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Paolo Guarda

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Number	Partner name	People involved
1	Universiteit Utrecht	Sybe de Vries, Hanneke van Eijeken
15	Università degli Studi di Trento	Elena Ioriatti, Paolo Guarda, Flavio Guella, Elisabetta Pulice
18	Universidad de Oviedo	Silvia Gómez Ansón, Margarita Arguelles, Carmen Benavides Gonzáles



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List of abbreviations used

CJEU	Court of Justice of European Union
DRM	Digital Rights Management
DSM	Digital Single Market
EU	European Union
IP	Intellectual Property
IPR	Intellectual Property Right
ISP	Internet Service Provider
OA	Open Access
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
TPM	Technological Protection Measures



EXECUTIVE SUMMARY

Creativity and innovation within the European Union are part of a harmonized system of protection of intellectual property rights (IPRs); the latter include legal tools such as industrial property rights and copyright and related rights. The fundamental principles of the internal market (free movement of goods and services and free competition) are based in particular on the harmonization of IPRs at the European level. The protection of intellectual property is subject to a number of international conventions, the supervision of which is largely up to the World Intellectual Property Organization (WIPO) and the World Trade Organisation (WTO). To fulfil its obligations in the area, the European Union has created the Office for Harmonization in the Internal Market (OHIM), in charge of the registration of European trademarks and European designs. The Commission is currently engaged in the effective implementation of a common EU patent system, less costly and more effective from a legal point of view, able to ensure the competitiveness of European business and enterprises. Finally, the protection of IPRs also implies that they must be safeguarded against piracy, illegal trade and counterfeiting.

The Internet and digital technologies play a pivotal role in this context, since they are transforming the world we live in, with reference to all the aspects of life and all sectors of activity. EU must embrace this digital revolution and open new digital opportunities for citizens and business, by leveraging the strength of the EU single market. The existence of barriers to online activities prevents citizens from taking advantage of a wider range of goods and services. Therefore companies and public administrations cannot reap the benefits of digital tools. The final scope of the Digital Single Market (DSM) aims at breaking down regulatory barriers in order to establish a single market, in place of the partially harmonized 28 national markets now existing.

This research report is aimed at identifying and analysing the possible barriers that the European citizens/digital service users face in enjoying their rights when they aim to access to online cultural contents. In light of this, DSM strategy of the European Commission has been taken as a point of reference for pinpointing the legal and factual barriers, describing what are the reform projects in progress and outlining some possible, future (policy) solutions.



1. INTRODUCTION

The existence of barriers to online activities prevents citizens from taking advantage of a wider range of goods and services. Therefore companies and public administrations cannot reap the benefits of digital tools. In this perspective, the final scope of the Digital Single Market (DSM) aims at breaking down regulatory barriers in order to establish a single market, in place of the partially harmonized 28 national markets now existing. A fully functioning DSM could contribute 415 billion euro per year to the European economy and create hundreds of thousands of new jobs.

The DSM strategy, adopted on 6 May 2015 by the European Commission, includes a series of targeted actions to be implemented by the end of 2016. The strategy will rest on three pillars: 1) better access for consumers and businesses to digital goods and services across Europe; 2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; 3) maximizing the growth potential of the digital economy. In particular, with direct reference to the first pillar, it becomes essential to update the legislation on copyright, which is suffering a certain level of obsolescence: by the end of 2015 legislative proposals to reduce the disparities among the national copyright laws and to allow a wider online access to works across the EU, including through further harmonization measures, have been presented. The aim is to improve citizens' access to online content, thus supporting cultural diversity, unlocking at the same time new opportunities for both the creators and the content industry. In particular, the Commission intends to ensure that buyers of movies, music or books can effectively enjoy them even when travelling within the EU. In this perspective, online intermediaries play a pivotal role, particularly with reference to strategies for contrasting IPRs infringement.

The European Commission is already working on a reform of the Directive 2001/29/EC on copyright in the so-called "Information Society" (see also the Public Consultation on the review of the EU copyright rules of 5 December 2013). The likely amendment of the Directive has led to a lively debate among stakeholders. On the one hand, the creative industries complain about a lack of effective enforcement/implementation of online copyright protection, and they would then like to strengthen it. On the other hand, the technological industries, especially those based in the Silicon Valley, has been seeking to force more flexibility and openness of copyright regulation by invoking the most pragmatic approach of the US system as a point of reference.

It is hard to predict what will happen at the end of a legislative process that could be very long. It is likely that a reform of copyright law will parallel a review of the rules on the



liability of the so called “hosting” content platforms, which dates back to a Directive of 2000 (“E-commerce”) and is not properly feasible to what the online intermediaries (social networks, platforms such as “YouTube” and search engines, etc.) have become essential in the last years.

It is also debated which act of legislation the Commission will decide to use. The draft EU parliamentary motion of Julia Reda (Green Party) refers to a possible unification of national legislations through a regulation that would create a single copyright system in the entire European Union (EU), replacing national schemes and incentives, or actually forcing, the copyright holders to distribute their work on a multinational basis, as the logic of DSM would impose.

The analysis of IPRs within the research activity of our research Project is a complex task, since the legal tools involved are numerous (copyright, patents, trade-marks, industrial design, etc.) and with different framework, sometimes characterized by different rationales¹:

- *Copyright*: it protects any original, creative, intellectual or artistic expression, including novels, scientific literature, plays, software, photographs and paintings, music, sculptures, television broadcasts, etc. It does not need to be registered, and it “automatically” exists when the work is created. The duration of a copyright is roughly the life of the author plus 70 years, depending on the case and country.
- *Patents*: they are granted for technical inventions. Applications for patents must be filed with a national or regional patent office. They are examined in a process that results in the grant or refusal of a patent. Patents normally last for a maximum of 20 years from the date of filing of the application.
- *Utility models*: a special, less powerful kind of patent called available in some countries. They usually offer simpler protection, for a shorter period of time. Most countries require inventions simply to be new in order for them to receive utility model protection. Others, for example Germany, also require them to involve an inventive step. But most countries examine neither novelty nor inventive step and will register any utility model that complies with the formalities.
- *Trademarks*: they are distinctive signs identifying and distinguishing the commercial source of goods or services. They can consist of words, logos, names and colours, as well as any other means of identifying commercial origin, such as the shape of the

¹ See EPO/OHIN, Intellectual Property Teaching Kit – IP Basics, available at <http://www.epo.org/learning-events/materials/kit.html>.



product or its packaging, or even sounds or smells. Trademarks can be created simply by using them or by explicitly registering them.

- *Registered designs*: they protect the ornamental design, form, appearance and style of objects, but not their functional aspects. The requirements are: absolute novelty and individual character. The duration of the protection for a Community registered design is a maximum of 25 years from the date of application to register. They are granted in five-year terms, which are renewable.
 - *Unregistered designs* also enjoy protection under certain conditions. You get a free, automatic right when you present an original design to the public. It gives you the right to stop anyone from copying your design, but is usually of a more limited duration than that available for registered designs. The duration of protection for a Community unregistered design is a maximum of three years following the publication of the design in the European Union.
- *Trade secret*: it does not represent a right itself. It is a piece of information that is protected by law under certain conditions. A trade secret is information that is (a) not known to the public, (b) more valuable if not known to the public and (c) subject to reasonable efforts to maintain its secrecy. Reasonable efforts include, for example, non-disclosure agreements (NDAs) with employees and business partners and measures to prevent industrial espionage.

Thus, it is important to make methodological choices that permit to limit the scope of the analysis to themes and scenarios easily identifiable in the various countries and to allow the comparison of the answers that will be given by the project partners (especially in view of the central issue of our research, i.e. the existence of barriers to the enjoyment of rights by EU citizens).

In light of this consideration, and focusing also on the EU valuable DSM strategy, copyright represents a paradigmatic field of research to effectively analyse the existence of possible (legal and factual) barriers to the use of economic rights in the context of the EU. The difficulties in applying the traditional copyright rules and, therefore, the evident barriers to the exercise of rights are fundamentally due to the changed technological environment. As we will see below, the digital revolution has changed the paradigms around which the copyright discipline has been shaped and framed, making the latter in many cases not appropriate to achieve the purposes for which it has been established. This approach guarantees to enucleate and emphasize the possible legal and technical constraints to the free movement of such “products”. In addition, this methodological choice allows to directly interlink this Deliverable with Deliverable 5.2 on the implementation of Economic Rights. The report aims to address the issues involved through an European level approach analysis,



due to the specific type of problems concerned; the study is, however, enriched by a comparative analysis. Some legal systems have been investigated in more detail, since considered useful for such a research in terms of legal solutions adopted, linguistic issues, and size of population (Italy, Spain, United Kingdom)². Various references have been made to other EU countries or to the EU general context.

In the following the IPRs framework within the European context will be outlined, with a main focus on copyright (section 2). In particular the legal basis for normative intervention by the EU legislator will be discussed and the main sources of reference listed (section 2.1). Space will be dedicated to the relationship between copyright and fundamental rights (section 2.2). In section 3, the main issues of the Digital Single Market strategy will be analysed, highlighting inefficiencies and gaps with regard to copyright. The fourth section will be devoted to the analysis of the core issue of the Deliverable: the barriers that European citizens face in exercising copyright, with particular reference to access to online cultural content. Then we will identify and analyse the several, most interesting issues involved. A Section (5) of this report will be, furthermore, aimed at describing two selected case studies, referred to: e-books' market and exhaustion principle, and Open Access to the scientific knowledge. Finally, with the intent to complete the overall picture, and even if in a nutshell, the draft unitary European patent will be presented, with particular attention to its uniformity approach purpose, as a possible model for the copyright scenario (Section 6). The Conclusions will pull the strings of all these arguments, trying to provide for the description of the possible trends of evolution and some, possible solutions to the identified problems³.

² The research carried out on these countries has led to the drafting of national reports, attached to this main report, which is, instead, based on a broader approach and on a wider analysis. We are actually lacking the German national report: in order to minimize the related impact on the comparative overview, as already said, references to some EU member states have been made in order to properly enrich the Deliverable with useful information, detailing the possible different legal solutions adopted.

³ The author wants to thank Dr. Rossana Ducato, Dr. Flavio Guella, Prof. Jacint Jordana, Dr. Petr Kaniok, Dr. Valentina Moscon, Dr. Elisabetta Pulice, for reviewing the draft of this report and their valuable comments. Furthermore, he acknowledges his debt to Prof. Elena Ioriatti, Prof. Ben Farrand, Prof. Thomas Margoni, Prof. Giuseppe Mazziotti, and Prof. Andrea Rossato for their valuable feedback.



2. INTELLECTUAL PROPERTY RIGHTS REGULATION WITHIN THE EUROPEAN UNION: A FOCUS ON COPYRIGHT

2.1 EU COPYRIGHT LEGISLATION: STATUTORY SOURCES OF REFERENCE AND LEGAL BASIS

The EU copyright legislation is represented by a set of directives, which harmonises the basic rights of authors and of performers, producers and broadcasters¹. The EU law is aimed to reduce national discrepancies, ensure the level of protection required to foster creativity and investment in creativity, promote cultural diversity and ensure better access for consumers and business to digital contents and services across Europe.

Then, the EU's regulatory framework for copyright and neighbouring rights consists of the following Directives:

- Directive on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission ("Satellite and Cable Directive"), 27 September 1993;
- Directive on the legal protection of databases ("Database Directive"), 11 March 1996;
- Directive on the harmonisation of certain aspects of copyright and related rights in the information society ("InfoSoc Directive"), 22 May 2001;
- Directive on the resale right for the benefit of the author of an original work of art ("Resale Right Directive"), 27 September 2001;
- Directive on the enforcement of intellectual property right ("IPRED"), 29 April 2004;
- Directive on rental right and lending right and on certain rights related to copyright in the field of intellectual property ("Rental and Lending Directive"), 12 December 2006;
- Directive on the legal protection of computer programs ("Software Directive"), 23 April 2009;
- Directive on the term of protection of copyright and certain related rights amending the previous 2006 Directive ("Term Directive"), 27 September 2011;
- Directive on certain permitted uses of orphan works ("Orphan Works Directive"), 25 October 2012;

¹ See <<http://ec.europa.eu/digital-agenda/en/eu-copyright-legislation>>.



- Directive on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (“CRM Directive”), 26 February 2014².

The main scope in this harmonisation activity is to enable copyright protected goods and services to move freely within the internal market.

Many of these directives are due to Member States' obligations under the “Berne Convention” and the “Rome Convention”, as well as the obligations of the EU and its Member States under the World Trade Organisation “TRIPS Agreement” and the two 1996 World Intellectual Property Organisation (WIPO) Internet Treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty). Other two relevant international treaties have been signed by the EU in the last years: the “Beijing Treaty on the Protection of Audiovisual Performances” and the “Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or otherwise Print Disabled”.

Finally, it is worth to be mentioned that the Commission monitors the timely and correct implementation of the EU copyright law and, in the last years, the Court of Justice of the European Union (CJEU) has developed a substantive body of case law interpreting the provisions of these Directives.

It is now necessary to outline why the EU has the legitimation for providing legislation on IPRs³. Actually, until the entry into force of the Treaty of Lisbon, the EU did not have a direct competence in the field of IP. Pursue to Article 118 of the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU) the “European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralised Union-wide authorisation, coordination and supervision arrangements”. This legal basis would matter if, in the future, the EU will decide to establish a truly pan-European copyright system: this constitutional provision, indeed, addresses mostly the creation of IPRs whose protection requires the setting up of a centralized Union-wide authorization, coordination and supervision arrangements. Until now, the EU legislative interventions in

² We may also quote other fields or issues of interest in this perspective: the legal protection of topographies of semiconductor products, and, first of all, the E-commerce Directive which also contains provisions relevant to the exercise and the enforcement of copyright.

³ See European Parliament Research Service, *Review of the EU copyright framework. European Implementation Assessment*, October 2015, available at <[http://www.europarl.europa.eu/RegData/etudes/STUD/2015/558762/EPRS_STU\(2015\)558762_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/558762/EPRS_STU(2015)558762_EN.pdf)>, 65 ff.



the field of copyright have been legally based on the ground of Article 114 TFEU: it enables EU legislator to enact measures designed to pursue the approximation of laws for the creation of a Single Market. Therefore, this latter Article allowed the EU to take harmonization measures insofar as they help to remove disparities between national provisions that hinder the free movement of goods (see below), or distort competition.

Under these circumstances, and within the current regulatory context, the real unification of legislation in the field of copyright at EU level could be achieved by means of a regulation based on Article 118 TFEU. Such a process appears to be quite complex, since the EU legislation would entirely replace national copyright laws; that in a context where harmonisation of national laws is still incomplete. The most comprehensive legislation the EU has adopted in the field of copyright is represented by the above mentioned InfoSoc Directive, aimed at removing disparities between national provisions mainly through the redefinition at European level of the subject matter and the extension of economic rights on creative works. Furthermore, as mentioned above, even the international Treaties play a pivotal role in pushing the EU to effectively recognise broader rights that the treaties intended to grant to authors, performers and record producers with regard to their works.

Finally, the CJEU recently intervened pronouncing many interpretations related, in particular, to several exceptions to copyright in a way that reflected their autonomous concepts under EU law and recognised their potential to protect the public interest. This activity has resulted in an unintended harmonisation by CJEU's case law. Due to the low degree of harmonization that EU lawmakers sought to achieve in the area of copyright, Member States maintained or transposed exceptions and limitations in their legal orders in a highly discretionary manner. The CJEU approach towards the harmonisation can be remarked in several cases. As examples of this, we may refer to the provisions of Article 5 InfoSoc Directive (three-step test), and to those on fair remuneration and private copying⁴, to quotations for purposes such as criticism and review (*Eva-Maria Painer*), to parody and on-site consultation for purposes of research or private study of copyright works held by publicly accessible libraries, educational establishments, museums and archives (*Technische Universität Darmstadt*). The fair remuneration that should be paid to copyright holders in order to compensate the economic harm they suffer from private copying of sound recordings and audiovisual works (see Article 5(2)(b)) was regarded in *Padawan* as an autonomous concept of EU law since the purpose of the InfoSoc Directive was that of ensuring a coherent application of the exceptions to the reproduction right at the EU level (*Padawan*, par. 33-35). The case concerned the indiscriminate application of copyright levies

⁴ See Case C-467/08 *Padawan v. SGAE* (2010), par. 33-35.



on all copying devices and blank media in Spain, irrespective of whether the purchaser was a private individual or a professional user. In *Eva-Maria Painer* the CJEU interpreted the quotation exception as not precluding the Member States from applying this exception when the quotation of a copyright work is not made in a subsequent literary work (i.e. a 'quoting work') but in a mere press report. The case concerned the unauthorised publication of a portrait photograph by newspapers and magazines for a search of a kidnapped girl by the Austrian police in 1998. The judgment is relevant since the InfoSoc Directive remains silent on this issue and the interpretation of the CJEU clarifies that the requirements set out under Article 5(3)(d) do not also include the incorporation of the quoted work into another literary work, as the copyright law of Member States, such as France, requires in order to confine the exception to cases where an editorial intervention shows the intent of criticism and/or review by the user of the work. Then, the CJEU found that the exception allowing the consultation of copyright items by dedicated terminals on the premises of a library, educational establishment, museum or archive (see Article 5(3)(n)) should be interpreted as incorporating the permission for one of these institutions to digitise some of the works from its collections. The CJEU acknowledged that the strict character of the exception to the reproduction right embodied into Article 5(2)(c) (which refers to "specific acts of reproduction") would make digitisation of the entire collections of copyright works held by these institutions unlawful. Nonetheless, the Court found that, for the on-site consultation exception to pursue its public interest mission, the provision should be regarded as incorporating an "ancillary right of dissemination" into its scope.

2.2 COPYRIGHT AND FUNDAMENTAL RIGHTS

Historians and technological developments of the last twenty years have generated the intersection of two fields of analysis that had previously always been outsiders and independent of each other: the intellectual property and human rights. The technological developments have greatly expanded the ability of each to participate in cultural life. The birth of the Internet has enabled collaborative creation of many cultural expressions, as well as their sharing and enjoyment beyond the traditional geographical and time barriers. The changes taking place reveal the inadequacy of the old models of legal protection of the industrial era, led by the traditional economic and commercial logic. These patterns determined inappropriate emerging modalities of access and participation; on the contrary, they are based on different logics and produce unusual reflections effects, imposing a substantial redefinition of the legislation on copyright. The adaptation of legal frameworks should take into full consideration the heterogeneity that characterizes the contemporary



cultural productions, avoiding a discipline monistic and standardized that ignores the multiple nature of this creative output. Therefore, the IPRs, that have as one of their main purposes the protection of the economic investment, cannot be considered essential and should, in case of disputes involving human rights, succumb. The fundamental rights to health, food, education and freedom of expression should not be considered as limitations or exceptions to the exclusive rights, but as general rules at a higher-level than the exclusive rights themselves. This with a view to overturning the rule/exception relationship in the current IP law that explicitly recognizes the binding and imperative nature of human rights.

Furthermore, a related question is whether and to what terms there might be conflicts between IPRs and fundamental rights. The IPRs interfere with the fundamental rights and require an external limitation, since they have increasingly transformed from means of protection of authors and inventors into investment protection instruments. The focus of protection has shifted by the author/inventor to the investor, i.e. the company.

Economic interests protected by copyright must, therefore, be balanced with other constitutionally protected interests, in particular those of privacy, access to culture and information and the freedom of research.

The conflict between copyright and privacy, specifically, is realized where the rights holders require ISPs the personal information of copyright infringement authors for civil actions against them, making use of the right to request information from intermediaries stated by Article 8 of InfoSoc Directive and Article 8 of IPRED.

The CJEU has intervened several times on the subject, proceeding to a balance between the fundamental rights involved, on the basis of the Charter of Fundamental Rights of the EU. In its judgment on the *Promusicae* case⁵ the CJEU stated that the right to request information from intermediaries is limited by the data protection law. Member States may introduce provisions related to similar obligations only when engaged in making a balance between the fundamental rights involved, on the basis of the principle of proportionality. The same principle was affirmed by the Court in its decision on *LSG*⁶ with reference to the request for delivery by ISPs of usage of services data, again with the emphasis on the balancing of fundamental rights based on the principle of proportionality. As a consequence, for example, the disclosure will appear proportional against a user who systematically commits

⁵ Case C-275/06, 29 January 2008.

⁶ Case C-557/07, 19 February 2009.



massive infringements and not against those who sporadically commit a single breach⁷. In the *Bonnier Audio* decision⁸, then, it is added that the Directive 2006/24/EC, so called “data retention” – by the way, now declared invalid by the CJEU in April 2014 ruling on the *Digital Rights Ireland* case⁹ - did not alter this operational framework, as it allowed the temporary detention of data for practical purposes (service delivery, billing, etc.). Similarly, Directive 2002/58/EC allows access to data for criminal proceedings, public safety, etc., but not for civil causes of damage.

The comparative nationwide survey confirms these possible clashes. Below some relevant cases are listed¹⁰.

Within the Italian legal system, we may cite a paradigmatic judgment: the *Peppermint* case. On April 2007, Peppermint Jam Records GmbH (hereinafter “Peppermint”), a German music label, sent out thousands of notices of copyright infringements to alleged Italian file-sharers informing them that they have been found guilty of uploading copyrighted songs. The notices, sent by an Italian Law Firm, requested the Italian swappers to stop persisting in their copyright infringements and requested them to immediately remove from their PCs all songs belonging to the Peppermint label. The notices also invited users to wire transfer EUR 300.00 to the Italian Law Firm’s bank account within May 14, 2007, if they wanted to avoid a criminal and/or a civil lawsuit brought against them. The amount represented a symbolic compensation for damages caused by sharing those songs, including legal and investigation expenses. Attached to the notices Italian users also received a draft settlement agreement, to be signed and returned to the Italian Law Firm in case of acceptance. The acceptance of the draft settlement agreement as well as the payment of the requested amount, would avoid users from being subject to a criminal judgement for copyright infringements. Anyway, in the legislative framework of the adoption and the transposition into the national law of EU Member States of IPRED, that has strongly encouraged and facilitated purposes of effective enforcement targeted at individuals, it is unclear how the protection of confidentiality of information sources and the prohibition of the processing of user personal

⁷ See M. Rupp, P. Matzneller, *Copyright and the Protection of Personal Data – Intermediaries Caught Between Two Areas of the Laws*, in IRIS Plus 2013-6 – How Private is Personal Data?, European Audiovisual Observatory, 2013, 7 ff.

⁸ Case C-461/10, 19 April 2012.

⁹ Case C-293/12 e C-594/12, 8 April 2014.

¹⁰ Several interesting information and cases on the ISP liability may be found at: <<http://cyberlaw.stanford.edu/our-work/projects/world-intermediary-liability-map-wilmap>>. See also M.V. DE AZEVEDO CUNHA, L. MARIN, G. SARTOR, *Peer-to-Peer Privacy Violations and ISP Liability: Data Protection in the User Generated Web*, EUI Working Paper LAW, 2011/11, available at: <<https://www.utwente.nl/bms/pa/staff/marin/peer-to-peer%20privacy%20violations%20and%20ISP%20Liability.pdf>>. For further information



data commanded under Article 8(3)(e) of IPRED (“Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which [...] (e) govern the protection of confidentiality of information sources or the processing of personal data”) will interplay in the on-line environment. In particular taking into account the powerful measures of investigation and enforcement created by the above-mentioned provisions. In interim measures proceedings in July 2007, the Trial Court of Rome¹¹ held that the protection of confidentiality in electronic communications, as laid down in Article 5 of the Directive 2002/58/EC on privacy and electronic communications took priority over digital copyright enforcement undertaken through precautionary measures aimed at compelling disclosure of the identity and other personal data of unauthorised file-sharers. The Rome Court rejected the claim of two copyright owners (i.e., Techland and Peppermint Jam Records) who sought to compel an ISP (i.e., Wind Telecomunicazioni) to reveal the personal data of a few subscribers that were supposedly infringing copyright in their videogames and music works. The Court emphasised that the phrasing of Article 8(3) of IPRED provided explicitly that the civil proceedings remedies made available under Article 8(1) should apply “without prejudice to other statutory provisions which [...] govern the protection of confidentiality of information sources or the processing of personal data”. As a result, the Rome Court concluded that, in the EU legal system, access to users’ confidential communications and personal data and their retention and processing was permitted only under the exceptional circumstances spelt out under Article 15(1) of Directive 2002/58, which does not include the enforcement of subjective rights (e.g. copyrights) through civil proceedings. This provision, instead, makes clear that national laws may provide for the retention of personal data for a limited period of time in order to enable prevention, investigation, detection and prosecution of criminal offences. Article 15 of Directive 2002/58/EC provides that Member States may adopt legislative measures to restrict users’ privacy-related rights “when such restriction constitutes a necessary, appropriate and proportionate measure within a democratic society to safeguard national security (i.e. State security), defence, public security, and the prevention, investigation, detection and prosecution of criminal offences or of unauthorized use of the electronic communication system, as referred to in Article 13(1) of Directive 95/46/EC”¹².

¹¹ See *Techland and Peppermint Jam Records v. Wind Telecomunicazioni*, Tribunale Ordinario di Roma, N. 26125/2007, 16 July 2007, available at: <http://www.altroconsumo.it/images/17/173003_Attach.pdf>.

¹² For further details, R. Caso, *Il conflitto tra copyright e privacy nelle reti peer to peer: in margine al caso Peppermint. Profili di diritto comparatore*, in *Diritto dell'internet*, 2007, 471, available at <[http://eprints.biblio.unitn.it/archive/00001334/>Effects of Culture on Judicial Decisions. Personal Data Protection vs. Copyright Enforcement, in R. Caso, F. Giovanella \(eds.\), *Balancing copyright law in the digital age. Comparative perspectives*, Berlin, Springer, 2015, 65-98.](http://eprints.biblio.unitn.it/archive/00001334/>)



In Spain, we register many cases dealing with the relationship between IPRs and privacy. The leading case is the *Promusicae* one. The Spanish Supreme Court issued a ruling in a case in which Promusicae, patron of music producers, intended to collect data from users of peer to peer (P2P) networks, such as eMule, BitTorrent or Ares in order to pursue further action against them by the exchange of phonograms and music videos. The intent of Promusicae was to hire the foreign company DtecNet, which would be responsible for obtaining the user data such as your IP address, names user, date and time at which performed the acts of making available and titles containing your shared files folder. All this without seeking consent from users for the processing of personal data, for which Promusicae claimed the Spanish Data Protection Agency (AEPD) the granting of the exemption provided for in paragraph 5 of Article 5 of the Organic Law Protection of Personal Data, manifested by inability to perform the duty to provide information about treatment. The Third Chamber of the Supreme Court, 6th Section, in its judgment of October 10, 2014, has ruled on this issue that has generated controversy in recent times as referring to the legal treatment to be given to the IP address of an Internet user, for the purposes of the Spanish Organic Law on Data Protection (LOPD). The Director of the AEPD, first, and, subsequently, the High Court denied that request considering that the IP address is a personal data and so that, pursuant to art. 5 LOPD, Promusicae has a duty to report the eventual processing of personal data consisting of IP addresses. The High Court, ruling on the appeal of Promusicae, made a series of statements, among which the following are included. The IP addresses fall within the legal concept of personal data of Article 3.1 LOPD and 5 f) of its Regulations, and also of Article 2 of Directive 95/46/EC, as they contain information concerning natural persons "identified or identifiable". The Supreme Court considers that there is no doubt that, using the IP address, anyone can directly or indirectly identify the interested party, as Internet access providers must record the names, telephone and other data identifying those users who have been assigned particular IP addresses, so that legal assumptions are met for considering the numbers that form an IP are personal data. Thus, it is not applicable to this case the exemption from reporting referred to in Article 5.5 of Data Protection Act. The latter states, regarding processing of personal data, the duty to give prior notice to "data owners", and if personal data have not been obtained from the interested party, as in this case, part 4 of Article LOPD imposes to the database's responsible the duty to inform the interested party within three months following the registration of the data, although the fifth paragraph exempted from that duty in certain information assumptions: a) when the law expressly provides; b) when the treatment has historical, statistical or scientific purposes; c) if the information proves to be impossible or would involve disproportionate effort in the view of the Data Protection Agency, considering the number of subjects, the age of the data and the possible compensatory measures. Promusicae requested exemption claiming it was



impossible to comply with the reporting obligations in this course, but the AEPD, the High Court and after the Supreme Court dismiss such a request because the Management Association has failed to demonstrate the said impossibility, given the exceptional circumstances. The consent of P2P programs users to the processing of data cannot be presumed, pursuant to Article 6 of Spanish Data Protection Act. Promusicae claims that the tacit consent of the parties concerned takes place, as these freely decide and voluntarily make available to the public the information they consider relevant, including their IP address. While it is true that consent does not need to be expressly stated, it must be unequivocal and, in this case, it cannot be assumed that the user which connects to a program of this nature to download a music album or movie is giving his/her consent for his IP to be visible to other users, even if it is aware that such information may be known. Thus, the Supreme concludes that *"it cannot be equated the knowledge by the owner of that IP address that it is visible on P2P networks, with their consent for automated processing along with other data of their traffic"*. Articles 138.3, 139.1 h) and 141.6 of the Spanish Intellectual Property Law do not dispense the consent of the person concerned in the processing of personal data. The collecting society estimates that it has to be understood the consent of the treatment of data in the aforementioned articles of the IPL, in which it is expected that the owner of the intellectual property rights may request the termination and the precautionary measure of suspension to be dispensed to services provided by intermediaries to third parties which use them to infringe intellectual property rights, and that such cessation and injunction may also be obtained, when appropriate, against intermediaries whose services are used by a third party to infringe intellectual property rights recognized in the LIP, although the acts of these intermediaries do not in themselves constitute a violation. However, the Supreme Court rejected this claim on the grounds that those provisions do not contain any express reference to the authorization or waiver of the consent of the subjects for the processing of their data. Therefore, after analysing the resolution in general terms, the Supreme Court has chosen to apply LOPD over a request for a management entity that aims to punish users who infringe intellectual property, but it intends to do so regardless of their legally recognized rights. Finally, as mentioned above, the CJEU also ruled in the case *Promusicae vs. Telefonica*¹³ stating that the Spanish telephone company and Internet provider, Telefonica, is not required to disclose personal data on computers that, according to the association of Spanish record Promusicae, has been used to illegally download music.

¹³ Case C-275/06, 29 January 2008.



In the Netherlands, the current possibility of obtaining the user information behind the IP address developed by case law. On 25 April 2002 the Rechtbank Amsterdam¹⁴ stated that a website with information about how to disorganize the train traffic is clearly unlawful and therefore the ISP has to block the website and give information about the holder of the website, but not about the visitors of the website. The Hof Amsterdam confirmed this decision¹⁵. On 9 July 2002 the Rechtbank Utrecht¹⁶ decided that in the case of an infringer who sold under an e-mail address illegal copies of Teleatlas the ISP did not have to give the information, since Teleatlas did not try enough to obtain the information in other, less intrusive ways. On 12 July 2005 the Rechtbank Utrecht¹⁷ decided in the case of BREIN (a Dutch organization to enforce copyrights) against several ISPs that in principle a civil court is allowed to rule that the information has to be provided, but in this case the ISPs did not have to reveal the information, since BREIN obtained the IP addresses via an American examination office. Since IP addresses are considered personal data in the sense of art. 1 sub a Wbp, the processing of it by an American company was not lawful considering the European data protection laws. On 25 November 2005, the Hoge Raad decided in *Lycos vs. Pessers*¹⁸ that regarding the obligation of an ISP to give a right holder the information about name and address of a customer a four step test can be used: a) It must be reasonable provided that the possibility that the information, considered in itself, illegal and harmful to the third party is sufficiently probable; b) the third party has a true interest (“reëel belang”) in obtaining the information; c) it is most likely that in this case no other, less intruding, possibility exists to get the information; d) by weighing the interests of the third party, the ISP and the website owner (as far as possible) the interest of the third prevails. In 2006 a judge in the case *BREIN vs. Chello*¹⁹ did not explicitly use this four step test, but reasoned that an ISP may in certain circumstances be obliged to provide the requested data to the right holders (or their representatives). These circumstances are that first, it is sufficient probable that there have been infringing (unlawful) actions of the subscribers, and second, it is beyond reasonable doubt that the person(s) whose identifying information is made available are the person(s) who are guilty for the infringement. In that case, it is possible that the privacy interests of those involved in maintaining the confidentiality of their data must yield to the interests of right holders to act against the unlawful activities. In 2010 the

¹⁴ Rb Amsterdam 25.4.2002, KG 02/790 OdC (DB-XS4ALL).

¹⁵ Hof Amsterdam 7.11. 2002, 762/02 SKG (XS4ALL-DB).

¹⁶ Rb Utrecht 9.7.2002 146580/KG ZA 02-563 (Tele Atlas – Planet Media).

¹⁷ Rb Utrecht 12.7. 2005 194741/KGZA 05-462/BL/EV (BREIN-ISPs).

¹⁸ Hoge Raad, 5.11.2005, C04/234HR, LJN: AU4019 (*Lycos/Pessers*).

¹⁹ Rb Amsterdam, 24.8.2006, 345291 / KG 06-1112 AB, LJN: AY6903.



Hof Amsterdam²⁰ decided over the question if an ISP has a non contractual information duty regarding the information of the user of an e-mail address provided by that ISP (Ziggo). That e-mail address was used to commit copyright infringements on a video platform which was provided by the second ISP (123Video). 123Video was charged by the owner of the copyright and wanted to get the information about the infringer, who was at their platform only identified by an e-mail address, a non-identifying username and the date of birth. The court ruled in this case that the interests of Ziggo prevail, since Video is not able to make adequate plausible that there are no other, less infringing, possibilities to obtain the information, especially since Video decided to provide its website in a way that users need only an e-mail address to identify themselves.

In Germany the question arose if IP-addresses and the connecting identity information are customer data or traffic data. § 3 nr. 3 Telecommunications Act (TKG) defines customer data (“Bestandsdaten”) as data of a subscriber which is used for motivation, form, changes or termination of telecommunication services. § 3 nr 30 TKG defines traffic data (“Verkehrsdaten”) as data which by providing telecommunication services is compiled, processed or used. This difference is of importance for the request, since depending on the type of data, different protection is given to. LG Offenburg²¹ decided on 17 April 2008 in case of a request of the public prosecution department to get information about the person behind an IP address, that due to the new law to implement Directive 2006/24/EG it can be concluded that the data is customer data In May 2008 the LG Frankenthal (21.05.2008 – Az. 6 = 156/08) on the other hand decided that the IP-address is not customer data but traffic data in the sense of §§ 3 nr. 30, 96 Abs. 1 nr. 1 TKG because it is used in connection of usage of telecommunication services and therefore has a stricter protection (secrecy of telecommunications (“Fernmeldegeheimnis”) Art. 10 GG). This data may only be given from the provider to law enforcement authorities and courts in case of suspicion of a severe criminal offense in the sense of § 100a Abs. 2 StPO. In case of copyright it is not applicable. The court interpreted the decision of the Federal constitutional court on the question of data retention²² in a way that already the demand for these data would be a grave and irreparably interference of the basic right of Art. 10 Abs. 1 GG. But this decision got revoked by the OLG Zweibrücken (26.09.2008 – Az. 4 W 62/08) on 26 November 2008, which decided that the demand is not in interference with basic rights and that the copyright holder should have the possibility to get the information about who the user behind a certain IP address at a certain time was. In July 2008 the LG Stralsund ((11.07.2008 – Az. 26 Qs 177/08) decided

²⁰ Hof Amsterdam, 19.10.2010, 200.051.728/01 (Ziggo-123Video).

²¹ 17-04.2008 – Az. 3 Qs 83/7.

²² BVerG, 11.03.2008 – Az. 1 BvR 256/08.



again that IP-addresses are traffic data, which fall under the secrecy of telecommunications. But users of file sharing networks voluntarily give up their legally protected interest because during the use the data is given away freely and can be seen by everybody. The information about name or address is customer data, which doesn't fall under the secrecy of telecommunications. Finally, the question whether the conjunction of the IP address at a certain time and the name and address of a customer is covered by the rules for customer data or by the rules for traffic data seems up until now still to be unanswered²³. The usual reasoning is that even if the requestor has already obtained the IP address, to give the requested customer information the ISP needs to access the logfiles, which fall under the protection of the secrecy of telecommunication.

Copyright protection must, furthermore, not compromise the freedom of information for users, nor the freedom of economic initiative of the ISPs. So, on the one hand, it must be guaranteed the so-called "right to link" of content already available to the public on another web site. On the other, preventive content filtering systems cannot be imposed on service providers. After all, blocking orders of the access of their subscribers to a site that violates copyright can be directed to ISPs themselves.

In the first case, in the recent decision on the case *Svenson*²⁴, the CJEU stated that the owner of a website may refer by links to protected works available in free access on another site, without the authorization of the copyright holders. This applies if the users by clicking the link have the impression that the work is shown to them by the website which contains the link itself. Then, the Court recalled for realizing "communication to the public" protected by copyright communication must point to a new audience, namely to an audience that was not taken into account by the copyright holders upon initial communication authorization. This was not the case, as the website on which the works were available was in free access; although it would be, if a link would allow users of the site on which is the link to circumvent the restrictive measures adopted by the site where the protected work is located in order to limit access to subscribers.

In its judgment on *Scarlet Extended - SABAM*²⁵, furthermore, even on the subject of remedies that can be imposed on service providers, the CJEU stated that the obligation on an ISP to install preventive filters to prevent copyright violations would place to monitor all the data of each user. This is contrary to the fundamental rights to protection of personal

²³ See C. CZYCHOWSKI, J. NORDEMANN, *Use of retained data and copyright law in Germany – the German data protection problem to fight internet piracy*, in *EIPR*, 2010, 32(4), 174-177.

²⁴ Case C-466/12, 13 February 2014.

²⁵ Case C-70/10, 24 November 2011.



data and freedom of information for users, and the freedom of economic initiative for ISPs. Similar remarks were made by the Court in its decision *SABAM - Netlog*²⁶, concerning the obligation of a social network operator to prevent its users from sharing audiovisual works on their profile pages.

In the recent decision on the case *Telekable*²⁷, finally, the Court held that a provider of Internet access may be ordered to block access to its subscribers to a web site that violates copyright. Such an injunction and its implementation should, however, ensure a fair balance between the fundamental rights concerned. The Court, first, found that in the context of such an injunction copyrights are in conflict with the freedom of enterprise of ISPs and the users' freedom of information. With regard to the freedom of enterprise of the suppliers, the Court held that such an order does not affect the ISP, since, on the one hand, it leaves to its recipient the burden of determining the specific measures to be taken to achieve the desired result, and, on the other hand, it allows it to escape liability by demonstrating that it has taken all reasonable measures. In conclusion, the Court held that the fundamental rights at issue do not preclude such an order, to the condition that the measures taken by the access provider: a) do not unnecessarily deprive Internet users the possibility to lawfully access to available information; b) have the effect of preventing or at least make difficult unauthorized consultations of copyrighted materials.

Even in this context, the comparative analysis registers interesting materials and cases to be quoted.

In Italy, the vast majority of cases referring to the ISP liability involves possible violations of copyright or other intellectual property rights. The casuistic approach used by the Italian courts introduced an interpretation that seeks to go beyond the provisions of the law, excluding the intermediary can take advantage of the limitation of liability where it has played a role called “active”. Among the several cases, first of all it is worth to be mentioned the one opposing Italian Television Networks SpA (RTI) to Google UK Ltd, along with its subsidiary YouTube LLC²⁸. The case stemmed from the presence on the YouTube site of several sequences of the “Big Brother” TV show. RTI had the exclusive rights to use and economic exploit it. On the basis of Articles 156 and 163 ICL, RTI had asked the Court of Rome a preliminary injunction against the defendants in order to obtain the removal from the servers and disable access to all harmful contents, as well as inhibit the continuation of the illegal activity. YouTube defended itself claiming to the limitation of liability on the

²⁶ Case C-360/10, 16 February 2012.

²⁷ C-314/12, 27 March 2014.

²⁸ Trib. Roma, 16 December 2009, in *Resp. civ. e prev.*, 2010, 1568.



materials uploaded by users: considering Article 16 applicable to hosting providers, and Article 17, alleging the absence of a general obligation to monitor. The company also argued that the order issued by the judge may, in addition to impose the provider of preventive control, would be technically unfeasible and it will cause a total paralysis for the Web site's activity. In December 2009, the Court, however, granted the injunction sought by the applicant, holding YouTube as an "active hoster", because its activities do not allow the qualification as "pure" host provider. Hoster active would be the one not engaged in mere brokerage business, but it provides, rather, additional services of storage and distribution, as well as indexing, content management, supervision of the same, also in order to obtain a commercial advantage. In the next order of February 2010, the Court stated that the provider had knowledge of the illegality of the loaded and distributed materials, in view of the repeated warnings made by RTI. The Court of Rome followed then the thesis that considers sufficient to send warning letters from the holder of the rights that are presumed to be violated: this determines the imposition of the surveillance obligation that Article 17 would exclude. In 2011, the Court of Rome decided another case alleging infringement of copyright. PFA Films LTD (PFA), as the exclusive licensee of the economic rights over the movie "About Elly", acted as a precautionary measure against Yahoo! Italy srl (Yahoo)²⁹. The suit of the appellant was aimed at the removal from the servers of the mentioned companies of the access to audiovisual files of the movie, as unauthorized, and at inhibiting the continuing violations on the basis of the Articles 156 and 163 of ICL. The defendants unanimously pleaded to be exempted from liability as intermediaries of information society services. The Roman judge identifies the main point of the case in *"imputability to the defendant Yahoo, [...] in its capacity as manager of the Web Search service of the liability for contributory infringement for the management activities of search engines to the extent that these carry through specific links, linking to "pirate" web sites, which allow viewing streaming or downloading by means of peer to peer of the contents covered by copyright"*. From the analysis of the operation of the search engine, the Court argued that although initially the role of manager of the search engine can only be considered passive and therefore not aware of the contents of the source sites; then this "unawareness" vanishes. In particular, according to the Roman judge, the hoster, Yahoo! in this case, would be able, once aware of the illegal content of certain sites identified by specific URLs, to exercise control and prevent the next indexing and the link. The Court thus passed to analyse the applicability of the rules laid down in Articles 14-17 of Decree. N. 70/2003, noting that *"in view of the conjunction in particular of particular Articles 15 lett. e), 16 lett. b), and 17, paragraphs 2 and 3, service providers are [...] considered the recipient of the dual obligation*

²⁹ Trib. di Roma, 22 March 2011, in *Danno e responsabilità*, 2011, 753 (annotation by F. Giovanella).



to inform the judicial and administrative authorities on the illegality of the information and fulfilment of orders of removal or disabling of the two aforementioned authorities". Thanks to this argument, the Court inhibited to Yahoo the continuation and repetition of the violation of the rights held by the plaintiff PFA Films. The order, appealed by the provider, was reversed during the appeal, due to the general nature of the violations alleged, which resulted in a shortage of evidence by the plaintiff³⁰. The notice issued by the PFA Films against Yahoo did not appear at the Court of Appeal sufficient to determine the knowledge of the offense. More precisely, the PFA restated the same generic warnings that had addressed to Yahoo during court also in the judicial phase, not meeting the burden of proof on it. The Court observed that it would not be possible to adopt a precautionary measure based on similar general objections, even considering the fact that it would be threatened the freedom of an indefinite number of third parties involved in the proceedings. The applicant would had to provide the exact URL which led to counterfeited copies of the movie; conversely, its generic arraignment left to the provider the burden of tracking down illegal content. This would have been also in contrast with the absence of a duty to control the content entered into the network. Therefore, although a not qualified communication – i.e. not from a “competent authority” - was considered by the Court as sufficient to determine the actual knowledge of the intermediary, the Court of Appeal gave the specifications on how this demand is to be made for to be considered sufficiently precise.

In Spain a relevant case to cite is the *Telecinco vs. YouTube*. In the decision no. 11/2014 handed down on January 31st, the Audiencia Provincial Civil de Madrid has rejected Telecinco’s appeal against the judgement of the Juzgado de lo Mercantil dated 20th September 2010. The proceedings concerned a claim for copyright infringement raised by Telecinco as a consequence of the posting of some videos on the YouTube platforms youtube.es and youtube.com. The Court of First Instance had found that YouTube bore no responsibility for the publication of copyrighted materials, since it acted as hosting provider having no control over the contents posted by users through the use of its services. The appeal decision establishes itself in the wake of the judicial efforts of EU Member States’ courts to determine upon which conditions ISPs should face the consequences of violations (including copyright infringements) committed by users. The legislative framework in force in the EU, in fact, constituted by the E-Commerce Directive, contains provisions which are likely to appear dated and, to a certain degree, not consistent with the evolution of the technological scenario. The CJEU, in the leading case *Google v Louis Vuitton* (C-236/08 to C-238/08), has pointed out that the provisions governing ISPs liability must be construed in

³⁰ Trib. Roma, 11 July 2011, in *Riv. diritto industriale*, 2012, II, 19.



accordance with the ways operators actually perform their services. A crucial factor to determine whether the liability exemptions set forth in the Directive are enforceable, in the Luxembourg Court's view, is whether the ISP in question does act in a purely passive way, i.e. as an intermediary. Moving to the case, the appeal brought by Telecinco against the decision of the Juzgado Mercantil was based on different grounds. First of all, Telecinco alleged that YouTube did actually operate as a content provider with an editorial control over the website. Then, the point was not whether liability exemptions were applicable or not, since the argument of Telecinco assumed that YouTube bore a direct responsibility, acting as a content provider. In a nutshell, the attempt of Telecinco was to demonstrate that YouTube fell outside the scope of the service providers and, accordingly, could not avail of the provisions of the E-Commerce Directive. To support this claim, Telecinco referred to some circumstances that were supposed to reflect the exercise of an editorial control by YouTube. Among others, it was pointed out that: i) YouTube had obtained from the relevant collecting societies the licenses concerning copyright and related rights over certain contents; ii) YouTube had established a content regulation through the implementation of a policy that must be accepted by users; (iii.) YouTube had provided particular "Terms and Conditions of Service"; iv) YouTube selected the most popular contents and provided a classification of the contents in different categories. According to the Court of Appeals, none of these circumstances support the assumption that YouTube was operating as a content provider. The fact, for instance, that YouTube had obtained licenses for the use of certain contents or that contents were classified in different categories, does not imply that it is acting in a non-passive way, in the sense required by the Court of Justice to exclude the applicability of the liability exemptions. The second point raised by Telecinco was that, even if YouTube acted as a service provider, the liability exemption for hosting providers - entrusted to Article 16 of the Law 34/2002 (implementing the E-Commerce Directive)- was inapplicable. In the appellant's view, even were Telecinco qualified as service provider, it would have nevertheless had actual knowledge of the existence of unlawful activities. Thus, Telecinco could not benefit of the liability exemption. In this regard, the Court expressly quotes the reasoning of the Tribunal Supremo in a ruling of 2009 regarding the construction of the requirement of "actual knowledge". In the view of the Spanish Supreme Court, the actual knowledge must be established not only "when a competent authority has declared the unlawful nature of the contents, ordered the removal or the blocking of the same and the provider has been noticed of such decision". In fact, even the knowledge of the unlawful activities that a provider obtains indirectly or otherwise, regardless of the specific ways, is relevant. In the case at stake, the Court points out that a notice was given by Telecinco to YouTube that copyrighted contents had been unlawfully uploaded on the website and that Telecinco's mark was featured on the images of the concerned videos. Making reference to



the judgment of the Court of Justice in the case *L'Oréal (C-324/09)*, the Court of Appeals has clarified that the sole communication that a right-holder provides to the owner of a website noting the existence of violation may not suffice to establish the “actual knowledge” requirement. For instance, the notice could be not specific enough in defining the contents that amount to copyright infringements. In the case at stake, the Court has found that nothing in the notices given to YouTube permitted to identify which contents were infringing Telecinco’s rights. Then, YouTube had no actual knowledge of the parts of the website that must be subject to removal or blocking as result of a copyright violation. The third and last argument advanced by Telecinco claims for the imposition over YouTube of a system aimed at blocking the access to its services to the users involved in copyright infringements. As regards this point, the Court of Appeals has referred to some decisions of the Court of Justice (*Sabam, C-360/10* and *Scarlet C-70/10*, in particular) to conclude that such a system would (i.) undermine the protection of other fundamental rights enshrined in the Charter of Fundamental Rights of the European Union, and (ii.) be in contrast with the absence of a general obligation of control over ISPs. In fact, any order directed to ISPs for the removal of unlawful contents in breach of copyright is not per se prohibited in the EU relevant law, but must respect the conditions set forth under the Directive 2001/29/EC and 2004/48/EC, further to the E-Commerce Directive. Then, the Court has rejected the appeal and confirmed the decision of the Juzgado Mercantil.

