

PERSPECTIVES ON THE INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS THROUGH ILLEGAL DOWNLOADS

José Carlos Espigares Huete

Senior Lecturer of Commercial Law
Universidad Miguel Hernández de Elche

Correspondence:

jespigares@umh.es

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SUMMARY:

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Abstract

Copyright infringement in cyberspace is an issue of extraordinary interest that has aroused serious concerns. In fact, because of the unusual profiles that cyberspace presents, it provides a window of opportunity that is conducive to infringing copyrights. The digitization of a wide range of works, their communication, and the structure of the network has a decisive influence on the exercise of these rights. This is what happens, for example, with practices that involve illegally sharing files over the internet. Our regulatory framework, whose ultimate goal is to eradicate these behaviours, must be effective in their prevention, pursuit and punishment. But to date, the experience in Spain has brought to light the difficulty in reducing these types of behaviours, which is precisely the point that we would like to reflect on. Since, in our opinion, the owners of intellectual property rights can expect a more reassuring panorama in Spain in relation to direct claims against users who illegally download protected works.

Keywords

Copyright infringement, cyberspace, internet, illegally sharing files, direct claims, digital copyright protection.

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I. Specific legislative measures and perspectives: taking direct action against users who illegally download protected works.

Copyright infringement in cyberspace is an issue of extraordinary interest that has aroused serious concerns. A study of the prevalence of illegal behaviours related to the regulations that protect intellectual property and copyright needs to be accurate and looked at from different perspectives. This is particularly the case with respect to the variables that define the risk factors of these types of illegal behaviour; circumstances which apparently convert cyberspace into a place conducive to breaching this regulation.¹ Neither should we forget that the *International Intellectual Property Alliance* (IIPA) has recommended that our country be kept under observation in order to verify the

level of respect for copyright. It has even been included among the countries that least safeguard these rights.

In fact, because of the unusual profiles that cyberspace presents, it provides a window of opportunity that is conducive to infringing copyrights². The digitization of a wide range of works, their communication, and the structure of the network has a decisive influence on the exercise of these rights. This is what happens, for example, with practices that involve illegally sharing files over the internet³.

Our regulatory framework, whose ultimate goal is to eradicate these behaviours, must be effective in their prevention, pursuit and punishment. But to date, the experience in Spain has brought to light the difficulty in reducing these types of behaviours⁴, which is precisely the

¹ Very interesting reflections in MIRÓ LLINARES, *La protección penal de la propiedad intelectual en la sociedad de la información*, 2003.

² Anonymity or transnationality, as well as other characteristic have been clearly presented by MIRÓ LLINARES (2012).

³ There are conclusive scientific studies related to this. GOODENOUGH & DECKER refer to the fact that a large sector of people do not get involved in criminal activities in physical space, although everyday they engage in practices like illegally sharing files over the internet. *Vid.* Goodenough, Oliver R. and Decker, Gregory J.D. (2007) "WHY DO GOOD PEOPLE STEAL INTELLECTUAL PROPERTY?", *The Gruter Institute Working Papers on Law, Economics, and Evolutionary Biology*: Vol. 4, Article 3. Available at: <http://services.bepress.com/giwp/vol4/iss1/art3>. They ask themselves very expressively: "Why do good people steal intellectual property? You know who we mean. The person (perhaps even yourself) who feels deep remorse if she mistakenly walks off with your pencil, who takes a wallet she found on the street, full of money but with no identification, to the police, and who without a qualm or any thought of payment, downloads copyrighted music off the internet or from a friend to put onto her iPod. What is going on here? Some suggest ignorance of the law, but that is generally not the case. She knows about copyright. Some suggest a lack of enforcement, but that doesn't stop her from turning in the wallet. No, something else is going on – some failure of a normally law-abiding, "good" person to feel any compulsion to obey this set of laws. The emerging discipline of cognitive science can help us understand this challenge to our intellectual property system. This paper will pursue this line of inquiry, both for its own sake, and as an example of how we can look into the brain for answers to some of the law's persistent conundrums. In the process, it will provide an introduction to an approach we might call Cognitive Jurisprudence, exploring its potential and its methodology. In this context, the role of emotion in our thought and action will be of particular importance. The paper will conclude with a return to our problem of intellectual property, offering a hypothesis that gives us answers to our core question and sketching possible paths toward both concrete research and law reform".

⁴ The scientific doctrine stresses what the empirical evidence suggests: that it is difficult to reduce these types of behaviour in cyberspace by using punishment as a threat (SCHULTZ, 2006); and also that there are different factors (for example social rules, the very value system of an individual) which seem to present solid preventive effects. (BAUTISTA, 2012; MIRÓ & BAUTISTA, 2013; PATERNOSTER, 2010; SVENSSON & LARSSON, 2012).

point that we would like to reflect on. Since, in our opinion, the owners of intellectual property rights can expect a more reassuring panorama in Spain in relation to direct claims against users who illegally download protected works. This new scenario has been fomented by *Law 21/2014, of 4 November, which amends the consolidated text of the Intellectual Property Law, approved by Royal Legislative Decree 1/1996, of 12 April, and Law 1/2000, of 7 January, on Civil Procedure*. The amendment to the *preliminary procedural system* through art. 256 of the *Civil Procedure Law*, amended by *Law 21/2014*, enables intellectual property right owners to request providers of information society services to identify their users, so they can take action against the infringement of their rights. Remember that, previously, because of the restrictive interpretation by the courts (in accordance with the regulations for the protection of personal data), this option was reserved only for cases where there was a suspicion that a serious crime was being committed.

Consequently, the reform has laid the foundations for a change in the strategy by the owners of intellectual property rights in Spain: out of court and direct court claim against the users who illegally download protected works, requesting an infringement declaration and compensation for the damages caused. This is what happened in the sentences by the *Court of First Instance n° 7 of Vitoria, on 10 May 2018*, by the *Commercial Court n° 1 of Bilbao on 5 January 2018* and by *Commercial Court n° 1 of San Sebastián on 2 November 2017*. However, it is true that the results were mixed. In the first two cases, the owners of the IP, from where the cinematographic work

was downloaded illegally, were sentenced to pay 150 euros plus statutory interest. The sentence by *Commercial Court n° 1 of San Sebastián on 2 November 2017*, however, acquitted the IP owner, understanding that infringement committed by the IP owner had not been proven. Further on, we will analyse the exact terms that the different trials and the most controversial questions.

Nevertheless, it is reasonable to think that this new combative strategy by intellectual property right owners will permit a considerable reduction in the levels of infringement. If this is the case, then it will have a direct impact on the indices of illegal downloads. The experiences of countries like Germany or Finland have raised the expectations and confidence that rightholders need. In Germany, years after these types of claims became commonplace, illegal downloads are practically non-existent; and in Finland illegal downloads have significantly decreased in recent years⁵.

II. An approach to the Spanish regulatory framework in matters of digital copyright protection.

Before making a detailed analysis of the aforementioned sentences, we are going to refer to the Spanish regulatory framework in this area.

With respect to the current Spanish intellectual property regulations, the *Consolidated Text of the Intellectual Property Law* approved by *Royal Legislative Decree 1/1996, of 12 April* should be taken into account. This amended Law regulated, clarified and harmonized the legal provisions in force about this question, incorporating the provisions in force in the European Community

⁵ The relevant studies should be consulted in the *European Observatory on Infringements of Intellectual Property rights*. Of particular interest is the recent study on *Legislative measures related to on line IPR infringements*, 2018. Vid. <https://euipo.europa.eu/ohimportal/es/web/observatory/observatory-publications>

at that time. This Law has undergone important amendments due to successive reforms, conditioned by *Directive 2001/29/EC of the European Parliament and Council, of 22 May 2001, on the harmonization of certain aspects of copyright and related rights in the information society*⁶. Thus, for example: Law 23/2006, of 7 July; the reform of Law 2/2011, of 4 March; and fundamentally, Law 21/2014, of 4 November, which amends the consolidated text of the Intellectual Property Law, approved by Royal Legislative Decree 1/1996, of 12 April and Law 1/2000, of 7 January, of Civil Procedure. This reform aimed to provide advances in matters of protecting copyright in the digital environment. Its purpose was to thereby strengthen “the instruments in response to the infringements of rights” in this area. In addition, this reform is only a foretaste of the integral reform of intellectual property which is aimed for in Spain. The Final and Fourth Provision, under the rubric “Integral reform of the Intellectual Property Law”, specifies that “In a period of one year from the date of entry into force and in collaboration with all interested sectors and agents, the Government will carry out the necessary preliminary work to prepare an integral reform of the Intellectual Property Law, fully adjusted to the needs and opportunities of the knowledge society (...)”.

Meanwhile, in a strictly administrative sphere of protection, a revision was carried out on the procedure for safeguarding intellectual property rights against infringements by those responsible for information society services. In this way, the position of the Intellectual Property Commission was strengthened in its pursuit of major offenders who quantitatively and qualitatively cause sig-

nificant damage to intellectual property rights.

