDPA 1988 s.29 (fair dealing for the purpose of private study), s.70 (time-shifting of broadcasts for private and domestic purposes) and s.71 (photographs of broadcasts for private and domestic purposes). For Ireland, see Copyright and Related Rights Act 2000 arts 101 and 204(4).

[128] For an overview, see Blazquez, Cappello, Fontaine and Valais, *Exceptions and Limitations to Copyright*, IRIS Plus (Strasbourg, European Audiovisual Observatory, 2017), pp.32–35.

[129] See references to all these cases further below.

private copy in respect of material that is not made available with the consent of the rightholders.[130] Both the principle of strict interpretation and the requirements of the three-step test outlaw national legislation that does not distinguish the situation whereby the source from which a reproduction for private use is made is lawful from that in which that source is unlawful. Hence access by users, even for their private use, to non-authorised material, e.g. by bypassing technological protection measures or through illegal sources needs to be qualified as an infringing act.[131] This case-law is also of particular relevance with regard to liability for linking and framing.[132] Only copies made *by a natural person for private use* are exempted. There is no condition as to the location where the copy is made which may possibly be the premises of a library.[133] Neither does the text of the directive explicitly stipulate that the reproduction should be intended by a natural person for their private use, but only "for private use". There is therefore no need for the copy to be solely intended for the benefit of the copier.[134] It is accepted that private use is any use that serves the personal purposes of a natural person in a private sphere, including close friends or family members.[135] The Directive allows for the "use" of the copy, which is wider than just the making of one copy.[136] Thus, the beneficiary of the exception can make copies for purposes of backup, space shifting, format shifting, or any other use as long as it is confined to the private sphere. Such "user autonomy'[137] is deemed justified as long as there is no direct or indirect commercial purpose and the legitimate interests of the rightholder are not prejudiced (three-step test). A still unresolved question relates to the application of the exception in the case of copies made in the cloud at the request of a natural person. For example, in the case of nPVR, the user and thus a natural person will indeed press the "rec" button, but purely technically that copy is made and stored by the service provider on its internal or external servers. While some jurisdictions do not require identity between the material copier and the user of the copy and focus on the person who commits to making the copy, this viewpoint is not shared in all Member States.[138] It is, however, clear that where a cloud service offers private individuals the possibility to store copies of copyrighted works in the cloud by means of a remote computer system, whereby such commercial company actively contributes to the recording of those copies, it cannot invoke the benefit of the private copy exception.[139]

Fair compensation The remuneration obligations were clarified in *Padawan* and **8-046**

[130] *ACI Adam BV e.a. v Stichting de Thuiskopie en Stichting Onderhandelingen* (C–435/12) EU:C:2014:254; and *Copydan Båndkopi v Nokia Danmark A/S* (C–463/12) EU:C:2015:144.

[131] *Copydan Båndkopi v Nokia Danmark A/S* (C–463/12) EU:C:2015:144, paras 75 to 79.

[132] See discussion in para.8-032.

[133] *Technische Universität Darmstadt v Eugen Ulmer KG* (C–117/13) EU:C:2014:2196.

[134] Karapapa, "A copyright exception for private copying in the United Kingdom" EIPR (2013) Vol.35, p.133.

[135] Walter and Von Levinski, *European Copyright Law – A Commentary* (Oxford, Oxford University Press, 2010), s.11.5.31.

[136] This latter limitation is imposed in the Software Directive. See discussion in para.8-079.

[137] Ginsburg and Gaubiac, "Private Copying in the Digital Environment" in *Intellectual Property and Information Law: Essays in Honour of Herman Cohen Jehoram*, by Kabel and Mom (eds) (Alphen aan den Rijn, Kluwer Law International, 1998), p.150.

[138] For an overview of differences between jurisdictions, see Haouideg and Debaene, "L'exception de copie privée dans les nuages", *Intellectuele Rechten-Droits Intellectuels* (Belgium), 2014, pp.686–687. This solution is e.g. confirmed in the German Copyright Act UrhG art.53.1; see also *Bundesgerichtshof* 22 April 2009, GRUR 2009, 845 (Internet Video Recorder).

[139] *VCAST Limited v RTI SpA* (C–265/16) EU:C:2017:913.

subsequent cases.[140] Member States that decide to introduce the private copying exception into their national law must mandatorily provide for the payment of "fair compensation" to rightholders but they retain the power to determine the form, detailed arrangements for financing and collection, and the level of that fair compensation.[141] Yet, such remuneration system must achieve a "fair balance" between the persons concerned, meaning that fair compensation must be calculated on the basis of the criterion of the harm caused to rightholders by the introduction of the private copying exception. As regards possible *remuneration schemes*, the CJEU accepts that liability to finance the fair compensation is allocated to the persons who make digital reproduction equipment, devices and media available to private users or provide them with copying services, on the condition that they are able to pass on to private users the actual burden of financing it.[142] Furthermore, the scheme should be set up in such a way that it establishes a link between, on the one hand, the application of the levy intended to finance fair compensation with respect to digital reproduction equipment, devices and media and, on the other hand, the deemed use of them for the purposes of private copying. Consequently, an indiscriminate application of the private copying levy to digital reproduction equipment, devices and media, that does not allow to distinguish between a private or professional use thereof, is incompatible with European copyright law.[143] In yet another case, the CJEU raised no objection against a scheme that provides that the compensation or levy is paid not directly to those entitled to such compensation, but to social and cultural institutions set up for the benefit of those entitled is acceptable, on the condition that those establishments actually benefit those entitled and the detailed arrangements for the operation of such establishments are not discriminatory.[144]

(e) Quotation exception

8-047 **European legal framework** Quotation is expressly exonerated in the BC[145] and the explicit permission in art.5(3)(d) of the InfoSoc Directive to use works "for quotation, criticism, review and similar purposes" did therefore not come as a surprise. Neither the Directive nor the BC offer a definition of "quotation". Accordingly, the word should be given its usual meaning in everyday language, taking into account the context in which it occurs. The CJEU has clarified that the essential characteristics of a quotation are the use, by a user other than the copyright holder,

[140] *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* (C–467/08) EU:C:2010:620; *Stichting de Thuiskopie v Opus Supplies Deutschland GmbH* (C–462/09) EU:C:2011:397; *Amazon.com International Sales Inc. and Others v Austro-Mechana Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte Gesellschaft mbH* (C–521/11) EU:C:2013:515; *Copydan Båndkopi v Nokia Danmark A/S* (C–463/12) EU:C:2015:144; *Austro-Mechana Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte Gesellschaft mbH v Amazon EU Sàrl* (C–572/14) EU:C:2016:286; *EGEDA v Administración del Estado* (C–470/14) EU:C:2016:418.

[141] *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* (C–467/08) EU:C:2010:620, para.37.

[142] *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* (C–467/08) EU:C:2010:620, para.50.

[143] *Padawan SL v Sociedad General de Autores y Editores de España (SGAE)* (C–467/08) EU:C:2010:620, para.57.

[144] *Amazon.com International Sales Inc. and Others v Austro-Mechana Gesellschaft zur Wahrnehmung mechanisch-musikalischer Urheberrechte Gesellschaft mbH* (C–521/11) EU:C:2013:515; para.55.

[145] BC art.10(1).

of a work or, more generally, of an extract from a work for the purposes of illustrating an assertion, of defending an opinion or of allowing an intellectual comparison between that work and the assertions of that user, since the user of a protected work wishing to rely on the quotation exception must therefore have the intention of entering into 'dialogue' with that work.[146] Article 5(3)(d) further prescribes that this exception may only apply in regard of protected subject matter that has already been lawfully made available to the public and that, unless this turns out to be impossible, the source, including the author's name, is indicated. It is furthermore required that the use of the protected content is in accordance with fair practice and to the extent required by the specific purpose. The latter conditions will very likely be taken into account by courts when assessing e.g. the extent or length of a quotation that is not defined in the text of the Directive. An important aspect of the exception is that the right to quote is not limited to particular cultural genres. Article 5(3)(d) applies to all works and subject matter of related rights and is not limited to quotation of text or in text. Hence the exception can be applied in other cultural sectors, such as art, film, music and recorded music as well.

As regards the ratio underlying the quotation exception the CJEU clarified in Painer that this provision intends to strike a fair balance between the right of freedom of expression and the exclusive rights conferred on authors[147] **8-048**

The problem with snippets A snippet is a small part, piece or thing. In an internet context snippets usually refer to short summaries of articles—often news articles—consisting of the headline and a sentence or two of a story. Because readers want to know what a link leads to before clicking, sites often include snippets of the linked-to content as part of a link. However, from the perspective of traditional copyright law, snippets involve acts of reproduction and communication for which the prior authorisation of the rightowners is required,[148] unless one of the statutory exceptions would apply. In this debate, arguments are sometimes made in favour of an application of the exception of quotation. However, the present fragmented legal framework of the (optional) quotation exception has led to substantially different legal responses as regards the legality of "snippets" applied by search engine services. While courts in EU Member States in general agree that search engine services must be privileged to support freedom of expression and information in the digital environment, the final outcome of a decision as regards possible copyright liability remains very unpredictable. Depending on the "national version" of the quotation exception, the outcome may vary from, in some countries, denying to apply the quotation exception because its (nationally transposed) requirements are not met, to, in other countries, interpreting the exception as covering snippets, image search results and the like. These differences are a source of legal uncertainty. The 2019 DSM Directive has harmonised this issue in respect of snippets taken from press publications (see below). **8-049**

The press publishers' right The wide availability of press publications online has given rise to the emergence of new online services, such as news aggregators **8-050**

[146] *Pelham GmbH, Moses Pelham, Martin Haas v Ralf Hutter, Florian Schneider-Esleben* EU:C:2019:624*Spiegel Online GmbH v Volker Beck (C-516/17)* EU:C:2019:625

[147] *Eva-Maria Painer v Standard VerlagsGmbH and Others* (C–145/10) EU:C:2013:138, para.134.

