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by Séverine Dusollier

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by Theodoros Chiou

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Editorial

by **Séverine Dusollier**

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- 1 There is no doubt that 2020 will be a pivotal year in European regulation of the digital economy.

Succeeding to the first wave of regulation of the internet, around the beginning of the second millennium with the e-commerce and copyright in the information society directives, a second wave of legal intervention has been launched by the EU Commission in 2015 with the Digital Single Market Initiative. 2019 was certainly a crucial year in the EU agenda, having seen the adoption of the directive on copyright in the digital single market, of the directive on contracts for the supply of digital content and digital services, of the directive on contracts for the sale of goods, as well as the revision of the public sector information directive, inserting for the first time the “open data” in its title and contents.

2020 will see the implementation of this new EU acquis and the first discussion on what promises to be as tense as what happened in copyright, the revision of the rules of the platforms liability. The Digital Services Act, announced by the new Von der Leyen Commission, might reopen the Pandora box of the regime applicable to intermediaries and reshuffle the rules applicable to platforms and other digital operators.

- 2 This new issue of JIPITEC aligns with this legislative agenda. It opens with its Statements section featuring two manifests from EU scholars. The first one, endorsed by more than 50 copyright professors and researchers, provides some recommendations to Member States for the implementation of the infamous article 17 of the DSM copyright directive, by insisting on the need for video sharing platforms to guarantee user freedoms when answering to

requests from copyright owners. Therefore, the two key components of the regime so enacted, the licensing and preventive measures by default of a licence, should be interpreted in the light of the exceptions and limitations provided to the benefit of the users. To that end, the Declaration recommends to ensure a full harmonization and effectiveness of the exceptions of quotation, criticism, review, caricature, parody and pastiche, as those exceptions are particularly considered as user freedoms in the article 17. In order to minimize the risks of broad filtering and over-blocking, Member States should limit the application of preventive measures imposed by the directive by default of a proper licence, to prima facie copyright infringements, i.e. to uploads of materials identical or equivalent to the work for which rightholders have provided information. In other cases, as the Declaration further recommends, the uploaded content should not be presumed to be infringing and more legal evidence should be provided by copyright owners to allow for its removal from the platform.

- 3 Such recommendations cleverly operate within the manoeuvre that is left to Member States by the directive and offers pragmatic and balanced solutions that could be endorsed by the stakeholders’ dialogue set up by the directive to come up with solution to implement the new regime. So far, this dialogue, started last Fall, has only offered a pathetic and useless replay of the lobbying that accompanied the adoption of the directive.
- 4 A second Statement from three privacy academics targets the European Data Protection Board (EDPB) that is currently drafting some Guidance on data rights and proposes recommendations to enhance

the protection of the four data subject rights, notably the right of access, the right to rectification, the right to erasure and the right to restriction of processing. It further recommends recognising an explicit duty of the joint-controllers to facilitate the exercise of data subject rights and a narrow interpretation of any restriction or limitations to such rights. Concrete examples of how such data rights could be implemented by data controllers are given. This timely Statement also offers the opportunity to revisit thoroughly the EU framework of the rights of data subjects as it critically reviews the legislative provisions of the GDPR and the CJEU case law related thereto.

- 5 Data protection and copyright, that are the topics of those opening Statements, unexpectedly meet in the contribution by Annelies Vandendriessche and Bernd Justin Jütte that explore the concept of the “public” from the twofold perspective of the two legal fields. Using the notion of a “new public” as developed by the CJEU under Article 3 of the Information Society directive, they suggest to introduce a concept of privacy as controlled public exposure, leading to a better understanding of the divide between public and private spaces in EU privacy law. In doing so, they renew the old debates around the concept of privacy, from Warren and Brandeis to Nissenbaum, digging into the ECtHR case law, to help protect privacy in public spheres, including when sharing personal information on digital networks.
- 6 The recently adopted directive on copyright in the digital single market is unsurprisingly the theme of some other contributions to this issue. First, Giulia Priora applies a distributive rationale to the notion of a fair remuneration of authors and performers that is scattered in many provisions of the DSM directive, taking ground on the “fair marketplace for copyright”, which is one of the objectives of the legislative text.
- 7 In echo to the Statement on users’ freedoms in article 17, Gerald Spindler looks at the adapted liability regime it induces, and at the risk of a conflict between the prohibition of general monitoring for platform providers and the new obligations imposed on video sharing providers, notably their obligation to get a licence for the uploaded copyrighted content.
- 8 Another crucial reform in intellectual property in the EU was the 2015 trade mark package. It has namely introduced expanded possibility to register non traditional trade marks by suppressing the requirement of a graphic representation of the sign to be protected. Inês Ribeiro da Cunha and Jurgita Randakeviciute-Alpman explore the consequences of a such reform on registration of non-traditional trade marks by relying on an useful comparison with the US situation.

- 9 Looking forward, Theodoros Chiou closes this issue by addressing machine learning and artificial intelligence (another hot topic for the new EU legislature). But instead of asking the often-analysed question of the copyrightability of the “creations” of AI, he looks at the copyright situation of the use of creative works as input data in the process of machine learning. Are any exceptions applicable to the many reproductions of works necessitated in such process? You have already guessed that the DSM directive also prominently features in that article that assesses the applicability of the new text and data mining exceptions that it provides.

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Safeguarding User Freedoms in Implementing Article 17 of the Copyright in the Digital Single Market Directive:

Recommendations from European Academics

by João Pedro Quintais, Giancarlo Frosio, Stef van Gompel, P. Bernt Hugenholtz, Martin Husovec, Bernd Justin Jütte and Martin Senftleben

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A. Introduction

1 On 17 May 2019 the new Directive (EU) 2019/790 on copyright and related rights in the Digital Single Market was officially published (DSM Directive). Article 17 (ex-Article 13) is one of its most controversial provisions. Article 17 tasks the Commission with organizing stakeholder dialogues to ensure uniform application of the obligation of cooperation between online content-sharing service providers (OCSSPs) and right-holders, and to establish best practices with regard to appropriate industry standards of professional diligence. In the discussion on best practices, the provision adds, “special account shall be taken, among other things, of the need to balance fundamental rights and of the use of exceptions and limitations.” This document offers recommendations on user freedoms and safeguards included in Article 17 of the DSM Directive – namely in its paragraphs (7) and (9) – and should be read in the context of the stakeholder dialogue mentioned in paragraph (10).

B. Promoting Licensing and Limiting Preventive measures

2 Article 17 provides OCSSPs with two avenues to avoid direct liability for their users’ uploads. The default avenue is for an OCSSP to obtain an authorisation to communicate the content uploaded by users. The provision suggests, as only one example, (direct) licensing from the copyright holder but leaves open

other ways to acquire authorisation.¹ Besides direct licensing, additional options may include collective licensing mechanisms (voluntary, extended or mandatory), and statutory licensing (relying on remunerated exceptions or limitations).

3 OCSSPs that do not obtain an authorization for their users’ uploads can still avoid liability if they comply with the conditions of the exemption mechanism in Article 17(4). OCSSPs must demonstrate that they have: (i) made best efforts to obtain an authorisation; (ii) made best efforts to ensure the unavailability of specific works for which the rightholders have provided them with the relevant and necessary information; and (iii) acted expeditiously, subsequent to notice from rightholders, to take down infringing content and made best efforts to prevent its future upload.

4 The legislative design of Article 17 clearly favours the first – authorisation – avenue. As noted in the statement by Germany accompanying the approval of the Directive in the Council in April 2019, “in the European compromise, licensing is the method chosen to achieve” the authorization goal under this provision.² This is in line with the Directive’s

1 See Article 17(1), second subparagraph, and 17(8), second subparagraph DSM Directive.

2 See Draft Directive of the European Parliament and of the Council on copyright and related rights in the Digital Single Market amending Directives 96/9/EC and 2001/29/EC (first reading) – adoption of the legislative act – statements (2019), in particular the Statement by Germany, para. 10.

objective to “foster the development of the licensing market between rightholders and [OCSSPs]”³

- 5 National implementations of this provision should therefore focus on achieving this goal, by fully exploring legal mechanisms for broad licensing of the uses covered by Article 17. In that light, they should limit, to the extent possible, the application of preventive obligations in Article 17(4)(b) and (c). Otherwise, the freedom of EU citizens to participate in democratic online content creation and distribution will be encroached upon and freedom of expression and information in the online environment would be curtailed.
- 6 The following baseline approach will better enable the formulation of national laws to respect user freedoms and safeguards enshrined in Article 17. Although the essence of these freedoms and safeguards should at all times be respected in the terms outlined below, it is noted that they are at greater risk in the context of application of preventive obligations and restrictive licensing models than under umbrella licensing approaches covering a wide variety of content, including recent content releases.

C. User Freedoms: Exceptions and Limitations in Article 17

- 7 The licensing and preventive obligations in Article 17 must be interpreted in the context of the rules on exceptions and limitations (E&Ls) contained in Article 17(7), as supplemented by the procedural safeguards in paragraph (9). Furthermore, it is important to consider other E&Ls potentially applicable to user uploads, such as that of incidental use, in Article 5(3)(i) of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society (InfoSoc Directive).
- 8 Article 17(7) includes a general and a specific clause on E&Ls. The general clause is contained in the first sub-paragraph, which states that the preventive obligations in 4(b) and (c) should not prevent that content uploaded by users is available on OCSSP platforms if such an upload does not infringe copyright, including if it is covered by an E&L. This should be read in combination with the statement in Article 17(9) to the effect that the DSM Directive “shall in no way affect legitimate uses, such as uses under exceptions or limitations provided for in Union law”. In this respect, Recital 70 emphasizes the need for the preventive obligations to be implemented without prejudice to the application

of E&Ls, “in particular those that guarantee the freedom of expression of users”.

- 9 The second paragraph of Article 17(7) of the DSM Directive includes a special regime for certain E&Ls. It states that “Member States shall ensure that users” of OCSSPs, when uploading or making available content, “are able to rely” on the following exceptions: (i) quotation, criticism, review; (ii) use for the purpose of caricature, parody or pastiche. Previously, these were optional E&L in Articles 5(3)(d) and (k) of the InfoSoc Directive, which have not been implemented in all Member States; where they have, the implementations differ.
- 10 Uploaded material that does not infringe copyright and related rights as mentioned in the general clause should at least include the following: (i) material in the public domain; (ii) material subject to an (express or implied) license; (iii) material covered by an E&L, either in Article 17(7) of the DSM Directive and/or in Article 5 of the InfoSoc Directive, the latter if implemented by the national law (e.g. incidental use). In situations of conflict between Article 17(7) of the DSM Directive and Article 5 of the InfoSoc Directive (i.e. an E&L is explicitly mentioned in Article 17(7) but unavailable at the national level), the former creates an obligation under EU law to implement national E&Ls that offer the minimum user privileges to which Article 17(7) refers.
- 11 Regarding the special regime for certain E&Ls, Recital 70 (first subparagraph) explicitly recognizes that these are particularly important to strike a balance under the Charter of Fundamental Rights of the EU (Charter) between the right to intellectual property (Article 17(2)) and two fundamental freedoms/rights in particular: freedom of expression (Article 11) and freedom of the arts (Article 13). The legislator thus awards special status to these E&L due to their basis in fundamental rights. Moreover, there is a change in legal qualification as compared to the InfoSoc Directive, since the E&Ls mentioned in the second paragraph of Article 17(7) of the DSM Directive become *mandatory* in the context of their application under Article 17. This is clear from the text of the provision – “shall ensure” – and from Recital 70 (first subparagraph), which states that such E&L “should, therefore, be made mandatory in order to ensure that users receive uniform protection across the Union.”
- 12 In light of the above, both a literal and teleological interpretation favour the qualification of the E&Ls in Article 17(7) as *user rights or freedoms*. It follows that national lawmakers and courts must ensure that they remain fully operative despite licensing arrangements (between rightholders or their representatives and OCSSPs) and preventive obligations under Article 17(4)(b) and (c) that are

³ Recital 61 DSM Directive.

likely to make inroads into this area of freedom of EU citizens.

- 13 It is important to clarify the scope of these mandatory E&Ls or user rights/freedoms. They are mandatory not only for: (i) the acts covered by the specific right of communication to the public regulated in Article 17; but also (ii) for all acts of uploading or making available by users on OCSSP platforms that meet the requirements of the relevant E&Ls.
- 14 The main distinction is that the right of communication to the public in Article 17 requires that the initial act of making available by the user is of a non-commercial character or purpose, whereas the relevant E&Ls do not include such a requirement, neither in the text of Article 17(7) nor in the corresponding provisions in the InfoSoc Directive. This interpretation is not precluded by the reference to “existing exceptions” in Article 17(7). Such reference is not to E&Ls already implemented into a specific national law at the discretion of a Member State. Rather, “existing” refers to those E&Ls already contained in EU law. In this case, the concepts in Article 17(7), second subparagraph, are well-established prototypes already existing in Article 5 of the InfoSoc Directive.
- 15 This reading is supported by a systematic and teleological interpretation of the DSM Directive. First, Recital 70 does not restrict the application of these E&Ls to those previously implemented in Member States, but rather assumes its mandatory application across the EU to the benefit of all users of OCSSPs. Second, the fundamental rights basis of the E&Ls, their mandatory nature, and effectiveness of harmonization, as one of the main purposes of the provision, would be undermined if these E&Ls would only be implemented in certain Member States. Third, the reference to “users in each Member State” in Article 17(7) clearly indicates that the E&Ls are not meant to be implemented only in *some* Member States, but that these user rights/freedoms must be enjoyed in all Member States of the EU to the same effect.
- 16 The systematic and conceptual consistency of the E&Ls in the InfoSoc and DSM Directives must be ensured. This means that the concepts of “quotation”, “criticism”, “review”, “caricature”, “parody” and “pastiche” in Article 17(7) should be considered autonomous concepts of EU law, to be interpreted consistently across both directives, in line with CJEU case law.
- 17 The CJEU has already interpreted the concepts of “parody” and “quotation” in the InfoSoc Directive as autonomous concepts of EU Law in a number of judgements: *Painer* (C-145/10), *Deckmyn* (C-201/13), *Funke Medien* (C-469/17), *Pelham* (C-467/17) and

Spiegel Online (C-516/17). From those judgements emerges a broad interpretation of the corresponding E&Ls, which recognizes their fundamental rights justification, clarifies their requirements for application, and restricts the ability of national lawmakers to further restrict their scope.

- 18 To ensure the effectiveness of the E&Ls and user rights/freedoms in Article 17(7), Member States should adopt a similarly broad interpretation of the remaining concepts in that provision, in particular “pastiche”.

A combined broad interpretation and national implementation of the concepts contained in the E&Ls in Article 17(7) would cover the majority of transformative types of user-generated content uploaded by users to OCSSP platforms, such as remixes and mash-ups. To fully achieve this objective and ensure the effectiveness of these user rights/freedoms, Member States should consider clarifying in their national laws that the E&L for incidental use applies fully in the context of acts of making available by users on OCSSP platforms. This approach is consistent with the wording of Article 17(9), according to which the DSM “Directive shall in no way affect legitimate uses, such as uses under exceptions or limitations provided for in Union law”.

- 19 Finally, a rational national lawmaker implementing the E&Ls in Article 17(7) in line with the above recommendations should take this opportunity to fully harmonize the respective national E&Ls beyond uses concerning OCSSPs. That is to say, to the extent that they have not already done so, Member States should take this opportunity to implement and/or extend the E&Ls of quotation, criticism, review, caricature, parody or pastiche to other types of online use, e.g. acts of making available by users to online platforms outside the definition of OCSSP in Article 2(6) of the DSM Directive.

D. User Safeguards: Minimizing the Risks of Broad Filtering and Over-blocking

- 20 Under Article 17(9), first subparagraph, OCSSPs must implement “effective and expeditious” complaint and redress mechanisms for users in the event of disputes over the disabling of access to, or the removal of, uploaded content. The main justification for such mechanisms is to support the use of the mandatory E&Ls in paragraph (7) and ensure the uniform protection of resulting user rights/freedoms

across the EU.⁴ These mechanisms entail obligations for both rightholders and OCSSPs. On the one hand, rightholders that request the disabling or removal of content must “duly justify” their requests.⁵ On the other hand, OCSSPs that administer complaint and redress mechanisms must: (i) process submitted complaints “without undue delay”; and (ii) subject decisions to disable or remove content to human review.

- 21 In addition, Member States must make available impartial out-of-court dispute settlement mechanisms, which must not hinder users’ ability to seek judicial redress, in particular with a view to assert an applicable E&L, including the user rights/freedoms in paragraph (7).⁶ The legislative design of Article 17(9) leaves a significant margin of discretion for Member States when implementing these procedural safeguards for users into national law. In order to avoid diverging national implementations and promote harmonization across the EU, this margin of discretion should be used to ensure that OCSSPs optimize preventive measures for user rights/freedoms over the preventive measures in Article 17(4)(b) and (c), including in the design of the complaint and redress mechanisms in Article 17(9).
- 22 This interpretation, which is set out in more detail below, should be favored by national lawmakers, since:
- (i) it meets the proportionality requirement in paragraph (5); (ii) it respects the mandatory nature and fundamental rights justification of the user rights/freedoms in paragraph (7); (iii) it has the best chance to comply with the prohibition of a general monitoring obligation in paragraph (8); and (iv) it complies with the requirements stated in paragraph (9), that the Directive “shall in no way affect legitimate uses” (such as uses under E&Ls) and that the complaint and redress mechanism must be “effective and expeditious”.

In light of the above, we recommend that where preventive measures in paragraphs (4)(b) and (c) are applied, especially where they lead to the filtering and blocking of uploaded content before it is made available to the public, Member States should, to the extent possible, limit their application to cases of *prima facie* copyright infringement. In this context, a *prima facie* copyright infringement means the upload of protected material that is *identical* or *equivalent* to the “relevant and necessary information” previously provided by the rightholders to OCSSPs, including

information previously considered infringing. The concept of *equivalent* information should be interpreted strictly.

- 23 If content is disabled or removed in the *prima facie* infringement scenario, users are entitled to the safeguards included in Article 17(9) and explained above. In the remaining cases (no *prima facie* infringement) there should be no presumption that the uploaded content is infringing, meaning that such content should remain available to the public in the OCSSP until its legal status is determined, following a procedure consistent with Article 17(9). We recommend that such procedure abides by the following principles.
- 24 When the content uploaded by users does not meet the *prima facie* infringement threshold but partially matches the “relevant and necessary information” provided by the rightholder, OCSSPs must offer users the possibility to declare that the content at issue is covered by an E&L or user right/freedom. The means to provide such declaration should be concise, transparent, intelligible, and be presented to the user in an easily accessible form, using clear and plain language (e.g. a standard statement clarifying the status of the uploaded content, such as “This is a permissible quotation” or “This is a permissible parody”).
- 25 If a user does not provide that declaration within a reasonable period of time, during or following the upload process, then the OCSSP should be *allowed* to disable or remove access to the content. If access to the content is disabled or removed, users may use the in-platform and out-of-court procedural safeguards in Article 17(9).
- 26 If a user provides such a declaration (in the simplified terms described above), the same should automatically qualify as a “complaint” under Article 17(9), triggering the mechanism set forth therein. The OCSSP must then inform the relevant rightsholder of this complaint. If the rightsholder wishes to remove or disable access to the content at issue it must duly justify its request, i.e. it must explain not only why the use in question is *prima facie* an infringement, but also why it is not covered by an E&L and, in particular, the E&L invoked by the user.
- 27 The OCSSP will then subject the decision to disable or remove content to human review. The safeguards regarding the availability of out-of-court redress mechanisms and efficient judicial review remain applicable.
- 28 Since the legal status of the *prima facie* non-infringing user upload is only determined at the end of this procedure, OCSSPs that comply with

4 Recital 70, first subparagraph, last sentence DSM Directive.

5 Article 17(9), second subparagraph DSM Directive.

6 Id.

the requirements of such a procedure should not be liable for copyright infringement for the content made available to the public under Article 17 of the DSM Directive for the duration of the procedure.