The legislator claims that “ (...) The development of new digital information technologies and decentralized computer networks have had an extraordinary impact on intellectual property rights, which has required an equivalent effort to be made by the international community and the European Union in order to provide effective instruments that permit a better protection of these legitimate rights, without undermining the development of the internet, based mostly on the freedom of users to contribute content”. In this sense, given the questionable capacity of our legislation on intellectual property, it is considered a priority to adopt legal measures prior to the approval of a new Integral Intellectual Property Law, “(...) in order to satisfactorily adapt to the social, economic and technological changes that have taken place in recent years”. *Law 21/2014, of 4 November* endeavoured to strengthen the instruments in response to the infringements of rights which would foment the legal measures available in the digital sphere.

Neither should we forget that this impetus for reform has also had a major effect in the sphere of the criminal protection of intellectual property rights. As we are aware, criminal lawsuits can be filed for criminal offences against copyright.

Consequently, in the regulatory framework in force, procedural defence of intellectual property rights takes place in two spheres (civil and criminal); in a similar way to industrial property (in trademarks and trade names as well as technical

⁶ In the international supracommunity sphere there are different conventions that aim to provide uniform protection (Bern, Geneva, Rome, Brussel, WIPO Treaties WIPO, ADPIC of Marrakech, etc).

inventions). It can also take place in a strictly administrative sphere for any individual case linked to the protection of intellectual property on the internet and within the competences attributed to the so-called Intellectual Property Committee. Thus, a clear distinction should be made of the influence that the different spheres of accusation have on the transgression of regulations for the protection of intellectual property and copyright. Not forgetting, as our legislator suggests, that "(...) the Intellectual Property Law (hereon IPL) is the natural instrument for protection in these matters and that it is absolutely necessary to achieve a certain balance between this protection of intellectual property and what results from the legitimate use of information and communication technologies".

II.1. Protection in the civil sphere.

The current IPL, pending an integral reform, strengthens the instruments in response to the infringements of these rights in the digital world. The objective, as stated by the legislator, is that "it should have an impact on the improvement of the visibility of content on the internet and should lead to fomenting new business models on the internet". **Civil legal procedure** is maintained today as an ordinary channel to settle conflicts, but it has incorporated some improvements in the drafting of certain **prior information measures** that are necessary for the protection of rights in the on-line digital environment.

Civil protection is regulated in arts. 138 to 143 of the IPL and extends to any imaginable breach of intellectual property rights. However, particular mention is made with respect to protection against anyone who circumvents or facilitates circumvention of any effective technological measures directed at the protection of such rights

(arts.196 and 197), and against actions that suppress or alter the information linked to the protection and management of these rights (art.198). These provisions form part of Title VI of the third Book, set out in number nine of the single article of *R.D.-law 2/2018, of 13 April*, which amends the consolidated text of the Intellectual Property Law, approved by Royal Legislative Decree 1/1996, of 12 April, and which incorporates Directive 2014/26/EU of the European Parliament and Council, of 26 February 2014 and Directive (EU) 2017/1564 of the European Parliament and Council of, 13 September 2017 ("B.O.E" 14 April) into the Spanish Legal System..

Legal criteria are also established for prosecuting the illegality of third-party behaviours that enable the breach of intellectual property rights in this environment (art.138). Thus, the provisions establish that liability as offender corresponds to: anyone who knowingly (that is to say, wilfully) induces infringing conduct; anyone who cooperates with this behaviour, has knowledge of the infringing conduct or has reasonable evidence to know about it; and anyone who, having a direct financial interest in the results of the infringing conduct, has the capacity to control the behaviour of the offender (subject to the of exceptions specific liability limitations set out in articles 14 to 17 of *Law 34/2002, of 11 July, on information society services and electronic commerce*).

The owners of intellectual property rights will be able to carry out **two principle actions** against the offender: **actions to cease** the unlawful activity, which can comprehend numerous situations (art.139), and **compensatory actions** (art.140 IPL). They will also be able to request the total or partial publication and dissemination in the media of the favourable court or arbitration ruling at the offender's expense. (art.138 IPL). **Injunctions** of

extraordinary importance are equally provided for (art.141 IPL), since they can represent an urgent and necessary protection for the rightholder. This would be necessary in cases where there already exists an infringement or there is a rational and well-founded fear that it is imminent. Another point of interest to note is that the owner of the intellectual property rights could file a claim against the **intermediary used by third parties in order to infringe** intellectual property rights. The rightholder will be able to request the suspension of the services provided by this intermediary: either by taking actions for the cessation of the activity (art.139.1.h IPL) or by injunctions (art.138 and 141.6 IPL). This is possible even though the actions by these intermediaries are not in themselves an infringement and without prejudice to the provisions set out in *Law34/2002 of 11 July on information society services and electronic commerce*.

Compensatory actions, which are subject to a five-year statute of limitations from the time the claim is legally filed, can consist of compensation for *damnum emergens* and *lucrum cessans*. Compensation for damages owed to the owner of the infringed right will therefore comprehend not only the value of the loss they may have suffered (material and moral damage caused), but also the financial gain no longer obtained because of the violation of their rights. The compensatory amount could include, when applicable, and perhaps especially appropriate for cases of on-line infringement, the expenses incurred from the investigations to obtain reasonable proof that the infringement subject to legal proceedings had been committed (art. 140.1 IPL). The legislator then establishes the compensation amount for the damages suffered by the owner of the rights. It will be fixed, at the discretion of the victim, in accordance with either of the following criteria:

the negative financial consequences, such as the loss of income by the victim and the income that the offender may have obtained by illegal use; or the amount which the victim would have received in remuneration if the offender had asked for authorization to use the intellectual property right in question. It is important to highlight that **the possibility of compensation for moral damages is not excluded by the fact that there were no financial damages**. The valuation of their concurrence is determined according to the circumstances of the infringement, the seriousness of the harm caused, and the level of illegal dissemination of the work (art. 140.2 IPL). Furthermore, it should be remembered that the **Sentence CJEU (Fifth Chamber) of 17 March 2016, Rec. C-99/2015**, sustains that "Article 13, section 1, of Directive 2004/48/EC of the European Parliament and Council, of 29 April 2004, related to respect for intellectual rights, must be interpreted in the sense that it permits the victim of an infringement of their intellectual property right to claim compensation for property damages calculated in accordance with the second paragraph, letter b), of section 1 of this article, on the basis of royalties or fees which would have been due if the offender had requested authorization to use the intellectual property right in question, claiming further compensation for the moral harm as provided for in section 1 1, second paragraph, letter a) of this article".

It is the **Commercial Courts** (art.86.Ter 2.a OLJP (Judiciary Act)) that will hear any matters that may be about the competence of civil jurisdiction for legal procedures related to intellectual property claims (in the same way as claims for unfair competition, industrial property and advertising, among others). And it is the Civil Procedure Law that specifies the means of enforcing the protection of intellectual and industrial property.

It does so with reference to the preliminary proceedings prior to the trial and the measures of preservation of evidence. The improvement in the **system of preliminary proceedings** has been consolidated in different aspects linked to a greater or lesser extent to the infringement of an on-line intellectual property right.

Any trial, in accordance with art. 256.1 CPL, could be prepared by requesting preliminary proceedings. This request must be presented to the judge of first instance or the commercial court judge, where applicable, of the person's domicile in the event that they have to declare, present evidence or intervene in any other way in the actions agreed for preparing the trial. This is subject to the preliminary proceedings provided for in numbers 6., 7., 8., and 9 of art 256.1. CPL. In these cases, the court will be competent before anyone that may have filed a claim. But if, as set out in art. 257.1 CPL "they should request new proceedings due to the result of those carried out so far, they can apply to the same court or the one, which due to the facts discovered in the previous proceedings, would be competent to hear the same claim or the claims that have accumulated".

Apart from the provision of number 9, related to the proceedings and inquiries established in the special laws corresponding to the protection of certain rights, the terms of an eventual request related to intellectual property rights are specified. It is important to mention that the information obtained through the proceedings that we are going to refer to is privileged. This may cause a certain surprise. But it will be used exclusively for the jurisdictional protection of the industrial and intellectual property rights being claimed for. It is therefore forbidden to divulge or communicate this information to third parties. And the Court, at the request of any interested party, can declare

the proceedings as confidential. It indicates explicitly that "(...) in order to guarantee the protection of data and information that could be confidential" (art.259.4 CPL).

The legislator distinguishes between different areas of the violation of these rights, beginning with those that are not committed on a commercial scale: "**7. By request, presented by the person who intends to file a claim for infringement of an industrial property right or of an intellectual property right** committed through acts that cannot be considered as being carried out by mere final consumers acting in good faith and without any intention of obtaining financial or commercial benefits, for procedures to obtain information about the possible offender, the origin and distribution networks of the works, merchandise or services that breach an intellectual property right or industrial property right and in particular the following: (...) a) The names and addresses of producers, manufacturers, distributors, suppliers and providers of merchandise and services, as well as those, who for commercial purposes may have been in possession of merchandise; b) The names and addresses of wholesalers and retailers who may have distributed merchandise or services; c) The quantities produced, manufactured, delivered, received or ordered, and the amounts paid for the merchandise or services in question and the models and technical characteristics of the merchandise".