[148] Such conclusion is reinforced by the *Infopaq* ruling of the CJEU that even a sequence ("snippet") of 11 words may be copyright protectable and therefore require prior consent before its use; *Infopaq International A/S v Danske Dagblades Forening* (C–5/08) EU:C:2009:465.

or media monitoring services, for which the reuse of press publications constitutes an important part of the business model and a source of revenue. For many years press publishers and news agencies opposed the practice of linking to, or using snippets from, their articles by these actors because readers may get the information they were seeking without having to read the full article. Such conduct results in a loss in advertising revenues which they need to recoup their investments. It is against this background that the DSM Directive has introduced a new neighbouring right that protects the online use of press publications such as daily newspapers, weekly or monthly magazines of general or special interest, including subscription-based magazines, and news websites.[149] The right, which has a limited duration of two years, benefits publishers that are established in a Member State and have their registered office, central administration or principal place of business within the Union. This right adds an extra layer to clear rights for news aggregators, on top of the copyright of the journalist, that is often transferred to the publisher and the own sui generis database right of the publisher. The new right does not apply to private or non-commercial uses of press publications by individual users that continue to be governed by the general copyright rules. Neither does it extend to mere acts of hyperlinking, the use of individual words or very short extracts, or the use of mere facts reported in press publications. The new provision is finally not applicable to periodical publications published for scientific or academic purposes, such as scientific journals.

(f) Other internet-relevant exceptions

General observations As a matter of principle, all exceptions that allow for acts of reproduction as well as acts of communication to the public may be relevant in an internet environment. Uploading content functionally seems to affect only the right of *communication* to the public but will, from a technical perspective, often include preparatory or prior acts of *reproduction*. Article 5(3) of the InfoSoc Directive lists 15 optional limitations which EU Member States may implement in this regard. The DSM Directive adds a few more. The discussion below will focus on those exceptions that are most relevant in an internet context.

8-052 **Teaching and research; text and data mining** Article 5(3)(a) of the InfoSoc Directive provides for a flexible and technology neutral exception for teaching and research purposes. This provision allows for the exemption of any use done as part of the instruction in any formats (analogue or digital) and is thus potentially intended to cover face-to-face, as well as distance and online teaching. However, little harmonisation has been achieved as most Member States have not opted to transpose this provision in its proposed format. Most national provisions tend to be restricted in terms of acts of exploitation (i.e., reproduction and/or performance or display, but not making available—which leaves out online and distance education), works (some works are excluded from the limitation) and amounts (fragments, short fragments, percentages, pages, etc.) that can be used, and in some cases private (non-public) for-profit institutions are left out. Finally, the optional requirement of compensation which is left to the discretion of the Member States is another important ground for national dissimilarities. This fragmented approach greatly impairs the development of digitally supported teaching activities and distance

[149] See art.15 entitled "Protection of press publications concerning online uses".

learning as the inclusion of a work to illustrate the teaching in the modules directed to students in different countries is currently subject to different treatment depending on the country. In order to comply with all applicable laws (countries of reception), an institution must either go through an incumbent process of copyright clearance under each of these national laws or deny access to the students residing in the countries for which the teaching material has not been cleared. The 2019 DSM Directive has complemented art.5(3)(a) of the InfoSoc Directive with two mandatory exceptions, one dealing with text and data mining by research organisations and cultural heritage institutions and the second covering uses of protected content in digital and cross-border teaching activities.[150] In the latter case, the territoriality problem that cross-border uses may involve, will be solved by pointing to only one applicable law, i.e. the use shall be deemed to occur solely in the Member State where the educational institution is established. Regarding the former case (exception for text and data mining or "TDM"), art.4 of the DSM Directive mandates EU Member States to put in place an exception that permits anyone to make reproductions and extractions of protected subject matter in order to carry out, for all imaginable purposes and regardless of any underlying commercial motive, text and data mining activities (i.e. computational analysis of data contained in a text or data set in order to extract new knowledge from it). This exception is subject to two conditions. Firstly, the user should have lawful access to the content and secondly, the particular use for TDM purposes has not been expressly reserved by their rightholders in an appropriate manner (e.g. through machine-readable means as metadata, contractual clauses or unilateral statements). The latter possibility of an 'opt-out' may allow rightholders to put in place a derivative market for text and data mining, that they can control and licence.

Press In accordance with arts 10(1) and 10bis BC, art.5(3)(c) of the InfoSoc **8-053**
Directive allows Member States to exempt certain uses of works by the news media. Two distinct exceptions may be foreseen. A first possibility is the use of articles by the press that have already been published elsewhere and deal with a current economic, political or religious topic. This exception may, however, not apply in cases where such use has been expressly reserved by the rightholder. A second alternative allows for the use of protected works in general on the condition that the use connects with a reporting of current events (e.g. a news report showing a copyrighted image) and to the extent justified by the informative purpose.[151] A further condition for both alternatives is that the source, including the author's name, is indicated.

Freedom of Panorama exception Many Member States have transposed **8-054**
art.5(3)(h) that permits the use of works which are made to be located permanently in public places (e.g. taking photographs and video footage and creating other images, such as paintings, of buildings sculptures and other art works). The European maximum scheme does not impose any limit as regards offline or online use of these works and posting pictures on social media platforms is in principle possible. The European norm, however, appears to be more permissive than many national law transpositions. Several Member States have indeed restricted the exception to situations in which the use is merely incidental and/or is accompanied by attribution

[150] DSM Directive arts 4 and 5.

[151] More clarification regarding these conditions is given in *Spiegel Online GmbH v Volker Beck (C-516/17)* EU:C:2019:625.

and/or is purely non-commercial. This exception is for example very relevant for internet platforms, such as Wikipedia.[152]

8-055 **Parody** In all Member States parody is widely accepted as a permitted use even though it was not made mandatory in art.5(3)(k) InfoSoc Directive. Similar to its practice regarding other norms in Directives, the CJEU has seized the opportunity of a concrete case to qualify parody as "an autonomous notion of EU law".[153] The Court ruled that the concept of "parody" must be interpreted by considering its usual meaning in everyday language the essential characteristics of which are, first, to evoke an existing work, while being noticeably different from it, and secondly, to constitute an expression of humour or mockery. Consequently, Member States are not permitted to have different conceptions and, e.g., condition the application of the exception to additional requirements such as an original character that the parody should display of its own. In addition, the Court emphasised that the parody exception must strike a fair balance between the interests of rightholders and the freedom of expression of the users of the work, thereby taking into account other fundamental rights such as the right of non-discrimination. Finally, and although this does not result from European copyright law,[154] the parody should of course also respect the moral rights, and in particular the right of integrity.

8-056 **E-lending** The exclusive right of lending and the corresponding exception for public lending[155] were meant to apply only to the making available of tangible copies of works and, hence, not of works that are available in a digital format or to downloadable files (e.g. e-books, audiovisual works, music). The latter form of e-lending—i.e. online making available for lending—has therefore mainly developed on the basis of licensing models, involving commercial actors and intermediaries. However, in 2016 the CJEU, while noting that copyright must adapt to new economic developments, has ruled that the lending of an electronic book (e-book) by public libraries may, under certain conditions, be treated in the same way as the lending of a traditional book.[156] This can, e.g., be acceptable under a "one copy, one user" model that has essentially similar characteristics to the lending of printed works. In such case the lending of an electronic book is carried out by placing that copy on the server of a public library and allowing the user concerned to reproduce that copy by downloading it onto their own computer, in such a way that only one copy can be downloaded during the lending period and that, after that period has expired, the downloaded copy can no longer be used by that user.

8-057 **No exception for user-generated content** User-generated content is the result of increased user participation and interaction in the creation of online content to which the internet has greatly contributed. Notwithstanding many pleas and the Canadian example,[157] no explicit exception has been accepted yet in relation with the creation and dissemination of user-generated content turning many current

[152] Wikipedia offers an overview of the status of what is legally allowed in countries around the world; see *https://en.wikipedia.org/wiki/Freedom_of_panorama* [Accessed 17 September 2019].

[153] *Johan Deckmyn and Vrijheidsfonds v Helena Vandersteen* (C–201/13) EU:C:2014:2132.

[154] For further details, see above, para.8-015.

[155] This protection scheme is regulated in Directive 2006/114 on rental and lending rights and on certain rights related to copyright in the field of intellectual property.

[156] *Vereniging Openbare Bibliotheken v Stichting Leenrecht* (C–174/15) EU:C:2016:856.

[157] Under art.29.21 of the Copyright Act of Canada, non-commercial user-generated content that is based on copyrighted material does not amount to infringement.

unauthorised online uses by third parties into a copyright infringement. In some instances, the right of quotation or the exemption of parody can be relied upon if the expression includes a comment, criticism or parody of pre-existing material that underlies the creation of the user-generated content. In particular the notion of 'pastiche' in the parody-exception may possibly be given an interpretation that covers certain transformative types of user-generated content, such as remixes and mash-ups. As regards content that is uploaded on platforms offered by online content-sharing service providers, such as YouTube or Facebook, the DSM Directive has introduced a sort of safe haven for users: to the extent that the platform has been able to obtain an authorisation/licence from the rightowners their activities will fall within the scope of the licence and, therefore, no longer amount to infringement.[158]

8-058 **Creative Commons: a licence, not an exception** Creative Commons is a collective term for a group of standard licences that may be used free of charge to make material accessible to the public on the internet. A selection can be made from different licence texts / icons to be mentioned on the work. The conditions to these licences define the actions the user is allowed to perform. It may, e.g., be possible for the work to be used free of charge, but without possibility to further edit the work or use it for commercial purposes. A reference to the name of the author is a general requirement. If the user does not respect the conditions set forward, copyright is breached. The most common licencing types allow use on the condition that the name of the author(s) is referenced (BY) and the work is not used for commercial purposes (NC), and/or each new work that is based on the work (adaptation) is only distributed on these conditions (SA) and/or the work can only be used in its original form without possibility of making "derivatives" (ND). The preceding symbols can also be used individually.

