REVISTA LEX MERCATORIA
ISSN 2445-0936

Vol. 16, 2020. Artículo 9
DOI: https://doi.org/10.21134/lex.vi16.1176

SETTING THE LIMITS OF THE CONCEPT OF "COMMUNICATION TO THE PUBLIC" BY THE EUROPEAN COURT OF JUSTICE DUE TO COPYRIGHT INFRINGEMENT IN INFORMATION SOCIETY.

JUDGMENT OF CJEU (GRAND CHAMBER) IN CASE NEDERNALNDS UITGEVERSVERBONDAND GROEP ALGEMENE UITGEVERS V TOM KABINET BV ET AL, C-263/18, OF 19 DECEMBER 2019

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Abstract

The supply to the public by downloading, for permanent use, of an e-book is an act of communication to the public. This has been stated by the Court of Justice of the European Union in its judgment of December 19, 2019 (Tom Kabinet case). This is an extremely important judgment in which the Court rules on the distinction between the concepts of distribution and communication to the public, the contours of which are not entirely clear in the digital sphere.

Judgement subject to comment:

TJudgment of the European Court of Justice (Grand Chamber) in Case Nedernalnds Uitgeversverbondand Groep Algemene Uitgevers v Tom Kabinet BV et al, C-263/18, of 19 December 2019

I. INTRODUCTION

The existence of a standardized legal framework in the field of copyright favors a greater degree of legal certainty and, thus, the achievement of a high level of protection of intellectual property. Technological development has enhanced the opportunities for the creation and production of works. However, it is equally true that the possibilities for the exploitation of these works have also increased to an equal or greater extent. Hence the need to complete and adjust legislation on intellectual property - namely in terms of emerging forms of exploitation -, for which the judicial interpretation made by Courts of Justice is deemed essential. In this vein can we find the case we are about to comment on - *Nedernalnds Uitgeversverbondand Groep Algemene Uitgevers v Tom Kabinet BV* et al, of 19 December 2019 (Case 263/18) - revolving around a very recurrent issue: the contouring of "communication to the public" concept.

In this specific case, the request for the preliminary ruling aims at the interpretation of Articles 2, 4 (paragraphs 1 and 2) and 5 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001, harmonizing the term of protection of copyright and certain related rights within information society. This request was filed under the pretext of a dispute between, on the one hand, *Nederlands Uitgeversverbond and Groep Algemene Uitgevers* (hereinafter, as "NUV" and "GAU"), and the defendants on the other hand, the company *Tom Kabinet*, and in relation with a virtual market service provided for 'second-hand' e-books (three companies are actually involved as per the defendant party: *Tom Kabinet Internet BV*, *Tom Kabinet Holding BV y Tom Kabinet Uitgeverij BV*, but for simplicity purposes, we shall refer to this company as the sole name of Tom Kabinet).

II. SUMMARY OF THE JUDGERNENT. MAIN PROCEEDING AND QUESTIONS REFERRED FOR A PRELIMINARY RULIN

NUV and GAU are two associations whose purpose is to defend the common interests of Netherlands publishers. These associations were both mandated by several publishers to ensure that the copyright granted to them by copyright holders by means of exclusive licences is protected and observed.

Tom Kabinet is a Dutch company that launched a virtual market of 'second-hand' e-books in June 2014. Shortly after, NUV and GAU requested the urgent assistance of the Court and petitioned for a preventive injunction that would ban this service due to the infraction of intellectual property rights. The pertinent Court dismissed their application on the ground that, according to that Court, there was no prima facie breach of copyright. After the appeal was lodged against that decision before the Court of Appeal of Amsterdam, the subsequent decision was upheld, and yet prohibited Tom Kabinet from "offering an online service that allowed the sale of unlawfully downloaded e-books". From 8 June 2015 onwards, Tom Kabinet modified the services offered up to that point and replaced them with the 'Tom Leesclub' (Tom reading club, 'the reading club'), within which Tom Kabinet is an e-book trader, selling books which have been either purchased by Tom Kabinet or donated to Tom Kabinet free of charge by members of the club (and in this case, those members had to provide the download link in respect of the book in question and declare that they have not kept a copy of the book).