In the United Kingdom, instead, Section 16 of the *Copyright, Designs and Patents Act 1988* (CDPA 1988) states: “*Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorizes another to do, any of the acts restricted by the copyright*”. The U.K. courts adopt a narrow view of authorization, and interpret the term “authorization” to mean to “sanction, approve and countenance”³¹. As the landmark decision of *Falcon v. Famous Players Film Co.* establishes, to “authorize” means “to grant or purport to grant the right to do the act complained of”. A distinction is maintained between facilitating an infringement and authorizing an infringement. As Justice Whitford held in *CBS Inc. v. Ames*, “an act is not authorized by somebody who merely enables or possibly assists or even encourages another to do that act, but does not purport to have any authority which he can grant to justify the doing of the act”³². Thus, the U.K. cases emphasize the free will of the primary infringer, over whom the secondary infringer has no control. In *CBS Inc. v. Ames*, the fact that the secondary defendant very likely knew or was indifferent to the possibility of the

³¹ See *Falcon v. Famous Players Film Co.*, [1926] 2K.B. 474, 498-499 (C.A. Eng.) (Atkin L.J.) subsequently approved in *CBS Songs Ltd v. Amstrad Consumer Elec. Plc.*, [1988] A.C. 1013, 1055 (H.L.)(Eng.)(Lord Templeman).

³² *CBS Inc. v. Ames Records & Tapes Ltd.* [1982] Ch. 91, 106 (Eng.).



primary infringer violating copyright by borrowing the recordings lent by Ames thus facilitating infringing home taping was held to be irrelevant. In the same way, in *Amstrad Consumer Electronics Plc. v. British Phonographic Industry Ltd.*, the court stated that even though Amstrad in selling the high speed copying device was “intentionally placing in the hands of purchasers a facility which they must know is inevitably going to be used for the purposes of infringement,” this did not warrant a finding of authorization³³. Likewise, on appeal, in *CBS Songs Ltd. v. Amstrad Consumer Electronic Plc.*, the court described Amstrad’s conduct in advertising that its copying device could be used to copy copyrighted works as deplorable and cynical, but held that “*the operator of an Amstrad tape recording facility, like all other operators, can alone decide whether to record or play and what material is to be recorded*”³⁴. A recent English High Court decision, *Philips Domestic Appliances & Personal Care B.V. v. Salton Europe Ltd.*, came to the same conclusion. It held that merely passing on something which will inevitably be used for infringement is not authorizing – there being no control over the use of a product once it is sold³⁵. Thus most Internet intermediaries are likely to be able to successfully assert that they do not “sanction, approve and countenance” any copyright infringement on the part of users of their facilities, services and software. However, this narrow view of authorization is changing. In a recent case, *Twentieth Century Fox Film Corp. v. Newzbin Ltd*³⁶, the defendant Newzbin.com, a subscription-only search service that indexes Usenet content and categorizes them into films, software, music and so on, was held liable for authorizing its users’ infringement. The court found that the categorizations were carried out by editors who were encouraged to do so by the defendant, and the defendant also offered facilities to simplify the download of files by its users. Considering all relevant circumstances, including the nature of the relationship between the defendant and the primary infringer, the equipment or other material supplied and whether it is inevitable it would be used to infringe, the degree of control which the defendant retains and whether he has taken any steps to prevent infringement, the court held that a reasonable member of the defendant’s service would deduce that it possesses the authority to grant any required permission to copy a film from the “Movies” category. The court concluded that the defendant had “*sanctioned, approved and countenanced*” the copying of the claimants’ films, and had so involved itself with the infringement that they were also liable for procurement and participation in a common design with the infringing

³³ *Amstrad Consumer Elec. Plc. V. British Phonographic Indus. Ltd.* [1986] F.S.R. 169, 211 (C.A. Eng.)(Slade L.J.).

³⁴ *CBS v. Amstrad*, [1988] A.C. at 1053.

³⁵ *Philips Domestic Appliances & Pers. Care B.V. v. Salton Europe Ltd.*, [2004]EHC. 2092 (Ch), [44]-[45] (H.C.Eng.).

³⁶ *Twentieth Century Fox Film Corp. v. Newzbin Ltd*, [2010] EWHC 608 (Ch), [2010] All ER (D) 43 (Apr), (Eng. Chancery Div.).



users.

With reference to the Netherlands, in the last years, conflict arose over the legality of hosting sites with unlawful content. Some arguments focused on the legality of bit torrent and UseNet-sites, as well as questions such as whether hosting providers should take these types of sites offline, whether sites should use filters to prevent linking to unlawful content, whether hosting providers should be forced to provide information about the person or organisation behind an anonymous website, whether hosting providers should provide information about uploaders of unlawful material and who would bear the costs of all these actions³⁷. The clashes were not only brought before the court, but also in the public arena: opinions from those advocating the necessity to compensate rights holders and to prevent piracy, were opposed by views from parties that stressed the danger of censorship and the need for privacy. After a few years of continuous confrontation, a certain form of consensus was established: part of it was the development and agreement of the Notice-and-Take-Down Code of Conduct³⁸: that was established in 2008 by a number of public and private organisations, operating together in the National Infrastructure against Cybercrime. The NTD Code describes a procedure for intermediaries (i.e. ISPs) to deal with reports of unlawful content on the Internet. The Code does not establish any new statutory obligations, but intends to help organisations to operate carefully within the existing legislative framework regarding the removal of information from the Internet at the request of third parties. On April 10th, 2014 the CJEU ruled in a case³⁹ with direct consequences for the Dutch approach to online copyright infringement: the Netherlands has a copy levy system where importers or manufacturers of recording media and/or equipment are liable for payment. The Court ruled that the Dutch levy system was not in accordance with the European directive (2001/29/EG). This was because the Dutch levy regulation does not distinguish between lawful and unlawful downloads. In fact, according to the CJEU, the Dutch levy regulation compensates for illegal downloads. The key outcome of the case was that the Dutch government interpreted the ruling of the CJEU in such a way that from that moment downloading from an illegal source was no longer lawful in the Netherlands. This was stated in a letter from the Dutch government to Parliament, one week after the ruling.

³⁷ For further details, see <<http://www.rtlnieuws.nl/economie/home/brein-verliest-rechtszaak-van-ziggo-om-naw-gegevens-klant>>.

³⁸ A working group has been established to monitor the workings of the code and prepare updates. The description of the Code of Conduct on information from this working group (<<http://ecp.nl/werkgroep-notice-and-takedown>>) and from a factsheet about the legal implications of the Code of Conduct for ISP's (<<https://ictrecht.nl/factsheets/notice-and-takedown/>>).

³⁹ Case C-435/12, *ACI Adam BV and Others v. Stichting de ThuisKopie, Stichting Onderhandeligen ThuisKopie vergoeding*.



Then, after the EU Court ruling, the same download of copyrighted material from an illegal source had become unlawful and could therefore lead to prosecution. The chances of that happening however seem very limited, since the rights holders themselves publicly stated that the target of enforcement measures would remain the illegal shops on the internet.

Within the German legal system, the Telemedia Act (Telemediengesetz, TMG) applies to all providers of electronic information and communication services, such as ISPs, to the extent that they are not providing telecommunications services. The Telemedia Act, which is based on the EU E-Commerce Directive (Directive 2000/31/EC), lists three types of service providers that are exempted from a potential liability under certain requirements (safe harbors): a) mere access providers (Section 8 TMG), b) caching providers (Section 9 TMG), and c) hosting providers (Section 10 TMG). The Telemedia Act also provides that service providers in the meaning of Sections 8 to 10 are not required to monitor the information transmitted or stored by them or to search for circumstances indicating an illegal activity (Section 7 paragraph 2 TMG). The German Federal Court of Justice (BGH) has ruled on two cases concerning Internet access providers' obligation to block access to websites providing links to predominantly illegal content⁴⁰. In these two landmark decisions, the BGH has paved the way for website blocking in Germany. The BGH ruled on 26 November 2015 that an Internet Service Provider ("ISP") may be liable for copyright infringements by third parties and thus may be obliged to block websites containing the infringing material. However the court also made clear that the relevant copyright owners first have to take action against the parties which are more involved in the infringing acts, e.g. the website operator or the host provider, their claim against the ISP has no merit otherwise. The question of ISPs' liability has been highly controversial in the past. The BGH's decision finally brings clarity to a key issue in the field of prosecution of copyright infringements. The BGH's decision arose from two very similar cases brought before it. One of the lawsuits was filed by the Society for Musical Performance and Mechanical Copying Rights ("GEMA" - Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte) against an ISP. GEMA demanded the ISP to block an internet site through which a collection of copyright protected

⁴⁰ See Urteile vom 26. November 2015 - I ZR 3/14 und I ZR 174/14: For further details: <<http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=pm&Datum=2015&Sort=3&nr=72928&pos=14&anz=209>>. See also, ex plurimis, BGH, Sixth Civil Section, *Jameda*, VI ZR 34/15, March 1, 2016 (about *defamation, hosting provider, review portal, anonymity, monitoring duty*); BGH, First Civil Section, *Hotelbewertungsportal*, I ZR 94/13, March 19, 2015 (about *defamation, hosting provider, travel agency, rating portal, safe harbor, monitoring duty*); BGH, *GEMA v. Rapidshare*, I ZR 80/12, August 15, 2013 (about *copyright; hosting provider; Rapidshare; illegal file sharing; hosting provider*); BGH, *Atari Europe v. Rapidshare*, I ZR 18/11, July 12, 2012 (about *copyright, hosting provider, Rapidshare, illegal file sharing, monitoring obligations*). For other German case on the same issues, see <<http://cyberlaw.stanford.edu/page/wilmap-germany>>.



music could be accessed. The lower court, the Higher Regional Court of Hamburg, had dismissed the case and GEMA then appealed this decision. The other lawsuit was filed by several recording companies against another ISP, demanding it to block a website which contained hyperlinks to copyright infringing material. The Higher Regional Court of Cologne dismissed the case as well. The plaintiffs argued that the mere provision of internet services contributes to the copyright infringement by the website operators as it is a necessary requirement for the websites to be accessed. The BGH agreed. ISPs indeed play a part in internet copyright infringements since without their technical infrastructure internet users could not access the websites which contain the infringing material in the first place. It was also held that ISPs could reasonably be requested to block the websites regardless of the technical and financial effort that comes with that task. This had been the main reason why the lower courts had dismissed these cases. However the BGH pointed out that ISPs only become liable for copyright infringements as soon as legal steps against the parties which are more involved in the infringing acts, e.g. the website operator or the host provider, have been unsuccessful or do not have any merit from the start. This is in order to avoid the situation where copyright owners have no one to take action against if they cannot successfully prosecute the website owners or host providers.

To conclude this section on the relationship between copyright and fundamental rights, and with particular reference to our application context, it is worth to refer to the possible tensions between copyright and the principle of free movement in the EU. As we described above, there was no EU copyright law until the early 1990s. The CJEU began to take national rules on copyright into consideration, finding that national provisions created obstacles and barriers to the EC principles of free of movement of goods and services, and unrestricted competition. The exercise of IPRs, indeed, within national borders allowed companies to partition the Common Market in order to prevent the free movement on a cross-border basis (price discrimination strategy).

The CJEU analysed such a conflict for the first time dealing with *Deutsche Grammophon v. Metro-SB-Grossmaerket*⁴¹. The Court stated that, although Article 295 of the EC Treaty reserved the creation and definition of the subject matter of an IPR to national law, the exercise of such a right nonetheless fell within the field of the application of the Treaty. Then, the Court held that Article 36 TFEU, formerly Article 30 of the Treaty establishing the European Communities (TEC), exempted the exercise of an IPR from the scope of Article 34

⁴¹ Case C-78/70, in which a German manufacturer of sound recordings sought to enforce its copyright in Germany in order to block the import by a third party of copies of the records manufactured and sold in France by its French subsidiary.



TFEU (formerly Article 28 TEC), but only insofar as it was necessary for the specific subject matter of that right to be protected. In light of this distinction, the CJEU pointed out that, once a copyright holder exercises her exclusive right of distribution by putting a copyrighted work on the market for the first time, the right should have been “exhausted”: Community law should avoid the right holder from using her IPR to prevent parallel imports and restrict Community wide trade. Community law ended up respecting the existence of copyright while narrowing its exercise for the pursuit of the objective of free movement of goods.

3. DIGITAL SINGLE MARKET AND COPYRIGHT: MAIN ISSUES AND STRATEGIES

3.1 INTRODUCTION: COPYRIGHT IN THE DIGITAL AGE

The discipline of IP is tied to double thread to technological evolution⁴². It is a well-founded consideration that the embryo of a legal protection of the right takes shape at a turning point: the invention of movable type printing⁴³. The historical antecedents of modern laws are represented by the privileges granted by the sovereigns to printers or to any person who could have the suitable technology to represent and reproduce the fruit of the intellectual activity. Over time the protection of copyright was more correctly framed because of the opportunity to balance the public interest in access to creative works with the need of preparing incentives for the production of the same ensuring to the author the exclusive right on economic exploitation. When those rules were designed, the state of technology was such that the reproduction of a given work required a real industrial process, activated only with a considerable use of resources. The system had already begun to creak when tools that let people easily reproduce protected works made their appearance: photocopiers, tape recorders, and video recorders.

The obviously more striking challenge, moving to the context that concerns our report, is coming from the computer and telecommunication revolution⁴⁴. The digital revolution has had an impact on three key factors: the opportunity to represent literary texts, sounds, images in binary code files; the ability to process those files; the ability to immediately

⁴² See G. Pascuzzi, *Il diritto dell'era digitale*, Il Mulino, Bologna, 2010, 199-249.

⁴³ See U. Izzo, *Alle origini del copyright e del diritto d'autore. Tecnologia, interessi e cambiamento giuridico* [The origins of copyright and diritto d'autore. Technology, interests and legal change], Roma, Carocci, 2010, 12 ff.

⁴⁴ See L. Lessig, *Code. Version 2.0*, New York, Basic Books, 2006; M.A. Lemley, P.S. Menell, R.P. Merges, *Intellectual Property in the New Technological Age*, New York, Aspen Law & Business, 2006.



transmit these files anywhere in the globe thanks to the Internet. The challenge that the digital age brings to traditional models of protection of copyright is embodied in five aspects: 1) the ease of reproducing the works; 2) the inability to distinguish the copy from the original in terms of quality; 3) the dematerialization of digital copy; 4) the ease of distribution of works; 5) the power to open or close information.

The digitization of works also appeared to reduce or modify the role of traditional intermediaries⁴⁵. The network ultimately expanded the creative works of the market in two ways: spatial and qualitative. Thanks to the worldwide spread of the Internet the international use of intellectual works has been strengthened. Economic options certainly expand themselves; but also the risks associated with space undocking of the phenomenon emerges, given the protection of copyright governed by the principle of territoriality. On the other hand, the digitization of works has opened up new ways of exploitation, and therefore new markets. The availability of web-based works in digital form frees them by mechanical supports that until now have made them actually usable. It, then, assists the affirmation of providers (new intermediaries) of digital works: content providers, search engines, store multimedia, etc.

Thus, over these two past decades, the development of the digital economy and the spreading of the Internet have determined new opportunities to create, disseminate and consume content, at the same time challenging the ways in which content production has been traditionally promoted and incentivised in industrialised legal systems. The first and direct result of this phenomenon was that copyright owners lost control of the use and distribution of their content on the Web, and users started to create a huge and uncontrollable secondary market for digital content. The international and European legislation have spent much effort in trying to regulate and, when needed, contrast this (often illegal) phenomenon. But the difficulty of limiting copyright infringement by relying exclusively on litigation in court as led to increased of emphasis on ways to limit the possibility for end-users to share copyrighted files with their peers. The same, and already mentioned, InfoSoc Directive was inspired, by others, by the need of broaden the scope and strengthen the enforcement of copyright in the online environment.

The DSM strategy fits into this evolutionary line, trying to provide for new tools and solutions to address these new challenges, in order to ensure the success of an effective and efficient market of information.

⁴⁵ See H.R. Varian, J. Farrell, C. Shapiro, *The Economics of the Information Tehcnology. An Introduction*, Cambridge University Press, 2005.



3.2 DIGITAL SINGLE MARKET STRATEGY

The EU Commission aims now at adapting the EU copyright rules to the realities of the Digital Single Market in the light of the digital revolution, new consumer behaviours and Europe's cultural diversity.

As we mentioned above, the European Commission adopted the DSM strategy on the 6 May 2015⁴⁶. It involves a series of targeted actions to be implemented by the end of 2016. The strategy will rest on three pillars: (1) better access for consumers and businesses to digital goods and services across Europe; (2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; (3) maximizing the growth potential of the digital economy. In particular, with regards to our research, it becomes essential to update the legislation on copyright, which is suffering a certain level of obsolescence: by the end of 2015 legislative proposals to reduce the disparities among the national copyright laws and to allow a wider online access to works across the EU, including through further harmonization measures, will be presented. The aim is to improve citizens' access to online content, thus supporting cultural diversity, unlocking at the same time new opportunities both for creators and the content industry. In particular, the Commission intends to ensure that buyers of movies, music or books can effectively enjoy them even when travelling within the EU. In this perspective, online intermediaries play a pivotal role, particularly with reference to strategies for contrasting IPRs infringement.

The EU strategy consists in creating a free, secure digital single market where people can shop online across borders and businesses can sell throughout the EU, in any part of its territory they are. It seeks to expand the EU digital economy in order to offer consumers better services at better prices, and contribute to the growth of enterprises.

When they use online tools and services, European citizens face obstacles. The online markets remain largely national: only 15% of people buy online from another EU country and only 7% of small and medium enterprises selling in another EU country. The persistence of regulatory barriers and fragmentation of the market means that the citizens are snapping up goods and services and hamper business growth. According to the Commission, a fully functioning digital single market could bring up to 415 billion to the EU economy per year. To unlock this potential, the EU plans to implement deep reforms, ranging from a new framework for copyright to new standards for the delivery of parcels and telecommunications.

⁴⁶ <https://ec.europa.eu/priorities/digital-single-market_en>.



The Commission's strategy for the digital single market includes a number of legislative and non-legislative measures that will be presented in 2015 and 2016 and are divided into three pillars:

1. better access for consumers and businesses to digital goods and services across Europe; this means: unlocking e-commerce potential, simplifying Value-Added Tax (VAT) arrangements, modernising copyright (see below);
2. to create the right environment for digital networks and services to flourish; this involves: a strong European data protection regulation to boost the digital economy⁴⁷, the rolling out of fast broadband for all;
3. to maximise the growth potential of the digital economy; this concerns big data and cloud issues, and an inclusive e-society approach.

In order to provide for a better access to online products and services (issues related to IPRs management and exploitation) some actions are needed. First of all, it is necessary to plan a reform of the rules for cross-border online sales: this will include a Commission's proposal to harmonize EU rules for the purchase of digital content, such as applications or e-books, EU rights for online sales of physical goods across the border and the improvement of consumer rights. Furthermore, the delivery of packages across borders has to be improved: this will involve measures to implement price transparency and regulatory supervision of the cross-border parcel market. Moreover, the so called "geo-blocks" have to be ended: the Commission will propose a bill to stop them, i.e. the refusal of access to websites based in another EU country or applying different prices according to the place where it is located the client. Then, action to let retailers of physical goods to benefit from a unique mechanism of recording and electronic payment as well as the introduction of a common tax threshold to help start-ups in their online entry have to be performed.

A reform of European legislation on copyright has been planned: the Commission will propose measures to ensure that the services of content, such as video, can be used across borders. This means that people who bought a movie or music in a country will benefit when they travel in Europe; the Commission also intends to step up efforts against violations of IPRs.

EU plays a pivotal role in this context. Its actions have led to more harmonised protection of rightholders, lower transaction costs and greater choice for users of content through: a

⁴⁷ See the final publication in the EU Official Journal in all the official languages, on 4 May 2016, of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).



European regulatory framework for copyright and related rights; the promotion of an inclusive and dynamic dialogue on copyright and related issues, to seek views, concrete experience and contributions from all interested stakeholders; a leading role in international negotiations and discussions on copyright and related issues.

The modernisation of EU copyright rules was first announced in President Juncker's Political Guidelines for the incoming Commission, and further outlined in the DSM strategy. It aims to achieve a wide availability of creative content across the EU, to make sure that EU copyright rules continue to provide a high level of protection for right holders, and to maintain a good balance with other public policy goals in the digital environment. The Commission considers that a copyright framework that offers a high level of protection is the basis of the global competitiveness of Europe's creative industries.

In its Communication published on last December⁴⁸, the Commission asserts that it is necessary to:

- inject more single market and, where warranted, a higher level of harmonisation into the current EU copyright rules, particularly by addressing aspects related to the territoriality of copyright;
- where required, adapt copyright rules to new technological realities so that the rules continue to meet their objectives.

In particular, by means of this Communication the Commission has presented its action plan to make EU copyright fit for the digital age and a Regulation⁴⁹ to enable the cross-border portability of digital contents such as films, sports broadcasts, music, e-books and games for temporary stays. The new rules on the portability of contents will need to be discussed with and endorsed by the European Parliament and the Council of the European Union. As proposed by the Commission, the Regulation will apply six months after its publication. This will leave time to online service providers and rights holders to adjust to the new rules if necessary. The next package of measures is planned for spring 2016. Several public consultations will help define the upcoming initiatives, for example, the ones on the Satellite and Cable "CabSat" Directive, on platforms and online intermediaries and on the EU legal framework for the enforcement of intellectual property rights. The Commission will analyse the legal framework for the enforcement of intellectual property rights, including copyright,

⁴⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 9 December 2015, COM(2015) 626 final, available at: <http://ec.europa.eu/newsroom/dae/document.cfm?action=display&doc_id=12526>.

⁴⁹ Proposal on Regulation of the European Parliament and of the Council on ensuring the cross-border portability of online content services in the internal market, 9 December 2015, Com(2015) 627 final, available at: <http://ec.europa.eu/newsroom/dae/document.cfm?action=display&doc_id=12524>.



by autumn 2016 and will come forward with a possible revision of this framework by the end of 2016.

Trying to synthesize the main topics on which the EU Commission will have to concentrate the activities, leaving the in-deep analysis of some of them in the following pages, first of all it will provide for new rules on cross-border portability, in order to ensure wider access to content across the EU. Allowing cross-border portability means enabling consumers to use their home online subscription while they stay temporarily abroad. They will also be able to enjoy the legal content, such as films, e-books, music, they have purchased or rented. This is different from cross-border access, which means that users, from their home country, access online services available in another Member State. Furthermore, it is needed to adapt exceptions to digital and cross-border environments, introducing, first of all, mandatory, harmonised EU exception allowing for the creation and dissemination, including across borders, of copyrighted work. Then, the Commission is reflecting on the different factors around the sharing of the value created by new forms of online distribution of copyright-protected works to the various market players; that is in order to create a fairer marketplace for authors and users. Finally, a focus on providing an effective and balanced enforcement system will be taken into strong consideration.

3.3 MODERNIZATION OF COPYRIGHT: INEFFICIENCIES, GAPS, AND TRENDS

The advent of digital technology and the Internet have resulted in the change of the mechanisms inherent in the generation and circulation of the culture⁵⁰. In this context, many operators of the sector believe the so-called “digital piracy” as the main cause of the decline of the sector turnover and focused their attention on finding solutions to illegal consumption of contents protected by copyright (i.e. “online enforcement”, that always looks for a direct involvement of Internet intermediaries in repressive actions). This scenario did not present real advantages for any of the parties involved. Large companies continue to complain about the cultural industry crisis that the sector is experiencing and the inability to restrict the movement of unauthorized intellectual works. Emerging professional creators are poorly protected by applicable copyright rules, not to date to the new challenges of digital technologies. The consumer-users do not find significant legal changes in the offer of

⁵⁰ As references for this paragraph, see EPRS, *Review of the EU copyright framework. European Implementation Assessment*, cit., 13 ff.; A. Bertoni, M.L. Montagnani, *La modernizzazione del diritto d'autore e il ruolo degli intermediari Internet quali propulsori delle attività creative in Rete* [The modernization of copyright and the role of Internet intermediaries such as engines of creative activities on the Net], in *Dir. informatica*, 2015, 111, *passim*.



creative contents, able to provide better services at competitive prices. Actually, the problems that plague the IP market does not seem solvable if not starting from the rules relating to copyright itself: through their rethinking it may be reached the adjustment of the offer of cultural content to a changed technological and market environment. Traditional copyright rules apply in technological, social and market scenarios undoubtedly distant if compared to the context from which they have been shaped. Hence the need to modernize the whole regulatory framework to make it really suited to the new challenges.

Internet intermediaries play a pivotal role in this context. This role can only be adequately addressed if placed within the wider debate on the rules of copyright and only when the contribution of these individuals to the dissemination of knowledge is actually being contemplated. It is known that the representation of the digital information constituted an innovation of great importance, not only for the history of modern technology, but also for the dissemination of knowledge, which rises now in a primary resource for economic growth.

A first approach to address the issue could be based on the birth of a new economic model for growth and competitiveness: knowledge and creativity would act as a driver for innovation, considered as extremely important factor. By the combination of the Internet and digital technology has its origins the economic development process that has gradually led to the so-called “knowledge economy”. A second approach instead focuses on knowledge as a resource by the indisputably high value for society as a whole. The spread of knowledge is an essential prerequisite for the orientation of human (personal or social) choices. The widespread diffusion of the Internet, as technical means aimed at the exchange of information, and the ability to access existing knowledge on the network are the carriers of the so-called “knowledge society”. The culture has a preparatory function, as it provides an open environment for change and then to innovative processes.

Since, therefore, the right of access to knowledge is widely regulated by the laws on copyright, it is precisely on these rules that are founded both the conditions for the movement of knowledge in accordance with the law, both incentives so that his/her creation is economically sustainable. Copyright plays a crucial role from both a social and an economic point of view. Thus, its modernization becomes a mandatory requirement.

As we have already stated, even at the European level some actions aimed to modernize the legislation on copyright have already been started. One of the latest, and fundamental, steps is made up of the draft report on the reform of Directive 29/2001/EC, drawn up by the European Parliamentary Reda, pending the adoption of a White Book on copyright.



In this context, the scheme of exceptions and limitations to copyright emerges as a key issue. The widespread circulation of digital contents determines a different perception of copyright, particularly in the digital native generation. Since the user establishes within the network an immediate relationship with information, where the need to know is the expectation of access to knowledge, she does not accept any conceivable obstacle that could interfere in this relationship. Therefore, while the aspect relating to proprietary rights is understood, the exclusionary components of copyright are more disowned by network users. Any strategy to modernization of copyright, therefore, cannot be overlooked that this discipline currently suffers from a lack of public legitimacy and that it is primarily linked to the lack of flexibility of its operation. The increasingly interactive nature of the web does not perceive the user just as a passive consumer of content, but also as an active one, by means of, for instance, the sharing, or even as proactive, when pushing the creation. The regime of exceptions and limitations to copyright amplifies its reach in the digital environment because of the opportunities it offers and the new business chances (that are) linked to innovative ways of creating and distributing intellectual works on the web. From this perspective the intensification policies of intellectual property protection appear useless, if not harmful. The physiognomy of the regime of exceptions within copyright discipline plays a key role in achieving the digital economy and the European single market, since it is primarily through its adaptation to the changing production and distribution environment of protected works which concretely realizes the opportunity to contribute to the creation of economic, social and cultural value.

In light of what described above, some jurisdictions are already engaging in processes of "modernization" of copyright⁵¹.

The United Kingdom represents a surely paradigmatic example. The UK has launched in recent years a process of copyright reform that can take the proper name of modernization of copyright following the adoption of the *Hargreaves Review* in 2011⁵². In 2010, indeed, the

⁵¹ In addition to the English example, in the EU context, it is worth to be note, among the future plans, the one announced by the Dutch Government: see <<https://www.government.nl/latest/news/2011/04/11/teeven-copyright-law-must-stimulate-creativity-and-innovation>>.

⁵² The *Hargreaves Review of Intellectual Property and Growth, or Digital Opportunity - A review of Intellectual Property and Growth*, was an independent review of the United Kingdom's intellectual property (IP) system, focusing on UK copyright law. Professor Ian Hargreaves was commissioned to chair a review of how the IP framework supports economic growth and innovation in November 2010 by Prime Minister David Cameron. The review was published in May 2011 and made 10 recommendations to "ensure that the UK has an IP framework best suited to supporting innovation and promoting economic growth in the digital age". The text is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32563/ipreview-



British government had issued, in order to facilitate the establishment of the digital economy, the aforementioned *Digital Economy Act* (DEA). The version of the DEA that is currently in force has not made substantial changes on copyright issues. Hence the decision of the British Government to open, in May 2011, a consultation on the implementation of those recommendations on copyright which had publicly accepted in response to the review of copyright law operated precisely in the report Hargreaves⁵³. The process of consultation, which ended in March 2011, thus had the purpose to identify relevant evidence about the potential of the proposed measures in the *Hargreaves Review* to improve the contribution of the copyright system to economic growth. The modernization proposal that was the subject of consultation has regarded the expansion of the system of *fair dealing* by: 1) the introduction of the exception of private copy, that would make it legal, for example, the *format shifting*, so as to align the copyright law to modern technology and, above all, the reasonable expectations of consumers; 2) the expansion of the exceptions for non-commercial research purposes, that as including also *data mining*, so as to enable researchers to obtain new scientific results; 3) the adoption of the exception for parody and, more generally, of all third parties; 4) the extension of the exception for storing library materials. The most part of proposals to modernize the copyright was approved. On 14 May 2014, the Parliament approved exceptions for research and private study, *text* and *data mining*, education and language training, archiving and preservation, public administration and the creation of accessible formats for people with disabilities⁵⁴. In particular, the exception for research and private study allows institutions such as libraries or universities to offer their users access to copyrighted materials through computers and other devices located at the library⁵⁵. The exception for the government allows instead public bodies to share, even online, documents protected by copyright held by third parties⁵⁶. Finally, it is worth mentioning the exception that allows individuals to make copies of copyrighted works to change the format and make it accessible to people with disabilities⁵⁷.

finalreport.pdf. For further details on this review, see Smith, Montagnon, *The Hargreaves Review: a "digital opportunity"*, in *EIPR*, vol. 33, 9, 2011, 596.

⁵³ For a comment on the government's response, see Howell, *The Hargreaves Review: digital opportunity: a review of intellectual property and growth*, in *JBL*, vol. 1, 2012, 71.

⁵⁴ For an overview of all approved exceptions and those under approval, see the consolidated version of the *Copyright, Designs and Patents Act 1988* available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/308729/cdpa1988-unofficial.pdf.

⁵⁵ CDPA 1988, cap III s 29.

⁵⁶ Id., cap. III §: Public administration.

⁵⁷ Id., cap. III §: Disability



4. COPYRIGHT AND (LEGAL AND FACTUAL) BARRIERS FOR EU CITIZENS

4.1 INTRODUCTION: METHODOLOGICAL APPROACH AND THE PROPOSED REFORM OF COPYRIGHT LAW IN EU

To analyse the issue of the possible barriers that EU citizens face in enjoying their IPRs, it is advisable to limit our investigation field with reference to the proposed amendments that, in the scope of DSM strategy, are now subject of discussion and debate. In particular (it is of fundamental importance) the activities and the report of the European Parliamentary Julia Reda are of fundamental importance⁵⁸.

The Committee on Legal Affairs of the European Union Parliament voted on 16 June 2015 a resolution on the reform of copyright law in the European Union, proposed by Julia Reda (Greens/EFA, DE). The next reform proposals for the EU DSM must protect cultural diversity and access for citizens, and strike the right balance between the rights and interests of owners and users say Members of the Commission. In this report, the Parliament acknowledges that the reform of copyright law is necessary not only to improve the digital single market, but also to promote access to knowledge and information for everyone in Europe. The Commission was asked to consider a range of measures to bring the laws on copyright in step with the changing realities and to improve cross-border access to our cultural diversity. This report marks a turning point. After decades of introduction of new restrictions to protect the material interests of rights holders, now the aim is to redress the balance in the rules on copyright and to reduce legal uncertainty that Europeans face when accessing protected works under copyright law.

Even just considering the economic approach to issues relating to IP, it is self-evident the need to break down the barriers that fragment inter-European Community legislation. A DSM is also essential from a business perspective, if you really want to be innovative (and thus compete with companies outside Europe) and competitive. The absolute majority of the companies that control the web is American, and it is no accident that a real DSM exists in the US, unlike in Europe. Yet European companies still struggle to understand this trivial concept, preferring to maintain the artificial boundaries to protect their profits. Technological barriers and geoblocking are one of the copyright industry funding keys, an

⁵⁸ See <<https://juliareda.eu/copyright-evaluation-report/full/>>; <<http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2015-0273&language=EN>>.



artificial way to "protect" European companies from competing with American ones, but it is still a form of protectionism that in the long run gets the only effect to prevent a real innovation. When, eventually, the artificial barriers will fall, under the pressures of transatlantic agreements currently under negotiation (TTIP, TISA), the European industry will be, again, unprepared to a real competition.

It appears quite evident that the provisions of InfoSoc Directive of 2001 have not been able to keep up with the increase in cultural cross-border exchanges boosted by the Internet. The current copyright regime hampers the exchange of knowledge and culture across borders. Current challenges require an update of legislation and further harmonization. As we cited above, the InfoSoc Directive introduced minimum levels of protection of copyright (without setting rules for the protection of the interests of users and the public). As a result, its implementation does not lead to harmonization at Union level of the desired copyright of many parts. In particular, the voluntary nature of most of the exceptions and limitations to copyright, and the fact you have not limited the scope of protection of copyright and related rights to the rights outlined in the Directive, has lead to a continuous fragmentation of national laws on copyright between the Member States. This fragmentation is now exacerbated by the recent introduction in some Member States, of additional related rights, with particular reference to online use (for example, in 2013 and 2014, Germany and Spain have introduced laws "accessory" on the copyright for printing publishers, targeted to news aggregators) and, more generally, insufficient adjustment for Union rules on copyright to the increase of cross-border cultural exchanges facilitated by the internet. The fragmentation of copyright Union and the consequent lack of transparency are well understood by the Commission and are reflected in the intention to break down the "silos national" on these matters. A particularly pressing issue in this regard is the optional nature of the exceptions and limitations to the exclusive rights. For reasons of legal clarity and ease of use, all the exceptions and limitations permitted by the Directive should be made mandatory in all Member States.

In this context, it is also pivotal to remember the significance and the importance of taking full account of what the European Union Charter of Fundamental Rights establishes with reference to freedom of expression (Article 11), freedom of the arts and sciences (Article 13), the right to education (Article 14) and the freedom to conduct a business (Article 16). In particular, Article 17 of the Charter enshrines the right to property, distinguishing between the protection of property (paragraph 1) and the protection of intellectual property (section 2).

Finally, the rules of the EU copyright reform have also been the subject of a consultation that has received a large number of responses from individuals, companies, and



stakeholders⁵⁹. This demonstrates the interest in society that this issue arouses, and, therefore, the need for a speedy and effective intervention of the European legislator.

Without claiming to be exhaustive, we will take into account the European Parliament resolution of 9 July 2015 on the implementation of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society⁶⁰ as reference to extrapolate possible, interesting barriers to the enjoyment of the rights, trying to describe the phenomenon and the real difficulties that such obstacles determine, rather than to dwell into the legal details related to the active debate (such analysis would go beyond the objectives of this Deliverable).

4.2 LEGAL AND FACTUAL BARRIERS

The analysis of each hypothesis of IT barriers will be divided into two branches: the first one connected to a legal barriers profile, existing when the member states legal systems themselves make it difficult the circulation of EU citizens regulating in a different way the IT sectors (and – therefore – an harmonization of legislation is needed to fully guarantee the use of EU citizenship rights). The second kind of barriers, on the contrary, is factual and derives from the pre-judicial reality of the technical possibilities; in particular, some aspects of such reality make it difficult for the citizens using IT technologies the circulation among Member States and – in this case – an EU regulation is needed in order not to harmonize but, more radically, to neutralize with positive actions this kind of factual barriers.

In the specific IP area, in addition, both profiles are coexisting in the frame of the Member States regulation, where it is frequent that the single legal system codified in statutes and regulations – sometimes significantly different from a state to the other – also the technical rules. Therefore, the EU legislative action has to be intended to both harmonize differences and rationalize technical possibilities in the same time, with a holistic approach that considers together the factual and legal barriers. This coexistence of approaches is well expressed in the following areas of intellectual property regulation.

⁵⁹ See <http://ec.europa.eu/internal_market/consultations/2013/copyright-rules/index_en.htm>.

⁶⁰ <<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2015-0273+0+DOC+XML+V0//EN>>.



Exceptions and limitations

The first and most important barrier to the exercise of copyright is linked to the regime of exceptions and limitations, which, as already stated, is not sufficiently harmonized at European level.

The Commission is called upon to reduce the legal uncertainty that every day European citizens have to face in their online interactions. Parliament requested to set a minimum standards for the rights of citizens, transfused in a list of exceptions and limitations to copyright that are now optional (except that of the cached copy). The Reda report points out that the use of such exceptions may not be hindered by contractual clauses and that Digital Rights Management (DRM) may not restrict the right of citizens to private copying. The Commission's proposal is only a timid approach to the harmonization of rules. The Commission plans, for example, an exception for the use of "text and data mining" (search text and data technologies), but limited to public organizations (public interest research organizations). This means that a person who does not belong to the aforementioned organizations, despite having legal access to data, will require an additional license to perform research on the same data, thus making the situation worse than it is now. More correctly the right to research in the database should be automatically connected to the right of access to information, and instead of being a further fee, limited to public organization.

The Commission should consider whether to include exceptions that allow libraries to lend works in digital formats, such as e-books, and scholars to extract text and data. Member States have operated different choices in terms of exceptions, optional, which lead to legal uncertainty. Common rules might therefore be necessary for some exceptions and limitations, but the differences can also be justified to allow Member States to legislate according to their specific cultural and economic interests. Moreover, copyright exceptions and limitations are necessary for people with disabilities and encourage the Member States to ratify the signing of the Marrakech Treaty, which aims to facilitate access for the blind and visually impaired to books of EU. There is also a reference to allow libraries and museums to make digitally available those works that are no longer for sale. It is a hint that is, however, of considerable importance, since the works which are for various reasons still subject to copyright but no longer printed or distributed by the publishers, and therefore inaccessible to the public. As for the restrictions on citizens' rights deriving from contractual clauses (e.g. right to private copying prevented by the use of digital protection measures), there is no mention of this issue in the Commission's plans. The Digital Rights Management (see also below) actually restricts the right, enshrined by law, to private copying, and limits the number of devices on which a legally purchased files can be copied, creating artificial



restrictions on the use of the product purchased legally. E-books often contain DRM that prevent the transfer of the book from one device to another. The DRMs also allow remote control of the product (for instance, in 2009, Amazon was able to delete a product lawfully purchased by going directly to the user's device). And this without considering that digital products are inherently limited by the fact that are licensed and not sold, so the failure of the company distributor may result in loss of all products even if commercially purchased (when is deleted user account). Currently a digital product legally purchased has a number of restrictions, which however has not the pirated content, which inevitably ends up to be more palatable. Still, the Commission makes no reference to the possibility of transferring the rights to the digital products to their heirs. The Commission's plans contain no details about a possible legalization of non-commercial transformative works such “mash up” or “remix” (one of the most creative genres outcast in the restrictive copyright regime causes). This is a huge amount of works presented online constituting the so-called user generated content. Similarly there is no mention of right to audio-visual works, such as YouTube videos or GIFs. Another omission is the e-lending (digital lending), who also was present in Reda report and then adopted by Parliament. Currently it is unclear whether the digital loan is legitimate, since the e-books are similar to the software and not to the books, so the issue was brought to the attention of the CJEU with regard to the principle of exhaustion (first sale doctrine). No proposal regarding exceptions for the protection of parody, caricature and pastiche, which remain implemented differently depending on the various States. The parodies are always recognized as copyright cultural exception, and expression of a democratic system. Unfortunately (enforced or voluntary) privatization of the protection of copyright always causes more restrictions on the use of parodic works. Finally, the Commission did not take up even the proposal to encourage interoperability between services, in order to reduce the digital monopolies.

The comparative data confirms that the incorrect adjustment of some copyright principles related to its limitations represents a pivotal issue. One of these is surely the exhaustion principle. The digital environment exacerbates the legal rules laid down in the field of intellectual property conceived in a previous technology. The need not to create a too monopolistic position in the rights holder is expressed in the possibility of creating a secondary market after the first sale of a legitimate copy of a work. In the digital scenario, where copy and original are indistinguishable and where the cost of the copy itself is tending to zero, affirming the exhaustion principle undermines the position of power to those who have the interest to control the market of their intellectual works. This situation sometimes leads to stiffen the principle to the exclusion of its scope in the digital environment. It exacerbates the position of those who control the circulation of the work, allowing them to put in place strategies of price discrimination and bundling that certainly does not contribute



to encourage the circulation of works, the access to them by individuals, and, consequently, the creation of new works (see Ch. 5.2 below).

As for the specific case of the so-called “freedom of panorama”, the Commission is considering whether further clarification of the exception on the panorama freedom may be needed. More than 500 thousand petitioners have specifically asked the European Parliament not to approve the Cavada proposal on the restriction on the right of free use of photos taken in public spaces. The amendment has not been approved, and therefore there were no further restrictions on this freedom, which remains not yet harmonized between the various European countries.

A single European copyright system

Even the lacking of a single European copyright title represents a possible legal barrier. If you look at ideas for further harmonization of national laws, the Commission should assess the likely impact of a “single European copyright” on jobs and innovation, the interests of authors and right holders, and the promotion of access of consumers to cultural diversity.

The simplest solution to the fragmentation of the EU in copyright is the introduction of a single European title in this regard, as the European patent (see chap. 6) and the European trade-mark (but replacing national titles). This long-term goal would be beneficial to both rights holders and users: while the first ones would have a basis for a more unified protection, the users, however, would gain greater legal certainty for their cross-border use of works protected by copyright. If this option is taken into account, the “Regulation” would become the preferred means of action in this regard by the European legislator (also thanks to the legitimacy that now the already mentioned Article 118 TEU recognizes to it).

The geoblocking issue

A secure factual barrier to the exercise of intellectual property rights is represented by the so-called “geoblocking”⁶¹.

Paradoxically in Europe where citizens can move freely and without restrictions, digital contents are subject to territorial restrictions. Paying for access to an online service, you

⁶¹ See, as a reference, G. Mazziotti, *Is Geo-Blocking a Real Cause for Concern in Europe?*, EUI Department of Law Research Paper No. 2015/43, 2015, available at SSRN: <<http://ssrn.com/abstract=2728675>> or <<http://dx.doi.org/10.2139/ssrn.2728675>>.



cannot always have access to this content if you move to another EU country. These barriers result in delays in the expansion of services like “Netflix” and “Spotify”. The geoblocking is an artifice used by market participants in order to maximize profits, by partitioning the same market (Europe). If we consider that the US is a DSM, the comparison between the wealth of contents of the American market is in itself illustrative of the fact that digital barriers are, from the citizens’ perspective, a problem to be removed.

The Commission has recently made a legislative proposal after assessing the responses from a public consultation held in 2015: Proposal for a Regulation of the European Parliament and of the Council on addressing geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC. The proposed regulation addresses the problem of customers not being able to buy goods and services from traders located in a different Member State, or being discriminated in prices or sales conditions compared to nationals.

Some specific situations are defined when there can be no justified reasons for geo-blocking or other discriminations based on nationality, residence or location:

- when a customer buys a good, such as electronics, clothes, sportswear or a book, which the trader does not deliver cross-border;
- when a customer buys an electronically delivered service, such as cloud services, data warehousing, website hosting;
- when a customer buys a service which is supplied in the premises of the trader or in a physical location where the trader operates, such as a hotel room or a rental car.

Furthermore, the Regulation would ban blocking of access to websites and the use of automatic re-routing if the customer has not given prior consent. The proposal also provides for a non-discrimination rule in payments. While traders remain free to offer whatever payment means they want, the proposal includes a specific provision on non-discrimination within those payment means.

Technological Protection Measures

One of the technical barriers that European citizens/users may encounter when accessing digital cultural contents is the Technological Protection Measures (TPM), or in particular the, already mentioned, Digital Rights Management (DRM) systems⁶². This term singles out the

⁶² In-depth analysis, see R. CASO, *Digital Rights Management. Il commercio delle informazioni digitali tra contratto e diritto d'autore* [DRM. The commerce of digital information between contract and copyright], Padova, 2004 (digital reprint, Trento, 2006, available at the Web-site: <<http://eprints.biblio.unitn.it/archive/00001336/>>).



most advanced anti-access and anti-copy protection system on the market. TPMs are any technological means within a copyright product designed to prevent acts restricted by copyright unless the authorization of the copyright owner is obtained, usually by electronic means provided within the system. Copyright legislation prohibits circumvention of TPMs and removal or alteration of DRMs, treating these as infringements of copyright if carried out with knowledge, or reasonable grounds to know. The law is more limited with regard to computer programs.

Many digital works are sold with technological protection measures (TPM) that effectively prohibit people from using the exceptions provided by the law on copyright. This results in a factual barrier to the exercise of copyrights and its exceptions and limitations by citizens. For example, you may just take into consideration the technological barriers that regularly hampered people to do back up copies of their DVD backup even if the exception on private copying allows it, and that despite having paid a tax on blank DVD to do so.