(g) Digital libraries

8-059 **Preservation** Preservation and archiving are a traditional role of libraries and archives. With the shift to digital technologies and formats such activities started to trigger copyright questions, as digital preservation and archiving necessarily include acts of reproduction of the works. Hence, for works not belonging to the public domain, prior authorisation from the relevant rightholders is in principle required, unless a statutory exception allows for such use. Article 5(2)(c) of the InfoSoc Directive includes such a possibility, albeit in a non-mandatory manner. Member States may allow for specific acts of reproduction made by publicly accessible libraries, educational establishments or museums, or by archives, which are not for direct or indirect economic or commercial advantage. Such acts may be justified for example to address technological obsolescence or the degradation of original supports. Article 6 of the DSM Directive has complemented art.5(2)(c) of the InfoSoc Directive with an additional and, this time, mandatory provision that allows cultural heritage institutions to make copies of any works or other subject matter that are permanently in their collections, in any format or medium, for purposes of preservation of such works or other subject matter and to the extent necessary for such preservation.

8-060 **Online use** Libraries own physical copies of protected works but they do not hold

[158] DSM Directive art.17. This provision is discussed above in section 2(a).

the copyright and need to seek permission for making such works available online. The preservation exception discussed in the previous paragraph only allows for acts of reproduction while online exploitations involve the right of communication to the public and the making available right that are in no way exempted. The main challenge for digital libraries when it comes to digital online use is moreover the sheer volume of licensing of in-copyright works, many of which are orphan works. In the case of orphan works—i.e. copyright protected works whose rightholders cannot be identified or located—it is impossible to obtain permission, and this affects the ability of libraries to fulfil their purpose of promoting access to and preserve the cultural heritage. This adds to the danger of a twentieth-century "black hole" where cultural material from before 1900 is accessible on the web, but very little material from the more recent past. To remedy this problem, some initiatives have been taken such as the European Digital Library Initiative of 2005,[159] the Orphan Works Directive of 2012 (hereafter: "OWD")[160] and the Memorandum of Understanding on Out-of-Commerce Works of 2011.[161] The latter two initiatives constitute the main instruments which digital libraries and other cultural heritage institutions in Europe currently dispose of for making in-copyright works available online.[162] The other alternative is individual licensing the transaction costs of which exceeds the possibilities of most libraries.

8-061 **Orphan works** Orphan works are works such as books, newspaper and magazine articles and films that are still protected by copyright but whose authors or other rightholders are not known or cannot be located. The orphan works problem is thus in essence a rights clearance issue as it is impossible to obtain permission for use of the work in such cases. The OWD has established a special "legal rights clearance mechanism" that should enhance *legal certainty* in the internal market for the digitisation and making available of orphan works with a minimal risk of liability.

8-062 **The OWD in a nutshell** The OWD sets out the conditions under which an *orphan work status* can be established and legitimately used throughout the whole EU/EEA. Its objective is to facilitate *certain* uses of *most* but not all orphan works that are in the archives and collections of cultural heritage institutions in order to allow these organisations to fulfil aims related to their public-interest missions. Only *certain types of institutions* that are established in a Member State can use orphan works under the Directive. These beneficiaries are listed in an exhaustive manner and can be grouped into four categories: (1) publicly accessible libraries, educational establishments and museums; (2) archives; (3) film or audio heritage institutions; and (4) public-service broadcasting organisations[163] (art.1). The

[159] COM(2005) 465 final, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - i2010: digital libraries* (2005).

[160] Directive 2012/28 of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L299/5 ("OWD"). The Directive was to be implemented by all Member States by 29 October 2014.

[161] Memorandum of Understanding on Key Principles on the Digitisation and Making Available of Out-of-Commerce Works of 20 September 2011 ("the MoU").

[162] See more details in Janssens and Tryggvadottir, "Orphan works and out-of-commerce works to make the European cultural heritage available: are we there yet?", in *The Future of Copyright. A European Union and International Perspective*, by Stamatoudi (ed.) (Alphen aan den Rijn, Kluwer Law International, 2016), 189. This Section re-uses some parts of this earlier publication.

[163] For clarification regarding the two latter categories, see OWD, recital 20. Clearly, a higher threshold

categories of works[164] that may obtain orphan work states are limited to: (1) writings, such as books, journals, newspapers and magazines; (2) cinematographic and other audiovisual works; (3) phonograms; and (4) embedded works, i.e. works or other protected subject matter that are incorporated in, or constitute, an integral part of the three aforementioned types of works. Hence, excluded from the scope of the OWD is the category of (orphaned) standalone photographs and other images, an area where the problem is particularly pressing. Articles 1 and 2 OWD define when and how the orphan work status is determined. Only works for which a diligent search for the rightholders has been carried out unsuccessfully[165] and the results of which are duly recorded in a single publicly accessible online database managed by the EUIPO[166] can be given orphan work status.[167] Once it is established in one Member State that a work is orphan it shall be considered orphan in all the other Member States. This solution of mutual recognition of the status to ensure cross-border use in OWD art.4 may serve as an example for solving cross-border issues that are currently caused by non-harmonised copyright exceptions in respect of other protected content.[168] The use of orphan works is facilitated by a mandatory exception or limitation[169] insofar as it falls within a public-interest mission.[170] Permitted uses are (a) the making available to the public and (b) acts of reproduction but only for the purposes of digitisation, making available, indexing, cataloguing, preservation or restoration.[171] The exception seems to overlap to a certain extent the exception in art.5(2)(c) of the Infosoc Directive that allows the beneficiary institutions to perform "specific acts of reproduction" of works in their collections. However, unlike in the InfoSoc Directive, the exception under the OWD is mandatory and lists clearly for what purposes reproduction is permitted. art.5 OWD mandates that Member States ensure that rightholders can at any time put an end to the orphan work status of their work. They must moreover provide a compensa-

is laid down as compared to the two first categories in the sense that some official recognition by a national legislator is required.

[164] Although the notion "works" that is used in the title and headings of the Directive only seems to refer to copyright protected material, the Directive clearly embraces related rights as well; OWD art.1(2) *in fine*, recitals 3 and 14.

[165] The OWD does not contain a precise definition of "diligent search", but sets a minimum threshold: it should be conducted (1) in a diligent way, (2) in good faith, (3) for each work and (4) prior to the use. Moreover, for the search to be diligent, a minimum set of resources to be consulted is identified in the Annex to the Directive but this list may be supplemented by the Member States.

[166] See more details at *https://euipo.europa.eu/ohimportal/en/web/observatory/orphan-works-database* [Accessed 17 September 2019].

[167] It should be observed that these stringent requirements have cast doubts as to the efficiency of the Directive to aid digital libraries in pursuing their goal. The diligent search is costly and time-consuming and the long list of sources to be consulted for the search to be diligent, is on its own quite challenging. Furthermore, embedded works have to undergo a separate independent search which will be burdensome for categories of works where there are multitudes of embedded works (e.g. newspapers and magazines).

[168] The OWD stipulates that from October 2015 the Commission should submit an annual review on the possible inclusion of works that currently remain outside the scope of application. However, it seems unlikely that adaptations to the Directive will be proposed in the very near future.

[169] OWD art.6(1). As is stated in recital 20 of the OWD, this exception has to be added to the exhaustive list in art.5 of the Infosoc Directive.

[170] OWD arts 1(1) and 6(2). Recital 20 refers to activities such as "the preservations of, the restoration of, and the provision of cultural and educational access to, their collections, including their digital collections", but these factors are clearly not exhaustive.

[171] OWD art.6(2). Other uses, i.e. distribution, performance or public display fall outside the scope of the Directive.

tion scheme for the use that has been made by beneficiary institutions of such a work but they remain free to decide how such scheme is to be organised.

8-063 **Out-of-commerce works** These are works that are no longer available through regular channels of commerce. Hence, facilitating access to this voluminous category of works has been identified as another important problem for digital libraries seeking to digitise and make their collections available online. Sometimes the regime for orphan works can provide a solution but far from all out-of-commerce works are orphan. To tackle the issue of out-of-commerce works the European Commission encouraged a stakeholders' dialogue,[172] which led to the signature, by representatives of European libraries and rightholders' organisations of the MoU on 20 September 2011 (the MoU). This Memorandum has, however, no binding effect on its signatories, let alone on Member States' obligation to legislate. Articles 8 to 11 of the DSM Directive therefore introduced a solution that will henceforth allow for the non-commercial use—even with cross-border effect—of out-of-commerce works that are in their permanent collections by cultural heritage institutions. This will either be possible through the conclusion of a licence agreement with a collective management organisation that is sufficiently representative for certain types of works (system of extended collective licensing) or, where the former is not available, by operation of a new mandatory exception. It will, however, be possible for rightholders, at any time, to exclude their works or other subject matter from the licensing mechanism or from the application of the exception.

(h) Protection for technological measures

8-064 **Overview** With the international protection for technological measures per se, copyright holders 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 unauthorised use of their works and technological measures were seen as the answer to the countless challenges. Their prayers were answered successively by the international legislator,[173] by the EU lawmaker in arts 6 and 7 of the InfoSoc Directive and, at the national level, through the implementation of these latter provisions.