Another scenario, different from the one cited, involves infringement acts carried out on another scale. The infringement of intellectual rights can be committed by acts carried out on a **commercial scale**: that is to say, those that are carried out to obtain direct or indirect financial or commercial benefits (art. 256.8 CPL). In this case, it establishes that the request for proceedings can take

place "8. **By request of the person who files a claim for infringement of an industrial property right or of an intellectual property right committed through** acts carried out on a commercial scale: the presentation of bank, financial, commercial or customs documents produced at a specific time and which are presumed to be in the possession of the person who would be deemed liable. The request should be accompanied by *prima facie* proof of the reality of the infringement that could consist of presenting a sample of the copies, merchandise or products where infringement was committed. The claimant can ask the Secretary to bear witness to the exhibited documents if the defendant is not willing to hand in the document or include it in the procedure. Likewise, a request can be presented in relation to the provisions in the last paragraph of the previous number".

There are another two provisions that directly affect *information society service providers*. The legislator evaluates if the service provider is the offender, because proceedings can be requested "10. By request of the person that intends to file a claim for the infringement of an industrial property right or an intellectual property right, **so that the service provider of the information society can be identified** about whom there is reasonable evidence that they are directly or indirectly making available or disseminating contents, works or services subject to this right, without complying with the requirements established by the legislation of industrial property or intellectual property, considering that this provider has a significant audience in Spain or an equally significant volume of protected unauthorized works and services that have been made available or disseminated". In these cases, the content of the request is defined in two senses. First, the request is limited to the *necessary data* for carrying out the identi-

fication; and second it could be directed "(...) at the service providers of the information society, of electronic payments, and of advertising that **maintain or have maintained in the last twelve months** service provision relations with the information society service provider that is required to be identified". These service providers will provide the information requested as long as it can be extracted from the data available or data they have conserved as a result of the service relation that they maintain or have maintained with the service provider. However, exceptions are made for data that were exclusively being treated by an internet service provider in accordance with the provisions set out in *Law 25/2007 of 18 October*, on the conservation of data related to electronic communications and public communication networks.

The intervention of the information society service provider is required in other cases so that the service user that infringes these rights can be identified: "11. The request, presented by the owner of an intellectual property right who intends to file a claim for infringement of this right, for an information society service provider to disclose the necessary data to be able to identify the **user of their services**, with whom they maintain or have maintained service provision relations in the last twelve months, where there is reasonable evidence that they are directly or indirectly making available or disseminating contents, works or services subject to this right, without complying with the requirements established by the legislation of intellectual property, and through activities that cannot be considered as being made by final consumers in good faith and without the intention of obtaining financial or commercial benefits, considering that there is a significant volume of protected unauthorized works and services that are made available or disseminated"

II.2.- Protection under criminal law.

As previously mentioned, the impetus of reform has also had an effect in the sphere of criminal protection of intellectual property rights. In chapter XI of Title XIII Criminal Code, they are regulated within "Crimes against property and against socioeconomic order", the "Crimes against intellectual and industrial property, the market and consumers". It is therefore necessary to evaluate the contributions to this area of law in *Organic Law 1/2015, of 30 March, which amends Organic Law 10/1995, of 23 November of the Criminal Code*. In this reform, the legislator continued with a tiered system of criminal liability according to the seriousness of the behaviour, which is also applied to crimes against industrial property, and technically improves the classification of existing behaviours (adjusting some of the terminology used to a broader expression as reflected in *Directive 2001/29/EU*). The Judge has sufficient leeway to adjust the sentence to the seriousness of the behaviour, but generally the sentences that can be passed are increased.

The following behaviours, in particular, are categorized (arts. 270, 271 and 272 CC):

***Whoever**, with the intention to obtain financial benefits directly or indirectly and to the detriment of a third party, **reproduces, plagiarises, distributes, publicly communicates** or in any other way financially exploits all or part of a literary, artistic or scientific work, or artistically transforms, interprets or performs it on any kind of platform or broadcasts it through any medium without authorization from the owners of the corresponding intellectual property rights or from their assignees (sentence of imprisonment from six months to four years and a penalty of twelve

to twenty-four months: art. 270.1 CC).

It also establishes a lower sentence in cases of **street or occasional vending or distribution** (a prison sentence of six months to two years). However, an evaluation of the characteristics of the guilty party as well as the amount of financial profit permits a significant reduction in this sentence: "Nevertheless, having taken into account the offender's characteristics and the low amount of financial profit obtained or that they could have obtained, as long as there are no aggravating circumstances as in article 271, the Judge will be able to sentence them with a penalty of one to six months or community work of thirty-one to sixty days" (art.270. 4 CC).

*There is another category of behaviour which has an interesting relevance in the current state of the on-line infringement of intellectual property rights. This behaviour ties in directly with services provided from an information society. We refer to "(...) **anyone who by providing services from an information society**, with the intention of obtaining direct or indirect benefits, and in detriment of a third person, actively and not neutrally and not limited merely to a technical treatment, provides access to or the location on the internet of works or services which are subject to intellectual property, without the authorization of the owners of the corresponding rights or their assignees, especially providing ordered and classified lists of links to the aforementioned works and contents, although these links may have been provided initially by the recipients of their services" (art.270. 2 CC) (sentence of imprisonment of six months to four years and a penalty of twelve months to twenty-four months).

The legislator seeks to directly protect infringed rights because, in any category of the behaviours described, the judge or court will order the

¹⁹ RODRÍGUEZ ARTIGAS, RdS, nº 1, 1993, p. 97; IGLESIAS PRADA, Administración..., pp. 158 & 159.

works and services affected by the infringement to be withdrawn. And regarding internet access portals or information society services where the contents subject to the intellectual property are predominantly or exclusively disseminated, they will be ordered to suspend the service. The judge will be able to agree to any injunction that is aimed at protecting the intellectual property rights. They can even contemplate ordering the corresponding access to be blocked; although this clearly exceptional possibility is limited to the repetition of the behaviours in question and for which the measure is proportionate efficient and effective (art. 270.3 CP).

In addition, other behaviours, involving infringements of intellectual property rights that can cause significant damage, are explicitly specified. Punishment will be handed out, according to the sentences previously passed for each case, to those who:

* Intentionally export or store copies of the works, productions or performances which the main aforementioned behaviours refer to, including digital copies without the referred to authorization, when they were intended to be reproduced, distributed or publicly communicated (art. 270.5.a) CC).

*Intentionally import these products without such authorization, when intended for reproduction, distribution or public communication, whether they are of legal or illegal origin in the country of provenance (art. 270.5.b) CC).

In this case, an exception is obviously established: because the import of the referred to products in a State belonging to the European Union will not be punishable if they have been acquired

directly from the owner of the rights in the said state or with their consent.

*Favour or facilitate the main behaviours described (art.270.1 and 2 CC), by **eliminating or modifying**, without authorization from the owners of the intellectual property rights or their assignees, **the effective technological measures** incorporated by them in order to prevent or restrict this action (art.270.5.c).CC)

* Whoever, with the intention of obtaining direct or indirect financial benefit, with the purpose of facilitating third-party access to a copy of a literary, artistic or scientific work, or an alteration, interpretation or artistic rendering of it, on any medium or communicated by any means and without authorization from the owners of the intellectual property rights or from their assignees, **circumvents or facilitates the circumvention of the effective technological measures** in place to avoid this (art. 270.5.d) CC).

Finally, and with a different sentence, another conduct is specified (sentence of imprisonment for six to three years):

*Conduct by **whoever manufactures, imports and circulates or owns with a commercial purpose any medium** primarily designed, produced, adapted or carried out **to facilitate** the unauthorized removal or neutralisation of any technical device that has been used to protect computer programs or any other works, interpretations or renderings under the terms set out in the first two sections of this article (art.270.6 CC).

The reference table would not be complete without indicating that aggravating circumstances are recognised for any of the types of conduct under art. 270 CC: the benefits obtained, or that could have been obtained that are especially fi-

²⁰ In the opinion of Prof. LEÓN SANZ, *Comentario...*, p. 518., "que la fórmula empleada, atribución de funciones ejecutivas a un consejero por un título diferente al de la designación como administrador delegado, se debe interpretar en el sentido de una cláusula general, que tiene como finalidad la equiparación de ambas figuras a los efectos de control por parte del consejo de administración de la atribución de las funciones y del contrato que se ha de suscribir por la sociedad con el consejero"

nancially significant; the value of the illegally produced objects; the number of works, or the alteration, rendering or interpretation of them, illegally reproduced, distributed, communicated to the public or made available to them; or the particular relevance of the damages caused - using minors under 18 to commit the crimes; and, finally, the offender is a member of an unlawful organization or association, even of a transitory nature, whose purpose is to carry out activities that infringe intellectual property rights. In these cases, if any of the aforementioned circumstances concur the sentence passed will be two to six years imprisonment, a penalty of eighteen to thirty-six months and special disqualification from performing the profession related to the crime committed for a period of two to five years (art. 271 CC).