- 29 In order to ensure the effective application and continued improvement of complaint and redress mechanisms Member States must ensure their transparency. A transparent complaint and redress procedure is necessary to enable: (i) the respect for and effectiveness of the mandatory E&Ls in Article 17(7); (ii) that subsequent out-of-court disputes are “settled impartially” and do not deprive users or their representatives (such as users’ organizations) of the legal protection afforded by national law, including the possibility to have recourse to efficient judicial remedies to assert the use of an applicable E&L, as required by Article 17(9).
- 30 To that effect, we recommend that national laws set up proportionate reporting duties for OCSSPs regarding the functioning of complaint and redress mechanisms. At the very least, national laws should clarify that users’ organizations shall have access to adequate information on such functioning.
- 31 Finally, we note that an underlying assumption for the application of the preventive measures in Article 17(4)(b) and (c) is that the necessary technology is available on the market and meets the legal requirements set forth in Article 17. In essence, preventive measures should only be allowed and applied if they: (i) meet the proportionality requirements in paragraph (5); (ii) enable the recognition of the mandatory E&Ls in paragraph (7), including their contextual and dynamic aspects; (iii) in no way affect legitimate uses, as mandated in paragraph (9).

These Recommendations were originally published in November 2019. An updated list of academics endorsing the Recommendations is available at <https://www.ivir.nl/nl/recommendationsarticle17/> and <https://www.create.ac.uk/policy-responses/eu-copyright-reform-implementation/>

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Getting Data Subject Rights Right

A submission to the European Data Protection Board from international data rights academics, to inform regulatory guidance

by **Jef Ausloos, Michael Veale and René Mahieu**

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Summary

We are a group of academics active in research and practice around data rights. We believe that the European Data Protection Board (EDPB) guidance on data rights currently under development is an important point to resolve a variety of tensions and grey areas which, if left unaddressed, may significantly undermine the fundamental right to data protection. All of us were present at the recent stakeholder event on data rights in Brussels on 4 November 2019, and it is in the context and spirit of stakeholder engagement that we have created this document to explore and provide recommendations and examples in this area. This document is based on comprehensive empirical evidence as well as CJEU case law, EDPB (and, previously, Article 29 Working Party) guidance and extensive scientific research into the scope, rationale, effects and general modalities of data rights.

a step back and makes recommendations on the broader issues surrounding the accommodation of data subject rights in general. We strongly advise the EDPB to consider the following points in its Guidance:

A. Main Takeaways

- 1 The first half of this document lists recommendations for the four data subject rights mentioned in the EDPB's plan to draft guidelines: right of access (Article 15); right to rectification (Article 16); right to erasure (Article 17); and the right to restriction of processing (Article 18). The second half of this document takes

- 2 The interpretation and accommodation of data subject rights should follow established CJEU case law requiring an **'effective and complete protection'** of the fundamental rights and freedoms' of data subjects and the **'efficient and timely protection'** of their rights.
- 3 The **right of access** plays a pivotal role in enabling other data rights, monitoring compliance and guaranteeing due process. Analysis of guidance, cases, and legal provisions indicates data controllers cannot constrain the right of access through unfair file format, scope limitations, boiler-plate response, and that where data sets are complex, they should facilitate tools to enable understanding.
- 4 The **right to erasure** is not accommodated by anonymising personal data sets. In case the same personal data is processed for different processing purposes some of which may not be subject to the right to erasure, data controllers should interpret erasure requests as a clear signal to stop all other processing purposes that are not exempted.

- 5 The **right to object** offers a context-dependent and individualised re-assessment of the relevant processing purposes, specifically in relation to the data subject's concrete situation. Data controllers' potential compelling legitimate interests should be detailed, publicly declared and foreseeable, in order to be able to override data subjects' clear desire to stop the respective processing operation.
- 6 The **right to restriction of processing** – currently ignored by most data controllers – should be prioritised in time and effectively 'freeze' any further processing operations. Information society services should offer this through an interface.
- 7 The **right to rectification** applies to opinions and inferences of the data controller, including profiling, and must consider that the vast majority of data is highly subjective.
- 8 (Joint) controllers have an **explicit duty to facilitate the exercise of data subject rights** and cannot require specific forms or legislative wording as a precondition for accommodating them.
- 9 **Restrictions or limitations** on how data rights are accommodated (eg rights and freedoms of others, excessiveness, repetitiveness) need to be foreseeable and interpreted narrowly and specifically in light of the concrete and specific right, data subject and context at hand.
- 12 We can see this principle in operation in relation to data rights which are prerequisites to others. The Court held that the right of access is a pre-requisite to the 'rectification, erasure or blocking' of data, and thus the existence (and extent) of the right of access must allow effective use of other data rights.³
- 13 The Court has also held that provisions of data protection law must be interpreted as to give effect to the **efficient and timely protection** of the data subject's rights.⁴ Furthermore, it is critical to consider data rights in light of the overarching principles of **transparency and fairness** in the GDPR. Data controllers are not permitted to frustrate data subjects in their attempts to benefit from the high level of protection that follows from their fundamental rights. Indeed, they have to both implement data rights⁵ as well as facilitate the exercise of such rights.⁶
- 14 Relatedly, the Court has also highlighted that data protection should be understood within the framework of the **responsibilities, powers and capabilities** of a data controller.⁷ As the European Data Protection Board has already pointed out, 'information society or similar online services that specialise in automated processing of personal data' are highly capable at classifying, transmitting and managing personal data in automated ways, and as a result⁸ meet data rights in an effective, complete, efficient, and timely manner.

B. Background

- 10 Data subject rights are of critical importance in the European data protection regime. Throughout all discussions of their scope and limits, it must be recalled that rights are not simply a way to police that sufficient data protection is occurring, but they are an intrinsic part of the fundamental right to data protection enshrined in the Charter of Fundamental rights, which states that:

Everyone has the right of access to data which has been collected concerning him or her, and the right to have it rectified.¹

- 11 Data rights must, in general, be implemented with several observations of the Court of Justice of the European Union (the Court) in mind. The Court has held that one of the key objectives of data protection law is the **effective and complete protection** of the fundamental rights and freedoms of natural persons with respect to the processing of personal data.²

¹ Charter, art 8(2).

² Case C-131/12 *Google Spain SL and Google Inc v Agencia Española*

- 15 Finally, the Court has also linked the ability to effectively exercise data subject rights with the **fundamental right to effective judicial protection** in Article 47 Charter. Specifically, it stressed that 'legislation not providing for any possibility for an

de Protección de Datos (AEPD) and Mario Costeja González EU:C:2014:317 [53]; Case C-73/16 *Peter Puškár v Finančné riaditeľstvo Slovenskej republiky and Kriminálny úrad finančnej správy* EU:C:2017:725 [38].

³ Case C434/16 *Peter Nowak v Data Protection Commissioner* EU:C:2017:994 [57]; Case C-553/07 *College van burgemeester en wethouders van Rotterdam v MEE Rijkeboer* EU:C:2009:293 [51].

⁴ Case C-49/17 *Fashion ID GmbH & CoKG v Verbraucherzentrale NRW eV* EU:C:2019:629 [102].

⁵ GDPR, art 25 ('Data protection by design and by default')

⁶ GDPR, art 12(2).

⁷ *Google Spain* (n 3) [38]; Case C136/17 *GC and Others v Commission nationale de l'informatique et des libertés (CNIL)* EU:C:2019:773 [37].

⁸ Article 29 Working Party, 'Guidelines on the Right to Data Portability (WP 242)' (13 December 2016) 12.

individual to pursue legal remedies in order to have access to personal data relating to him, or to obtain the rectification or erasure of such data, does not respect the essence of the fundamental right to effective judicial protection, as enshrined in Article 47 of the Charter.”⁹ Technical and organisational arrangements, and arrangements of controllership, must be understood in light of this Article 47 obligation.

C. The Right of Access (Article 15)

16 The right of access has been integral to data protection laws since the very early days. It was already positioned as ‘an essential minimum element in the protection of privacy’ in two Council of Europe resolutions from the early 1970s.¹⁰ The right of access is also explicitly recognised in international data protection instruments such as the OECD’s 1980 Guidelines on the Protection of Privacy and Transborder Flows of Personal Data,¹¹ and the Council of Europe’s 1981 Convention.¹² Importantly, the OECD guidelines stress that data subjects have a right to have their personal data communicated to them (a) within a reasonable time; (b) at no (excessive) charge; (c) in a reasonable manner; and (d) in a readily intelligible form.

17 The right of access constitutes a cornerstone in achieving the effective and complete protection of the fundamental rights and freedoms of natural persons with respect to the processing of

9 Case C-362/14 *Maximilian Schrems v Data Protection Commissioner* EU:C:2015:650 [95].

10 Council of Europe - Committee of Ministers, ‘Resolution (73) 22 on the Protection of the Privacy of Individuals Vis-à-Vis Electronic Data Banks in the Private Sector’ (26 September 1973); Council of Europe - Committee of Ministers, ‘Resolution (74) 29 on the Protection of the Privacy of Individuals Vis-a-Vis Electronic Data Banks in the Public Sector’ (20 September 1974).

11 OECD, Recommendation of the Council concerning Guidelines governing the Protection of Privacy and Transborder Flows of Personal Data (2013) [C(80)58/FINAL, as amended on 11 July 2013 by C(2013)79], principle 13 on Individual Participation.

12 Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (opened for signature 28 January 1981, entered into force 1 October 1985) 108 ETS, art 8. The convention was modernised in 2018 (Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (opened for signature 10 October 2018) 228 CETS) and the relevant provision can now be found in Article 9.

personal data. Firstly, this right can, in principle, be considered as a *sine qua non* for **meaningfully exercising other data subject rights** in Chapter III of the GDPR. More specifically, data subjects will only be able to properly consider whether to invoke their right to rectification (Article 16), erasure (Article 17), portability (Article 20) when they know what personal data is processed exactly, for what purposes, whom it was shared with, and so on. The ‘enabling role’ of the right of access was also repeatedly confirmed by the Court.¹³ In effect, this means that any restrictions or conditions placed on or around the right to access have a knock-on effect on the entire data protection regime.

18 Secondly, the right of access is an important tool that private individuals can use to **monitor controllers’ compliance** with the general principles governing the processing of personal data, notably Articles 5-6 of the GDPR. Compliance with core provisions of the regulation, such as purpose limitation, data minimisation, accuracy and storage limitation principles¹⁴ will be easier to verify after obtaining access. This monitoring role of the right of access is explicitly recognised in recital 63 of the GDPR, which emphasises that

“a data subject should have the right of access to personal data which have been collected concerning him or her, and to exercise that right easily and at reasonable intervals, in order to be aware of, and verify, the lawfulness of the processing.”

As such, the right of access effectively complements the data protection authorities mandate to monitor and enforce the application of the GDPR (Article 57(1) a), by enabling a broader number of stakeholders to verify GDPR compliance. Max Schrems’ actions against Facebook provide a useful illustration of the effectiveness of this remedial function. After filing an access request with the company, Schrems received an enormous PDF file (including data thought to previously have been erased) and initiated proceedings before the Irish DPA. Among others, this access request served as a catalyst which eventually led the CJEU to invalidate the *Safe Harbour* decision.¹⁵ This role is especially important given the under-resourced and over-burdened state of many supervisory authorities.¹⁶ It needs to be

13 *Rijkeboer* (n 4) [51]; *Nowak* (n 4) [57].

14 GDPR, arts 5(1)(b–e).

15 *Schrems I* (n 10).

16 See generally European Data Protection Board, ‘First Overview on the Implementation of the GDPR and the Roles and Means of the National Supervisory Authorities’ (Report presented to the European Parliament’s Civil Liberties, Justice and Home Affairs Committee (LIBE), 26 February 2019).

stressed however, that well-resourced supervisory authorities are key to the effective functioning of data rights.

- 19 The importance of the right of access is not restricted to those purposes explicitly mentioned in the recitals.¹⁷ For example, the right of access also functions as a **due process** guarantee. Personal data is often collected to serve as input for making decisions about people. Such decisions range from which advertisement is shown, whether and under which conditions a loan is given, to whether one qualifies for social security. The right of access to personal data is historically also predicated on the idea that people should be empowered and able to assess and contest decisions made about them.¹⁸ It is a response to these decisions being based on increasing collection and digitalisation of data relating to individuals.

I. Data Format of Access Requests

- 20 The format of data provided pursuant to the right of access is very important for the effective use of the right by the data subject. It should be considered that data subjects who exercise their rights have different legitimate reasons for doing so and that they have different backgrounds and capabilities. It follows that the data format which is most appropriate to these different situations must vary accordingly. We therefore recommend that **the layered approach** advocated by the A29WP in the context of privacy statements/notices,¹⁹ should equally apply to information provided through Article 15 access requests. Following this insight, we analyse first (in the remainder of 3.1) the limits of relying on PDFs to provide access, the need to provide access to all data, and the benefits of doing so in a machine readable format; and second (in 3.2) why the complexity of data processing should not be accepted as an argument to limit the access to all data, but rather to put an obligation on the data controller to provide the conditions necessary to render the complex data intelligible.

17 Case C434/16 *Peter Nowak v Data Protection Commissioner* EU:C:2017:582, Opinion of AG Kokott [39].

18 See Alan F Westin and Michael A Baker, *Databanks in a Free and Fair Society* (Quadrangle Books 1972), which argues for the introduction of the right of access based on due process argument, and which was very influential on the development of data protection law, also in Europe.

19 Article 29 Working Party, 'Guidelines on Transparency under Regulation 2016/679' (11 April 2018) 19–20.

- 21 In older data systems, where the number of points on any given individual was considerably smaller than it often is today, a simple print-out or summary would suffice to give the data subject oversight as to the content of the data undergoing processing.²⁰ **Today, however, many data systems collect such a large number of data points, that only a format that allows the data subject to analyse data themselves will allow them to have sufficient oversight over the data processing being undertaken.**

- 22 Firstly, it can and should be understood as part of the principle of fairness that a data controller should not transform data from the machine-readable format they hold it in²¹ into a format that makes it more difficult for the data subject to navigate. Information society services *can only analyse the data they hold about individuals by virtue of its machine-readable nature*. To refuse individuals the same ability exacerbates the informational and power asymmetries that the right of access, and the fundamental right of data protection in general, seeks to rebalance.

- 23 **In particular, data controllers should not transform data from common machine-readable formats (eg JSON, CSV) into PDF formats.** Portable document format, or 'PDF', is a file *designed for printing, not for analysis*. The A29WP recognised this in their guidance on the right to portability, stating that

As an example, providing an individual with .pdf versions of an email inbox would not be sufficiently structured. E-mail data must be provided in a format which preserves all the meta-data, to allow the effective re-use of the data. As such, when selecting a data format in which to provide the personal

20 This is not to say that many systems have not been considerably complex in relation to subject access rights for many decades, see eg Graham Greenleaf and Roger Clarke, 'Database Retrieval Technology and Subject Access Principles' (1984) 16 *The Australian Computer Journal*.

21 In its Guidelines on Transparency, the A29WP (Article 29 Working Party, 'Guidelines on transparency under Regulation 2016/679' (n 20) 25) refers to Recital 21 of Directive 2013/37/EU for a definition: 'A document should be considered to be in a machine-readable format if it is in a file format that is structured in such a way that software applications can easily identify, recognise and extract specific data from it. Data encoded in files that are structured in a machine-readable format are machine-readable data. Machine-readable formats can be open or proprietary; they can be formal standards or not. Documents encoded in a file format that limits automatic processing, because the data cannot, or cannot easily, be extracted from them, should not be considered to be in a machine-readable format. Member States should where appropriate encourage the use of open, machine-readable formats.'

*data, the data controller should consider how this format would impact or hinder the individual's right to re-use the data.*²²

- 24 Because PDFs are designed for printing, they are notoriously difficult to extract data from – so much so, that table extraction from PDFs is an *academic area of study*, which researchers even deploy neural networks and deep learning for in an attempt to solve.²³ Transforming data into PDFs unwantedly **only disadvantages the data subject** and forecloses analysis opportunities. Even formats such as HTML, ODF, ODT, XLSX or DOCX are more reusable and can be parsed by machines.
- 25 Furthermore, **PDFs score extremely poorly for individuals who need accessible information online**. Individuals who require or are assisted by accessible information include those with cognitive disabilities, those with vision impairments, those with physical disabilities and those with hearing impairments.²⁴ A study of 100 blind screen-reader users found that inaccessible PDFs were one of the main causes of frustration while browsing the Web.²⁵ Accessible PDFs in practice are rarely found, are difficult to create and often require consultants and in-depth planning and expert knowledge.²⁶ In general **PDFs are not tools that lends themselves to accessibility across the population**.²⁷ In the authors' experience, many data controllers provide screenshots of databases as visible to their support staff – a format which is both unable to be re-used by the data subject, and totally inaccessible to visually

impaired users. The guidance should be very clear that screenshots in general are not an appropriate manner of providing access rights for services which rely heavily on the automatic processing of personal data, such as information society services.

- 26 The common practice of limiting access to the data that is visible through the interfaces, which is available to support staff has other limiting implications for the right of access. First, not all the personal data processed in a system may be visible through the interface used for day-to-day operations. Second, support staff may only have access to a subset of all the systems in which personal data is processed. **Just because personal data is not used in a day-to-day business practice by frontline workers, it is not an appropriate reason to exclude it from access**. If data is held, it falls within the scope of the right to access.
- 27 A specific area of concern in this regard is 'deleted' data. In many common implementations of database software, the processing operation that is commonly referred to as 'deleting' merely changes a label attached to a data-point. For example, an individual may have pressed a 'delete' button on a social media post, or an old address may seem 'deleted' when overwritten with a new address, but that does not necessarily mean associated data is deleted from the controller's servers. While this practice may, depending on the circumstances, be appropriate, it is important to stress that such data still exists in the system, and therefore falls under the reach of the right of access to personal data. On websites and apps today, this data may have even been typed and then deleted (without ever having pressed 'submit' or 'send'), or only partially uploaded (from the user's point of view), yet still retained by the data controller.²⁸

22 Article 29 Working Party, 'Guidelines on the right to data portability (WP 242)' (n 9) 14.

23 See generally Shah Khusro and others, 'On Methods and Tools of Table Detection, Extraction and Annotation in PDF Documents' (2015) 41 *Journal of Information Science* 41. For a recent example of a neural network powered PDF parsing tool, see L Hao and others, 'A Table Detection Method for PDF Documents Based on Convolutional Neural Networks' (April 2016) 2016 12th IAPR Workshop on Document Analysis Systems (DAS) 287.

24 cf Gian Wild and Daniel Craddock, 'Are PDFs an Accessible Solution?' in *Computers Helping People with Special Needs* (Lecture Notes in Computer Science, Klaus Miesenberger and others eds, Springer International Publishing 2016) 355.

25 Jonathan Lazar and others, 'What Frustrates Screen Reader Users on the Web: A Study of 100 Blind Users' (2007) 22 *International Journal of Human-Computer Interaction* 247.

26 Erin Brady and others, 'Creating Accessible PDFs for Conference Proceedings' in *Proceedings of the 12th Web for All Conference* (W4A '15, New York, NY, USA, ACM 2015).

27 *ibid.*

28 Drew Harwell, 'Start a Post, Then Delete It? Many Websites Save It Anyway.', *Washington Post* (18 December 2018) <<https://www.washingtonpost.com/technology/2018/12/18/start-post-then-delete-it-many-websites-save-it-anyway/>> accessed 17 November 2019; Tony Romm, 'Facebook Says a New Bug Allowed Apps to Access Private Photos of up to 6.8 Million Users', *Washington Post* (14 December 2018) <<https://www.washingtonpost.com/technology/2018/12/14/facebook-says-new-bug-allowed-apps-access-private-photos-up-million-users/>> accessed 17 November 2019; Steven Englehardt and others, 'No Boundaries: Exfiltration of Personal Data by Session-Replay Scripts' (Freedom to Tinker, Centre for Information Technology Policy, Princeton University, 15 November 2017) <<https://freedom-to-tinker.com/2017/11/15/no-boundaries-exfiltration-of-personal-data-by-session-replay-scripts/>> accessed 17 November 2019.

39 In some cases, the risk of processing, and the requirement for the data controller to facilitate rights and design data protection into processing systems, may require a bespoke exploration interface to be designed for such complex datasets. However, particularly if the guidance determines that some data controllers would not be required to create such tools, **it is key that they release data in a format which allows such tools to be made by third parties.** This requires, for example, that the datasets (such as the Spotify example above) are **stable** in their format (so that analysis tools made by civil society do not break), **well-documented** (so that faithful analysis tools can be created), and **not contingent on hidden datasets for understanding** (such as reference dataset linking song names to identifiers).