8-065 **Technological protection measures (TPMs)** Article 6 of the InfoSoc Directive provides for mandatory legal protection of effective technological protection measures against their unauthorised circumvention. This new protection mechanism that copyright has hauled into its system relates to technological systems that are designed to prevent or restrict access and/or certain uses of protected material.[174] The scope of application of this European provision goes well beyond the

[172] Commission Recommendation of 24 August 2006 on the digitisation and online accessibility of cultural material and digital preservation [2006] OJ L 236/28, point 6(b).

[173] Anti-circumvention provisions and measures to protect tools relating to electronic management information were imposed in the arts 11 to 12 WCT, and arts 18 to 19, in 1996 WPPT.

[174] Actually, there are different types of TPMs, such as encryption, scrambling or other transformation of the work or a copy control mechanism. In view of this variety and the technical nature hereof, we will not further comment on these aspects.

international obligations, as it does include the possibility of control over permitted uses.[175]

8-066 **TPMs and exceptions** The protection scheme lacks a clear solution to the problem of how users can benefit from exceptions in practice when works are access- or use-protected by TPMs. The European legislator has worked out a sophisticated construction in art.6(4) which, however, made matters rather intricate for national legislators, copyright holders and users. Instead of the legislator, rightholders have been entrusted with the "task" to provide the necessary measures to make material available if needed for the exercise of an exception.

8-067 **Effective and proportionate TPMs** To benefit from the protection, TPMs need to be effective. As a consequence they may relate to different pieces of a complex system giving access to the work. At the same time, TPMs must be proportionate, which means that they may not go beyond the objective of preventing the acts not authorised by the right owner. In particular, they may not cause an excessive interference with activities of third parties not requiring the authorisation of the right owner. Hence, in order to assess this proportionality, it is appropriate to consider different types of TPMs which are suitable to achieve the objective, and to compare them in terms of costs, effectiveness and impact on the activities of third parties.[176]

8-068 **Protection against circumvention** TPMs benefit from a twofold protection. First, they are protected against circumvention as such, where the person performs the circumvention in the knowledge or with reasonable grounds to know that they are pursuing that objective.[177]

8-069 **Protection against facilitation of circumvention** Second, TPMs are protected against a number of acts which tend to encourage, enable or facilitate the circumvention, such as the sale of products or services which, in essence, are intended to circumvent.[178] The latter protection is proportionate, in that the products and services at stake must show a close enough link with the potential circumvention. The precise language of the InfoSoc Directive refers in this respect to products or services which "have only a limited commercially significant purpose or use other than to circumvent",[179] or, "are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention".[180] As observed by the CJEU, in order to assess the purpose of the products (or services) in this respect, the actual use hereof made by third parties may be particularly relevant. As a consequence, it may be useful, for instance, to examine how often the litigious products are in fact used in order to allow unauthorised copies of the work to be used and how often those products are used for purposes which do not infringe copyright in the work.[181]

[175] Dusollier, *Droit d'auteur et protection des oeuvres dans l'univers numérique* (Brussels, Larcier, 2005), p.162.

[176] *Nintendo v PC Box* (C–355/12) EU:C:2014:25.

[177] InfoSoc Directive art.6(1).

[178] InfoSoc Directive art.6(2).

[179] InfoSoc Directive art.6(2)(b).

[180] InfoSoc Directive art.6(2)(c).

[181] *Nintendo v PC Box* (C–355/12) EU:C:2014:25.

(i) Intervention by intermediaries

8-070 **Liability limitation rules** Articles 12 to 15 of the E-Commerce Directive introduced liability exemptions for intermediaries, in particular internet access providers and internet hosting providers, also with regard to infringements of intellectual property rights.[182] The objective is to shield such intermediaries, under certain circumstances, from liability claims for illegal content—including content that infringes copyright—which is provided by the users of their service in situations where the intermediaries do not have knowledge of, or control over, that content. In cases where intermediaries indeed confine themselves to providing their service neutrally by a merely technical and automatic processing of the data provided by their customers, it seems justified to give them the privilege of a safe harbour. By contrast, there is no reason to grant them a limitation of liability in situations where they play an active role. This explains the rationale for the new provisions addressing the value gap in the DSM Directive, as discussed below.

8-071 **Extent of exempted liability** It is crucial to agree on the degree of liability that is exempted by the safe harbour. In this respect, it could be argued that the exemption should not extend beyond the liability for the infringing content that is provided by the users of the service of the intermediary. In other words, the privilege provisions do not address the liability of the intermediary for its "own" acts. In *L'Oréal* the CJEU gave some support for this view. The Court stated that, in order to determine whether a "platform", being a hosting provider, commits an act which is suspected to fall within the scope of an intellectual property right, consideration must be given only to the legislation on that intellectual property right.[183] By contrast, consideration must be given to the safe harbour provisions of the E-Commerce Directive when determining whether the platform can be held liable for the alleged infringements of intellectual property right which are committed by its customers.[184]

8-072 **Knowledge and control** It is critical for the benefit of the exemption that the intermediary does not have knowledge of, or control over, the infringing content provided by the user of the service. The position of an internet hosting provider is not the same as that of an internet access provider in this regard. As opposed to the latter, the former is regularly put in a situation where it gains actual knowledge of a specific infringing content, or becomes aware of facts or circumstances from which the illegal content is apparent, while at the same time has control over that content. Therefore, the E-Commerce Directive provides that in such a situation the hosting provider has to act expeditiously to remove or to disable access to the litigious content.[185] A situation of this nature occurs when the hosting provider receives a notification from the copyright holder that its servers store a content which infringes a copyright.

8-073 **Monitoring and recognition technologies** Having regard to the last-mentioned

[182] For a detailed discussion, see Chapter III. US law also provides for safe harbour rules in favour of internet access providers and internet hosting providers.

[183] *L'Oréal vs eBay* (C–324/09) EU:C:2011:474, paras 101 to 102.

[184] *L'Oréal vs eBay* (C–324/09) EU:C:2011:474, para.104. On the issue of the liability of internet intermediaries for third-party copyright infringement, see e.g. Angelopoulos, *European Intermediary Liability in Copyright. A Tort-Based Analysis* (Alphen aan den Rijn, Kluwer Law International, 2016), p.592.

[185] E-Commerce Directive art.14(1).

obligation incumbent on the hosting provider, the question arises whether the latter should have to adopt content recognition technologies. Article 15 of the E-Commerce Directive provides in this regard that a general obligation to monitor may not be imposed on either the hosting provider or the access provider regarding the content stored on their servers. This ban on a general monitoring obligation remains unaffected under the DSM Directive. However, art.17 of the DSM Directive mandates that online platforms, under specific circumstances, should make best efforts to ensure the unavailability of specific works for which the rightholders have provided the service providers with the relevant and necessary information, and, in any event, act expeditiously, upon receiving a sufficiently substantiated notice from the rightholders, to disable access to, or to remove from, their websites the notified works or other subject matter, and make best efforts to prevent their future uploads (see below). Failure by the platform to comply with these obligations will result in the loss of the benefit of the limitation of liability established in art.14 (1) of Directive 2000/31. Moreover, on another front, in September 2017, the Commission started to focus on a potential need for improving the ways and the tools to address illegal content online, through a horizontal approach (which deals with the different forms of illegal content, such as illegal hate speech, terrorist content or copyright infringing content). In its Communication of September 2017, on *Tackling illegal content online, with a view towards enhancing responsibility of online platforms*, the Commission committed to monitoring progress in tackling illegal content online and to assessing whether additional measures are necessary to ensure the swift and proactive detection and removal of illegal content online, including possible legislative measures to complement the existing regulatory framework.[186] At that time, it already provided some guidance about common tools pursuing that objective while at the same time, it stressed that taking such measures does not automatically lead the online platform losing the benefit of the liability exemption provided for in art.14 of the E-Commerce Directive.[187] Following on from this, in March 2018, through a Recommendation, the Commission exhorted companies and Member States to take a set of operational measures to that effect, before it determines whether it will be necessary to propose legislation.[188] The measures proposed cover, amongst others, clearer notice and action procedures, and more efficient tools and proactive technologies. The Commission repeats in this respect its earlier position that taking such voluntary proactive measures does not automatically lead to the hosting service provider concerned losing the benefit of the liability exemption provided for in art.14 of the E-Commerce Directive.[189]

8-074 **Platforms, licensing agreements and "value gap"** The DSM Directive has established a number of rules applicable to "online content-sharing service provid-

[186] Commission Communication on Tackling illegal content online—Towards an enhanced responsibility of online platforms, 28 September 2017, COM (2017) 555 final.

[187] Commission Communication on Tackling illegal content online—Towards an enhanced responsibility of online platforms, 28 September 2017, COM (2017) 555 final, p.10.

[188] Commission Recommendation on measures to effectively tackle illegal content online, 1 March 2018, C(2018) 1177 final.