In these cases, the same injunctions can be adopted as in the civil procedures, without this preventing the adoption of any other measures established in criminal procedural legislation (art. 142 IPL). Criminal legislation itself also refers to the Intellectual Property Law regarding civil liability derived from these offences: that is to say, the provisions about the cessation of the illegal activity and compensation for damages. Neither should we forget that, in the case of a criminal conviction, the Judge or Court can order it to be published in an official newspaper at the expense of the offender. (art.272.1 and 2 CC).

II. 3. The Intellectual Property Commission

Special mention should also be made of the **Intellectual Property Commission**. It is regulated by Title V of the third Book [set out in number eight of the single article *R.D.-law 2/2018, of 13 April, whereby the consolidated text of the Intellectual Property Law is amended*, approved by the Royal Legislative Decree 1/1996, of 12 April,

and which incorporates the Directive 2014/26/EU of the European Parliament and Council of 26 February 2014 and the Directive (EU) of the European Parliament and Council of 13 September 2017 into the Spanish legal system]. It is important to raise this point in that it has a specific function of safeguarding rights in the digital environment.

Art. 193 defines it as a national collegial body that, under the authority of the Ministry of Culture, performs functions of mediation and arbitration, and of safeguarding intellectual property rights under the Law. It will also perform advisory functions on any matters within its competence that the Ministry of Education, Culture and Sport consults it about.

The Commission will act through two Sections. *The First Section* will perform the following functions: mediation and arbitration as well as the determination of fees and control under the terms set out in the Law.

[Mediation] This function will be carried out with respect to matters directly related to the collective management of intellectual property rights and for the authorization of cable retransmission of a broadcast due to a lack of agreement between owners of the intellectual property rights and the cable operator. As this will always be carried out with prior voluntary submission, it will therefore collaborate in the negotiations and will present future proposal to the parties (art.194.1.a) and b) IPL).

[Arbitration] This function aims to provide a solution to conflicts on issues related to the collective management of intellectual property rights, with prior voluntary submission by the parties. The Commission will also determine the compensation of general fees, at the request of the

affected management entity itself, of an association of users, of a broadcasting company or of a significantly affected user, prior acceptance by the other party (art.194.2.a) and b) IPL). It should be taken into account that the management entities are obliged to establish general, simple and clear fees that determine the required remuneration for the use of their repertoire (art.164. 1 IPL). In these cases, the Commission must at least take into account the minimum criteria in the determination of the fees as set out in article 164.3 IPL.

The functions of determining fees and control are performed in accordance with the provisions in art. 194.3, 4 and 5 IPL. It is established that the Intellectual Property Commission First Section "will perform the function of determining the fees for exploiting the rights of mandatory collective management, and for the rights of voluntary collective management that, with regard to the same category of owners, coincide with a remuneration right for the same work or service". The control function will allow them to monitor "(...) whether the general fees established by the management entities in compliance with their obligations are equal and non-discriminating, it should therefore evaluate that in determining fees, the minimum criteria set out in article 164.3 is applied". Likewise, it is contemplated that the National Markets and Competition Commission should be informed about any breach of these obligations (art. 194.4 IPL).

The regime established in the *Royal Decree 1889/2011 of 30 December, which regulates the functions of the Intellectual Property Commission* must be supplemented by the *Royal Decree 1023/2015 of 13 November, which regulates the composition, organization and functions of the Intellectual Property Commission First Section*. With respect to the First Section of the Commis-

sion, this latter Royal Decree clearly distinguishes between: the mediation procedure of general arbitration, the procedure for determining fees and the fee control procedure.

However, it is the *Second Section* that has greater relevance for our purpose. This Section is assigned the function of monitoring the safeguarding of intellectual property rights and their infringement by those in charge of information societies under the terms provided for in article 8 and in accordance with *Ley 34/2002, de 11 de julio, (Law 34/2002 of 11 July) on Information Society and Electronic Services*. The specific function of safeguarding rights in the digital environment is expected to have a key role in this area of protection. The Commission in the procedure for establishing the corresponding legality can adopt measures to block the service provided by the information society that infringes intellectual property rights, or it can remove the content that breaches them: however, only if the provider acts directly or indirectly to seek a profit or has caused or is susceptible to causing a loss of assets. In order to ensure the cessation of the infringement and to avoid its reoccurrence, the measures taken can include technical measures and require specific due diligence by the offending provider (art.195.4 IPL).

The owners of intellectual property rights who consider their rights have been breached or individuals who were entrusted with those rights or the representatives of these owners are **entitled to initiate the procedure**. This is certainly the case of the management entities. The accusation must be accompanied by reasonable proof of the previous attempt to unsuccessfully demand the withdrawal of the presumably offending information society service. This injunction, whereby they should request the withdrawal of the specific contents offered without authorization, can simply be sent to the electronic address that the service

provider used to communicate with the public. And if the service provider does not give a valid electronic address, then the attempt to serve an injunction will not be required (art.195.3 IPL).

The procedure is initiated against the person responsible for the information society service where certain characteristics concur. The position of the Intellectual Property Commission is therefore reinforced in its pursuit of the major offenders that cause significant quantitative and qualitative damage to intellectual property rights. Its sphere of application also explicitly includes service providers who significantly infringe intellectual property rights, by providing the description or location of works that are listed and offered without authorization, and to this end, carry out active and non-neutral work, which is not limited to mere technical intermediary activities (not affecting, therefore, the providers who carry out mere technical intermediary activities; thus, for example, the neutral activity of a search engine). The Law establishes that, "(...) it will particularly include those who provide ordered and classified lists of links to works and the aforementioned services, regardless of the fact that these links could be initially provided by the service recipients" (art.195.2.b) IPL). The service provider is understood to be infringing these rights significantly in accordance with the criteria set out, some of which are: the level of audience in Spain, the number of unauthorized protected works and subject matter listed that can be accessed through the service or its business model (art. 195.2.a) IPL).

The suspension that may be agreed, in any event, can be directed at the intermediary services of the information society. We mean that the legislator establishes that if the offender fails to withdraw services voluntarily, the Commission can demand the necessary collaboration of the intermediary service providers, electronic payment

services and advertising services. They will therefore be required to suspend the corresponding service make available to the offending provider. In any case, it should be noted that the implementation of this collaboration measure will require prior legal authorization in accordance with the procedure regulated in section two of article 122 bis of *Law 29/1998 of 13 July, regulating Administrative Jurisdiction* (art. 195. 5 IPL).

The probable importance of the collaboration measures seems to justify the judicial authorization. The legislator stipulates that the Second Section of the Commission should evaluate the possible effectiveness of collaboration measures directed at blocking the funding of the information society declared to be in breach. And the blocking of the information society service by the internet access providers should be suitably motivated according to its proportionality, taking into account the possible effectiveness of other measures within their scope. The application of the technical blocking of a service is clearly a legal option, when it is proportionate and necessary to achieve the re-establishment of the pursued legality. Reference is also made to providing a service using a domain name under the country code corresponding to Spain (.es) or another first level domain whose registration is established in Spain. In this case, the Second Section will notify the registration authority so that it can cancel the domain name, which cannot be assigned again for a period of at least six months (art. 195.5 IPL).

The administrative procedure described could mean that these service providers are **administratively penalised** in cases of a repeated breach of the Commission's injunctions. It is explicitly established that if the information society service provider breaches the injunctions to withdraw the infringing contents, which are final resolutions adopted in accordance with the provisions, after the second time this breach occurs, this will cons-

titute a very serious administrative offense penalised with a fine of 150,001 up to 600,000 euros. Special emphasis is equally given to subsequently resuming illegal activities: that is to say, "(...) the fact that the same person, against whom procedures were initiated, again exploits works or services belonging to the same owner, although they are not exactly the ones used on the first occasion, prior to the voluntary withdrawal of the contents". The system is doubly reinforced because the same treatment will be applied to: "(...) the service providers who, even using intermediary individuals or legal entities, resume their illegal activity"; and because "the same information society service provider who resumes illegal activities two or three more times is also considered to be in breach of the law under this section" (art. 195.6 IPL).

Other actions within the administrative procedure itself can also be referred to as a result of committing an infringement. They will be subject to due justification according to the seriousness and the social repercussions of the offending conduct. This is the case regarding the publication of the resolution in the "Official Gazette of the State", in two national papers, or on the homepage of the provider's internet site, addressing the social repercussion of the infringement committed and the seriousness of the unlawful act, at the expense of the offender during a year from the notification of the resolution, once it is made firm. And, finally, the cessation of the service providers infringing activities during a maximum period of a year (once again contemplating the possibility of requiring the necessary collaboration of intermediary service providers, electronic payment services and advertising services; ordering them to suspend the corresponding service they provide the offending provider) (art. 195.6 IPL).

One last interesting consideration concerns

the administrative procedure we mentioned: the resolutions passed by the Second Section bring the administrative procedures to an end; and obviously the procedure will be conducted without prejudice to the civil, criminal and administrative contentious actions that can be undertaken (art. 195.3 and 7 IPL).