III. Opinions and Inferences

40 The fact that opinions and inferences can qualify as personal data has been confirmed by the CJEU, which noted that the term ‘any information’ in the definition of personal data includes information that is ‘not only objective but also subjective, in the form of opinions and assessments, provided that it ‘relates’ to the data subject’.³⁰ The test of whether data ‘relates’ to an individual is satisfied where it is linked to a person ‘by reason of its content, purpose or effect’.³¹

41 Access to opinions about individuals can become contentious in cases where those opinions are expressed in a professional context by third parties, such as written or oral evidence provided as part of a human resources dispute, yet recorded on a file about individuals. In those cases, it is an instance of ‘mixed personal data’ and should be navigated as such. This is dealt with later in this document.³²

42 **Opinions or inferences formed of the data subject by the data controller, however, should not merit a similar exemption.** In practice, these inferences can range from a quantitative or ‘predictive’ assessment of employment performance using manual or automated surveillance tools³³ to

profiling of data subjects by information society services.³⁴ Access to these opinions and inferences is key to a variety of other rights and obligations in the GDPR, such as rectification, objection, erasure, as well as the broad assessment of fairness and non-discrimination.³⁵ **Access rights are pre-requisites to so many other potentially applicable rights and checks, that providing them is key to effective oversight and the principle of transparency.**

43 It is worth noting that **two recent relevant CJEU cases, *YS and Others*³⁶ and *Nowak*,³⁷ do not clearly map onto issues of access to inferences in the digital economy.** Because both concern the Data Protection Directive, they do not distinguish *profiling* from other forms of opinion-forming. In particular, recital 72 of the GDPR emphasises that:

Profiling is subject to the rules of this Regulation governing the processing of personal data, such as the legal grounds for processing or data protection principles.³⁸

Profiling is defined as:

any form of automated processing of personal data consisting of the use of personal data to evaluate certain personal aspects relating to a natural person, in particular to analyse or predict aspects concerning that natural person’s performance at work, economic situation, health, personal preferences, interests, reliability, behaviour, location or movements³⁹

targeting and profiling in the “surveillance capitalism” ecology of social media, search and e-commerce platforms like Google, Facebook, Amazon et al. Yet employee surveillance is increasingly universal, both at hiring stages and after work has commenced, and often dominates selection, promotion and firing. Much publicity has particularly recently surrounded surveillance in the “gig economy”. Employee surveillance has become a perfect storm of convergence of established technologies, such as CCTV and email and Web interception, with more recent developments such as tracking via connected devices (cars, wearables, phones et al

34 See generally Lilian Edwards and Michael Veale, ‘Slave to the Algorithm? Why a “Right to an Explanation” Is Probably Not the Remedy You Are Looking For’ (2017) 16 Duke Law & Technology Review 18.

35 GDPR, recital 71.

36 Joined Cases C141/12 and C372/12 *YS v Minister voor Immigratie, Integratie en Asiel and Minister voor Immigratie, Integratie en Asiel v M and S* EU:C:2014:2081.

37 *Nowak* (n 4).

38 GDPR, recital 72.

39 GDPR, art 4(4).

30 *Nowak* (n 4) [34].

31 *ibid* [35].

32 See section 3.4.

33 See generally Ifeoma Ajunwa and others, ‘Limitless Worker Surveillance’ (2017) 105 Calif L Rev 735; Lilian Edwards and others, ‘Employee Surveillance: The Road to Surveillance is Paved with Good Intentions’ (SSRN Scholarly Paper, 18 August 2018), nor as ubiquitously discussed as consumer

- 44 Profiling is seen as an activity which increases the risk of data processing to data subjects rights and freedoms, indicated by, for example, significant decisions based (even in non-solely automated ways) on profiling triggering the requirement for a data protection impact assessment.⁴⁰ The A29WP, in guidance endorsed by the EPDB, list ‘[e]valuation or scoring, including profiling and predicting’ as a criterion for the determination of high-risk processing.⁴¹
- 45 Neither *Nowak* or *YS and Others* can be easily construed as profiling, as both were cases of manual, rather than automated, processing. Legal analysis of the type in *YS and Others* would not fall under the profiling definition. It also seems doubtful that a traditional examination, such as that in *Nowak*, would fall under the concept of profiling (unless it was marked automatically). Consequently, we have not seen the Court provide judgements clearly analogous to profiling. Profiling is therefore a distinct activity which distinguishes many inferences and opinions made in the context of the digital economy from existing case-law: it is a situation where risk is heightened and the need to provide strong data protection is also heightened.
- 46 Furthermore, when executing an access right, where inference is a human understandable score or category, **context must be provided as to the alternatives that the individual could have been categorised as**. This is important for rights such as rectification where they apply in this context, or assessing whether such categorisations are potentially discriminatory, as without this knowledge, they would not know the alternative options available.
- 47 The EDPB should, however, be aware that a particular challenge exists in practice as **many data controllers do not explicitly infer human-understandable data about the data subject, but infer data which is used to shape and sort them, which only machines can ‘understand’**. For example, a common tool in this area is the ‘embedding’, where data records are plotted as ‘points’ in such a way that the distance between them is an indicator of their similarity or dissimilarity to each other. This is a common practice in advertising and recommender systems.⁴²
- 48 An embedding is a simple but important technology. Imagine 10,000 users, and each has 10 characteristics which are known about them, such as their age, location, and so on. This is a 10,000 x 10 table. An embedding turns these users into **vectors of geometric points**. Many methods, including neural networks, are possible to do this. The end product is a table with 10,000 rows, but with, for example, three columns instead, each of which contains a number between -1 and 1. It would be possible to plot these 10,000 points on a 3D scatter plot, and the idea is that ‘similar’ users are clustered together. In practice, the number of dimensions is much larger – often thousands – but the concept is the same. In 1000D space, rather than 3D space, many more nuanced characteristics can be caught: for example, on some dimensions, users might be clustered in practice by language, while in others, they might be clustered by ethnicity, and in others, by interests. Yet each column is not a clear variable such as this: it is the emergent property of ‘similarity’ which is important, and therefore the columns are not interpretable without the rows to understand what the clusters mean in practice.
- 49 In embedding systems, how individuals are being profiled, and the opinions formed about them, are **not in some human-readable inference**, but are instead based on their **proximity and similarity to others**.⁴³ The Guidance must address how individuals can access the way they are being profiled in such systems. In particular, it must be emphasised that **this is a dataset of personal data, not an automated decision system** as per GDPR Article 22. Each individual is attached to a record of hundreds or thousands of data points that place them in relation to other individuals, and which has been calculated in advance, ready for use at a later stage. The automated system is simply looking at the distance between the co-ordinates of one individual and another, and that would be the ‘logic’ of the processing. **The data points are not the logic of processing, and therefore the data points fall wholly within the right of access.**
- 50 In particular, it is concerning that data controllers are seeking to use complex processing, such as embeddings, in order to practically render access rights unhelpful in understanding the ways individuals are being profiled, and opinions formed against them.

40 GDPR, art 35(3)(a).

41 Article 29 Working Party, ‘Guidelines on Data Protection Impact Assessment (DPIA) and Determining Whether Processing is “Likely to Result in a High Risk” for the Purposes of Regulation 2016/679 (WP 248 Rev.01)’ (4 October 2017) 9.

42 See for example the description of the system used by

Pinterest at Stephanie deWet and Jiafan Ou, ‘Finding Users Who Act Alike: Transfer Learning for Expanding Advertiser Audiences’ in *Proceedings of the 25th ACM SIGKDD International Conference on Knowledge Discovery & Data Mining (KDD ’19, New York, NY, USA, ACM 2019)*.

43 See further Solon Barocas and Karen Levy, ‘Privacy Dependencies’ [2019] *Washington Law Review*.

A social network uses vector embeddings to assess the similarity between two data subjects. These embeddings are stored alongside a user ID. According to the layered approach, the entire vector for that user should be provided (so that the data subject can compare to other data subjects if they wish) regardless of what the controller believes the utility of this to the data subject to be, but also, a system to help users understand what these embeddings mean for them, such as the nature of the other individuals they are clustered near, should be provided.

Proposed Example

A political party has categorised a data subject as a ‘Pragmatic Liberal’ using a machine learning classifier. In the access request, the data controller lists all possible other classifications for this individual, so that the data subject understands this opinion within its context.

Proposed Example

IV. Mixed Personal Data’ Should Only Justify Refusal in Limited Cases

51 Much personal data relate to more than one person. This includes, for example, data such as:

- reputation systems, where a rating relates to the rated and the rater;
- ambiently collected data, such as from sensors or ‘smart speakers’;
- message data, which relates to the sender and recipient, and may also mention and relate to third parties;
- data as part of a professional duty or relationship, such as notes taken by a medical professional about a patient.

52 This data often causes challenges when the right of access is invoked. It is important to note that significant case-law in this area exists from the European Court of Human Rights, which has, in general, favoured the individual seeking access to data over third parties seeking to limit its release. In *Gaskin*, the ECtHR ruled that just because no consent had been obtained from all third parties in the data, it did not mean that it could not be released, and that there was a need for an independent authority to exist to make the final call; otherwise there would have been a breach of Article 8 of the Convention.⁴⁴ In *Társaság a Szabadságjogokért v Hungary*, the claim by

a member of parliament that a complaint submitted to the Constitutional Court could not be subject to a document release request by an NGO because it included personal data was in violation of Article 10 of the Convention, on the grounds that individuals in public life should not be able to stop the genuine disclosure of documents on the basis that their opinions on public matters constituted private data which could not be disclosed without consent.⁴⁵

53 In the UK, the Court of Appeal has ruled that even where a third party has refused to consent to data released on the basis of an access request, that does not mean there is a rebuttable presumption against release, but that the case should be balanced on importance and merits.⁴⁶

The Information Commissioner also counsels in this direction, stating that:

depending on the significance of the information to the requester, it may be appropriate to disclose it even where the third party has withheld consent.⁴⁷

54 Furthermore, the focus on the above is that the **data controller should seek consent from third parties in an access request**. A data controller should not have a blanket policy to refuse to seek such consent. For an information society service, where such a process can be easily automated, that is especially true.

A data subject requests the rating information from individuals on a ratings platform. The data controller retains such data. The data controller has an obligation to ask the relevant raters for consent to release this data, rather than refuse the data subject access to this data. The controller then must assess, with reference to the significance of the information to the requester, whether this data should be released. Such an assessment must not be a blanket policy, but must consider individual circumstances.

Proposed Example

V. Access to Sources and Recipients of the Data

55 While discussion of the right of access mostly focuses on the right to access the data itself, it is important to stress that the right, on the basis of

⁴⁴ *Gaskin v United Kingdom* [1990] EHRR 36.

⁴⁵ *Társaság a Szabadságjogokért v Hungary* App no 37374/05 (2009).

⁴⁶ *v General Medical Council* [2018] EWCA Civ 1497 [70].

⁴⁷ Information Commissioner’s Office, ‘Subject Access Code of Practice’ (9 June 2017) 40.

Article 15(1)(a–f) also encompasses the obligation on data controllers to provide additional information regarding the processing of data. Of particular importance in relation to the data subject’s ability to monitor the controller’s compliance with data protection legislation, as well as her ability to effectively exercise her other data subject rights are the right to know the recipients, as well as the sources of the data undergoing processing.

In line with these goals and building on the earlier position taken by A29WP,⁴⁸ **the provided information should include the actual named sources and actual named recipients of the data subject’s personal data in particular.** Without such information, data subjects are not able to know where and how their personal data has been disseminated. Currently only a very small proportion of data controllers provides such data when requested.⁴⁹

VI. Responses to Access Requests Need to be Specific and Tailored

56 Controllers very frequently accommodate (at least part of) access requests by reciting generic information already available in the privacy policy/notice/statement. This clearly appears from the combined empirical work of the authors, as well as the many personal experiences from other data subjects. Article 15(1) lists eight categories of information that can be requested, on top of the actual personal data being processed. When asked for some of this information in an individual access request, controllers will often answer in a very generic way. This is highly problematic in light of the different functions of the right of access (eg enabling the exercise of other rights, evaluating compliance), and its relation to the information obligations under Articles 13–14.

57 Whereas Articles 13–14 can be considered *ex ante* obligations on controllers’ shoulders, Article 15 is an *ex post* right of data subjects. In other words, Articles 13–14 contain transparency requirements that need to be complied with by controllers upfront, and necessarily need to relate to *all* potential data subjects. **The added value of Article 15 is that it provides the possibility for individual data**

58 subjects to learn more about their particular situation upon request. This also follows from the Court’s case law in *Nowak*⁵⁰ and *Rijkeboer*⁵¹.

59 The issue is illustrated by the way in which Facebook responds to access requests: With respect to information about the data categories that Facebook holds about Mr. XYZ: this depends on how he uses the Facebook Products. The data categories and their sources are clearly set out in our Data Policy (accessible via <https://www.facebook.com/policy.php>)

60 Even when specifically asked *not* to simply recite their privacy policy, Facebook still does. When explicitly requested to provide ‘a complete and detailed overview of all the different ways personal data have been and will be processed (not your general privacy policy, but a list of which of my data were used for which concrete purpose) as well as the exact lawful ground (art.6 (1) GDPR) for each processing purpose’, Facebook responds:

61 We understand that Mr XYZ would like a complete and detailed overview of all the different ways in which his personal data have been processed and will be processed, including the legal basis relied on by Facebook. Whilst Mr XYZ indicates he does not seek our “general privacy policy”, we’d like to clarify that the information requested by him is detailed in this document and our legal bases fly out.

62 Facebook’s response is problematic because:

a) it refers to its privacy policy, which manifestly does *not* link exactly what personal data is used for exactly what purpose and under what lawful ground each individual purpose falls.

b) it fails to provide a tailored answer to the data subject in particular, who wishes to know what exact information was collected for what purposes and under what lawful ground, for his particular situation.

63 In light of the above, we strongly recommend the EDPB to make it very clear in their guidelines that **the right of access in Article 15 requires controllers to tailor the information to the specific situation of the data subject making the request.** This means that each data subject can ask, for example: (a) what exact purposes their specific personal data has been processed for; (c) the exact (categories of) recipients their personal data has been disclosed to; and (g) what source their specific personal data were obtained from.

48 Article 29 Working Party, ‘Guidelines on transparency under Regulation 2016/679’ (n 20) 37.

49 René LP Mahieu and others, ‘Collectively Exercising the Right of Access: Individual Effort, Societal Effect’ (2018) 7 Internet Policy Review.

50 *Nowak* (n 4) [56].

51 *Rijkeboer* (n 4) [69].

D. The Right to Erasure (Article 17)

I. Anonymisation as Erasure is Inadequate

64 Anonymisation is often considered a valid way to evade the applicability of the GDPR. Indeed, as recognised in Recital 26, data protection rules should not apply to ‘anonymous information, namely information which does not relate to an identified or identifiable natural person or to personal data rendered anonymous in such a manner that the data subject is not or no longer identifiable’. In its 2014 Opinion on anonymisation techniques, the A29WP also stressed that ‘anonymisation results from processing personal data in order to irreversibly prevent identification’.⁵²

65 The GDPR incorporated the A29WP’s Opinion as well as CJEU jurisprudence⁵³ when stating that anonymisation of personal data entails making it irreversibly impossible to identify the data subject, having regard to *all the means likely reasonably to be used*.⁵⁴ This test does not only depend on the relevant

context and circumstances of each individual case,⁵⁵ its outcome can also change over time.⁵⁶ In order to assess whether or not a dataset is truly anonymous, one will reasonably have to take into account the risk of re-identification over time.⁵⁷ When the data

on the Concept of Personal Data’ (Article 29 Working Party 20 June 2007) 15; Article 29 Working Party, ‘Working Document on the Processing of Personal Data Relating to Health in Electronic Health Records (EHR)’ (15 February 2007) 29; Article 29 Working Party, ‘Opinion 05/2014 on Anonymisation Techniques’ (n 53) 5 et seq; Pagona Tsormpatzoudi, ‘Eksistenz D7.4 Intermediate Report for D7.5’ (Deliverable, CiTiP 27 November 2015) 14.

55 Important factors to take into account in this regard are: Who will the ‘anonymised’ dataset be shared with? How will it be processed? What other data will/might it be combined with? What are the means that a likely attacker would have? See also Article 29 Working Party, ‘Opinion 05/2014 on Anonymisation Techniques’ (n 53) 10. “event-place”: “Brussels”, “abstract”: “In this Opinion, the WP analyses the effectiveness and limits of existing anonymisation techniques against the EU legal background of data protection and provides recommendations to handle these techniques by taking account of the residual risk of identification inherent in each of them. \n The WP acknowledges the potential value of anonymisation in particular as a strategy to reap the benefits of ‘open data’ for individuals and society at large whilst mitigating the risks for the individuals concerned. However, case studies and research publications have shown how difficult it is to create a truly anonymous dataset whilst retaining as much of the underlying information as required for the task. \n In the light of Directive 95/46/EC and other relevant EU legal instruments, anonymisation results from processing personal data in order to irreversibly prevent identification. In doing so, several elements should be taken into account by data controllers, having regard to all the means “likely reasonably” to be used for identification (either by the controller or by any third party

52 Article 29 Working Party, ‘Opinion 05/2014 on Anonymisation Techniques’ (10 April 2014). “authority”: “Article 29 Working Party”, “event-place”: “Brussels”, “abstract”: “In this Opinion, the WP analyses the effectiveness and limits of existing anonymisation techniques against the EU legal background of data protection and provides recommendations to handle these techniques by taking account of the residual risk of identification inherent in each of them. \n The WP acknowledges the potential value of anonymisation in particular as a strategy to reap the benefits of ‘open data’ for individuals and society at large whilst mitigating the risks for the individuals concerned. However, case studies and research publications have shown how difficult it is to create a truly anonymous dataset whilst retaining as much of the underlying information as required for the task. In the light of Directive 95/46/EC and other relevant EU legal instruments, anonymisation results from processing personal data in order to irreversibly prevent identification. In doing so, several elements should be taken into account by data controllers, having regard to all the means “likely reasonably” to be used for identification (either by the controller or by any third party

53 Case C-582/14 *Patrick Breyer v Bundesrepublik Deutschland* EU:C:2016:779 [46]. In this case, the Court agreed with the AG that anonymisation hinges on whether ‘identification of the data subject was prohibited by law or practically impossible on account of the fact that it requires a disproportionate effort in terms of time, cost and man-power, so that the risk of identification appears in reality to be insignificant.’

54 Recital 26 (both in the GDPR and Directive 95/46 before that). Also see: Article 29 Working Party, ‘Opinion 4/2007

56 Particularly in the long run, Narayanan and others explain there is no technical basis for believing de-identification techniques will be effective. Arvind Narayanan and others, ‘A Precautionary Approach to Big Data Privacy’ in Serge Gutwirth and others (eds), *Data Protection on the Move: Current Developments in ICT and Privacy/Data Protection* (Law, Governance and Technology Series, Springer Netherlands 2016). Similarly, Barocas and Nissenbaum explain ‘[a]s data sets become increasingly linked, anonymity is largely impossible to guarantee in the future.’ Solon Barocas and Helen Nissenbaum, ‘Big Data’s End Run around Anonymity and Consent’ in *Privacy, Big Data, and the Public Good: Frameworks for Engagement* (Cambridge University Press 2014).

57 eg due to the development of ICTs and/or likelihood of identification through future combining with other databases. Article 29 Working Party, ‘Opinion 05/2014 on

controller has no *a priori* means of distinguishing between anonymous and personal data in a mixed dataset, it will need to treat the entire set as personal data.⁵⁸

66 We believe **data controllers often confuse anonymisation with erasure, and this creates a range of challenges.**

67 Firstly, many data formats in the modern digital economy **simply cannot be anonymised.** This is substantiated by an overwhelmingly rich and growing body of literature.⁵⁹ Indeed, in an online

Anonymisation Techniques' (n 53) 8–9."event-place": "Brussels", "abstract": "In this Opinion, the WP analyses the effectiveness and limits of existing anonymisation techniques against the EU legal background of data protection and provides recommendations to handle these techniques by taking account of the residual risk of identification inherent in each of them. The WP acknowledges the potential value of anonymisation in particular as a strategy to reap the benefits of 'open data' for individuals and society at large whilst mitigating the risks for the individuals concerned. However, case studies and research publications have shown how difficult it is to create a truly anonymous dataset whilst retaining as much of the underlying information as required for the task. In the light of Directive 95/46/EC and other relevant EU legal instruments, anonymisation results from processing personal data in order to irreversibly prevent identification. In doing so, several elements should be taken into account by data controllers, having regard to all the means "likely reasonably" to be used for identification (either by the controller or by any third party Also see: Douwe Korff, 'Data Protection Laws in the EU: The Difficulties in Meeting the Challenges Posed by Global Social and Technical Developments' (Comparative Study on Different Approaches to New Privacy Challenges, in Particular in the Light of Technological Developments, European Commission - DG Justice 2010) 48.