Some technological monitoring systems are installed on your computer without your awareness. This can be a security risk, as this software can be used to spy on the activities of a user on the computer. To ensure that technological protection measures are without risk, the users (and experts) should be able to know the source code of their PC, and ensure that the technology to protect them does exactly what it claims to do without introducing security holes on a user's computer. The publication of the source code should also support the interoperability of different devices and data formats.

Fair and adequate compensation for all those entitled

The Commission has to verify whether the current rules provide an adequate remuneration for authors and the creative industry. In this context, despite being expressly rejected by the Parliament, the Commission is evaluating the introduction of a new law to protect the interests of publishers, in relation to the use of fragments of articles (snippet) by news aggregators. In particular, the Commission focuses its attention on the definition of "communication to the public", a concept which, by the way, is currently before the CJEU. Such a kind of regulations has already been introduced in Germany and Spain. German publishers, after a long battle with Google, have capitulated expressly authorizing the use of Google News snippet renouncing to any remuneration, as they realized that being out of Google News results in a huge loss of contacts. In Spain the law provides no possibility to waive the remuneration, and the effect has been dropping by Google News of the Iberian country, with considerable loss of traffic from the publishers. That prospect unfortunately



permeates many European initiatives, with the only effect of erecting digital barriers to block large US companies from offering services to European citizens, instead of creating a truly innovative environment where European start-ups can actually be successful.

For the effective protection of copyright in the digital age, it is requested to balance access to knowledge and information with the need for authors and other IPRs holders of obtaining legal protection and an adequate return by users, respecting cultural diversity and promoting economic growth, calling for a more decisive role, even in terms of responsibility, by the intermediaries of electronic networks. In business models that are being consolidated in the markets, such as that of music, who first confronted with the transition to digital, there was a considerable gap between the value of the service provider's remuneration (providers, search engines, aggregators, social networks) and content providers. The disproportion between salaries is also found at the same stage of the supply chain, to the detriment of smaller operators. The priority should be the search for solutions that ensure, in the current context, an adequate remuneration to all operators of the culture industry. The harmonization of legislation on copyright should continue favouring contractual solutions, as is already provided with multi-territorial licensing in the music industry.

A uniform framework for competition and taxation should also be the prerequisite for the choice of the legal system based on the criterion of the country of origin of uploading (making available) or that of the destination country. It is necessary that any review of Directive 2001/29/EC happens, therefore, in combination with the adaptation of Directives 2004/48/EC concerning the enforcement, and 2000/31/EC on electronic commerce.

Copyright Licensing

Another aspect that can represent a barrier to access to digital contents is related to licenses. The intellectual work is circulated by means of the use of a contract that manages the allocation of rights and options between licensor and licensee. In this context different approaches are being discussed: the closed and proprietary one, that exacerbates the position of the right holder by restricting to a minimum the capabilities of the user, and the so-called open models, which are based on licenses that, instead, focus their attention on the rights (or rather, freedoms) of the licensee in order to facilitate the reuse of the works (see the phenomenon that goes by the name of "open licenses"). This conflict and the proliferation of contractual models sometimes incompatible among them deliver a fairly confused and nebulous scenario, which certainly does not help accessing to content. The forecast of open contractual schemes that intend to encourage the dissemination of content



in order to foster the creation of new works should be facilitated and fostered from the point of view of statutory law, and especially engaging in training and awareness-raising that could lead to the emergence of standardized open licenses (see e.g. Creative Commons licenses) aimed at abolishing also the rigidity that the traditional copyright system presents.

From a more general point of view, while remaining in the same context, a legal barrier to access for users is certainly represented by the compression of the limitations and exceptions to copyright, also due to the prevalence of a certain type of contractual approach that tends to exclude *de facto* access to contents themselves, strengthening the position of the copyright holder. A copyright law reform might deal with these aspects, and broad copyright exceptions in favour of access to knowledge.

Infringement

The Commission's plans include, of course, a brave battle against online illegal contents.

Nearly 70% of Europeans download or stream films for free, whether legally or illegally, according to a “European Commission study on audience behaviour” published in 2014⁶³. A recent survey of the European Observatory on Infringements of Intellectual Property Rights shows that 22% of Europeans consider it acceptable to access/download or stream illegal content when there is no legal alternative in their country⁶⁴. The European Observatory on Infringement of Intellectual Property Rights⁶⁵ is working on a series of studies to quantify intellectual property rights infringements and their impacts. It includes an upcoming study, with the support of the “Joint Research Centre of the European Commission”, on infringements in the music, film and e-book industries.

The Commission shall take into account the “follow the money” approach to closing the financial flows of the large providers of illegal content. The aim is to disrupt the money trail for commercial-scale intellectual property infringing activities and to make them economically unviable. This will first be based on a self-regulatory approach: the Commission aims to reach balanced agreements for the protection of all intellectual property rights, including copyright, by spring 2016. Codes of conduct at EU level could be backed by legislation to ensure their full effectiveness. Obviously this approach (which actually comes

⁶³ <http://europa.eu/rapid/press-release_IP-14-120_en.htm>.

⁶⁴ <https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/IPContributionStudy/25-11-2013/executiveSummary/executive_summary_en.pdf>.

⁶⁵ <<https://oami.europa.eu/ohimportal/en/web/observatory/home>>.



from a Google proposal) should be implemented with the cooperation of online service providers (ISPs). It has already been pointed out that the adoption of such an approach would push towards forms of piracy parallel economy (bitcoin). As for the enforcement of copyright protection, it will also analyse the mechanisms of "notice and take down" and "notice and stay down", the latter involving a monitoring by ISPs entered the online content to avoid the reintroduction of illegal content. It is, again, an approach, which requires agreements between private parties, sponsored by the governments, and therefore presents a delegation to the same private entities, without control by the judicial authorities, with obvious negative consequences on freedom of expression and rights of citizens, since the agreements between companies whose ultimate aim is profit. This approach is nothing but an implementation of the American SOPA (Stop Online Privacy Act), but rejected the US-sponsored by the Obama administration in European countries.

The Commission is furthermore analysing the legal framework for the enforcement of intellectual property rights, including copyright, and will come forward with a possible revision of this framework in 2016. Clarifying the rules for identifying infringers, the (cross-border) application of measures and injunctions, the calculation and allocation of damages and legal costs could be considered. As a first step, the Commission has launched a public consultation on the evaluation and modernisation of the legal framework for the enforcement of intellectual property rights, in order to seek views of all parties concerned on these issues⁶⁶. The deadline was set by 15 April 2016.

The "follow the money" initiatives, then, aim at depriving commercial-scale infringers of intellectual property rights of their revenue flows. This process will involve rights holders and intermediary service providers (such as advertising and payment service providers and shippers) but also consumers and the civil society.

The e-Commerce Directive foresees that ISPs should not be liable for the contents that they hold and transmit passively. At the same time, when an illegal content is identified, intermediaries should take effective action to remove it, whether it is information that is illegal (e.g. terrorism/child pornography) or information that infringes the property rights of others (e.g. copyright). Differences in national practices undermine the enforcement (with a negative effect on the fight against online crime) and the confidence in the online world⁶⁷.

⁶⁶ <http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8580>.

⁶⁷ See IPO, *International Comparison of Approaches to Online Copyright Infringement: Final Report*, 2015, available at <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404429/International_Comparison_of_Approaches_to_Online_Copyright_Infringement.pdf>.



Institutional arrangements and procedures for the implementation of online copyright enforcement measures differ greatly. A major structural difference between countries is whether enforcement is undertaken directly by agencies of the state (France, Italy, Spain) or by private actors working together (The Netherlands, United Kingdom). What is more common across the countries is the degree of public sector institutional innovation that has occurred across the case study countries. All countries except The Netherlands have developed new governmental structures or processes to deal with the problem. This suggests that: existing legal powers and institutions were ill-equipped to deal with the scale and speed of the phenomenon of online copyright enforcement, and/or that; creating new laws and institutions has a 'signalling' effect to both domestic and international stakeholders that shows that the issue is being taken seriously. Pressure from external government agencies and trade bodies, particularly emanating from the United States, has been a key factor in several countries' (Spain, Italy) motivations for developing measures to combat online copyright infringement.

The Commission has to analyse the need for new proposals to tackle illegal content on the internet such as more rigorous procedures for removing illegal content – 'notice and action' mechanisms (including the issue of action remaining effective over time – the 'take down and stay down principle').

Internet Access

More generally, the difficulty in accessing to the Internet by citizens (partly due to a digital infrastructure no longer in step with the times) that characterizes the current context is definitely a form of technical barriers to the enjoyment of these rights. With respect to this problem, we may quote that, delivering on its Digital Single Market strategy, the European Commission has presented a proposal to allow Europeans to travel with their online content and an action to modernise EU copyright rules, which it says makes them fit for the digital age. For instance, the UK Prime Minister and Business Secretary have welcomed European Commission proposals which means that UK consumers will be able to access digital subscriptions when travelling in other EU countries. For the first time, UK consumers will be able to access digital subscriptions such as Netflix when travelling in other EU countries, thanks to new European Commission proposals championed by the government. As well as allowing them to watch movies or sport on subscription services while on holiday, UK consumers will have a clearer set of rules when they buy digital content such as games or music from elsewhere in the EU. This change also reinforces one of the key priorities for the



government's EU reform agenda: reducing red tape and boosting competitiveness in a way that works for businesses and consumers across the EU.

Other types of barriers

Dealing with informal or cultural “unspoken rules”, which in some way affect the access of users to digital cultural contents, is never an easy task as these are characterized by not being coded and easily recognizable.

From a negative point of view, we could cite the psychological pressure that is put in place towards the public opinion through the media campaign - actually more widespread in the past than today - pushing on the equation of (digital) piracy to (physical) theft. This results in a form of conditioning and then forcing the positions and interests in the field towards the powers and the lobbies, then trying not to focus public attention to the flexibility and, more in general, to the rights it enjoys even in respect of copyrighted digital contents (this of course without getting to justify unlawful conduct).



5. FOCUS ON TWO SELECTED APPLICATION SCENARIOS

5.1 PREMISE

Two main issues, among others, have been identified to test the operational rules with respect to two specific scenarios, that are paradigmatic for our analysis. A case related to e-books reselling, in order to deal with the principle of online exhaustion of copyright; another one concerning Open Access to scientific knowledge that represents an important instrument for accessing and distributing knowledge in the change technological scenario.

In the following pages, we will provide for some practical solutions based on three selected, and representatives, countries: Italy, Spain, United Kingdom.

5.2 E-BOOKS AND RESELLING: COPYRIGHT EXHAUSTION PRINCIPLE

The company RESELLER started a business in “used” e-books. By means of this service Mr. SMITH, owner of an e-book, can sell his book through the website of RESELLER. In order to do that, he has to declare that he is the lawful owner of a legal copy, by expressing his acceptance of the RESELLER contractual terms. He has also to declare that he will delete his own copy after the selling. RESELLER adds a code to the uploaded copy, in order to make it traceable and to avoid that the same copy will not be uploaded twice. The ASSOCIATION of PUBLISHERS demanded that RESELLER stop its business activity, arguing that the e-books are not resalable, since they are intangible goods.

The case dealt with the so-called “digital/online exhaustion of intellectual property rights” (or “exhaustion doctrine” or “first sale doctrine”). It represents one of the limits of IPRs. After a product covered by an IP right has been transferred by the right holder or by others with the consent of the owner, the IP right is said to be exhausted: the owner can no longer control over the distribution of the copyrighted work. The rationale behind the uncontroversial concept of national exhaustion is that, once the IP right owner has received the full benefit of the IP right from the first sale, there should not be any encumbrance on the purchaser's rights regarding the particular product in the domestic market where the product was first sold. The exhaustion doctrine does not perfectly fit transfers of copies of digital works, since while a transfer may occur, what really lacks is the loss of possession, namely the loss of the good (copy). The recipient receives a new copy of the work while, at



the same time, the sender has the original copy (unless that copy is deleted, either automatically or manually)⁶⁸.

E-books scenario has the same issue. Whether the principle of exhaustion applies to electronic books, libraries cannot freely lend e-books indefinitely after purchase. Instead, electronic book publishers came up with business models to sell the subscriptions to the license of the text, placing restrictions on the number of times an e-book can circulate and/or the amount of time a book is within a collection before a library's license expires, then the book no longer belongs to them. The same issue, obviously, affects the private users.

Question 1: Are the contractual terms of RESELLER lawful, according to your national legislation?

In terms of contract validity, there is no visible reason why it should not be considered lawful⁶⁹. The contractual terms impose to the owner of an e-book, that wish to sell his/her book through its website, to declare that he/she is the lawful owner of a legal copy, and that he will delete his own copy after the selling⁷⁰. It may be needed to outline the actual meaning of ownership in this context, especially in terms of defining the concrete leeway the owner has. If we opt for its traditional wide-ranging meaning, we would have little doubts about the likelihood for the owner to do anything he/she wants with the e-book. However, we may already draw some distinctions when we impose further terms he/she needs to comply with. The contract itself appears legitimate because it does not directly conflict with mandatory standards order and in line with the principles of freedom typical negotiation. Moreover, focusing on the contract setting, potential conflict may also arise from standard user agreements, where it is made clear that the purchaser of an e-book will rent but not own it (or, in other words, the license's terms expressly exclude transfer or ownership). Although limitation on onward sale would be void and unenforceable under EU

⁶⁸ Taking into account the digital environment, we may also want to suggest alternative forms of disposal, by means of technologies that reach the same aim of losing the possession of the good/copy.

⁶⁹ However there is a distinctive application of the sale/licence dichotomy that may come into consideration; it could help the interpreter to discriminate between legitimate and unlawful acts in this respect (this is particularly accentuated by copyright holders who claims no exhaustion applies if the transaction qualifies as a licence).

⁷⁰ The exhaustion rule requires loss of possession upon transfer of ownership. A mere declaration could be indeed difficult to enforce and provide copyright holders with reasons for purporting the impracticality of digital exhaustion. Some kind of counterpoise may be however provided by technology



law with regard to software (*UsedSoft*), yet it has not been stated whether the same applies to e-books.

The operational rules of the countries tend to converge and, therefore, to deliver the same solution⁷¹.

Question 2: Is the exhaustion of IPRs applicable to e-books?

Because of the exhaustion of the distribution right after the first sale, a person or a company could buy (paper) published books. These actions do not interfere with the rights of the author (or those of anyone else whomsoever held). In their interpretation of copyright, publishers claim that the e-book market is a type of service for which it is not possible to apply the principle of exhaustion of the distribution right⁷². They believe that holders of copyrights are free to decide whether or not to give access to a particular work, and to set terms and conditions for such access (by means of contract/license).

In July 2012, the European Court of Justice ruled that the principle of exhaustion of the distribution right regarding the purchase of software has to be applied both to downloaded data and to the physical media. It can be considered that, with this judgment, the principle of exhaustion of the distribution right covers e-books too. Actually, it is unclear from the ruling in *UsedSoft* whether the exhaustion of rights extends to e-Books⁷³.

The owner of an eBook receives a right to use the copy for an unlimited time in return for paying a price that represents the economic value of the copy of the work – just as in *UsedSoft*. On the other hand, the recitals 28 and 29 of the *Infosoc Directive* indicate that article 4(2) of the directive is applied to tangible copies only⁷⁴.

⁷¹ Even in the Spanish case, despite the answer to the Questionnaire that seems to be more related to question n. 2.

⁷² Indeed, it may be useful to bear in mind that exhaustion precisely applies to goods and not to services.

⁷³ Even more unclear is the CJEU's view after its ruling in 2015 *Art & Allposters* (see explicit reference to “tangible objects” when dealing with the principle of exhaustion in general). To such extent, it seems advisable to further analyse the issue of tangibility, which often recurs in addressing the topic.

⁷⁴ A recent ruling in the Dutch courts apply *UsedSoft* to the resale of eBooks. On 20 January, the Dutch court of appeals (Hof Amsterdam) gave its preliminary ruling in the case of Tom Kabinet (<http://uitspraken.rechtspraak.nl/inziendocument?id=ECLI:NL:GHAMS:2015:66>). In this ruling the court had to consider whether the CJEU *UsedSoft* rationale applies to eBooks as well. Without giving a final judgment, the court indicated that it considers it quite likely that exhaustion of rights, as described in art 4(2) of the *Infosoc Directive*, also applies to intangible goods, such as eBooks. See < <http://kluwercopyrightblog.com/2015/01/28/the-dutch-courts-apply-usedsoft-to-the-resale-of-ebooks/>>.



Within the Italian legal system (but the doubts and problems are shared among the several EU countries, including the UK) the solution remains doubtful. If we prefer a strict application of the given positive regulatory data, then the principle of exhaustion would not be applied on an intangible asset such as e-books. If, instead, we take into consideration the rationale of the regulations on copyright and its limitations, then a reflection is needed to understand whether the exclusive rights conferred on the holder of copyright are not extrinsic in a situation of excessive economic privilege and, even worse, turn into a barrier to creating new knowledge. Furthermore, in this context, the contractual rules (generally skewed toward the interests of publishers) play a fundamental role. It is hoped that the European legislator (or at least the ECJ) intervenes on the point clarifying the issue and updating the rules of copyright to the changing technological environment.

In Spain, according to the definitions provided for by Articles 18 and 19 of the Spanish Copyright Law, e-book is a reproduction, not a distribution. The general exhaustion principle is not usually being applied to downloads or access on line, as these are associated commonly to the public communication (reproduction) right, rather to distribution right. This is the important matter under discussion here: a downloaded e-book, as intangible copy, is under public communication right and not under distribution right. In essence, an e-book resale is illegal because they are downloads or online access, subject to public communication right and not to distribution right, and although they are private copies not requiring author's authorization, they are copies meant to be sold with direct commercial purposes (Article 31.2), and even if equating intangible to tangible works, thus being subject of distribution right, the transmission of legal copyright is limited to five years (Article 43.2), and concerning computer programs (similar to e-books), first sale exhausts the right of distribution of that copy, except the right to control further rental of the program or a copy thereof (Article 99). The answer may also depends on the kind of copy produced: as an e-book is a download, and thus we think it is an intangible copy of an art work, they are protected by the public communication right, and then subject to private copy definition. This means that if they are downloaded "*without directly or indirectly commercial purposes*" or which have "*informational, public opinion creation or entertainment purposes*" or "*for teaching and scientific research purposes*", according to regulations in the new art. 31 paragraph 2 and art. 32 paragraphs 2, 3 and 4, exhaustion applies. But in our case, there is a commercial purpose on the resale, so exhaustion does not apply.

Question 3: *If RESELLER employed a technological measure of protection that prevents the uploading of pirated copies, could it continue its business?*

The key question concerns whether or not the exhaustion principle operates on e-books resale. The answer to that question clearly determines the legality of the entire activity.



Certainly a service, such as that offered by RESELLER, can also give rise to unlawful conduct by persons who place on the market “pirated copies” of intellectual work, and facilitate the resale of eBooks, because by doing so, the service makes the trade in illegal copies easier. There is certainly a general obligation that directly imposes to RESELLER (even in the eventual quality of content providers) to control the “legality” of copies distributed through its portal. This does not mean that in the future it could be, instead, considered aware of the possible illegal origin of these materials (for instance, when it could get hundreds of copies of e-books from the same person or company). In light of these considerations, then the implementation of anti-pirated copies is a good tool by RESELLER at least to demonstrate the fulfilment of the general duty of care in the management of its business.

As we have seen, in Italy and UK the issue is still doubtful and under debate. In Spain, indeed, there is no way the RESELLER could make this business, as it is illegal because of its commercial purposes, which means the e-book to resale is not a private copy and then it is subject to author's approval or copyright. Only by paying to the author his/her copyright, the reseller could continue its business.

5.3 OPEN ACCESS TO SCIENTIFIC KNOWLEDGE

Prof. SMITH published for years his scientific papers under the strict conditions of “CLOSED PUBLISHING, Inc.”. He decides to make all his publication available on his University institutional archive under an Open Access (OA) license. He does not follow this new approach only with reference to the new publications; he, actually, includes also the full text of the articles that were previously published by CLOSED PUBLISHING. Therefore, the papers are now freely accessible by the users after the acceptance of the licence conditions. The OA license allows authors to publish their work on the Internet, and to use it for any purpose including for educational purposes (this sharply contrasts sharply with the license used by CLOSED PUBLISHING). In addition, the OA license allows anyone to reproduce and communicate the paper freely for strictly non-commercial purposes, provided that proper credit is given and that any redistribution of the paper occurs under the same license conditions.

The case study deals with an emerging phenomenon: the so-called Open Access (OA). The logic of OA (OA) is gradually spreading within the scientific community, mainly thanks to the help of important areas of public libraries. It basically describes a phenomenon in which many scientific communities freely publish their results (papers, articles, books, etc.),



through the Internet, on archives and journals accessible to anyone. OA seems to have the possibility to become a very powerful tool for the dissemination of scientific knowledge⁷⁵. OA plays a pivotal role in the broader phenomenon known as “Transfer of Knowledge” (a category encompassing also the more renowned “Technology Transfer”), in which universities and research centres increasingly interested in showing in the market the quality of their scientific production through various activities aimed at exploiting the foreground of their researches (IPRs, licenses, spin-off, etc.): it could make transfer of knowledge - previously conveyed (under payment) only by private intermediaries - more transparent, fluid, and accessible to anyone. The logic of OA is echoed by some (solemn) statements and guidelines. Among the many: the “Budapest Open Access Initiative”⁷⁶ in 2002, the “Berlin Declaration on Open Access Publishing”⁷⁷ in 2003⁷⁸.

Researchers publish their contributions in various scientific journals concluding publishing license that, very often, transferred all economic rights related to their intellectual work to the publishers.

On this basis hereafter we list the national solutions to the proposed questions.

Question 1: *Could CLOSED PUBLISHING object to the making available of the articles on the website?*

⁷⁵ For an overview see G. FROSIO, *Open access publishing: a literature review*, 2014; R. Caso, *Open Access to Legal Scholarship and Copyright Rules: A Law and Technology Perspective*, in *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze: European Press Academic, 2009, p. 97 (Proceedings of *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze, 30-31 October 2008); Id. (ed.), *Pubblicazioni scientifiche, diritti d'autore e open access*, atti del convegno tenuto presso la Facoltà di Giurisprudenza di Trento il 20 giugno 2008, Università degli Studi di Trento, 2009 (also available at: <<http://eprints.biblio.unitn.it/archive/00001589/>>); P. SUBER, *Open access overview*, 2007, available at Peter Suber's website: <<http://www.earlham.edu/~peters/fos/overview.htm>>; Willinsky, *The Access Principle – The Case of Open Access to Research and Scholarship*, Cambridge (MA), 2006. An analyse of the legal position of researchers, research institutions and publishers with respect to the consequences for the promotion of OA publishing, see L. Guibault, C. Angelopoulos (eds.), *Open Content Licensing: From Theory to Practice*, Amsterdam, Amsterdam University Press, 2011 (available at: <www.ivir.nl/publications/guibault/9789089643070_TEXT_HR_DRUK.pdf>); see also N. ELKIN-KOREN, *The Changing Nature of Books and the Uneasy Case for Copyright*, 79 *George Washington Law Review* 101 (2011), also available at: <<http://ssrn.com/abstract=1909176>>.

⁷⁶ <http://www.soros.org/openaccess>.

⁷⁷ <http://oa.mpg.de/lang/en-uk/berlin-prozess/berliner-erklarung/>.

⁷⁸ In the Italian context see also: “Linee guida per il deposito delle tesi di dottorato negli archivi aperti” (Guidelines for the submission of doctoral theses in open archives) prepared by the “Gruppo Open Access della Commissione Biblioteche della Conferenza dei Rettori delle Università Italiane” (CRUI) of 2007, available at: <<http://www.crui.it/HomePage.aspx?ref=1149#>>.



The answer to this question is given by the provisions of the publishing license. The latter usually does not provide any opportunity for the author of the scientific article to engage in new activities of duplication and distribution of their work without the express permission of the publisher (*rectius*, the new owner of the economic rights). If this is the assumption, then the CLOSED PUBLISHING may legitimately object to the making available of the articles on the website. Not only it may object, but also the publisher could legitimately bring legal action against the author (or yet terminate the agreement if the author has failed to perform the obligations within, with all the ensuing consequences that this may imply). In addition, it is often required provide a link to the appropriate DOI for the final published version.

But, if the publication license does provide for an OA clause (as it is more and more often happening also due to emergence of the phenomenon of OA), perhaps by establishing an embargo period for post-print publication of approximately 6-12 months, then, the activities of Prof. SMITH, in the aforementioned period, would be considered lawful.

The operational rules tend to converge and, therefore, to deliver the same solution. We have to quote a little difference in Spain. It is likely CLOSED PUBLISHING and Prof. SMITH signed a contract of copyright cession, being CLOSED PUBLISHING Prof. SMITH's editor. Mr. Smith's works previously published before the end of this editor's contract are subject to this agreement, and there must be a clause stating the time limit of this cession. If there is no such clause, then the general rule of art. 43.2 of Spanish Copyright Law applies, which states that the transmission of legal copyright is limited to five years. Then, CLOSED PUBLISHING can object to the making available of the articles already published in their media in the time period defined by the time clause of the copyright cession contract, otherwise 5 years back if there is no such clause. If there is no copyright cession contract, CLOSED PUBLISHING cannot object anything.

Question 2: If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have been possible under the limitations and exceptions rules to copyright?

If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have not been possible under the limitations and exceptions rules to EU copyright regulation.

Within the Italian legal system, art. 70 Italian Copyright Law allows only the “*abridgment, quotation or reproduction of fragments or parts of a work for the purpose of criticism or discussion, or for instructional purposes*”: this activity “*shall be free within the limits justified for such purposes, provided such acts do not constitute competition with the economic*



utilization of the work". Thus only the partial use of a work is granted, not its total provision even if only for educational purposes (and, for example, provided for on closed online communities). Regarding the UK, terms and conditions of the agreement may provide some guidance. In fact, some of them have deliberately granted the author the right to re-use the published version of the work for his/her own teaching or research needs (on an individual basis, e.g. providing a colleague with the work) as long as such use is not for commercial purposes. Then only the partial use of a work is granted, not its total provision even if only for educational purposes (and, for example, provided for on closed online communities). In Spain, there is no difference in the Copyright Law between documents for educational purposes and those for other kind of purposes, when documents are considered as a whole. It is different when we are talking about quotes or reviews of parts of a work; in this case there is no need of the author's authorization (art. 32.3), but as we are talking about the complete works disposal, art. 32.3 does not apply, so there is no difference. Students' downloading a work or article for educational purposes is private copying, in Spain subject to fair economic compensation, inalienable to authors, and payable through collecting societies. In this way, if the works are under the time period covered by the CLOSED PUBLISHING contract, this company should be the beneficiary of the copyright canon, paid by the AEDE (editors) collecting society. If the work downloaded is already under the Open Access License time period, then the reproduction is legally authorized, and thus it is not a private copy, but a legal copy, and not subject to copyright canon.

Question 3: Prof. Johnson downloads Prof. SMITH latest paper, makes small modifications and publishes it in an online blog without mentioning the conditions of the OA license. Can Prof. SMITH object to the modification of his article and to the making available of it in the blog?

With reference to the Prof. Johnson activity, the basic rules are enshrined in the OA licenses. A typical feature of them (but, obviously, the freedom of contract can create countless options) is granting many rights and faculties to the licensee, but with one basic requirement: that of respecting the OA license and the conditions laid down in it. Then, it can, by hypothesis, be granted the right to put in place changes to the original work and/or create, from this, a derivative work. Compliance with the OA license imposes at least the explicit reference to the rights stated in it and the right to be acknowledged as the author of the work (attribution). In light of these considerations, and as part of the scenario described, the activity of Prof. Johnson appears to be not lawful. Finally, in the event that the prof. Johnson did not quote Prof. SMITH as author of the original work, this would also be considered plagiarism, a case of moral rights infringement.



The operational rules of the countries tend to converge and, therefore, to deliver the same solution.

5.4 FINAL SUMMARY

The analysis carried out by referring to two application scenarios shows that the rules that have traditionally governed the access to cultural content present some rigidity and considerable difficulty in their enforcement within the new digital environment. The legislative framework designed to inspire creativity and foster access to intellectual works sometimes become a real obstacle for the users/citizens. The copyright exhaustion principles is a clear example of this. In other contexts (i.e. OA) we register how a contractual tool (the license) intervenes in order to make flexible the traditional copyright system to promote the dissemination and reusability of copyrighted works in a changed technological context, where physical intermediaries seem to be no more pivotal for the development of an effective and efficient creative process.

These first insights may merit further study. Already in themselves, however, they show and demonstrate that a modernization of the rules on copyright is necessary in order to provide for a legal tool fit to truly achieve the rationals for which it has been originally designed and implemented.



6. EUROPEAN UNITARY PATENT IN A NUTSHELL

Although we have decided to limit, for obvious reasons already described, the analysis of the legal and factual barriers which the European citizens face in the exercise of their IPRs, it is worth to provide, albeit briefly, some information on the project, soon to be realized, of an European Unitary Patent (EUP)⁷⁹. Actually, even the fragmentation of the current patent system in the EU context hinders the Single Market, resulting in a further (legal) barrier for the European citizen. What follows, therefore, has no claim to be exhaustive, but is designed to complement the general framework provided by this Deliverable.

Patent is an industrial property title, which gives its owner the right to exploit an invention as a monopoly - i.e. exclusively - on the territory of the state granting the patent. The maximum duration of a patent is 20 years from the date of filing. Currently an invention may be protected with a national patent or a “European” patent, often, and incorrectly, named “Community patent” by non-experts. The European procedure, which has its roots in the 70s, provides for the filing of a patent application in English, or French, or German, before the European Patent Office (EPO), which is headquartered in Munich - Germany⁸⁰. Currently with a European patent application 38 States can be initially designated, i.e. the countries of the European Union (EU) and, in addition, Albania, Croatia, Iceland, Liechtenstein, Monaco, Norway, Switzerland, Turkey, San Marino and the Republic of Macedonia, Serbia. Also Bosnia-Herzegovina and Montenegro can be designated by paying a surcharge. The European patent application is examined on its merits by the EPO examiners. The examination may lead to the rejection of the patent application or to a patent granting.

After it was granted, the European patent is not automatically valid in the 38 countries mentioned above. The procedure requires the validation of the patent in the countries of interest among the 38 initially designated. In other words, the European granted patent turns into a bundle of national patents, each of which is subject to the legislation and

⁷⁹ For further details, see A. Ohly, J. Pila, *The Europeanization of Intellectual Property Law. Towards a European Legal Methodology*, Oxford University Press, 2013, 199-216; R.M. Hilty, T. Jaeger, M. Lamping, and H. Ulrich, *The Unitary Patent Package: Twelve Reasons for Concern*, (2012), MPI, <http://www.ip.mpg.de> (raising concerns about this last proposed Unitary Patent Package on three main headings concerning: the complexity of the regime, the imbalances in the system and the lack of legal certainty for investments in innovation). See also M. Lamping, *Enhanced Cooperation — A Proper Approach to Market Integration in the Field of Unitary Patent Protection?*, (2012) 42 I.I.C. 879; T. Jaeger, *Back to Square One? — An Assessment of the Latest Proposals for a Patent and Court for the Internal Market and Possible Alternatives*, (2012) 43 I.I.C. 286.

⁸⁰ <https://www.epo.org/index.html>



competence of the relevant national courts. The annual renewal fee for life is due in each country in which the owner has decided to validate the patent.

Over the years, several times the users of the European patent system have called for a reform (especially with reference to the language regime), in order to minimize or cancel the validation costs. Indeed, comparing the costs that a company has, on average, for claiming a patent in the US, which is automatically valid in all states of the federation, with the costs incurred by a company to get the same result in Europe, we have realized that the latter are much more precisely because of the validation costs.

In any case, before the London Agreement⁸¹ entered into force in the major European countries, within the EU institutions and the industries began a debate that led to the definition of various legislative proposals designed to act on the language regime of the patent system. The debate has in fact seen the birth of a strong contrast between the industrialized states of northern Europe and the states of southern Europe, Italy and Spain in the lead.

In December 2010, in the absence of unanimity within the EU, 12 EU states (later 25) decided to proceed without the contribution of Italy and Spain the adoption of the new patent system and its supranational court, taking advantage of the legislative instrument of the so-called 'enhanced cooperation' required by Community legislation and then approved by the European Council in decision No. 2011/167 / EU of 10.03.2011 (Official Journal L 76, 22.03.2011, p. 53). In particular, in December 2012 the European Parliament approved a the Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection and an Agreement on a Unified Patent Court (2013/C 175/01). In addition the Council Regulation (EU) No. 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements has to be cited.

⁸¹ The Agreement on the application of Article 65 EPC – the London Agreement 17 October 2000 – is an optional agreement aiming at reducing the costs relating to the translation of European patents. The agreement provides that Contracting States that have an official language in common with an official language of the EPO, i.e. English, French or German no longer require translation of European patents into one of their official languages. Other contracting states have to choose one of the official languages of the EPO as a "prescribed language," in which European patents have to be translated in order to enter into force in their country. They however keep the right to require translation of the claims in one of their official languages. In addition, a Contracting State to the Agreement also keeps the right to require that, in case of a dispute relating to a European patent, a translation should be provided by the patentee in one of the official languages of the state.



The Regulations, which effectively establishes a new type of patent - called 'unit' and not more European - and a special supranational court to rule on the validity and infringement of unitary patents, entered into force on 20 January 2013, but the actual start of the new system has been scheduled for 1° January 2015 or later, because the new rules must first be ratified by the EU member states.

Unlike the current European patent system, the rising of the unitary patent system does not provide for national validations and translations. If granted - in English, French or German -, the unitary patent is automatically valid in all the Member States involved⁸².

The Unitary Patent represents the culmination of a long and complex debate that has affected the Community institutions and the individual states. The objective pursued by the Community legislature is to stimulate the growth of investment in research and development, providing access to a system of protection of industrial property easily accessible and more consistent and uniform in the judicial protection. The unitary patent, which aims to drastically reduce the formalities and the costs of obtaining patent protection in Europe, will have the following characteristics:

- the application for the unitary patent will be filed with the EPO;
- the patent application must be translated into one of the official languages of the EPC (English, French or German); additional repayments are planned for countries in which you do not speak one of the official languages;
- once granted, the unitary patent will be effective in the 25 member countries, with no need to proceed to the stages of validation in individual Member (therefore of a single patent, centrally managed by the EPO, without further involvement of the national patent offices);
- the unitary patent will be limited, transferred or revoked, or lapse in respect of all States Parties;
- the unitary patent will be licensed in relation to all States parties or only some of them;
- it is provided for the possibility of access to the Unitary Patent on the territory of a Member State by entrepreneurs from non-Parties.

Among the stated purposes, the possibility to provide for a patent protection for the benefit of individuals and companies throughout the Union and, in particular, for SMEs is a pivotal

⁸² Italy has officially joined the Unitary Patent system and thus it became the 26th state of the Union to be part of enhanced cooperation. This was announced on 30 September 2015. The Italian entry was formalized with the EU Commission's Decision ((UE) 2015/1753) after the submission of the application to the Council and the European Commission in July 2015.



one. The first estimates indicate a saving in terms of the total charges for the very considerable unitary patenting (in the order of 60/70%), which should align, albeit with a certain graduality, the costs for obtaining a patent in Europe to those in force in the Member States.

Furthermore, the competence of the Unified Patent Court (UPC) shall extend to all aspects of litigation in patents. The official languages for the causes in patent matters before the UPC will be English, French and German. The Court will consist of a central division based in Paris and two sections in Monaco and London. There will also be one or more local division in each Contracting Member State, upon request, for up to four local divisions. The appellate court will be located in Luxembourg. In order for the UPC to properly be in force the ratification procedures, in at least ten EU states, besides necessarily in Germany, France and UK, must be completed.

To conclude this brief overview and to sum-up the contents described, we may cite that in 2012, EU countries and the European Parliament agreed on the 'patent package' – a legislative initiative consisting of two regulations and an international agreement that laid the ground for the creation of unitary patent protection in the EU.

The package consists of:

- a Regulation creating a European patent with unitary effect ('unitary patent');
- a Regulation establishing a language regime applicable to the unitary patent;
- an Agreement between EU countries to set up a single and specialised patent jurisdiction (the 'Unified Patent Court').

The regulations implement enhanced cooperation in the creation of unitary patent protection. All EU countries will participate in this enhanced cooperation except for Spain, Italy and Croatia. Following the adoption of the two Regulations in December 2012, the contracting countries, except for Poland but with the addition of Italy, proceeded with the signature of the Agreement on a Unified Patent Court. The process for the ratification of the agreement is on going. The unified jurisdiction will deal with disputes relating to classical European and unitary patents, for which it will have exclusive jurisdiction. The package will come into effect when 13 countries have ratified the Unified Patent Court agreement⁸³.

⁸³ See <http://ec.europa.eu/DocsRoom/documents/14924/attachments/1/translations/en/renditions/native>, and <http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001>.



CONCLUSIONS

The survey carried out for this report has demonstrated how the IPR scenario may result in an interesting field of study to analyse the possible obstacles that European citizens deal with in the enjoyment of their (economic) rights. IPRs are not typical, when you are approaching starting from the perspective of the exploitation of rights that compete with the status of European citizen. This may also be due to the size of the phenomenon, and now as a result of the technological revolution due to the advent of digital technologies, to take on an international importance. However, the interest shown by the European Commission on the issue as part of the more general strategy for a DSM proves that, first of all, copyright and access to digital content in a cross border approach is an issue that affects the Community legislature and which has a direct impact on the rights of individual citizens. Indeed, the digital environment points out and exacerbates any obstacles to the proper unfolding of a single market and, above all, of an enjoyment of rights at the European level, and not at a purely national one.

In this context, then, the legal barriers intertwine and intersect with factual barriers, here directly related to the technological aspects: technology that definitely represents an acceleration component of the phenomenon of sharing and access to content but, at the same time, it can be used to partition markets and to exclude access to knowledge. All these phenomena has a direct contact and effect on the EU fundamental principles, such as free movement of persons and services, the freedom of expression, freedom of economic initiative, etc. Private nature interests are intertwined with public interests. The exercise of certain rights by certain individuals is in conflict and must be well balanced with the rights of others (see in particular the question related to clash between IPRs and privacy in the more general context of the ISPs liability regulation).

In a work that can only start tracking areas of investigation and legal aspects to be monitored to ensure the full exploitation of economic rights of citizens, we highlighted some issues subject of deep discussion on copyright discipline. This activity is included in the review phenomenon, also sponsored by the DSM strategy, that is affecting the scholarship as, and especially, the EU legislator.

In particular, it was highlighted that the absence of a unitary title of copyright at a European level impacts on the efficiency of the system itself, both internally and especially in the natural competition with US companies, that instead avail themselves of a single IP title (some commentators argue the need for a harmonization of the rules in the light of what is happening to the patent system: see section 6). The difficulties linked to the regime of



exceptions and limitations are, furthermore, due to a not entirely successful harmonization process of copyright regulation in EU. Exceptions and limitations represent a real lung of a IPRs system, granting its ability to adapt to changing and diversified scenarios. These rules allow the proper balance between the conflicting interests. The differences that still remain at the implementation level in the various Member States are an obstacle and a tough barrier to the exercise of the rights of European citizens in a continental perspective. These are obvious and clear examples of legal barriers.

On the side of factual barriers instead, it has been, first of all, referred to problems related to geoblocking systems, that allow the right holders to partition the markets and thus prevent proper realization of an efficient single market (by imposing absurd difficulties for European citizens who move within the Union). In the same perspective, an obstacle is represented also by the TPMs and DRMs that crystallized copyright rules by contract, effectively preventing people to use the exceptions that the same copyright legislation guarantees.

Furthermore it is worth to remembering that a system can correctly operate when the contrast to the infringement of the rules operate effectively and efficiently, especially in light of a changing technological and social context. These changes should lead us to reflect on the real rationale of IP instruments: to stimulate and foster creativity.

As to relevant links to other WPs of bEUcitizen Project, we should emphasize the need to find a good connection with the protection of multiple (national, linguistic, cultural, etc.) identities within the EU. A pivotal question is to what extend in the DSM the EU can guarantee rights to all types of minorities (even granting asymmetrical support policies), without endangering the unity of the Single Market in itself. This activity should not be a member state policy, or an argument for resistance to DSM, but an ingredient of the whole framework⁸⁴.

As to policy implications, we should not rely on the economic savings of DSM as a key instrument; we should pay our attention also to the extension of citizen digital rights across Europe: while merchandises circulate without borders, digital goods and services suffer from (sometimes) invisible regulatory borders within Europe. Then it becomes even more crucial to emphasize the need and importance of the general principles that should guide the

⁸⁴ For example, the European Charter for Regional or Minority Languages of the Council of Europe (Strasbourg 5 November 1992) provides for a framework of guarantees that may be functional to an EU protection of linguistic pluralism/diversity even with reference to IPRs (see in particular Articles 12 “Cultural activities and facilities” and 13 “Economic and social life”).



actions of the several (national and supranational) lawmakers, with particular reference to the right to Internet access and the right to knowledge and education networks⁸⁵.

Digital technologies have revolutionized the framework within which the IPR rules have been shaped. New creative processes are asserted; innovative dissemination activity and sharing tools are claiming their role. At the social level new creative processes based on sharing are enabled. Copyright therefore needs to be modernized and updated to the nowadays needs, so that it can properly carry out its function and become a booster for creative activities and the need for knowledge of the European citizen rather than a limit and an obstacle to the development and the spread of creative and innovative ideas.

⁸⁵ It is worth mentioning an important initiative of the Italian Parliament with regard to the Internet. On 28 July the Bill of Rights on the Internet has been approved. In particular, and for the matter more directly related to our research, see Article 2 “the Right to internet Access” and Article 3 the “Right to knowledge and education network”.



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ANNEXES

ANNEX 1: QUESTIONNAIRE WP5 – DELIVERABLE 5.5

Deliverable 5.5: The Barriers that citizens face regarding their intellectual property rights - Questionnaire for Country Reports

Extract from the Description of Work

Task 5.3: In addition to Task 5.2, a cross-national study is conducted via three in-depth case studies: (iii) A case study on the barriers that citizens face in managing, protecting and exercising their intellectual property rights in Europe. In today's global world, generating new knowledge and turning it into new products and services is crucial to maintain and enhance the EU's competitiveness. Efficient knowledge transfer is hindered by a range of factors, adversely affecting European growth (e.g. cultural differences between the business and science communities; lack of incentives; legal barriers; fragmented markets for knowledge and technology). The barriers faced by European citizens - as producers and users of knowledge and technology - are numerous. The main difficulties are related to the uncertain ownership/authorship regime of intellectual works, and the lack of a harmonized intellectual property regulation. Indeed, the lack of clear and harmonized rules leads to some market players taking advantage by making access to information expensive in general.

D5.5) Research paper on Case Study (iii): "Barriers that citizens face regarding their intellectual property rights": A (comparative) study into the numerous barriers that citizens face in managing, protecting and exercising their intellectual property rights in Europe. The number of Member States will need to be specified, but will include Germany, the United Kingdom, Belgium, Italy, Spain, Greece, Denmark, Hungary and the Netherlands.

Introduction

Creativity and innovation within the European Union are part of a harmonized system of protection of intellectual property rights (IPRs); the latter include legal tools such as industrial property rights and copyright and related rights. The fundamental principles of the internal market (free movement of goods and services and free competition) are based in particular on the harmonization of IPRs at European level. The protection of intellectual property is subject to a number of international conventions, the supervision of which is largely up to the World Intellectual Property Organization (WIPO) and the World Trade Organisation (WTO). To fulfil its obligations in the area, the European Union has created the Office for Harmonization in the Internal Market (OHIM), in charge of the registration of Community trade marks and Community designs. The Commission is currently engaged in the effective implementation of a common EU patent system, less costly and more effective



from a legal point of view, able to ensure the competitiveness of European business and enterprises. Finally, the protection of IPRs also implies that they must be safeguarded against piracy, illegal trade and counterfeiting.

The Internet and digital technologies play a pivotal role in this context, since they are transforming the world we live in, with reference to all the aspects of life and all sectors of activity. EU must embrace this digital revolution and open new digital opportunities for citizens and business, by leveraging the strength of the EU single market.

The existence of barriers to online activities prevents citizens to take advantage of a wider range of goods and services. Therefore companies and public administrations cannot reap the benefits of digital tools. The final scope of the Digital Single Market aims at breaking down regulatory barriers in order to establish a single market, in place of the partially harmonized 28 national markets now existing. A fully functioning Digital Single Market could contribute 415 billion euro per year to the European economy and create hundreds of thousands of new jobs.

The Digital Single Market strategy, adopted on the 6 May 2015 by the European Commission, includes a series of targeted actions to be implemented by the end of 2016. The strategy will rest on three pillars: 1) better access for consumers and businesses to digital goods and services across Europe; (2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; (3) maximizing the growth potential of the digital economy. In particular, with direct reference to the first pillar, it becomes essential to update the legislation on copyright, which is suffering a certain level of obsolescence: by the end of 2015 legislative proposals to reduce the disparities among the national copyright laws and to allow a wider online access to works across the EU, including through further harmonization measures, will be presented. The aim is to improve citizens' access to online content, thus supporting cultural diversity, unlocking at the same time new opportunities both for creators and the content industry. In particular, the Commission intends to ensure that buyers of movies, music or books can effectively enjoy them even when travelling within the EU. In this perspective, online intermediaries play a pivotal role, particularly with reference to strategies for combating IPRs infringement.

The European Commission is already working on a reform of the Directive 2001/29/EC on copyright in the so called "Information Society" (see also the Public Consultation on the review of the EU copyright rules of 5 December 2013). The likely amendment of the Directive has led to a lively debate among stakeholders. On the one hand, the creative industries complain about a lack of effective enforcement/implementation of online copyright protection, and they would then like to strengthen it. On the other hand, the technological industries, especially those based in the Silicon Valley, has been seeking to force more flexibility and openness of copyright regulation by invoking the most pragmatic approach of the US system as a point of reference.



It is hard to predict what will happen at the end of a legislative process that could be very long. It is likely that a reform of copyright law will parallel a review of the rules on the liability of the so called “hosting” content platforms, which dates back to a Directive of 2000 (“E-commerce”) and is not properly feasible to what the online intermediaries (social networks, platforms such as “Youtube” and search engines, etc.) have become in the last years.

It is also unclear which act of legislation the Commission will decide to use. The draft EU parliamentary motion of Julia Reda (Green Party) refers to a possible unification of national legislations through a regulation that would create a single copyright system in the entire European Union, replacing national schemes and incentives, or actually forcing, the copyright holders to distribute their work on a multinational basis, as the logic of the 'Digital Single Market' would impose.

The analysis of IPRs within the research activity of our research Project is a complex task, since the legal tools involved are numerous (copyright, patents, trademarks, industrial design, etc.) and with different framework, sometimes characterized by different rationales. Thus, it is important to make methodological choices that permit to limit the scope of the analysis to themes and scenarios easily identifiable in the various countries and to allow the comparison of the answers that will be given by the project partners (especially in view of the central issue of our Research, i.e. the existence of barriers to the enjoyment of rights by EU citizens).