III. Recent judicial practices in these matters: greater sensitivity

We are now going to give an account of the events that have taken place in recent sentences by the *Court of First Instance n° 7 of Vitoria on 10 May 2018*, of the *Commercial Court n° 1 of Bilbao on 5 January 2018* and the *Commercial Court n° 1 of San Sebastián on 2 November 2017*. We will also refer to other previous sentences linked to illegal downloads through file sharing programs, but each unique to itself.

In our view, any intended analysis should be based on the operation specification of such file sharing programs. We should point out that in this sense the **practices that can be used on the Internet** can be varied and potentially have a significant influence on intellectual property rights. The following are recurring, but there is always the risk that any list made may become obsolete. This is the case for *browsing*, *caching*, links, and specifically *Peer to Peer (P2P)*.

Browsing corresponds to surfing the net. The purpose of these movements around the web is to search and consult information. It seems reasonable to think that simply consulting or reading would not undermine intellectual property rights, although certainly a reproduction could occur on our computer. But this reproduction must be considered provisional under the exemption set out in art. 31.1 IPL: that is to say "Authorization from the author will not be required for provisional reproduction acts referred to in article 18, which be-

sides lacking an independent economic importance, are transitory or ancillary and are an integral and essential part of the technological process, whose purpose consists of either facilitating a broadcast on the net between third parties through an intermediary, or a lawful use, this being understood as authorized by the author or by law”.

Caching consists of storing websites that we visit, referring to the memory in our computer where the websites visited by a user are stored. Likewise, it could be considered an act of provisional reproduction in the sense of the exception set out under art. 31.1 IPL.

The link introduced on a website on the internet is highly controversial. It is necessary to at least distinguish the situations where the user is directed to an internet website which hosts the work posted by the rightholder, since this could be understood as an implicit acceptance of future links that could appear. It is debateable, in any case, whether the incorporation of a link should be considered as an act of reproduction and/or a public communication.

Peer to Peer (P2P) is a file sharing system between network users through specific programs for this purpose. The structure of the system entails the reproduction and public communication of works that may be protected. In our view, it cannot be argued that downloading the digital file in question can be considered a private copy. This would disregard that the system, such as it is, makes the copied work available to other participants of the system. The file, that remains on our hard disk, could be copied by other users without the authorization from the author of the work. Consequently, all of this seems to indicate that we are in a context of reproduction and public communication.

Some very relevant sentences have been passed regarding this file sharing system, which is clearly an ideal and recurring channel for illegal

downloading. Sentences have even been passed for the so-called indirect intellectual responsibility of the owners of websites that permit links to such programs or of those who provide the necessary software. The ***Sentence by the Provincial Court of Madrid on 31 March 2014***, points out that “(...) ‘Peer to Peer’ (or P2P) protocols permit the connection between computers and thereby different individuals can share content. The evolution of these protocols has been, as far as technological advances have permitted, towards decentralization. This means that it is not necessary to have a central server that acts as an interconnection, it can be done through a computer program that permits users’ computers to interconnect directly like a network and they can access the stored contents of other system users to divert them to the hard disk of their own computer; in this way, each user can act as client and server at the same time”.

The illegality of the uses that can be applied to this system is certainly not prejudiced. “Carrying out this file sharing between individuals constitutes a perfectly legal activity in that those who the file is transferred to are not bound by the exclusive rights of a third party or that they should have their authorization”. However, the *Sentence by the Provincial Court of Madrid on 31 March 2014* further points out that “(...) sharing files that are protected by intellectual property rights by internet users, without the owner’s authorization, implies a breach of those rights”.

Nevertheless, it should be noted that the Court dismisses the claim because the defendants are not users who act as described but “ (...) they are the creators and distributors of the file sharing software and (...) what they are marketing are computer programs that allow ‘Peer to Peer’ decentralized protocols to be set up. Therefore, they do not have any role in file sharing that can be carried out directly between the users of

these technological tools". But with respect to a user, which is not the legal case here, the infringement would be committed "(...) by encroaching on the exclusive rights of exploitation that belong to their owner (art. 17 IPL), to be exact, public communication, by interactively making works available to the public (art. 20 IPL, paragraph 2, section i) and art 116 of the same law regarding phonogram producers) so that it is possible to access phonograms via the Internet at the discretion of the person interested, and reproduction (art. 18 IPL, generally speaking, and art. 115 as regards phonogram producers) for making digital copies of protected works without consent, and although a private copy, it is not protected under law (art. 31.2 IPL), since the law pursues the collective use of these copies, which in many cases are also made from an illegal copy".

In the same sense, the **Sentence of the Provincial Court of Barcelona on 18 December 2013** had already ruled on an infringement committed by a user. In fact, the sentence stated that a user of a file sharing program between individuals (P2P) made thousands of audio files containing musical recordings available to other users. The sentence stated that for this reason they were infringing intellectual property rights that pertained to the recording companies as plaintiffs. The unusual point about this lawsuit is that as the person behind the user name was unknown, the owner of the intellectual property rights brought action for cessation of the activity against the intermediary that this third party had made use of to infringe the intellectual property rights. The IP address made it possible to know which company

was providing the Internet access service, and it was sued. As intermediaries or service providers to third parties, Arts. 138 and 139.1.h) IPL acknowledge their standing as defendant, provided the activity carried out by the user is an infringement and although the intermediary is exempt from responsibility: "Cessation of the illegal activity can comprise: (...) the suspension of services provided by the intermediaries to the third parties that make use of them to infringe intellectual property rights, without prejudice to the provisions contained in Law 34/2002 11 July on information society services and electronic commerce" (art. 139.1.h) IPL)⁷.

The **Sentence by the Provincial Court of Barcelona on 7 July 2011** also ruled on the illegality of the use of file sharing programs (P2P) for illegal downloading by a user. But it does so specifically to distinguish it from the case in question. The case being tried is that of the owner of a website that permits the link to such programs. The defendant is not convicted for this specific case as it is a different situation from that of direct downloading: "(...) the website 'indice-web.com' offers links exclusively for downloads on P2P networks, or other websites, without storing any type of audio-visual content and without intervening in the transmissions made on P2P networks. In which case, taking into account the legal concept of reproduction (...) and public communication, it can be said that the task of creating the link without intervening in the download does not come within the scope of what constitutes reproduction (under article 18 IPL, "reproduction is understood as directly or indirectly, provisiona-

⁷ The Directive 2001/29, of 22 May 2001, related to the harmonization of certain aspects of copyright and related rights in the information society establishes under its art. 8.3 that "Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right".

lly or permanently posting all the work or part of it by any medium and in any form which enables it to be communicated and copies to be obtained of all or part of it") or public communication, the latter, being specifically claimed in the lawsuit, (under article 20.2.i IPL, according to which acts of public communication are "making works available to the public, through wired or wireless systems so that any person may access them from any place or at any time they choose"). The defendant's website facilitates or orients internet users in the search for works which are then going to be the object of exchange through P2P networks, but under our law this service does not constitute either reproduction or making the work available." In essence, providing a link does not involve an act of making a file available, and for this reason, "making available" cannot be spoken of as an act of public communication.

Another extraordinarily relevant case, which precedes the above, is presented in the **Sentence by the Provincial Court of Barcelona on 24 February 2011**. There are in fact at least three types of links on the internet that would enable users to download, which creates considerable uncertainties. These downloads, as the Court indicates can be direct or indirect. It is therefore necessary to distinguish the links that lead to P2P files; those that lead to *streaming* files; and finally, those that are direct download through the defendant's actual servers or through online storage services.

The sentence, clearly anticipating the cited doctrine, considers that facilitating **links to a P2P network** through a website does not mean they are acts of reproduction or communication of protected works. It sustains, therefore, that " (...) the owner of a website that facilitates the link for the unauthorized download of protected content on a P2P network, although contributing indirectly to the infringement of the owner's intellectual property rights, cannot be said to have done so

directly. In this way, the owner of the links page does not carry out an unauthorized reproduction, since they only provide the link, and likewise, offering a link does not mean an act of making the file available and as such there is no reason to esteem it an act of public communication in the sense of art. 20.2 i) CTIPL"

The sentence, however, does affirm the illegality of the defendant's conduct as being consistent with carrying out acts of public communication of musical works included in the plaintiff's repertoire, by allowing their **direct download** through a website that they own. And the defendant is consequently sentenced to the payment of a compensation as 'digital canon' (private copy levy) for public communication of protected works and for investigation costs. With respect to **streaming**, which allows the reproduction of the content of a file without downloading it to the hard disk, the Court considers that these acts are public communication in accordance with article 20.2 i) IPL, regardless of the place where the work is stored. But the defendant is not convicted because these facts had not been presented in the lawsuit.