NUV and GAU went to Court once again, and applied to the The Hague first instance court

for an injunction prohibiting Tom Kabinet from infringing the copyright of NUV's and GAU's affiliates by the making available or the reproduction of e-books. In particular, in their view Tom Kabinet is, in the context of selling "second-hand" e-books, making an unauthorised communication of e-books to the public.

Tom Kabinet alleges that such activities fall within the right of distribution under Directive 2001/29, since this right is subject to the rule on exhaustion of the distribution right when the object in question (in this case, e-books) have been sold inside the borders of the European Union by the rightholder or with his or her consent. Thus, and under this rule, after selling the books object of controversy, NUV and GAU do not have the exclusive right to authorise or prohibit its distribution to the public.

Many doubts arise throughout the proceeding. In an interim judgment of 12 July 2017, the referring court found that the e-books at issue were to be classified as works according to the meaning of the concept set forth in Directive 2001/29, and that Tom Kabinet's offer, in circumstances such as those at issue in the main proceedings, did not constitute a communication to the public of those works, according to Article 3(1) of that Directive. The referring court observes, however, that the answers to the questions as to whether the making available remotely by the downloading, for payment, of an e-book for use for an unlimited period may constitute an act of distribution for the purposes of Article 4(1) of Directive 2001/29, and as to whether the right of distribution may thus be exhausted, within the meaning of Article 4(2) of that directive, are unclear. It also wonders whether the copyright holder may, in the event of a resale, object, on the basis of Article 2 of that directive, to the acts of reproduction necessary for the lawful transmission between subsequent purchasers of the copy for which the distribution right is, if such be the case, exhausted. According to the referring court, the answer to be given to that question is not apparent from the case-law of the Court of Justice. For all the preceding reasons, the Hague first instance court decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

"1) Is Article 4(1) of [Directive 2001/29] to be interpreted as meaning that "any form of distribution to the public by sale or otherwise of the original of their works or copies thereof" as referred to therein includes the making available remotely by downloading, for use for an unlimited period, of e-books (being digital copies of books protected by copyright) at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him?

(2) If question 1 is to be answered in the affirmative, is the distribution right with regard to the original or copies of a work as referred to in Article 4(2) of [Directive 2001/29] exhausted in the European Union, when the first sale or other transfer of that material, which includes the making available remotely by downloading, for use for an unlimited period, of e-books (being digital copies of books protected by copyright) at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him, takes place in the European Union through the rightholder or with his consent?

3) Is Article 2 of [Directive 2001/29] to be interpreted as meaning that a transfer between successive acquirers of a lawfully acquired copy in respect of which the distribution right has been exhausted constitutes consent to the acts of reproduction referred to therein, in so far as those acts of reproduc-

tion are necessary for the lawful use of that copy and, if so, which conditions apply? | (4) | Is Article 5 of [Directive 2001/29] to be interpreted as meaning that the copyright holder may no longer oppose the acts of reproduction necessary for a transfer between successive acquirers of the lawfully acquired copy in respect of which the distribution right has been exhausted and, if so, which conditions apply?"

Before deciding the contemplated preliminary ruling, the CJUE reformulates the questions referred to it, and this is because the Court has a duty to interpret all provisions of EU law which national courts require in order to decide on the actions pending before them, even if those provisions are not expressly indicated in the questions referred to the Court by those courts. To that end, the Court of Justice may extract from all the information provided by the national court, in particular from the grounds of the order for reference, the points of EU law which require interpretation in view of the subject matter of the dispute in the main proceedings.

In the present case, although by its first question the referring court asks whether the expression "any form of distribution to the public by sale or otherwise [of the original of authors' works or of copies thereof]", provided in Article 4(1) of Directive 2001/29, covers "the making available remotely by downloading, for use for an unlimited period, of e-books [...] at a price", it is apparent from the grounds of the order for reference that the question arises as to whether, in the dispute that is pending before that court, the supply by downloading, for permanent use, of an e-book constitutes an act of distribution for the purposes of Article 4(1) of that directive, or whether such supply is covered by the concept of 'communication to the public' within the meaning of Article 3(1) of that directive. The crux of that question in the dispute in the main proceedings is whether such supply is subject to the rule on exhaustion of the distribution right provided for in Article 4(2) of that directive or whether, on the contrary, it falls outside such a rule, as expressly provided for in Article 3(3) of the directive in the case of the right of communication to the public.