[189] Commission Recommendation on measures to effectively tackle illegal content online, 1 March 2018, C(2018) 1177 final, rec.26. For a critical discussion of recent developments, see Kuczerawy, *Intermediary Liability and Freedom of Expression in the EU: From Concepts to Safeguards*, KU Leuven Centre for IT & IP Law Series (Cambridge, Intersentia, 2018), p.426.

ers" (or platforms).[190] The latter notion means a provider of an information society service of which the main or one of the main purposes is to store and give the public access to a large amount of copyright-protected works or other protected subject matter uploaded by its users, which it organises and promotes for profit-making purposes.[191] The main rules are as follows. First, the Directive clarifies that this type of provider performs an act of communication to the public, and, as a result, must obtain the authorisation of the rightholders, for instance by concluding a licensing agreement.[192] The underlying idea is that online services providing access to copyright protected content uploaded by their users without the involvement of rightholders have flourished and have become main sources of access to content online. This affects rightholders' possibilities to determine whether, and under which conditions, their works are used as well as their possibilities to get an appropriate remuneration for it.[193] This is often referred to as the "value gap". Secondly, the DSM Directive stipulates that when an online content-sharing service provider performs an act of communication to the public or an act of making available to the public under the conditions mentioned above, the limitation of liability established in art.14(1) of the E-Commerce Directive shall not apply.[194] Thirdly, the Directive states that, as a result, the online content-sharing service providers who have not obtained an authorisation despite their best efforts shall be liable for unauthorised acts of communication to the public, unless they demonstrate that they have complied with a number of obligations.[195] Those obligations include the duty of the provider to (i) make best efforts to ensure the unavailability of specific works for which the rightholders have provided the service providers with the relevant and necessary information and, in any event, (ii) act expeditiously, upon receiving a sufficiently substantiated notice from the rightholders, to disable access to, or to remove from, their websites the notified works or other subject matter, and make best efforts to prevent their future uploads. Fourthly, the Directive mandates that the providers should put in place an effective and expeditious complaint and redress mechanism that is available to users of their services in the event of disputes over the disabling of access to, or the removal of, works or other subject matter uploaded by them.[196]

8-075 **Injunctions** The liability exemption provisions of the E-Commerce Directive must be distinguished from the remedies which are available against the intermediaries. In particular, the language of those provisions clarifies that the exemption granted shall not affect the possibility for a court of requiring the service provider to terminate or to prevent an infringement, irrespective of whether the service intermediary is an access provider or a hosting provider.[197] Moreover, the safe harbour provisions of the E-Commerce Directive must be read together with the provisions enabling the rightholders to obtain injunctions against intermediaries, as foreseen in the InfoSoc Directive,[198] respectively the Enforcement

[190] Concretely, this notion refers to players such as YouTube or Facebook.
[191] DSM Directive art.2(6).
[192] DSM Directive art.17(1).
[193] DSM Directive, recital 37.
[194] DSM Directive art.17(3).
[195] DSM Directive art.17(4).
[196] DSM Directive art.17(9).
[197] E-Commerce Directive arts 12(3) and 14(3).
[198] InfoSoc Directive art.8(3).

Directive.[199] Last mentioned provisions apply irrespective of whether the intermediary might be held liable for the infringements made by the user of its services.[200] They are based on the assumption that the intermediary is best placed to take measures in order to terminate or to prevent the infringement, regardless of any form of liability. Consequently, the competent judicial authorities cannot require applicants to demonstrate that the intermediary is liable, even indirectly, for an (alleged) infringement, as a condition for an injunction to be granted.[201]

3. Protection for computer programs

Object of protection Article 1 of the Directive on computer programs[202] establishes that Member States should treat computer programs for copyright purposes as a type of literary work within the meaning of the BC. This treatment is in accordance with art.4 WCT, which in turn is in line with art.10(1) TRIPS. It should be noted, however, that despite the general qualification as literary works, the various elements of a computer program may be subject to a plurality of copyright regimes. It follows from the case-law of the CJEU, that some elements may qualify as literary works in accordance with the specific copyright regime provided by the Directive on computer programs (e.g. object and source codes) while other elements may constitute literary works that are protected by the common copyright regime provided by the InfoSoc Directive (e.g. user manual, user graphic interface, programming languages).[203] 8-076

Exclusion of ideas and principles For the avoidance of doubt, art.1(2) of the Directive on computer programs reiterates the traditional exclusion from copyright: only the expression of a computer program is protected and such protection can in no way be extended to any ideas or principles which underlie any element of a program, including those which underlie its interfaces.[204] To help distinguishing expression and idea, recital 14 clarifies that, to the extent that logic, algorithms and programming languages comprise ideas and principles, those ideas and principles are not protected under that Directive. Moreover, the CJEU clarified that the functionality of a computer program constitutes a mere idea as well, so that it cannot be protected by copyright.[205] Consequently, while the unauthorised reproduction of the original expression of a computer program results in an infringement, the reproduction of the sole functionality of the program does not.[206] 8-077

Exclusive rights With regard to the reproduction of the work, art.4(1) of the Directive on computer programs is more explicit and also broader in terms of exclusive rights, in comparison with art.2 of the InfoSoc Directive. Due to the 8-078

[199] Enforcement Directive 2004/48 arts 9 and 11.
[200] *L'Oréal vs eBay* (C–324/09) EU:C:2011:474, para.127.
[201] Commission Communication, Guidance on certain aspects of Directive 2004/48 on the enforcement of intellectual property rights, 29 November 2017, COM (2017) 708 final, p.16. Injunctions against intermediaries are further discussed in para.8-112 and onwards.
[202] Directive 2009/24 on the legal protection of computer programs [2009] OJ L111/16 (replacing Directive 91/250).
[203] *Softwarová* (C–393/09) EU:C:2010:816; *SAS Institute v World Programming Ltd* (C–406/10) EU:C:2012:259.
[204] See also discussion in para.8-009.
[205] *SAS Institute v World Programming Ltd* (C–406/10) ECLI:EU:C:2012:259, para.40.
[206] *SAS Institute v World Programming Ltd* (C–406/10) ECLI:EU:C:2012:259.

technical nature of the work, it specifies certain acts which may imply the reproduction and therefore need the previous consent of the right owner, such as the loading, the displaying or the running of the program. In addition, unlike the InfoSoc Directive, it provides that the exclusive rights include the right to translate, adapt, arrange or alter the program. At the same time, the Directive on computer programs provides for a range of specific exceptions to the reproduction right for the benefit of the lawful acquirer or the person having the right to use a copy of the program. Although the Directive on computer programs does not include any language regarding a right of communication to the public, it is generally accepted that the general right defined in the InfoSoc Directive (as lex generalis) remains applicable to a computer program.[207] That being said, the CJEU took the view that, with regard to the graphical user interface of a computer program, the broadcasting right does not apply. In particular, it considered that the mere displaying of such an interface during a TV broadcast does not require the consent of the copyright holder for the interface cannot be used to activate the program in such a context.[208]

8-079 **Exceptions** The Directive on computer programs provides for a number of specific exceptions which take into account both the complex nature of the work and the use which is contemplated. Those exceptions[209] enable the lawful acquirer/the person having the right to use a copy of the program: to perform acts of reproduction—e.g. adaptations or arrangements—which are necessary for the intended purpose of the program, including error correction; to make a back-up copy if this is necessary for the use of the program; to observe, study or test, within certain limits, the functioning of the program in order to determine the ideas and principles which underlie any element of the program; to reproduce the code and translate it in order to achieve interoperability, within certain limits and subject to strict conditions. With regard to the exception permitting to observe, study and test the program, the CJEU ruled that the right owner may not prevent, by relying on the licensing agreement, the licensee from enjoying that exception, on condition that the licensee does not infringe the exclusive rights of the owner in that program.[210]

8-080 **Exhaustion and downloaded copy** If the copyright holder has authorised the downloading of a digital copy of their program, they cannot prevent a resale of that copy in a situation where they have also conferred a right to use that copy for an unlimited period, in return for a fee corresponding to the economic value of the copy of the work.[211] In such a situation, the exclusive distribution right of the copyright holder is exhausted. The so-called licence granted by the right owner actually constitutes a sale. Hence, the "licensee" is entitled to resell the "user licence" and the digital copy, without the consent of the right owner, provided that the seller makes his own copy unusable. Another consequence of this scenario is that the purchaser of the "user licence" and the copy of the program is to be considered a lawful acquirer of the copy so that, in accordance with art.5(1) of the Directive on computer programs, they may perform acts of reproduction which are necessary for

[207] Strowel and Derclaye, *Droit d'auteur et numérique* (Brussels, Bruylant, 2001), p.216.
[208] *Bezpečnostní softwarová asociace v Ministerstvo kultury* (C–393/09) EU:C:2010:816.
[209] Directive on computer programs arts 5 and 6.
[210] *SAS Institute v World Programming Ltd* (C–406/10) EU:C:2012:259.
[211] *Usedsoft v Oracle* (C–128/11) EU:C:2012:407.

the use intended by the program.[212] By contrast, although the initial acquirer of a copy of a computer program accompanied by an unlimited user licence is entitled to resell that copy and their licence to a new acquirer, they may not, however, in the case where the original material medium of the copy that was initially delivered to them has been damaged, destroyed or lost, provide the back-up copy of that program to that new acquirer without the authorisation of the rightholder.[213]

4. Protection for databases

(a) Original databases

8-081 **Copyright protection** The TRIPS agreement[214] and the WCT[215] provide that compilations of data (databases) which by reason of the selection or arrangement of their contents constitute intellectual creations, are protected as such by copyright. Both instruments add that this protection does not extend to the data or the material itself and is without prejudice to any copyright subsisting in the data or material contained in the compilation. In other words, the copyright protection relates to the structure of the database, not the content thereof.

8-082 **Originality requirement** In line with these instruments, the EU Directive on Databases[216] grants copyright protection for databases which, by reason of the selection or arrangement of their contents, constitute "the author's own" intellectual creation. No other criteria shall be applied to determine their eligibility for that protection.[217] The notion of author's own intellectual creation refers to the criterion of "originality". As a consequence, a database is eligible for copyright protection if the author made free and creative choices when they selected the data or arranged them. That may be the case, for instance, for a database dedicated to special "places to visit" in a city, when the selection of the places or the presentation of the list reflects originality.

8-083 **Creating the structure versus creating the data** In *Football Dataco* the CJEU clarified that the concepts of "selection" and of "arrangements" refer respectively to the selection and the arrangement of data, through which the author of the database gives the database its structure.[218] By contrast, those concepts do not extend to the creation of the data contained in that database. As a consequence, the intellectual effort and skill of creating data are not relevant in order to assess the eligibility of the database that contains them for the copyright protection.