Indeed, in our view, in any of these hypotheses (in summary: websites with links that lead to P2P files; that lead to streaming files; as well as the inclusion of links to servers of direct downloads, belonging to the defendant or externally to online services) **there would be more than sufficient reasons to understand that, as the case may be, they are an infringement of intellectual property rights as an act of public communication by the web's administrator.** Art. 20.2. i) IPL should not be interpreted in any other way, insofar that "Making works available to the public through wired or wireless systems so that any person may access them from any place and at any time they choose" will "*especially*" be an act of public communication. This does not mean that we intend to deny the advantages of

the use of such means of dissemination and communication. But, of course, it should be done for purposes other than the infringement of intellectual property rights by third parties. The fact that such actions are not considered as “being made available to the public” is fiction and completely out of touch with reality. It should not be necessary to insist that “Rights must be exercised in accordance with the standards of good faith” (art. 7.1 Civil Code). Nor insist that “The law does not protect the abuse of rights or the antisocial use of them”; and that “Any act or omission, which as a result of the author’s intention, purpose or circumstances, exceeds the normal limits for exercising a right, causing third party damages, will give rise to the corresponding compensation and the adoption of judicial or administrative measures that prevent persistence in the abuse” (art.7.2 Civil Code). The existence of an act of public communication by making works available to the public cannot be denied in these cases: “The rules will be interpreted according to the proper meaning of their wording and in connection with the context, their historical and legislative background, and with the *social reality of the time in which they are to be applied*, fundamentally addressing their spirit and purpose” (art. 3.1. Civil Code).

In any case, it will be difficult for such conduct by the owners of these websites to remain without reproach when the infringement of intellectual rights by the final users can be proven. The current wording of art. 138 IPL, since the reform introduced by Law 21/2014, of 4 November, now seems to facilitate this considerably. Because, as we have mentioned above in the description of the current legal regime, “(...) Whoever knowingly incites a conduct of infringement; whoever cooperates with this infringing conduct or if there is reasonable evidence to know about it; and whoever, having a

direct economic interest in the results of the infringing conduct, has the capacity of control over the offender’s conduct will be considered liable for infringement, (...)”: **It is known that many of the owners of these websites, who also receive different kinds of economic compensation, are likewise clearly interested in the infringing conduct that the users end up carrying out. Their economic interest is very closely linked to the recurrence of the users’ visits to the site, and they cannot sustain that they are unaware of the infringing conduct or that at least they do not have reasonable evidence about it.** And this is precisely inducement: “to prompt someone to do something”, which is to illegally download, or “give them a reason to do it”.

As we said, we should now consider the exact terms of the different lawsuits and most controversial issues in the sentences by the *Court of the First Instance n° 7 of Vitoria on 10 May 2018*, by the *Commercial Court n° 1 of Bilbao on 5 January 2018* and by the *Commercial Court n° 1 on San Sebastián of 2 November 2017*.

The sentence by the **Commercial Court n° 1 of San Sebastián on 2 November 2017** is representative of a determined position about the issue. It is already apparent, partly from the reflections presented above, that we do not agree with it. Since, such a sentence, in the face of a widespread and unquestionable infringement of rights, means the owners of intellectual property rights would be defenceless. This sentence questions **whether an act of public communication can be imputed to a user of a P2P network in the context of ‘making available’**. This occurs in an oral trial about intellectual property. The plaintiff, owner of the rights said to have been infringed, considers that the defendant has committed a breach of the regulations on intellectual property

by "making available or disseminating directly or indirectly" a file corresponding to a film protected through a P2P Client program on a certain date and time and from a specific IP that they own. For this reason, it was requested that the defendant should be sentenced to pay the plaintiff the sum of 475 euros plus the accrued statutory interest as corresponded. The amount claimed was based on art. 140.2b) of the IPL and art. 13b) of the *Directive 2004/48/EC* of the European Parliament and Council of 29 April 2004, related to respect for Intellectual Property Rights.

It is true that, as the sentence indicates, the plaintiff does not specify the provisions considered to have been infringed with respect to the facts related in the lawsuit. But the principle "*da mihi factum, dabo tibi ius*", nevertheless, leads to the understanding that that the basis of the plaintiff's claim lies in the infringement of the right of public communication under art. 20.2 IPL by making a work available. As we know, Art. 17 IPL regulates the exclusive right of exploitation and its different forms: in such a way that "It is the author that has the exclusive rights to exploit their work in any form, and especially the rights of reproduction, distribution, public communication and transformation, which cannot be carried out without their authorization, except in cases provided for under the current Law". The right of public communication is specified in art. 20.1 IPL, understanding public communication as "(...) any act whereby a number of people can access a work without prior distribution of copies to each person". An act of public communication is especially considered so when "Making works available to the public through wired or wireless systems in such a way that each person can access them from a place and at a time they choose" (art.20.2.i) IPL).

The defendant's opposition is based on two arguments. So, in first place, they indicate that

"They have neither downloaded nor shared the work in question in this procedure nor any other; the owner of the IP address does not have to be the user of the network that performs an action through the internet, but simply the person that contracted the line whereby the said user would have exploited the intellectual property right". In second place, that "The plaintiff has filed a lawsuit against the defendant not as the owner of the internet line, but as author of the infringement, without having proven that this is the case".

The sentence, in recognition of the important doubts of fact and of law that this question raises, which will determine that no costs be awarded, dismisses the claim presented: but what are the reasons for this?

For the Court, in first place, "(...) qualifying file sharing on networks as public communication seems contrived". For us, instead, what seems contrived is the argument itself when interpreting this issue. In the explanation of how these systems work, the sentence indicates that: "Uploading data from P2P programs occurs automatically because of the program's configuration. If you want to download works, you have to upload them. This occurs by default without the user needing to know or want this (...)The plaintiff considers it illegal to use the P2P program where the protected works are supposed to be made available or disseminated. However, it must be considered that making works available can occur without the user actively making this happen, and it can even be that in their complete ignorance or desire, they are indifferent (...) the very expression 'making available' seems to require a determined active and volitional conduct by the individual that 'publicly communicates'. It is difficult to understand that this behaviour exists without knowing about it or without wanting it. For this communication to exist positive acts must exist towards it. The communicator actively foments this dissemi-

nation". And for these reasons, according to the sentence "(...) In order to understand an act as public communication, from which making works available is simply a manifestation, the determining factor is the aim or purpose of directly or indirectly offering the public the original or a copy of the work. If these are not determining subjective elements, it is difficult to accept that there was an intention to disseminate the work and that there was also a series of positive acts that tended towards it. The fact that the mere installation of a P2P program or the download of a film will end up in a share directory cannot be understood to be a general occurrence.

Another argument that the sentence maintains in its rejection of an act of public communication is that there is no profit for the individual who carries out this act of infringement: "(...) in the specific case of the user there is no profit making component, beyond that of saving on the retail price of a work, insignificant compared to the scale of an act of public communication". And once again public communication is denied, because "neither is there a public communication in a strict sense, in the sense of simultaneous access to the work by a number of persons, nor is there, per se, evidence of a deliberate conduct,

that is to say, at least wilful intent, because of knowing that the program user permits an indefinite number of other users to access their hard disk and download what appears in the shared file that the program configures. And it cannot be inferred from the simple use of the program, without an individualization of the specific case, since it can be assumed that a large number of users know about these programs for simply downloading files, ignoring that they are also for sharing them"⁸.

We cannot agree. For us the intent to disseminate works is unquestionable. The purpose or the intent to directly or indirectly offer the original or copy of the work to the public is inherent to the system. Any P2P program, for example has a column which indicates the speed and amount of information that you are uploading/sharing at the same time as you are downloading it. And it is for this reason that many users pursue symmetry in their internet connection; that is to say, high download and upload speeds. Besides, this can be read on numerous blogs about the P2P systems that are accessible from any search engine. The actual visualization of the program (and, as the case may be, of the websites where you obtain the file with the download/share information) mean that

⁸⁷ The sentence appeals explicitly and surprisingly – because it should lead to a very different result – to the doctrine established by the European Court of Justice concerning the concept of public communication in the sense of art. 3, first section, of *Directive 2001/29*. So, the SCJEU of 14 June 2017 analyses in particular the activity of internet access providers (Ziggo & XS4ALL). These providers make an online sharing platform TPB, an index or BitTorrent protocol available to their subscribers: through which the users known as 'peers' can share files freely. The Court evaluates whether "public communication" encompasses this case: that is making available and managing an on-line sharing platform that, by indexing metadata related to protected works and providing a search engine, allows the platform users to find works and share them on a peer-to-peer network. The need for an individual evaluation is required according to the *sentence of 26 April 2017, Stichting Brein, C-527/15*, EU:C:2017:300: It is literally transcribed as follows: "24 of article 3, section 1, of Directive 2001/29 it follows that the concept of 'public communication' associates to cumulative elements: an act of 'public communication and its communication to the 'public' (sentence of 26 April 2017, Stichting Brein, C-527/15, EU:C:2017:300, section 29 and cited jurisprudence).

25 In order to determine whether a user is making a 'communication to the public' within the meaning of article 3, section 1 of Directive 2001/29, it is necessary to take into account various complementary criteria which are not autonomous and are independent. Consequently, these criteria should be applied both individually and in their interaction with one another, since they may, in different situations, be present in varying degrees (sentence of 26 April 2017, Stichting Brein, C-527/15, EU: C: 2017:300,

the average user's ignorance about the system is not very credible. It is quite a different matter that, in a specific case, it can be proven that the IP owner is the user that has committed this infringement; or that, as occurred in the lawsuit under examination, that they did not explicitly induce or cooperate with the infringing conduct under art. 138.2 IPL, which we believe should not prevent the defendant from being convicted in any event. In fact, the defendant affirms that he is being sued as "author of the infringement" and the terms of art. 138.2 cannot be ignored when referring to the instigator or accessory as "responsible for the infringement". Yet, the system is more than competent for public communication which can be seen as reprehensible from the viewpoint of the infringements of the intellectual property right in question.