58 The A29WP gives the example of internet access providers who can generally not know what IP address does and does not allow identification. Article 29 Working Party, 'Opinion on Personal Data' (n 55) 16–17.

59 See generally (including the many references in): P Ohm, 'Broken Promises of Privacy: Responding to the Surprising Failure of Anonymization' (2010) 57 UCLA Law Review 1701; Douwe Korff and Ian Brown, 'Comparative Study on Different Approaches to New Privacy Challenges , in Particular in the Light of Technological Developments' (Final Report, 20 January 2010) 28; Arvind Narayanan and Vitaly Shmatikov, 'Myths and Fallacies of "Personally Identifiable Information"' (2010) 53 Communications of the ACM 24; Paul M Schwartz and Daniel J Solove, 'PII Problem: Privacy and a New Concept of Personally Identifiable Information, The' (2011) 86 NYU L Rev 1814; Mario Viola de Azevedo Cunha, 'Review of the Data Protection Directive:

environment, with ever-increasing data processing capabilities, no guarantees can be given that any data-point might be (re-)connected to an identifiable natural person in the future. We therefore agree with the A29WP's 2014 Opinion stating that anonymised datasets can still present residual risks to data subjects,⁶⁰ and believe it is much more useful to look at **anonymisation as a sliding scale rather than a binary.**⁶¹ Erasure, on the other hand and when

Is There Need (and Room) For a New Concept of Personal Data?' in Serge Gutwirth and others (eds), European data protection: in good health? (Springer 2012); Yves-Alexandre de Montjoye and others, 'Unique in the Crowd: The Privacy Bounds of Human Mobility' (2013) 3 Scientific Reports 1376; Arvind Narayanan and Edward W Felten, 'No Silver Bullet: De-Identification Still Doesn't Work' [2014] White Paper; Barocas and Nissenbaum (n 57); Narayanan, Arvind, 'What Should We Do about Re-Identification? A Precautionary Approach to Big Data Privacy' (*Freedom to Tinker*, 19 March 2015) <<https://freedom-to-tinker.com/blog/randomwalker/what-should-we-do-about-re-identification-a-precautionary-approach-to-big-data-privacy/>> accessed 24 February 2016; Yves-Alexandre de Montjoye and others, 'Unique in the Shopping Mall: On the Reidentifiability of Credit Card Metadata' (2015) 347 Science 536; Antoinette Rouvroy, "'Of Data and Men". Fundamental Rights and Freedoms in a World of Big Data' (11 January 2016) 21; Sophie Stalla-Bourdillon and Alison Knight, 'Anonymous Data v. Personal Data—a False Debate: An EU Perspective on Anonymization, Pseudonymization and Personal Data' (2017) 34 Wisconsin International Law Journal 284; Luc Rocher and others, 'Estimating the Success of Re-Identifications in Incomplete Datasets Using Generative Models' (2019) 10 Nat Commun 1.

60 Article 29 Working Party, 'Opinion 05/2014 on Anonymisation Techniques' (n 53) 4."authority": "Article 29 Working Party", "event-place": "Brussels", "abstract": "In this Opinion, the WP analyses the effectiveness and limits of existing anonymisation techniques against the EU legal background of data protection and provides recommendations to handle these techniques by taking account of the residual risk of identification inherent in each of them. The WP acknowledges the potential value of anonymisation in particular as a strategy to reap the benefits of 'open data' for individuals and society at large whilst mitigating the risks for the individuals concerned. However, case studies and research publications have shown how difficult it is to create a truly anonymous dataset whilst retaining as much of the underlying information as required for the task. In the light of Directive 95/46/EC and other relevant EU legal instruments, anonymisation results from processing personal data in order to irreversibly prevent identification. In doing so, several elements should be taken into account by data controllers, having regard to all the means "likely reasonably" to be used for identification (either by the controller or by any third party

61 See (the references in): Nadezhda Purtova, 'The Law of

executed properly, is a binary and data controllers should in principle be required to irretrievably remove all personal data from their system rather than merely anonymising it.

- 68 Secondly, it is important to remember that, since data protection is an intent-agnostic regime (see further section 9.4, this document) **there are many motivations for erasure**. Some of these concern confidentiality, which (proper) anonymisation may help to meet. Yet these are not all the concerns a data subject might have. Since its origins, data protection law has also — arguably primarily — been seen as a regime for regulating the imbalances that emerge from informational power.⁶²
- 69 Informational power is tied up with notions of ‘group’ or ‘categorical’ privacy.⁶³ An individual, for example, may not wish for information to be known and processed around a community, neighbourhood or demographic she is part of.⁶⁴ She may wish to erase data not to obscure herself, but to obscure the groups she constitutes from a data controller she does not favour or trust. **Anonymisation instead of erasure disempowers her**. It states that her data can still be utilised, valorised, for example ‘anonymised’ into machine learning models,⁶⁵ while she has specifically stated she no longer wants that data to be accessible to the data controller in any form.

Everything. Broad Concept of Personal Data and Future of EU Data Protection Law’ (2018) 10 Law, Innovation and Technology 40.

- 62 See eg the work of Stefano Rodotà, former chairman of the Article 29 Working Party, in particular Stefano Rodotà, *Elaboratori Elettronici E Controllo Sociale* [Computers and Social Control] (Società Editrice Il Mulino 1973) and in Germany: Wilhelm Steinmüller and others, *Grundfragen des Datenschutzes Gutachten im Auftrag des Bundesministeriums des Innern* (BT-Drs. VI/3826 1971).
- 63 See generally Anton Vedder, ‘KDD: The Challenge to Individualism’ (1999) 1 Ethics and Information Technology 275; Linnet Taylor and others (eds), *Group Privacy: New Challenges of Data Technologies* (Philosophical Studies Series, Springer International Publishing 2017). Springer International Publishing 2017
- 64 See further Edwards and Veale (n 35) 46–48.
- 65 It is worth noting that such anonymisation may also not be valid, as machine learning models can ‘remember’ data they have been trained on, or in some cases such as *support vector machines*, simply store it as part of their model. See generally Michael Veale and others, ‘Algorithms that Remember: Model Inversion Attacks and Data Protection Law’ (2018) 376 Phil Trans R Soc A 20180083.

Anonymisation can thus be used to *disempower* data subjects. Anonymisation may prevent individuals ‘from understanding, scrutinising, and questioning the ways in which data sets are used to organise and affect their access to resources and connections to a networked world.’⁶⁶ Indeed, as the authors have demonstrated elsewhere, some data controllers argue that they cannot accommodate data subject rights because they allegedly have no way of reidentifying the data subject, effectively disempowering individuals.⁶⁷

- 70 Furthermore, the proportionality of anonymisation rather than erasure should be read in the context of the many hurdles to successful erasure in Article 17. If such hurdles are overcome (which in many cases are difficult and raise uncertainties about how to proceed, see section 4.2, this document), then a data subject should be entitled to erasure, and not less than that. **Erasure is possible when no valid processing purposes remain: these purposes include purposes where anonymisation and aggregation, which themselves are processing operations, are utilised.**
- 71 Thirdly, **the right to erasure does not explicitly mention anonymisation as constituting an equivalent measure**. This becomes clear when comparing the language of Article 17 – clearly dictating erasure *per se* – with other provisions that use the language of recital 26 on anonymisation – i.e. data no longer permitting identification – such as the storage limitation principle (Article 5(1)(e)) and its different mutations in Article 11 and 89.

II. Interpreting Erasure as Objection

- 72 The right to erasure tackles the underlying data involved in a processing operation. Because the same data can and is often processed in many different ways, often with a different lawful ground, erasure may fail if the data controller can retain a valid
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- 66 Seda Gürses, ‘The Spectre of Anonymity’ in Renée Turner (ed), *Sniff, scrape, crawl . {on privacy, surveillance and our shadowy data-double}* (Mute Publishing Ltd 2012) 3; 5; Seda Gürses, ‘Can You Engineer Privacy?’ (2014) 57 Communications of the ACM 20.
- 67 Specifically, Apple denies access requests with regard to Siri voice data it collects and stores for up to two years, because they say they do not have the tools in place to re-connect such voice data to the user. Even if this argumentation can be contested significantly, it does raise a considerable hurdle to data subject empowerment. See particularly Michael Veale and others, ‘When Data Protection by Design and Data Subject Rights Clash’ (2018) 8 International Data Privacy Law 105.

lawful ground for data processing. Even if one of the grounds in Article 17(1) applies, this might not lead to effective erasure. It is therefore important that the guidance clarifies how to resolve situations in which erasure is requested, but the controller claims it can further process the respective personal data for different purposes.

73 Even where data controllers offer data subjects a right to erasure, it is often unclear *what* personal data it applies to exactly and *under what circumstances* the right can be invoked. As illustrated in Table 1 below, **the applicability of the right to erasure inherently depends on what lawful ground is relied on for which processing purpose(s) relating to what specific personal data** in particular. The vast majority of privacy notices/statements of information society services fails to clearly link these components (simply listing what personal data is processed separately from what purposes they process personal data for and/or the lawful grounds relied on), rendering it very hard to effectively exercise the right to erasure. This is made even more challenging by the practice of data controllers to ‘switch’ between, for example, consent and legitimate interests.⁶⁸ It is exacerbated by the ‘list’ approach to Article 13/14, whereby data controllers provide a list of lawful bases (often copied straight from the GDPR), a list of data categories, and a list of data processing operations, without cross-referencing them in any way.

74 **In order for the right to erasure to have any meaningful role, data controllers should make it very clear upfront (eg in their privacy notice/statement) what personal data it applies to and under what circumstances.** This obligation also follows from the transparency principle (Article 5(1)(a)), purpose limitation principle (Article 5(1)(b)) and transparency requirements in Articles 13–14. Table 1⁶⁹ (see next page) describes the complexity of the ‘erasure triggers’. These illustrate the importance of making the functioning of the right to erasure clear to data subjects. It is also not clear that data controllers understand these distinctions.

75 Making it clear which data a data subject can, and cannot, erase is important because without this, the data subject cannot easily make an informed choice as to whether they should use a particular service, or engage with a particular data controller.

68 See eg Privacy International, ‘Submission to the Information Commissioner: Request for an Assessment Notice/ Complaint of AdTech Brokers Criteo, Quantcast and Tapad (the ‘AdTech Data Brokers’)’ (8 November 2018).

69 Jef Ausloos, *The Right to Erasure in EU Data Protection Law. From Individual Right to Effective Protection* (Oxford University Press forthcoming).

76 In this context, it is also important to recall the Court’s view that rights must be protected in an ‘efficient and timely’ manner.⁷⁰ An efficient manner is one which does not require the data subject to expend unnecessary energy in order to secure protection of their rights. An efficient, timely approach here would be to **require data controllers to interpret ‘failed’ erasure attempts, due to residual legal bases, as a clear signal to object.** The controller would then be required to re-substantiate its claim to have a continued lawful ground for further processing said personal data.

An employee at work has their ‘screen time’ monitored by an employer who produces aggregate activity about the different tasks workers engage in. The employer utilises a piece of software to undertake such tracking, and claims that such monitoring falls within its legitimate interests. An employee requests the erasure of this data. However, recent data is also used for the purposes of security and access control, as the installed software has more than one purpose, and the data controller believes such security presents a compelling legitimate interest, meaning that not all the data can be erased. The data controller must interpret the erasure request as erasure insofar as possible and treat the remaining portions of the request as a request to object (or, if appropriate, withdraw consent) in relation to processing operations for which the data subject’s prevail in a balancing test.

Proposed Example

III. Availability of erasure does not absolve from other GDPR obligations

77 In principle, the right to erasure is only a last resort solution, empowering data subjects to request erasure in situations where their personal data ought to have been erased already in the first place. This clearly appears from the six situations listed in Article 17(1), which all im-/explicitly refer to other provisions in/outside the GDPR that already imply erasure (cf. Table 2 next page).

78 In the authors’ experience, data controllers often appear to use the availability of data subject rights as a red herring. Yet, offering data subjects a right to erasure does not absolve data controllers from having to comply with key data protection principles such as purpose limitation (Article 5(1)(b)), data minimisation (Article 5(1)(d)), or storage limitation (Article 5(1)(e)). Indeed, many privacy

70 *Fashion ID* (n 5) [102].

Legal Basis	Relation	Erasure Triggers
(a) <i>Consent</i>	When consent is relied on as lawful ground, the most relevant right to erasure trigger will be b), i.e. withdrawing consent. When consent was given in the context of ISS while the data subject was a child, the last trigger f) could also be used. Theoretically, triggers a) (purpose expiration), e) (legal obligation), and d) (unlawful processing) will also be applicable. Given the difficulty of demonstrating expiration of purposes or unlawfulness in practice, it seems much more straightforward to simply rely on the less ambiguous withdrawal of consent to obtain erasure.	a) purpose expiration b) consent withdrawal d) unlawful processing e) legal obligation f) consent withdrawal in context of ISS offered to children
(b) <i>Contract</i>	When necessity for the performance of a contract is relied on as lawful ground for processing, the most relevant trigger to rely on will be a purpose expiration (which will generally occur at the latest upon rescinding the contract). Trigger d) may also be relevant when the lawful ground is not valid (anymore). To the extent this ground overlaps with the first lawful ground on consent, trigger b) might also be of some relevance. Finally, it cannot be excluded that an external legal obligation imposes erasure, even when processing is still necessary for performance of a contract (so trigger e) remains open).	a) purpose expiration b) consent withdrawal d) unlawful processing e) legal obligation
(c) <i>Legal Obligation</i>	(d) <i>Vital Interests</i>	These two lawful grounds are largely outside the control of any of the parties involved. The most relevant triggers therefore will be a) (purpose expiration) and e) (legal obligation). As always, trigger d) remains available in those situations where the lawful ground is incorrectly relied upon in the first place.
(e) <i>Task in Public Interest</i>	Compared to the previous two, this lawful ground leaves more room for interpretation as to the scope of processing operations that it may cover. So, on top of triggers a) (purpose expiration), e) (legal obligation) and d) (unlawful processing), data subjects will also be able to request erasure on the basis of trigger c), following a right to object.	a) purpose expiration c) right to object d) unlawful processing e) legal obligation
(f) <i>Legitimate Interests</i>	Contrary to the previous three, the last lawful ground leaves considerable freedom to controllers to define their interests and purposes. Particularly triggers a) (purpose expiration), c) (right to object) and d) (unlawful processing) will be relevant, though e) (legal obligation) remains open as well.	a) purpose expiration c) right to object d) unlawful processing e) legal obligation

Table 1: Right to Erasure Trigger by Legal Basis

Right to erasure triggers	Cross-references	
Article 17(1)	Articles	Recitals
(a) <i>Purpose expiration</i>	5(1)b, c and e; 6(4); 13(2)a; 14(2)a	39; 50
(b) <i>Consent withdrawal</i>	4(11); 6(1)a; 7; 8; 9(2)a	32; 42
(c) <i>Right to object</i>	21	69; 70
(d) <i>Unlawful processing</i>	4(11); 5(1)a; 6(1); 7; 8; 9	32; 65; 69
(e) <i>Legal obligation</i>	6(1)c	10; 45
(f) <i>Minors' withdrawal of consent in ISS context</i>	7; 8	38

Table 2: Right to Erasure Triggers and relevant GDPR provisions

notices/statements appear to offer data subjects a right to erasure mainly pro forma only, while at the same time acknowledging a vast data processing apparatus.

- 79 Indeed, important research in behavioural sciences has demonstrated that the perceived control data subjects have over their personal data through tools such as the right to erasure, may paradoxically lead to lower concerns over data processing practices and a false sense of security, which in turn may lead to revealing even more (sensitive) information.⁷¹

E. The Right to Object (Article 21)

- 80 The right to object offers data subjects an opportunity to oppose the further processing of their personal data for specific purposes. It comprises a much stronger focus on the specific context in an individual situation than the ex-ante (and more generic) balancing as prescribed by Article 6(1)(f).⁷² Even though processing may be ‘lawful’ under Article 6(1)(e–f) GDPR, the right to object offers a context-dependant and individualised re-assessment. This can be derived both from the use of the broader term ‘grounds’ (as opposed to interests as contained in Article 6(1)(e–(f))⁷³ and the words ‘relating to his or her particular situation’ (as opposed to a more generic situation in Article 6(1)(f)).⁷⁴ In light of this, we recommend the EDPB to require data controllers to clearly demonstrate any argument against the right to object in relation to the specific situation of the data subject, rather than a generic statement.

I. Compelling Legitimate Interests Must be Detailed, Public and Foreseeable

- 81 The right to object is available to data subjects with regard to processing operations that rely on legitimate interests as a lawful ground (Article 6(1)(f)). As emphasised by the A29WP, legitimate

interests are not an ‘easy’ alternative to consent, but require substantive and public justification.⁷⁵ The Information Commissioner’s Office has expressed concern that particularly online, data controllers seeing legitimate interests as the ‘easy option’ lack a ‘full understanding of what legitimate interests requires’.⁷⁶

- 82 Because individuals are asked to formulate and provide ‘grounds’ specific to their situation, which will be weighed against any compelling legitimate grounds of the data controller, it should be the case that the legitimate interest of the data controller are laid out in advance in accordance with Article 13 and 14. Article 13(1)(d) states that data controllers must provide the data subject with ‘the legitimate interests pursued by the controller or by a third party’.
- 83 This is an important component for the individual in determining whether and how to make the case for their right to object. It should be considered contrary to the fairness principle for a data controller, in balancing the right to object against potential compelling legitimate grounds, to rely on a legitimate interest which has not been clearly declared to the data subject in advance. This could put the data subject in a position where they chose a particular service provider and enabled them to process data about themselves under Article 6(1)(f), unaware of the interests of the controller and unable to foresee their own capacity to object in the face of these undeclared legitimate interests. This is particularly key because legitimate interests operate in the context of ‘necessity’, which is a concept that must be scrutinised in relation to determining whether or not processing is lawful.⁷⁷

71 Laura Brandimarte and others, ‘Misplaced Confidences: Privacy and the Control Paradox’ (2012) 4 *Social Psychological and Personality Science* 1948550612455931.

72 See also Damian Clifford and Jef Ausloos, ‘Data Protection and the Role of Fairness’ (2018) 37 *Yearbook of European Law* 130.

73 The language used implies that the term ‘grounds’ here can be understood as broader than ‘interests’ (i.e. given the fact that the data subject grounds to object appear to include; context, interests rights and freedoms).

74 See in this regard also *Google Spain* (n 3) [75]–[76].

75 Article 29 Working Party, ‘Opinion 06/2014 on the Notion of Legitimate Interests of the Data Controller under Article 7 of Directive 95/46/EC’ (Opinion, European Commission 9 April 2014).

76 Information Commissioner’s Office, ‘Update Report into Adtech and Real Time Bidding’ (20 June 2019) 18.

77 See eg Case C-13/16 *Valsts policijas Rīgas reģiona pārvaldes Kārtības policijas pārvalde v Rīgas pašvaldības SIA ‘Rīgas satiksme’* EU:C:2017:336 [30] and the case-law cited.

A wayfinding transport application sequence, upon download, informs a data subject that they process location data on the basis of Article 6(1)(f) for the purposes of building an aggregated, anonymised dataset to help the company provide traffic data within the app. Later, the data controller receives an objection request from this data subject relating to the use of location data for this purpose. The data controller carries out a balancing test, and argues that while the data subject's objection request overrides the legitimate interest of in-app traffic data, the controller also provides this aggregated, non-personal data to local governments and planning agencies, and this represents a compelling legitimate ground. However, because the data controller had not already declared this specific, albeit genuine, legitimate interest, the right to object must be upheld.