8-084 **"Originality" versus "skill and labour"** Moreover, the latter decision of the CJEU confirmed that the criterion of originality is satisfied when, through the selection or arrangement of the data which it contains, its author expresses his creative ability in an original manner by making free and creative choices. Hence, the fact that the setting up of the database required significant labour and skill of its author

[212] *Usedsoft v Oracle* (C–128/11) EU:C:2012:407.
[213] *Ranks v Microsoft* (C–166/15) EU:C:2016:762.
[214] Art.10(2) TRIPS.
[215] Art.5 WCT.
[216] Directive 96/9 on the legal protection of databases [1996] OJ L77/20 (hereafter: "Databases Directive").
[217] Databases Directive art.3.
[218] *Football Dataco v Yahoo* (C–604/10) EU:C:2012:115.

cannot as such justify the protection of it by copyright, if that labour and that skill do not express any originality in the selection or arrangement of that data.

(b) Non-original databases

8-085 **Protection for non-original databases** Non-original databases are not eligible for copyright protection. Under EU law, however, they may be protected by another kind of right, namely a sui generis right. As opposed to the copyright, which relates to the *structure* of the database, the latter relates to the *content* of the database.

8-086 **"Sui generis" right versus copyright** The mere fact that a database is not original does not mean that is deprived of the so-called sui generis protection. The copyright and the sui generis right amount to two independent rights whose object and conditions of application are different.[219]

8-087 **A relevant investment** For the benefit of the sui generis right it must be established that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents of the database. The notion of "investment" refers to resources, regardless of the exact nature thereof, such as efforts, labour or expenses. The required investment needs to focus on the collecting of materials, or the monitoring of their accuracy, or their presentation. An investment which achieves only one of these three objectives may be sufficient. As opposed to such an investment, resources which are used to create informative materials or to verify them at the stage of their creation may not be taken into account.[220] As a consequence, resources used by a rail-transport operator to create a timetable for the trains which it operates may not, as a rule, be considered a relevant investment, unless the operator succeeds in proving that they made substantial investments different from those for creating the data, for instance in the presentation of the data.

8-088 **Scope of protection** Once the evidence of the relevant investment is provided, the sui generis right enables the maker of the database to prevent extraction and/or re-utilisation of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.[221] Moreover, the maker of the database can prevent repeated and systematic extraction and/or re-utilisation of insubstantial parts of the contents of the database implying acts which conflict with a normal exploitation of that database or which unreasonably prejudice its legitimate interests.

8-089 *Extraction* The notion of "extraction" refers to the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form.[222] In *Directmedia* the CJEU observed that the notion of extraction is not dependent on the nature and form of the mode of operation used. Therefore, it is immaterial that the transfer is based on a technical process of copying the contents of a protected database, such as electronic, electromagnetic or

[219] *Football Dataco v Yahoo* (C–604/10) EU:C:2012:115, para.27.
[220] *British Horseracing Board v William Hill* (C–203/02) EU:C:2004:695.
[221] Databases Directive art.7.
[222] Databases Directive art.7(2)(a).

electro-optical processes or any other similar processes, or on a simple manual process.[223]

8-090 *Re-utilisation* The notion of "re-utilisation" refers to any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by online or other forms of transmission.[224] This concept is very broad. For instance, there is re-utilisation where the operator of a meta search engine provides any end user with a means of searching all the data in a protected database and, accordingly, provides access to the entire contents of that database by a means other than that intended by the maker of that database.[225]

5. Cross-border portability of online content services

8-091 **Context** The increased use of portable devices such as tablets and smartphones gives consumers easier access to online content services no matter where they are located. This created a need to maintain this access not only in their own country where they have taken a subscription, but also during a temporary stay abroad. However, specific legislation prohibits the retransmission of certain protected content, such as audiovisual material protected by copyright and/or neighbouring rights, or even of non-protected content such as sports events, which are licensed on a territorial basis.

8-092 **EU Regulation** An EU regulation of 2017[226] makes it possible for consumers within the borders of the EU to maintain further access, for the duration of their temporary stay, to music services, drama series, e-books, games, sports broadcasts and the like. These rules only apply to European citizens who have a subscription to such content in their country of normal residence and temporarily stay in another Member State, for instance for their holiday or work. Regardless of any contradictory clause, these citizens will be allowed to "carry" their subscription for the duration of their travel or temporary stay in the European Union and thus keep access to their favourite music, films, games, television series or sports competitions. To achieve this result, the legal fiction is established that the online content service is deemed to take place exclusively in the Member State of residence of the subscriber. This is a handy technique to mitigate the consequences of the principle of territoriality.[227] As regards the providers of pay online content services, the Regulation includes an obligation on their behalf to open content outside their own borders to their traveling subscribers.

[223] *Directmedia v Albert-Ludwigs-Universitat Freiburg* (C–304/07) EU:C:2008:552, para.49.
[224] Databases Directive art.7(2)(b).
[225] *Innoweb v Wegener* (C–202/12) EU:C:2013:850.
[226] Regulation (EU) 2017/1128 on cross-border portability of online content services in the internal market [2017] OJ L168/1.
[227] See para.8-005.

B. TRADEMARK AND DOMAIN NAME ISSUES

1. Trademark law: the basics

(a) General principles

8-093 **Introduction** Trademarks, in commercial language also termed "brands", are the signature of each company and are crucial to its success. Besides identifying the company's goods or services to consumers, they constitute a useful tool for creating meaningful competition as well as securing a competitive advantage on the market. Trademarks are key in marketing and advertisement. They not merely protect against counterfeiting but also encapsulate the values of the company's goods. The important positioning of trademarks is no different for undertakings that are active in an online environment. That is why every commercial entity, whatever its goals and activities, should give particular attention to the development of clever trademark strategies. Trademark rights[228] differ from other intellectual property rights in two major ways. First, they do not require creative efforts, contrary to other intellectual property rights which are protecting original endeavours (copyrights) or inventive activities (patent rights). Second, while normally intellectual property rights are granted for a limited period, trademark rights can, in theory, create perpetual rights as their statutory term of protection (10 years) is renewable ad infinitum.

8-094 **A trademark is a sign** Most companies opt for a name or logo as a trademark, but trademark law opens more options than merely word or figurative marks. Depending on the jurisdiction, also non-traditional signs such as three-dimensional shapes, colours, sounds, positions, patterns, motion, multimedia, holograms and sometimes also scents and tastes can be susceptible to trademark protection. Trademark signs typically follow-up on emerging trends which is most recently demonstrated by the increase of applications for #hashtag trademarks. Under EU trademark law, each sign can be registered as a trademark on condition that it can be displayed in the register in a manner that is clear, precise, self-contained, easily accessible, intelligible, durable and objective[229] and that it complies with the validity requirements.

8-095 **Validity requirements** There are three main requirements for an individual[230] trademark to be valid. First, the sign must have a distinctive character in the sense that it is able to distinguish the goods and services of the company from the goods

[228] The two most important treaties at the international level are the Paris Convention for the Protection of Industrial Property of March 20, 1883, last revised in 1976, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) signed in 1994 between all the member nations of the World Trade Organization (WTO).

[229] Due to the (current apparent) inability of smells and tastes to conform to these representation requirements, it has until today not been possible to obtain a valid registration for such sensorial signs in the EU. See the CJEU's landmark case *Sieckmann* (C–273/00) EU:C:2002:748.

[230] Individual trademarks link the goods and services as originating in a particular company. This in contrast to the separate categories of collective and certification trademarks whose common feature is that they may be used by more than one entity and whose function is to distinguish goods and services possessing characteristics pertaining to common features of the goods or services (e.g. the fact that the goods or services comply with certain standards or quality criteria). The latter will not be further discussed.

and services of other players on the market. By means of the mark the consumer must be able to recognise the origin of the goods from a particular company. This requirement excludes signs that are exclusively descriptive of characteristics of the goods or services for which they are used (e.g. mint taste for chewing gum) or have become generic (e.g. the sign "L" for driving schooling).[231] However, inherently non-distinctive signs may still qualify for registration on the basis of evidence that the mark has acquired distinctiveness through use on the market. Second, the trademark may not consist of a prohibited sign, e.g. a sign that is considered to be against public order or morality, is deceptive or consists of official flags, symbols or other protected denominations. Also certain functional and aesthetic shapes cannot be the subject of a trademark registration. Third, the sign should still be available in the sense that no third party can assert earlier rights through registration or use to the same or a similar sign.

8-096 **Registration requirement** In most jurisdictions,[232] a trademark must be registered in order to guarantee its holder an exclusive right. The principle of territoriality[233] plays an important role here: The exclusive right of the trademark holder applies only in the geographical area of the country where a registration was obtained. If a trademark was registered in France or in the EU, the proprietor must tolerate use of this sign in Germany or the United States, respectively. The right of priority recognised by almost all countries in the world (as it is an obligation under the Paris Convention) mitigates to some extent the effects of this territoriality principle. By submitting an application in one country, the applicant will be given up to six months to apply for the same sign as trademark in all other countries. As a consequence, an application or use by a third party that occurs within six months of the initial application does not prevent the validity of the subsequent registration in the country concerned.

8-097 **Registration systems** There are basically three major registration options: national protection under the laws of each country, regional protection in a group of countries that have set up such a system (e.g. Benelux or European Union) or an international registration through the Madrid system. The latter does not result in international protection, but provides facilities for obtaining trademark registration in more than 100 countries in the world through one single application at WIPO (Geneva). In the EU, a uniform trademark right system has been put in place in 1994,[234] thus eliminating the effect of the territoriality principle for the entire territory of the EU. Through a single registration at the EUIPO—filed online, in one language—the trademark owner obtains an exclusive right in all current and future EU Member States, i.e. a market of almost 500 million consumers. This unity system co-exists with the national trademark systems in the individual Member

[231] While a #hashtag alone is a generic symbol, used in conjunction with a product name or campaign tagline it may function be registrable as such; e.g. registrations in the US for #makeitcount (Nike) and #cokecanpics (Coca Cola).

