

The Restricted Acts of Reproduction and Distribution in EU Copyright Law

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Most, but not all, types of act restricted by copyright or related rights in works or other matter are harmonised at an EU level. Thus, along with the restricted act of communication to and making available to the public, the restricted acts of reproduction, distribution and rental are also expressly harmonised at an EU level. Although such other restricted acts have occasioned considerably less case law in the Court of Justice of the EU than the restricted act of communication and making it available to the public, their case law provides an insight into many live issues of EU copyright law, such as the degree of originality required for copyright to subsist and the scope of the doctrine of exhaustion of rights. In some areas, such as originality, the Court has been prepared to extend the ambit of the EU harmonising legislation into areas which the legislature did not purport to harmonise; but there have been others where it has not been prepared so to do, thereby flagging up lacunae in the harmonisation of copyright at an EU level. One already established such lacuna is that of certain restricted acts as mandated, as to copyright, by the Berne Convention. The Court has recently, in a case which concerns aspects of the restricted acts of both reproduction and distribution, and as to the latter the scope of the doctrine of exhaustion of rights, declined to seize the opportunity offered to it to clarify the status under EU law of another restricted act, that of adaptation, as mandated by Article 12 of the Berne Convention.

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Most types of act restricted by copyright or related rights in works or other matter are expressly harmonised at an EU level. Thus, along with the restricted act of communication to and making available to the public,¹ the restricted acts of reproduction, distribution and rental are also expressly harmonised at an EU level, albeit by virtue of different legislative provisions, as summarised in the Table 1.

Although such other restricted acts have occasioned considerably less case law in the Court of Justice than the restricted act of communication to and making available to the public their case law provides an insight into many live issues of EU copyright law, such as the degree of originality required for copyright to subsist and the scope of the doctrine of exhaustion of rights. In some areas, such as originality, the Court has been prepared to extend the ambit of the EU harmonising legislation into areas which the legislature did not purport to harmonise; but there have been others where it has not been prepared so to do, thereby flagging up lacunae in the harmonisation of copyright at an EU level.

One already established such lacuna is that of certain restricted acts as mandated, as to copyright, by the Berne Convention. Thus, the Court has held that the restricted act of public performance as mandated by Article 11(1)(i) of the Berne Convention was not harmonised at an EU level by the harmonisation of the restricted act of communication to and making available to the public as effected by Directive 2001/29/EC.² The Court has recently, in *C-419/13 Art & Allposters International BV v Stichting Pictoright*,³ a case which concerns aspects of the restricted acts of both reproduction and distribution, and as to the latter the scope of the doctrine of exhaustion of rights, declined to seize the opportunity offered to it to clarify the status under EU law of another restricted act, that of adaptation, as mandated by Article 12 of the Berne Convention. Before discussing this case, this article briefly reviews the Court's case law in the areas of both reproduction and distribution, and of exhaustion of rights as applied to copyright.

Reproduction

There have been very few references to the Court as to the scope of the restricted act of reproduction, as opposed to the many concerning the exceptions and

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Table 1—Legislative provisions for the restricted acts of reproduction, distribution, rental and lending

	Reproduction	Distribution	Rental and Lending
Computer Programs	Directive 2009/24/EC on the legal protection of computer programs	Directive 2009/24/EC	Directive 2009/24/EC
Databases in which copyright subsists	Directive 96/9/EC on the legal protection of databases	Directive 96/9/EC	Directive 96/9/EC
Other types of copyright work	Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society	Directive 2001/29/EC	Directive 2006/115/EC on rental right lending and on certain rights relating to copyright ...
Sound recordings (phonograms)	Directive 2001/29/EC	Directive 2006/115/EC	Directive 2006/115/EC
Performance Fixations	Directive 2001/29/EC	Directive 2006/115/EC	Directive 2006/115/EC
Film Fixations	Directive 2001/29/EC	Directive 2006/115/EC	Directive 2006/115/EC
Broadcast Fixations	Directive 2001/29/EC	Directive 2006/115/EC	Directive 2006/115/EC

limitations to it.⁴ Of only three such cases,⁵ the most important was *C-5/08 Infopaq*⁶ in which the Court confirmed its potentially broad scope in the course of declining the invitation offered to it to hold that copying 11 words was too little to constitute reproduction of a work by ruling:

1. An act occurring during a data capture process, which consists of storing an extract of a protected work comprising 11 words and printing out that extract, is such as to come within the concept of reproduction in part within the meaning of Article 2 of Directive 2001/29/EC ..., if the elements thus reproduced are the expression of the intellectual creation of their author; it is for the national court to make this determination.