In light of these considerations, in order to efficiently and consistently set and limit our area of research, as part of Deliverable 5.5 we intend to analyse the possible barriers that the European citizens/digital service users face in the enjoyment of their rights when they aim to access to online cultural contents. Thus, Copyright becomes and represents a paradigmatic field of research to effectively analyze the existence of possible barriers to the enjoyment of economic rights in the context of the EU. This approach would guarantee to enucleate and emphasize the possible legal and technical constraints to the free movement of such products. In addition this methodological choice allows to directly connect this Deliverable with Deliverable 5.2 on the implementation of Economic Rights, whose Questionnaire, at the third question, explicitly referred to the economic protection of citizens' rights in the digital era and to the EU digital single market strategy.

In order to facilitate the activities of the units involved in this Deliverable and, above all, the comparability of the results, the Questionnaire has a twofold structure. Part I is supposed to set the main legal framework, focusing on copyright and, if considered appropriate, on other legal tools which may specifically affect the exercise of IPRs in the particular context - just drafted - of the Digital Single Market agenda strategy (e.g. issues of ISP liability). This part is intended to provide the dogmatic and conceptual basis for dealing with the issue. In Part II



we propose to adopt a pragmatic approach, i.e. cases to be solved, taking into account the operational rules actually working in each national legal system.

This methodological approach – resulting from a weighted compromise - is able to ensure in such complex issues the possibility of providing useful and clear responses, within a short national report, and also to enable the comparison between them.

Practical Information and guidelines¹

Please structure the country report based on the questionnaire below (including headings). Make sure to include precise references to constitutional, legislative and regulatory provisions, cases and other relevant policies and legal documents. Try, as far as possible, to use the European Case Law Identifier (ECLI), which aims at providing a uniform citation format for national and European case law².

The country as well as the final reports have to be written in English. The text of country reports shall give a general overview, and shall be clear, easily accessible and easy to read. If certain concepts or notions are difficult to translate in English, try to use both the original language as well as the most appropriate English translation the first time a concept is referred to. Later mentions may be in either language. Each author is responsible for the quality of the English *language and editing* of the text.

Please use the Kluwer author guidelines for references and citations:
<http://www.kluwerlawonline.com/files/COLA/COLAHOUSERUL2013.pdf>.

Task Leader: Unitn Research Unit

Deadline for the report: 31 January 2016

Participating countries: Italy (Unitn), United Kingdom (Unitn), Spain (Oviedo), Germany

¹The following section is adapted from the guidelines for the questionnaires for D 7.1 and D 7.2.

²https://e-justice.europa.eu/content_european_case_law_identifier_ecli-175-en.do?init=true



PART I

Question 1 – General framework

- ✓ What is the legal framework of reference on copyright in your country?
- ✓ What are the rules and / or legal arrangements that can come into play with regard to the access to digital cultural content in your country (i.e. ISP liability, Privacy and protection of personal data)?

Question 2 – Authorities

- ✓ What is/are the relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement?
- ✓ What are the administrative regulations that have an impact with regard to the protection of digital copyright?

Question 3 – Case Law

- ✓ Is there any case law in your national legal system, which has dealt with the issue of access to digital cultural contents? If so, please briefly indicate the most important rulings and their possible consequences for similar cases in the near future.

Question 4 – Types of Barriers

- ✓ What types of legal barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ What types of technical barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ Are there any other types of barriers, such as informal or cultural 'unspoken rules', which in some way affect the access of users to digital cultural contents in your country?

Question 5 – Trends and Future Developments



- ✓ What are the trends in your country in terms of future policy directions as regard to the access to digital cultural contents? Do you see any disadvantage or, conversely, any positive aspect in the current development?



PART II

Case study I: resale of e-books and exhaustion of copyright

The company RESELLER started a business in “used” e-books. By means of this service Mr. SMITH, owner of an e-book, can sell his book through the website of RESELLER. In order to do that, he has to declare that he is the lawful owner of a legal copy, by expressing his acceptance of the RESELLER contractual terms. He has also to declare that he will delete his own copy after the selling. RESELLER adds a code to the uploaded copy, in order to make it traceable and to avoid that the same copy will not be uploaded twice. The ASSOCIATION of PUBLISHERS demanded that RESELLER stop its business activity, arguing that the e-books are not resalable, since they are intangible goods.

Question 1: Are the contractual terms of RESELLER lawful, according to your national legislation?

Question 2: Is the exhaustion of IPRs applicable to e-books?

Question 3: If RESELLER employed a technological measure of protection that prevents the uploading of pirated copies, could it continue its business?

Case study II: open access to scientific knowledge

Prof. SMITH published for years his scientific papers under the strict conditions of “CLOSED PUBLISHING, Inc.”. He decides to make all his publication available on his University institutional archive under an Open Access (OA) license. He does not follow this new approach only with reference to the new publications; he, actually, includes also the full text of the articles that were previously published by CLOSED PUBLISHING. Therefore, the papers are now freely accessible by the users after the acceptance of the licence conditions. The OA license allows authors to publish their work on the Internet, and to use it for any purpose including for educational purposes (this sharply contrasts sharply with the license used by CLOSED PUBLISHING). In addition, the OA license allows anyone to reproduce and communicate the paper freely for strictly non-commercial purposes, provided that proper credit is given and that any redistribution of the paper occurs under the same license conditions.



Question 1: Could CLOSED PUBLISHING object to the making available of the articles on the website?

Question 2: If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have been possible under the limitations and exceptions rules to copyright?

Question 3: Prof. Johnson downloads Prof. SMITH latest paper, makes small modifications and publishes it in an online blog without mentioning the conditions of the OA license. Can Prof. SMITH object to the modification of his article and to the making available of it in the blog?

Annexes

✓ National provisions

Please provide a list of the most important national legal provisions (constitutional acts, legislation, regulations, etc.) and a list of relevant cases for your Member State (name, date and publication reference).

✓ Bibliography

Please provide a list of what you consider the most relevant recent bibliographic sources with respect to your country. Please mention the title in the original language and include a translation in English, in brackets.



ANNEX 2: NATIONAL REPORTS

WP5: ECONOMIC RIGHTS

QUESTIONNAIRE'S ANSWERS

Italy

Deliverable D5.5 “The Barriers that citizens face regarding their intellectual property rights”

UNITN Unit

Paolo Guarda*

Version 1.0: 21 December 2015

* Facoltà di Giurisprudenza – Università degli Studi di Trento (paolo.guarda@unitn.it)



Part I*

Question 1 – General framework

- ✓ What is the legal framework of reference on copyright in your country?
- ✓ What are the rules and / or legal arrangements that can come into play with regard to the access to digital cultural content in your country (i.e. ISP liability, Privacy and protection of personal data)?

1.1 Legal Framework of reference on copyright

Copyright issue is not explicitly covered by the Italian Constitution. Anyway, its protection is grounded in various constitutional principles, which focus on the respect of the collectivity to the free dissemination of knowledge and cultural growth. It is worth to mention: Article 2, stating that *“The Republic recognizes and guarantees the inviolable human rights”*; Article 4, requiring every citizen to *“perform according to their ability and individual choice, activity or function that contributes to the material or spiritual progress of society”*; Article 9, promoting *“the development of culture and scientific and technical research”*. A wider recognition of protection of the creative activity is expressed in Article 21, which guarantees freedom of expression *“in speech, writing or any other means of communication”*, and in Article 33, according to which *“the art and science are free”*. From the economic point of view, copyright may find its rationale in Article 35 of the Constitution: *“The Republic protects work in all its forms and applications”*.

With regard to the systematic classification within the Italian legal system, copyright is regulated by Law no. 633 of 22 April 1941, known as the *“Protezione del diritto d’autore e di altri diritti connessi al suo esercizio”* (hereinafter: Italian Copyright Law (ICL)), which over the years has been amended several times to comply with international agreements and European directives. Some provisions relating to copyright can also be found in Book V, Title IX of the Italian Civil Code of 1942 (artt. 2575 ff. et)¹.

* The author wants to thank Dr. Rossana Ducato, Prof. Elena Ioriatti, Dr. Valentina Moscon, Prof. Giuseppe Mazziotti, Dr. Elisabetta Pulice and Prof. Andrea Rossato, for reviewing the draft of this national report and their valuable comments.



The “*diritto d’autore*” (copyright) aims to protect the results of intellectual activity by recognizing a series of rights to the author of the original work and his/her successor. There is not one single copyright, but there are many rights that may result from the creation of an intellectual work: moral and patrimonial rights, related rights and neighboring rights. Article 2577 Civil Code provides that: “*The author has the exclusive right to publish the work and to use it economically in any form or manner, to the extent and for the purposes set by the law. The author, even after the transfer of the rights provided in the preceding paragraph, can claim authorship of the work and it may object to any distortion, mutilation or other modification of the work itself, which can be prejudicial to his honor or reputation*”. Moral rights are rights of the author's personality and enable the author to claim his/her quality (right of paternity - attribution), to object to any distortion or modification of the work (right to integrity of the work), and to decide whether or not to publish the work (right of publication). Such rights are essential, inalienable and imprescriptible (artt. 20 to 24 ICL). Economic rights allow the author to exploit the work, to edit, to execute, to reproduce in copies, to make it available on the network and to sell it. Unlike moral rights, economic rights on the work can be transferred to others in whole or in part: the author may authorize others to use the work, to earn any license or may also decide to transfer the right of reproduction, dissemination or representation (artt. 12 to 19 ICL).

The related rights and neighboring rights represent other rights of persons other than the author recognized by the law (artt. 72 to 101 ICL). Some rights closely related to copyright do not refer to creative expression, but to the use of the work, such as those granted to performers, those who belong to the producers of phonograph records or similar media, those to producers of cinematographic or audiovisual works, and those granted to radio and television stations. Furthermore, there are rights conceptually related to copyright, which refer to creations that are not real “intellectual works”, commonly judged as less creative: in this category we may list the rights relating to photographs and documentaries, to sketches of theatrical scenes, to letters and portraits, rights relating to

¹ For further details on Italian Copyright, see, *ex plurimis*, P. Auteri, G. Floridaia, V. Mangini, G. Olivieri, M. Ricolfi, P. Spada (eds.), *Diritto industriale. Proprietà intellettuale e concorrenza*, IV ed., Torino, Giappichelli, 2012; P. Marchetti, L.C. Ubetazzi (eds.), *Commentario breve al diritto alla concorrenza*, Padova, Cedam, 2007; R. Caso, G. Pascuzzi (eds.), *I diritti sulle opere digitali*, Padova, Cedam, 2002.



engineering project, to posthumous works published after expiry of the term of copyright protection.

From a general point of view, the original and creative result of the intellectual activity is protected as an intellectual work. Copyright covers only the form of expression and not the author's ideas poured in the work itself. The creation of a work, without the need for any formality (such as the registration), is entitled to acquire the copyright in its twofold content represented by the economic and moral rights and moral rights.

Except for some specific hypothesis, which will be discussed below, any action relating to the work must be approved by its author.

In order for the intellectual creation to be recognized and protected by copyright its manifestation in the material world is required: the creative idea, so long as it remains abstract, it is not protected. The form and manner of externalization of creation can be the most different and take place in any manner or form, even apart from its fixation on a material support: an oral lesson is an original work, too.

Not any intellectual expression is deemed worthy of protection as intellectual work, but only the creative and original ones. The legal concept of creativity exists when you may encounter an individual and personal expression of the idea. The requirement of originality is required in order to protect the first creation, excluding from protection all those subsequently realized parasitically exploiting the prior intellectual work². According to the traditional doctrine, creativity should be understood as an objectively new. In this sense the work with creative feature must be the result of intellectual creation, and if there is no creation, there is no author, then lacking both the legal justification of the exclusive rights, and the moral right to defend the integrity and authorship of the work itself. According to other part of the doctrine, creativity should be understood as subjective originality, meaning the originality of the representative form of the work, which coincides with the personal way by which the author expresses the concept. According to this approach, the creativity of a work occurs when this presents an organic originality providing a representation of reality, which proves the expression of personal development of the author. The case law favors the latter "subjective" approach, which draws on the author's personality: *"The legal concept of*

² The statutory law expressly states the concept of originality; the case law, in its elaboration, uses also creativity as a tool to better to delineate the scope of the regulation.



creativity to which refers art. 1 of the law on copyright does not coincide with that of creation, originality and novelty, but refers to the personal and individual expression of objectivity belonging to the categories listed, but not limited to, art. 2, par. 1, lett. a); so that for an original work evokes protection under that law, it is sufficient that there is a creative act, even if minimal, susceptible of manifestation in the outer world; with the result that creativity can not be excluded merely because the work consists of simple ideas and concepts, including the intellectual heritage of people with experience in the matter” (see Corte di Cassazione, sec. I, judgment of 2 December 1993 n. 11953; Corte di Cassazione, sec. I, judgment of 27 October 2005, n. 20925; Corte di Cassazione, sec. I, judgment of 12 January 2007, n. 581).

All works of creative nature and belonging to literature, music, visual arts, architecture, theater and cinematography, whatever the mode or form of expression, are protected by copyright. Even computer programs are covered by copyright as literary works and databases for the selection or arrangement of the contents may constitute the author's intellectual creation³.

The law protects the so-called derivative works, too. The derivative work is characterized by a partially non-original content, typically represented by an original work which was inspired by the existing post-processing; for the purposes of its protection as intellectual work, the existing content should be accompanied by an, although small, original portion, or the content as a whole should be structured in an original manner (for example the translation of the work into another language).

Holder of copyright is the author of the work. “Author” is the person who creates the work or, in the case of collective work, the one who organizes and directs the creation of the same, while the person who had elaborated a work shall be deemed to be the author of such elaboration within the limits of his/her contribution (art. 7 ICL). Art. 6 ICL (together with Articles. 2576 Civil Code) establishes: “*Copyright shall be acquired by creation of a work resulting from an intellectual effort*”. The right belongs to the author since the time of creation of the work, giving him/her both the exclusive right to use economically the same in

³ See P. Guarda, *Looking for a Feasible Form of Software Protection: Copyright or Patent, is That the Question?*, in *European Intellectual Property Review*, 2013, issue 8, 445-454 (also available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2366751 and <http://eprints.biblio.unitn.it/4250/>).



any form and way, and the so-called moral rights, notably including those unpublished, paternity and integrity of the work. This means that only a natural person may acquire title to the original copyright of copyrighted work.

It is worth noting that the rights of economic exploitation or some specific rights are sometimes granted to persons who, although not strictly speaking in creativity, contribute in particular “financing activity” of the creation, for example in relation to magazines and newspapers, rights belong to the publisher, whereas in the cinematographic exploitation, rights belong to the manufacturer, etc. The creative activity engaged in by most authors can give rise to a work in communion when individual contributions are inseparable and indistinguishable in the work end and the copyright will therefore belong to all the co-authors according to parties that are presumed equal (art. 10 ICL). When the activities provided by individual authors can, conversely, diversified according to the importance of individual portions with respect to the final project or to the role played by certain persons in the process of management and organization of the creative work, there is a collective work. In the collective work, author is the person who organizes and directs its creation (art. 7 ICL).

The protection conferred by copyright lasts for the life of the author and until 70 years after his/her death: copyright and related rights are inheritable. If more people contributed to the creation of a work or a program, the protection expires, respectively 70 and 50 years after the death of the last survivor. In the case of related rights protection expires 50 years after the performance of the work or publication media (eg. CD or DVD). The rights to the photograph, within the meaning of pictures of persons, or of aspects elements or features of natural or social life, obtained by photographic or analogous processes, lasts 20 years from the making of the photographs (Artt. 87-92 ICL).

When a work reaches this time limit, it becomes public domain and thus it can be used freely. Obviously this applies to the property rights of economic exploitation of the work, while the moral rights they must be always respected, being imprescriptible and inalienable (art. 20 ICL).

As mentioned before, the consent of the author (or the copyright holder) is needed for any form of exploitation or enjoyment of the intellectual work. In some cases, however, the use of the work is not subject to the consent, but it can be free: these are the assumptions traditionally indicated with the term “exceptions” (libere utilizzazioni in the



Italian version; “fair use” in the American one). These assumptions are strictly provided by the law (artt. 67 – 71 ICL). We may refer, among others, to: the reproduction of single works or portions of works for readers’ personal use; the photocopy of works existing in libraries accessible to the public carried out by these bodies for their services, without any economic or commercial advantage, directly or indirectly; the reproduction for personal use, up to fifteen percent of each book or journal issue; the abridgment, quotation or reproduction of fragments or parts of works and their communication to the public, if carried on for criticism or discussion, within the limits justified for such purposes provided that there is competition and the economic use of; if performed for the purposes of teaching or scientific research use it should also be for illustrative purposes and for non-commercial purposes, etc.

The exceptions and limitations referred to above apply not only to copyright but also to related rights. The cases of the so-called “fair use” exclusively refer to the economic sphere of copyright: the protection of moral rights, indeed, can be exercised at any time even if the work has been used in the manner permitted by the rules concerning the fair use. Where there are cases of fair use, the obligation to correct and complete indication of the source must be recalled. Thus, in the quotation of a text, for example, you must indicate:

- the author’s name;
- the title of the work from which the portion is taken;
- the place and date of issue of the work;
- the publisher;
- any possible translator.

It is worth mentioning that the official acts of the State and the government are not the subject of protection and can therefore be more freely used.

With reference to the enforcement, in case of prejudicial conduct to the copyright the Italian law provides several means of protection in civil and criminal proceedings.

The Law on Copyright, as amended by Legislative Decree. N. 140/2006 implementing Directive 2004/48/EC, at artt. 156-170 provides for a system of defense and civil penalties for the protection of copyrights and moral rights of the author:

- interim assessment of the ownership of the rights and inhibitory activity illegitimate (art. 156);



- protection of the right of representation or performance of the work (art. 157);
- destruction and removal (art. 158);
- damages (art. 158, par. 2);
- precautionary measures instrumental to the exercise of civil defense (arts. 161-163);
- publication of the judgment (art. 166);
- actions to protect the personal or moral rights (arts. 169-170).

In Italy the criminal provisions aimed at protecting copyright are particularly severe⁴. All violations are punished with deprivation of liberty or with the application of financial penalties. Articles 171 to 174 *novies* of the Italian Copyright Law – as amended by Law n. 248/2000 and by Law no. 99/2009 - regulate the several offenses against copyright. Sanctions have been tightened, with the addition of administrative sanctions too, and new forms of violation of copyright and related rights have been introduced, taking into account, alongside the “classical” hypothesis of plagiarism and mass piracy, possible object of criminal prosecution even when made for private and domestic use, other hypotheses such as bootlegging, the functional evasion of means of protection of copyright realized through encryption.

In this regard, it is worth mentioning art. 171, par. 1, letter. a-bis, ICL, which punishes with a fine of EUR 51.00 to 2,065.00 the making available to the public, by supplying a system of computer networks, by means of connections of any kind, of an intellectual work protected or part of it, preserving, to that effect, the proprietary interest of the author.

At the subjective level, all the criminal conduct are characterized by the specific intent of “*profitto*”, introduced by the Law no. 268/2000 while replacing the “*a fine di lucro*”, so extending the scope of the rules in order to encompass even those behaviors that are not supported by the specific purpose of financial gain of purely economic type, but also considering the other kinds of personal advantages.

⁴ See R. Flor, *Tutela penale e autotutela tecnologica dei diritti d'autore nell'epoca di Internet. Un'indagine comparata in prospettiva europea ed internazionale*, Cedam, Padova, 2010.



1.2 Rules and / or legal arrangements that can come into play with regard to the access to digital cultural content

The access to digital content and the exercise of IPRs may conflict and / or be subject to issues that bring into play other legal tools. In particular, this can happen with regard to personal data protection and the liability of Internet Service Providers. brief description of these legal instruments will be provided below.

With reference to data protection and privacy, we have first of all to remember that within the Italian legal system the “Data Protection Code” (Legislative Decree June 30th, 2003, no. 196) embodies the rules on privacy matters (also having incorporated the provisions of the Directive on electronic communications of 2002). It gathers up all the old Italian acts on data protection and provides for new rules in a systematic way. It ensures that personal data is processed by respecting data subjects’ rights, fundamental freedoms and dignity, particularly with regard to confidentiality, personal identity, and the right to personal data protection. The conflict between copyright and privacy, in particular, is realized when the rights holders ask to the Internet Service Providers (ISPs) for the personal data of the authors of copyright infringement for civil actions against them, making use of the right to request information from intermediaries under Article 8 of Directive 2001/29/EC and article 8 of Directive 2004/48 / EC. The active exercise of intellectual property rights, especially in cases of defense against violations of the same, often collides with the protection that is given to personal data of individual users at European and national level In balancing these rights, privacy tends to be preferred as a direct expression of personal rights. In the section devoted to the case law a paradigm case in the Italian context will be cited⁵.

Another legal issue that may become relevant with regards to access to digital content on the network, with reference to the protection of copyright works, is related to the so-called liability of Internet Service Providers (ISPs)⁶. In the Italian legal system, the

⁵ See R. Caso, *Il conflitto tra diritto d'autore e protezione dei dati personali: appunti dal fronte euro-italiano*, in *Diritto dell'Internet*, 2008; L. Di Mico, *Il rapporto tra diritto di autore e diritto alla riservatezza: recenti sviluppi nella giurisprudenza comunitaria*, in *Il diritto di autore*, 2010.

⁶ See A. Mantelero, *Responsabilità aquiliana per uso della Rete e responsabilità del provider*, in F. Delfini, G. Finocchiaro (eds.), *Diritto privato dell'informatica*, Torino, UTET, 2014, 785; F. Giovanella, *La responsabilità per linking a files audiovisivi contraffatti e l'incerta natura del motore di ricerca*, in *Danno e responsabilità*, 2011; G. Pascuzzi, *Il diritto dell'era digitale*, Il Mulino, Bologna, 2010, pp. 167-



matter is regulated by Decree 9 April 2003, n. 70, which implemented Directive 2000/31/EC of the European Parliament and the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (“Directive on electronic commerce”). In order to facilitate electronic commerce, in fact, it must be specified the liability of providers of online services on transmission and storage of information belonging to third parties. If we consider providers totally immune from any liability for the activities committed by those who through them access the network, we do not take into account the only tool available today to control the network (the provider is the only bottleneck through which you can trap and uncover any abuse). On the other hand, considering the provider in any way responsible for the activities carried out by persons which provided access to the network at the same time means to acknowledge to them the role of “insurer”, a burden so heavy that effectively discourages anyone from taking that kind of activity, with the result of getting rid of those who ensure the connectivity of the network, or at least, to encourage the establishment of providers in countries which grant them more favorable treatment.

It is worth pointing out, however, that the figure of the provider can play different roles in relation to the activity actually performed. His/her role, in fact, may be limited to simply providing access and connection to the network (access providers, service providers) but can extend to encompass larger, more complex functions such as that of hosting on their machines web pages processed by the recipient service (hosting provider) or to directly create content (content providers). Articles 14, 15 and 16 of Legislative Decree no. 70/2003 exclude the liability of providers who have maintained a passive role in providing access to the communication network, or in the transmission of a communication network of information provided by a recipient of the service, or the storage of information provided by a recipient of the service.

In particular, in the case of provision of access, the provider is not liable for the information transmitted if he/she: a) does not initiate the transmission; b) does not select the receiver of the transmission; c) does not select or modify the information transmitted. Conversely, if the provider transmits network information provided by the recipient of the

175; G. Gambini, *Le responsabilità civili dell’Internet Service Provider*, Napoli, Esi, 2006; Alvanini S., Cassinelli A., *I (possibili) nuovi poteri di AGCom in materia di diritto d’autore nel settore dei media*, in *Dir. Industriale*, 2001, 543.



service, his/her responsibility is excluded if he/she: a) does not modify the information; b) complies with a condition of access to information; c) complies with rules regarding updating of the information, specified in a manner widely recognized and used by industry; d) does not interfere with the lawful use of technology, widely recognized and used by industry to obtain data on the information; e) acts promptly to remove the information stored, or to disable access upon obtaining actual knowledge of the fact that the information has been removed from the place where they were initially on the network or that access to information has been disabled, or that a court or an administrative authority has ordered the removal or disabling of transmission. Finally, if the activity of the provider is the storage of information provided by the recipient of the service (hosting), his/her liability is excluded if he/she: a) is not effectively aware that the activity or information is illegal and, as regards claims for damages, he/she is not aware of facts or circumstances from which the unlawful activity or information; b) as soon as aware of those facts, by communication of a competent authorities, expeditiously acts to remove or to disable access to information.

In principle, the provider is not obliged to monitor the information which he/she transmits or stores, nor he/she is obliged to actively seek facts or circumstances indicating illegal activity. Article 17 of the Legislative Decree states, indeed, that the provider is not subject to any general obligation to monitor the information that transmits or stores, or a general obligation actively to seek facts or circumstances indicating illegal activity. Nevertheless, he/she is still required to: a) immediately inform the competent judicial or administrative authority responsible for the supervision, if he/she is aware of alleged illegal activities or information regarding his/her service recipient of the information society; b) to provide, without delay, at the request of the competent authorities, the information in his/her possession to enable the identification of the recipient of his/her services with which he/she has agreements for data storage, in order to detect and prevent illegal activity. The provider became civilly liable for any unlawful services mentioned above if, requested by the competent authorities, he/she does not act promptly to prevent access to such content, or if, having had knowledge of the unlawful or prejudicial to a third person of the contents of a service which he/she ensures access, does not inform the competent authority.



Question 2 – Authorities

- ✓ What is/are the relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement?
- ✓ What are the administrative regulations that have an impact with regard to the protection of digital copyright?

2.1. The relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement.

Within the Italian legal system the more relevant authority in charge of the management of digital copyright is the Autorità per le garanzie nelle comunicazioni (AGCOM)⁷ (the Italian Communications Authority). It is an independent authority that performs functions of regulation and supervision in the areas of telecommunications, media, publishing and postal services. It has been instituted by Law no. 249 of 31 July 1997, which laid down new rules on telecommunication systems and television networks, and also included the renaming of the Ministry of Post and Telecommunications (*Ministero delle Poste e Telecomunicazioni*) in the Ministry of Communications (*Ministero delle Comunicazioni*; now incorporated within the *Ministero dello Sviluppo Economico*). AGCOM has replaced the Authority for broadcasting and publishing and has assumed the dual task of ensuring fair competition among operators on the market and to protect the consumption of basic freedoms of users. AGCOM, like all independent authorities under the Italian legal system, reports to Parliament, which established its powers, defined its bylaws and elected its members. On 31 March 2014, the AGCOM regulation for the protection of copyright online came into force, which introduced the possibility of an administrative procedure for infringement of copyright on the Internet. It is a system characterized by the particular speed of the investigation phase and the level of sanctions envisaged, ranging from simple call for selective removal of the works to the disabling of access to the works or the site itself. We will deal with this topic in depth later below.

Another body that plays an important role in the management of digital copyright is the Società Italiana per gli Autori ed Editori (SIAE)⁸. The Italian Society of Authors and Publishers (SIAE) is a public economic entity with membership organization, responsible for

⁷ See the institutional Web site: <<http://www.agcom.it/home>>.

⁸ See the Web site: <<https://www.siae.it/it>>.



the protection and exercise of intermediation of copyright. Beyond that, it can exercise other tasks related to the protection of intellectual property and may assume, on behalf of the State, public authorities or private person/company, services of assessment and perception of taxes, contributions, royalties. Title V of the ICL grants to the SIAE, in an exclusive form, the activity of intermediary, however implemented, under any form of direct and indirect intervention, mediation, mandate, representation and also for sale of the exercise of the rights of representation, execution, acting, broadcasting and mechanical reproduction and film works protected. It is a typical “copyright collecting agency” (or “copyright collecting society”): a body created by copyright law or private agreements, which engages in collective rights management. Collecting societies have the authority to license copyrighted works and collect royalties as part of compulsory licensing or individual licences negotiated on behalf of its members. Collecting societies collect royalty payments from users of copyrighted works and distribute royalties to copyright owners. The governing bodies are elected by the authors, publishers, dealers or producers.

Other relevant collecting societies are:

- Society for the collective administration of Audiovisual Performers’ Rights (ARTISTI 7607);
- Institute for the Protection of Performing Artists (IMAE);
- Motion Picture Licensing Corporation Italy;
- Società Consorzio Fonografici (SCF);
- Diritti Artisti IPAA.

2.2. The administrative regulations that have an impact with regard to the protection of digital copyright

At the administrative regulation level, the already cited AGCOM Online Copyright Regulation (12th December, 2013, n. 680/13/CONS) plays a pivotal role with regard to the protection of digital copyright and constitutes, together with the Italian Copyright Law, the main basis of the Italian legal framework within the online copyright scenario. This Regulation has entered into force on 31 March 2014. The legal framework within which this Regulation arises is formed, on the one side, of art. 182, lett. A, ICL - introduced by Law n. 248/2000 – that provides AGCOM (and SIAE) for specific powers of supervision and



inspection; on the other side, of Directive 2001/29 /EC of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, that at art. 8, par. 1, states: *“Member States shall provide appropriate sanctions and remedies in respect of infringements of the rights and obligations set out in this Directive and shall take all the measures necessary to ensure that those sanctions and remedies are applied. The sanctions thus provided for shall be effective, proportionate and dissuasive”*.

The implementation decree, Legislative Decree 9 April 2003, n. 70, entitled “Implementation of Directive 2000/31/EC on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market”, provides for the liability of the information company that, in the provision of certain services (mere conduit, caching, hosting), violates the copyright and gives to the “judicial or administrative authority responsible for supervision” the power to require, in the case of urgency, that the infringer terminates or prevents violations committed (artt. 14-16 Decree. n. 70/03). Hence, the legitimacy of a power of intervention to the Authority for the Communications, without prejudice to the competence of the judiciary system. Therefore, by virtue of the combined provisions of articles 14 et seq. of Legislative Decree. n. 70/03 and art. 6 of Legislative Decree. N. 44/10, the system introduced by the AGCOM Regulation, for the protection of digital works, adds, but does not replace, the proceedings before the judicial authorities.

According to AGCOM, Online Copyright Regulation (2013) rights holders are responsible for identifying infringement⁹. Thus, if a rights holder becomes aware of any infringing activity, he/she has to report it to AGCOM: if the claim of the copyright holders is deemed admissible, AGCOM notifies it to the appropriate ISPs, to the uploader and to the Webpage and Website Managers, who must disable access to the infringed content. ISPs can either comply with AGCOM order or raise exceptions. If the ISP fails to comply with AGCOM’s order to disable access to the infringed content they can face substantial fines. The whole procedure ranges from 12 days (super fast procedure) to 35 days (standard procedure). A new online platform, run by the Fondazione Ugo Bordoni (a CMO) has been designed as the system through which rightsholders requests are channelled to AGCOM.

When contacting AGCOM copyright holders must fill in an online form, which requires, amongst other details, to clearly indicate the work that has been infringed, and the

⁹ See the Web-site: <<https://www.ddaonline.it/>>.



web location in which the infringement is taking place. This relatively easy procedure is in line with AGCOM objective of making copyright protection accessible to everyone. Right holders on the other hand can also denounce the infringement to the penal courts. In the latter case the standard of proof will depend upon several factors including the volume and consistency of infringement.

Furthermore, Italian government aims to increase and facilitate access to legal online content. With this purpose, a “Special Committee for the Promotion of Legal Offer of Digital Works” has recently been established by the new AGCOM regulation. Article 4 of the Regulation, indeed, established this Committee; it took office in April 2014. The Special Committee is currently working towards developing a viable strategy in order to increase and facilitate access to the legal offer. It is also in the process of identifying an effective monitoring and evaluation strategy.

Undoubtedly, the system introduced by the AGCOM Regulation has shown some efficacy, with very quickly results and guaranteeing a minimum contradictory; but there are many criticisms that are raised by both lawyers and operators. Many commentators express doubts about the legitimacy of the Regulations and the powers that the AGCOM exercises in this matter, in the absence of a specific norm of eligibility. It is claimed that legislative decree no. 70/03 overturns the constitutional order of the sources of law and disregards the statutory reserve. In addition, the Authority would accord priority to economic good protection at the expense of freedom of expression of the owner of the Web-site, obliged to comply with the order of AGCOM, even without thorough investigation. Finally, the Regulation would give AGCOM powers and proper functions of the Judiciary. The framework of AGCOM Regulation involves high costs and would not offer sufficient guarantees of balance between conflicting rights and interests, being tilted in favor of the large entertainment, publishing, and software lobby. Then, Internet service providers (ISPs) would be converted, according to some commentators, in “Network’s sheriffs”, contrary to the principles established by the EU, which in its directives exempts them from the duty to monitor in advance the web, recognizing their responsibility only in case of default the order of the judge, which requires their cleaning or selective disabling¹⁰. On this basis, the

¹⁰ Among others, see G. Cassano, I.P. Cimino, *Il nuovo regime di responsabilità dei providers: verso la creazione di un novello “censore telematico”*, in *I Contratti*, 2004, n. 1, 88.



Tribunale Amministrativo Regionale (TAR; Administrative Regional Court) of Lazio¹¹ challenged the constitutionality of the Regulation before the Italian Constitutional Court. In particular, the TAR raised the constitutional issue “for violation of the principles of statutory and judicial protection in relation to the exercise of freedom of expression and economic initiative, set out in Articles 2, 21, paragraph 1, 24 and 41 of the Constitution, and for violation of the criteria of reasonableness and proportionality in the exercise of legislative discretion and for the violation of the principle of the court, in relation to the failure to provide guarantees and legal safeguards for the exercise of freedom of expression thinking on the network at least equivalent to those provided for the press, resulting in violation of articles 21, paragraphs 2 and following, 24 and 25, paragraph 1, of the Constitution”. Currently, the question is still pending before the Constitutional Court.

Question 3 – Case Law

- ✓ Is there any case law in your national legal system, which has dealt with the issue of access to digital cultural contents? If so, please briefly indicate the most important rulings and their possible consequences for similar cases in the near future

3.1 Case law which has dealt with the issue of access to digital cultural contents.

With regard to the case law that affecting the question of access to digital content, of course, many may be taken from the previous list. For reasons of synthesis, some cases concerning the relevant issues already identified in this report will be mentioned below.

With respect to the relationship between data protection regulation and copyright law we may surely cite a paradigmatic Italian case: the Peppermint case. On April 2007, Peppermint Jam Records GmbH (hereinafter “Peppermint”), a German music label, sent out thousands of notices of copyright infringements to alleged Italian file-sharers informing them that they have been found guilty of uploading copyrighted songs. The notices, sent by

¹¹ TAR Lazio 25 June 2014; see M. Orofino, *L'intervento regolamentare dell'AGCOM in materia di diritto d'autore: profili di criticità formale e sostanziale*, in F. Pizzetti (ed.), *Il caso del diritto d'autore*, Torino, Giappichelli, 2013, 123.



an Italian Law Firm, requested the Italian swappers to stop persisting in their infringements of copyright laws and requested them to immediately remove from their PCs all songs belonging to the Peppermint label. The notices also invited users to wire transfer EUR 300.00 to the Italian Law Firm's bank account within May 14, 2007, if they wanted to avoid a criminal and/or a civil lawsuit brought against them. The amount represented a symbolic compensation for damages caused by sharing those songs, including legal and investigation expenses. Attached to the notices Italian users also received a draft settlement agreement, to be signed and returned to the Italian Law Firm in case of acceptance. The acceptance of the draft settlement agreement as well as payment of the requested amount, would avoid users from being subject to a criminal judgement for copyright infringements. Anyway, in the legislative framework of the adoption and the transposition into the national laws of EU Member States of Directive 2004/48/EC on the enforcement of intellectual property rights, 30 April 2004 (hereinafter: IPRs Enforcement Directive), that has strongly encouraged and facilitated purposes of effective enforcement targeted at individuals, it is unclear how the protection of confidentiality of information sources and the prohibition of the processing of user personal data commanded under Article 8(3)(e) of the IPRs Enforcement Directive ("Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which [...] (e) govern the protection of confidentiality of information sources or the processing of personal data") will interplay in the on-line environment with the powerful measures of investigation and enforcement created by the above-mentioned provisions. In interim measures proceedings in July 2007, the Trial Court of Rome¹² held that the protection of confidentiality in electronic communications, as laid down in Article 5 of the Directive 2002/58/EC on privacy and electronic communications took priority over digital copyright enforcement undertaken through precautionary measures aimed at compelling disclosure of the identity and other personal data of unauthorised file-sharers. The Rome Court rejected the claim of two copyright owners (i.e., Techland and Peppermint Jam Records) who sought to compel an ISP (i.e., Wind Telecomunicazioni) to reveal the personal data of a few subscribers that were supposedly infringing copyright in their videogames and music works. The Court emphasised that the phrasing of Article 8(3) of the IPRs Enforcement Directive provided explicitly that the civil proceedings remedies made available under Article 8(1)

¹² See *Techland and Peppermint Jam Records v. Wind Telecomunicazioni*, Tribunale Ordinario di Roma, N. 26125/2007, 16 July 2007, available at: http://www.altroconsumo.it/images/17/173003_Attach.pdf.



should apply “without prejudice to other statutory provisions which [...] govern the protection of confidentiality of information sources or the processing of personal data”. As a result, the Rome Court concluded that, in the EU legal system, access to users’ confidential communications and personal data and their retention and processing was permitted only under the exceptional circumstances spelt out under Article 15(1) of Directive 2002/58, which does not include the enforcement of subjective rights (e.g. copyrights) through civil proceedings. This provision, instead, makes it clear that national laws may provide for the retention of personal data for a limited period in order to enable prevention, investigation, detection and prosecution of criminal offences. Article 15 of Directive 2002/58/EC provides that Member States may adopt legislative measures to restrict user privacy-related rights “when such restriction constitutes a necessary, appropriate and proportionate measure within a democratic society to safeguard national security (i.e. State security), defence, public security, and the prevention, investigation, detection and prosecution of criminal offences or of unauthorized use of the electronic communication system, as referred to in Article 13(1) of Directive 95/46/EC”¹³.

Switching to another issue, the vast majority of cases referring to the ISP liability involve possible violations of copyright or other intellectual property rights. The casuistic approach used by the Italian courts introduced an interpretation that seeks to go beyond the provision of the law, excluding the intermediary can take advantage of the limitation of liability where it has played a role called “active”.

Among the several cases, first of all it is worth to be mentioned the one opposing Italian Television Networks SpA (RTI) to Google UK Ltd, along with its subsidiary YouTube LLC¹⁴. The case stemmed from the presence on the YouTube site of several sequences of the “Big Brother” TV show. RTI had the exclusive rights to use and economic exploit it. On the basis of Articles 156 and 163 ICL, RTI had asked the Court of Rome a preliminary injunction against the defendants in order to obtain the removal from the servers and disabling access to all harmful content, as well as inhibiting the continuation of the illegal activity. YouTube

¹³ For further details, R. Caso, *Il conflitto tra copyright e privacy nelle reti peer to peer: in margine al caso Peppermint. Profili di diritto comparatore*, in *Diritto dell'internet*, 2007, 471, available at <[http://eprints.biblio.unitn.it/archive/00001334/>Effects of Culture on Judicial Decisions. Personal Data Protection vs. Copyright Enforcement, in R. Caso, F. Giovanella \(eds.\), *Balancing copyright law in the digital age. Comparative perspectives*, Berlin, Springer, 2015, 65 – 98.](http://eprints.biblio.unitn.it/archive/00001334/>)

¹⁴ Trib. Roma, 16 December 2009, in *Resp. civ. e prev.*, 2010, 1568.



defended itself claiming to the limitation of liability on the materials uploaded by users: considering Article 16 applicable as hosting providers, and Article 17, alleging the absence of a general obligation to monitor. The company also argued that the order issued by the judge may, in addition to imposing the provider of preventive control, would be technically unfeasible and causing a total paralysis for the Web site's activity. In December 2009, the Court, however, granted the injunction sought by the applicant, holding YouTube as an "active hoster", because its activities do not allow the qualification as "pure" host provider. Hoster active would be the one not engaged in mere brokerage business, but it provides, rather, additional services of storage and distribution, as well as indexing, content management, supervision of the same, also in order to obtain a commercial advantage. In the next order of February 2010, the Court stated that the provider had knowledge of the illegality of the loaded and distributed materials, in view of the repeated warnings made by RTI. The Court of Rome followed then the thesis that considers sufficient to send warning letters from the holder of the rights that are presumed to be violated: this determines the imposition of the surveillance obligation that Article 17 would exclude.

In 2011, another case alleging infringement of copyright was decided by the Court of Rome. PFA Films LTD (PFA), as the exclusive licensee of the economic rights over the movie "About Elly", acted as a precautionary measure against Yahoo! Italy srl (Yahoo)¹⁵. The suit of the appellant was aimed at the removal from the servers of the mentioned companies of the access to audiovisual files of the movie, as unauthorized, and at inhibiting the continuing violations on the basis of the Articles 156 and 163 of ICL. The defendants unanimously pleaded to be exempted from liability as intermediaries of information society services. The Roman judge identifies the main point of the case in "*imputability to the defendant Yahoo, [...] in its capacity as manager of the Web Search service of the liability for contributory infringement for the management activities of search engines to the extent that these carry through specific links, linking to "pirate" web sites, which allow viewing streaming or downloading be means of peer to peer of the contents covered by copyright*". From the analysis of the operation of the search engine, the Court argued that although initially the role of manager of the search engine can only be considered passive and therefore not aware of the contents of the source sites; then this "unawareness" vanishes. In particular, according to the Roman judge, the hoster, Yahoo! in this case, would be able, once aware of

¹⁵ Trib. di Roma, 22 March 2011, in *Danno e responsabilità*, 2011, 753 (annotation by F. Giovanella).



the illegal content of certain sites identified by specific URLs, to exercise control and prevent the next indexing and the link. The Court thus passed to analyze the applicability of the rules laid down in Articles 14-17 of Decree. N. 70/2003, noting that *“in view of the conjunction in particular of particular Articles 15 lett. e), 16 lett. b), and 17, paragraphs 2 and 3, service providers are [...] considered the recipient of the dual obligation to inform the judicial and administrative authorities on the illegality of the information and fulfillment of orders of removal or disabling of the two aforementioned authorities”*. Thanks to this argument, the Court inhibited to Yahoo the continuation and repetition of the violation of the rights held by the plaintiff PFA Films.

The order, appealed by the provider, was reversed during the appeal, due to the general nature of the violations alleged, which resulted in a shortage of evidence by the plaintiff¹⁶. The notice issued by the PFA Films against Yahoo did not appear at the Court of Appeal sufficient to determine the knowledge of the offense. More precisely, the PFA restated the same generic warnings that had addressed to Yahoo during court also in the judicial phase, not meeting the burden of proof on it. The Court observed that it would not be possible to adopt a precautionary measure based on similar general objections, even considering the fact that it would be threatened the freedom of an indefinite number of third parties involved in the proceedings. The applicant would had to provide the exact URL which led to counterfeited copies of the movie; conversely, its generic arraignment left to the provider the burden of tracking down illegal content. This would have been also in contrast with the absence of a duty to control the content entered into the network. Therefore, although a not qualified communication – i.e. not from a “competent authority” - was considered by the Court as sufficient to determine the actual knowledge of the intermediary, the Court of Appeal gave the specifications on how this demand is to be made for to be considered sufficiently precise.

With reference to the issue of the implementation of Digital Rights Management (DRM) systems, first of all we may cite the judgment of the Court of Cassation, Criminal Section III, 3 September 2007, n. 33768 (Pres. Vitalone - Rel. Marini), that deals with the changeability of video game consoles and concluded that the holding and marketing of

¹⁶ Trib. Roma, 11 luglio 2011, in *Riv. Diritto industriale*, 2012, II, 19.



modchips constitute a crime¹⁷. The judgment relates to events that occurred in 2002 and applies the old formulation of letter d) of paragraph 1 of article 171-ter of ICL. It, therefore, does not represent a precedent on the application of art. 171-ter, paragraph 1, lett. f-bis) of the Act, but the obiter dicta concerning the interpretation of that provision, which is the cornerstone of the protection of technological protection measures, raises many issues: the classification of the game as well as the definition of the categories at the base of the technological protection measures, etc. Given that video games are original works different than computer programs and they may be qualified as multimedia works, the holding and marketing of modified microchips of a console (so-called "modchips"), which would enable the user to circumvent the security system implemented by the manufacturer in order to allow the device to read and use non-original media containing video games played illegally (which has taken place prior to introduction into law on April 22 n. 633 of article 171-ter, paragraph 1, lett. f-bis)), integrates the crime stated in the statute, now no longer in force, of art. 171-ter, paragraph 1, lett. d) ICL, which punishes, if the offense is committed for personal use, anyone who for profit produces, uses, imports, possesses for sale, markets, sells, leases or transfers for any reason systems aimed to circumvent, reverse engineer or remove the protection measures of copyright or related rights.

Another very interesting court decision in this context is represented by the so-called "Nintendo case". In a dispute between the Nintendo, on the one hand, and PC Box Srl and 9Net Srl, on the other, concerning the marketing, by PC Box, of the so-called "Mod chips" and "game copiers" (i.e. devices that can circumvent security measures integrated within the gaming systems), the Court of Milan, called upon to decide the dispute, referred a question to the European Court of Justice for a preliminary ruling on the interpretation of Article 6 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society¹⁸. Article 6 of the Directive provides that Member States need to provide adequate legal protection against the manufacture, import, distribution, sale, rental,

¹⁷ For further analysis, see R. Caso, *'Modchips' e tutela penale delle misure (tecnologiche) di protezione dei diritti d'autore: ritorno al passato?*, in *Diritto dell'internet*, 2008, 154, (also available at Unin Eprints Research:

<<http://eprints.biblio.unitn.it/archive/00001447/>>).

¹⁸ Tribunale di Milano, decision of 22 December 2011.



advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services, which have the purpose of enabling or facilitating the circumvention of effective technological measures. The fact of the matter is the following: Nintendo companies have adopted technological measures, namely a recognition system installed on the console and the encrypted code of the physical device on which the video games protected by copyright are recorded, whose effect is to prevent the use of illegal copies of video games. These technological measures prevent, however, the use of the console with programs, games and, in general, multimedia content that does not come from Nintendo. The latter has found that the devices of PC Box, once installed on the console, circumvent the security system on this “hardware” and allow the use of counterfeit video games and, for this, have sued the company. PC Box, meanwhile, sells the original Nintendo console in combination with a “software” consisting of certain additional applications designed specifically for use on the console and similar whose use requires the previous installation of the equipment of PC Box that disables the technological protection measures installed. In the view of the PC Box, the real scope pursued by Nintendo companies is to prevent the use of an independent “software”, that does not constitute an illegal copying of video games, but that is intended to facilitate the use of MP3, film and video files on the console in order to take full advantage of it. The national court wonders, therefore, whether the incorporation of TPMs such as those used by Nintendo, exceeds, or less, what is provided for in Article 6 of Directive 2001/29. In this regard the CJE, in its judgment of 23 January 2014, has so pronounced: *“The Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society must be interpreted as meaning that the concept of an ‘effective technological measure’, for the purposes of Article 6(3) of that directive, is capable of covering technological measures comprising, principally, equipping not only the housing system containing the protected work, such as the videogame, with a recognition device in order to protect it against acts not authorised by the holder of any copyright, but also portable equipment or consoles intended to ensure access to those games and their use. It is for the national court to determine whether other measures or measures which are not installed in consoles could cause less interference with the activities of third parties or limitations to those activities, while still providing comparable protection of the rightholder’s rights. Accordingly, it is relevant to take account, inter alia, of the relative costs of different types of technological measures, of technological and practical aspects of their implementation, and of a comparison of the effectiveness of those different*



types of technological measures as regards the protection of the rightholder's rights, that effectiveness however not having to be absolute. That court must also examine the purpose of devices, products or components, which are capable of circumventing those technological measures. In that regard, the evidence of use which third parties actually make of them will, in the light of the circumstances at issue, be particularly relevant. The national court may, in particular, examine how often those devices, products or components are in fact used in disregard of copyright and how often they are used for purposes which do not infringe copyright". In practice, the Advocate General of the CJEU has diplomatically acted believing to recommend a proper proportionality, as regards both the assessment of these "anti-piracy locks" that may be more restrictive than necessary, and relatively the use that the owners of the modchip makes (when, for example, they modify a device not in order to use pirated copies, but to play the original games from other manufacturers). The question, therefore, jumps back to the Court of Milan, who will have to check the "right proportionality" in this case.