Proposed Example

II. Objection and Processing 'Necessary for the Performance of a Contract'

84 The right to object only has a limited scope of application, as it only applies to situations where processing is based on either one of the last two lawful grounds in Article 6(1). It is therefore unsurprising that since the entry into force of the GDPR, many controllers whose business model relies heavily on personalisation (and advertisement) have shifted from relying on either consent⁷⁸ or legitimate interests,⁷⁹ to necessity for the performance of a contract.⁸⁰ Reliance on this ground effectively strips data subjects from the ability to withdraw their consent⁸¹ or object⁸² to said processing. In light of the recent EDPB guidance on the lawful basis of necessity for contract,⁸³ **many controllers may be illegitimately relying on this ground.**

85 With that in mind, it would be valuable if the guidance could specify that **data subjects also**

⁷⁸ GDPR, art 6(1)(a).

⁷⁹ GDPR, art 6(1)(f).

⁸⁰ GDPR, art 6(1)(b).

⁸¹ GDPR, art 7(4).

⁸² GDPR, art 21.

⁸³ European Data Protection Board, 'Guidelines 2/2019 on the Processing of Personal Data under Article 6(1)(b) GDPR in the Context of the Provision of Online Services to Data Subjects (Version 2.0)' (8 October 2019).

have the right – more broadly – to challenge controllers' compliance with any of the GDPR's requirements (even if it does not qualify as a specific right in Chapter III). This is already reflected in the implied right in Article 18(1)(b) to object to 'unlawful' processing,⁸⁴ and Article 17(1)(d) to erase personal data processed without an adequate lawful ground.⁸⁵ As DPAs, such as the Information Commissioner's Office in the UK, are requesting that individuals 'raise a concern' with an organisation before they will take action, **clarification on the modalities for data subjects to challenge data controllers' compliance with key provisions (such as the data protection principles in Article 5 and the lawfulness requirement in Article 6) is particularly important.**⁸⁶ In particular, the guidance should specify what the obligation of a controller to respond to such claims of unlawful processing should be.

F. The Right to Restriction of Processing (Article 18)

86 Restriction of processing means 'the marking of stored personal data with the aim of limiting their processing in the future'.⁸⁷ The data subject has the right to restrict processing while they are waiting for an assessment of the accuracy or the efficacy of the right to object, as well as in situations where they claim the processing is unlawful (to ensure retention of evidence of unlawfulness) and where the data subject wishes to ensure the data still exist for the establishment, exercise or defence of legal claims.⁸⁸ Despite many such requests, **we have encountered not a single data controller that acknowledged, let alone accommodated, the right to restriction of processing.**

⁸⁴ Noting that the data subject shall have the right to obtain from the controller restriction of processing where 'the processing is unlawful and the data subject opposes the erasure of the personal data and requests the restriction of their use instead'.

⁸⁵ Noting that 'the data subject shall have the right to obtain from the controller the erasure of personal data [...] the personal data have been unlawfully processed'

⁸⁶ See Information Commissioner's Office, 'Raising a Concern with an Organisation' (24 September 2019) <<https://ico.org.uk/your-data-matters/raising-concerns/>> accessed 11 June 2019.

⁸⁷ GDPR, art 4(3).

⁸⁸ See generally, GDPR, art 18.

I. Restriction Timeframe for Information Society Services

- 87 Information society services encompass any service normally provided for remuneration, at a distance, by electronic means and at the individual request of a recipient of services.⁸⁹ In many cases, data subjects will already be verified to use the service through having logged in.
- 88 The right to restrict processing is an interim measure. Particularly given the automated way information society services function, it is important to give effect to this interim measure. In *Fashion ID*, the Court was clear that provisions of data protection law must be interpreted as to give effect to the ‘efficient and timely’ protection of the data subject’s rights.⁹⁰ As a consequence, the right to restrict processing must always be interpreted and enforced as to give effect to its nature as an interim measure.

The right to restrict must therefore be prioritised in time, and subject to a considerably tighter timeframe than, for example, the right to object it is linked to. Where it is feasible to automate restriction in this interim period, it may be incumbent on a data controller, on the basis of data protection by design and the risk-based approach throughout data protection, to do so.

II. In the context of continuous processing and profiling

- 89 The right to restrict processing is likely to impose different technological and organisational requirements on different data controllers. For example, for an organisation operating a customer relations management (CRM) system, a flagged, restricted profile can quite easily be separated from normal processing activities.
- 90 Many firms in the modern digital economy operate under conditions of *continual processing*, and do so under grounds including legitimate interests. This is the situation where the right to restrict is the most important, yet we are concerned that **data controllers are disregarding the right to restriction of processing**. The GDPR states:

*In automated filing systems, the restriction of processing should in principle be ensured by technical means in such a manner that the personal data are not subject to further processing operations and cannot be changed.*⁹¹

- 91 For example, where an individual has objected to tracking or profiling, and has in the meantime restricted processing, this should mean that the **continual processing stops in the meantime, and that no more profiles are built, updated or applied**. In practice, this does not occur.

III. Necessary processing, legitimate interests and the right to restrict

- 92 **Data controllers must be able to stop processing of data that is subject to the right to restriction in an interim period.** This must be technically and organisationally feasible within their systems, in light of the requirements in Articles 24-25 GDPR.
- 93 In this context, we note the recent 14m EUR fine levied by the DPA of Berlin in relation to a failure of data protection by design. In this case, a data controller operated an archiving system that was unable to erase data. Such a system was held to be in breach of Article 25.⁹² Similarly, a processing system which is unable to implement an interim period of restricted data processing would quite clearly also fall foul of Article 25 in a similar manner.
- 94 We believe that the clearest way to deal with this issue is to state that **all data that has the potential to be restricted must be technically possible to restrict**, with the exception of data which the data controller can reliably continue to process for the reasons laid out in Article 18(2) without the authorisation of the data subject, namely (i) for the establishment, exercise or defence of legal claims or for the protection of the rights of another natural or legal person; and (ii) for reasons of important public interest of the Union or of a Member State.

89 Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (Text with EEA relevance), art 1(1)(b).

90 *Fashion ID* (n 5) [102].

91 GDPR, recital 67.

92 Berliner Beauftragte für Datenschutz und Informationsfreiheit, ‘Berliner Datenschutzbeauftragte verhängt Bußgeld gegen Immobiliengesellschaft’ (711.412.1, 5 November 2019).

A data controller providing an app processes telemetry data, such as the data subject's behaviour inside the app, on the basis of legitimate interests. The data subject has logged into this app, and submits a request for restriction, and a request for objection in relation to the telemetry purposes. The data controller has no means to prioritise restriction in time over the objection request, and besides, has not installed functionality in the app to prevent all telemetry data processed under the legitimate interest ground to cease. Consequently, the data controller is in breach of the GDPR.

Proposed Example

G. The Right to Rectification (Article 16)

95 In this section, we look only at one element of the right to rectification: the right to rectify in the context of inferences and opinions.

I. Opinions and Inferences

96 Inferences and opinions are considered to be personal data by the CJEU.⁹³ As with all data rights, **the right to rectification should generally apply to inferences and opinions unless justified exceptions grounded in law exist.**

97 In some cases, the data controller may disagree with the attempt to rectify data by the data subject. This may be the case, for example, where a third party has provided an opinion to an employer about an individual's inappropriate behaviour in the workplace. In this case, balancing is clearly justified, as Charter rights could be implicated, such as Articles 11, 12, 15 and 21.

98 **The EDPB should avoid permitting either the data subject or the data controllers can act as the 'arbiter of truth' in contentious cases.** Where the data controller has good reasons to disagree with the data subject concerning a proposed rectification, the best solution is to **oblige both opinions to co-exist in the data processing system, and to oblige the data controller in line with the accuracy and fairness principles to consider both the rectified and the original data in downstream data processing.** In this sense, **rectification is an addendum rather than a replacement.**

99 **It should not, however, be considered a 'good reason' simply because the inference would be convenient to retain in its current form from a**

93 Nowak (n 4) [34].

business perspective. This is particularly the case for profiling in the digital economy, for example in the area of advertising 'interests'. In these cases, the right to data protection will be likely to prevail, particularly given the highly subjective nature of profiling and predictive inference techniques.⁹⁴ For example, in the context of the digital economy, an individual may be classified as 'male' by a predictive system: this should be open for an individual to rectify.

100 It should be recalled that the **data subject retains the right to erase the 'original', pre-rectified data that is retained by the data controller, or to object to its use,** and the procedures for each of these rights act as balances for the interests at stake in that situation.

H. Recognising Rights

101 Data rights can come in a variety of forms and manners, and the guidance must clearly address issues in practice that relate to the recognition of rights.

I. Requiring a Specific Request Form or Format Should Not Be Permitted

102 Both the data controller and processor have an explicit obligation to facilitate the exercise of data subject rights (Articles 12(1) and 28(3)(e)). In light of this obligation, it is certainly to be encouraged that tools be developed in order to make data subject rights more accessible to data subjects (eg privacy dashboards, forms, 'download my data' functions, etc). However, **data controllers or processors cannot force data subjects to exercise their rights in one way or another** as long as the requirements under the GDPR are complied with. Moreover, practice shows that when data subjects request access to additional information *not* included in 'download my data' functionalities (but mentioned in Article 15), they are often ignored.⁹⁵

94 See generally Solon Barocas and Andrew D Selbst, 'Big Data's Disparate Impact' (2016) 104 California Law Review 671.

95 See eg Jef Ausloos and Pierre Dewitte, 'Shattering One-Way Mirrors – Data Subject Access Rights in Practice' (2018) 8 International Data Privacy Law 4.

II. Accurately Recognising Data Subjects' Intent Without Legislative Wording

103 Following on from the previous point, it is important that data subjects cannot be expected to use the exact wording of the GDPR in order for their rights to be effectively accommodated. Indeed, the Commission's first objective when officially announcing its plans for a data protection reform concerns the strengthening of data subject rights.⁹⁶ In light of the Court's emphasis on ensuring an 'effective and complete protection', it is therefore necessary that data controllers act on the apparent intent of data subject requests, and cannot require them to use the exact phrasing (or article references) of the GDPR. **The guidance should be clear about what a data controller should do upon receiving a request which is vague, but could be interpreted as a right to restrict, object, erase, port or access.**

III. Joint Controllers and Processors Must Pass on and Deal with Data Rights

104 Article 26 of the GDPR clarifies the concept of *joint controllers*: '[w]here two or more controllers jointly determine the purposes and means of the processing of personal data, they are joint controllers [...]'.⁹⁷ The article further requires such joint controllers to delineate, in a transparent manner, their respective responsibilities in light of complying with the GDPR. Importantly, **data subjects can exercise their rights (to erasure) vis-à-vis any of the joint controllers, regardless of the arrangement (of respective roles and responsibilities) between these controllers (Article 26(2))**. In other words, even though 'joint controllership' might have considerable ramifications as to GDPR compliance

and allocation of responsibilities,⁹⁸ from the perspective of a data subject exercising his/her rights it is less relevant.

105 Article 28(3)(e) dictates that processors need to assist the controller in accommodating data subject rights, notably by adopting 'appropriate technical and organisational measures, insofar as this is possible'. This should be interpreted as allowing a data subject to invoke his/her right to erasure vis-à-vis processors as well. **Whereas they are not the ones responsible to effectively accommodate the data subject's rights, processors are liable to assist controllers in doing so.**

106 In sum, the plurality of actors processing personal data should not hinder the effective exercise of data subject rights. Data subjects can approach processors and/or (joint) controller(s) with their rights, even though that entity might not be the one who is ultimately responsible to accommodate such claims *in casu*. Even when the complexity of a processing chain causes the data subject to invoke their right vis-à-vis the 'wrong' controller, the latter should still be required to forward the request (Article 19). This process can be made easier with a single point for request to be made by data subjects, or forwarded to by joint controllers. Notwithstanding the possibility for data subjects to direct their requests to each joint controller, the EDPS recommends to establish a single contact point to which data subjects may forward their requests in exercising their rights.⁹⁹ The burden of enabling effective use of data subject rights, especially in complex networks of processing, should be on the various controllers and processors.¹⁰⁰

⁹⁶ European Commission, 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions A Comprehensive Approach on Personal Data Protection in the European Union' (4 November 2010).

⁹⁷ The concept of 'joint controllership' only first made an appearance during the legislative process of Directive 95/46 (inserted by the European Parliament) Article 29 Working Party, 'Opinion 1/2010 on the Concepts of "Controller" and "Processor"' (Article 29 Working Party 16 February 2010) 17–18.

⁹⁸ Brendan Van Alsenoy, 'Allocating Responsibility among Controllers, Processors, and "Everything in between": The Definition of Actors and Roles in Directive 95/46/EC' (2012) 28 *Computer Law & Security Review* 25; Korff (n 58) 61. The latter author highlighting issues arising from joint controllership between entities located in different jurisdictions.

⁹⁹ European Data Protection Supervisor, 'Guidelines on the Concepts of Controller, Processor and Joint Controllership under Regulation (EU) 2018/1725' (7 November 2019) 30–31."authority": "EDPS", "event-place": "Brussels", "abstr act": "When processing personal data, EU institutions and bodies (EUIs

¹⁰⁰ Rene Mahieu and others, 'Responsibility for Data Protection in a Networked World: On the Question of the Controller, Effective and Complete Protection and Its Application to Data Access Rights in Europe' (2019) 10 *J Intell Prop Info Tech & Elec Com L* 84.

A news website uses an installed third-party tracker which gathers data about website visits against persistent identifiers. A data subject contacts the news website to ask for access to data collected by these trackers. As the website is a joint controller with the organisations who maintain the code for the trackers, it is the website's responsibility to pass the access request on to every tracking organisation they have a joint controllership arrangement with.

Proposed Example

I. Illegitimate Refusal of Rights

107 The principle of effective and complete protection and the status of data protection as a fundamental right both point to a strong consideration of necessity where rights are being refused or restricted. In practice, we believe the scope of refusing rights is narrower than many data controllers currently understand and practice.

I. Prima Facie Limits of the 'Rights and Freedoms of Others'

108 The right to access a copy of personal data and the right to portability are both limited by paragraphs stating that the stated aspects of these rights 'shall not adversely affect the rights and freedoms of others.'¹⁰¹ This requires some considerations of, among other issues, the privacy and data protection interests of third parties (see further, section 3.4 this paper).

109 However, it should be clarified in the guidance that this consideration **is not present for other rights, such as the right to object or restrict processing.** A different and more specific balancing arrangement is in place for the right to erasure. As a consequence, **the guidance should indicate that the right to object or restrict processing should not be unduly hindered by the privacy interests of others.**

A 'smart speaker' analyses voice recordings on the basis of legitimate interests to improve the quality of speech recognition in certain languages. A data subject who uses the device in a communal area requests the right to object to this processing purpose. The data controller does not need to seek the approval of the other members of the household, whose voices are also picked up by this speaker in an indiscriminate manner, in order to process this right.

Proposed Example

101 GDPR, arts 15(4), 20(4).

II. Excessiveness Exemptions Relate to Requests' Nature, Not Burden or Intent

110 Article 12(5) allows data controllers to refuse to act upon a right where 'requests from a data subject are manifestly unfounded or excessive, in particular because of their repetitive character'. Where they do this, the 'controller shall bear the burden of demonstrating the manifestly unfounded or excessive character of the request.'

111 The A29WP have noted, in guidance endorsed by the EDPB and in relation to another right (i.e. to data portability), that for the cases of information society services which specialise in automated data processing, 'there should be very few cases where the data controller would be able to justify a refusal to deliver the requested information, even regarding multiple data portability requests.'¹⁰²

112 They also note that the cost of building the infrastructure to comply with these requests is irrelevant to the notion of 'excessive' requests. In particular, they state that 'the overall system implementation costs should neither be charged to the data subjects, nor be used to justify a refusal to answer portability requests.'¹⁰³

113 An argument that a 'manifestly unfounded or excessive' request might be construed as one which relates to any sufficiently large or complex processing operation sets a dangerous precedent that some data processing activities are 'too big to regulate'. This logic would mean to say that some processing activities are at such a global scale, and so complex, and producing and capturing so much data about individuals, that they escape the reach of fundamental rights such as the right to access. This seems perverse: **the more impactful and the more sizeable the activity, surely the higher the acceptable cost of compliance on the data controller, and the more urgent and pressing the need to provide data subjects with oversight and control rights.**

114 Where such processing implicates a high number of users, this would likely count as 'large scale' processing posing a high risk under the GDPR, and thus has little ground to be manifestly 'unfounded'. According to the GDPR compliance should scale up in relation to high risk processing, not down.¹⁰⁴

102 Article 29 Working Party, 'Guidelines on the right to data portability (WP 242)' (n 9) 9–10.

103 *ibid* 15.

104 GDPR, art 24.

III. Repetitive Requests May Be Justified in Situations of Continuous Processing

- 115** In the case of information society services in particular, personal data is constantly being collected, amended, transformed and applied. As a result, any provisions which assume static, long term, unchanging datasets must, in order to preserve the fairness principle and the technology-neutral nature of the GDPR, be read in light of modern data processing practices.
- 116** As a result of this situation of ‘continuous processing’, the rights of access, rectification and/or erasure may be of permanent relevance as well. The guidance should therefore be mindful to **clearly constrain the scope of Article 12(5) GDPR**, allowing controllers to refuse to act or charge fees for accommodating data subject rights when they are ‘excessive, in particular because of their repetitive character’. **When personal data, and how it is processed, constantly changes, repeatedly exercising data subject rights should not be considered excessive. Instead, it may be upon controllers to ensure an automated and easy manner to facilitate the accommodation of those rights.** This is also relevant for the right to data portability (not within the scope of the planned guidance), which may actually require controllers such as social networks to implement protocols for enabling interoperability (essentially allowing for a constant stream of ‘access rights’ in a machine-readable format).

A gaming platform runs a dynamic data collection and scoring system which determines an individual’s visibility to other players. This data is updated every day, and the score is updated accordingly. A data subject makes two requests within a month for this changing data. The data controller is not permitted to refuse the request on the basis that it is ‘excessive, in particular because of [its] repetitive character’, because the data processing operation is of a similar character. Instead of refusal, the data controller must either honour the requests or justify refusal under some other basis. This is proportionate as, in line with the obligation of data protection by design (Article 25), the data controller should be implementing technical and organisational measures to ensure data rights keep pace with data processing, such as providing more regular access to the personal data through, for example, an API or automated data download.

Proposed Example

IV. Data Rights are Intent-Agnostic/ Motive-Blind

- 117** Access rights have commonly been used in relation to highly specific pieces of information, often as part of disputes that might be related to issues of criminal,¹⁰⁵ employment,¹⁰⁶ immigration,¹⁰⁷ trust¹⁰⁸ or defamation proceedings.¹⁰⁹ These types of cases can create, in the words of Advocate General Bobek, ‘certain intellectual unease as to the reasonable use and function of data protection rules’.¹¹⁰
- 118** National courts have also held specifically that data rights are purpose-blind. Courts in England and Wales have long supported the ‘purpose-blind’ nature of data rights.¹¹¹ The Court of Appeal of England and Wales held that there is no ‘no other purpose’ [than privacy or data protection] rule that requires data subjects to specify a reason for a subject access request or refrain, for example, using it for litigation.¹¹² Courts ‘should not enquire into or permit investigation of the purpose for which a SAR has been made’.¹¹³ The ICO has further stated that there is nothing in data protection legislation ‘that limits the purposes for which a SAR may be made, or which requires the requester to tell you what they want the information for’.¹¹⁴

¹⁰⁵ *Kololo v Commissioner of Police for the Metropolis* [2015] EWHC 600 (QB). *Lin & Anor v Commissioner of Police for the Metropolis* [2015] EWHC 2484 (QB).

¹⁰⁶ *Ittihadiieh v 5-11 Cheyne Gardens RTM Company Ltd & Ors* [2017] EWCA Civ 121.

¹⁰⁷ *Joined Cases C141/12 and C372/12 YS v Minister voor Immigratie, Integratie en Asiel and Minister voor Immigratie, Integratie en Asiel v M and S* EU:C:2014:2081.

¹⁰⁸ *Dawson-Damer & Ors v Taylor Wessing LLP* [2017] EWCA Civ 74.

¹⁰⁹ *Rudd v Bridle & Anor* [2019] EWHC 893 (QB).

¹¹⁰ *Case C-13/16 Valsts policijas Rīgas reģiona pārvaldes Kārtības policijas pārvalde v Rīgas pašvaldības SIA ‘Rīgas satiksme’* EU:C:2017:43, Opinion of AG Bobek, para 93.