However the most important aspect of the Court's decision in *C-5/08 Infopaq* was to extend the "owners own intellectual creation" criterion of originality to copyright works generally, despite the legislature having pointedly failed so to do, and instead limiting its use of such criterion in the legislation to specific types of copyright work, namely computer programs, databases and photographs.

Distribution

The Court of Justice has considered the restricted act of distribution in two main contexts: One is a consequence of the disparities in Europe as to the protection by copyright of three dimensional designs, and the other has been as to the scope of the principle of exhaustion of rights.

Although Europe has harmonised systems of both registered and short term unregistered design protection, there is at present limited harmonisation in

Europe of the law relating to the protection by copyright of three dimensional designs.⁷ Two references to the Court show the sort of situations to which such a state of affairs can give rise. *Case C-456/06 Peek & Cloppenburg v Cassina*⁸ concerned chairs in which copyright subsisted in some EU countries but not others. Was it lawful to display, but not to offer for sale, such a chair in a country in which copyright protected it where the chair in issue had not been made by or with the consent of the rights holder. Here the Court interpreted the restricted act of distribution narrowly so as to find that it did not, as "the concept of distribution to the public, otherwise than through sale, of the original of a work or a copy thereof, for the purpose of Article 4(1) of Directive 2001/29/EC ..., applies only where there is a transfer of the ownership of that object. As a result, neither granting to the public the right to use reproductions of a work protected by copyright nor exhibiting to the public those reproductions without actually granting a right to use them can constitute such a form of distribution." However, this does not provide an opportunity to run a business supplying such chairs in countries in which they are so protected by ensuring that title to them passes in a country in which they are not, as in *Case C-5/11 In the criminal proceedings against Titus Alexander Jochen Donner*.⁹ Here the combination of advertising in the EU Member State in which such articles were protected by copyright and providing a specific delivery system and payment method which allowed members of the public there to receive delivery of such articles was held sufficient to constitute a 'distribution to the public' under Article 4(1) of Directive 2001/29/EC in such Member State. Moreover the free movement of goods provisions of

Articles 34 and 36 TFEU permitted Member States to bring a prosecution under national criminal law for the offence of aiding and abetting the prohibited distribution of copyright-protected works “where such works are distributed to the public on the territory of that Member State in the context of a sale, aimed specifically at the public of that State, concluded in another Member State where those works are not protected by copyright or the protection conferred on them is not enforceable as against third parties.”

Exhaustion of Rights

The well-established EU principle of exhaustion of rights applies in all areas of intellectual property and imposes limits on the extent to which an intellectual property rights holder, having once consented to the placing of goods on the EU market which those intellectual property rights protect, can then use its intellectual property rights elsewhere in the EU to impede subsequent trade within the EU in those same goods. Although its initial legal basis lay in the treaties establishing the precursors to the EU it is now generally expressly provided for in the relevant legislation and so is reflected in EU copyright legislation as an exception to the restricted act of distribution, where Article 4(2) of Directive 2001/29/EC provides:

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

It should also be observed that, as is also well settled, exhaustion does not constitute an exception to the restricted act of rental, which, as with distribution, concerns physical articles. Although its scope was the subject of much of the Court’s early intellectual property case law, there has been much less case law about exhaustion in recent years, especially in the area of copyright. Thus, the Court has considered exhaustion of rights in the context of copyright on only three occasions since the passage of Directive 2001/29/EC and before its decision in *C-419/13 Art & Allposters International BV v Stichting Pictoright* discussed below.

Firstly, in *C-479/04 LaserdiskenApS v Kulturministeriet*¹⁰ the Court confirmed that Directive 2001/29/EC, by providing for exhaustion as an exception to the restricted act of distribution,

precluded any latitude on the part of Member States to permit international exhaustion in relation to the original or copies of a work placed on the market outside the EU by the copyright holder or with its consent. Secondly, in *C-403/08 Football Association Premier League and Others v QC Leisure and Others* and *C-429/08 Karen Murphy v Media Protection Services Ltd*,¹¹ the Court held that Article 56 TFEU precludes legislation of a Member State which makes it unlawful to import into and sell and use in that State foreign decoding devices which give access to an encrypted satellite broadcasting service from another Member State that includes subject-matter protected by the legislation of that first State, and that it did not matter for such purpose whether the foreign decoding device has been procured or enabled by the giving of a false identity and a false address, with the intention of circumventing the territorial restriction in question, nor by the fact that it is used for commercial purposes although it was restricted to private use. More important than this conclusion however was the Court’s reasoning leading to it which suggested that some aspects of its earliest case law on exhaustion, apparently holding that it did not apply to matters such as broadcasting and cable retransmission, might have been too broadly interpreted. The third case, *C-128/11 UsedSoft GmbH v Oracle International Corp*,¹² concerned computer programs not supplied on a physical carrier but downloaded onto it with the consent of the copyright holder, as to which the Court held that “the right of distribution of a copy of a computer program is exhausted if the copyright holder who has authorised, even free of charge, the downloading of that copy from the internet onto a data carrier has also conferred, in return for payment of a fee intended to enable him to obtain a remuneration corresponding to the economic value of the copy of the work of which he is the proprietor, a right to use that copy for an unlimited period”. As a result, “in the event of the resale of a user licence entailing the resale of a copy of a computer program downloaded from the copyright holder’s website, that licence having originally been granted by that right holder to the first acquirer for an unlimited period in return for payment of a fee intended to enable the right holder to obtain a remuneration corresponding to the economic value of that copy of his work, the second acquirer of the licence, as well as any subsequent acquirer of it, will be able to rely on the exhaustion of the distribution right ...”. Even for