Question 4 – Types of Barriers

- ✓ What types of legal barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ What types of technical barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ Are there any other types of barriers, such as informal or cultural ‘unspoken rules’, which in some way affect the access of users to digital cultural contents in your country?

4.1. Types of legal barriers do citizens/users typically face, when accessing digital cultural contents.

The legal barriers that European citizens may face in the exercise of copyright and, in particular, in accessing to digital content in the network are of a different nature.

First of all, it is worth mentioning the incorrect adjustment of some copyright principles related to its limitations. One of these is surely the exhaustion principle. The digital environment exacerbates the legal rules laid down in the field of intellectual property conceived in a previous technology. The need not to create a too monopolistic position in the rights holder is expressed in the possibility of creating a secondary market after the first sale of a legitimate copy of a work. In the digital scenario, where the copy and the original are indistinguishable and where the cost of the copy itself is tending to zero, affirming the exhaustion principle undermines the position of power to those who have the interest to control the market of their intellectual works. This situation sometimes leads to stiffen the same principle to the exclusion of its scope in the digital environment. It exacerbates the position of those who control the circulation of the work, allowing them to put in place strategies of price discrimination and bundling that certainly does not contribute to encourage the circulation of works, the access to them by individuals, and, consequently, the creation of new works. The exhaustion principle will also be analysed in the Case study n. 2 below.

Another aspect that can represent a barrier to the access to digital content is related to licenses. The intellectual work is circulated by means of a contract that manages the allocation of rights and options between licensor and licensee. In this context different approaches are (being) discussed: the closed and proprietary one, that exacerbates the



position of the right holder by restricting to a minimum the capabilities of the user, and the so-called open models, which are based on licenses that, instead, focus their attention on the rights (or rather, freedoms) of the licensee in order to facilitate the reuse of the works (see the phenomenon that goes by the name referred to as “open licenses”). This conflict and the proliferation of contractual models sometimes incompatible among them deliver a fairly confused and nebulous scenario, that certainly does not help accessing to content. The forecast of open contractual schemes that intend to encourage the dissemination of content in order to foster the creation of new works should be facilitated and fostered both from the point of view of statutory law, and especially engaging in training and awareness-raising that could lead to the emergence of standardized open licenses (see eg Creative Commons licenses) aimed at abolishing also the rigidity that the traditional copyright system presents.

From a more general point view, while remaining in the same context, a legal barrier to the access by users is certainly represented by the compression of the limitations and exceptions to copyright: the prevalence of a certain type of contractual approach that tends to exclude *de facto* access to contents themselves, strengthening the position of the copyright holder. A copyright law reform might deal with these aspects, and broad copyright exceptions in favor of access to knowledge,

Finally, the right to privacy itself may become a barrier, with a view, as we have seen, of the enforcement of copyright against those who allegedly violated them. From this perspective, however privacy becomes in positive a bulwark with respect to the interference of rights holders and prevents the rights in favor of the latter from becoming overbearing against private parties and, in general, society as a whole.

4.2. Types of technical barriers do citizens/users typically face, when accessing digital cultural contents

One of the technical barriers that European citizens/users may encounter when accessing digital cultural contents are the Digital Rights Management (DRM) systems¹⁹. This

¹⁹ In-depth analysis, see R. Caso, *Digital Rights Management. Il commercio delle informazioni digitali tra contratto e diritto d'autore*, Padova, 2004 (digital reprint, Trento, 2006, available at: <<http://eprints.biblio.unitn.it/archive/00001336/>>).



term singles out the most advanced anti-access and anti-copy protection system on the market.

To works protected by technological measures and/or made available on-line a dedicated discipline on fair use is applicable other than traditional works. When a work is protected by a technological protection measure to allow the exercise of fair use mentioned above the rights holders are not required to remove the security measure, but simply to take the “suitable solutions”, and that as long as the beneficiaries themselves have acquired the lawful possession of the copies of the work, or they have had legitimate access to the purposes of their use, in accordance with and subject to the relevant provisions, including the payment of fair compensation, if required. Such suitable solutions can be identified thanks to the signing of appropriate agreements between the associations representing the beneficiaries and rights holders; lacking an agreement, either party may contact the permanent consultative committee set up at the Presidency of the Council because carries on a mandatory settlement. It is worth noting, however, that the right holders are not required to that in relation to the works or materials made available on the network, when access takes place on the basis of contractual agreements (as typically happens for online databases and magazines in electronic form, accessible under concluding of an ad hoc subscription). The rule is the same as when the work is represented by sound recordings or video protected by technological measures: if the work is made available on the network, it is not allowed to make a private copy of it.

Such provisions have a significant practical effect. When you have the adoption of a technological protection measure, the operation of fair use is basically left to the agreements between rightholders and beneficiaries of exceptions, by the way after a payment of fair compensation where applicable. In the event that the technologically protected work is also available online, unless an agreement between the rights holder and beneficiary, the chances of any fair use are substantially less.

Technical measures designed to prevent unauthorized use of an intellectual property on a website (for example, anti-copying made through a change in the setting of the browser, access keys to the contents, etc.), and the access to materials when subject to acceptance of terms and conditions (also at no charge, such as the traditional practice of user logging in to the site), will therefore be an effective barrier to the operation of the cases of free utilization.



Finally, a specific provision states that the exceptions and limitations to copyright, when applied to works or other matter made available to the public so that everyone can access them from a place and at a time individually chosen (for example via computer network), regardless of whether adoption of a technological protection measure, should not be in conflict with the normal exploitation of the works or other materials, or cause unreasonable prejudice to the interests of the owners. Thus, this principle is a further general limitation to any free use of the intellectual work within the Internet.

It is worth noting to conclude this paragraph that geo-blocking can be analysed within this issue. It is a still widely pre-dominant business practice in Europe not only in traditional broadcasting markets, and in the context of the on-demand online services that traditional broadcasters have progressively developed, but also in the context of purely web-based content services giving access to music, sport events and other types of protected works. From the perspective of the 'Digital Single Market', geo-blocking widely frustrates the increasingly high expectations of European citizens to access culture, services and entertainment on a EU-wide basis.

Finally, and more generally, the difficulty in access to the Internet by citizens (partly due to a digital infrastructure no longer in step with the times) that characterizes the Italian context is definitely a form of technical barriers to the enjoyment of these rights (in the Italian context some commentators - see Rodotà - started introducing the issue of Internet access as a fundamental right).

4.3. Other types of barriers, such as informal or cultural 'unspoken rules', which in some way affect the access of users to digital cultural contents

Dealing with informal or cultural "unspoken rules", which in some way affect the access of users to digital cultural contents, is never an easy task as these rules are characterized by not being coded and easily recognizable.

From a negative point of view, we could cite the psychological pressure that is put in place towards the public opinion through the media campaign - actually more widespread in the past than today - pushing on the equation of (digital) piracy to (physical) theft. This results in a form of conditioning and then forcing the positions and interests in the field towards the powers and the lobbies, then trying not to focus public attention to the



flexibility and, more in general, to the rights it enjoys even in respect of copyrighted digital content (this of course without getting to justify unlawful conduct).

From a positive point of view, it may instead be cited the now famous phenomenon of Open movement (of course, this aspect is not limited only to the Italian context, but rather is characterized by a fundamentally international approach). From this perspective, using contracts which focus attention not so much on the exclusive rights of the copyright holder as to the faculties and rights for the licensee and individual users, trigger a virtuous circle of access to content and elaboration of these in new forms of knowledge. This movement represents a formidable tool to make knowledge circulate and sometimes even to hinder more or less obvious forms of censorship (see Open Source, Open Access, Open Design, etc.).



Question 5 – Trends and Future Developments

- ✓ What are the trends in your country in terms of future policy directions as regard to the access to digital cultural contents? Do you see any disadvantage or, conversely, any positive aspect in the current development?

5.1. Trends in your country in terms of future policy directions as regard to the access to digital cultural contents

Italy aims at increasing and facilitating access to legal online content. Confindustria Digitale, SIAE, AGCOM and other stakeholders in the sector seem to agree that amplifying the available legal content is a powerful solution to counteract infringement whilst retaining the benefits associated with the diffusion of creative content. With this purpose, a Special Committee for the Promotion of the Legal Offer has recently been established. The Special Committee is also in the process of identifying an effective monitoring and evaluation strategy. Given the recent implementation, it is still too early to assess the effectiveness of the new regulation.

The AGCOM Regulation mentioned above can not be considered part of a modernization process, since it does not work as an effective alignment of copyright to the dynamics of the Internet, but, instead, it seems to proceed in the opposite direction to the process of modernization, that of reiterating the traditional enforcement mechanisms in the digital environment. That said, it is also necessary to point out that some of the modernization initiatives that are taking place in some of the European states do not seem, however laudable, to go very far in particular in the limit to consider the national context, although it is an inherent aspect of the copyright itself. A deeper reflection can therefore only be carried out at European level (this issue will surely be discussed in detail in the final Deliverable).

What we can record from a general point of view is that to a doctrine sometimes mindful to the need to update the legislative framework no more so adequate compared with the technological changes, and, instead, to a very active civil society on the point, the



legislator and the legal system in general are still too slow in giving answers to these changing needs and often perched on obsolete positions, when not harmful to activate the virtuous circle of production of knowledge and creativity.

Definitely a positive trend towards the expansion of the possibilities of access to digital content by users is represented in Italy by the ad hoc legislation concerning open access to scientific publication²⁰. The Italian Parliament issued an Act concerning the appreciation and promotion of culture (Law of October 7, 2013, n. 112). With the new statute, the parliament is seeking to address the actors concerned that shall “*implement the necessary measures for the promotion of Open Access*” with regard to works publicly financed (at least 50 %) and published in periodical collections (at least biannually). The Law requires the research institutions to adopt policies that promote OA by following both the gold road and the green road. As for the latter, the Italian statute encourages republishing articles for noncommercial purposes in institutional or disciplinary repositories (so that they can be accessed free of charge from a place and at a time individually chosen by the user) no later than 18 months from the first publication for scientific, technical, and medical disciplines and no later than 24 months for humanities and social sciences. One positive aspect of the Act is to recognize and encourage the application of OA. It presents, however, some shortcomings: the law uses several terms without defining them, even though different meanings may be ascribed to these terms (see the issues concerning the notion of OA); the new regulation does not address the issue of IP rights management: consequently, the authors may assign or license their copyright and then will not likely be able to republish in OA.

Finally and in conclusion it is worth referring to an important initiative of the Italian Parliament with regard to the Internet. The Presidency of the Chamber of Deputies has promoted the establishment of a study commission for the elaboration of principles concerning the rights and duties related to the Internet a year ago. The Commission, which began its work in July 28, 2014, was composed by deputies active on technological innovation and fundamental rights, academics and experts, professionals and representatives of associations. For the first time in Italy a Commission on these issues has

²⁰ For further details see V. Moscon, *University knowledge Transfer: From Fundamental Rights to Open Access within International Law*, in G. Bellantuono, L. Rezende (eds.), *Law, Development and Innovation*, 2015, Springer, 147-189, in part. 172 ss.



been established in Parliament. On 8 October 2014, the Commission launched a first draft of the bill of rights on the Internet, whose contents - summarized in 14 items - have been brought to the attention of the participants to the meeting of the parliaments of the member countries of the EU and EU Parliament European on Fundamental Rights which was held at the Chamber on 13 and 14 October 2014 during the Italian Semester of Presidency of the EU. The text was submitted to a public consultation (from 27 October 2014 and 31 March 2015) to ensure the widest possible participation in the identification of the principles contained therein. After the public consultation and a series of hearings of associations, experts and institutions, the principles have been revised and incorporated in a new text of the Charter of Rights, which is a synthesis of several more advanced positions and sensitivity emerged. On 28 July the Commission approved the Bill of Rights on the Internet²¹. In particular, and for the matter more directly related to our research, in Article 3 the “Right to knowledge and education network” is enshrined.

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http://www.camera.it/application/xmanager/projects/leg17/commissione_internet/TESTO_ITALIANO_DEFINITVO_2015.pdf.



Part II

Case study I: resale of e-books and exhaustion of copyright

The company RESELLER started a business in “used” e-books. By means of this service Mr. SMITH, owner of an e-book, can sell his book through the website of RESELLER. In order to do that, he has to declare that he is the lawful owner of a legal copy, by expressing his acceptance of the RESELLER contractual terms. He has also to declare that he will delete his own copy after the selling. RESELLER adds a code to the uploaded copy, in order to make it traceable and to avoid that the same copy will not be uploaded twice. The ASSOCIATION of PUBLISHERS demanded that RESELLER stop its business activity, arguing that the e-books are not resalable, since they are intangible goods.

Question 1: Are the contractual terms of RESELLER lawful, according to your national legislation?

Question 2: Is the exhaustion of IPRs applicable to e-books?

Question 3: If RESELLER employed a technological measure of protection that prevents the uploading of pirated copies, could it continue its business?

The case deals with the so called “exhaustion of intellectual property rights” (or “exhaustion doctrine” or “first sale doctrine”). It represents one of the limits of IPRs. After a product covered by an IP right has been transferred by the IP right owner or by others with the consent of the owner, the IP right is said to be exhausted: it can no longer be exercised by the owner. The rationale behind the uncontroversial concept of national exhaustion is that, once the IP right owner has received the full benefit of the IP right from the first sale, there should not be any encumbrance on the purchaser's rights regarding the particular product in the domestic market where the product was first sold. The exhaustion doctrine does not perfectly fit transfers of copies of digital works because an actual transfer does not actually happen: the recipient receives a new copy of the work while, at the same time, the sender has the original copy (unless that copy is deleted, either automatically or manually).

The e-books scenario has the same issue. As it is argued that the principle of exhaustion applies to electronic books, libraries cannot freely lend e-books indefinitely after purchase. Instead, electronic book publishers came up with business models to sell the subscriptions to the license of the text, placing restrictions on the number of times an e-book can circulate and/or on the amount of time a book remains within a collection before a library's license expires, and the book thus no longer belongs to them. The same issue, obviously, affects the private users.



Question 1:

From a general point of view the contractual terms of RESELLER seems to be lawful. They impose to the owner of an e-book, that wish to sell his/her book through its website, to declare that he/she is the lawful owner of a legal copy, and that he/she will delete his own copy after the selling. The contract itself appears legitimate because it does not directly conflict with mandatory standards order and in line with the principles of freedom typical negotiation.

Question 2:

Because of the exhaustion of the distribution right after the first sale, a person or a company could buy (paper) published books. These actions do not interfere with the rights of the author (or those of anyone else whomsoever held). In their interpretation of copyright, publishers claim that the e-book market is a type of service for which it is not possible to apply the principle of exhaustion of the distribution right. They believe that holders of copyrights are free to decide whether or not to give access to a particular work, and to set terms and conditions for such access (by means of contract/license).

In July 2012, the European Court of Justice ruled that the principle of exhaustion of the distribution right regarding the purchase of software has to be applied both to downloaded data and to the physical media. It can be considered that, with this judgment, the principle of exhaustion of the distribution right covers e-books too. Actually it is unclear from the ruling in UsedSoft whether the exhaustion of rights extends to eBooks. It stated that the owner of an eBook receives a right to use the copy for an unlimited time in return for paying a price that represents the economic value of the copy of the work – just as in UsedSoft. On the other hand, the recitals 28 and 29 of the Infosoc Directive indicate that article 4(2) of the directive is only applicable to tangible goods.

The solution in the Italian legal system remains doubtful. If we prefer a strict application of the given positive regulatory data, then the principle of exhaustion would not be applied on an intangible asset such as e-books. If, instead, we take into consideration the rationale of



the regulations on copyright and its limitations, then a reflection is needed to understand whether the exclusive rights conferred on the holder of copyright are not extrinsic in a situation of excessive economic privilege and, even worse, turn into a barrier to creating new knowledge. Furthermore, in this context, the contractual rules (generally skewed toward the interests of publishers) play a fundamental role. It is hoped that the European legislator (or at least the ECJ) intervenes on the point clarifying the issue and updating the rules of copyright to the changing technological environment.

Question 3:

The key question concerns whether or not the exhaustion principle operates on e-books resale. The answer to that question clearly determines the legality of the entire activity. Certainly a service, such as that offered by RESELLER, can also give rise to unlawful conduct by persons who place on the market “pirated copies” of intellectual work, and facilitate the resale of eBooks, because by doing so, the service makes the trade in illegal copies easier. There is certainly general obligation that directly impose to RESELLER (even in the eventual quality of content providers) to control the “legality” of copies distributed through its portal. This does not mean that in the future it could be, instead, considered aware of the possible illegal origin of these materials (for instance, when it could get hundreds of copies of e-books from the same person or company). In light of these considerations, then the implementation of an anti-pirated copies is a good tool by RESELLER at least to demonstrate the fulfillment of the general duty of care in the management of its business.



Case study II: open access to scientific knowledge

Prof. SMITH published for years his scientific papers under the strict conditions of “CLOSED PUBLISHING, Inc.”. He decides to make all his publication available on his University institutional archive under an Open Access (OA) license. He does not follow this new approach only with reference to the new publications; he, actually, includes also the full text of the articles that were previously published by CLOSED PUBLISHING. Therefore, the papers are now freely accessible by the users after the acceptance of the licence conditions. The OA license allows authors to publish their work on the Internet, and to use it for any purpose including for educational purposes (this contrasts sharply with the license used by CLOSED PUBLISHING). In addition, the OA license allows anyone to reproduce and communicate the paper freely for strictly non-commercial purposes, provided that proper credit is given and that any redistribution of the paper occurs under the same license conditions.

Question 1: Could CLOSED PUBLISHING object to the making available of the articles on the website?

Question 2: If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have been possible under the limitations and exceptions rules to copyright?

Question 3: Prof. Johnson downloads Prof. SMITH latest paper, makes small modifications and publishes it in an online blog without mentioning the conditions of the OA license. Can Prof. SMITH object to the modification of his article and to the making available of it in the blog?

The case study deals with an emerging phenomenon: the so called Open Access (OA). The logic of Open Access (OA) is gradually spreading within the scientific community, mainly thanks to the help of important areas of public libraries. OA basically describes a phenomenon in which many scientific communities freely publish their results (papers, articles, books, etc.), through the Internet, on archives and journals accessible to anyone. OA seems to have the possibility to become a very powerful tool for the dissemination of scientific knowledge²². OA plays a pivotal role in the broader phenomenon known as

²² For an overview see R. Caso, F. Puppo (eds.), *Accesso aperto alla conoscenza scientifica e sistema trentino della ricerca: atti del Convegno tenuto presso la Facoltà di Giurisprudenza di Trento il 5 maggio 2009*, Università di Trento, Trento, 2010 (also available at: <<http://eprints.biblio.unitn.it/archive/00001821/>>); R. Caso, *Open Access to Legal Scholarship and Copyright Rules: A Law and Technology Perspective*, in *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze: European Press Academic, 2009, p. 97 (Proceedings of *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze, 30-31 October 2008); Id. (ed.), *Pubblicazioni scientifiche, diritti d'autore e open access*, atti del convegno



“Transfer of Knowledge” (a category encompassing also the more renowned “Technology Transfer”), in which universities and research centers increasingly interested in showing in the market the quality of their scientific production through various activities aimed at exploiting the foreground of their researches (IPRs, licenses, spin-off, etc.): it could make transfer of knowledge - previously conveyed (under payment) only by private intermediaries - more transparent, fluid, and accessible to anyone. The logic of OA is echoed by some (solemn) statements and guidelines. Among the many: the “Budapest Open Access Initiative”²³ in 2002, the “Berlin Declaration on Open Access Publishing”²⁴ in 2003²⁵.

Researchers publish their contributions in various scientific journals concluding publishing license that, very often, transferred all economic rights related to their intellectual work to the publishers. On this basis hereafter we give solution to the proposed questions.

Question 1:

The answer to this question is given by the provisions of the publishing license. The latter usually, does not provide any opportunity for the author of the scientific article to engage in new activities of duplication and distribution of their work without the express permission of the publisher (*rectius*, the new owner of the economic rights). If this is the assumption, then the CLOSED PUBLISHING may legitimately object to the making available of the articles on the website.

tenuto presso la Facoltà di Giurisprudenza di Trento il 20 giugno 2008, Università degli Studi di Trento, 2009 ((also available at: <<http://eprints.biblio.unitn.it/archive/00001589/>>); Willinsky, *The Access Principle – The Case of Open Access to Research and Scholarship*, Cambridge (MA), 2006. An analyse of the legal position of researchers, research institutions and publishers with respect to the consequences for the promotion of OA publishing, see L. Guibault, C. Angelopoulos (eds.), *Open Content Licensing: From Theory to Practice*, Amsterdam, Amsterdam University Press, 2011 (available at: <www.ivir.nl/publications/guibault/9789089643070_TEXT_HR_DRUK.pdf>); see also N. ELKIN-KOREN, *The Changing Nature of Books and the Uneasy Case for Copyright*, 79 *George Washington Law Review* 101 (2011), also available at: <<http://ssrn.com/abstract=1909176>>.

²³ <http://www.soros.org/openaccess>.

²⁴ <http://oa.mpg.de/lang/en-uk/berlin-prozess/berliner-erklarung/>.

²⁵ In the Italian context see also: “Linee guida per il deposito delle tesi di dottorato negli archivi aperti” (Guidelines for the submission of doctoral theses in open archives) prepared by the “Gruppo Open Access della Commissione Biblioteche della Conferenza dei Rettori delle Università Italiane” (CRUI) of 2007, available at: <<http://www.cru.it/HomePage.aspx?ref=1149#>>.



But, if the publication license does provide for an OA clause (as it is more and more often happening also given the emergence of the phenomenon of OA), perhaps by establishing an embargo period for post-print publication of approximately 6-12 months, then, the activities of Prof. SMITH, in the aforementioned period, would be considered lawful.

Question 2:

If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have not been possible under the limitations and exceptions rules to copyright. Within the Italian legal system, art. 70 ICL allows only the *“abridgment, quotation or reproduction of fragments or parts of a work for the purpose of criticism or discussion, or for instructional purposes”*: this activity *“shall be free within the limits justified for such purposes, provided such acts do not constitute competition with the economic utilization of the work”*. Thus only the partial use of a work is granted, not its total provision even if only for educational purposes (and, for example, provided for on closed online communities).

Question 3:

With reference to the Prof. Johnson activity, the basic rules are enshrined in the OA licenses. A typical feature of these (but, obviously, the freedom of contract can create countless options) is granting many rights and faculties to the licensee, but with one basic requirement: that of respecting the OA license and the conditions laid down in it. Then, it can, by hypothesis, be granted the right to put in place changes to the original work and / or create, from this, a derivative work. Compliance with the OA license imposes at least the explicit reference to the rights stated in it and the right to paternity (attribution). In light of these considerations, and as part of the scenario described, the activity of Prof. Johnson appears to be not lawful.

Finally, in the event that the prof. Johnson did not quote Prof. SMITH as author of the original work, this would be also considered as a plagiarism case too.



Annexes

National Provisions and Case Law

Legislation

- Law no. 633 of 22 April 1941, known as the “*Protezione del diritto d’autore e di altri diritti connessi al suo esercizio*” (hereinafter: Italian Copyright Law (ICL))
- Book V, Title IX of the Italian Civil Code of 1942 (arts. 2575 et seq.)
- Resolution no. 680/13/CONS “*Regolamento in materia di tutela del diritto d’autore sulle reti di comunicazione elettronica e procedure attuative ai sensi del decreto legislativo 9 aprile 2003, n. 70*” (AGCOM Online copyright Regulation)
- Law of October 7, 2013, n. 112 “*Conversione, con modificazioni, del decreto-legge 8 agosto 2013, n. 91 recante disposizioni urgenti per la tutela, la valorizzazione e il rilancio dei beni e delle attività culturali e del turismo*” (Open Access)

Case law

- Cassazione penale, Sez. III, 3 settembre 2007, n. 33768, in *Diritto dell'internet*, 2008, 154 (annotation by R. Caso)
- Trib. Roma, Sezione Civile IX, 16 July 2007, 9 September 2007, 19 August 2006, etc. (Peppermint cases)
- Trib. Roma, 16 December 2009, in *Resp. civ. e prev.*, 2010, 1568
- Trib. di Roma, 22 March 2011, in *Danno e responsabilità*, 2011, 753 (annotation by F. Giovannella)
- Tribunale di Milano, decision of 22 December 2011 (Nintendo case)
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DELIVERABLE 5.5:
**THE BARRIERS THAT CITIZENS FACE REGARDING THEIR INTELLECTUAL
PROPERTY RIGHTS - QUESTIONNAIRE FOR COUNTRY REPORTS:**

SPAIN

Carmen Benavides González¹

Margarita Argüelles Velez²

Silvia Gómez Ansón³

Universidad de Oviedo

¹ Dpto. de Economía Aplicada, Facultad de Economía y Empresa, Universidad de Oviedo, Avda. del Cristo s/n, Oviedo 33071, cbenavi@uniovi.es

² Dpto. de Economía Aplicada, Facultad de Economía y Empresa, Universidad de Oviedo, Avda. del Cristo s/n, Oviedo 33071, marguel@uniovi.es

³ Dpto. de Economía y Empresa, Facultad de Economía y Empresa, Universidad de Oviedo, Avda. del Cristo s/n, Oviedo 33071, sgomez@uniovi.es (address for correspondence)



PART I

QUESTION 1 - GENERAL FRAMEWORK

What is the legal framework of reference on copyright in your country?

We are dividing the references based on relative importance, the most important the first, thus following this order: Laws, Ministerial Orders, Royal Decrees and finishing with Spain's Treaty Memberships regarding IP, since they are also committing for Spanish IP stakeholders.

The legal references in each class are ordered the newest the first.

Inside the square, the last 20 year period Laws on Intellectual Property (or Copyright Acts) are listed, as they are the most important legal references for our report.

CONSTITUTION-BASIC LAW

- ✓ Spanish Constitution of 1978.

MAIN IP LAWS: enacted by the Legislature

- ✓ Law 21/2014, November 4, amending the Consolidated Text of the **Law on Intellectual Property**, approved by Royal Legislative Decree No. 1/1996 of April 12, and Law No. 1/2000 of January 7, on Civil Procedure. BOE number 268, 05/11/2014. (So-called **LEY LASSALLE**)
 - ✓ Law 2/2011, March 4, on Sustainable Economy (as last amended by Law 2/2012, 29 June, concerning **Law on Intellectual Property**). BOE Number: 55, 05/03/2011. (So-called **LEY SINDE**)
 - ✓ Law 23/2006 of July 7, amending the revised text of the **Law on Intellectual Property**, approved by Royal Legislative Decree 1/1996 of April 12. BOE Number: 162, 08/07/2006.
 - ✓ Royal Legislative Decree 1/1996, April 12, approving the revised text of the **Law on Intellectual Property**, regulating, clarifying and harmonizing the applicable statutory provisions on the subject. BOE Number: 97, 22/04/1996.
-
- ✓ Organic Law 1/2015, March 30, amending, Organic Law 10/1995, November 23, on **Penal Code**. BOE Number: 77, 31/03/2015.



- ✓ Law 42/2015, October 5, reforming Law 1/2000, January 7, on **Civil Procedure**. BOE Number: 239, 06/10/2015.
- ✓ Law 3/2008, December 23 on the Resale right for the benefit of the author of an original art work. BOE number: 310, 25/12/2008.
- ✓ Law 37/2007, November 16, on the Reuse of public sector information. BOE Number: 276, 17/11/2011
- ✓ Law 19/2006, June 5, extending the Means of Protection of Intellectual and Industrial Property rights and Laying down Procedural Rules to Facilitate the Application of Various Community Regulations. BOE number 134, 06/06 / 2006.
- ✓ Law 20/2003, July 7, on the Legal Protection of Industrial Designs. BOE number: 162, 08/07/2003.
- ✓ Law 34/2002, July 11, on Services of the information society and electronic commerce. BOE number 166, 12/07/2002.
- ✓ Law 17/2001, December 7, on Trademarks (as last amended by Law No. 2/2011 of March 4, 2011). BOE Number: 294, 08/12/2001.
- ✓ Law 5/1998, March 6, on the Incorporation into Spanish law of the European Parliament and the Council Directive 96/9/EC, of 11 March 1996, on the legal protection of databases. BOE Number: 57, 07/03/1998.
- ✓ Law No. 11/1986 of March 20, on Patents (as last amended by Law No. 14/2011 of June 1,). BOE Number: 73, 26/03/1986.

Ministerial Orders

- ✓ Order ECD/2166/2014, November 14, stating the amount of fair compensation per private copy regarding the 2013 General State Budget and its distribution among the three reproduction modes legally referred. BOE number: 281, 20/11/2014.
- ✓ Order PRE/1743/2008, June 18, approving the list of equipment, devices and materials subject to payment of fair compensation for private copying, the amounts applicable to each item and their distribution between different modes of reproduction. BOE number: 148, 19/06/2008.
- ✓ ORDER CUL/1079/2005, April 21, providing for the publication of the Agreement of the Council of Ministers on April 8, 2005 on the approval of the Government's Integral Plan for the Reduction and Elimination of Activities that Violate Intellectual Property Rights. BOE Number: 99, 26/04/2005.
- ✓ Order CUL/4406/2004, December 17, on regulation of the Advisory Publications Commission of the Ministry of Culture. BOE Number: 7, 08/01/2005.
- ✓ Order CTE/662/2003, March 18, establishing the National Plan for Domain Names under the Country Code Corresponding to Spain ('.es').



Royal Decrees

- ✓ Royal Decree 624/2014, July 18, developing the right to remuneration for authors lending their works in certain establishments accessible to the public. BOE number: 186, 01/08/2014.
- ✓ Royal Decree 1657/2012, December 7, on the procedure for payment of fair compensation for private copying under the General State Budget. BOE number 295, 08/12/2012.
- ✓ Royal Decree 1889/2011, December 30, regulating the Operation of the Intellectual Property Commission. BOE number 315, 31/12/2011.
- ✓ Royal Decree 1495/2011, October 24, the Law 37/2007, of 16 November, on reuse of public sector information, in the field of state sector development. BOE number: 269 08 / 11/2011.
- ✓ Royal Decree 1228/2005, October 13, creating and regulating Inter-sectoral Commission for Action Against Activities which Infringe Intellectual Property Rights. BOE number 258, 28/10/2005.
- ✓ Royal Decree 1937/2004, September 27, Regulation implementing Law No. 20/2003 on Legal Protection of Industrial Designs (last amended by Royal Decree No. 1431/2008 of August 20, 2009).
- ✓ Royal Decree 281/2003, March 7, approving the Regulations of the General Registry of Intellectual Property. BOE Number: 75, 28/03/2003.
- ✓ Royal Decree 687/2002, July 12, Regulation implementing Law No. 17/2001, December 7, on Trademarks (last amended by Royal Decree No. 1431/2008 of August 29, 2008).
- ✓ Royal Decree 396/1988, April 25, implementing Article 72 of the Law on Intellectual Property, concerning Verification of Print-Runs. BOE number 102, 28/04/1988.
- ✓ Royal Decree 448/1988, April 22, regulating the Distribution of Cinematography Films and other Audiovisual Works embodied in Video-Graphic Materials. BOE number 116, 05/14/1988.
- ✓ Royal Decree 2245/1986, October 10, Regulation for the implementation of Law No. 11/1986, March 20, on Patents (last amended by Royal Decree No. 245/2010 of March 5, 2010).
- ✓ Royal Decree, September 3, 1880, approving the Regulations for the Implementation of the Law of 10 January 1879 on Intellectual Property. BOE number: 31880, 03/09/1880.



Treaty Memberships

WIPO-Administered Treaties (Entry into force of the Treaty for the Contracting Party)

- ✓ Beijing Treaty on Audiovisual Performances (-)
- ✓ Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (-)
- ✓ Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (-)
- ✓ Nairobi Treaty on the Protection of the Olympic Symbol (-)
- ✓ Patent Law Treaty (November 6, 2013)
- ✓ WIPO Copyright Treaty (March 14, 2010)
- ✓ WIPO Performances and Phonograms Treaty (March 14, 2010)
- ✓ Singapore Treaty on the Law of Trademarks (May 18, 2009)
- ✓ Trademark Law Treaty (March 17, 1999)
- ✓ Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (December 1, 1995)
- ✓ Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (November 14, 1991)
- ✓ Patent Cooperation Treaty (November 16, 1989)
- ✓ Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure (March 19, 1981)
- ✓ Strasbourg Agreement Concerning the International Patent Classification (November 29, 1975)
- ✓ Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms (August 24, 1974)
- ✓ Locarno Agreement Establishing an International Classification for Industrial Designs (November 17, 1973)
- ✓ Convention Establishing the World Intellectual Property Organization (April 26, 1970)
- ✓ Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (April 8, 1961)
- ✓ Hague Agreement Concerning the International Registration of Industrial Designs (June 1, 1928)
- ✓ Madrid Agreement Concerning the International Registration of Marks (July 15, 1892)
- ✓ Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (July 15, 1892)



- ✓ Berne Convention for the Protection of Literary and Artistic Works (December 5, 1887)
- ✓ Paris Convention for the Protection of Industrial Property (July 7, 1884)

IP-related Multilateral Treaties (Entry into force of the Treaty for the Contracting Party)

- ✓ Council of Europe Convention on the counterfeiting of medical products and similar crimes involving threats to public health (-)
- ✓ Nagoya - Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol on Biosafety (-)
- ✓ Protocol 1 annexed to the Universal Copyright Convention as signed at Geneva on 6 September 1952 concerning the application of that Convention to works of stateless persons and refugees (-)
- ✓ Protocol 3 annexed to the Universal Copyright Convention as signed at Geneva on 6 September 1952 concerning the effective date of instruments of ratification or acceptance of or accession to that Convention (-)
- ✓ United Nations Convention on Jurisdictional Immunities of States and Their Property (-)
- ✓ Additional Protocol to the Convention on Cybercrime, concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems (April 1, 2015)
- ✓ Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity (October 12, 2014)
- ✓ Protocol (III) additional to the Geneva Conventions of 12 August 1949, and relating to the adoption of an additional distinctive emblem (June 10, 2011)
- ✓ Convention on Cybercrime (October 1, 2010)
- ✓ Convention on Transit Trade of Land-locked States (June 4, 2010)
- ✓ Kiev Protocol on Pollutant Release and Transfer Registers to the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (December 23, 2009)
- ✓ London Protocol on Water and Health to the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes (December 23, 2009)
- ✓ Convention on the Protection of the Underwater Cultural Heritage (January 2, 2009)
- ✓ Convention on the Rights of Persons with Disabilities (May 3, 2008)
- ✓ Optional Protocol to the Convention on the Rights of Persons with Disabilities (May 3, 2008)
- ✓ Convention on the Protection and Promotion of the Diversity of Cultural Expressions 2005 (March 18, 2007)



- ✓ Convention for the Safeguarding of the Intangible Cultural Heritage (January 25, 2007)
- ✓ International Plant Protection Convention (October 2, 2005)
- ✓ WHO Framework Convention on Tobacco Control (April 11, 2005)
- ✓ Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (March 29, 2005)
- ✓ Kyoto Protocol to the United Nations Framework Convention on Climate Change (February 16, 2005)
- ✓ Stockholm Convention on Persistent Organic Pollutants (August 26, 2004)
- ✓ International Treaty on Plant Genetic Resources for Food and Agriculture (June 29, 2004)
- ✓ Second Protocol to the Hague Convention of 1954 for the Protection of Cultural Property in the Event of Armed Conflict (March 9, 2004)
- ✓ Cartagena Protocol on Biosafety to the Convention on Biological Diversity (September 11, 2003)
- ✓ Helsinki Convention on the Protection and Use of Transboundary Watercourses and International Lakes (May 16, 2000)
- ✓ European Convention on Transfrontier Television (June 1, 1998)
- ✓ Convention relating to the Status of Stateless Persons (August 10, 1997)
- ✓ United Nations Convention on the Law of the Sea (February 14, 1997)
- ✓ United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (December 26, 1996)
- ✓ Agreement establishing the World Trade Organization (WTO) (January 1, 1995)
- ✓ World Trade Organization (WTO) - Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) (1994) (January 1, 1995)
- ✓ Convention on Biological Diversity (March 21, 1994)
- ✓ United Nations Framework Convention on Climate Change (March 21, 1994)
- ✓ Protocol to the Agreement on the Importation of Educational, Scientific or Cultural Materials (April 2, 1993)
- ✓ Protocol to the Convention for the Protection of Cultural Property in the Event of Armed Conflict (September 26, 1992)
- ✓ United Nations Convention on Contracts for the International Sale of Goods (August 1, 1991)
- ✓ Protocol (I) Additional to the Geneva Conventions of 12 August 1949, and relating to the protection of victims of international armed conflicts (October 21, 1989)
- ✓ Protocol (II) Additional to the Geneva Conventions of 12 August 1949, and relating to the Protection of Victims of Non-International Armed Conflicts (October 21, 1989)



- ✓ European Agreement for the Prevention of Broadcasts transmitted from Stations outside National Territories (March 11, 1988)
- ✓ Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property (April 10, 1986)
- ✓ International Convention on the Harmonization of Frontier Controls of Goods (October 15, 1985)
- ✓ Additional Protocol to the Protocol to the European Agreement on the Protection of Television Broadcasts (1983) (January 1, 1985)
- ✓ Convention concerning the Protection of the World Cultural and Natural Heritage (August 4, 1982)
- ✓ International Convention for the Protection of New Varieties of Plants (UPOV) (May 18, 1980)
- ✓ International Covenant on Economic, Social and Cultural Rights (July 27, 1977)
- ✓ Additional Protocol to the Protocol to the European Agreement on the Protection of Television Broadcasts (1974) (December 31, 1974)
- ✓ Protocol 1 annexed for Universal Copyright Convention as revised at Paris on 24 July 1971 concerning the application of that Convention to works of Stateless persons and refugees (October 16, 1974)
- ✓ Protocol 2 annexed for Universal Copyright Convention as revised at Paris on 24 July 1971 concerning the application of that Convention to works of certain international organizations (July 10, 1974)
- ✓ Universal Copyright Convention as revised on 24 July 1971, with Appendix Declaration relating to Article XVII and Resolution concerning Article XI (July 10, 1974)
- ✓ European Agreement concerning Programme Exchanges by Means of Television Films (January 4, 1974)
- ✓ European Convention relating to the Formalities required for Patent Applications (July 1, 1967)
- ✓ Convention for the Protection of Cultural Property in the Event of Armed Conflict (October 7, 1960)
- ✓ Agreement on the Importation of Educational, Scientific and Cultural Materials (October 7, 1955)
- ✓ Protocol 2 annexed to the Universal Copyright Convention as signed at Geneva on 6 September 1952 concerning the application of that Convention the works of certain international organizations (September 16, 1955)
- ✓ Universal Copyright Convention of 6 September 1952, with Appendix Declaration relating to Article XVII and Resolution concerning Article XI (September 16, 1955)



- ✓ Convention (I) for the Amelioration of the Condition of the Wounded and Sick in Armed Forces in the Field (February 4, 1953)
- ✓ Convention (II) for the Amelioration of the Condition of Wounded, Sick and Shipwrecked Members of Armed Forces at Sea (February 4, 1953)
- ✓ Convention (III) relative to the Treatment of Prisoners of War (February 4, 1953)
- ✓ Convention (IV) relative to the Protection of Civilian Persons in Time of War (February 4, 1953)
- ✓ Convention on International Civil Aviation (April 4, 1947)
- ✓ Convention and Statute on Freedom of Transit (March 17, 1930)

IP Regional Treaties (Entry into force of the Treaty for the Contracting Party)

- ✓ Agreement relating to Community Patents of 15 December 1989 (-)
- ✓ European Convention relating to questions on Copyright Law and Neighbouring Rights in the Framework of Transfrontier Broadcasting by Satellite (-)
- ✓ Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community (December 1, 2009)
- ✓ European Convention on Cinematographic Co-Production (February 1, 1997)
- ✓ European Patent Convention (October 1, 1986)

Regional Economic Integration Treaties (Entry into force of the Treaty for the Contracting Party)

- ✓ Agreement on the European Economic Area (January 1, 1994)

IP-relevant Bilateral Treaties (Entry into force of the Treaty for the Contracting Party)

- ✓ Agreement between the Government of the Republic of Colombia and the Kingdom of Spain for the Promotion and Reciprocal Protection of Investments (September 22, 2007)
- ✓ Agreement between the Kingdom of Spain and the Republic of Namibia on the Promotion and Reciprocal Protection of Investments (June 28, 2004)
- ✓ Agreement between the Kingdom of Spain and the Republic of Albania on the Promotion and Reciprocal Protection of Investments (January 14, 2004)
- ✓ Agreement on the Reciprocal Promotion and Protection of Investments between the Kingdom of Spain and the Republic of Bolivia (July 9, 2002)
- ✓ Agreement on the Promotion and Reciprocal Protection of Investments between the Kingdom of Spain and the Republic of South Africa (December 23, 1999)



- ✓ Agreement on the Promotion and Reciprocal Protection of Investments between the Kingdom of Spain and the Republic of Costa Rica (June 9, 1999)
- ✓ Agreement between the Kingdom of Spain and the Government of the Republic of Venezuela on the Reciprocal Promotion and Protection of Investments (September 10, 1997)
- ✓ Agreement for the Protection and Promotion of Investments between the Kingdom of Spain and the Republic of Paraguay (November 22, 1996)
- ✓ Agreement between the Kingdom of Spain and the People's Democratic Republic of Algeria on the Reciprocal Promotion and Protection of Investments (January 17, 1996)
- ✓ Agreement between the Kingdom of Spain and the Republic of Chile on the Reciprocal Protection and Promotion of Investments (March 29, 1994)
- ✓ Agreement between the Argentine Republic and the Kingdom of Spain on the Reciprocal Promotion and Protection of Investments (September 28, 1992)

SPANISH LAW ON INTELLECTUAL PROPERTY EVOLUTION

We copy here the text about Spanish Law on Intellectual Property evolution as described in <http://www.culturalpolicies.net/web/spain.php?aid=517>, Council of Europe/ERICarts, "Compendium of Cultural Policies and Trends in Europe, 16th edition", 2015, because we think it perfectly explains our IP legislative evolution through the last thirty years.

Rules governing intellectual property in Spain were based for many years on the 1879 Law, and the jurisprudence it generated over the following 100 years. In 1987, it was superseded by a new Law 22/1987, designed to bring copyright legislation up to date, improve the rights it covers and close the loop-holes left open by the nineteenth-century legislation, particularly the difficulties arising from the lack of reference to an author's ongoing property rights over an original work ("droit de suite"). Ten years later, the Royal Legislative Decree 1/1996 had to undergo numerous amendments to bring it into line with European Union legislation. This 1996 Decree assembled all current rules on intellectual property, applied to both artistic and scientific works, and included authors' economic rights, moral rights and "droit de suite". The new social and economic situation (especially, the challenge of providing more effective protection to creators, permitting the peaceful dissemination of their creations by culture industries, and guaranteeing the whole of society's access to a plural cultural offer), led to the approval of the Law 23/2006 that amends the text of the 1996 Law on Intellectual Property.

The growing discomfort by artists, authors and publishers over the high rates of Internet piracy led the government, after a broad political and social debate, to the adoption of the Law 2/2011, on Sustainable Economy. The forty-third final provision of the Law establishes the amendment of the Law on Services of the Information Society and the Law on Intellectual Property. In the first, safeguarding intellectual property rights becomes a principle justifying the withdrawal of illegal content or the interruption of certain services provided in web



pages. The second refers to the Commission on Intellectual Property, under the Ministry of Education, Culture and Sport, as the competent authority in mediation, arbitration and safeguarding intellectual property. Among the measures already adopted by the Council of Ministers is the establishment of a combined procedure, administrative and judicial, for the protection of intellectual property rights on the Internet.

In December 2011, the Royal Decree 1889/2011 that regulates the functioning of the Commission on Intellectual Property was approved. The text enhances negotiated, extrajudicial and voluntary solution for conflicts, as well as protects the rights of both creators and citizens to have a legal, diverse and affordable supply of cultural products.

In November 2012, with the collaboration of private companies, industry associations and public organisms, the Ministry of Education, Culture and Sport launched the International Observatory on Intellectual Property to explore points of convergence in matters of businesses of cultural, content and creative industries, as well as in the search for solutions to conflicts and in national and international regulatory developments.

Another controversial aspect of the Law on Intellectual Property has been, until recently, the establishment of a lump sum payment on analogue, first, and digital support, later, on behalf of rights holders. This fee was intended to compensate authors for private copying of work that had already been disclosed. The heated debate on the Spanish "digital canon" finished, in December 2011, when it was abolished by the government (Royal Decree 20/2011). A year later, the government adopted the Royal Decree 1657/2012 that regulates the procedure for payment of fair compensation to the rights holders for private copying with a charge to the General State Budget. Thus, the government considered that citizens could benefit from the limit of private copying as compensation for a part of the taxes that they satisfy. However, collecting societies saw in this measure a double taxation for those citizens who buy these devices, as their prices have not decreased, and an unfair measure for those who do not buy them and have to pay the fee via taxes.

In order to deal with the most urgent matters, in 2014, a new partial reform was approved by the Law 21/2014 that modifies the refunded text of the Law on Intellectual Property, approved by the Royal Legislative Decree 1/1996, and the Law 1/2000 on Civil Procedure.

In our answer to the next question, we extensively explain the implications and changes of this new Law 21/2014 on Intellectual Property.

Information Sources:

1) Spanish Ministerio de Educación, Cultura y Deporte Web page:

<http://www.mcu.es/legislacionconvenio/loadSearchLegislation.do?cache=init&legislation.area.id=PROI&layout=legislacionPropIntelectual>

2) World Intellectual Property Organization (WIPO) Web Page:



<http://www.wipo.int/wipolex/en/profile.jsp?code=ES>

3) Council of Europe/ERICarts, "Compendium of Cultural Policies and Trends in Europe, 16th edition", 2015:

<http://www.culturalpolicies.net/web/spain.php?aid=517>

What are the rules and/or legal arrangements that can come into play with regard to the access to digital cultural content in your country (i.e. ISP liability, Privacy and protection of personal data)?