[232] Common law systems also recognise trademark rights on the basis of mere use.

[233] See above, para.8-005.

[234] The currently applicable instrument is Regulation 2017/1001 of 14 June 2017 on the European Union Trademark.

States, that to a large extent display similar characteristics due to a large-scale harmonisation.[235]

8-098 **Restricted monopoly** The exclusivity included in trademark rights does not lead to the monopolisation of a sign in abstracto. Trademark law honours the principle of speciality. This principle requires a sign to be registered in relation to particular goods and/or services that need to be clearly mentioned in the application form. A unified classification system has been established by an international agreement.[236] Furthermore, the monopoly has been tailored by legislators towards the protection of only specific functions that trademarks perform. These include, firstly, the (most essential) origin function: marks serve as the commercial indicator from which the goods or services are coming or are connected. In the EU, additional legally protected functions include the function of quality or guarantee—marks are symbolising the quality of a good or a service and the guarantee of the expectations by the consumers—and the functions of investment and advertising.[237]

8-099 **Exclusive rights** The registration of a trademark gives an undertaking the exclusive right to use the sign[238] in relation with its goods or services. Trademarks can also be licensed to others, sold or used as collateral for other plans, thus generating value from this intellectual property. Besides these positive attributes, a trademark right includes the important negative component to prohibit any other player from using the sign without the authorisation of the trademark proprietor. However, as a consequence of the specialty principle, the main rule in trademark law is that this prohibition right can only be exercised in respect of goods or services covered by the registration as well as goods or services which are similar to these. Yet, as soon as a trademark acquires a certain reputation, and a fortiori with well-known brands such as Google, Apple, Amazon, Spotify, YouTube and Coca-Cola, the trademark owner also acquires the right to oppose the use of the mark for totally different goods or services in certain circumstances.

8-100 **Infringement grounds** More specifically in the EU, the proprietor of a trademark can undertake action against the use or later registration of its mark in the following three situations.[239] Firstly in case of double identity, where the sign used by the third party is identical with the trademark and is used for identical goods, on the condition that such use also affects one of the functions of the trademark (as discussed above, para.8-099). Secondly, there is the case of confusing similarity where the sign used by the third party is either identical or similar and used for goods or services which are either identical or similar to those for which the earlier mark is registered, on the condition that such use is likely to cause confusion in the mind of the average consumer for the goods in question.[240] Thirdly, there is the case of dilution-style infringement where a third party uses an identical or similar sign

[235] The last and currently applicable instrument is Directive 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trademarks [2015] OJ L336/1.

[236] Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957.

[237] These functions were recognised by the CJEU in *Dior/Bellure* (C–487/07) EU:C:2009:378.

[238] Note that trademark laws sanction non-use of the sign (in the EU within a period of five consecutive years) with revocation of the registration.

[239] See, resp., art.9.2 ss.(a), (b) and (c) EU Trademark Regulation 2017/1001.

[240] Confusion should be understood as the risk that the public might believe that the goods or services in question come from the same undertaking or economically-linked undertakings. See *Canon*

on their goods or services, thereby either taking advantage of the distinctive character or the repute of the trademark proprietor's sign, or causing a detrimental effect to the distinctive character or the repute. The latter infringement ground is a more exceptional attribute that is only available to proprietors of a mark that has gained reputation. In all three cases, action can only be undertaken against third parties that use the sign in commerce (as opposed to private use) and for the purposes of distinguishing the third party's goods or services (i.e. use "in a trademark sense").[241]

8-101 **Limitations** As with all intellectual property rights, trademark laws impose limitations to the exclusive rights. In the EU, the proprietor is not entitled to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters. Such uses include the use of the personal name of the third party, the use of descriptive or non-distinctive signs or indications in general and referential uses, i.e. the fair and honest use of the mark for the purpose of identifying or referring to the goods or services as those of the proprietor or to draw the consumer's attention to the resale of genuine goods that were originally sold with the consent of the proprietor of the trademark. Also use of a trademark by third parties for the purpose of artistic expression or use that can be justified by other fundamental rights and freedoms, and in particular the freedom of expression, should be considered as being fair as long as it is at the same time in accordance with honest practices.

(b) Internet-related conflicts

8-102 **General** As discussed above, unauthorised use of a trademark online submits the user to the same sanctions as trademark infringement offline. Nevertheless, special situations have manifested themselves that have given rise to new laws and case-law in relation to, inter alia, the unauthorised use of trademarks in metatags, in hyperlinks, on social media and through uses by search engines. Also use of protected trademark signs in domain names has elicited special attention, as will be discussed below in para.8-106.

8-103 **Metatags** A metatag is a line of code that contains data about a webpage. Search engines typically use metatags to retrieve information about websites and their content with a view to reference them when displaying the results to a search request. Metatags can thus also be used by the trademark proprietor's competitors to lure or deceive search engines by making unauthorised use of a famous trademark to attract attention to their website. It is generally accepted that such use which is buried and normally not visible to internet users may amount to trademark infringement. In *Google/Vuitton*, the CJEU endorsed this opinion when it decided that trademark legislation only provides a non-exhaustive list of the kinds of use which the proprietor may prohibit, taking into account that this list was drawn up before the full emergence of electronic commerce and the advertising produced in

Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc. (C–39/97) EU:C:1998:442.

[241] Use of the sign for purposes other than for distinguishing goods or services is in most Member States not qualified as trademark infringement and is subject to the provisions of national (unfair competition or other) laws.

that context.[242] The same solutions regarding liability for infringement will apply to this situation as described hereafter in relation to keyword advertising.

8-104 **Keywords that trigger adds** The internet being one of the most important marketing tools for companies, the use of trademarks as keywords[243] for becoming prominently placed in the results of a search via a search engine (e.g. Google) quickly became an important marketing strategy. The question arose as to what extent the use of someone "else's" registered trademark as a keyword triggers liability and by whom (the advertiser and/or the platform offering the service). This question was key to a number of court decisions throughout Europe that culminated in the following guidelines by the CJEU.[244] The advertiser may indeed be liable for trade infringement if an adverse effect can be demonstrated to one of the trademark's protected functions (see above). For instance, an advertiser's use of a trademark as an "AdWord" adversely affects the origin function of the trademark if an advertiser's advertisement shown as search result falsely presents an economic link between the advertiser and the trademark owner. The same applies in the cases where the advertisement and its content, although not falsely presenting the existence of such an economic link, is vague regarding the origin of the goods or services so that "a normally informed and reasonably attentive Internet user" is not able to determine whether the advertiser is a third party or the trademark owner.[245] On the other hand, no liability under trademark law was found on behalf of the advertising service provider lacking use by the latter of the sign "as a trademark to distinguish its own services". This conclusion leaves, however, possible third party liability unaffected, subject possibly to a safe harbour defence that can be invoked by an intermediary whose interventions are of a mere passive nature.[246]

8-105 **Use of trademarks on social media** Use of trademarks on social media may sometimes contribute to the repute of the mark, but it may also frustrate the trademark proprietor. Employing the usual enforcement techniques will not always be possible in case the identity of the infringer is unclear and will anyhow often not outweigh the disadvantages in terms of cost and duration. An efficient weapon is provided by many social media platforms (Facebook, Twitter, Instagram, YouTube) that have included a prohibition to infringe another's intellectual property rights in their terms of service and have developed procedures for trademark owners to report violations. Such reports will trigger the removal of the infringing sign. Trademark owners should therefore consider signing up for such social media watch services and provide them with proof of their registrations. Not every use will, however, be treated as trademark infringement.[247] Some users may also be able to rely on a fair

[242] *Google France SARL and Google Inc. v Louis Vuitton Malletier SA* (Joined Cases C–236/08 to C–238/08) EU:C:2010:159.

[243] A keyword in online advertising is a word or phrase which can be used by an advertiser to target their products or services to an audience. When a search engine user types in a keyword, they will see ads from advertisers who have selected the keyword to display their ads. Google Adwords and other similar tools make use of this technology.

[244] *Google France SARL and Google Inc. v Louis Vuitton Malletier SA* (Joined Cases C–236/08 to C–238/08) EU:C:2010:159.

[245] *Google France SARL and Google Inc. v Louis Vuitton Malletier SA* (Joined Cases C–236/08 to C–238/08) EU:C:2010:159.

[246] Discussed above, from para.8-070.

[247] See, e.g. Instagram's policy providing that "Using another's trademark in a way that has nothing to

use defence by invoking an exception that justifies the use.[248] This will in particular be the case for non-commercial or private uses.

8-106 **Use in comparative advertising** The proprietor of a trademark is not entitled to prohibit a third party from using a sign in honest comparative advertising. However, as soon as such comparative advertising does not conform to the specific requirements set by Directive 2006/114,[249] the use of the protected sign may qualify as trademark infringement under one of the grounds described above, in para.8-098. This will be the case for advertising that is misleading, does not make an objective comparison, does take unfair advantage of the reputation of a trademark, presents goods or services as a replica of the goods or services bearing a protected trademark or creates confusion among traders, between the advertiser and a competitor or between the advertiser's trademarks and those of a competitor.