In our view, we believe that the IP owner should be convicted: we particularly evaluate the responsibility that they have as owner. It is here, where, the sentence once again errs. Because the delimitation of the scope of responsibility of an IP owner will soon become central to the debate. The sentence holds that, with good reason on this point, that: "(...) we should analyse whether the fact that the defen-

dant is the owner of the IP address is sufficient to understand that this is evidence of being the infringing user, and whether additional proof is necessary. Likewise, we should analyse if it suffices to argue that the defendant has not committed the infringement in order to refute the presumption established by the plaintiff that the owner of the IP address is the infringer". But straight afterwards, the sentence presents a series of presumptions which are somewhat unusual to say the least. It is understood that invoking art. 138.2 IPL "(...) would mean, (...) in application to the case under discussion, a reversal of the burden of proof, so with proof that a certain person is the owner of the IP address, given that this individual could be liable as the author, instigator, broadly speaking facilitator of the infringement (since they can be understood as the person who pays the costs of the internet connection which another benefits from to materially commit the infringement), it would be up to defendant to not only argue that they are not the infringer, but *they should present minimal evidentiary material that they took the necessary steps so that a third party would not commit an infringement with the internet connection that they own*". And it is considered that "(...) given that what the defending party

section 30 and cited jurisprudence).

26 Amongst those criteria, the Court has emphasised, above all, the essential role played by the user. The user makes an act of communication when he intervenes, in full knowledge of the consequences of his action, to give access to a protected work to his customers and does so, in particular, where, in the absence of that intervention, his customers would not, in principle, be able to enjoy the broadcast work (sentence de 26 April 2017, Stichting Brein, C-527/15, EU: C: 2017: 300, section 31 and cited jurisprudence).

27 Next, it has specified that the concept of the 'public' refers to an indeterminate number of potential viewers and implies, moreover, a fairly large number of people (sentence of 26 April 2017, Stichting Brein, C-527/15, EU: C: 2017: 300, section 32 and cited jurisprudence)

28 The Court has also noted that, according to a settled line of case-law, to be categorised as a 'communication to the public', a protected work must be communicated using specific technical means, different from those previously used or, failing that, to a 'new public', that is to say, to a public that was not already taken into account by the copyright holders when they authorised the initial communication to the public of their work (sentence of 26 April 2017, Stichting Brein, C-527/15, EU:C:2017:300, section 33 and cited jurisprudence).

29 Finally, the Court has underlined, on many occasions, that the profit-making nature of a communication, within the meaning of Article 3(1) of Directive 2001/29, is not irrelevant (sentence of 26 April 2017, Stichting Brein, C-527/15, EU: C: 2017: 300, section 34 and cited jurisprudence).

30 As regards, in the first place, the question of whether the sale of a multimedia player, such as that at issue in the main proceedings, is an 'act of communication', within the meaning of Article 3(1) of Directive 2001/29, it must be noted, as recital 23 of Directive 2001/29 states, that the author's right of communication to the public, provided for in Article 3(1), covers any transmission or retransmission of a work to the public by wire or wireless means, including broadcasting.

31 Furthermore, as is apparent from Article 3(1) of Directive 2001/29, for there to be an 'act of communication', it is sufficient, in particular, that a work is made available to a public in such a way that the persons forming that public may access it, irrespective of whether they avail themselves of that opportunity (see, in this sense, the sentence of 26 April 2017, Stichting Brein, C-527/15, EU:C:2017:300 section 36 and cited jurisprudence)".

argues as grounds for defence is a negative fact, neither can they be required to prove more than a reasonable doubt with respect to the exorbitant presumption established in the lawsuit”

It is here where the resolution is particularly surprising. For us, the fact that the defendant argues a series of circumstances (the possible use by family members, by house guests or third party use of the wi-fi connection) should not give cause to affirm that “(...) it must be *assumed* that under a same line and IP address people other than the owner can act and besides it could be used by an unauthorised third party” and that, consequently, “We could find that the owner of the line is attributed responsibility for acts by a third party”. **This is precisely the issue: attributing responsibility to the owner, where appropriate, and at the least, for their own acts and those of a third party. This is the sense, and there is no other, of art. 138.2 IPL.** We should not forget that wi-fi itself already has an encrypted password which is received from the distributor: and, although there are programs for third parties to decrypt these passwords, there are also monitoring programs or software that control all network data usage and they can prevent a third party from entering the network. **An IP owner should be responsible to a reasonable extent, for its use. Reasonableness should be measured by the social context. This is what is happening in other countries (for example, USA, Germany and Finland). Therefore, the use of these monitoring programs are certain to soon become more general in Spain: a burden that will ultimately devolve upon the IP owner.**

IV. Sentences by *Court of the First Instance n° 7 of Vitoria on 10 May 2018* and by the *Commercial Court n° 1 on Bilbao on 5 January 2018*: a

shift in favour of the owners of intellectual property rights.

This shift in favour of the owners of intellectual property rights can be found in the recent sentences from the *Court of the First Instance n° 7 of Vitoria on 10 May 2018* and from the *Commercial Court n° 1 of Bilbao on 5 January 2018*.

The sentence by ***Commercial Court n° 1 of Bilbao on 5 January 2018***, is passed regarding a case where a lawsuit is filed against the owner of an IP address because according to the plaintiff, it has been used to perform an “unauthorized action consisting of directly or indirectly making available or diffusing a film protected through a P2P client program, infringing the IPL”. 475 euros is also claimed in damages, as a result of the infringement. The sentence invokes the provisions under the IPL and art. 13, b) of the *Directive 2004/48*, related to respect for intellectual property rights. The defendant contested the claim presenting two arguments: first, that he is not the direct perpetrator of the download; and second, that neither should he be accountable for acts by a third party in accordance with art. 138 IPL.

As the sentence clearly indicates, what is of greatest significance, is that in the procedure there was no discussion about the fact that the cinematographic work was downloaded using the defendant’s IP address. Neither that this download, made through a P2P file sharing program and a specific software, is illegal because it infringes the exclusive right to exploit the work which belongs to the author (art. 2 IPL); and, more specifically, because there was no authorization for its “reproduction” (art. 18 in relation to 31.2.c) and for its “public communication” (art. 20). We have already discussed the doubts that could be raised in this sense.

For us it is an exemplary sentence in defence of the owner’s intellectual property rights.

And the legal substantiation, in our view is flawless in every respect. It could not be more direct and better argued, highlighting three areas of reasoning that are important to consider. Thus, firstly, that the defendant, "(...) as owner of the IP line, must be considered as proven to be the direct perpetrator of the infringement". It is no longer enough to deny everything. On this point, it therefore differs from the grey area of the criterion in the sentence by the *Commercial Court n° 1 of San Sebastián on 2 November 2017*. Now a reasonable interpretation is given of the '*facility of proof*' (*facilidad probatoria*) in the distribution of the burden of proof according to art.217 CPL: that is to say, that: "The defendant denies being the perpetrator of the illegal download. Saying, rightly, that it has not been demonstrated in the lawsuit who the actual perpetrator was, and that ownership of the internet connection is not enough to be identified as such (...) But the fact of being the owner of the internet connect transfers to him *the burden of arguing and proving who could have done it* (someone from the defendant's circle, or the line was sabotaged, for example). It is the defendant, owner of the line, who has the '*facility of proof*' (art. 217 CPL). If the owners of the work were the ones who had to prove who the actual perpetrator of the download was it would lead to them having to support the negative results of *probatio diabolica* which, in many cases, would make them defenceless against the piracy of their work (...) And, in this case, the owner of the line has not pleaded or proved any argument or fact that would put into doubt about who had perpetrated it. The defendant simply affirms (i) that the burden of proof of who actually perpetrated the download corresponds to the owner of the film: which, as already said, cannot be shared; and (ii) that as the wi-fi network is open, it could be used by anyone: but without providing any element of proof that shows that this was the case"

The second area of reasoning is related to the precise interpretation that should be given to art. 138 IPL in these cases. The sentence states that "Art. 138 of the IPL places responsibility for the infringement of intellectual property rights not only on the actual perpetrator of the infringement, but also "on whoever cooperates with this infringing conduct, being aware of it or having reasonable evidence to know about it" (...). In this case, payment of the costs of the domestic internet connection already implies cooperation with the infringer, and it is reasonable to think that the illegal download of films is reasonable evidence in the domestic environment for the line owner to be aware of the infringing conduct that is being committed through it, which also makes the owner responsible". **Actually, for us, the fact that art. 138 IPL broadened the scope of responsibility for these types of infraction cannot be overlooked; or, said in another way, it broadened the scope of those responsible for the infringement. This could evidently determine a very interesting accumulation of responsibilities for future lawsuits: the actual perpetrator of the infringement and the one who in some way induces, cooperates or controls it. All of them will be jointly responsible for the infringement.**