In this year 2015, two principal new legal changes are very relevant regarding access to digital cultural content:

- ✓ **The reform of the Penal Code** (Organic Law 1/2015, March 30, amending, Organic Law 10/1995, November 23, on Penal Code. BOE Number: 77, 31/03/2015).
- ✓ **The new Law on Intellectual Property or Copyright Act or so-called "Ley Lassalle"** (Law 21/2014, November 4, amending the Consolidated Text of the Law on Intellectual Property, approved by Royal Legislative Decree No. 1/1996 of April 12, and Law No. 1/2000 of January 7, on Civil Procedure. BOE number 268, 05/11/2014).

Although the necessary regulations implementing this law are not yet issued, we can state what the new implications of this law are.

And we cannot forget about **Personal Data Protection in Spain**, and its implications in internet access. Its importance is even stated in Article 18.4 of the Spanish Constitution of 1978, and lately explicitly dealt with by means of the Royal Decree 1720/2007.

1. REFORM OF THE PENAL CODE

As to copyright-related crimes, the **regulation criminalizes the following new behaviors**, as stated in point 151 of the Only Article of Law 1/2015, amending former article 270 of Organic Law 10/1995 (**in italics, the direct translation of the Organic Law text**):

1.1. Indirect benefit

*It shall be punished with imprisonment from six months to four years and a fine of twelve to twenty four months those who, with the intention of obtaining a direct or **indirect** financial benefit and, to the detriment of third parties, reproduce, plagiarize, distribute, publicly communicate or by any other means economically exploit, in whole or in part, a literary, artistic or scientific work or service, or its transformation, interpretation or artistic execution fixed on any type of medium or communicated by any means, without the authorization of the respecting copyright holders or their assignees.*



Since demonstrating a profit-making purpose is usually one of the most difficult issues when dealing with these type of infringements, this concept has been reconsidered, so that an "**indirect benefit**" is enough in order to commit this kind of crimes. Therefore, we anticipate that infringing websites which do not charge users but indirectly profit from advertising revenues are likely to fall within the newly included concept.

1.2. Websites which redirect internet users through hyperlinks

The same penalty [until four years] is imposed on anyone who, in the provision of the information society, with the purpose of obtaining a direct or indirect financial benefit and to the detriment of third, actively facilitate and not in a neutral way and not limited to a purely technical treatment, direct access or the Internet location of works or services protected by copyright without the permission of the copyright holders or their assignees, including those offering sorted and classified listings of links to works and content referred to above, although such links have been initially provided by the recipients of their services.

This is a siege to websites which redirect internet users through hyperlinks: Although it has already been approved the new Copyright Act, the Penal Code also includes in its lines a sentence of six months to four years those who "facilitate access or location" of copyrighted content.

It is noteworthy to say that the amendment requires the website on suspicion to assume a non-neutral and active role in performing these unauthorized acts, although it does not define this concept. Therefore, we will have to wait until future case law clarifies the scope and meaning of this provision.

In addition, the amendment includes the possibility to remove the infringing content from the website and even to block the service, when previously ordered by a Spanish Court.

1.3. Removal of Digital Rights Management (DRM) Technologies

It will be also punished with imprisonment from six months to three years who manufactures, imports, put into circulation or possess with a commercial purpose any means primarily designed, produced, adapted or performed to facilitate the unauthorized removal or circumvention of any technical device that have been used to protect computer programs or any of the other works, interpretations or performances, in the terms provided in the first two paragraphs of this article.

From preventing removal of Digital Rights Management access control technologies or other sort of protection: Prison, from six months to three years, for those who develop, disseminate or possess (for commercial purposes) any tool that serves to circumvent DRM or other protection.

Information sources:

1.- Baker & MacEnzie, "Reform of the Spanish Criminal Code: IP rights amendments", <http://www.lexology.com/library/detail.aspx?q=f07b211c-ef04-4bfe-a975-40444af55414>. (July 27, 2015).



2.- María González, Editora senior en Xataka, "*Aprobada la Ley mordaza y la reforma del Código Penal: ¿cómo te afecta y cómo afecta a Internet?*", <http://www.xataka.com/legislacion-y-derechos/aprobada-la-ley-mordaza-y-la-reforma-del-codigo-penal-como-te-afecta-y-como-afecta-a-internet>". (March 27, 2015).

2. LEY LASSALLE (Law 21/2014, November 4, amending the Consolidated Text of the Law on Intellectual Property)

Although the Regulation of this 2014 Law is still being redacted and has not yet come into force, this new Intellectual Property Law has had these direct effects since its promulgation:

2.1. Transitory revision of the concept of private copy (waiting for a European harmonisation of the issue)

One of the limits of copyright is the private copy regulated in Article 31 TRLIP 1996. Until now, this article allowed the reproduction on any media of works already disclosed, carried out by an individual for private use, when those works were obtained legally, and when the copy was not used for collective use and on profitable purposes. Thus, Law 21/2014 introduces a new statement on the private copy limits, clarifying certain points.

In this way, the new law expressly states that the limit on private copy only applies when playback is carried out "*without assistance of third parties*", that private use excludes professional or business use, that there cannot be any direct or indirect commercial purposes, and moreover, **the copy cannot be subject to price delivery or distribution.**

Likewise, the new law also reiterates that reproduction should only be made from works which have been legally acquired through a lawful source. And for this purpose, it has to be understood that the work disclosed is legally acquired through a lawful source in the following cases:

- a) when reproduction is directly or indirectly made from a support containing a reproduction of the work authorized by the owner, sold and acquired in property by means of commercial purchase, and
- b) when it is an individual reproduction of a work that has been accessed through a legitimate act of public communication by means of the dissemination of images, sound or both, and the reproduction has not been obtained by unauthorized fixation in establishment or public space. **This introduces a significant restriction on private copying limit, because it requires the support to have been acquired by sale & purchase trading (excluding, for example, copies of works rented) or that copies are related to works broadcasted on radio or television.**

Otherwise, electronic data bases and computer programs are still being excluded from private copy limit. And the new regulation will not either be applicable to "*reproduction of works that have been made available to the public under Article 20.2i, so that anyone has access to them from a chosen place and time, authorizing the reproduction of the work,*



under contract agreement and, when appropriate, by payment of money" (this seems to concern copy of licensed works through creative commons).

2.2. Strengthening Law 2/2011 "Sinde"

The proposed rule, Article 158 ter. 2. A and B, opens the door to stretch the concept of 'offender' (that is to say 'pirate') virtually to any citizen who has a website and provide links to unauthorized content, even if the site manager has not placed them (i.e., if they are found in the comments of the site readers, which must be now constantly monitored). Although the rule has been designed to act against pirate sites, the fact is that the text has removed the requirement of 'significant damage'. Now, any damage, therefore, can be considered as 'infringement'. The rule remarks to take into account *"the level of audience in Spain [allegedly of the infringing site], the number of protected works and services, supposedly unauthorized, which are accessible through the internet service or business model"*.

If the alleged offender refuses to remove content, the Second Section will be able to draw on a number of tools to 'reinforce' its power. In the event of 'reiterated' default (e.g. links to unauthorized works appear twice or more), makers face fines of up to 600,000 euros (Art. 158 6).

Spanish download site Series.ly has reacted to the new legislation by removing all content that might infringe copyright law.

2.3. The so called "Google Tax" or "Canon AEDE".

Making available to the public no significant content fragments by electronic content service providers aggregators, reported in journals or Web sites regularly updated and with an informative purpose on creating public opinion or entertainment, shall not require authorization, without prejudice to the right of the publisher or, where appropriate, other right holders to receive fair compensation.

This right is unavoidable and will be paid to the copyright collection societies. In any case, making available to the public by third parties of any image, photo or mere photograph work reported in journals or regular updating Web sites is subject to authorization.

Notwithstanding the provisions of the preceding paragraph, making available to the public by service providers who use search tools through isolated words included in the contents referred to in the preceding paragraph, shall neither be subject to authorization nor receive fair compensation, when such fair compensation because of making available to the public occurs without own commercial purpose and is done strictly limited to what is necessary to provide search results in response to queries made by a user and provided that the response includes a link to the source of content page.

As a result of lobbying by the Association of Spanish Daily Publishers (AEDE), the law imposes to online news aggregation services to pay a charge to publishers for indexing and using fragments of their stories.



The law specifically states that payment for links to news sites published by organizations such as Google News or Spanish aggregator Menéame is “unavoidable” and thus cannot be waived by publishers. And as in most cases the journalists have transferred their rights to the publishers, this compensation is colloquially known as "canon AEDE".

However, **this relationship does not operate when the internet service provider merely offers links to the content of publications, as is the case of search engines.** This is why the colloquial designation of that concession as 'Google Tax' does not seem very appropriate (unless it is done with reference to the news service Google News).

In response to the government and AEDE’s move, Google, which makes no money from its Google News aggregator, has withdrawn the service from Spain. Analysts have pointed out that Spain is now one of only a tiny number of countries that Google News does not cover, and also that Spanish news organizations are already witnessing a drop in online traffic directed their way by sites such as Google News.

Google News in Spain

We're incredibly sad to announce that, due to recent changes in Spanish law, we have removed Spanish publishers from Google News and closed Google News in Spain. We understand that readers like you may be disappointed, too, and we want to share the reasons behind this decision.

Google News is a free service, loved and trusted by hundreds of millions of users around the world and available in more than 70 international editions, covering 35 languages. It includes everything from the world's biggest newspapers to small, local publications and bloggers. Publishers can choose whether or not they want their articles to appear in Google News -- and the vast majority choose to be included for very good reason. Google News creates real value for these publications by driving people to their websites, which in turn helps generate advertising revenues.

But sadly, as a result of a new [Spanish law](#), we had to close Google News in Spain. This legislation requires every Spanish publication to charge services like Google News for showing even the smallest snippet from their publications, whether they want to or not. As Google News itself makes no money (we do not show any advertising on the site) this new approach was not sustainable.

We remain committed to helping the news industry meet challenges and look forward to continuing to work with our thousands of partners globally, as well as in Spain, to help them increase their online readership and revenues.

It appears that you were trying to access the Spain edition of Google News. If you were trying to access a different edition, you can find it [here](#).

<https://support.google.com/news/answer/6140047?hl=es>

2.4. Digital Canon paid by means of the General State Budget.

In 2010, Spain was found to be in breach of European Union legislation over its “digital canon,” a tax levied on all electronic recording devices to compensate authors and creators from the money they lose as a result of private copying. This new legislation simply assigns €5 million from the General State Budget to Spanish copyright collection societies – which is



to say that the cost is now shared out by everyone. But the Supreme Court remains unconvinced by the new system and has asked the Court of Justice of the European Union whether it might be in breach of EU law.

2.5. Watching copyright collection societies.

In 2011, police arrested several of the Sociedad General de Autores y Editores (SGAE) copyright collection society's board of directors, accusing them of creaming off funds for their personal use. This was a further blow to the credibility of an organization already unpopular with some sections of the Spanish public for its overly zealous approach to revenue collection: on a number of occasions, even newlyweds were told they would have to pay hundreds of euros for the songs played at their reception parties. The new legislation aims to increase transparency and accountability within the SGAE and other royalty collection organizations, requiring them to reach agreements with television and radio stations, as well as hotels and bars, over royalty payments that have been criticized as "abusive." It also requires them to simplify how payments are made.

2.6. Targeting textbooks

The new intellectual property law also requires universities to pay the Spanish Center for Reprographic Rights (CEDRO), which represents authors, for the use of manuals and textbooks on online learning platforms. As with the legislation covering news links, the tax is inalienable, meaning that authors cannot waive their fee.

Information sources:

1.- Pablo Romero, El Mundo, "*Así afectará a Internet la reforma de la Ley de Propiedad Intelectual*"

<http://www.elmundo.es/tecnologia/2014/10/29/5450b3caca4741943c8b4572.html>.

(November 5, 2014)

2.- Tomasso Koch, El País, "*Claves de la nueva Ley de Propiedad Intelectual*"

http://cultura.elpais.com/cultura/2015/01/05/actualidad/1420459097_337231.html.

(January 5, 2015)

3.- Tomasso Koch, El País, "*Spain's new intellectual property legislation: the key points*"

http://elpais.com/elpais/2015/01/12/inenglish/1421069667_083191.html (January 12, 2015)

4.- Ángel García Vidal, "*Puntos clave de la reforma de la Ley de Propiedad Intelectual por medio de la Ley 21/2014*", www.gomezacebo-pombo.com. (November, 2014)

5.- Sara DE ROMÁN PÉREZ, Bufete Pérez-Llorca, "*Aspectos fundamentales de la Ley 21/2014, de 4 de noviembre, por la que se modifica el Texto Refundido de la Ley de Propiedad Intelectual y la Ley de Enjuiciamiento Civil*", www.diariolaley.es. (January 7, 2015)

3. PERSONAL DATA PROTECTION IN SPAIN



In Spain, Personal data protection is regarded as a topic of the utmost importance. Article 18.4 of the Spanish constitution of 1978 says:

The law will limit the use of information technology in order to guarantee honour, personal and family intimacy of citizens and all their rights.

The first organic law explicitly dealing with data protection appeared only in 1992 with law 5/92 of 29th October. This law was later amended with Organic law 15/1999 of 13th December. Later on the constitutional tribunal deemed few paragraphs of this law unconstitutional in sentence 292/2000. The last amendment of the law is the Royal decree 1720/2007. This is a complex document expressed in 158 articles.

In 1993 the “Agencia Española de Protección de Datos” (Spanish Data Protection Agency) was created in order to control and enforce these laws in Spain. Autonomic agencies were created as well in Madrid, Cataluña and the Basque country.

3.1. Territorial scope of application

With the internationalisation of data hosting, with distributed hosting and cloud hosting it is not always clear where the data is physically stored. Nevertheless, Spanish legislation will apply when:

- ✓ When storage and processing is carried out as part of the activities of an organisation registered in Spain.
- ✓ When the entity responsible for the processing is not registered in Spain but is subject to Spanish law according international law regulations.
- ✓ When the entity responsible for the processing is not established on European Union territory but it is using storage and processing facilities situated in Spain. This does not apply if such facilities are used solely for transit purposes.

3.2. A business has the duty to inform people

When a business or an organization collects personal data, be it with a form on a web page or with any other data collection method, it must inform the individual explicitly beforehand of the following:

- ✓ The existence of a file collecting his data, the objectives of storing the data and the recipients of this information.
- ✓ The mandatory or the optional character of the information collected.
- ✓ The consequences of providing or not providing the data.
- ✓ The rights to access, rectify, delete or oppose the data stored.
- ✓ The identity of the individual responsible of the treatment and the storage of the data or his representative.



If the personal information has been collected indirectly, there is the obligation to inform the person within 3 months from the initial data storage.

If the information has been collected from “freely available sources” (for example telephone directories or professional registers) and the objective is publicity or market research, the company is obliged to inform the person of the 5 points above, when they make contact.

Web sites will have to include a privacy statement (or links to it) explaining the 5 points above, at the bottom of any form collecting personal information.

3.3. Data with special protection

The Spanish constitution states that nobody has to provide information about his ideology, religion, trade-union membership, political party membership or beliefs. When asking for this data it must be stated that the person has the right to refuse. The person has to give written consent.

Files maintained by political parties, trade unions, churches, religious confessions or non-profit organizations with a political, philosophical, or religious objectives, do not need to have written consent but nevertheless still require consent regarding member’s data.

Treatment of administrative and criminal infractions data is explicitly forbidden. Only authorized public administrations have the right to store this kind of data.

Treatment of data regarding racial origin, health information or sexual preferences is restricted to medical organizations and/or health professionals. Understandably, in cases of medical emergency the patient’s consent is not mandatory.

3.4. Data confidentiality and communication to 3rd parties

Data confidentiality is compulsory and any transfer to a 3rd party will need not only the consent from the individual but an explanation of why this transfer is necessary. The individual will be able to revoke consent at any time.

3.5. Consent is not required in cases where data is collected from freely available sources.

Communication of personal data to third parties without the consent of the data owner, is one of the most common and serious infractions. The types of infractions can be extremely diverse. Examples are the sale of client databases to other companies or links in web pages similar to “recommend this page to a friend”.

This last example is controversial, but shows how important the protection of privacy is. Several Spanish websites were fined for these kinds of links as the “friend” would receive an unsolicited marketing email from the website: in practice unsolicited emails (Spam).

Transfer of personal information embedded in third party cookies (cookies are small text files storing information in the web browser) to third parties is also regulated and this will be the subject of a specific article as there is a new EU regulation for this.



Information sources:

1. Maria Teresa Velasco, Velasco Lawyers, "*Personal data protection laws in Spain*", <http://www.velascolawyers.com/en/company-law/141-personal-data-protection-laws-in-spain.html>. (November 18, 2011).



QUESTION 2 - AUTHORITIES

What is/are the relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement?

What are the administrative regulations that have an impact with regard to the protection of digital copyright?

We are answering both questions in the same answer, as they are strongly interrelated.

The Intellectual Property Commission is the Spanish Administrative Authority dependent of the Ministry of Culture of Spain. Its principal purpose is to review requests of infringement from copyright holders against internet service providers and websites.

Law 22/1987, November 11, on Intellectual Property, stated in Article 143, the Arbitration Commission on Intellectual Property, in the Ministry of Culture, as a matter of national collegiate body, with the role to resolve conflicts between collecting societies and associations users or broadcasters.

This former Commission has evolved to the current Intellectual Property Commission, after the reform operated by Law 23/2006, July 7, and the Commission has come to be renamed the Intellectual Property Commission (without "arbitration"), and Law 2/2011, March 4, on Sustainable Economy, in its disposal 43rd, fourth paragraph, increases and strengthens the functions to be exercised by the Intellectual Property Commission (hereinafter IPC) which acts, from now on, by means of two sections:

a) The First Section is responsible for the mediation and arbitration that was already done so far, but its jurisdiction has been extended, with regard to mediation, to all matters directly related to intellectual property rights collective management and, in the case of arbitration, disputes that may arise between different collecting societies, between rights holders and collecting societies, and between those entities and broadcasting entities.

b) The Second Section, which is created ex novo in this Law 2/2011, is in charge of performing the functions provided in Articles 8 and related provisions of Law 34/2002, of July 11, Services Society Information and Electronic Commerce, to safeguard Intellectual Property rights against their violation by the information society services managers, provided they directly or indirectly acted for profit or their activity has caused or is likely to cause financial damage to rights holders. The Second Section acts solely at the request of a party, subject to the principles of legality, objectivity, proportionality and contradiction, by means of the restoring legality procedure, either resolving the interruption of the information society service provision, or removing the content which can be detrimental to intellectual property rights of a particular web page.

Both mediation and arbitration procedures (First Section) and restoration of legality procedure (Second Section) are regulated in the Royal Decree 1889/2011, December 30,



regulating the Operation of the Intellectual Property Commission. BOE number 315, 31/12/2011.

As pointed out by the General Council of the Judiciary in its report about the draft Decree approving the functioning of the IPC, a hybrid character is appreciated derived from being a body of administrative nature, however, playing its role ruled by private law. Hence, the legislation which implements the commission is mixed: on the one hand, the administrative procedural law related to all organizational and procedural aspects unresolved in the Royal Decree and on the other hand, intellectual property law, arbitration law and information society services law. In any case, even the functions that the commission develops fall on private law section, we are facing an administrative body and not an arbitration or mediation institution.

There are notable differences between the operation of the IPC and the arbitral institutions. First, nor IP Law nor its Regulation require acceptance of the arbitrators or mediators for their appointment. The IPC is not vested of jurisdiction by the parties, nor are appointed by neutral third or by a public mediation or arbitration institution, they can decide the dispute because they are IPC members because they were appointed even before the approach to the conflict. IPC preexists with decision-making power the same parties' agreement.

But moreover, Law 21/2014, November 4 has strengthened even more if possible the Second Section IPC. It seems that the owners of content sites, whatever, will have to be very aware of any notification of a possible violation of any intellectual property: to start the administrative process, one only has to show that it has tried to contact with the alleged infringer. To look for protection to Second Section of the Commission on Intellectual Property, opening the administrative process, those who consider that a site has violated their intellectual property rights have to 'prove' that they have previously tried to warn the alleged violator and that the offender has ignored the warning. To prove it, the victim simply has to send an email to the alleged 'infringer'. Even if he does not answer, it is understood he's been notified. If you do not provide an email account, this requirement is not even necessary. (Article 158 ter. 3.). In such cases it is enough the publication of the notice in the Official State Gazette.

With the tools to 'safeguard intellectual property rights', it still remains in the hands of an administrative body (Second Section of the Commission on Intellectual Property) to establish if someone commits a violation of intellectual property rights, namely, the Government may decide and, if necessary punish, whoever he deems is a 'hacker'. Remember that now the Second Section can act not only against those who violate the intellectual property but "against those who facilitate the description or location of works" (except those providers who do a mechanical content search neutral activity, i.e. Google).

The Second Section decides whether or not declare claims admissible, and further decides whether there is an infraction -before with 'Sinde Law' that could only be decided by a judge and act accordingly-.



Now, in addition, the procedure can be initiated against those websites downloading unlicensed content, and at the same time, advertisers, intermediaries and online payment services found to be benefiting from unlicensed downloading will also be subject to the same legal action and fines. **But for the time being, there is no intention to pursue members of the public who download content in this way.**

If the alleged offender refuses to remove content, the Second Section will be able to draw on a number of tools to 'reinforce' its power. In the event of 'reiterated' default (e.g. links to unauthorized works appear twice or more), makers face fines of up to 600,000 euros (Art. 158 6). Finally, if these behaviors declared 'offending' stay, Second Section can order the blocking of the website to companies providing Internet access, though, prior judicial authorization. In this case, it is recalled that the judge merely authorizes or not the lock, not attending if the website is an offender or not in a process affording all judicial guarantees. And if the web site has an address under the national domain '.es', the second section can also order the registering authority responsible domains (RED.es) cancel that domain for a period of at least six months.

Procedure for the Protection of intellectual property rights against infringement by the services responsible for the information society

Through the webpage <https://sede.mcu.gob.es/AppLES/les/ini/index.jsp> of the Ministry of Education, Culture and Sport, you can submit the request for initiation of proceedings to safeguard intellectual property rights against their violation by those in charge of the information society services, developed under Articles 15 and following of Royal Decree 1889 / 2011, which regulates the operation of the Intellectual Property Commission. The applicant may be the owner of the copyright, or the person or entity that is entrusted with the exercise or representing such holder.

You must enter data in the request contained in Annex IV of Royal Decree No. 1889/2011, which in any case will collect data of the holder and/or representative data service of the information society, including digitized documentation required and finally sign the application electronically.

Also, from this page you can make corrections to your application, as well as correction and arguments if it's the case. You can also access the applications submitted earlier.

Especialized Police Body

The Second Section procedures may end in arrest, as happened to the three download site Series.ly managers recently arrested for a crime against Intellectual Property. The research for the arrest was carried out by agents of the Anti-Piracy Group, Central Brigade, **Information Security Technology Research Unit of the General Council of the Judiciary.** (read the news in El País, http://ccaa.elpais.com/ccaa/2015/07/16/catalunya/1437068432_826155.html).



Information sources:

1.- Ana Montesinos García. Profesora contratada Ramón y Cajal, Departamento de Derecho Procesal, Universitat de Valencia. "El arbitraje en materia de propiedad intelectual". *Revista internacional de Estudios de Derecho Procesal y Arbitraje*. www.riedpa.com. (March 2013).

2.- Pablo Romero, El Mundo, "Así afectará a Internet la reforma de la Ley de Propiedad Intelectual"

<http://www.elmundo.es/tecnologia/2014/10/29/5450b3caca4741943c8b4572.html>.

(November 5, 2014)

3.- Ministerio de Educación, Cultura y Deporte Webpage, www.sede.mcu.gob.es.

<https://sede.mcu.gob.es/SedeElectronica/buscador/cargaProcedimientos.jsp?tipoProcedimiento=7>



QUESTION 3 - CASE LAW

Is there any case law in your national legal system, which has dealt with the issue of access to digital cultural contents? If so, please briefly indicate the most important rulings and their possible consequences for similar cases in the near future.

We have different cases dealing with access to digital cultural contents. The rulings on them have evolved and changed as the proper IP law evolution already stated in previous questions.

With regard to **link webpages liability**, the Sinde Law was not conclusive, and there are two judgments in 2014 (**Quedelibros vs Ministry** and **Telecinco vs YouTube**) in that sense, but this matter has changed with Lassalle Law as stated in the judgment against **The Pirate Bay (Asociación de Gestión de Derechos Intelectuales (AGEDI) vs Neij Holdings LMT-The Pirate Bay)**.

With Sinde Law, hosting provider or link websites were not under provision of being affected by Second Section of IP Commission, as a result of several rulings (Quedelibros and Telecinco as examples).

But with Lassalle Law, all this situation changed, and now this link websites have the same trouble as other providers, as is stated in the ruling of AGEDI vs Neij Holdings Case. As we already wrote previously, this law has caused Google News to leave Spain and several host and link sites as Series.ly and The Pirate Bay to cease activity.

But Spanish Law on Intellectual Property, even the last Lassalle Law, continues with the idea of **not pursuing private individuals who use this websites for downloading contents infringing copyrights**, as stated in 2014 judgment of the case law **PROMUSICAE vs AEPD (Agencia Española de Protección de Datos- Spanish Data Protection Agency)**.

We are commenting all these four judgments or rulings.

1. QUEDELIBROS vs MINISTRY of Education, Culture and Sport, Kingdom of Spain.

The National Court significantly limited the scope of the so-called 'Sinde Law', that is to say, the process for removing content infringing intellectual property by means of administrative procedure and 'restore legality'. The judges concluded that the commission cannot act against a link web site acting as an intermediary, but only when acting together against "the person responsible of the information society service", i.e. against those who "make available to the public works protected, those that reproduce or copy, etc. ".

Thus, the Chamber of Administrative Litigation Court (First Section) resolves, for the first time, to challenge a decision of the so-called 'Commission Sinde' (Second Section of the Intellectual Property Commission), in this case against a link website to unauthorized downloads, the site 'Quedelibros'.



The judgment, dated July 22, 2014 and provided by BufetAlmeida Attorneys as legal representatives of the administrator of that book review website, declares the "nullity" of the proceedings of that 'Commission Sinde' against 'Quedelibros'.

Judges reason that the procedure for reporting and removal of content that provides the 'Law Sinde' cannot formally be directed against intermediaries, without prejudice that the commission can demand to the latter certain behaviors in order to ensure the effectiveness of measures finally to be adopted".

That is, no one can act against a web site that only provides links to downloads, but to act against these sites by means of this administrative way - designed to the restoration of legality and not in a punitive way itself-, remembers the judgment, it has to be acted against the same services that host and distribute works that infringe copyright.

The judgment abounds on the idea that **mediation is not violation**. "The intermediation service providers are not infringing the intellectual property rights, as they don't make available to the public protected works, reproductions or copies, etc ... ", said the judgment. It continues saying: "The conduct which infringes the law is that committed by individuals or legal entities that rule an information society service, although through making use in a greater or lesser extent of the correspondent intermediary services".

"Therefore," the judges stated, "we must conclude that the procedure referred to in art.158.4 of the Copyright Act and implemented by Royal Decree 1889 / 2011 of 30 December cannot be addressed exclusively against intermediaries, but there should also be involved a responsible of the information society service".

In the case of 'Quedelibros', as the proceedings have been directed exclusively against the aforementioned web site (which reviews books and provides links for free download), the procedure is declared null and void.

You can consult the full text of the judgment at:

<http://www.bufetalmeida.com/671/la-audiencia-nacional-declara-nulo-de-pleno-derecho-un-procedimiento-de-la-ley-sinde.html>

2. Telecinco vs YouTube

In the decision no. 11/2014 handed down on January 31st, the Audiencia Provincial Civil de Madrid has rejected Telecinco's appeal against the judgement of the Juzgado de lo Mercantil dated 20th September 2010.

The proceedings concerned a claim for copyright infringement raised by Telecinco as a consequence of the posting of some videos on the YouTube platforms youtube.es and youtube.com.

The Court of First Instance had found that YouTube bore no responsibility for the publication of copyrighted materials, since it acted as hosting provider having no control over the contents posted by users through the use of its services.



The appeal decision establishes itself in the wake of the judicial efforts of EU Member States' courts to determine upon which conditions ISPs should face the consequences of violations (including copyright infringements) committed by users.

The legislative framework in force in the EU, in fact, constituted by the Directive 2000/31/EC (E-Commerce Directive), contains provisions which are likely to appear dated and, to a certain degree, not consistent with the evolution of the technological scenario.

The Court of Justice of the European Union, in the leading case *Google v Louis Vuitton* (C-236/08 to C-238/08), has pointed out that the provisions governing ISPs liability must be construed in accordance with the ways operators actually perform their services. A crucial factor to determine whether the liability exemptions set forth in the Directive are enforceable, in the Luxembourg Court's view, is whether the ISP in question does act in a purely passive way, i.e. as an intermediary.

Moving to the case, the appeal brought by Telecinco against the decision of the Juzgado Mercantil was based on different grounds.

First of all, Telecinco alleged that YouTube did actually operate as a content provider with an editorial control over the website. Then, the point was not whether liability exemptions were applicable or not, since the argument of Telecinco assumed that YouTube bore a direct responsibility, acting as a content provider.

In a nutshell, the attempt of Telecinco was to demonstrate that YouTube fell outside the scope of the service providers and, accordingly, could not avail of the provisions of the E-Commerce Directive.

To support this claim, Telecinco referred to some circumstances that were supposed to reflect the exercise of an editorial control by YouTube. Among others, it was pointed out that (i.) YouTube had obtained from the relevant collecting societies the licenses concerning copyright and related rights over certain contents; (ii.) YouTube had established a content regulation through the implementation of a policy that must be accepted by users; (iii.) YouTube had provided particular "Terms and Conditions of Service"; (iv.) YouTube selected the most popular contents and provided a classification of the contents in different categories.

According to the Court of Appeals, none of these circumstances support the assumption that YouTube was operating as a content provider. The fact, for instance, that YouTube had obtained licenses for the use of certain contents or that contents were classified in different categories, does not imply that it is acting in a non-passive way, in the sense required by the Court of Justice to exclude the applicability of the liability exemptions.

The second point raised by Telecinco was that, even if YouTube acted as a service provider, the liability exemption for hosting providers -entrusted to Article 16 of the Law 34/2002 (implementing the E-Commerce Directive)- was inapplicable. In the appellant's view, even were Telecinco qualified as service provider, it would have nevertheless had actual



knowledge of the existence of unlawful activities. Thus, Telecinco could not benefit of the liability exemption.

In this regard, the Court expressly quotes the reasoning of the Tribunal Supremo in a ruling of 2009 regarding the construction of the requirement of “actual knowledge”. In the view of the Spanish Supreme Court, the actual knowledge must be established not only “when a competent authority has declared the unlawful nature of the contents, ordered the removal or the blocking of the same and the provider has been noticed of such decision”. In fact, even the knowledge of the unlawful activities that a provider obtains indirectly or otherwise, regardless of the specific ways, is relevant.

In the case at stake, the Court points out that a notice was given by Telecinco to YouTube that copyrighted contents had been unlawfully uploaded on the website and that Telecinco’s mark was featured on the images of the concerned videos. Making reference to the judgment of the Court of Justice in the case L’Oréal (C-324/09), the Court of Appeals has clarified that the sole communication that a right-holder provides to the owner of a website noting the existence of violation may not suffice to establish the “actual knowledge” requirement. For instance, the notice could be not specific enough in defining the contents that amount to copyright infringements.

In the case at stake, the Court has found that nothing in the notices given to YouTube permitted to identify which contents were infringing Telecinco’s rights. Then, YouTube had no actual knowledge of the parts of the website that must be subject to removal or blocking as result of a copyright violation.

The third and last argument advanced by Telecinco claims for the imposition over YouTube of a system aimed at blocking the access to its services to the users involved in copyright infringements.

As regards this point, the Court of Appeals has referred to some decisions of the Court of Justice (Sabam, C-360/10 and Scarlet C-70/10, in particular) to conclude that such a system would (i.) undermine the protection of other fundamental rights enshrined in the Charter of Fundamental Rights of the European Union, and (ii.) be in contrast with the absence of a general obligation of control over ISPs.

In fact, any order directed to ISPs for the removal of unlawful contents in breach of copyright is not per se prohibited in the EU relevant law, but must respect the conditions set forth under the Directive 2001/29/EC and 2004/48/EC, further to the E-Commerce Directive.

Then, the Court has rejected the appeal and confirmed the decision of the Juzgado Mercantil.

3. CLOSURE OF THE PIRATE BAY: Asociación de Gestión de Derechos Intelectuales (AGEDI) vs Neij Holdings LMT (The Pirate Bay)



The Central Administrative Court No. 5 of Madrid issued a legal order authorizing the Second Section to block access to Neij HOLDINGS LTD, entity which includes service providers sites such as thepiratebay.se, thepiratebay.org, and thepiratebay.com thepiratebay.net.

The move is motivated by a complaint from AGEDI by location on The Pirate Bay website (hereinafter TPB) of torrent files relating to 13 records of their constituents (José Luis Perales, Bebe, Alejandro Sanz, Andy y Lucas, Miguel Bosé, Sole Gimenez, Macaco, El Arrebato, Loquillo, Café Quijano, Pablo Alborán, Eros Ramazzotti e India Martínez).

The Second Section considered that offering the torrent files involves infringement of intellectual property, something debatable, and ordered TPB to withdraw all works from their website.

The Central Court of Administrative Disputes, at the request of blocking access to the site contents from Spain, limits its judgment to considering whether the measure affects or not the rights stated on Article 20 EC (freedom of information) and as recalled in the own judgment:

"Analysis or examination which is basically limited to determine whether the measure agreed by the Second Section of the Commission, may affect the rights to freely express and disseminate thoughts, ideas and opinions through words, writing or any other means of reproduction. To literary, artistic, scientific and technical production and creation. To academic freedom. To freely communicate or receive truthful information by any dissemination media".

And it is stated that:

"The technical issues related to how make effective the measures agreed by that Intellectual Property Commission exceeds the scope of this procedure."

That is, it is the Second Section that decides how the lock is done. But we cannot agree that the court could not assess the specific technical measures, since it is necessary to know the extent the way of blocking the website to determinate the allocation of the right to ponder.

But the court has avoided the technical problem, decision which practically leaves hands free to the Second Section. In fact, operators asked for concretion about what urls to block (understanding that the question concerns total blockade) as well as the duration of the measure, but the High Court refers to all this at the disposals of the Second Section:

" to grant the requested authorization, with no explicit indication to the the various stakeholders questions about specifying the URLs, the duration of the measure or the lack of means to conduct the cooperation required by the administration. "

For the contents of the judgment it appears that the way of blocking raised by the Second Section is DNS blocking:



"Proportionate when suspension of service in the form of blocking domain names corresponding to be the only demand that such operators of Internet access services."

It is important to point out that despite having been notified (even with a notice on the Spanish Embassy in Sweden), the company responsible Neij Holdings LTD has done no allegations.

In the Second Section writing itself, they recognize the objective pursued by this procedure is broader than the mere withdrawal of 13 .torrent files in TPB sites:

"Measures intended to prevent or at least, difficult access to unauthorized protected works, and seriously discourage Internet users who use the services of operators of Internet access to think if they are worthy those benefits available to them in violation of intellectual property. "

As shown, there is a deterrent effect over users to use these services , that is, not only do inaccessible the songs which give place to the procedure, but also send certain message.

The administrative procedure was resolved in September 2014 and it was not until March 2015 when permission was obtained to implement the measure, so the speed that was intended when Sinde Law was passed is questioned: they waited until Lassalle Law was approved.

But this judgment does not prevent individuals to continue sharing torrent files, because in this case the communication is between users, only makes sure that torrent cannot be searched through the blocked website. This same procedure is hoped to be repeated with other services, although they are mere torrent file hosters, once the extent and manner of carrying it out are proven.

4. PROMUSICAE vs AEDP

We have seen that the most popular method in combating infringements of intellectual property over the Internet is blocking websites.

However, the Supreme Court issued a ruling in a case in which Promusicae, patron of music producers, intended to collect data from users of networks peer to peer (P2P) , such as eMule, BitTorrent or Ares in order to pursue further action against them by the exchange of phonograms and music videos. The intent of Promusicae was to hire the foreign company DtecNet, which would be responsible for obtaining the user data such as your IP address, names user, date and time at which performed the acts of making available and titles containing your shared files folder. All this without seeking consent from users for the processing of personal data, for which Promusicae claimed the Spanish Data Protection Agency (AEPD) the granting of the exemption provided for in paragraph 5 of Article 5 of the Organic Law Protection of Personal Data, manifested by inability to perform the duty to provide information about treatment.

The Third Chamber of the Supreme Court, 6th Section, in its judgment of October 10, 2014, has ruled on this issue that has generated controversy in recent times as referring to the



legal treatment to be given to the IP address of an internet user, for the purposes of the Spanish Organic Law on Data Protection (LOPD).

The Director of the AEPD, first, and the High Court subsequently denied that request considering that the IP address is a personal datum and so that, pursuant to art. 5 LOPD, PROMUSICAE has a duty to report the eventual processing of personal data consisting of IP addresses.

The High Court, ruling on the appeal of Promusicae, made a series of statements, among which the following are included:

1. The IP addresses fall within the legal concept of personal data of art. 3.1 LOPD and 5 f) of its Regulations, and also of art. 2) of Directive 95/46 / EC, as they contain information concerning natural persons " identified or identifiable".

The Supreme Court considers that there is no doubt that, using the IP address, anyone can directly or indirectly identify the identity of the interested party, as Internet access providers must record the names, telephone and other data identifying those users who have been assigned particular IP addresses, so that legal assumptions are met for considering the numbers that form an IP are a personal datum.

2. Thus, It is not applicable to this case the exemption from reporting referred to in art. 5.5 of Data Protection Act.

Art. 5 LOPD states, regarding processing of personal data, the duty to give prior notice to the holders of the data, and if personal data have not been obtained from the interested party, as in this case, part 4 of Art. 5 LOPD imposes to the database responsible the duty to inform the interested party within three months following the registration of the data, although the art. 5.5 LOPD exempted from that duty in certain information assumptions:

- a) When the law expressly provides.
- b) When the treatment has historical, statistical or scientific purposes.
- c) If the information proves to be impossible or would involve disproportionate effort in the view of the Data Protection Agency, considering the number of subjects, the age of the data and the possible compensatory measures.

PROMUSICAE requested exemption claiming it was impossible to comply with the reporting obligations in this course, but the AEPD, the High Court and now the Supreme Court dismiss such request because the Management Association has failed to demonstrate the said impossibility, essential for such an exception to be estimated, given the exceptional circumstances.

3. Consent of P2P programs users to the processing of data cannot be presumed, pursuant to art. 6 of Data Protection Act.



Promusicae claims that concurs the tacit consent of the parties concerned, as these decide freely and voluntarily make available to the public the information they consider relevant, including its IP address.

While it is true that consent does not need to be expressly stated, it must be unequivocal and, in this case, it cannot be assumed that the user which connects to a program of this nature to download a music album or movie is giving your consent for his IP to be visible to other users, even if it is aware that such information may be known.

Thus, the Supreme concludes that *"it cannot be equated the knowledge by the owner of that IP address that it is visible on P2P networks, with their consent for automated processing along with other data of their traffic"*.

4. The arts. 138.3, 139.1 h) and 141.6 of the Intellectual Property Law do not dispense the consent of the person concerned in the processing of personal data.

The collecting society estimates that it has to be understood the consent of the treatment of data in the aforementioned articles of the IPL, in which it is expected that the owner of the intellectual property rights may request the termination and the precautionary measure of suspension to be dispensed to services provided by intermediaries to third parties which use them to infringe intellectual property rights, and that such cessation and injunction may also be obtained, when appropriate, against intermediaries whose services are used by a third party to infringe intellectual property rights recognized in the LIP, although the acts of these intermediaries do not in themselves constitute a violation.

However, the Supreme Court rejected this claim on the grounds that those provisions do not contain any express reference to authorization or waiver of the consent of the subjects for the processing of their data.

Therefore, after analyzing the resolution in general terms, the Supreme Court has chosen to apply LOPD over a request for a management entity that aims to punish users who infringe intellectual property, but it intends to do so regardless of their legally recognized rights.

Information sources:

1. Pablo Romero, El Mundo, *"La Audiencia concluye que los sitios de enlaces, como intermediarios, no vulneran la propiedad intelectual"*

<http://www.elmundo.es/tecnologia/2014/08/01/53db6548e2704eb6078b457b.html>. (August 1, 2014).

2.- Marco Bassini, www.medialaws.eu, *"News on ISPs liability from Spain: YouTube not responsible for infringements of copyrighted materials. The second chapter of Telecinco v YouTube"*. (February 2, 2014).

3.- David Maeztu, <http://derechoynormas.blogspot.com.es>, *"Algunos aspectos sobre el cierre de The Pirate Bay"*. (March 28, 2015).



4.- María Sosa Quesada, <http://institutoautor.org>, "*Sentencia del TS en el caso Promusicae vs. AEPD*". (November 5, 2014).

5.- Ignacio Navarro Bertola, New Technologies SEPIN. www.blog.sepin.es, "*The IP address of a user's personal data*". (October 29, 2014).



QUESTION 4 - TYPES OF BARRIERS

What type of legal barriers do citizens/users typically face, when accessing digital cultural contents in your country?

The response to this question is a logical consequence of the previous ones:

1. In Spain, **there are not legal barriers to private users** accessing digital cultural contents in websites, with authorized or unauthorized copyright contents, even in P2P or link web-pages, and private copy charges are no more directed to users, but paid indirectly (Digital Canon) by means of the General State Budget (all Spanish people, users and not users of cultural contents, pay them, although this situation is being revised currently by the Supreme Court).

2. As a reinforcement to the previous point, **it's clearly excluded in the new law the possibility of punishing search engines for listing any kind of websites**, so anybody can freely use these search engines for pirate websites. This means that although Spanish pirate websites are being closed with the new law, you can find another one from other countries in the search engines.

3. But we cannot say the same with regard to companies and websites. Since both the last Lassalle Law and the Penal Code Reform are on duty, **copyright has become a barrier to free establishing of digital cultural websites**, as administrators and people responsible of P2P, hyperlink or news aggregators sites, and so on, even any stakeholder *obtaining a direct or indirect financial benefit* in the use of the sites, are possible objectives of persecution when "unauthorized" works are somewhat accessible through these sites, via an administrative procedure led by Second Section Intellectual Property Commission.

4. The new intellectual property law also requires **universities to pay the Spanish Center for Reprographic Rights (CEDRO), which represents authors, for the use of manuals and textbooks on online learning platforms**. This clearly represents a new barrier (legal and economic) to free online education.

And the big problem is that the legislation states, both for online news aggregation services and educational online institutions, that **taxes from right holders are inalienable, meaning that authors cannot waive their fee, and collection societies will charge them in an automatic way**.

What types of technical barriers do citizens/users typically face, when accessing digital cultural contents in your country?

There are not many technical barriers in Spain for digital access, as in these recent years telecom industry and operators have developed a good infrastructure, based on optic fiber technology, but still we have some black points to point out:



Areas with bad internet coverage

We yet have in Spain many geographical areas not under telecom operators' coverage: it is usual to lose telephone conversations when traveling on train through mountainous (Asturias) or uninhabited rural areas (Castilla y León).

Even areas with a great touristic attraction, like Alicante's Costa Blanca, have big trouble, especially in summer when population doubles or triples, with telephone (needless to say data internet 3G) coverage.

This is what **Digital Agenda for Spain, February 2013**, states about this matter:

The Digital Agenda for Spain is structured around six major goals:

- 1. Foster the deployment of networks and services to guarantee digital connectivity.*
- 2. Develop digital economy for the growth, competitiveness and internationalisation of Spanish companies.*
- 3. Improve e-Administration and adopt digital solutions for efficient provision of public services.*
- 4. Reinforce confidence in the digital environment.*
- 5. Boost R+D+i system in Information and Communications Technologies.*
- 6. Promote digital inclusion and literacy and the training of new ICT professionals.*

As for the first goal, the existence of ultra-fast broadband networks is necessary to develop new services and to transfer the benefits generated by digital technologies to the Spanish society as a whole. Therefore, the Digital Agenda for Spain endorses the goals related to coverage and adoption of broadband services outlined by the European Union in the Digital Agenda for Europe: signing up for speeds of over 30 Mbps for 100% of the citizens, and over 100Mbps in at least 50% of households in 2020.

To encourage the deployment of these networks the Digital Agenda for Spain proposes measures for removing barriers to deployment, promoting the deployment of ultra-fast broadband networks, optimizing the use of the radio spectrum and improving the experience of broadband users.

*When deploying infrastructures and telecommunications networks, operators in Spain are occasionally faced with inconsistent **regulations adopted by multiple public Administration bodies, with unjustified barriers and unnecessary complexities which slow down the extension of these networks. Passing a new General Telecommunications Act and simplifying rules and procedure management will be the key to boost the deployment of new networks.***



These measures are accompanied by the development of a national strategy of ultra-fast networks to boost its implementation in Spain.

It is also essential to get an efficient use of the radio spectrum in order to encourage the deployment of new networks and technologies and to increase the value of the services provided. To this end, the main measures proposed focus on promoting a more dynamic and flexible use of the spectrum and on reviewing its current use as well as on assessing future needs for optimal allocation.

ISP with small net bandwidth

If you live in a rural area in Spain, it's highly possible that your only option will be the leader ISP Movistar's rural ADSL. It costs as much as regular ADSL but only offers a fraction of the speed. If you depend on the internet for your work, you are bound to avoid living in such areas. The other companies are not interested in offering service in these areas, so chances are these areas are not good for the time being.

This is what the report *Quality of Broadband Services in the EU October 2014, By the European Commission, Directorate-General of Communications Networks, Content & Technology* states about bandwidth in Spain:

*To illustrate, Malta, Spain and Portugal were all found to have noticeably higher than average **latency**. Although one may initially suspect this to be related to an upward bias, looking at the results in comparison with the number and location of servers, it is apparent that Spain has high latency despite measurement servers located within the country (Madrid).*

*FTTx and xDSL technologies both show slightly lower averages since October 2013, in contrast to cable technology which displays a slightly higher average packet loss. This is due to a number of countries exhibiting **higher packet loss**. Examples include Portugal, Poland and Spain. Differences in packet loss between each country are negligible in real world terms.*

***Webpage loading time** is between 1 and 3 seconds for most countries using xDSL technology with Ireland as the sole exception (as was the case during the previous testing period), exhibiting a loading time of 3.58 seconds. Loading times are consistently below 1 second for countries making use of Cable and FTTx technologies. Some exceptions include Lithuania and Slovenia for FTTx technology as well as **Spain and Malta for cable technology**.*

DRM technology barriers (not restricted to Spain)

We copy hereinafter this article concerning DRM barrier: Jason Puckett, Georgia State University, *"Digital rights management as information access barrier"*, University Library Faculty Publications, because it explains this matter, which is not only Spanish or European, but world-wide

Digital rights management (DRM) technology creates intentional and artificial information usage barriers. In doing so, it compromises libraries' mission of providing free access to



information – “free” in the sense that users can make their own determination about how to use that information appropriately and ethically. By providing and supporting information that incorporates DRM, we choose to privilege a system that allows the publisher or vendor to intervene in the reader’s freedom of information use.