¹¹¹ See eg *Durham County Council v D* [2012] EWCA Civ 1654 [16]; *Guriev v Community Safety Development (UK) Ltd* [2016] EWHC 643 (QB) [67]–[72]; *Dawson-Damer & Ors v Taylor Wessing LLP* [2017] EWCA Civ 74 [105]–[113]; *Ittihadiieh v 5-11 Cheyne Gardens RTM Company Ltd & Ors* [2017] EWCA Civ 121 [104]–[110]; *DB v General Medical Council* (n 47) [79].

¹¹² *Dawson-Damer & Ors v Taylor Wessing LLP* (n 112) [104]–[114].

¹¹³ *Guriev v Community Safety Development (UK) Ltd* (n 112) [70].

¹¹⁴ Information Commissioner’s Office, ‘Subject access code of

Arden LJ, in *Dawson-Damer*, stated an important general reason why access rights should not be subject to an analysis of intent noting that ‘a “no other purpose” rule would have undesirable secondary consequences, such as non-compliance by data controllers with SARs on the grounds that the data subject had an ulterior purpose.’¹¹⁵

The CJEU, in *YS and Others*, did not comment on the fact that the individual was seeking to use the documents they sought in litigation as a factor which would disqualify the access right from succeeding.¹¹⁶

V. Freedom to Conduct a Business is Unlikely to Override Data Subject Rights

119 Data subject rights may effectively pit data subjects’ rights, freedoms and interests against the economic freedoms of the data controller. The right of access may challenge trade secrecy, and the rights to object and erasure may conflict with various economic and property interests. From a data protection perspective, the ensuing balancing act shifts in favour of the data subject by default upon invoking said right.¹¹⁷ As emphasised repeatedly by the Court,¹¹⁸ at least in delisting cases the economic interests of the search engine operator are trumped by the rights, freedoms and interests of data subjects by default. This also appears from the general drafting of the GDPR, which took a rigorous ‘fundamental human rights’ approach, implying that ‘data protection automatically trumped other interests and could not be traded-off for economic benefits.’¹¹⁹

practice’ (n 48) 55.

115 *Dawson-Damer & Ors v Taylor Wessing LLP* (n 112) [108].

116 See generally Joined Cases C141/12 and C372/12 *YS v Minister voor Immigratie, Integratie en Asiel and Minister voor Immigratie, Integratie en Asiel v M and S* EU:C:2014:208.

117 After all, it is a direct expression of their informational autonomy, implicating the fundamental right to data protection in Article 8 Charter.

118 *Google Spain* (n 3); Case C507/17 *Google LLC v Commission nationale de l’informatique et des libertés (CNIL)* EU:C:2019:772.

119 Federico Ferretti, ‘Data Protection and the Legitimate Interest of Data Controllers: Much Ado about Nothing or the Winter of Rights?’ (2014) 51 CML Rev 843, 852. This work refers to Joined Cases C-465/00, C-138/01 and C-139/01 *Rechnungshof v Österreichischer Rundfunk and Others* EU:C:2003:294. See also Dorothee Heisenberg, *Negotiating Privacy* (Lynne Rienner, 2005) chapters 1–3; Viktor Mayer-Schonberger, ‘Generational development of data protection in Europe’, in Philip Agre and Marc Rotenberg (eds),

120 The only situations where commercial interests (alone) may effectively block data subject rights, will be when accommodating these rights would affect the *essence* of a fundamental right in the Charter or at the very least not be proportionate *stricto sensu*.¹²⁰ The two most relevant fundamental rights in the present context are the freedom to conduct a business (Article 16 Charter) and the right to (intellectual) property (Article 17 Charter). Both of these have repeatedly been declared not to be absolute rights, to be considered in relation to their social function.¹²¹ All evidence suggests that, as a general rule, they are not self-sufficient to override individual freedoms in the Charter,¹²² such as the rights to privacy (Article 7), data protection (Article 8), or freedom of expression (Article 11).¹²³ Indeed, pursuant to Article 52(3) – which aligns Charter provisions with those in the ECHR – it would be difficult to claim economic objectives alone can constrain fundamental rights/freedoms representing essential values in a democratic society.¹²⁴ Only when, in light

Technology and Privacy: The New Landscape (MIT Press, 1997) 219–241; Spiros Simitis, ‘From the market to the polis: The EU Directive on the protection of personal data’ 80 *Iowa Law Review* (1995) 445–469.

120 Ausloos (n 70) ch 6.

121 See for example, the following cases, and the case-law cited: Case C-554/10 *Deutsches Weintor eG v Land Rheinland-Pfalz* EU:C:2012:526 [54]; Case C-101/12 *Herbert Schaible v Land Baden-Württemberg* EU:C:2013:661 [28]; Case C-283/11 *Sky Österreich GmbH v Österreichischer Rundfunk* EU:C:2013:28 [45].

122 See similarly: Peter Oliver, ‘The Protection of Privacy in the Economic Sphere before the European Court of Justice’ (2009) 46 *Common Market Law Review* 1443, 1481.

123 Serge Gutwirth, ‘De Toepassing van Het Finaliteitsbeginsel van de Privacywet van 8 December 1992 Tot Bescherming van de Persoonlijke Levenssfeer Ten Opzichte van de Verwerking van Persoonsgegevens’ [The Application of the Purpose Specification Principle in the Belgian Data Protection Act of 8 December 1992] (1993) 1993 *Tijdschrift voor Privaatrecht* 1409, 1431.1431.”,”plainCitation”.”:”Serge Gutwirth, ‘De Toepassing van Het Finaliteitsbeginsel van de Privacywet van 8 December 1992 Tot Bescherming van de Persoonlijke Levenssfeer Ten Opzichte van de Verwerking van Persoonsgegevens’ [The Application of the Purpose Specification Principle in the Belgian Data Protection Act of 8 December 1992]’ (1993 Some call the rights in Article 16–17 of the Charter ‘peripheral rights’ that are always overridden by data protection rights. See eg Hielke Hijmans, ‘The European Union as a Constitutional Guardian of Internet Privacy and Data Protection’ (PhD Thesis, University of Amsterdam 2016) 196, 216–17, 258.

124 Gutwirth (n 124) 1430–31; Orla Lynskey, ‘Regulating

of Article 52(1), a specific legal provision ordains processing for commercial purposes and/or raises obstacles to invoke certain data subject rights, does it seem realistic that a controller can legitimately *not* accommodate data subject rights purely on the basis of commercial interests.¹²⁵

121 In relation to this, attention should be given to a decision by the Supreme Court of the Netherlands, which did not accept exemptions based on a claim by a company that received requests based on alleged harm to their freedoms or rights. In *Dexia*¹²⁶ it did not accept three instances of this argument. First the high cost associated with responding to a single access is not (in itself) a reason to exempt access. Second, the fact that an organisation may receive a high number of requests is not accepted as a reason to restrict access. Third, the fact that data subjects have been incited to use their rights by a consumer protection programme and have made use of a request template provided by that programme cannot be invoked.

VI. Rights a Controller Expects to Refuse Must be Flagged as per Arts 13/14/25

122 An important, but underappreciated, aspect of the GDPR is found in the parts of Articles 13–15 which require data controllers to declare the existence of certain GDPR rights.¹²⁷ These parts have usually been

“Platform Power” (Working Paper, LSE Legal Studies Working Paper, LSE 21 February 2017) 25–26; Hijmans (n 124) 258.”container-title”:”Tijdschrift voor Privaatrecht - TPR”,”page”:”1409-1477”,”volume”:”1993”,”issue”:”4”,”source”:”works.bepress.com”,”abstract”:”Teneinde de toepassing van het finaliteitsbeginsel - hoeksteen van de Privacywet van 8 december 1992 - (prospectief The last author refers to Craig and De Búrca who explain that permitting economic objectives to limit the scope of fundamental rights, would go against ECHR jurisprudence. See: Paul P Craig and Gráinne De Búrca, *EU law: text, cases, and materials* (Oxford Univ Press 2011) n 221.

125 This can be the case, for example, when the controller can invoke a legal obligation to process the personal data as a lawful ground (GDPR, art 6(1)(c)) and/or as an exemption to the right to erasure (GDPR, art 17(3)(b)). Regardless, further processing in this context will be constrained to what the legal obligation requires only (again reiterating the importance of the need for a granular approach).

126 *Hoge Raad* (29 June 2007) NL:HR:2007:AZ4663; *Hoge Raad* (29 June 2007) NL:HR:2007:AZ4664.

127 GDPR arts 13(2)(b), 14(2)(c), 15(1)(e).

interpreted as copy-pasting the GDPR into, say, a privacy policy. It is quite clear however, that in some cases, in respect to some data, these rights exist, and in other cases, they do not exist. As a result, this can only be interpreted as a contextual provision which requires consideration of the ability for these rights to be exercised in a data subject’s specific situation.

123 While the data controller should be flagging these rights to facilitate the data subject’s awareness and use of them – a common EU law trope found in areas such as airline and rail delay rights¹²⁸ – this is not the only role of this provision. Given that the data subject often (although not always) has a choice as to whether to engage with a data controller, such as putting themselves to actively consent to processing or contract with the controller, or to move within a zone where processing on the basis of, for example, legitimate interests is likely to occur, the purpose of the GDPR’s information rights is to provide information to help the data subject decide whether they wish to enable such data processing. **A core piece of that information is whether that specific processing can be objected to, erased, ported or accessed.**¹²⁹

124 The data controller should have pre-empted how to deal with rights in relation to all data they process, and the principles of fairness and transparency require that this information be provided ahead, read in line with the specific requirements of Article 13–14 not subsequent to processing. Furthermore, as there will be times where individuals have not been informed of their rights under either Article 13 or 14,¹³⁰ the data controller should be prepared to reveal this information upon request under Article 15.¹³¹

128 Regulation (EC) No 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and repealing Regulation (EEC) No 295/91 (Text with EEA relevance) OJ L 46/1, art 14; Regulation (EC) No 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers’ rights and obligations OJ L 315/14, art 29.

129 See generally Veale and others (n 68) 118.

130 Such as in the situations envisaged in GDPR, art 14(5)(b) (‘the provision of such information proves impossible or would involve a disproportionate effort’).

131 GDPR, art 15(1)(e).

A data controller in response to an Article 15 request informs the data subject, by data category and processing purpose, where the right to request rectification, erasure, restriction or objection exists. Where no possibility for a request exists — such as the lack of right to object to data necessary for a contract, such as credit card data processed for the purposes of fulfilling a future payment, the data controller makes this clear in their response.

Proposed Example

J. Verifying Data Subjects

125 Verification of data subjects is an important part of exercising data rights, however academic research and the authors' experience show that verification approaches taken by many data controllers today are not compliant with the principles of the GDPR.¹³²

I. Authentication should not be an unnecessary obstacle to data subject rights

126 Many controllers engage in singling-out of the data subject for the purpose of service delivery or analysis but have not built a system with which to identify data subjects for the purposes of exercising their rights. In some cases, they simply refuse to build a system that can be accessed by the user, despite having access to the specific user and device from their server.¹³³ Examples of this are documented by two of the authors in a recent academic paper.¹³⁴

127 In other cases, such as in the case of wireless analytics or targeting advertising, data controllers have established a system where their business model can operate with imprecise targeting or singling out of individuals (which nonetheless is highly individualised over time). The impact of this imprecise, but personalised targeting is that the data controller can claim that providing data rights would be imprecise too, but the consequences of

132 Coline Boniface and others, 'Security Analysis of Subject Access Request Procedures How to Authenticate Data Subjects Safely When They Request for Their Data' [2019] Annual Privacy Forum, Jun 2019, Rome, Italy.

133 See eg Veale and others (n 68); Chris Norval and others, 'RECLAIMING Data: Overcoming App Identification Barriers for Exercising Data Protection Rights' in *Proceedings of the 2018 ACM International Joint Conference and 2018 International Symposium on Pervasive and Ubiquitous Computing and Wearable Computers* (UbiComp '18, New York, NY, USA, ACM 2018).

134 See Veale and others (n 68).

doing so would be in breach of the security principle, and therefore not something they are willing to countenance.¹³⁵

128 In cases where, by design or not, verification is imperfect, **data controllers must take a realistic risk-based approach to release, which does not disempower data subjects.** In many cases, the impact of accidental release of data to someone other than the data subject, *particularly where the data subjects are inherently difficult to identify*, will be low, and possible to monitor on an aggregate level.

II. Rights-Dependent Verification Burden

129 Different rights have different levels of consequence for data subjects if they are applied by mistake or fraudulently. For example, the rights of access and portability can lead to sensitive data disclosure, and it is important that verification is an effective and secure process.¹³⁶

130 Other rights, such as erasure, restriction and objection are more contextual in nature. Misapplied erasure might, for certain kinds of data, result in an inability for the genuine data subject to establish or substantiate legal claims, or affect the availability of services, or cause the loss of important personal data. Yet for many kinds of data which already have limited storage retention, erasure will merely hasten deletion which should have occurred anyway. For example, the impact on an individual's rights and freedoms of the incorrect erasure of web-tracking data, or app telemetry data, is significantly lower than the impact of accidental disclosure of this data.

131 The lack of negative consequences for the data subject is perhaps most stark where the data is being processed on the basis of legitimate interests of the data controller, as the individual did not explicitly request this processing be carried out, and therefore in many cases their interest in the processing will be minimal.

132 Where the right to object is being applied, as the data are still being stored but simply not processed for the objected-to purposes, the process is generally reversible in the case that verification was incorrect. **As a result, the right to object or to restrict processing should, in general, require a lower burden of verification than access and erasure. The Guidance should also lay out the**

135 See eg the example of Transport for London in *ibid*.

136 See generally Andrew Cormack, 'Is the Subject Access Right Now Too Great a Threat to Privacy?' (2016) 2 *European Data Protection Law Review* 15.

circumstances in which the right to erasure should require less of a burden of verification than the right of access. In particular, the controller should need to demonstrate, in accordance with the principles of accountability and fairness, compelling reasons as to why they are requesting detailed verification from a data subject for the right to object.

III. Verifiability, Fairness and Data Protection by Design

133 The GDPR's risk-based approach, and its by-design approach, are not currently widely recognised and followed in relation to verification systems for data rights. The method used for authentication should be proportionate to avoid abusive identity checks.¹³⁷ For example, controllers such as information society services, which due to users explicitly requesting the service often have login credentials or an existing verification system, should not, in general, require a higher level of verification. **If controllers request a higher level of verification than required to access the service, they must justify this in relation to the accountability and fairness principles, and minimise both the burden on the user (in line with 'efficient and timely protection') and personal data processed (in line with data minimisation) in the process.**

134 Furthermore, **data controllers often ask for a government issued identification document in situations where it is clearly disproportionate.** In many cases, for example when an individual is seeking data connected to an identifier (eg a cookie ID) and the controller has no knowledge of the real identity of the data subject, it is unclear what purpose the government ID serves. Moreover, asking for a government ID entails unnecessary risk as data controllers may not have secure systems set up to receive such data, and often in the authors' experience request it through email. Furthermore, in many cases, a data subject will be requesting data on the basis that they do not trust the data controller, and wish to consider their options in terms of eg objection, erasure or the withdrawal of consent. In these cases, the need to provide sensitive data to the data controller may be unfairly dissuading data subjects from exercising their rights. Some recommendations of national DPAs recommend controllers to request a government ID. **The Guidance should make clear that a government-issued ID should only be required when this is proportionate.** This would also provide reassurance to data controllers who may feel obliged to ask for such information.

¹³⁷ Boniface and others (n 133). "plainCitation": "Boniface and others (n 133)

K. Concluding Remarks

135 In this document we have laid out our understanding – considering case-law, the provisions and the regulatory guidance thus provided – of the extent of data rights and the context in which they must operate. There are strongly held views on the matter, not least from industry, but these must be very carefully considered in light of the fundamental rights framework underpinning data protection. The system of data rights is both intrinsically important and key as an enabler of the entire data protection regime. They are going to be more important than ever in the years to come in mitigating the power asymmetries that have emerged, and in many cases appear to be worsening, between individuals and their representations in data. The Guidance therefore should ensure data rights are the strong tools the text and case-law intend them to be, in order to uphold fundamental rights in the information age.

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Responsible information sharing

Converging boundaries between private and public in privacy and copyright law

by **Bernd Justin Jütte and Annelies Vandendriessche***

Abstract: Copyright Law and Privacy Law both grant individuals exclusive control over the dissemination of expression or personal information, respectively. A number of criteria emerged in the ‘new public’ jurisprudence of the CJEU based on Article 3 Directive 2001/29/EC (InfoSoc Directive), that determine how right holders can retain control over copyright-protected works after their first publication. The Court established that the scope of a public in copyright law depends, among other factors, on the subjective intention of the person who exposes a work to an audience. The case law suggests that several ‘publics’ coexist, and that the exposure of works to one of these ‘publics’, does not automatically justify exposure to other public spheres. The exposure of these

works to other ‘publics’, still remains under the control of the right holder. The paper suggests that the notion of a “new public” can be instrumental in better understanding the delimitation of public and private space in EU privacy law. The authors propose a concept of privacy as controlled public exposure, modelled on the notion of a “new public” under Article 3 of the Information Society Directive, and inspired by recent jurisprudence of the ECtHR on Article 8 ECHR, which protects the right to respect for private life. This, the authors argue, leads to an expansion of private spheres in public life.

Keywords: privacy, personal information, copyright, reasonable expectations, communication to the public, new public

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A. Introduction

1 In their seminal 1890 article “The Right to Privacy”, Samuel D. Warren and Louis D. Brandeis relied on copyright law to construct a right to privacy.¹ While both legal regimes have been under extreme pressure over the last years they have developed similar solutions in order to adapt to constant technological

challenges to their respective scope. Therefore, it seems appropriate to revisit the similarities between the right to privacy and copyright, similarities which have indeed also inspired recent legal doctrine concerning the rights of control of data subjects over their personal data.² This article examines the commonalities between the right to privacy under Article 8 of the European Convention on Human Rights (ECHR) and the exclusive right to ‘communication to the public’ under Article 3 of the Information Society Directive³ in order to expose

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1 Samuel D Warren & Louis D Brandeis, ‘The Right to Privacy’ [1890] Harvard Law Review 193.

2 See only Pamela Samuelson, ‘Protecting Privacy Through Copyright Law?’ in Marc Rotenberg, Julia Horowitz & Jeramie Scott (eds), (The New Press 2014), 191 and Neil M. Richards, ‘The Puzzle of Brandeis, Privacy, and Speech’ [2010], Vanderbilt Law Review 1295.

3 European Parliament and Council Directive 2001/29/EC

what is considered the foundation for a horizontal concept of the public and private divide in a modern and digital environment.

- 2 Accordingly, this article will first explore the evolving interpretation of the right to privacy by the European Court of Human Rights (ECtHR), which lays down first steps in, what is argued, the right direction for allowing the legal concept of privacy to better respond to contemporary challenges to privacy in a digital environment. Second, it will trace the evolution of the Communication to the public (C2P)-right in EU copyright law as an example of a different approach to delineate private and public. It will conclude by positioning these concepts in the context of European data protection law and its general principles to demonstrate that the incorporation of the C2P-concept into privacy law is not only a possible solution for delimiting the private/public divide in the Information and Communication Technology (ICT) context, but can also be accommodated within the systematic structure of privacy law.

B. Towards a contextual approach to privacy in the jurisprudence of the ECtHR

I. The validity of the private sphere/public sphere divide in the ICT context

- 3 There are many different legal perceptions of exactly what type of information should be protected by a right to privacy, which are the underlying reasons to protect privacy, and to which extent protection is required. Therefore, one could classify the concept of privacy as somewhat of an *essentially contested concept*.⁴ The fact that there are multiple understandings of what the concept of privacy encompasses helps to explain why privacy has consistently grappled to adapt to changing social and technological contexts.
- 4 Despite various interpretations of the meaning of the term ‘privacy’, one aspect all traditional interpretations of privacy have in common is their reliance on a private sphere/public sphere divide.

of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167/10 (InfoSoc Directive).