As we shall review hereinafter, The CJUE held that the sale of "second hand" e-books does not constitute an act of distribution, but a communication to the public in the form of making them available interactively and on demand. It reaches that conclusion by using certain grounds, and thus it starts the reasoning by analyzing the applicable rules to this specific case.

In the light of Article(1) of Directive 2001/29, authors have the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.

Article 4(1) of that directive provides that authors have, in respect of the original of their works or of copies thereof, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise, that right being, under Article 4(2) of that directive, exhausted where the first sale or other transfer of ownership in the European Union of the original or of a copy of the work is made by the rightholder or with his or her consent.

The CJUE held that none of these provisions - in their most literal reading - give an answer to the posed question. Therefore, this matter is subject to an interpretation which shall be made under the

umbrella of the context of this specific case, the objectives to be reached, as well as the rules to which this case is subject to; and when applicable, taking into account its origin. Namely, the proposal of the Directive shall be taken into consideration, as well as the particular context of the case - this is, Articles 3(1) and 4(1) of Directive 2001/29. In this sense, the underlying concept of the directive proposal was that any communication to the public of a work, other than the distribution of physical copies of the work, should be covered not by the concept of 'distribution to the public', referred to in Article 4(1) of Directive 2001/29, but by that of 'communication to the public' within the meaning of Article 3(1) of that directive. This interpretation is supported by the referred provisions, which shall also be interpreted under Articles 6(1) and 8 of WIPO Copyright Treaty, from which it is reached that the concept of "distribution to the public" cannot cover the distribution of intangible works such as e-books. It is also supported by the main objective of Directive 2001/29: to establish a high level of protection of authors.

In order to reach that objective, the concept of "communication to the public" shall be understood as provided in Article 23 of Directive 2001/29 in a broad sense, covering all communication to the public not present at the place where the communication originates. This right should cover any such transmission or retransmission of a work to the public by wire or wireless means, including broadcasting. On the other hand, the right to make available to the public should be understood as covering all acts of making available such subject service to members of the public present at the place where the act of making available originates, and as not covering any other acts (as referred to in Article 24).

Article 25 further stipulates that copyright holders provided in the Directive bear the exclusive right to make their works available to the public by interactive or on-transmission means. Such interactive on-demand transmissions are characterised by the fact that members of the public may access them from a place and at a time individually chosen by them.

Regarding the right of distribution, Articles 28 and 29 respectively stipulate that such right covers, on the one hand, the exclusive right "to control distribution of the work incorporated in a tangible article" (which is also in line with the provisions of the aforementioned WIPO treaty); and on the other hand, and in terms of the exhaustion matter, this does not arise in the case of services and online services in particular. In the latter case, it is further provided that unlike CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every online service is in fact an act which should be subject to authorisation where the copyright or related right so provides. This specific case is also provided for in Article 4(2) of the directive itself.

An e-book is not considered a computer program, as highlighted in the judgement, since e-books and computer programmes are different. Hence, Article 4(2) of Directive 2009/24 shall not be applicable in terms of exhausting the right of distribution of computer program copies - as once again, it is not deemed the same as an e-book. It should be noted that Directive 2009/24, which concerns specifically the protection of computer programs, constitutes a lex specialis in relation to Directive 2001/29.

"The relevant provisions of Directive 2001/29 were not, however, desired by the EU legislature when it adopted that directive". And it further states that "from an economic point of view, the sale

of a computer program on a material medium and the sale of a computer program by downloading from the internet are similar, since the online transmission method is the functional equivalent of the supply of a material medium. Accordingly, interpreting Article 4(2) of Directive 2009/24 in the light of the principle of equal treatment justifies the two methods of transmission being treated in a similar manner (...). Nonetheless, "the supply of a book on a material medium and the supply of an e-book cannot, however, be considered equivalent from an economic and functional point of view." In this line, particular attention shall be paid to the points noted by Advocate General, stating that "dematerialised digital copies, unlike books on a material medium, do not deteriorate with use, and used copies are therefore perfect substitutes for new copies." In addition, "In addition, exchanging such copies requires neither additional effort nor additional cost, so that a parallel second-hand market would be likely to affect the interests of the copyright holders in obtaining appropriate reward for their works much more than the market for second-hand tangible objects".