DRM and search tools

Many library users find online research tools difficult enough to use under ideal circumstances. **DRM measures implemented by vendors of research databases often make the situation worse.** Libraries often provide users with information discovery tools that cripple or disable standard behaviors of their computers. Some forms of DRM, particularly for text resources such as licensed e-resources, use a range of restrictions that make common uses like copying, pasting, printing and saving intentionally difficult to use (Eschenfelder 206). For example, e-book vendors may discourage printing too much text at once by forcing users to access the material in small chunks, or disable standard context menus to prevent use of the clipboard copy feature (Eschenfelder 209, 213).

License restrictions like these provide barriers to our users on a regular basis. Adding to this mix DRM that purposefully disables the behavior of standard functions confuses and discourages information seekers still further.

One-source devices

A recent trend in personal media players is the “one-source” device model. A device that uses electronic content like books or music is often designed to work (either solely or most easily) with content created by a given vendor, usually the device’s manufacturer. These devices can lock the customer (individual or library) into a near-monopoly relationship with that vendor. The first problem is simply that it is difficult or impossible to purchase content from other sources. The second is that once the customer has invested a collection of media for the device she cannot change to a different hardware platform without losing access to that collection. DRM usually renders media content unusable on other devices: imagine if audio CDs would only play on one brand of CD player, and libraries could not buy another brand of player without losing the use of all their collected CDs. “[T]o the extent that it imposes restrictions on the access, portability, and use of legally bought digital products, DRM may also reduce the value of such products for consumers....[T]he most limiting restriction for consumers [is] the requirement of limiting songs to only one device and that this lowered utility for all consumers” (Sinha, Machado and Sellman 42).

This model is potentially dangerous to freedom of information because it allows the vendor to act as gatekeeper for information with little accountability. Users have little or no recourse when the vendor chooses to block or disable a given use of the device.

For example, the Apple iPhone has only one source for available software, an online repository called the App Store. Users can only install programs (free or commercial) that Apple has approved for inclusion in the App store. In 2009, a programmer named James Montgomerie created an iPhone program called Eucalyptus to access the free Project



Gutenberg archive of public domain books. Apple rejected Eucalyptus because it permitted viewing of what it considered inappropriate content: the Gutenberg text edition of the Kama Sutra (von Lohmann). Note that Eucalyptus contained no e-text content of its own; it simply provided access to an online collection of e-books. This is the equivalent of denying permission to install a web browser because it could potentially be used to view sites that your computer's manufacturer finds inappropriate.

Obsolescence and Preservation

Libraries and archives that deal with electronic formats have long been concerned about the problem of format obsolescence, information that becomes inaccessible because it cannot be read by modern hardware.

DRM harms long-term prospects for preservation of digital information by making content difficult, impossible or illegal to copy or convert. It is "rarely designed to allow for 'fair dealing' and legitimate library uses and often impair[s] successful preservation in the long term by preventing any copying or software updates....Preservation necessarily involves making copies of content, if only as a backup or to mitigate against wear and tear, and perhaps migrating them from one medium to another ('format shifting')" (Gibby and Green 67).

Because DRM is typically tied to one specific vendor, access to data encumbered with DRM is often limited by the lifespan or business decisions of that vendor. When a digital media company goes out of business or decides to discontinue or change its DRM practices its customers may suffer loss of access to their digital files.

This can happen even when the provider ceases to use DRM and moves to an unencumbered format. In 2008, Walmart discontinued selling DRM-encrypted music files and began selling DRM-free content. When the company shut down its DRM authentication servers, it emailed all customers who had purchased music in the previous format informing them that it would no longer support access to those files. Customers were advised to rip their files to CD before the DRM's expiration date to avoid losing their music entirely (Doctorow, "Wal-Mart").

Information sources:

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2. SamKnows Limited, *Quality of Broadband Services in the EU October 2014*, By the European Commission, Directorate-General of Communications Networks, Content & Technology.
3. *Digital Agenda for Spain*, Ministry of Industry, Energy and Tourism and Ministry of Finance and Public Administration. February 2013. <http://www.agendadigital.gob.es/digital-agenda/Documents/digital-agenda-for-spain.pdf>



Are there any other types of barriers, such as informal or cultural "unspoken rules", which in some way affect the access to digital cultural contents in your country?

We don't find any unspoken rules affecting access to digital cultural contents in Spain. Rather the contrary, we think that popularity is on the side of explore and use any way of obtaining free digital cultural contents on the web, despite their origin or their copyright status.

We extract here the contents of a news article that remarks our point of view: El País article "*88% of cultural content consumed online in Spain illegal, says industry*", by Tomasso Koch and Fernando Navarro, (http://elpais.com/elpais/2015/03/10/inenglish/1425997747_249854.html), about the 2014 report on internet piracy in Spain from the Observatory on piracy and digital content consumption habits:

The Observatorio de la piratería y hábitos de consumo de contenidos digitales 2014 (or, Observatory on piracy and digital content consumption habits 2014) report, carried out by consultancy GfK and presented by sector pressure group Creators Coalition, shows piracy reached record levels in 2014, rising nearly four percentage points from last year's 84 percent, and highlights how in the last 12 months consumers of illegal content have risen from 51 percent to 58 percent of all Spanish internet users.

"The levels of piracy in Spain are overwhelming," said Creators Coalition director Carlota Navarrete. "That's why we are asking for illegal sites to be blocked to the same extent as they are in France, Italy, Germany... that they see cultural consumption as a way to economic growth and a boost for Gross Domestic Product."

The Observatorio asked internet users themselves to explain why they pirated content. The most common response was "I don't pay for content if I can access it for free" (61 percent), followed by "I pay for my internet connection." In third place came one of the most frequent criticisms of the industry and legal content: "The film isn't showing anymore and there wasn't a way to buy it."

The report also pointed the finger at the advertising that features on the majority of illegal download sites – another of the things the LIP is seeking to punish. However, the law has clearly excluded the possibility of punishing search engines for listing pirate websites, despite the fact that the study shows that more than seven in 10 internet users use this route to find the illegal content they are looking for.



QUESTION 5 - TRENDS AND FUTURE DEVELOPMENTS

What are the trends in your country in terms of future policy directions as regard to the access to digital cultural contents? Do you see any disadvantage or, conversely, any positive aspect in the current development?

There is a lot of controversy in Spain about local IP Laws and access to digital cultural contents, and this has turned a matter of politic discussion.

Last Law 21/2014 (Lassalle Law) has only been approved with the votes of the ruling Popular Party, a conservative party which is currently governing with absolute majority. This has led the IP Law to become a political weapon for the left-wing parties, as they know most of the population, and especially young people, are against this law. The reasons for this opposition are the following popular feelings:

1.- The new law limits free access to free digital cultural contents, with actions against link websites and excessive power to Second Section Intellectual Property Commission, although right holders and collecting societies are complaining this commission is not acting efficiently, but with a lot of delay (this may be true, and it is due to the unpopularity of their procedures, which rest votes to PP).

2.- The new canon for private copies (digital canon) is paid by everybody in the General State Budget. As digital canon is Sinde Law was out of economic control, reaching 115 million euros, and provoking a sort of general corruption in collecting societies as SGAE, with former president being convicted of misappropriation and fraud, the new solution is not the best one: the amount has been reduced to 5 million euros, but everybody pays it, even people who doesn't use cultural content. This issue keeps unresolved.

3.- Why is stated in the new Law that taxes from right holders are inalienable, meaning that authors cannot waive their fee, and collection societies will charge them in an automatic way? If the intellectual property right is a property of the author and their heirs, it is not reasonable they cannot dispose of it as they like, for example making it free for education purposes.

There are elections in December 20, 2015, and whatever the results may be, it is expected that there will not be another political absolute majority, and this situation will probably lead to a change in several laws, and one of this changes will be nearly for sure the IP Law.

We think the new IP "Lassalle Law" has the **disadvantage of trying to protect in excess collecting societies**, on the one hand through a very strict definition of private copy, and on the other hand through the inalienable character of copyright for holders.

Another **disadvantage of this law is the excessive power given to the Second Section IP Commission**, which can act with only an email communication from the applicant to the alleged 'infringer', who even if does not answer, it is understood he's been notified.



These two aspects lead to a **slow and delayed use of the law by the authorities, as if they are embarrassed of using all this power**, which means that the law is bound to change in the near future, as it doesn't satisfy anyone: copyright holders/collection societies (by the way the law is not being used) and users/websites (by the way the law excessively strengthens administrative governmental procedures).

Talking about **advantages of the new law in the aim of free digital access**, we point out the defense of individual users and search engines, both not being under any kind of legal surveillance regarding this law. This aims to the objective of "not stem the tide" of internet use, and focus on what it can be done at a local level, but not at a world-wide level, which is not affordable by a single country or group of countries, i.e. Europe Union.



PART II

CASE STUDY I: RESALE OF E-BOOKS AND EXHAUSTION OF COPYRIGHT

Question 1: Are the contractual terms of RESELLER lawful, according to your national legislation?

The Spanish Supreme Court has resolved cases raised by phonogram producers on the issue, but have not yet resolved any cases concerning applications or downloads online, which by the way have already been addressed by the Court of Justice of the European Union ("ECJ") in its judgment of 3 July 2012 in the case *UsedSoft v. Oracle*, Case C-128/11 (hereinafter "UsedSoft Judgment").

No, in our opinion the contractual terms of RESELLER are not lawful according to Spanish Law.

Spanish Law on Intellectual Property (LIP) rules the exhaustion of copyright in intangible art works copies, which is the matter of study in this case.

LIP defines authors' exclusive rights as a catalog of economic rights on art works (arts. 2, 17, 18, 19, 20 and 21), which also limits with a limited group of exceptions (arts. 31 to 39), defining in a restrictive way the cases in which protected works can be freely and legitimately used, beyond the compensations owed in cases such as private copy or public lending of certain institutions.

In this framework, the current copyright exhaustion is limited to the economic exploitation right, and more precisely, to the distribution right, according to art. 19.2 LIP: "*When the distribution is made by sale or other transfer of ownership, in the area of the European Union, by the right-holder or with his consent, this right is exhausted with the first, but only for property sales and successive transmissions carried out in this territory*".

We can find the definitions of reproduction and distribution in LIP:

Art. 18: Reproduction means direct or indirect, temporary or permanent, fixing, by any means and in any form, of the whole work or part of it, allowing its communication or obtaining copies.

Art. 19.1: Distribution means the making available to the public of the original or copies of the work, in a tangible form, by sale, rental, lending or otherwise.

According to these definitions, e-book is a reproduction, not a distribution. The general exhaustion principle is not usually being applied to downloads or access on line, as these are associated commonly to the public communication (reproduction) right, rather to distribution right. This is the important matter under discussion here: a downloaded e-book, as intangible copy, is under public communication right and not under distribution right.



In this sense, art. 99 LIP states to regulate the exhaustion of copyright specifically on computer programs: *"The first sale in the European Union of a copy of a program made by the right-holder or with his consent, exhausts the right of distribution of that copy, except the right to control further rental of the program or a copy thereof"*.

The doctrine generally considered that this provision, as adopting the terms "sale" and "copy", refers to the right to distribute programs in material or tangible support, but excludes its application to download copies of copyrighted works which are thus protected by the right of public communication.

In Spain, art. 43.2 LIP declares that the transmission of legal copyright is limited to five years, if not stated specifically in the corresponding contract other temporal horizon.

In turn, art. 99 of the LIP presumes, unless proved otherwise, that the assignment of the right to use computer programs *"is not exclusive and non transferable"* and also recognizes *"the right to control further rental of the program or a copy thereof"*.

Finally, it should be noted that Law 21/2014 "Lassalle Law" provides that those acts of use or reproduction (whose distribution does not require the author's authorization) of private copies *"without directly or indirectly commercial purposes"* or which have *"informational, public opinion creation or entertainment purposes"* or *"for teaching and scientific research purposes"*, according to regulations in the new art. 31 paragraph 2 and art. 32 paragraphs 2, 3 and 4, exhaust the copyright.

In essence, an e-book resale is illegal because they are downloads or online access, subject to public communication right and not to distribution right, and although they are private copies not requiring author's authorization, they are copies meant to be sold with direct commercial purposes (Art. 31.2), and even if equating intangible to tangible works, thus being subject of distribution right, the transmission of legal copyright is limited to five years (Art. 43.2), and concerning computer programs (similar to e-books), first sale exhausts the right of distribution of that copy, except the right to control further rental of the program or a copy thereof (Art. 99).

Question 2: Is the exhaustion of IPRs applicable to e-books?

It depends. As an e-book is a download, and thus we think it is an intangible copy of an art work, they are protected by the public communication right, and then subject to private copy definition. This means that if they are downloaded *"without directly or indirectly commercial purposes"* or which have *"informational, public opinion creation or entertainment purposes"* or *"for teaching and scientific research purposes"*, according to regulations in the new art. 31 paragraph 2 and art. 32 paragraphs 2, 3 and 4, exhaustion applies.

But in our case, there is a commercial purpose on the resale, so exhaustion does not apply.

Question 3: If RESELLER employed a technological measure of protection that prevents the uploading of pirated copies, could it continue its business?



There is no way RESELLER could make this business in Spain, as **it is illegal because of its commercial purposes**, which means the e-book to resale is not a private copy and then it is subject to author's approval or copyright. Only paying to the author his/her copyright could continue its business.



CASE STUDY II: OPEN ACCESS TO SCIENTIFIC KNOWLEDGE

Question 1: Could CLOSED PUBLISHING object to the making available of the articles on the website?

It is likely CLOSED PUBLISHING and Prof. SMITH signed a contract of copyright cession, being CLOSED PUBLISHING Prof. SMITH's editor. Mr. Smith's works previously published before the end of this editor's contract are subject to this agreement, and there must be a clause stating the time limit of this cession. If there is no such clause, then the general rule of art. 43.2 LIP applies, which states that the transmission of legal copyright is limited to five years.

Then, we think CLOSED PUBLISHING can object to the making available of the articles already published in their media in the time period defined by the time clause of the copyright cession contract, otherwise 5 years back if there is no such clause.

If there is no copyright cession contract, CLOSED PUBLISHING cannot object anything.

Question 2: If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have been possible under the limitations and exceptions rules to copyright?

There is no difference in Spanish LIP between documents for educational purposes and those for other kind of purposes, when documents are considered as a whole. It's different when we are talking about quotes or reviews of parts of a work; in this case there is no need of the author's authorization (art. 32.3), but as we are talking about the complete works disposal, art. 32.3 does not apply, so there is no difference.

Students downloading a work or article for educational purposes is private copying, in Spain subject to fair economic compensation, inalienable to authors, and payable through collecting societies. In this way, if the works are under the time period covered by the CLOSED PUBLISHING contract, this company should be the beneficiary of the copyright canon, paid by the AEDE (editors) collecting society.

If the work downloaded is already under the Open Access License time period, then the reproduction is legally authorized, and thus it is not a private copy, but a legal copy, and not subject to copyright canon.

Question 3: Prof. JOHNSON downloads Prof. SMITH latest paper, makes small modifications and publishes it in an online blog without mentioning the conditions of the OA license. Can Prof. SMITH object to the modification of this article and to the making available of it in the blog?

First of all, we deal with the right to introduce modifications in the original work. This Open Access license doesn't state anything regarding modifications of the work, in opposition to other Creative Common Licenses that include this aspect. This means to us that modifications are allowed in this sort of OA license.



But all open access licenses must credit the original author. As Prof. JOHNSON is not complying this mandate in this case, Prof. SMITH has all the right to object this publication, not for the modification, but for making it available in the blog.

Moreover, if the blog is earning money by any means, the publication of Prof. SMITH's work must be understood as having commercial purposes, and this is another point of legal complaint by Prof. SMITH, because clearly breaches the OA License, which states the non-commercial purposes.



WP5: ECONOMIC RIGHTS

QUESTIONNAIRE'S ANSWERS

United Kindgom

Deliverable D5.5 “The Barriers that citizens face regarding their intellectual property rights”

UNITN Unit

Paolo Guarda¹

Version 1.0: 25 January 2016

¹ Facoltà di Giurisprudenza – Università degli Studi di Trento (paolo.guarda@unitn.it)



Part I*

Question 1 – General framework

- ✓ What is the legal framework of reference on copyright in your country?
- ✓ What are the rules and / or legal arrangements that can come into play with regard to the access to digital cultural content in your country (i.e. ISP liability, Privacy and protection of personal data)?

1.1 Legal Framework of reference on copyright

1.1.1 General framework

In most of the European countries the origins of copyright law dates back to the efforts of the government to regulate and control the output of printers after the technological innovation of the movable printing¹. The latter made it possible to have as many copies of a work as there were persons who wanted and could afford to by them. Then, all over Europe, governments established controls over printing, by requiring printers to have official licences (privileges) to be in business and produce books. These licenses provided the printer to have exclusive right to print particular works for a fixed period of years, enabling him to prevent others doing so during that period. In England, the printers (termed “stationers”) formed a collective organization, known as the “Stationers’ Company”, which in the 16th century was given the power to legally require the entry in its register of all lawfully printed books.

Historically, the first act with reference to copyright was the “Statute of Anne” of 1709, which created a single regime for application in both England and Scotland. The Act marked an important shift of emphasis in the law, because it gave the “sole right and liberty of printing books”, not to printers, but to the authors of the books².

* The author wants to thank Dr. Rossana Ducato, Prof. Ben Farrand, Dr. Valentina Moscon, Dr. Elisabetta Pulice and Prof. Andrea Rossato, for reviewing the draft of this national report and their valuable comments.

¹ For further analysis on the history of copyright, see, among others, U. Izzo, *Alle origini del copyright e del diritto d'autore. Tecnologia, interessi e cambiamento giuridico* [The Origins of Copyright and Droit d'Auteur. Technology, Interests and Legal Change], Roma, Carocci 2010.

² It is worth to mark the first time that copyright was time limited in the UK, as before it existed perpetually.

In recent time, the UK implemented the Berne Convention in the Copyright Act in 1911, which came into force on 1 July 1912³. The Act amended/abrogated all the particular copyrights, which had grown up over the previous century and replaced them with a much more general approach. New technological innovation underlay the 1911 Act's replacement with the Copyright Act 1956, which came into force on 1 June 1957, and extended protection to films and broadcasts.

The *Copyright, Designs and Patents Act 1988* (CDPA 1988), which came into force on 1 August 1989, was also a response to technological development. New ways of creating and disseminating works – i.e. computer programs, software, cable, etc. – were recognized. The Act continued to apply the concept of copyright generally to both author and media works, but it also moved towards the Continental European model by recognizing moral rights for authors in literary, dramatic, musical, and artistic works and films⁴.

Further international developments are due to the TRIPS Agreement of 1994 containing a number of provisions on copyright, compliance with which is required of states wishing to be member of the World Trade Organization (WTO). TRIPS made explicit what had previously been an underlying principle of copyright law: it protects expression rather than ideas (TRIPS, art. 9(2)). The agreement also established that member states must “confine” limitations or exceptions to copyright to “certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder” (TRIPS, art. 13 “Three-step test”). In 1996 two further treaties supplementing the Berne Convention were agreed at the World Intellectual Property Organisation (WIPO).

At the European level, in the 1980s the European Union (EU) began to become more interested in copyright as an element in the creation of a single market. In 1991 there began a programme of Directives on copyright, aimed at harmonizing the national laws of the member states in certain key areas (computer programs and databases) and to reduce the potential for differences to cause unjustified obstacles to the free movement of goods and services: Directive 91/250/EEC on

³ With reference to the UK Copyright laws, see, among others, L. Bently, B. Sherman, *Intellectual Property Law*, IV ed., OUP Oxford, 2014; A. Bertoni, M.L. Montagnani, *La modernizzazione del diritto d'autore e il ruolo degli intermediari Internet quali propulsori delle attività creative in Rete*, in *Dir. informatica*, 2015, 111-149; S. Stokes, *Digital Copyright*, IV ed., Hart Publishing, 2014; T. Takenaka (ed.), *Intellectual Property in Common Law and Civil Law*, Cheltenham, UK – Northampton, MA, USA, Edward Elgar, 2013; C. Waelde, G. Laurie, A. Brown, S. Kheria, J. Cornwell, *Contemporary Intellectual Property. Law and Policy*, Oxford University Press, 2014; M.M. Walter, S. von Lewinski (eds), *European Copyright Law. A Commentary*, Oxford University Press, 2010; I.J. Loyd, *<information technology law>*, I ed., Oxford University Press, 2009, 283-288, 347-390.

⁴ The UK position towards moral rights is still somewhat closer to the US than continental Europe. Moral rights, indeed, can be waived in the UK, whereas they cannot in most continental countries.

the legal protection of computer programs, repealed and replaced by Directive 2009/24/EC; Directive 96/9/EC on the legal protection of databases; Directive 92/100/EEC on rental right and lending right, repealed and replaced by Directive 2006/115/EEC; Directive 93/83/EEC on satellite broadcasting and cable retransmission; Directive 93/98/EEC harmonizing the term of protection, repealed and replaced by Directive 2006/116/EC, which has recently been amended by Directive 2011/77/EU; Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art. The international activity in the 1990s had further significant effects upon harmonization of copyright law in the EU. The WCT, indeed, led to the introduction in 1997 of the first draft of what became the Information Society (InfoSoc) Directive 2001⁵. The implementation of this Directive into the UK law led to significant amendment of CDPA 1988; furthermore it led to the fact that CDPA 1988 and any other UK legislation on copyright must then be construed in conformity with these Directives, related Court of Justice of the European Union (CJEU) jurisprudence, and relevant international agreements to which the EU is a party⁶. These set of Directives so far have focused on approximating laws in specific areas of copyright and led to piecemeal partial harmonization of copyright in the EU.

Copyright first development, as seen above, in the early modern period was a response to the growth of the printing technology that facilitated the rapid multiplication and distribution of literary works. The practical benefit of developing protections within the copyright mould is the applicability of the international regime under the Berne Convention and other treaties, which ensure potentially worldwide protection for right holders.

Despite the harmonizing effects of the Berne Convention and other more recent international instruments, two distinct major conceptualisations of the functions of copyright can still be identified in the world legal traditions. By one hand, the common law tradition emphasizes the economic role of copyright (it is essentially a response to the market failure created by a market of public goods); on the other hand, the civil law tradition perceives copyright as an element of the personality rights of the individual creator of the subject matter. This distinction is sometimes summarized by stating that Anglo-American tradition is centred on the entrepreneur and the Continental one on the author. A surely significant distinction is their stances in relation to the copyright limitations and exceptions allowed under the Berne Convention. The common law approach has traditionally allowed “fair dealing” or “fair use” for free in areas where it is thought that the public interest in the dissemination of information and ideas outweighs the interest of the

⁵ Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society.

⁶ See *SAS Institute Inc v World Programming Ltd (No2)* [2010] ECDR 15, paras 173-168.

right holder in earning reward from the exploitation of the work and the public interest in encouraging the author's activities. The civil law tradition, instead, typically permits private copying, and the author still receives remuneration by way of levies imposed upon the sale of the equipment that enables the copying to take place.

Under the CDPA 1988, as several times amended, the following subject matter is protected by copyright (sections 1-8):

- original literary (including computer programs, databases, and compilations other than databases), dramatic, musical, and artistic works;
- films;
- sound recordings;
- broadcasts;
- the typographical arrangement of published editions of literary, dramatic, or musical works.

The protection is on works: then it concerns not with ideas as such but with their expression⁷. The work has to be of a relevant kind – literary, dramatic, musical, artistic, film, sound recordings, etc. – that is, a work which does not fit into these expressed categories under the law does not receive copyright protection or causes uncertainty about the category to which it belongs (CDPA 1988, s. 1 (1), (2))⁸.

One way to establish whether or not there is a work is to find a recording, or fixation, of the expression which constitutes the work. The CDPA 1988 provides that copyright does not subsist in a literary, dramatic, or musical work unless and until it is recorded in writing or otherwise (s 3(2))⁹. Writing is not the only possible method of recording: the electronic storage of work in digital form on discs and in computer memories is known as well. This requirement, anyway, means that there is no copyright in the unrecorded spoken word, ad lib stage performance, or aleatory musical composition.

⁷ See *Baker v Selden* 101 US 99 (1879); *University of London Press v University Tutorial Press* [1916] 2 Ch 601; *Sweeney v Macmillan Publishers Ltd* [2002] RPC 35.

⁸ See a recent case of the Court of Justice, concerning the determination whether a graphical user interface (GUI) could be protected by copyright as a computer program: Case C-303/09 *Bezpečnostní asociace v Ministerstvo kultury* [2011] ECDR 3 (ECJ).

⁹ See *Norowzian v Arks Lts (No 2)* [1999] FSR 79; *aff'd* [2000] FSR 363.

Another pivotal test of whether or not a work protected by copyright has been created is the requirement of originality. The CDPA 1988 at sec. 1(1)(a) stated that the work must be original. There is not statutory definition of this term, except for databases, which are a sub-category of literary works. The concept has however been developed through case law which suggest that for a work to be original, it should originate from the author and must not be a copy of a preceding work¹⁰; in addition, another requirement is the test of the “skill labour and judgment” (author’s own intellectual creation) which the author has invested in the work: where this test is satisfied, there is likely to be a copyright in the result. Then originality is not a high standard for entry into copyright protection; it imposes no requirement of aesthetic or intellectual quality. The concept of originality may be further qualified by considering the many examples of works (derivative works) drawing on, even copying from, which nonetheless can have their own copyright (see the example of an anthology). While the author is copying, he is also exercising independent skill and labour, both in the selection of sources and quotations, and in the choice of words in which to express the material, so that the work is not entirely derivative¹¹.

An important distinction that is worth to be mentioned is the one between “author” and “media works”, resting in principle on the degree of individual as opposed to technological creativity involved. This distinction has practical consequences in differences in the rules applying to the two groups of works. The first owner of the copyright in an author work is generally the author (see CDPA 1988, s 9(2)); in the media work it is the person by whose investment (to be conceived more widely that the kind of investment that is authorship or composition) the work was produced. Only author’s works need to be original to be protected, and it alone attracts moral rights; the protection lasts longer, normally for the lifetime of the author plus 70 years, while for sound recording and broadcasts it is 50 years from making, release, or transmission. Author works are: literary, dramatic, musical, artistic, films; media works instead: sound recordings, broadcasts, published editions of literary, dramatic, and musical works.

As regarding to the ownership issue, the initial ownership of the copyright is in general the author or creator of the work (CDPA 1988, s 11(1)). There is no requirement of registration, in contrast with most other forms of intellectual property. Copyright will arise automatically with the

¹⁰ See *University of London Press v University Tutorial Press* [1916] 2 Ch 601 at 608: “The word “original” does not in this connection mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the originality of ideas, but with the expression of thought ... The originality which is required relates to the expression of the thought. But the Act does not require that the xpression must be in an original or novel form, but that the work must not be copied from another work. That it should originate from the author”.

¹¹ See *Black v Murray* (1870) 9 M 341 (editorial material in the works of Sir Walter Scott).

creation of the work. Further, an employer will be the first owner of copyright in any literary, dramatic, musical or artistic work or film authored by an employee in the course of employment unless there is an agreement to the contrary (s 11(2)). Furthermore, there are special rules relating to employment situations, Crown and parliamentary copyright and copyright vested in certain international organisations.

The law recognizes that a work may have more than one author. There may be joint authorship of a work where it is “a work produced by the collaboration of two or more authors in which the contribution of each author is not distinct from that of the other author or authors” (CDPA 1988, s 10(1))¹².

The definition of joint ownership makes it possible to distinguish what may be called “collective works” (CDPA 1988, s 178), that is works produced by the collaboration where the contributions of the collaborators are separate from each other, and can be clearly delineated, so that the individual contributions of the authors can be made immediately clear to a judge.

The Berne Convention developed the concept of non-transferable moral rights (art. 6bis): the latter recognises certain non economic interests which an author may continue to exercise in respect of a work even though no longer owner of the copyright or of the physical form in which the work was first created and recorded. The two main moral rights introduced in the UK by the CDPA are:

- paternity: the right to be identified as author of a literary, dramatic, musical, or artistic work, or as director of a copyright film (CDPA 1988, s 77);
- integrity: the right of such authors and directors to prevent derogatory treatment of their work (CDPA 1988, s 80).

By the other hand, there are six main exclusive economic rights arising from ownership of the copyright in any protected work. The restricted acts for which a license must be sought if they are to be lawfully carried out by a person other than the copyright owner may be listed as follows (CDPA 1988, s 16(1)):

- copying (reproduction right);
- issuing copies of the work to the public (first sale or distribution right);
- renting or lending the work to the public (rental/lending right);

¹² Several cases have dealt with joint ownership issues: among others, see *Brown v Mcasso Music* [2005] FSR 40; *Robin Ray v Classic FM plc* [1988] FSR 622.

- performing, showing or playing the work in the public (public performance right);
- communicating the work to the public (public communication right);
- making an adaptation of the work (adaptation right).

The copyright generally endures for a limited period of time only (duration of copyright). All literary, dramatic, musical and artistic works, published or unpublished, enjoy the economic rights conferred by copyright – that is, the rights of reproduction, distribution, rental and lending, public performance communication to the public, and adaptation – until the end of the 70-year period after the author's death (CDPA 1988, s 12(1)). The rights of paternity and integrity subsist as long as copyright in the works in question, as does the artist's resale right. Computer-generated works enjoy the copyright protection until the end of the period for 50 years from the end of the calendar year in which the work was made (CDPA 1988, s 12(7)). The term of copyright for a work of joint authorship is determined by reference, where appropriate, to the date of death of the author who died last (CDPA 1988, s 12(8)(1)(i)).

Some materials, which once were under copyright protection, may be then no longer covered by, since the term is expired. Then people are free to do all the things, which in other cases copyright restricts. Some uses of copyright works do not fall within the scope of the restricted acts and may be freely carried out: i.e. reselling a book of which someone was the first purchaser or performing a work of music in private. This copyright free zone is known as public domain.

The permitted acts, indeed, are those, which would be infringements of copyright but are made lawful by a specific statutory provision. UK law takes a specific rather than a general "fair use" or "private use" approach to this subject.

The copyright exceptions in the UK derive from the implementation of the Information Society (InfoSoc) Directive. The provisions on copyright exceptions and limitations entered into force on 31 October 2003 (*Copyright and Related Rights Regulations 2003* (SI 2003/2498)). In implementing the Directive, the UK Government's policy was to maintain as far as possible the previously existing regime, adjusting it as necessary. No new rights allowed under the Directive were introduced; but none of the existing rights made permissive by the Directive were eliminated, although some have been narrowed in scope.

The copyright exceptions are listed as follows:

- making temporary copies:

- the general exception, which does not apply to computer programs and databases, is for copying as an integral part of a technological process enabling either a network transmission or a lawful use of the work, and having no independent economic significance; this allows browsing on the Internet and caching.
- fair dealing:
 - fair dealing for any other purpose, or dealing which is only fair in general, is not permitted as such, and if there is not to be liability for infringement of copyright the activity will have to be shown to fall within some other category of permitted act. The permitted statutory purposes for all literary, dramatic, musical and artistic works are:
 - *research for a non-commercial purpose* accompanied by a sufficient acknowledgment, unless such acknowledgment is impossible for reasons of practicability or otherwise (CDPA, s 29(1), as amended by 2003 Regulations);
 - *private study* (CDPA, s 29(1));
 - *criticism or review*, whether of the work whose copyright is said to be infringed or of some other work or of a performance of a work, which is accompanied by a sufficient acknowledgment (CDPA, s 30(1));
 - *reporting current events* (CDPA, s 30(2) and (3)).
 - Fairness and “three-step test” (Database Directive, art. 6(3); InfoSoc Directive, art. 5(5):
 - only in certain special cases,
 - not conflicting with normal exploitation,
 - not unreasonably prejudicing the legitimate interests of the copyright owner.

Moving to copyright infringement, the latter is actionable in the civil courts by rightsholders, whose remedies consist of damages for loss caused by an infringement or alternatively recovery of the profit made by the infringer. Infringers may also be restrained by injunction from further infringement, and ordered to destroy or deliver to rightsholders any infringing copies or materials. Disobedience of court orders may be punished by unlimited fines or imprisonment. Those who knowingly circumvent copy protection technology or remove digital rights management information from copyright works are liable as infringers.

Criminal penalties are imposed for commercial or large-scale dealings with infringing copies. The more serious offences can attract sentences of up to ten years' imprisonment and unlimited fines. The penalties for lesser offences are up to six months' imprisonment and limited fines. Criminal penalties are also imposed for commercial or large-scale dealings in devices for circumventing copy-protection technology or the provision of circumvention services: sentences can be up to two years' imprisonment and unlimited fines.

In particular, the UK approach in enforcing regulation aimed at protecting digital intellectual work focuses on both individual subscribers engaging in infringing activities and those providing infringing material and enabling access to such material.

Individual users accessing infringing material will be targeted through a voluntary scheme agreed between the British Phonographic Industry ("BPI"), the Motion Picture Association ("MPA") and the four largest Internet Service Providers (ISPs) (BT, Sky, TalkTalk and Virgin Media). Under the scheme, copyright owners will identify individuals engaging in unlawful peer-to-peer ("P2P") file sharing and inform the ISP who will send a notification of alleged infringement to the account holder. The purpose of this scheme is mainly educational, and it will be supported by an educational campaign that will receive significant funding from the UK Government. The scheme - known as "Creative Content UK" - has been implemented in 2015 beginning with the multi-media educational campaign, followed shortly after by the sending of notices (see below).

By the other hands, you may quote action against the enablers of infringement such as those websites providing access to infringing material can be taken under CDPA 1988. Website owners found by the courts to be infringing copyright can be fined and or imprisoned. Legislation provides for a notice and action regime where the rights holder identifies infringing material and takes steps to take down the content or to request ISPs to block access to that content. Sections 18 and 19 of the *Electronic Commerce (EC Directive) Regulations 2002* provide an incentive for ISPs to remove infringing material or block access to material hosted in the UK if they have been notified by the rights holder of the existence of such material. Doing so 'expeditiously' means that they escape any liability for copyright infringement to which they might otherwise be exposed. Section 97A of the CDPA entitles rights holders to seek court injunctions against ISPs that require the blocking of subscriber access to infringing material. This is of particular importance where that material is hosted outside of the UK and the requests are more difficult to target via notice and takedown requests.

There is complementary support from the police in the form of a dedicated, operationally independent enforcement unit - the Police Intellectual Property Crime Unit (PIPCU). One of PIPCU's

major operations has been 'Operation Creative' which aims to disrupt and prevent online copyright infringing websites by engaging with site owners, disrupting advertising revenue and de-registering domain names.

Whilst the CDPA has been in place since 1988, online copyright infringement is a relatively recent phenomenon that has been the subject of a number of independent reviews and consultations. In July 2006, the Gowers Review of the UK intellectual property framework identified unlawful P2P file sharing as a major threat to the creative industries and called for action to be taken to combat online copyright infringement. Prompted by the findings of the Gowers Review, in summer 2008 the Government encouraged several ISPs and rights holders to sign a Memorandum of Understanding under which industry players would work together to improve awareness of the illegal nature of P2P file sharing among consumers.

At the same time a consultation was published setting out proposals to bring other ISPs into the regime and to impose specific duties on Ofcom to address the issue of online copyright infringement. Following the consultation, the "Department for Culture, Media and Sport" and the "Department for Business, Innovation and Skills" published 'Digital Britain: The Interim Report' in January 2009 outlining the need for further legislation. The proposed legislation would require ISPs to notify infringers that their conduct is unlawful and to collect information on serious repeat infringers that should be made available to rights-holders on an anonymised basis. Rights holders could seek a court order to obtain personal details, which would then allow them to bring legal action against infringers. The initial findings and proposals were developed in 'Digital Britain: Final Report', a Government White Paper published in June 2009. This then led to the Digital Economy Bill, which was introduced to Parliament in November 2009 and received Royal Assent in April 2010 thereby becoming the *Digital Economy Act 2010* ("DEA").

The DEA formally set out the provisions for the proposed notifications scheme. Under an initial obligations code to be developed by OFCOM, ISPs would be required to notify subscribers of alleged infringement and to take measures that make it easier for rights holders to bring legal action against repeat infringers. If those initial obligations were found to be ineffective, the DEA also included the option for further obligations to be imposed on ISPs under which they would have to adopt technical measures (such as degrading connections or cutting off subscribers) to combat infringement.

The legal basis for proceeding against providers of infringing material is given by the CDPA. Under section 2A of the CDPA deliberate infringement of copyright (piracy) by communicating the

work to the public is a criminal offence with criminal liability: “a) in the course of a business, or b) otherwise than in the course of a business to such an extent as to affect prejudicially the owner of the copyright” if the person knows or has reason to believe that, by doing so, he/she is infringing copyright in that work. This is not specific to but includes online infringement of copyright.

These provisions work in conjunction with the *Electronic Commerce (EC Directive) Regulations 2002*, transposing into UK law the European Commission E-Commerce Directive (Directive 2000/31/EC), which stipulates that a caching or hosting service provider is not liable for copyright infringement on its service provided that, upon becoming aware of the infringing material, the service provider acts expeditiously to remove such material or block access to it. This should provide incentives for ISPs to respond to requests from rights holders to remove or block access to infringing material as they might otherwise be liable for copyright infringement, but can escape such liability by acting upon such requests. Rights holders can seek an injunction requiring ISPs to block access to infringing material hosted outside UK jurisdiction under Section 97A of the CDPA. This section was introduced into the CDPA by the *Copyright and Related Rights Regulations 2003*, which transposed the EC Copyright Directive¹³.

Looking at users who are accessing illegal content, the DEA would provide the legal basis for enforcement. In the meanwhile of the implementation of the DEA, a Copyright Alerts Programme (“CAP”) has been established between BPI, MPA and the four major ISPs. The CAP involves a similar style notification scheme, which came into force in 2015, but is largely educational in nature and does not result in punitive measures. The CAP is one part of Creative Content UK, a partnership between content creators and ISPs with support from government. Together with the CAP there will be a major educational awareness campaign about the value of online content, legal source and to help reduce online copyright infringement.

Enforcement relies on rights holders identifying infringement in the first instance. A rights holder becoming aware of infringing content online, such as a website providing access to infringing material or used primarily to facilitate copyright infringement has several options:

- notifying the website operator, hosting provider or domain registrar in the relevant territory that there is a high level of infringing content on a particular website and requesting that the content shall be removed (cease and desist request);

¹³ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

- sending a notice and takedown request to the relevant ISP, which should action valid and genuine notice and takedown requests using the provision under the E-commerce directive; typically, this will be used for websites and content hosted in the UK;
- where approaches to the website owner, or hosting provider are unsuccessful, applying to the High Court for an injunction under section 97A of the CDPA 1988 to order an ISP to take action, e.g. block subscriber access to the infringing website; this is typically used against infringing content hosted outside the UK. In practice, ISPs were initially concerned about blocking access to websites in their entirety due to the lack of legal certainty. However, given the increasing number of court orders requiring ISPs to block access, there is case precedent in this area, and the process has been streamlined; and
- involving PIPCU where evidence is provided to show criminal infringement. Rights holders will notify PIPCU of the infringing website together with evidence indicating how the site is involved in illegal copyright infringement. PIPCU will check and verify whether the website is infringing and, if confirmed, will notify the site owner of the illegal activity and request co-operation with the police to address this. If the site owner fails to engage with the police, the website is added to an Infringing Website List (“IWL”) shared with major brands and advertising agencies with a request to cease advertising on that site (an attempt to drain revenue streams to the infringing site). Persistent offenders will be targeted by the sending of formal letters to domain name registrars from PIPCU requesting that the domain name is suspended until further notice as the website is facilitating criminal copyright infringement under UK law.

Once operational, under the Creative Content UK notification scheme, rights holders will also be able to identify infringing activity undertaken by an individual partaking in P2P file sharing and send a notification to the ISP. In this case, the rights holder should provide evidence, including the IP address, to the relevant ISP. The ISP will then be obliged to pass on the notification of alleged infringement to the owner of the account to warn them that illegal behaviour has taken place on their account and inform them of legal alternatives.

Individuals do not face sanctions under the voluntary regime. The notification scheme is purely educational.

Infringing websites owners can face fines and/or imprisonment. A person guilty of an offence under subsection 2A of the CDPA is liable:

- on summary conviction to imprisonment for a term not exceeding three months or a fine not exceeding £50,000, or both; and
- on conviction on indictment to a fine or imprisonment for a term not exceeding two years, or both.

In addition, PIPCU attempts to disrupt advertising revenue to sites listed on the IWL. As part of 'Project Sunblock' PIPCU has been replacing advertising on copyright infringing websites with "official force banners" that warn users that the site is illegal / under criminal investigation and advise them to exit the website.

Exact details of the burden and standard of proof that rights holders have to meet in order to identify infringing behaviour of individuals and subsequently notify ISPs are not available. Some guidance may be taken from the proposals made in relation to the implementation of the DEA, but there may be variations in the approach eventually used.

Under the notice and action process when determining whether a hosting service provider "has actual knowledge" of infringing material, a court may consider whether the service provider has received a notice and whether the notice included, inter alia, sufficient detail of the location of the information in question and the details of the unlawful nature of the activity or information in question. ISPs stress the importance of having legal certainty before they take action against infringers/infringing content.

In general, a balance needs to be struck between ensuring that there is not a prohibitive burden on rights holders, yet ISPs are sufficiently confident that the evidence provided is sufficient to take action

The first UK High Court Order for blocking was in 2011 (Newzbin2 case)– since then around 10 more court orders have resulted in the blocking of around 40 websites¹⁴.

1.1.2 The modernization of Copyright discipline

The UK has launched in recent years a process of copyright reform that can take the proper

¹⁴ Twentieth Century Fox and others v British Telecommunications PLC 2011. Judgment available at: <http://www.bailii.org/ew/cases/EWHC/Ch/2011/1981.html>.

name of modernization of copyright following the adoption of the *Hargreaves Review* in 2011¹⁵. In 2010, indeed, the British government had issued, in order to facilitate the establishment of the digital economy, the aforementioned *Digital Economy Act* (DEA). The version of the DEA that is currently in force has not made substantial changes on copyright issues. Hence the decision of the British Government to open, in May 2011, a consultation on the implementation of those recommendations on copyright which had publicly accepted in response to the review of copyright law operated precisely in the report Hargreaves¹⁶. The process of consultation, which ended in March 2011, thus had the purpose to identify relevant evidence about the potential of the proposed measures in the *Hargreaves Review* to improve the contribution of the copyright system to economic growth.

The modernization proposal that was the subject of consultation has regarded the expansion of the system of *fair dealing* by: 1) the introduction of the exception of private copy, that would make it legal, for example, the *format shifting*, so as to align the copyright law to modern technology and, above all, the reasonable expectations of consumers; 2) the expansion of the exceptions for non-commercial research purposes, that as including also *data mining*, so as to enable researchers to obtain new scientific; 3) the adoption of the exception for parody and, more generally, of all third parties; 4) the extension of the exception for storing library materials.

In an effort to broaden as much as possible the scope of the exceptions' system, the government of the United Kingdom has sided in favor of the claims in the *Hargreaves* report about the fact that it should avoid excessively protection on creative works, as this would restrict activities that do not interfere with the crucial objective of copyright and would therefore not serve the creation of incentives for authors. Starting from this perspective, the elimination of the rules that are unnecessary or sproporizionate will help in encouraging innovation and providing new opportunities for economic growth. This is not to deny the value of copyright for the companies, but rather to introduce a model that can enhance creativity as a whole.

¹⁵ The *Hargreaves Review of Intellectual Property and Growth*, or *Digital Opportunity - A review of Intellectual Property and Growth*, was an independent review of the [United Kingdom's intellectual property](#) (IP) system, focusing on [UK copyright law](#). Professor [Ian Hargreaves](#) was commissioned to chair a review of how the IP framework supports economic growth and innovation in November 2010 by [Prime Minister David Cameron](#). The review was published in May 2011 and made 10 recommendations to "ensure that the UK has an IP framework best suited to supporting innovation and promoting economic growth in the digital age". The text is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32563/ipreview-finalreport.pdf. For further details on this review, see Smith, Montagnon, *The Hargreaves Review: a "digital opportunity"*, in *EIPR*, vol. 33, 9, 2011, 596.

¹⁶ For comment on the government's response, see Howell, *The Hargreaves Review: digital opportunity: a review of intellectual property and growth*, in *JBL*, vol. 1, 2012, 71.

After the outcome of the technical review on the draft law amending the exceptions as provided by the CDPA 1988, the need had also arisen to introduce a specific definition of *fair dealing*. This suggestion was not, however, implemented by the British government in order to ensure the adaptability and expandability of the exceptions in an environment characterized by ongoing technological evolution. The two factors considered detected to identify the *fair dealing* are: 1) the ability of the material used to hit the original market and to accuse a loss of revenue to the copyright holder; 2) the used portion of copyrighted material (which must be reasonable and appropriate, in relation to the purpose for which it is used)¹⁷.

The most part of proposals to modernize the copyright were approved. On 14 May 2014, the Parliament approved exceptions for research and private study, *text* and *data mining*, education and language training, archiving and preservation, public administration and the creation of accessible formats for people with disabilities¹⁸. In particular, the exception for research and private study allows institutions such as libraries or universities to offer their users access to copyrighted materials through computers and other devices located at the library¹⁹. The exception for the government allows instead public bodies to share, even online, documents protected by copyright held by third parties²⁰. Finally, it is worth mentioning the exception that allows individuals to make copies of copyrighted works to change the format and make it accessible to people with disabilities²¹.

Another key issue in terms of modernization of copyright concerns the new mode of dissemination of copyrighted works that the Internet allows: the circulation of information is made particularly efficient by digital technology. The mechanisms traditionally used for licensing contribute to the closed system of copyright. This, however, would arise not excluding *a priori* an open model of creativity. Costs and a cumbersome creative process would derive from that. On the other hand, network users proceed to sharing content even without the necessary permissions and the circulation of protected works thus becomes illegal. To further complicate the picture, it should be taken into account the fact that in this context the blending of different media becomes normal, moving from the written word to images, video, music: this is a further difficulty in the already dense

¹⁷ See the definition provided by the Intellectual Property Office at: <http://www.ipo.gov.uk/e-exception-fairdealing.htm>.

¹⁸ For an overview of all approved exceptions and under approval, see the consolidated version of the *Copyright, Designs and Patents Act 1988* available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/308729/cdpa1988-unofficial.pdf.

¹⁹ CDPA 1988, cap III s 29.

²⁰ Id., cap. III §: Public administration.

²¹ Id., cap. III §: Disability

and complex network of digital licenses²². A process of modernization of copyright cannot, therefore, avoid to consider the issue of licenses. The British legislator has tried to give an answer to this problem (see below).