computer programs this conclusion will be of limited impact as the judgment also imposes a list of conditions that a reseller must satisfy in order to make a legal resale of such software. Moreover, as computer programs are governed by a different Directive from most other copyright works, and so can be regarded as subject to a *lex specialis* which means that the conclusion, extending in a limited manner the application of the principle of exhaustion, is unlikely to have wider application.

Reproduction, Distribution and Adaptation

The Court's decision in C-419/13 *Art & Allposters International BV v Stichting Pictoright* on its face is one based on a very special set of facts, which is unlikely to have much wider application. Its primary interest lies in the way it causes one to revisit the issue of exhaustion and to analyse the relationship between the restricted acts of reproduction and distribution, and the restricted act of adaptation as mandated by Article 12 of the Berne Convention.

The case concerned images on a canvas medium sold by *Art & Allposters* as produced from paper posters of these images, copyright in which is managed by *Stichting Pictoright*. To produce such an image on canvas, *Art & Allposters* first apply a laminate coating to a paper poster of the image of choice. They then, by means of a chemical process, transfer the image from the paper poster to the canvas, which is then stretched over a wooden frame, as a result of which the image disappears from the paper poster. The question was whether or not *Art & Allposters'* actions infringed the copyright managed by *Stichting Pictoright*. The reference to the Court was couched very much in terms of the restricted act of distribution, and the relatively brief decision of the Court adopts the same approach, concluding:

Article 4(2) of Directive 2001/29/EC ... must be interpreted as meaning that the rule of exhaustion of the distribution right set out in Article 4(2) of Directive 2001/29 does not apply in a situation where a reproduction of a protected work, after having been marketed in the European Union with the copyright holder's consent, has undergone an alteration of its medium, such as, the transfer of that reproduction from a paper poster onto a canvas, and is placed on the market again in its new form."

The Court thus dealt with issue by adopting a broad interpretation of the restricted act of reproduction and by limiting the scope the exhaustion exception to the restricted act of distribution.

Before reaching such conclusion however, it had had to address the issue of adaptation. This issue was raised by *Stichting Pictoright*, which had sought to uphold the reasoning of the judgment in its favour which, it argued, the Court lacked competence to review as it concerned a restricted act, adaptation, which was not harmonised at an EU level. The Court itself said little about the topic, accepting that Article 12 of the Berne Convention confers on authors "an exclusive right of authorising adaptations, arrangements and other alterations of their works and that there is no equivalent provision in Directive 2001/29" but declined to interpret the concept, noting that "it is sufficient to state that both the paper poster and the canvas transfer contain the image of a protected artistic work and thus fall within the scope of Article 4(1) of Directive 2001/29." However the opinion of the Advocate-General (itself an increasingly rare feature of Court of Justice procedure, as it continues to streamline its procedures), provides rather more insight. He initially observes that the issue could be framed in terms of the restricted act of reproduction, the question being "whether or not *Allposters* lawfully acquired the right to reproduce the works in question on canvas, it being immaterial in that regard whether it did so directly or through the manipulation of reproductions on paper." However, as the issue was framed in the reference in terms of the restricted act of distribution he does not pursue this line, but then moves on to discuss the restricted act of adaptation at some length as this had been raised by one of the parties to the reference. He concludes that the situation the subject of the reference does not fall within its scope, as an adaptation affects a work in so far as it is the result of an artistic creation, whereas the situation here is one of an alteration of the medium in which the work is incorporated. Neither he nor the Court addresses the submission made by the UK Government to the effect that the adaptation of a work entails a form of reproduction of that work, which would mean that the restricted act of adaptation is in fact harmonised at an EU level as part of the harmonisation of the restricted act of reproduction. However, for the reasons he articulates, this would not be relevant even if correct as what is in issue here is not in fact an adaptation.