Even if an e-book were to be considered complex matter comprising both a protected work and a computer program eligible for protection, as long as such a program is only incidental in relation to the work contained in such a book.

Having said the foregoing, the CJEU refers to Article 3(1) of Directive 2001/29 in terms of the concept of 'communication to the public', which involves two cumulative criteria:

a. An act of communication of a work;
b. The communication of that work to a public

a. An act of communication of a work

Firstly, and in terms of whether the supply of an e-book constitutes an act of communication to the public, it shall be highlighted that the "concept of communication to the public" should be understood, as explained before, in a broad sense covering all communication to the public not present at the place where the communication originates, including any transmission or retransmission of a work to the public by wire or wireless means, as well as broadcasting.

Regarding the "making available to the public" (which forms part of the wider concept of 'communication to the public'), the Court has held that, in order to be classified as an act of making available to the public, it must allow members of the public to access the protected work from a place and at a time individually chosen by them irrespective of whether the persons comprising that public avail themselves of that opportunity.

In the present case, the Court holds that "it is common ground that Tom Kabinet makes the works concerned available to anyone who is registered with the reading club's website, that person being able to access the site from a place and at a time individually chosen by him or her Therefore, the supply of such a service must be considered to be the communication of a work within the meaning of Article 3(1) of Directive 2001/29, irrespective of whether that person avails himself or herself of that opportunity by actually retrieving the e-book from that website."

b. The communication of that work to a public

Secondly, the Court held that in order to apply the 'communication to the public' concept, the protected works must in fact be communica-

ted to the public, that communication being directed at an indeterminate number of potential recipients. In this sense, it shall also be taken into consideration the number of persons who may have access, at the same time or in succession, to the work itself.

After applying this doctrine to the present case, it must be concluded that the number of persons who may have access, at the same time or in succession, to the same work via that platform is essential. Consequently, subject to verification by the referring court taking into account all the relevant information, the work in question must be regarded as being communicated to a public, within the meaning of Directive 2001/29.

Finally, the Court has held that in order 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 of their work to the public. In the present case, since the making available of an e-book is generally accompanied by a user licence authorising the user who has downloaded the e-book concerned only to read that e-book from his or her own equipment, it must be held that a communication such as that effected by Tom Kabinet is made to a public that was not already taken into account by the copyright holders and, therefore, to a new public.

In the light of all the foregoing considerations, the answer to the first question is that **the supply to the public by downloading, for permanent use, of an e-book is covered by the concept of 'communication to the public' and, more specifically, by that of 'making available to the public of [authors'] works in such a way that members of the public may access them from a place and at a time individually chosen by them', within the meaning of Article 3(1) of Directive 2001/29.**

In view of the answer given to the first question, the Court held that there is no need to answer the other three questions. Without distribution there is no exhaustion, and there is no need to analyze the simultaneous or subsequent reproductions after the sale of such works.

III. OTHER COURT DECISIONS HELD BY CJEU ON "COMMUNICATION TO THE PUBLIC"

Before we conclude this paper, we would also like to highlight that the previous reviewed judgement is framed along with a set of judgements which interpret and complete the concept of "communication to the public" referred to in Article 3(1) of Directive 2001/29. As we shall review hereinafter, the CJEU held many decisions in this regard, among which we highlight the following:

The judgement of 13 February 2014, case C-466/12 (Svensson Case). The European Court of Justice held that "(...) a website of clickable links to works freely available on another website does not constitute an act of communication to the public". Put differently, according to the provisions of the CJEU on this judgment, the works that can be freely linked from another Internet page are only those that are made available to the public on the network without access restrictions and with the holder's consent. The same must not be applied to those links to works that are accessible on a website without the owner's consent, or that are available only to a limited section of the public made up of subscri-