4 Walter Bryce Gallie, ‘Essentially Contested Concepts’ [1956] Proceedings of the Aristotelian Society 167, 167.

This separation of spheres is traditionally used to determine when the right to privacy is violated; namely when personal information, which belongs to the private sphere, is *inappropriately* released into the public sphere.⁵ An *appropriate* disclosure of personal information into the public sphere must, according to the private/public dichotomy, be legitimised by means of principles such as consent and contractual agreement, possibly coupled with a right of ownership of personal information or of control over publicising that personal information.⁶ According to this traditional divide, once an individual, or his information, enters the public sphere, his behaviour and information become public, and are therefore no longer protected by a right to privacy.⁷ In the traditional interpretation of the private sphere/public sphere divide, the focus has thus been on the origin of the information, whether it originated in a private or in a public context, since this origin would also determine the nature of the information in an inextricable manner.

- 5 Nissenbaum argued that this aspect in particular is at odds with what individuals intuitively understand when they consider what constitutes their private life, at odds with their ‘expectations of privacy’: not all information made public or available within a public space should automatically be there for the taking.⁸ Technological progress further aggravates the consequences of this misconception by contributing to blurring the demarcations of the private-public divide. As a result, it becomes increasingly problematic to rely on the intuitive expectation that all information that is public or collected within the public sphere is also immediately available for all to use. The use of new technologies leads to questioning of the traditional perception that information available in the public domain is by consequence and necessarily also public in nature. Examples that illustrate this problem are the “DNA traces we automatically ‘leak’ into public space by just being there” or the “proliferation of smart devices in public space that blur the boundaries between public and private information and the storing and sensing thereof”.⁹ Other

5 Maria Brincker, ‘Privacy in Public and the Contextual Conditions of Agency’ in Tjerk Timan, Bryce C Newell & Bert-Jaap Koops (eds), *Privacy in Public Space: Conceptual and Regulatory Challenges* (Edward Elgar Publishing 2017) 66.

6 *ibid.*

7 *ibid.*; Helen Nissenbaum, ‘Protecting Privacy in an Information Age: The Problem of Privacy in Public.’ [1998] *Law and Philosophy* 559, 559.

8 Brincker (n 5) 66.

9 Tjerk Timan, Bryce Newell & Bert-Jaap Koops (eds), *Privacy*

examples are new surveillance technologies such as drones, or the use of location trackers contained in our cell phones, smart watches and exercise trackers, and the use of ever more sophisticated data analysis tools for analysing social networking websites. All these technologies process personal data which is, in principle and seemingly public (or rather communicated in a public space).¹⁰ The processing of personal data constitutes a particular challenge for privacy protection in general, and for demarcating the public/private divide in particular, since technological advances have rendered personal data processing more effortless, sophisticated and large-scaled than could be foreseen at the time of adoption of the ECHR.¹¹ Instead of viewing the public-private divide in a strictly dualist manner, the current partition between both spheres should rather be considered multi-faceted, unsettled and with several fault lines and cutting edges overlapping and crossing each other.¹²

- 6 The boundaries have become blurred in such a way that it is no longer possible to consider privacy concerns in terms of a simple dichotomy, where the domain in which the information originated also determines the private or public nature of that information. A more valid paradigm today could be to consider privacy concerns in context.¹³ Privacy will increasingly need to protect not only personal, private and intimate information for which individuals are generally cautious about how and where they share it, but also information individuals share willingly or not, but which will be stored, analysed and manipulated increasingly frequently for often unforeseeable purposes, with impacts on private life in equally unforeseeable ways.¹⁴
- 7 In this regard, Helen Nissenbaum developed the idea of a concept of privacy understood as ‘*contextual integrity*’, which would be adapted to the manner in which technology has influenced our day-to-day

in Public Space: Conceptual and Regulatory Challenges (Edward Elgar Publishing 2017) 3.

- 10 Mathias Vermeulen, ‘The Scope of the right to private life in public spaces’ (2014) European University Institute SURVEILLE Working Paper D4.7, 5.
- 11 Seyed E Dorraji & Mantas Barcys, ‘Privacy in Digital Age: Dead or Alive?! Regarding the New EU Data Protection Regulations’ [2016] Social Technologies 306, 307.
- 12 Gary T Marx, ‘Murky conceptual waters’ [2001] Ethics and Information Technology 157, 160.
- 13 Timan et al (n 9) 2.
- 14 Brincker (n 4) 67.

lives.¹⁵ She conceptualised the right to privacy as a right to “*context-appropriate flows*” of information about oneself rather than as an absolute right to secrecy and control over information.¹⁶ This can best be described as a “*norm-governed flow of information that has been calibrated with features of the surrounding social landscape, including important moral, political, and context-based ends, purposes, and values.*”¹⁷ This framework helps to understand why individuals have varying privacy expectations in different social, public, contexts: such as politics, education, health care or the workplace, or when individuals engage with close family and friends.¹⁸ Many have attempted to further develop Nissenbaum’s idea of contextual integrity and to apply it in practice, but the concept is not easily integrated into formal law.¹⁹

- 8 Notwithstanding this difficulty, the ECtHR has already developed a legal framework for privacy protection for the Member States (MS) of the ECHR, which affirms that the private-public divide can no longer be upheld in a dogmatic manner. This jurisprudence has gradually broadened the scope of application of ‘private life’ as understood under Article 8 ECHR, so that it might encompass situations of privacy in public in response to technological evolution and increasing and diverse use of ICT.

II. The broadened scope of the right to the protection of private life under Article 8 ECHR jurisprudence

- 9 Three crucial steps can be discerned in the jurisprudence of the ECtHR, which have contributed to moving towards a contextual approach to the concept of ‘private life’ under Article 8 ECHR. These steps we will develop more extensively hereinafter, have led to the recognition of a degree of privacy in public to individuals, in the face of new technological developments.
- 10 First, by gradually broadening the scope of the notion of ‘private life’ in light of modern developments, the ECtHR increasingly interpreted the right to respect

15 Helen Nissenbaum, *Privacy in Context: Technology, Policy, and the Integrity of Social Life* (Stanford University Press 2010).

16 *ibid* 187.

17 *ibid* 188.

18 *ibid* 3.

19 Timan et al (n 8) 2.

for private life as a positive right,²⁰ which includes granting a limited right to privacy in public, and which adapts to varying contexts.

- 11 Second, Article 8 ECHR became responsive to most challenges posed to private life by the use of modern technology, including to those blurring the public-private divide, through the incorporation of a right to protection of personal data under the scope of the right to protection of private life.²¹
- 12 And third, even if a situation does not strictly fall under the category of processing of personal data, it can still be considered an intrusion of private life and fall under the scope of Article 8 ECHR, if it goes beyond the ‘reasonable expectations of privacy’ (REoP). The importance of this final jurisprudential criterion, although still quite undeveloped under the ECHR framework, is not to be underestimated when it comes to delimiting privacy in public.

1. The broad conception of the notion of ‘private life’

- 13 Article 8 ECHR was originally conceived of as a classic negative freedom from arbitrary intervention by the State with the right to private life.²² However, under the Convention, States may also have positive obligations to ensure effective respect for private life, including in relations between private individuals.²³ Even more, in *Niemitz v Germany* the ECtHR affirmed that a broad non-exhaustive definition should be given, and preferred over a narrow one, to the concept ‘private life’.²⁴ The Court already acknowledged here that limiting the notion of private life strictly to an ‘inner circle’ in which an individual can live his personal life, from which the outside world is excluded, would be

too narrow a definition.²⁵ With this interpretation the ECtHR already moved beyond a strict private space/public space dichotomy. The Court stressed in *Niemitz v Germany* that the private sphere includes aspects of professional life and business activities, since it is “*in the course of their working lives that the majority of people have a significant, if not the greatest, opportunity of developing relationships with the outside world*”.²⁶ It further emphasised that giving such a broad interpretation to the notion of private life is essential given that both personal and professional spheres cannot always be easily distinguished.²⁷ The Court interpreted the concept of ‘privacy’ further to encompass issues such as privacy *in se*, physical, psychological or moral integrity, as well as issues concerning identity.²⁸ The scope of Article 8 ECHR has been interpreted to include, in essence, any issue concerning “*the development, without outside interference, of the personality of each individual in his relations with other human beings*.”²⁹ This should be understood to mean that the ECtHR also includes under the scope of protection of Article 8 ECHR some interactions of individuals with others, even in a public context or setting.³⁰

- 14 Despite its original conception as a negative freedom, the right to the protection of private life with its emphasis on self-development under Article 8 ECHR,³¹ has been interpreted as closer to a positive freedom,³² which not only shields individuals from outside interference, but also allows individuals to take control of how they manage their privacy or rather their relationships with others in a societal context.³³

25 *ibid.*

26 *ibid.*

27 *ibid.*

28 Guide on Article 8 of the Convention – Right to respect for private and family life (last updated 31/12/2017) <https://www.echr.coe.int/Documents/Guide_Art_8_ENG.pdf> 18.

29 *ibid.* 28.

30 *Von Hannover (No 2) v Germany* App nos 40660/08 & 60641/08 (ECtHR, 7 February 2012) para 95.

31 See *Pretty v The United Kingdom* App no 2346/02 (ECtHR, 29 April 2002) para 61.

32 Bart van der Sloot, ‘Privacy as Human Flourishing: Could a shift towards virtue ethics strengthen privacy protection in the age of Big Data?’ [2014] *Journal of Intellectual Property, Information Technology and E-Commerce Law* 230, 232.

33 Theo Hooghiemstra, ‘Informational Self-Determination, Digital Health and New Features of Data Protection’ [2019]

20 Bart van der Sloot, ‘Privacy as Personality Right: Why the ECtHR’s Focus on Ulterior Interests Might Prove Indispensable in the Age of “Big Data”’ [2015] *Utrecht Journal of International and European Law* 25, 28.

21 The basic problem of adapting Article 8 ECHR to technological developments is already reflected in and has been discussed e.g. by Peter J Hustinx, ‘Data Protection in the European Union’ (2005) *Privacy & Informatie* 62, 62.

22 *Kroon and Others v The Netherlands* App no 18535/91 (ECtHR, 27 October 1994) para 31.

23 *Marckx v Belgium* App no 6833/74 (ECtHR, 13 June 1979) para 31.

24 *Niemitz v Germany* App no 13710/88 (ECtHR, 16 December 1992) para 29.

2. Integrating the right to protection of personal data under Article 8 ECHR

15 Together with a broad conception of the notion of private life as a positive freedom, the inclusion of the right to protection of personal data within the scope of Article 8 ECHR serves to protect privacy in public contexts. The fact that the ECtHR found it neither possible nor necessary to exhaustively determine the content of the notion of ‘private life’,³⁴ has, on the one hand, kept the boundary between the private and the public purposely vague. On the other hand, it has lent the concept of ‘private life’ the necessary malleability to respond to technological advancements and the emergence of new interests. Technological advancements have frequently challenged the right to protection of private life. Indeed, Warren and Brandeis’s plea favouring the creation of a right to privacy, did so in response to “recent inventions and business methods” which were thought to be intrusive on private life, such as “instantaneous photographs and newspaper enterprise”.³⁵ Likewise, the creation of a right to protection of personal data as a sub-right of Article 8 ECHR through the adoption of Convention 108³⁶ in 1981,³⁷ occurred in response to increasing automated personal data processing since the 1960s as a result of the increased use of the computer. More recently, processing of personal data is taking place in an ever more large-scaled and refined manner through the use of the Internet and connected technologies and for new business purposes, such as the phenomenon of ‘Big Data’, leading the EU to revise its data protection legal framework with the adoption of the GDPR³⁸ and the Council of Europe to modernise Convention 108.³⁹

European Data Protection Law Review 160, 167, see on the notion of positive freedoms: ‘Two Concepts of Liberty’ in Isaiah Berlin, *Four Essays on Liberty* (Oxford University Press 1969).

34 See *Niemitz v Germany* App no 13710/88 (ECtHR, 16 December 1992) para 29.

35 Warren & Brandeis (n 1) 195.

36 Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (adopted 28 January 1981, entered into force 1 October 1985) ETS No 108 (Convention 108).

37 See Convention 108, art 1: the “right to privacy, with regard to automatic processing of personal data relating to him (“data protection”)”.

38 Mathias Vermeulen (n 10) 4.

39 See Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (10 October 2018) CETS No 223 (Protocol 223).

Due to the increased role of processing of personal data in our daily lives as a consequence of internet-usage, the right to protection of personal data has gained a very important place in privacy protection.

16 In line with the ECtHR’s interpretation of the Convention as “a living instrument, which [...] must be interpreted in light of present-day conditions”,⁴⁰ the ECtHR gradually included many provisions of Convention 108 under the scope of protection of Article 8 ECHR.

17 In *Z v Finland*, the ECtHR finally explicitly confirmed the connection between Convention 108 and Article 8 ECHR,⁴¹ by holding that “the protection of personal data [...] is of fundamental importance to a person’s enjoyment of his or her right to respect for private and family life as guaranteed by Article 8 of the Convention”.⁴² Later jurisprudence then asserted that the broadening of the scope of Article 8 ECHR to include the right of individuals to develop relationships with others, including in professional or business contexts meant the equalisation of the respective scopes of protection of Article 8 ECHR and Convention 108.⁴³ Moreover, the ECtHR explicitly stated that “public information can fall within the scope of private life where it is systematically collected and stored in files held by the authorities.”⁴⁴ Despite the equalisation of the respective scopes of Article 8 ECHR and Convention 108 for the processing of personal information, not all processing of public information can fall under the scope of Article 8 ECHR.⁴⁵ The emphasis in the jurisprudence is placed on the systematic collection and storage of such public information creating a permanent record, thereby thus excluding the simple possession of, or the simple use of, public

40 *Tyrer v The United Kingdom* App no 5856/75 (ECtHR, 25 April 1978) para 31.

41 Herke Kranenborg, ‘Article 8’ in Steve Peers, Tamara Hervej, Jeff Kenner & Angela Ward (eds), *The EU Charter of Fundamental rights, A Commentary* (Hart Publishing 2014) 228.

42 *Z v Finland* App no 22009/93 (ECtHR, 25 February 1997) para 95.

43 See *Rotaru v Romania* App no 28341/95 (ECtHR, 4 May 2000) para 43 & *Amann v Switzerland* App no 27798/95 (ECtHR, 16 February 2000) para 65.

44 *Rotaru v Romania* App no 28341/95 (ECtHR, 4 May 2000) para 43 & *PG and JH v The United Kingdom* App no 44787/98 (ECtHR, 25 September 2001) para 57.

45 Herke Kranenborg, *Toegang tot documenten en bescherming van persoonsgegevens in de Europese Unie: Over de openbaarheid van persoonsgegevens* (Meijersreeks) (1st edn, Kluwer 2007) 118.

information from the scope of Article 8 ECHR.⁴⁶ It is therefore only a systematic subsequent processing of public personal data which may raise concerns for the protection of the rights guaranteed by Article 8 ECHR.⁴⁷

- 18 In order to establish whether or not a specific processing or further processing of personal data drawn from a public context falls under the protective scope of private life, the Court devised three criteria in *S and Marper v The United Kingdom* which are to be taken into account. The application of these criteria can both alternatively or cumulatively bring a processing of public information under the scope of Article 8 ECHR.⁴⁸ In a first step the ECtHR will examine the “*specific context in which the information at issue has been recorded and retained*”. Second, “*the nature of the records*” will be examined, and third, “*the way in which these records are used and processed and the result that may be obtained*” must be considered.⁴⁹ In practice however, when the Court does not succeed in drawing a link to private life based on these three criteria, a fourth criterion comes into play, namely whether a situation exceeds an individual’s Reasonable Expectation of Privacy (REoP).⁵⁰ It is of particular relevance when “*the way in which the records are used and processed*” results in making this personal information available to a broader public than could be reasonably expected by the individual concerned.⁵¹ An important example of a way in which the further processing of personal data originating from the public domain could lead to a publication of this data to a larger public than could be expected, is when such data is published to a broad audience by the media. Such a further processing would however not only raise potential privacy concerns, it would also require a balancing between the right to protection of private life and the right to freedom of expression guaranteed by Article 10 ECHR.

3. The role of the REoP-criterion in protecting privacy in public

- 19 The REoP-criterion seems rather underdeveloped as a legal concept when used by the ECtHR to determine the scope of application of ‘private life’. In some cases, the Court seems to be able to determine without difficulty whether or not private life safeguards apply, whilst in other cases the Court makes recourse to the REoP -criterion.⁵² As a legal concept, it may have seeped into the ECtHR’s jurisprudence by influence of the English common law, in which a ‘general tort of privacy’ has not yet been developed,⁵³ and which applies the criterion to determine the scope of the right to privacy.⁵⁴ A double-layered approach in cases concerning misuse of private information is generally followed by the English courts: first, the question examined is whether the individual had a reasonable expectation of privacy; second, a balancing will be carried out between the privacy interests and the interests in revealing the private information to the public.⁵⁵ Carrying out a REoP-test in this manner is founded on two justifications. The first justification, refers to the impossibility of the alternative to this test, to exhaustively define distinct categories of private information, a drawback which can be offset by reference to a more objective REoP-test.⁵⁶ The second justification sees the test as effectively striking the balance between the objective notion of what information society deems an individual to reasonably have a right to keep private, and the subjective notion of the expectations an individual may have in relation to the control of the disclosure of information concerning himself.⁵⁷

46 *ibid.*

47 *ibid.*

48 Kranenborg (n 45) 119.

49 *S and Marper v The United Kingdom* App nos 30562/04 & 30566/04 (ECtHR, 4 December 2008) para 67.

50 Kranenborg (n 45) 121.

51 *ibid.*

52 Eric Barendt, ‘A reasonable expectation of privacy’: a coherent or redundant concept?’ in Andrew T Kenyon (ed), *Comparative Defamation and Privacy Law* (Cambridge University Press 2018), 104.

53 Gavin Phillipson, ‘The ‘right’ of privacy in England and Strasbourg compared’ in Andrew T Kenyon & Megan Richardson (eds), *New Dimensions in Privacy Law: International and Comparative Perspectives* (Cambridge University Press 2011) 184; see also Raymond Wacks, ‘Why there will never be an English common law privacy tort’ in Andrew T Kenyon & Megan Richardson (eds), *New Dimensions in Privacy Law: International and Comparative Perspectives* (Cambridge University Press 2011).

54 Barendt (n 52) 105.

55 *ibid.* 102.

56 *ibid.* 105.

57 *ibid.* 106.

- 20 A review of the ECtHR’s jurisprudence reveals that the Court opted for an approach that defines categories of private information non-exhaustively, *supplemented* by a REoP - test, which
- 21 captures the objective notion of what an individual has a reasonable right to keep private in the information society. The REoP-criterion carries a specific purpose in the jurisprudence of the ECtHR. It functions as a fallback criterion when a data processing situation involving personal data available in the public domain could not be tied to private life according to the three criteria developed in *S and Marper v UK*, yet exceeds the REoP of an individual and would therefore merit to fall under the protective scope of Article 8 ECHR.⁵⁸ This would be the case in particular when personal data is exposed to a wider audience than originally intended or expected by the individual in question, without his consent.⁵⁹ The application of this criterion would also bring any further processing of personal data beyond what could be reasonably expected under the protective scope of Article 8 ECHR.⁶⁰ Hence, it represents an important criterion for delimiting privacy in public space.
- 22 It is important in this context not to overstate the significance of the REoP-criterion in Article 8 ECHR jurisprudence, since the REoP is not necessarily a conclusive factor for the application of the protection guaranteed by Article 8 ECHR on its own. The Court held in *PG and JH v The United Kingdom* regarding expectations of privacy specifically, that a number of factors must be taken into consideration when contemplating whether or not the right to private life is affected by matters occurring outside of the home or outside of private property. The Court nevertheless emphasised that, in situations in which people “*knowingly or intentionally*” engage in activities which they know could or will be reported or recorded publicly, a person’s “*reasonable expectations as to privacy*” still remain a significant factor in determining the scope of privacy protection applicable.⁶¹
- 23 Privacy protection was interpreted by the ECtHR to cover a person’s identity, including the publication of a person’s name or photographs of a person taken in public, it includes his physical and moral integrity, as well as any personal information which a person can legitimately expect should remain private and
- should not be publicised without requiring prior consent.⁶² This entails that these aspects of private life for which there is a REoP can also remain protected, even in a public context. Moreover, the processing of publicly available personal data does not need to concern data of a sensitive nature, the mere coming into existence of a systematic or permanent record of any type of publicly available data, beyond its originally expected use, may in itself raise a privacy concern.⁶³
- 24 The REoP-criterion is thus particularly interesting for its potential use in delimiting the further processing and use of personal information already made available in the public domain, when it is published to a larger audience or public than was originally intended. One could consider, for example, the sharing of personal information by users of social media platforms. News outlets regularly publish news stories containing social media content made publicly available by private users on these social media networks, thereby exposing this content to a larger public than was originally intended, or could be reasonably expected, by that user. Taking the REoP-criterion into account as an additional criterion when balancing the right to freedom of expression of the media with the right to protection of private life of the social media user, could enable the user to retain some measure of control over how and if his personal information is subsequently disclosed to the public at large. In sum, the ECtHR’s case law supports the idea that it is not because personal and private information is publicly available, that it becomes by its nature public, it retains its private character. Any further systematic processing of that information, bringing into existence a permanent record of that information, such as through a media publication disclosing or further exposing the information in question, may give rise to privacy concerns.