Conclusion

It has long been appreciated that there are certain aspects of copyright law in the EU, such as the identity of the first owner of copyright in works created by an employee in the course of employment,¹³ as to which there are strong differences in tradition as between Member States which would make harmonisation unrealistic in the foreseeable future. But there are also various other aspects, to which list we can now add adaptation, where there is no reason for not effecting harmonisation expressly. It is easy to understand how the piecemeal process of harmonising copyright that has taken place to date has left gaps. But if a wide ranging revision of EU copyright law is ever undertaken, as has now been threatened¹⁴ the opportunity ought to be taken to fill in such lacunae. Even if this takes no more elaborate a form than copying out the relevant passage from the Berne Convention into the legislation, merely doing so will at least oblige the Court of Justice to analyse such issues the next time that they arise.

References

- 1 Cook T, The restricted act of making available and communication to the public in the European Union, *Journal of Intellectual Property Rights*, 20 (1) (2015) 60-66.
- 2 See C-283/10 *Circul Globus București (Circ&Variete Globus București) v Uniunea Compozitorilorși Muzicologilor din România – Asociațiapentru Drepturi de Autor (UCMR – ADA)* (CJEU 24 November 2011) holding that “Directive 2001/29/EC ... and, more specifically, Article 3(1) thereof, must be interpreted as referring only to communication to a public which is not present at the place where the communication originates, to the exclusion of any communication of a work which is carried out directly in a place open to the public using any means of public performance or direct presentation of the work.”
- 3 C-419/13 *Art & Allposters International BV v Stichting Pictoright* (CJEU 22 January 2015).
- 4 Cases on exceptions and limitations to the restricted act of reproduction, many of which concern private copying, are C-5/08 *Infopaq A/S v Danske Dagblades Forening* (CJEU 16 July 2009), C-467/08 *SGAE v Padawan* (CJEU 21 Oct 2010), C-462/09 *Stichting de Thuiskopie v Opus Supplies Deutschland GmbH, Mijndert van der Lee, Hananja van der Lee* (CJEU 16 June 2011), C-271/10 *Vereniging van Educatieveen Wetenschappelijke Auteurs (VEWA) v BelgischeStaat*, (CJEU 30 June 2011), C-403/08 *Football Association Premier League and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection Services Ltd* (CJEU 4 October 2011), C-302/10 *Infopaq* (CJEU 17 Jan 2012), C-277/10 *Luksan v Petrus van der Let* (CJEU 9 February 2012), C-510/10 *DR, TV2 Danmark A/S v NCB - Nordisk Copyright Bureau* (26 April 2012), C457/11 to C460/11 *VerwertungsgesellschaftWort (VG Wort) v Kyocera* (27 June 2013), C-521/11 *Amazon.com* (11 July 2013), C-351/12 *Ochrannýsvazautorský pro práva k dílůmhudebním, o.s. (OSA) v Léčebnělázně Mariánské Lázně, a.s.*,(CJEU 27 February 2014), C-435/12 *Adam* (CJEU 10 April 2014), C-360/13 *Public Relations Consultants Association Ltd v The Newspaper Licensing Agency Ltd and others* (CJEU 5 June 2014), C-117/13 *Technische Universität Darmstadt v Eugen Ulmer KG* (11 September 2014), and C-463/12 *Copydan Båndkopi* (CJEU 5 March 2015).
- 5 The other two cases as to the scope of the restricted act of reproduction are C-403/08 *Football Association Premier League and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection Services Ltd* (4 October 2011), and C-406/10 *SAS Institute Inc v World Programming Ltd* (CJEU 2 May 2012), which latter case considered its scope as to both computer programs and other works.
- 6 C-5/08 *Infopaq A/S v Danske DagbladesForening* (CJEU 16 July 2009).
- 7 Cook T, The cumulative protection of designs in the European Union and the role in such protection of copyright, *Journal of Intellectual Property Rights*, 18 (1) (2013) 83-87.
- 8 C-456/06 *Peek & Cloppenburg v Cassina* (CJEU 17 April 2008).
- 9 C-5/11 *In the criminal proceedings against Titus Alexander Jochen Donner* (CJEU 21 June 2012).
- 10 C-479/04 *LaserdiskenApS v Kulturministeriet* (CJEU 12 September 2006).
- 11 C-403/08 *Football Association Premier League and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection Services Ltd* (CJEU 4 October 2011).
- 12 C-128/11 *UsedSoft GmbH v Oracle International Corp* (CJEU 3 July 2012).
- 13 The issue of first ownership of copyright in works created in the course of employment is however harmonised for computer programs, (see Article 2(3) of Directive 2009/24/EC) although an attempt to adopt, in the course of the passage of Directive 96/9/EC, the same approach for the databases in which copyright subsists, failed.
- 14 Cook T, The new European Commission and its work plan for EU intellectual property, *Journal of Intellectual Property Rights*, 19 (5) (2014) 353-357.