bers. It further stipulates that "Article 3(1) of Directive 2001/29 must be interpreted as precluding a Member State from giving wider protection to copyright holders by laying down that the concept of communication to the public includes a wider range of activities than those referred to in that provision." It is consequently admitted that providing a link on the Internet is classified as an act of "making available to the public", without taking into account whether the person doing so is not in real possession of the linked content, but whether this content is already available somewhere on the Internet and is controlled by someone else. This requires assuming, as pointed out by SÁNCHEZ ARISTI, R., ("La provisión de enlaces en Internet y el derecho de puesta a disposición del público (comentario a la STJUE de 13 de febrero de 2014 en el asunto C-466/12 [caso Svensson], Revista de Propiedad Intelectual, núm. 46, enero-abril, 2014, pp. 45 y ss.) that it is possible to chain acts of making available to the public without solution of continuity. In the light of such circumstances, the Court further stipulates that under Article 3(3) of Directive 2001/29, this right may not be exhausted. Nonetheless, the Judgment establishes that such exhaustion occurs to a certain degree. Thus, and according to the CJEU, when a subject allows his work or service to be made available on the Internet, it must be understood that the public he or she contemplates is not only that of the Internet site from which the initial making available takes place, but also that of the websites from which links are made to it. Therefore, the public of these other sites would not be deemed a new one with respect to that of the main site. SÁNCHEZ ARISTI shows his disagreement with such a conclusion, "specially when it deals with links that lead to works and not to website links - as in the case of Svensson".

The Bestwater case (C-348/13), CJEU's judgement of 21 October 2014 adheres to the previous doctrine. In this case, the dispositive part states as follows: "The mere fact of having a protected work, freely provided on a certain Internet website, linked to another Internet website by using the framing technique - as used in the main proceedings - cannot be classified as "communication to the public" within the meaning of Article 3(1) of Directive 2001/29/CE of the European Parliament and Council, of 22 May 2001, harmonizing the term of protection of copyright and certain related rights within information society, since the work itself is not communicated using specific technical means, different from those previously used".

Last but not least, **CJEU of 14 June 2017, Stichting Brein v. Ziggo BV and XS4All Internet BV (Case C-610-5)** should also be taken into account. In its judgement, the CJUE held that providing and managing an online sharing platform constitutes a communication to the public within the meaning of Directive 2001/20. In this case, the issue at stake was not whether the platform should be held accountable for contributing to infringements of copyright and related rights; the issue at stake was whether the management of the platform meant a direct act of exploitation, and namely, an act of communication to the public. In this case, CJUE held that "the concept of 'communication to the public', within the meaning of Article 3(1) of Directive 2001/29, should be interpreted as covering, in circumstances such as those at issue in the main proceedings, the making available and management, on the internet, of a sharing platform which, by means of indexation of metadata relating to protected works and the provision of a search engine, allows users of that platform to locate those works and to share them in the context of a peer-to-peer network".

IV. THE SPANISH LEGAL SYSTEM. CONCLUSIONS.

Within the scope of our legal system - and namely on this matter - the author has the exclusive right of exploitation of his or her work, among which distribution and communication to the public rights are included. Articles 19 and 20[(1)h] of the Spanish Intellectual Property Act provide so - which set provisions very similar to the above-mentioned ones within Directive 2001/29.

Although the wording of our regulations on authors' exploitation rights might suggest some uncertainty, there is no doubt that any interpretation made should comply with that of the European Directive advocated by the High Court of Justice of the European Union in the aforementioned judgment. This judgment is bound to become a reference as per the distinction between the concepts of distribution and communication to the public - the contours of which, as we have seen, are not entirely clear within the digital context.

In any case, and as stated at the beginning of the present paper, the existence of a harmonized legal framework in terms of copyright shall foster a higher degree of legal certainty, as well as a higher degree of intellectual property protection, which should be appropriate and adapted to the new forms of exploitation which have emerged and will continue to emerge. Hence the importance to appropriately interpret the concepts to which the judgement we commented makes reference to.

V. ACKNOWLEDGEMENTS

The present paper has been elaborated with in the project "*¿Quién copia, quién descarga y por qué? Prevalencia y diferencias de género en las intuiciones de justicia y el cumplimiento de la propiedad intelectual*" [1] . Reference: AICO/2019/309, supported by Conselleria de Educación, Investigación, Cultura y Deporte, receiving grant-in-aids from Generalitat Valenciana for research groups to be consolidated -AICO/2019.

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[1] "Who copies, who downloads and why? Prevalence and gender differences in justice institutions and intellectual property enforcement."