The pattern of enforcement initially outlined by the DEA (as described above) has been the subject of widespread dissent²³; then it has become a good reason for wider reconsidering on copyright infringement in the digital environment. As part of this reflection, it was thought that the issue of the license agreements deserves particular attention, especially with reference to the *Hargreaves* report of 2011 had provided for with regard to the creation of an automated system of licenses. The initial hypothesis included a web interoperable platform, whereby licensors and licensees could give in and acquire licensing rights on the intellectual works, deciding which uses and grant request, and then matching its price through a common online payment system²⁴.

This kind of platform could simplify the negotiation procedures and provide interested parties with all information concerning the rights and conditions of the license, electronically readable. This project initially took the name of *Digital Copyright Exchange* (DCE): it aimed to overcome the known problems of fragmentation of rights and the obvious corollaries in term of costs and lack of transparency, thanks to the use of new technologies. A standardized management approach, by the way, had already been applied in the digital content market through some virtuous experiments²⁵. The IPO decided to continue to pursue this strategy and to undertake a feasibility study of the project. The activities were completed in 2012 with the adoption of *Hooper*, who later became the pilot project called *Copyright Hub*²⁶.

Therefore, in 2013 the beta version of *Copyright Hub* site was launched; it produces a "one-sto-shop" for the negotiation activities related to copyright on creative content. The mechanism of access to the site by the rights' holders is voluntary and never exclusive, and connects to the creation of an online registry of works and copyrights and related rights linked to them. The initiative, unfortunately, does not seem to be taken off, at least not as its proponents had hoped.

²² See Intellectual Property Office, *Copyright licensing is not yet fully fit for purpose for the digital age*, 2012, available at: <http://www.copyrighthub.co.uk/Documents/dce-report-phase1.aspx>.

²³ Ex plurimis, see Sonne, Colchester, *France, the UK Tale Aim at Digital Pirates: New Weapons Include Laws Taht Put Pressure on Internet Service Providers to Assist in Crackdown on Illegal Downloads*, in *W.S.J.*, 15 April 2010, available at: <http://online.wpj.com/news/articles/SB10001424052702304604204575181820755061494>.

²⁴ See IPO, *Rights and Worngs: Is Copyright Licensing Fit for Purpose for the Digital Age?* ..., cit., 4.

²⁵ See, for instance, Getty Images (<http://www.gettyimages.it/>); Universal Clips (<http://www.universalclips.com/>); etc.

²⁶ <http://www.copyrighthub.co.uk/home>.

These approaches raise upstream doubts regarding actual success in the practice of such kind of initiatives. In particular, there is the problem of justifying a project on a national basis within a single European market (the problems of circulation of works online fundamentally derives from territoriality of copyright). In more general terms should be also remembered the position of those who complain that the *Hargreaves Review* has somehow altered the ratio of the institution of copyright exasperating its peculiarity of economic tool²⁷: this project would not aim to align the copyright of the new ways of creating and distributing, but to intensify the economic nature of the institute, transforming individual creations in assets that have value in a completely different way than author and the creative act.

A more easy circulation of online resources needs a more radical rethinking of the architecture of the legal basis, or at least of the typical rules of licensing of protected works. Such reconsideration could lead to the adoption of simplified systems of licensing, such as that offered by the *Extended Collective Licensing* (ECL), already in use in Scandinavia²⁸. The ECL could encourage not only the users, since the contribution in terms of legal certainty, but also creators, ensuring their remuneration, and, finally, consumers, because it would allow greater access to protected works. It is anyway important to bear in mind that the English experience underlines the difficulty of legislatively imposing the ECL: the best choice would then be to make them available at the express request of the industry, while maintaining the possibility for individual authors to express their intention not to participate in the opt-out system. This model still seems to extend to the United Kingdom. Among the various innovations introduced by the *Entreprise and Regulatory Reform Act* (ERRA) of 2013, there is still the possibility that, in certain circumstances, the *Secretary of State* may recognize copyright collection societies, who request it, the right to grant licenses also for the works of which they are not representative.

1.2 Rules and / or legal arrangements that can come into play with regard to the access to digital cultural content

Other legal tools may affect/conflict with the effective access to digital content and to the exercise of IPRs. In particular, this can happen with regard to personal data protection and the

²⁷ See Rahmatian, *The Hargreaves Review on copyright licensing and exceptions: a missed moment of opportunity*, in *Ent. L. R.*, vol. 22, 8, 219 ff.

²⁸ See Riis, Schovsbo, *Extended Collective Licenses and the Nordic Experience: It's a Hybrid but is it a Volvo or a Lemon?*, in *Columbia Journal of Law & Arts*, vol. 33, 2009-2010, 471 ff.

liability of Internet Service Providers. Below, a brief description of these legal instruments will be provided.

With reference to data protection and privacy, the *Data Protection Act 1998* (DPA 1998) defines the ways in which information about living people may be legally used and handled²⁹. The main intent is to protect individuals against misuse or abuse of information about them. The DPA was first composed in 1984 and was updated in 1998.

The text of DPA 1998 contains six major sections called Parts, followed by 16 explanatory notes called Schedules. The Parts outline the basic rights of data subjects, methods in which data may be handled by those who possess it, special exemptions and modes of enforcement. The Schedules explain the Parts in greater detail and elaborate on diverse contingencies and legal interpretations.

The fundamental principles of DPA 1998 specify that personal data must:

- be processed fairly and lawfully;
- be obtained only for lawful purposes and not processed in any manner incompatible with those purposes;
- be adequate, relevant and not excessive;
- be accurate and current;
- not be retained for longer than necessary;
- be processed in accordance with the rights and freedoms of data subjects;
- be protected against unauthorized or unlawful processing and against accidental loss, destruction or damage;
- not be transferred to a country or territory outside the European Economic Area unless that country or territory protects the rights and freedoms of the data subjects.

Even the so-called liability of Internet Service Providers (ISPs) may become relevant with regards to access to digital content on the network and the protection of copyrighted works³⁰. As

²⁹ See <https://ico.org.uk/>. See also I.J. Loyd, <information technology law>, 1 ed., Oxford University Press, 2009, 3-202.

³⁰ Duncan and Neil on defamation 204 (Brian Neil et al. eds., 3d ed. 2009); Out-law.com, "The UK's E-Commerce Regulations", available at: <http://www.out-law.com/page-431>.

mentioned above the EC Regulations³¹ incorporate the Directive 2000/31/EC of the European Parliament and the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (“Directive on electronic commerce”) (hereinafter: E-Commerce Directive) into the law of the United Kingdom. The EC Regulations provide the safe harbor provisions for the online intermediary in three dedicated provisions.

Section 17 establishes limitations on the liability of ISPs who offer “mere conduits”, when they did not initiate the transmission, did not select the receiver, and did not select or modify contents (Sec. 17(1)). The mere conduit’s action includes “the automatic, intermediate and transient storage of the information transmitted” for just carrying out the online transmission (Sec. 17(2)). In light of this provision, ISPs that pass email messages are likely to fall within the ambit of the “mere conduits”, because the copy of email is usually deleted from server once the information has been delivered to a receiver.

Section 18 protects “caching” intermediaries that store information temporarily on their networks for efficient transmission to users (Sec. 18(a)). The ISP will not be protected if it modifies the information or does not comply with conditions on access to the information and any rules regarding the updating of information. Furthermore, Section 18 will not apply when the ISP interferes with the lawful use of technology in accessing the information or if it does not act “expeditiously” to remove or to disable access to the information when it actually knew that the initial source has been removed from online or that a court or an administrative agency has ordered such removal.

The most significant provision contained in the EC REgulation is Section 19, which provides a qualified immunity for ISPs in respect of third party provided material hosted on the ISP’s servers. This immunity, which applies in respect of both civil and criminal liability, is subject to the following conditions:

- the service provider has no actual knowledge of the content in question. Once the service provider is in receipt of actual knowledge of the illegality, it must act to remove or disable access to the material as quickly as possible;
- the service provider is not aware of facts or circumstances from which the illegality of the content in question should have been apparent;

³¹ 2002, S.I. 2000/2013. For further information see Out-law.com, “The UK’s E-Commerce Regulations”, available at: <<http://www.out-law.com/page-431>>.

- the user responsible for providing the content in question was not *“acting under the authority or the control of the service provider”* - an employee of a university putting the information on the server in the course of his employment, for instance.

In order to establish if an ISP has “actual knowledge” for application of Section 18 and Section 19, the court should consider whether an ISP has received a notice and *“the extent to which any notice identifies the notice sender and location of the information, in addition to the unlawful nature of the activity in question”* (Sec. 22). In particular, the court in a 2006 case, *Bunt v Tilley* and others³², held that: *“an ISP which performs no more than a passive role in facilitating postings on the internet cannot be deemed to be a publisher at common law”*. Therefore, ISPs may rely on this case to argue that they are not liable if they do nothing more than facilitate publishing. The court goes on and states: *“if a person knowingly permits another to communicate information which is defamatory, when there would be an opportunity to prevent the publication, there would seem to be no reason in principle why liability should not accrue”*.

In the case of copyright infringement the CDPA 1988 is applied: it explicitly regulates TV communications, but it is extended to communications on computer network. In particular,

The first type of liability for breach of copyright law is the so-called “primary liability” that applies to the person who directly performs the violation (a situation similar to the US direct liability). We find differences with respect to the so-called “secondary infringement”. In particular, section 24 of the CDPA 1988 provides, although with regard to fax communications, that the person who, without the authorization of the copyright owner, shall send a copy of the protected work through a telecommunication system is indirectly liable (secondary infringement), provided he/she knows or is supposed to know (knowing or having reason to believe) that the communication is a violation of copyright law. This rule can be extended to the case of liability of providers who would, then, be held liable if they are directly involved in the unlawful (primary infringement), whether they are aware or have the opportunity to learn about the violation (secondary infringement). Thus, the discriminating factor for the possible liability of providers for violations committed by third parties is their ability to know (knowledge or reason to believe). The rule should therefore be interpreted as excluding, however, a responsibility for preventive acts committed by third parties - the provider may not be aware of the offense as long as this does not occur - and to introduce an provider indirect responsibility (secondary liability), unless the latter can prove the innocent ignorance of the offense. With respect to possible copyright violations we may cite one case in November 1996, when some

³² [2006] EWHC 407.

pieces of two songs of the U2 Irish complex have been “stolen” and posted on a Web site of a Hungarian provider: the band managed to close the website for violation the copyright. Actually part of the pieces stolen were already widespread on the Net by other subjects, reflecting the difficulty of control, with only repressive methods, this particular context.

Question 2 – Authorities

- ✓ What is/are the relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement?
- ✓ What are the administrative regulations that have an impact with regard to the protection of digital copyright?

2.1. The relevant private and public authority/authorities in charge of the management of digital copyright, especially in the activity of fighting copyright infringement.

The *Office of Communication* (OFCOM), an independent authority to regulates the activities of communications company in the United Kingdom: it regulates the TV and radio sectors, fixed line telecoms, mobiles, postal services, plus the airwaves over which wireless devices operate³³.

The *Foundation for Information Policy Research* (FIPR) is an independent body that studies the interaction between information technology and society. Its goal is to identify technical developments with significant social impact, commission and undertake research into public policy alternatives, and promote public understanding and dialogue between technologists and policy-makers in the UK and Europe³⁴.

The *Campaign for Digital Rights* was founded by a group of programmers, IT consultants, businessmen and others who were outraged by the arrest of Dmitry Sklyarov³⁵. Our initial goal was to arrange protests in support of Dmitry; shortly after our first website and the mailing lists were established we discovered that the EUCD was on its way, and decided that we need to start a campaign to have it revised, and the Campaign for Digital Rights was born. Active members of the campaign come from all walks of life; naturally many of us work in academia and the IT industry

³³ <http://www.ofcom.org.uk/>

³⁴ <http://www.fipr.org/>

³⁵ <http://cdr.xenoclast.org/>

(programmers, consultants, sysadmins, directors of IT companies, etc.) but membership is open to all, since the EUCD potentially affects anyone who reads, watches films, listens to music or uses computers: journalists, teachers, authors, musicians, businessmen, lawyers and representatives of many other professions on the mailing list.

The *Libraries and Archives Copyright Alliance* is a grouping of professional bodies working in these fields, along with visually impaired and educational users. It includes such well-known institutions as the British Library³⁶.

The *British Phonographic Industry* is a trade association body with hundreds of members from the UK recording industry³⁷. BPI co-owns the Official Charts Company in a joint venture with the Entertainment Retailers Association (ERA). The Official Charts Company is responsible for the commissioning, distribution, marketing and promotion of the UK's industry standard music and video charts and sales data.

Police Intellectual Property Crime Unit (PIPCU). PIPCU funded by the IPO (£2.56m funding for two years) was established in September 2013 with a remit to tackle serious and organised intellectual property crime with a focus on offences committed online.

Finally, it is worth to mention the *International Property Office* (IPO)³⁸ that is, since 2 April 2007, the operating name of *The Patent Office*. It is the official government body responsible for [intellectual property](#) rights in the UK and is an executive agency of the [Department for Business, Innovation and Skills](#) (BIS).

2.2. The administrative regulations that have an impact with regard to the protection of digital copyright

³⁶ <http://www.cilip.org.uk/>

³⁷ <https://www.bpi.co.uk/default.aspx>

³⁸ <https://www.gov.uk/government/organisations/intellectual-property-office>

In the UK there is not an experience comparable to that of other jurisdictions which sees a reference role in the activity of an independent authority to contrast online copyright infringement (such as, for example, the Italian AGICOM or the French HADOPI). This is predominantly handled by private actors – in the form of notifications by content right-holders to Internet intermediaries, requiring the removal of copyright infringing works, or alternatively, through voluntary agreements³⁹.

Indeed, UK is still attributable among nations tougher in the fight against online piracy, especially with regard to peer to peer (P2P) phenomena. Alongside an independent authority operates an overwhelmingly and legitimizing regulatory apparatus.

Since 2002 there is the Office of Communication (Ofcom)⁴⁰, an independent authority to regulate the activities of communications company in the United Kingdom and to which, in force of the DEA, entered into force in June 2010, have been given even as a watchdogging functions over copyright infringement on the web. The Ofcom draws up an account of the violations found during the year through an *Initial Obligations Code* and a *Technical Obligations Code*. With the *Initial Obligations Code*, in particular, the Ofcom prepares a “code of conduct” that ISPs and the copyright owners must comply in all cases of violation of their rights online. Basically, all those are caught in committing file sharing are disconnected and a blacklist is compiled in order to block all sites that have committed copyright violations.

In sections 9-12 of the DEA, some obligations are established that the British government can impose on providers and the technical measures which they have to carry out in relation to their subscribers in the event of violations: limiting the speed of a site through reductions in broadband or placing limits on downloads; preventing the site to use the internet to find materials through block sites, protocols and ports; suspending the Internet service (disconnection); limiting in any way the Internet to a website. These measures are very strict, and without a time limit provided by the law: a hypothetical service disconnect could be definitive.

All these technical measures are included in the *Ofcom Technical Obligations Code*. The user, who is accused of possible violations of copyright, can appeal the decision or before a body set up by Ofcom itself, or before the Copyright Tribunal (established by the *Copyright, Designs and Patents Act 1988*).

³⁹ While OFCOM was going to have a role under the Digital Economy Act, they concluded, partly based on the HADOPI experience, that it would be too expensive and ineffective, and the plan was shelved.

⁴⁰ <http://www.ofcom.org.uk/>

As for the burden of proof, the provider or the holder of copyright must prove that the infringement has actually taken place and that is due to the sued user. The user, however, in order to clear himself will have to prove that the violation was actually committed by another website or that he/she has taken appropriate measures to prevent possible violations. In case of acceptance, the user will be entitled to compensation and the elimination or modification of technical measures that had been imposed.

What was causing more controversy inside and outside England, it was the sec. 17 of the DEA that provides in urgent cases, the power to issue injunctive relief to restrict access to websites. In practice, the provider could block any site, in whole or in part, on the basis of alleged violations of copyright. Even before the DEA was able to get an injunction-like, through the High Court, as specified in the *Copyright, Designs and Patents Act*. With the previous system, however, this injunction could be obtained only after the copyright holder notified the provider the breach and led him/her before the judge in court, proving the fact. Section 17, however, amplified these powers. The injunction could then be issued by a Minister, with the consent of the Minister of Justice, the Houses of Parliament and a Court, and could block any website that had been used, was still used or was very likely to be used to violate copyright. Sections 17 and 18 of the Act (which dealt with injunctions for website blocking) were, finally, repealed in 2015 by the *Deregulation Act*, on the basis that these powers already existed under sec. 97A of the CDPA 1988, and could be performed upon a judicial request.

From all over the web came the criticisms: such an approach deprives consumers of the guarantee of due process and limits the freedom of expression of thought. Some English providers - Talk-Talk and British Telecom - have opposed the DEA arguing the futility of the measures provided by the law because users may well collect material that infringes copyright, not using applications that use the peer-to-peer and then the law provides sanctions only for large providers (with more than 400,000 subscribers), thus inducing a mass migration to smaller ISPs to escape the law.

Network Citizens deem unfair blocking of sites, operated only on the basis of an alleged violation and not on an appropriate right of defense. They argue that freedom of expression, sharing and knowledge achieved with the Internet, should not be hampered by censorship and prohibitions. Moreover, any order of blocking sites or removal from the web would be easy to circumvent, since users may access through other services, such as VPN or proxy, thus making the law unnecessary. And, not least, the responsibility of the users of fact fell on providers, with high costs against them for the adoption of technical measures.

Question 3 – Case Law

- ✓ Is there any case law in your national legal system, which has dealt with the issue of access to digital cultural contents? If so, please briefly indicate the most important rulings and their possible consequences for similar cases in the near future

3.1 Case law which has dealt with the issue of access to digital cultural contents.

With regard to the case law that has been affecting the question of access to digital content, of course, many of them may be cited. For reasons of synthesis, the following will mention some cases with reference to the relevant issues already identified in this report.

The vast majority of cases referring to the ISP liability involve possible violations of copyright or other intellectual property rights.

Section 16 of the CDPA 1988 states: “*Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorizes another to do, any of the acts restricted by the copyright*”. The U.K. courts adopt a narrow view of authorization, and interpret the term “authorization” to mean to “sanction, approve and countenance”⁴¹. As the landmark decision of *Falcon v. Famous Players Film Co.* establishes, to “authorize” means “*to grant or purport to grant the right to do the act complained of*”. A distinction is maintained between facilitating an infringement and authorizing an infringement. As Justice Whitford held in *CBS Inc. v. Ames*, “*an act is not authorized by somebody who merely enables or possibly assists or even encourages another to do that act, but does not purport to have any authority which he can grant to justify the doing of the act*”⁴². Thus, the U.K. cases emphasize the free will of the primary infringer, over whom the secondary infringer has no control. In *CBS Inc. v. Ames*, the fact that the secondary defendant very likely knew or was indifferent to the possibility of the primary infringer infringing copyright by borrowing the recordings lent by Ames thus facilitating infringing home taping was held to be irrelevant. In the same way, in *Amstrad Consumer Electronics Plc. v. British Phonographic Industry Ltd.*, the court stated that even though Amstrad in selling the high speed copying device was

⁴¹ See *Falcon v. Famous Players Film Co.*, [1926] 2K.B. 474, 498-499 (C.A. Eng.) (Atkin L.J.) subsequently approved in *CBS Songs Ltd v. Amstrad Consumer Elec. Plc.*, [1988] A.C. 1013, 1055 (H.L.)(Eng.)(Lord Templeman).

⁴² *CBS Inc. v. Ames Records & Tapes Ltd.* [1982] Ch. 91, 106 (Eng.).

“intentionally placing in the hands of purchasers a facility which they must know is inevitably going to be used for the purposes of infringement,” this did not warrant a finding of authorization⁴³. Likewise, on appeal, in *CBS Songs Ltd. v. Amstrad Consumer Electronic Plc.*, the court described Amstrad’s conduct in advertising that its copying device could be used to copy copyrighted works as deplorable and cynical, but held that “*the operator of an Amstrad tape recording facility, like all other operators, can alone decide whether to record or play and what material is to be recorded*”⁴⁴. A recent English High Court decision, *Philips Domestic Appliances & Personal Care B.V. v. Salton Europe Ltd.*, came to the same conclusion. It held that merely passing on something which will inevitably be used for infringement is not authorizing – there being no control over the use of a product once it is sold⁴⁵. Thus most Internet intermediaries are likely to be able to successfully assert that they do not “sanction, approve and countenance” any copyright infringement on the part of users of their facilities, services and software.

However, this narrow view of authorization is changing. In a recent case, *Twentieth Century Fox Film Corp. v. Newzbin Ltd*⁴⁶, the defendant Newzbin.com, a subscription-only search service that indexes Usenet content and categorizes them into films, software, music and so on, was held liable for authorizing its users’ infringement. The court found that the categorizations were carried out by editors who were encouraged to do so by the defendant, and the defendant also offered facilities to simplify the download of files by its users. Considering all relevant circumstances, including the nature of the relationship between the defendant and the primary infringer, the equipment or other material supplied and whether it is inevitable it would be used to infringe, the degree of control which the defendant retains and whether he has taken any steps to prevent infringement, the court held that a reasonable member of the defendant’s service would deduce that it possesses the authority to grant any required permission to copy a film from the “Movies” category. The court concluded that the defendant had “*sanctioned, approved and countenanced*” the copying of the claimants’ films, and had so involved itself with the infringement that they were also liable for procurement and participation in a common design with the infringing users.

A possible alternative basis for secondary liability can be found in Section 24(1) of the CDPA, which provides that an infringement to a copyrighted work may arise from, inter alia, the making in

⁴³ *Amstrad Consumer Elec. Plc. v. British Phonographic Indus. Ltd.* [1986] F.S.R. 169, 211 (C.A. Eng.)(Slade L.J.).

⁴⁴ *CBS v. Amstrad*, [1988] A.C. at 1053.

⁴⁵ *Philips Domestic Appliances & Pers. Care B.V. v. Salton Europe Ltd.*, [2004]EHC. 2092 (Ch), [44]-[45] (H.C.Eng.).

⁴⁶ *Twentieth Century Fox Film Corp. v. Newzbin Ltd*, [2010] EWHC 608 (Ch), [2010] All ER (D) 43 (Apr), (Eng. Chancery Div.).

the course of a business or engaging in a commercial dealing in “*an article specifically designed or adapted for making copies*” of a work, knowing or having reason to believe that it is to be used to make infringing copies. However, it has been explained that the “article” referred to in section 24(1) is not one that is generally designed for making copies, but articles such as photographic negatives, moulds, master recordings and other articles which may be used to make copies of specific works. In light of this interpretation, the section is unlikely to be relevant to Internet intermediaries and their facilities and services since these are not articles, let alone articles “*specifically designed or adapted for making copies*”, given the narrow legal explanation of this expression.

With reference to the issue of the implementation of Technological protection Measures (TPMs), we may cite the following cases.

Sony v Ball [2005] FSR 9. This case deals with the territoriality-based protection of Sony’s Playstation 2. The protection system was in two parts, one in the console and the other in the DVD carrying the game to be played. An unauthorized copy of game would therefore not play on the console, nor would a game from a different region. Ball produced an electronic chip to fit the console and trick it into believing that unauthorized or foreign DVDs being played had the necessary embedded code. It was held that summary judgment could be granted to prevent sales of Ball’s chips in the UK. It did not matter that the protection system was partly in the hardware and only partly in the software (the games DVD). There are, however, limits to the protection offered by the “effective technological measure” provision in section 296ZE.

R v Higgs (Neil Stanley) [2008] FSR 34 (CA). Higgs ran a business selling “mod chips”, which circumvented the embedded codes in a games console and allowed “pirated” games to be played. The Crown charged Higgs under section 296ZB of the CDPA. It was held that to fall within the meaning of “effective technological measure” in section 296ZF it was not sufficient for the TPM to be merely a discouragement or general commercial hindrance to copyright infringement. Instead, the TPM either had to deny access to a copyright work or limit a person’s ability to make copies of the work. A person must therefore be physically prevented from committing acts of infringement by the TPM. Based on this narrow interpretation, Higgs’s convictions were quashed.

Question 4 – Types of Barriers

- ✓ What types of legal barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ What types of technical barriers do citizens/users typically face, when accessing digital cultural contents in your country?
- ✓ Are there any other types of barriers, such as informal or cultural ‘unspoken rules’, which in some way affect the access of users to digital cultural contents in your country?

4.1. Types of legal barriers do citizens/users typically face, when accessing digital cultural contents.

The legal barriers that European citizens may face in the exercising of copyright and, in particular, in accessing to digital content in the network are of a different nature.

First of all, it is worth mentioning the incorrect adjustment of some copyright principles related to its limitations. One of these is surely the exhaustion principle. The digital environment exacerbates the legal rules laid down in the field of intellectual property conceived in a previous technology. The need not to create a too monopolistic position in the rights holder is expressed in the possibility of creating a secondary market after the first sale of a legitimate copy of a work. In the digital scenario, where copy and the original are indistinguishable and where the cost of the copy itself is tending to zero, affirming the exhaustion principle undermines the position of power to those who have the interest to control the market of their intellectual works. This situation sometimes leads to stiffen the same principle to the exclusion of its scope in the digital environment. It exacerbates the position of those who control the circulation of the work, allowing them to put in place strategies of price discrimination and bundling that certainly does not contribute to encourage the circulation of works, the access to them by individuals, and, consequently, the creation of new works. The exhaustion principle will also be analysed in the Case study n. 2 below.

Another aspect that can represent a barrier to access to digital content is related to licenses. The intellectual work is circulated by means of the use of a contract that manages the allocation of rights and options between licensor and licensee. In this context different approaches are being discussed: the closed and proprietary one, that exacerbates the position of the right holder by restricting to a minimum the capabilities of the user, and the so-called open models, which are based on licenses that, instead, focus their attention on the rights (or rather, freedoms) of the licensee in order to facilitate the reuse of the works (see the phenomenon that goes by the name of “open licenses”). This conflict and the proliferation of contractual models sometimes incompatible among them deliver a fairly confused and nebulous scenario, that certainly does not help accessing to content. The forecast of open contractual schemes that intend to encourage the dissemination of

content in order to foster the creation of new works should be facilitated and fostered both from the point of view of statutory law, and especially engaging in training and awareness-raising that could lead to the emergence of standardized open licenses (see eg Creative Commons licenses) aimed at abolishing also the rigidity that the traditional copyright system presents.

From a more general point of view, while remaining in the same context, a legal barrier to access for users is certainly represented by the compression of the limitations and exceptions to copyright, also due to the prevalence of a certain type of contractual approach that tends to exclude *de facto* access to contents themselves, strengthening the position of the copyright holder. A copyright law reform might deal with these aspects, and broad copyright exceptions in favor of access to knowledge.

Finally, the privacy itself may become a barrier, with a view of the enforcement of copyright against those who allegedly violated them. From this perspective, however privacy becomes in positive a bulwark with respect to the interference of rights holders and prevents the fact that the rights in favor of the latter do not become overbearing against private parties and, in general, society as a whole.

4.2. Types of technical barriers do citizens/users typically face, when accessing digital cultural contents

One of the technical barriers that European citizens/users may encounter when accessing digital cultural contents are the Tecnological Protecion Measures (TPM), or in particular the Digital Rights Management (DRM) systems⁴⁷. This term singles out the most advanced anti-access and anti-copy protection system on the market.

TPMs are any technological means within a copyright product designed to prevent acts restricted by copyright unless the authorization of the copyright owner is obtained, usually by electronic means provided within the system. Copyright legislation prohibits circumvention of TPMs and removal or alteration of DRMs, treating these as infringements of copyright if carried out with knowledge, or reasonable grounds to know. The law is more limited with regard to computer programs.

⁴⁷ In-depth analysis, see R. CASO, *Digital Rights Management. Il commercio delle informazioni digitali tra contratto e diritto d'autore*, Padova, 2004 (digital reprint, Trento, 2006, available at the Web-site: <<http://eprints.biblio.unitn.it/archive/00001336/>>).

The legislation also treats as a form of infringement manufacturing or dealing in devices designated to circumvent TPMs or in products whose DRMs have been removed or altered.

It is worth noting to conclude this paragraph that geo-blocking can be analyzed within this issue. It is a still widely pre-dominant business practice in Europe not only in traditional broadcasting markets, and in the context of the on-demand online services that traditional broadcasters have progressively developed, but also in the context of purely web-based content services giving access to music, sport events and other types of protected works. From the perspective of the 'Digital Single Market', geo-blocking widely frustrates the increasingly high expectations of European citizens to access culture, services and entertainment on a EU-wide basis.

Finally, and more generally, the difficulty in accessing to the Internet by citizens (partly due to a digital infrastructure no longer in step with the times) that characterizes the context is definitely a form of technical barriers to enjoyment of these rights. With respect to this problem, we may quote that, delivering on its Digital Single Market strategy, the European Commission has presented a proposal to allow Europeans to travel with their online content and an action to modernise EU copyright rules, which it says makes them fit for the digital age. UK Prime Minister and Business Secretary have welcomed European Commission proposals which mean that UK consumers will be able to access digital subscriptions when travelling in other EU countries. For the first time, UK consumers will be able to access digital subscriptions such as Netflix when travelling in other EU countries, thanks to new European Commission proposals championed by the government. As well as allowing them to watch films or sport on subscription services while on holiday, UK consumers will have a clearer set of rules when they buy digital content such as games or music from elsewhere in the EU. This change also reinforces one of the key priorities for the government's EU reform agenda: reducing red-tape and boosting competitiveness in a way that works for businesses and consumers across the EU.

4.3. Other types of barriers, such as informal or cultural 'unspoken rules', which in some way affect the access of users to digital cultural contents

Dealing of informal or cultural "unspoken rules", which in some way affect the access of users to digital cultural contents, is never an easy task as these are characterized by not being coded and easily recognizable.

From a negative point of view, we could cite the psychological pressure that is put in place towards the public opinion through the media campaign - actually more widespread in the past than today - pushing on the equation of (digital) piracy to (physical) theft. This results in a form of conditioning and then forcing the positions and interests in the field towards the powers and the lobbies, then trying not to focus public attention to the flexibility and, more in general, to the rights it enjoys even in respect of copyrighted digital content (this of course without getting to justify unlawful conduct).

From a positive point of view, it may instead be cited the now famous phenomenon of Open movement (of course, this aspect is not limited only to the UK context, but rather is characterized by a fundamentally international approach). From this perspective, using contracts which focus the attention not so much on the exclusive rights of the copyright holder as to the faculties and rights for the licensee and individual users, it may trigger a virtuous circle of access to content and elaboration of these in new forms of knowledge. This movement represents a formidable tool to make circulateing knowledge and sometimes even contrasting more or less obvious forms of censorship (see Open Source, Open Access, Open Design, etc.).

Question 5 – Trends and Future Developments

- ✓ What are the trends in your country in terms of future policy directions as regard to the access to digital cultural contents? Do you see any disadvantage or, conversely, any positive aspect in the current development?

5.1. Trends in your country in terms of future policy directions as regard to the access to digital cultural contents

The advent of digital technologies and the Internet have led to the change of the mechanisms inherent in the generation and circulation of culture. Traditional laws protecting copyright are now enforced in technological, social and market scenarios undoubtedly far from the context from which they took inspiration. Hence the importance of the processes of "modernization" of copyright that the English legislature, even on the basis of the debate now turned to the European level, has recently undertaken and completed.

Part II

Case study I: resale of e-books and exhaustion of copyright

The company RESELLER started a business in “used” e-books. By means of this service Mr. SMITH, owner of an e-book, can sell his book through the website of RESELLER. In order to do that, he has to declare that he is the lawful owner of a legal copy, by expressing his acceptance of the RESELLER contractual terms. He has also to declare that he will delete his own copy after the selling. RESELLER adds a code to the uploaded copy, in order to make it traceable and to avoid that the same copy will not be uploaded twice. The ASSOCIATION of PUBLISHERS demanded that RESELLER stop its business activity, arguing that the e-books are not resalable, since they are intangible goods.

Question 1: Are the contractual terms of RESELLER lawful, according to your national legislation?

Question 2: Is the exhaustion of IPRs applicable to e-books?

Question 3: If RESELLER employed a technological measure of protection that prevents the uploading of pirated copies, could it continue its business?

The case dealt with the so-called “digital/online exhaustion of intellectual property rights” (or “exhaustion doctrine” or “first sale doctrine”). It represents one of the limits of IPRs. After a product covered by an IP right has been transferred by the IP right owner or by others with the consent of the owner, the IP right is said to be exhausted: the owner can no longer control over the distribution of the copyright work. The rationale behind the uncontroversial concept of national exhaustion is that, once the IP right owner has received the full benefit of the IP right from the first sale, there should not be any encumbrance on the purchaser's rights regarding the particular product in the domestic market where the product was first sold. The exhaustion doctrine does not perfectly fit transfers of copies of digital works, since while a transfer may occur, what really lacks is the loss of possession, namely the loss of the good (copy). The recipient receives a new copy of the work while, at the same time, the sender has the original copy (unless that copy is deleted, either automatically or manually)⁴⁸.

E-books scenario has the same issue. As it is debated that the principle of exhaustion applies to electronic books, libraries cannot freely lend e-books indefinitely after purchase. Instead, electronic book publishers came up with business models to sell the subscriptions to the license of the text,

⁴⁸ Taking into account the digital environment, we may also want to suggest alternative forms of disposal, by means of technologies that reach the same aim of losing the possession of the good/copy.

placing restrictions on the number of times an e-book can circulate and/or the amount of time a book is within a collection before a library's license expires, then the book no longer belongs to them. The same issue, obviously, affects the private users.

Question 1:

In terms of contract validity, there is no visible reason why it should not be considered lawful⁴⁹. The contractual terms impose to the owner of an e-book, that wish to sell his/her book through its website, to declare that he/she is the lawful owner of a legal copy, and that he will delete his own copy after the selling⁵⁰. It may be needed to outline the actual meaning of ownership in this context, especially in terms of defining the concrete leeway the owner has. If we opt for its traditional wide-ranging meaning, we would have little doubts about the likelihood for the owner to do anything he/she wants with the e-book. However, we may already draw some distinctions when we impose further terms he/she needs to comply with.

The contract itself appears legitimate because it does not directly conflict with mandatory standards order and in line with the principles of freedom typical negotiation. Moreover, focusing on the contract setting, potential conflict may also arise from standard user agreements, where it is made clear that the purchaser of an e-book will rent but not own it (or, in other words, the license's terms expressly exclude transfer or ownership). Although limitation on onward sale would be void and unenforceable under EU law with regard to software (*UsedSoft*), yet it has not been stated whether the same applies to e-books.

Question 2:

Because of the exhaustion of the distribution right after the first sale, a person or a company could buy (paper) published books. These actions do not interfere with the rights of the author (or those of anyone else whomsoever held). In their interpretation of copyright, publishers claim that the e-book market is a type of service for which it is not possible to apply the principle of exhaustion of the

⁴⁹ However there is a distinctive application of the sale/licence dichotomy that may come into consideration; it could help the interpreter to discriminate between legitimate and unlawful acts in this respect (this is particularly accentuated by copyright holders who claims no exhaustion applies if the transaction qualifies as a licence).

⁵⁰ The exhaustion rule requires loss of possession upon transfer of ownership. A mere declaration could be indeed difficult to enforce and provide copyright holders with reasons for purporting the impracticality of digital exhaustion. Some kind of counterpoise may be however provided by technology

distribution right⁵¹. They believe that holders of copyrights are free to decide whether or not to give access to a particular work, and to set terms and conditions for such access (by means of contract/license).

In July 2012, the European Court of Justice ruled that the principle of exhaustion of the distribution right regarding the purchase of software has to be applied both to downloaded data and to the physical media. It can be considered that, with this judgment, the principle of exhaustion of the distribution right covers e-books too. Actually, it is unclear from the ruling in *UsedSoft* whether the exhaustion of rights extends to e-Books⁵².

The owner of an eBook receives a right to use the copy for an unlimited time in return for paying a price that represents the economic value of the copy of the work – just as in *UsedSoft*. On the other hand, the recitals 28 and 29 of the *Infosoc Directive* indicate that article 4(2) of the directive is applies to tangible copies only.

Question 3:

The key question concerns whether or not the exhaustion principle operates on e-books resale. The answer to that question clearly determines the legality of the entire activity. Certainly a service, such as that offered by RESELLER, can also give rise to unlawful conduct by persons who place on the market “pirated copies” of intellectual work, and facilitate the resale of eBooks, because by doing so, the service makes the trade in illegal copies easier. There is certainly general obligation that directly impose to RESELLER (even in the eventual quality of content providers) to control the “legality” of copies distributed through its portal. This does not mean that in the future it could be, instead, considered aware of the possible illegal origin of these materials (for instance, when it could get hundreds of copies of e-books from the same person or company). In light of these considerations, then the implementation of an anti-pirated copies is a good tool by RESELLER at least to demonstrate the fulfillment of the general duty of care in the management of its business.

⁵¹ Indeed, it may be useful to bear in mind that exhaustion precisely applies to goods and not to services.

⁵² Even more unclear is the CJEU’s view after its ruling in 2015 *Art & Allposters* (see explicit reference to “tangible objects” when dealing with the principle of exhaustion in general). To such extent, it seems advisable to further analyse the issue of tangibility, which often recurs in addressing the topic.

Case study II: open access to scientific knowledge

Prof. SMITH published for years his scientific papers under the strict conditions of “CLOSED PUBLISHING, Inc.”. He decides to make all his publication available on his University institutional archive under an Open Access (OA) license. He does not follow this new approach only with reference to the new publications; he, actually, includes also the full text of the articles that were previously published by CLOSED PUBLISHING. Therefore, the papers are now freely accessible by the users after the acceptance of the licence conditions. The OA license allows authors to publish their work on the Internet, and to use it for any purpose including for educational purposes (this contrasts sharply with the license used by CLOSED PUBLISHING). In addition, the OA license allows anyone to reproduce and communicate the paper freely for strictly non-commercial purposes, provided that proper credit is given and that any redistribution of the paper occurs under the same license conditions.

Question 1: Could CLOSED PUBLISHING object to the making available of the articles on the website?

Question 2: If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have been possible under the limitations and exceptions rules to copyright?

Question 3: Prof. Johnson downloads Prof. SMITH latest paper, makes small modifications and publishes it in an online blog without mentioning the conditions of the OA license. Can Prof. SMITH object to the modification of his article and to the making available of it in the blog?

The case study deals with an emerging phenomenon: the so called Open Access (OA). The logic of Open Access (OA) is gradually spreading within the scientific community, mainly thanks to the help of important areas of public libraries. OA basically describes a phenomenon in which many scientific communities freely publish their results (papers, articles, books, etc.), through the Internet, on archives and journals accessible to anyone. OA seems to have the possibility to become a very powerful tool for the dissemination of scientific knowledge⁵³. OA plays a pivotal role in the broader

⁵³ For an overview see R. Caso, *Open Access to Legal Scholarship and Copyright Rules: A Law and Technology Perspective*, in *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze: European Press Academic, 2009, p. 97 (Proceedings of *Law via the Internet: Free Access, Quality of Information, Effectiveness of Rights*, Firenze, 30-31 October 2008); Willinsky, *The Access Principle – The Case of Open Access to Research and Scholarship*, Cambridge (MA), 2006. An analyses of the legal position of researchers, research institutions and publishers with respect to the consequences for the promotion of OA publishing, see L. Guibault, C. Angelopoulos (eds.), *Open Content Licensing: From Theory to Practice*, Amsterdam, Amsterdam University Press, 2011 (available at: <www.ivir.nl/publications/guibault/9789089643070_TEXT_HR_DRUK.pdf>); see also N. Elkin-Koren, *The Changing Nature of Books and the Uneasy Case for Copyright*, 79 *George Washington Law Review* 101 (2011), also available at: <<http://ssrn.com/abstract=1909176>>.

phenomenon known as “Transfer of Knowledge” (a category encompassing also the more renowned “Technology Transfer”), which sees universities and research centers increasingly interested in showing in the market the quality of their scientific production through various activities aimed at exploiting the foreground of their researches (IPRs, licenses, spin-off, etc.). It could make transfer of knowledge - previously conveyed (under payment) only by private intermediaries - more transparent, fluid, and accessible to anyone. The logic of OA is echoed by some (solemn) statements and guidelines. Among the many: the “Budapest Open Access Initiative”⁵⁴ in 2002, the “Berlin Declaration on Open Access Publishing”⁵⁵ in 2003⁵⁶.

Researchers publish their contributions in various scientific journals concluding publishing license that, very often, transferred all economic rights related to their intellectual work to the publishers. On this basis hereafter we give solution to the proposed questions.

The UK Government, in line with its overarching commitment to transparency and open data, is committed to ensuring that scientific research should be freely accessible. As major bodies charged with investing public money in research, the Research Councils take very seriously their responsibilities in making the outputs from this research publicly available – not just to other researchers, but also to potential users in business, charitable and public sectors, and to the general public⁵⁷.

In June 2012 the report from the National Working Group on *Expanding Access to Published Research Findings* (the so called ‘Finch Group’) was published⁵⁸. The report sets out a challenging road map to foster open access to scholarly literature. The Research Councils have used the findings of the group to further develop the policies that they have had in place since 2005: *RCUK Policy on Open Access and Guidance*⁵⁹. In order to help the implementation of the policy, the Research Councils introduced

⁵⁴ <http://www.soros.org/openaccess>.

⁵⁵ <http://oa.mpg.de/lang/en-uk/berlin-prozess/berliner-erklarung/>.

⁵⁶ In the Italian context see also: “Linee guida per il deposito delle tesi di dottorato negli archivi aperti” (Guidelines for the submission of doctoral theses in open archives) prepared by the “Gruppo Open Access della Commissione Biblioteche della Conferenza dei Rettori delle Università Italiane” (CRUI) of 2007, available at: <<http://www.crui.it/HomePage.aspx?ref=1149#>>.

⁵⁷ See: <http://www.rcuk.ac.uk/research/openaccess/>.

⁵⁸ Accessibility, sustainability, excellence: how to expand access to research publications, available at: <http://www.researchinfonet.org/publish/finch/>.

⁵⁹ <http://www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/RCUKOpenAccessPolicy.pdf>.

(from April 2013) a new funding mechanism - a block grant to universities and eligible research organisations to cover the cost of article processing charges (APCs)⁶⁰.

Question 1:

The terms and conditions of the publishing license give the answer to this question. The exclusive license agreement usually does not provide any opportunity for the author of the scientific article to engage in new activities of duplication and distribution of their work without the express permission of the publisher (*rectius*, the new owner of the economic rights)⁶¹. Such outlook is often defined by the same journal's publishing policy (often called re-use policy) that oversees each single agreement.

If this is the assumption, then the CLOSED PUBLISHING may legitimately object to the making available of the articles on the website. Not only it may object, but the publisher could legitimately bring legal action against the author (or yet terminate the agreement if the author has failed to perform the obligations within, with all the ensuing consequences that this may imply). In addition, it is often required provide a link to the appropriate DOI for the final published version.

But, if the publication license does provide for an OA clause (as it is more and more often happening also given the emergence of the phenomenon of OA), perhaps by establishing an embargo period for post-print publication of approximately 6-12 months, then, the activities of Prof. SMITH, in the aforementioned period, would be considered lawful.

Question 2:

If Prof. SMITH had made the previously published articles available only to students for educational purposes, this would have not been possible under the limitations and exceptions rules to copyright. Regarding the UK, terms and conditions of the agreement may provide some guidance. In fact, some

⁶⁰ Further information about the block grant can be found at: <http://www.rcuk.ac.uk/media/news/121108/> and <http://www.rcuk.ac.uk/RCUK-prod/assets/documents/documents/2015-16-BlockGrantAllocation.pdf>.

⁶¹ The general rule is that permission must be sought, unless otherwise stated. However, it may be helpful to distinguish whether such impediment concerns the use/re-use of a specific version of the work that is subject to the license. The author can usually make any use of the version that has been submitted as well as further versions – pre and post, while restrictions apply to the version that has been accepted and then published, for which the author will need the publisher's permission.

of them have deliberately granted the author the right to re-use the published version of the work for his/her own teaching or research needs (on an individual basis, e.g. providing a colleague with the work) as long as such use is not for commercial purposes⁶². Then only the partial use of a work is granted, not its total provision even if only for educational purposes (and, for example, provided for on closed online communities).

Question 3:

With reference to the Prof. Johnson activity, the basic rules are enshrined in the OA licenses. A typical feature of them (but, obviously, the freedom of contract can create countless options) is granting many rights and faculties to the licensee, but with one basic requirement: that of respecting the OA license and the conditions laid down in it. Then, it can, by hypothesis, be granted the right to put in place changes to the original work and/or create, from this, a derivative work. Compliance with the OA license imposes at least the explicit reference to the rights stated in it and the right to be acknowledged as the author of the work (attribution). In light of these considerations, and as part of the scenario described, the activity of Prof. Johnson appears to be not lawful.

Finally, in the event that the prof. Johnson did not quote Prof. SMITH as author of the original work, this would also be considered plagiarism, a case of moral rights infringement.

⁶² See, for instance, SAGE publications' policy on this regard.

Annexes

Relevant national provisions and case law

Legislation

- *Entreprise and Regulatory Reform Act 2013* (ERRA)
- *Digital Economy Act 2010* (DEA)
- *Copyright and Related Rights Regulations 2003*
- *Copyright, Designs and Patents Act 1988* (CDPA 1988)
- *Electronic Commerce Regulations 2002* (EC Regulations)
- *Data Protection Act 1998* (DPA 1998)

Case law

- *SAS Institute Inc v World Programming Ltd* (No2) [2010] ECDR 15
- *Twentieth Century Fox Film Corp. v. Newzbin Ltd*, [2010] EWHC 608 (Ch), [2010] All ER (D) 43
- *R v Higgs (Neil Stanley)* [2008] FSR 34 (CA)
- ***Bunt v Tilley*** [2006] EWHC 407
- *Sony v Ball* [2005] FSR 9
- *Brown v Mcasso Music* [2005] FSR 40
- *Philips Domestic Appliances & Pers. Care B.V. v. Salton Europe Ltd.*, [2004] ECHC. 2092 (Ch), [44]-[45] (H.C.Eng.)
- *Sweeney v Macmillan Publishers Ltd* [2002] RPC 35
- *Norowzian v Arks Lts* (No 2) [1999] FSR 79; aff'd [2000] FSR 363.
- *CBS Songs Ltd v. Amstrad Consumer Elec. Plc.*, [1988] A.C. 1013, 1055 (H.L.)(Eng.)(Lord Templeman)
- *Robin Ray v Classic FM plc* [1988] FSR 622
- *CBS Inc. v. Ames Records & Tapes Ltd.* [1982] Ch. 91, 106 (Eng.).
- *Amstrad Consumer Elec. Plc. V. British Phonographic Indus. Ltd.* [1986] F.S.R. 169, 211 (C.A. Eng.)(Slade L.J.)
- *Falcon v. Famous Players Film Co.*, [1926] 2K.B. 474, 498-499 (C.A. Eng.) (Atkin L.J.)
- *University of London Press v University Tutorial Press* [1916] 2 Ch 601

- *Baker v Selden* 101 US 99 (1879)
- *Black v Murray* (1870) 9 M 341

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