2. Conflicts with domain names

8-107 **Definition** It is hard to imagine life on the internet without domain names. The latter obey to the rules and procedures of the hierarchically structured Domain Name System (DNS).[250] A domain name represents the IP address that today consists of 32 bits that are converted into decimal numbers separated by dots which enables computers to locate and communicate with one another. Because it is not easy to memorise those numbers, each number group matches a given name: the domain name, which is composed of a string of letters that identifies and locates a person, company or organisation on the internet. Domain names are organised in subordinate levels (subdomains) of the DNS root domain. Every domain name is constituted of at least two parts. A first part, termed the second-level domain, with a free-to-choose name or word (combination) and a second part, i.e. the first level domain, that follows after the dot and refers to the top-level-domain (TLDs) which can be either a generic top-level domains (gTLDs), such as the prominent domains com, info, net, edu, and org, or a country code top-level domains (ccTLDs) such as .be (Belgium) or any other country extension. The latter can be freely chosen from the extensions approved by the controlling body ICANN (Internet Corporation for Assigned Names and Numbers). Each domain name is unique and may only be registered once. The registration of a domain name is usually administered by domain name registrars who sell their services to the public.

8-108 **Problems with trademarks** As the choice of the second and further sub-levels of a domain name is free, companies will often opt to have their trademarks appear in the domain name as it may contribute to their visibility and repute. Problems, however, regularly arise when an identical or similar sign has earlier been registered as a domain name by a third party. The latter may be acting in good faith if they can assert proper rights to the sign which is a plausible situation in view of

do with the product or service for which the trademark was granted is not a violation of Instagram's trademark policy".

[248] Discussed above, from para.8-021.

[249] Directive 2006/114 of 12 December 2006 concerning misleading and comparative advertising [2006] OJ L376/21.

[250] This is the internet naming system by which networks, computers, webservers, mail servers and other applications are identified.

the principles of territoriality[251] and speciality[252] of trademark law. As the domain name system operates on the basis of the first-come-first-served principle, not much action can be undertaken by the late trademark proprietor. However, there are also unscrupulous individuals and companies active on the internet. These so-called cyber squatters specialise in the business of "trademark grabbing" with the aim to offer to sell the domain to the person or company who owns a trademark contained within the name at an inflated price (see further below on cybersquatting).

8-109 **Cybersquatting and related activities** Cybersquatting, also known as domain squatting, is the abusive registration of a domain name the second (or other) level of which is identical or similar to a trademark, trade name, surname or any other denomination belonging to another person, without having a legitimate right or interest in this name. Cyber squatters typically register such domain names with intent to profit from the goodwill or repute of a trademark belonging to another. Their ultimate aim is to sell the domain name to the rightful persons or undertakings or to attract internet users to their own website. Even though they clearly act in bad faith, the cost of litigation often forces trademark owners to succumb to the squatter's demands.

8-110 **Special proceedings to fight bad faith registrations** To fight the ongoing phenomenon of bad faith registrations, ICANN has set up an expedited administrative proceeding known as the Uniform domain name Dispute Resolution Policy (UDRP). It is a time- and cost-efficient form of alternative dispute resolution (ADR) to resolve internet domain name disputes, without the need for court litigation. Any trademark proprietor can submit a complaint under the UDPR to one of the approved dispute-resolution providers, amongst which the WIPO Arbitration and Mediation Centre[253] is best known. The UDRP is mandatory for most gTLDs but many cTLDs have also adopted this policy on a voluntary basis. Comparable procedures have been set up by regional or national domains, such as by EURID in the .eu domain or by DNS Belgium in the .be domain. Obviously, also usual trademark infringement proceedings can be used against abusive registrations, but their costs and length are often higher than the compensation proposed by the cyber squatter. Finally, some countries have enacted specific laws against cybersquatting beyond the normal rules of trademark law. The United States, for example, has the US Anticybersquatting Consumer Protection Act (ACPA) of 1999 and Belgium enacted in 2003 a law on the illegal registration of domain names.[254]

8-111 **UDRP scope of application** According to para.4(a) of the UDRP, this administrative procedure is available for disputes concerning an alleged abusive registration of a domain name; that is, which meets the following criteria: (i) the domain name registered by the domain name registrant is identical or confusingly similar to a trademark or service mark in which the complainant (the person or entity bringing the complaint) has rights; and (ii) the domain name registrant has no rights or legitimate interests in respect of the domain name in question; and (iii) the domain

[251] Under this principle, identical or nearly identical trademarks can exist in different geographic areas at the same time without the issue of trademark infringement ever arising. This principle is of course challenged by uses on the Internet.

[252] Discussed above, para.8-098.

[253] See *http://www.wipo.int/amc/en/domains./*

[254] See Book XII, Title I of the Belgian Code of Economic Law.

name has been registered and is being used in bad faith. Evidence of bad faith may result from, e.g.,[255] (i) circumstances indicating that the domain name was registered or acquired primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of the domain name registrant's out-of-pocket costs directly related to the domain name; or (ii) the domain name was registered in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the domain name registrant has engaged in a pattern of such conduct; or (iii) the domain name was registered primarily for the purpose of disrupting the business of a competitor; or (iv) by using the domain name, the domain name registrant intentionally attempted to attract for financial gain, internet users to the registrant's website or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation or endorsement of the registrant's website or location or of a product or service on the registrant's website or location. Since its adoption in 1999, the UDRP caseload has grown continuously whereby consensus positions have emerged on the assessment of various questions raised by the aforementioned criteria.[256] This overview provides invaluable guidance for parties to domain name disputes.

C. ENFORCEMENT ISSUES

8-112 **IP right versus other fundamental rights** As the Commission has stressed in its "Guidance on the Enforcement Directive',[257] the rules set out in this Directive must be interpreted and applied in such a way that not only is the specific fundamental right to intellectual property safeguarded, but other fundamental rights at issue are also fully considered and respected. The latter rights can include, as the case may be, the rights to effective judicial protection and to protection of privacy and personal data, as well as the freedoms of expression and to conduct a business. Through a range of subsequent decisions, the CJEU has provided increasing guidance on how to strike a fair balance between those different conflicting fundamental rights, inter alia when deciding on right of information requests and the awarding of injunctions against internet service providers whose services are used by third parties to commit an infringement on an intellectual property right.[258] The CJEU provided guidance in other contexts, including in the context of a claim for damages against the owner of an internet connection.[259]

[255] The following text is taken from the *WIPO Guide to the Uniform Domain Name Dispute Resolution Policy*, available at *https://www.wipo.int/amc/en/domains/guide/*.

[256] See Version 3.0 of the WIPO *Overview of WIPO Panel Views on Selected UDRP Questions*, released in May 2017, available at *https://www.wipo.int/amc/en/domains/search/overview3.0* [Accessed 17 September 2019].

[257] Commission Communication, Guidance on certain aspects of Directive 2004/48 on the enforcement of intellectual property rights, 29 November 2017, COM (2017) 708 final, p.10 ("Guidance on the Enforcement Directive").

[258] Enforcement Directive arts 9 and 11; InfoSoc Directive art.8(3). For further discussion of the enforcement of intellectual property rights by employing injunctions to compel intermediaries to provide assistance, see Husovec, *Injunctions Against Intermediaries in the European Union: Accountable But Not Liable?* (Cambridge, Cambridge University Press, 2017), p.290.

[259] *Bastei Lübbe v Strotzer* (C–149/17) EU:C:2018:841.

8-113 **Injunctions and filtering obligations** For instance, in *Scarlet*,[260] the CJEU found that requiring an access provider to install a general filtering system in order to prevent copyright infringements would not be compatible with EU law and the protection due to fundamental rights, when the system to be installed was for filtering:

- all electronic communications passing via its services, in particular those involving the use of peer-to-peer software;
- which applies indiscriminately to its customers;
- as a preventive measure;
- exclusively at its expense; and
- for an unlimited period.

The CJEU considered that such an obligation upon the intermediary would impose a general monitoring obligation in breach of art.15 of the E-Commerce Directive. Moreover, this obligation would violate the intermediary's freedom to conduct business, due to the costs and the complexity of the system. In addition, it would conflict with the freedom of expression of the internet users because of the risks of unjustified over-blocking.

8-114 **Injunctions and blocking obligations** In a different direction, the CJEU provided useful indications in *UPC-Telekabel*[261] to support an injunction against an internet access provider. First, it clarified that the order sought must not necessarily lead to a complete cessation of the infringements. It may be sufficient that it makes the infringing acts difficult or seriously discourages them. Next, it found that even though the measures to be taken by the intermediary may not unnecessarily affect the internet users' freedom to lawfully access information, under certain circumstances, they might require the blocking of an entire website, in particular in cases of large scale infringements or infringements occurring in a structural manner. Moreover, it observed that the specific measures aiming at the termination or the prevention of the infringements may be determined by the intermediary themselves—instead of by the judicial authorities. In such cases, the authorities will nonetheless have to verify whether the measures are sufficiently effective, and at the same time, sufficiently compliant with the fundamental rights of the parties concerned including the internet users' freedom of information. On this last point, the CJEU emphasised that the internet users should have the possibility to assert their rights once the measures are known.

8-115 **Dynamic injunctions** As it may appear from the Commission's Guidance on the Enforcement Directive,[262] further harmonisation remains desirable to ensure that all the EU Member States provide for the possibility of forward-looking, catalogue-wide and dynamic injunctions against internet service providers. In particular, dynamic injunctions appear necessary to avoid situations in which materially the same website becomes available immediately after issuing the injunction with a different IP address or URL. To this end, the dynamic injunction is drafted in a way that allows to also cover the new IP address or URL without the need for a new judicial procedure to obtain a new injunction.

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[260] *Scarlet Extended v SABAM* (C–70/10) EU:C:2011:771.
[261] *UPC Telekabel* (C–314/12) EU:C:2014:192.
[262] Guidance on the Enforcement Directive, p.21.