The sentence concludes with the division of responsibilities, that "(...) once the piracy of the cinematographic work through an internet connection has been proven, the owner of the internet line through which the cinematographic films have been illegally downloaded must respond as perpetrator and as liable for the damages caused to the owner of the rights, unless they can cast doubt on their liability by presenting arguments and proof through data. Otherwise, by requiring the plaintiff *probatio diabolica* about the actual perpetrator of the download, copyright would always be infringed"

The third area of reasoning that we find in the sentence is related to the quantification of the damages caused by the illegal download of the file. We have already referred to art. 140.2 IPL, which states that it is the injured party that determines the material and moral damages caused to the author of the work. This choice must be made in accordance with one of the criteria proposed. The plaintiff claims 475 euros invoking the provision of art. 140.2.b) IPL: that is to say, the amount that the injured party would have received as remuneration if the infringer had asked for authorization to use the intellectual property right in question. But the truth is that, as the sentence indicated, no data is provided to support this financial claim. The same occurs with the defendant who only denies responsibility and asks for the claim to be dismissed. The commercial court, in this sense, resolves that "Considering that, on the one hand, this civil procedure cannot be understood as a punitive response to the infringement, but on the other hand, neither must infringing conduct be favoured by punishing the civil offence committed with a small penalty, the compensation must be set at 150 euros, covering what the infringer would have had to pay for the illegal downloading of the film and the costs incurred from the judicial claim: previous expert reports, preliminary investigations for obtaining the IP addresses and out of court claims, with exclusion. of the costs of this trial subject to a specific legal regime". The partial estimate of the lawsuit, in this last point entails that procedural costs are not imposed on either of the parties (art. 394 CPL).

The last sentence we would like to draw your attention to is by the ***Court of First Instance n° 7 of Vitoria on 10 May 2018***. Once again it moves towards a favourable position with respect to intellectual property rights. The plaintiff on this occasion also files a financial claim for the infringement of their intellectual property rights. They ac-

cuse the defendant of directly or indirectly making available or diffusing a film through a P2P program from the IP they own. The defendant contests the claim basically arguing that ownership of the IP does not prove that they have committed an infringement of intellectual property right. Neither is it possible to accuse them as liable under art. 138 IPL, because the claim did not invoke this fault-based liability or responsibility for acts committed by a third party. Consequently, the lawsuit is presented in identical terms as in the previous sentence of the *Commercial Court n° 1 of Bilbao, on 5 January 2018*.

It should be noted that in the procedure, the results of the preliminary investigations carried out are not discussed. These are: there is a file stored through a P2P program in an IP address, and the defendant is the owner of the internet connection associated to the IP. The strictly legal questions that are raised according to the sentence are the following: whether the operation of the P2P tool can be considered an act of public communication, as in art. 20.2.i), when a file that the user downloads and stores on their computer is shared; secondly, whether, the owner of the IP can be accused of infringing conduct.

In order to answer these questions, the sentence focuses primarily on the doctrine of the *SC-JEU of 14 June 2017* (CJEU 2017, 96). This sentence, as we have described above, presents a different case to the controversial issue here, but it is similar enough for the purposes intended. It advocates a broad interpretation of the concept of public communication. It particularly points out that "The CJEU recalls that in accordance with recitals 9 and 10 of the Directive 2001/29, the regulations' main objective is the establishment of a high level of protection in favour of the authors, so that the concept of 'public communication' must be understood in a broad sense, as recital 23 in this Directive also explicitly establishes".

“An act of public communication” by a user is considered to require various complementary criteria that are not autonomous and are dependent on one another. The first reference is to the “unavoidable role of the user and the **deliberate nature of their intervention**”. In its view “(...)The element of wilfulness and knowledge of the consequences of the individual’s behaviour is not so problematic, that is to say storing a certain content in a shared file implies that any internet user with the same tool may have access to protected content”. This must be understood in the sense that “(...) the user must intervene with full awareness of the consequences of their behaviour, and it is therefore the same situation, since when sharing the file, they are giving other users access to protected content”. And it is clear, this is what has happened in the case in question⁹.

Another criterion that should be evaluated is the user’s **financial interest**. We have previously expressed that it cannot be disputed in these cases (even less so, when referring to the owners of link websites). For the sentence, however, “the most questionable element is the financial or lucrative interest, which as the CJEU has said is not irrelevant”: “Nevertheless, there is certainly a component which cannot be ignored; whoever makes use of these tools, when this allows them to visualize content which they would otherwise have to pay for, have a financial or lucrative interest. An individual’s possible lucrative interest is the download - see free content -, but as long as this download through these tools means that the file stored on the PC is automatically shared with

numerous people, in principle, one action cannot be separate from the other. It is not that one downloads the file and an additional action is required to share it, but the opposite, downloading and storing the file automatically implies others’ access to it. Only when the content is stored in another type of file and the share is removed is it possible for the individual user to separate personal (lucrative) from possible non-profit (...). All this leads me to understand that even when it is an individual user of a P2P tool, there exists an act of public communication, when a file with content protected by copyright is stored on a private PC, this is done in a shared file, so by this single action numerous users have access to it”.

The second question, which is strictly legal, is related to **the criterion for accusing the defendant of infringement: that is to say if the IP owner could be accused of infringing conduct**. Such an accusation does not present any doubts for the court. **The precedent set, with respect to the sound argument and reasoning put forward, is superb for the legitimate interest of the owners whose intellectual property rights are infringed. It is of interest to present the literal text, because it will certainly be the main argument in future resolutions.**: “The clarification of the specific act that constitutes the infringement of an intellectual property right in the view of this court removes any doubt with regard to the criterion of accusation of the defendant’s infringement (...). It is not a case of penalising downloading; not even by third parties or of who must be made responsible or of the defendant’s

⁹ According to the Court there are still more reasons to considerate it so, if we take into account the case of the SCJEU of 14 June 2017: “With respect to this necessary knowledge or deliberate behaviour, the CJEU says further on (&36) analysing the conduct of the companies that manage the platform that they have not been uploaded the files but that it was done by their subscribers, that “these administrators, by making available and the management of the online sharing platform such as the one at issue in the main law suit, intervene being fully aware of the consequences of their behaviour, in order to provide through this platform torrent files which allows users to find these works and share them on a peer network (...) There is greater reason why we should understand that having, storing a shared file implies knowing and accepting that you are facilitating an indeterminate number of people to access it”.

negligent or careless attitude, which has allowed third parties to access the content of the file. It is about the storage or having a file on a PC with content protected by the intellectual property rights of a third party, which, through a program or tool used to access the content, is then made available or is accessible to an indeterminate number of internet users; and it is specifically through the internet that it is made available to numerous people; and it is this specific connection to internet contracted by the identified IP owner". **In our opinion, it is a really overwhelming argument in its simplicity, and any average user would understand the tenor of the resolution, without the intervention or any lawyer.**

And what is more significant is determining who is responsible for the infringement. Inducement or cooperation under art. 138 IPL is referred to as a necessary criterion of accusation in these cases: because, according to the sentence, "(...) there is no question about the fact that whoever contracts the internet access service necessarily cooperates with whoever accesses these tools and before downloading it stores the file that is going to be shared on their device, I do not consider this is the adequate criterion of accusation, once the infringing act is defined. If the infringement consists of making a file available to an indeterminate number of people (public communication), by simply having the file through the P2P tool, it will be the owner of the IP that provides access to internet and from where the person responsible makes the file available, at least civilly and while no fact or circumstance is fully proven that can break this direct line of accusation; unless the PC was stolen, the line was pirated or other. Whether in Criminal Law, another criterion of direct accusation can be followed is another matter; in Civil Law, the owner of an object – which is a PC and its network connection is liable for the infringements that are committed

with it. It is not liable because of an act by a third party - the person who uses the computer, who has downloaded the file.-, but liable for the infringement committed on the object they own and through a service contracted by them like internet access. The defendant is the perpetrator of the infringement; owning a PC with an associated IP which, through internet access, shares a file with an indeterminate number of people that contains works protected by intellectual property rights of a third party, and therefore makes it available or communicates it publicly".

With respect to damages, and as the defendant does not provide any criteria the sentence opts "(...) to indicate the same amount to be paid as sentenced at the *Commercial Court n° 1 of Bilbao in the sessions on 08.01.2018 and 05.01.2018* that is to say 150 euros, considering that this a moderate amount but encouraging enough to prevent actions that have brought the defendant to this trial".

An interesting path has been opened up to notably decrease illegal downloads particularly in Spain. At least, to also generate greater confidence in our system and to especially believe in the effectiveness of the legislative measures adopted. The process of reforms that have been initiated make it possible to imagine a scenario that is balanced and closer, where users can consume multimedia content at a reasonable cost; and a scenario, where in turn the copyright owners receive the protection that is their legal right, although for diverse profiles and content from long ago. But otherwise it is a question of extraordinary sensitivity. It is not easy to define such a scenario.