58 Kranenborg (n 41) 121.

59 *ibid.*

60 *ibid.*

61 *PG and JH v The United Kingdom* App no 44787/98 (ECtHR, 25 September 2001) para 57.

62 Guide on Article 8 of the Convention – Right to respect for private and family life (last updated 31/12/2017) <https://www.echr.coe.int/Documents/Guide_Art_8_ENG.pdf> 28.

63 *PG and JH v The United Kingdom* App no 44787/98 (ECtHR, 25 September 2001) para 57.

4. The REoP-test in practice

25 In *Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland* (2017), the ECtHR demonstrated the use of the REoP-criterion to tie a public personal data processing situation into the protective scope of Article 8 ECHR, when balancing the right to protection of private life with the right to freedom of expression. Although the ECtHR's use of the REoP-criterion is not explicit in this case, the Court's arguments seem inspired by the REoP-criterion when referring to the fact that the media companies in question made public tax data "accessible in a manner and to an extent not intended by the legislator".⁶⁴ The Court thus attributed significant importance to the purpose of the original first publication of tax data of Finnish citizens under public access to tax information legislation, in order to determine whether a further processing of that information was legitimate from a privacy and data protection viewpoint. The Court considered that although personal information was publicly available, it could not simply be republished in a simpler, more easily accessible form. At stake was the question whether tax data of 1.2 million people, without distinction of whether they were ordinary individuals or individuals with a public function, could be published as a list in a newspaper and made searchable through an on-request SMS service, without the consent of the individuals concerned. Important in relation to this case is the fact that tax data of all Finnish citizens was made publicly available by the State and could be freely consulted. Legislative safeguards restricted bulk downloading of the database for media companies. Access-requests were limited to a maximum of 10 000 persons for the whole country, and 5 000 persons for a specific region.⁶⁵ Further restrictions applied when requesting data on the basis of income. When requesting data, the limit for earned income is set to at least 70 000 euros, whereas the limit for capital income is set at 50 000 euros.⁶⁶ This taxation data is available in digital format, but the making of copies of this data is prevented by the Tax administration and is prohibited.⁶⁷ When requested for journalistic purposes, the inquirer must declare that the information will not be published as such in the form of a list.⁶⁸ When the Data Protection Ombudsman was notified of the access request made by the applicant companies in 2000 and 2001, it asked

these companies to give more information regarding their request and that access to the data could not be given if the applicant companies continued to publish the information in its current form.⁶⁹ The applicant companies circumvented this hurdle by hiring individuals to manually collect the taxation data, which would later be compiled to reconstruct large parts of the database.⁷⁰

26 It must be clarified with regard to the *Satakunnan*-case, that although it concerned a conflict between the Article 8 ECHR rights of Finnish citizens and Article 10 ECHR rights of media companies, the applicants *Satakunnan Markkinapörssi* and *Satamedia* filed a case with the ECtHR claiming an infringement of Article 10 ECHR. As a consequence, the evaluation of the ECtHR was carried out from the perspective of whether or not Article 10 ECHR was infringed by the Finnish State when it limited publication of the tax data by the applicant companies. However, given that Article 8 ECHR and Article 10 ECHR both protect fundamental rights of an equal importance, the balancing test carried out by the ECtHR has been standardised by the Court no matter under which of the two articles an application is filed. In a first step the ECtHR therefore did establish whether the protective scope of Article 8 ECHR applied, by evaluating whether or not privacy concerns were at stake. By reference to its previous jurisprudence the ECtHR concluded that despite the fact that taxation data in Finland are in the public domain, privacy issues nevertheless arise,⁷¹ for seven reasons:⁷²

1. the concept of private life must be defined broadly, rather than exhaustively;⁷³
2. private life not only includes physical and psychological integrity, but also business or professional activities of the individual,⁷⁴ as well as his right to live in a private, isolated and secluded manner;⁷⁵

64 *Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland* App no 931/13 (ECtHR, 27 June 2017) para 190.

65 *ibid* para 52.

66 *ibid*.

67 *ibid*, para 49.

68 *ibid*, para 51.

69 *ibid*, para 12.

70 *ibid*, para 12.

71 *ibid*, paras 196-199.

72 *ibid*, paras 138.

73 *S and Marper v The United Kingdom* App nos 30562/04 & 30566/04 (ECtHR, 4 December 2008) para 66.

74 *Niemitz v Germany* App no 13710/88 (ECtHR, 16 December 1992) para 29.

75 *Smirnova v Russia* App nos 46133/99 & 48183/99 (ECtHR, 2003) para 95.

3. even in public, a sphere of interaction between individuals may be considered to fall under the scope of Article 8 ECHR;⁷⁶
4. when data protection issues are concerned, the ECtHR refers to the Convention in order to affirm that private life must be interpreted broadly also in the context of data protection, since this corresponds to the object and purpose of Convention 108, expressed in its articles 1 and 2;⁷⁷
5. even if information is already in the public domain, the protection of Article 8 ECHR is not necessarily removed, a balance of interests must still be made between further publishing that information and privacy considerations;⁷⁸
6. private life is affected whenever personal data of the individual is compiled, used, processed or published in a manner beyond what can be reasonably foreseen;⁷⁹
7. Article 8 ECHR should be understood to provide individuals with a right to a form of informational self-determination, the right to privacy should apply whenever data are collected, processed and disseminated in a form or manner which raises privacy concerns.⁸⁰

27 Taking all these elements into consideration, the Court held in *Satakunnan* that mass-processing and publication of tax data of a large number of individuals in the newspaper *Veropörssi* gave rise to privacy concerns, notwithstanding the fact that such tax data were made available to the public by the Finnish State on access request.⁸¹

28 More specifically, when balancing the right to privacy against the right to freedom of expression the Court found that five factors must be evaluated. The first factor relates to whether the publication contributed to a debate of public interest or whether it was “*aimed*

solely at satisfying the curiosity of a particular readership regarding the details of a person’s private life”.⁸² In order to establish this, the publication as a whole must be taken into account and the context in which it was released.⁸³ The Court affirmed in *Satakunnan* that although the publication of tax data by the Finnish authorities undoubtedly serves a public interest, namely that of government transparency, access to this information was not unlimited and was subject to clear rules and conditions under Finnish law: public interest in the publicity of tax data does not automatically justify its re-publication.⁸⁴ The Court was not convinced that publishing raw tax data by the applicant was in the public interest, considering that the data of 1.2 million Finns was simply published as catalogues, the only editorial input being their organisation by municipality.⁸⁵ The applicant companies argued that the publishing of raw tax data would enable Finns to draw conclusions on the results of tax policy, but they did not explain how they would be able to perform such an analysis based on the publication of raw data alone.⁸⁶ For these reasons, the publication was found not to be in the public interest but merely aimed at enabling voyeurism.⁸⁷

29 The second factor relates to the subject of the publication and the notoriety of the persons concerned by the publication.⁸⁸ The Court observed that with 1.2 million individuals a third of the Finnish population was concerned by the publication, most of which belonged to low income groups. The newspaper did not distinguish between particular categories of persons, such as politicians, public officials or public figures who belong to the public sphere as a result of their profession, earnings or position.⁸⁹

76 PG and JH v The United Kingdom App no 44787/98 (ECtHR, 25 September 2001) para 56.

77 Amann v Switzerland App no 27798/95 (ECtHR, 16 February 2000) para 65.

78 Von Hannover v Germany App no 59320/00 (ECtHR, 24 June 2004) paras 74-75 & para 77.

79 Uzun v Germany App no 35623/05 (ECtHR, 2 September 2010) paras 44-46.

80 Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland App no 931/13 (ECtHR, 27 June 2017) paras 138.

81 *ibid*, para 138.

82 Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland App no 931/13 (ECtHR, 27 June 2017) para 169.

83 Couderc and Hachette Filipacchi Associés v France App no 40454/07 (ECtHR, 10 November 2015) para 102.

84 Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland App no 931/13 (ECtHR, 27 June 2017) paras 173-174.

85 *ibid*, para 176.

86 *ibid*, para 176.

87 *ibid*, para 177.

88 *ibid*, paras 179-181.

89 *ibid*, para 179.

Furthermore, the applicants did not take into account the personal nature of this data, but also failed to consider that information collected by the tax authorities for one specific purpose could not simply be repurposed by them.⁹⁰

- 30 A third factor concerns how the information was obtained and the truthfulness of the information.⁹¹ The latter was not in question, however although the applicants did not use illicit means to access the data, they circumvented both the technological and legal limitations for the access to tax data by journalists. These measures were aimed at striking a balance between the various interests at stake: to ensure that collected data was used only for journalistic purposes and would not be published in its entirety.⁹²
- 31 A fourth factor then relates to the content, form and consequences of the publication.⁹³ In this regard, the main issue addressed by the Court was the fact that even though the data were publicly accessible under Finnish law this still did not mean that they could be re-published without limitation.⁹⁴ What was truly objectionable was that the publication of long lists of raw personal data and its searchability through an SMS-service made the information accessible in a manner and to an extent not foreseen by the legislator.⁹⁵
- 32 Finally, the fifth factor relates to the severity of the sanction imposed on the publisher of the personal information.⁹⁶ The Court concluded that the applicants were not prohibited by the local authorities from continuing to publish tax data, they simply had to do so in a fashion consistent with European data protection legislation, this was therefore not a disproportionate measure.⁹⁷
- 33 Without providing a bright-line rule, the Court in *Satakunnan* applied and developed its earlier case-law, to carefully balance all involved interests, taking into account the technological context of publicly available information. Important to remember for

our purposes, is that although Finnish tax data may have been publicly available, it was subject to access limitations. Consequently, obtaining access to personal information does not automatically allow the decontextualization and repurposing of that personal information. This would only be possible under strict conditions of proportionality, which must be assessed by a balancing exercise.

C. European Copyright solutions for delimiting the private public divide

- 34 This section lays out the main elements of the right to communication to the public under Article 3 of the InfoSoc Directive as developed by the CJEU and positions it *vis-à-vis* the right to privacy. For the lawful access to works protected by copyright it is necessary that the work has been published. Publication requires, as a general rule, the consent of the right holder, which in most cases will be the author of the work. The act of publication is, therefore, a conscious act that exposes a work to the public. This language is also found in a number of international and national legal instruments. For example, Article 3(3) of the Berne Convention defines ‘published works’ as “*works published with the consent of their authors*”. By analogy to the jurisprudence of the ECtHR on privacy expectations for individuals,⁹⁸ an author has to push his work into the limelight by publishing it so members of the public can perceive it. The analogy becomes even stronger in light of the natural law theories on copyright, which protect copyright as an emanation of the personality of the author.⁹⁹
- 35 The CJEU has consistently balanced the right to freedom of expression, the right to property and the right to privacy in the context of copyright enforcement in relation to infringements via the Internet. Privacy and property usually found themselves on opposite sides of the balancing scale, representing proprietary interests in intellectual creations and in private information. Although infringers, at least in the cases referred to the CJEU for preliminary questions, did not themselves step into the limelight, thereby exposing their private

90 *ibid*, para 181.

91 *Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland* App no 931/13 (ECtHR, 27 June 2017) paras 182-185.

92 *ibid*, paras 184 & 185.

93 *ibid*, paras 186-196.

94 *ibid*, para 190.

95 *ibid*.

96 *ibid*, paras 186-196.

97 *ibid*, 196-199.

98 See the *von Hannover* cases, in which the ECtHR continuously developed the protection of privacy for public figures based on their prior behavior, see in particular in *Von Hannover v Germany* (No 1) App no 59320/00 (ECtHR, 24 June 2004) paras 70-75.

99 Jane C Ginsburg, ‘A Tale of Two Copyrights: Literary Property in Revolutionary France and America’ [1990] *Tulane Law Review* 991, 1013; Paul Goldstein & P Bernt Hugenholtz, *International Copyright: Principles, Law, and Practice* (3rd edn, Oxford University Press 2012) 6.

information or simply their identity to the public. But revealing private information was necessary in order to effectively protect the interest of right holders against infringements of their property rights.

- 36 One particularly striking differentiation was made in *Promusicae*, when the CJEU ruled that, because of the different interests at stake, the right to privacy must be balanced differently against the right to property in the context of civil and criminal proceedings.¹⁰⁰ Whereas in relation to the former, MS are not obliged to limit the privacy of internet users by ordering the disclosure of traffic and access data to victims of copyright infringements, in the latter case, as a matter of public policy, MS can foresee limitations to the right to privacy in electronic communications in order to serve a number of public interests, including the effective detection and prosecution of criminal offences.¹⁰¹ In cases where copyright infringement constitutes a criminal offence, national courts can thus be required to order an intermediary to disclose confidential information about its customers. Without having stepped into a public sphere, infringers of copyright forfeit their right to absolute confidentiality when they unlawfully download or stream protected works.
- 37 The CJEU has interpreted the notion of ‘the public’ in its jurisprudence on the exclusive C2P-right. Under Article 3(1) right holders of protected work enjoy the exclusive right “to authorise or prohibit any communication to the public of their works, by wire or wireless means, [...]”¹⁰² Exclusive rights allow right holders to prevent or prohibit the use of their works without their consent. In other words, save for expressly permitted exceptions,¹⁰³ all uses of

a given work require permission from the right holder. A general flexible norm that would allow for the accommodation of uses not expressly permitted by an exception does not exist under EU copyright law, and AG Szpunar has expressly rejected the legality of such a norm.¹⁰⁴ However, he admitted that in extreme situations copyright as an intellectual property right protected under Article 17(2) of the EU Charter, could be balanced directly against other competing fundamental rights.¹⁰⁵ However, the Court did not follow this argument in its final judgment.

- 38 As a general rule, a right holder, by consenting to the publication of his work, agrees that the work can be accessed by others. However, further dissemination in a digital environment implies the C2P-right and requires, as a result, consent.
- 39 The CJEU has developed the scope of the C2P-right in several steps. The present analysis will focus on the jurisprudence in relation to hyperlinking. The question whether hyperlinking constitutes an act of

(DSM Directive), see in this regard João Quintais, Giancarlo Frosio, Stef van Gompel, P. Bernt Hugenholtz, Martin Husovec, Bernd Justin & Martin Senftleben, *Safeguarding User Freedoms in Implementing Article 17 of the Copyright in the Digital Single Market Directive: Recommendations from European Academics* (November 11, 2019). Available at SSRN: <https://ssrn.com/abstract=3484968>, in particular p. 3. The general and global rule for exceptions to copyright is contained in Article 5(5) of the Information Society Directive, which contains a slightly modified version of the International three-step test, as it first appeared in the 1973 revision of the Berne Convention. Due to the structure of the international and European norms the test binds the national legislator when implementing the exceptions of the InfoSoc Directive and serves an interpretative aid when applying the exceptions as implemented into national law, see Richard Arnold & Eleonora Rosati, ‘Are national courts the addressees of the InfoSoc three-step test?’ [2015] *Journal of Intellectual Property Law & Practice* 741; see for an application of the text in CJEU, Judgment of 26.04.2017, *Stichting Brein*, Case C-527/15, EU:C:2017:300 paras 63-70.

100 CJEU, Judgment of 29.01.2008, *Promusicae*, Case C-275/06, EU:C:2008:54, para 51.

101 European Parliament and Council Directive 2002/58/EC of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector [2002], OJ L 201/37 (E-Privacy Directive), art 15.

102 Article 3 of the directive serves to implement Article 8 of the WIPO Copyright Treaty (1996), see also InfoSoc Directive, recital 15.

103 The majority of these exceptions at EU level are contained in Article 5 of the Information Society Directive, including exceptions for quotations for purposes such as criticism or review and uses for the purpose of caricature, parody or pastiche, both of which have been made mandatory for uses on online platforms, which fall within the scope of Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019], OJ L 130, 17.5.2019, p. 92–125

104 AG Szpunar, Opinion of 12.12.2018 in *Pelham and Others*, Case C-476/17, EU:C:2018:1002, para 98, confirmed by the Court in CJEU, Judgment of 29.07.2019, *Pelham and Others*, Case C-476/17, EU:C:2019:624, paras 56-65. For a recent argument for a more flexible norm to permit unauthorised uses see Christophe Geiger & Elena Izyumenko, ‘Towards a European ‘Fair Use’ Grounded in Freedom of Expression’ (April 26, 2019). Forthcoming in: *American University International Law Review*, Vol. 35, No. 1, 2019; Centre for International Intellectual Property Studies (CEIPI) Research Paper No. 02-19. Available at SSRN: <https://ssrn.com/abstract=3379531> or <http://dx.doi.org/10.2139/ssrn.3379531>.

105 AG Szpunar, Case C-476/17 (*Pelham and Others*), para 56.

communication to the public has inspired the CJEU to develop a complicated construct of conditions for the legality of providing web links. This case law, and its application in a digital environment, can give valuable insights into the public/private divide. The following section will outline the different criteria developed by the CJEU and highlight some of the cases in which the Court provided arguments and interpretation that can be instrumentalised to further a discussion on the use and re-use of private data on the internet.

I. The right of communication to the public

- 40 In the absence of a definition of the right to communication to the public, the CJEU has interpreted the scope of Article 3 InfoSoc Directive on the basis and in the light of the EU's international obligations.¹⁰⁶ The two central elements to the exclusive right are an act of communication, and that this act is directed towards a public. The requirement of an act of communication underlines the necessity of a conscious intervention,¹⁰⁷ as opposed to a mere passive behaviour. An act of communication within the meaning of Article 3(1) must consist in a transmission or an indispensable intervention that provides or facilitates third party access to a work.¹⁰⁸
- 41 The communication must further be directed to a public, which is defined as an indeterminate and large number of people. The Court established a *de minimis* threshold excluding private gatherings and small and insignificant numbers of persons,¹⁰⁹ but

106 CJEU, Judgment of 7.12.2006, SGAE v Rafael Hoteles, Case C-306/05, EU:C:2006:764, paras 40-41.

107 *ibid*, para 42, the CJEU has also interpreted this criterion to the effect that the mere provision of a directory of torrent files (CJEU, Judgment of 14.06.2017, Ziggo, Case C-610/15, EU:C:2017:456, para 26) and even the sale of a receiver box that contains software that makes links to unauthorised streaming offers available to owners of such a box are, if not indispensable interventions, interventions that significantly facilitate access to infringing content (CJEU, C-527/15 (Stichting Brein), para 41)

108 This rather murky criterion has been developed by the CJEU in a line of cases from CJEU, C-306/05 (SGAE v Rafael Hoteles), para 42 to CJEU, C-610/15 (Ziggo), para 36; on the gradual softening of the 'indispensability' requirement see João Pedro Quintais, 'Untangling the hyperlinking web: In search of the online right of communication to the public' [2018] *The Journal of World Intellectual Property* 385, 388.

109 CJEU, Judgment of 15.03.2012, SCF, Case C-135/10, EU:C:2012:140, para 86.

ruled that subsequent guests of a hotel constitute a public large enough to be considered relevant for the purposes of Article 3.¹¹⁰ It, unsystematically, also links this criterion to the question whether the commission of the act of communication is made in the context of an economic activity.¹¹¹

1. The notion of public

- 42 In addition to the quantitative requirement of a "large number of people" the CJEU has also added a subjective and qualitative element to the notion of 'the public'. A communication must, be directed towards a 'new' public, which is a public that has not been taken into consideration by the right holder or his assignee in any prior act of communication.¹¹² As a general rule, the transmission of a work by different technical means always constitutes a communication of the work to a new public.¹¹³ The retransmission by the same technological means is therefore an act of communication to a new public only if it is targeted at an audience or a circle of recipients included by earlier acts of communication. This means first, that there are several publics and not merely one large group of people that form 'the' public.¹¹⁴ And second, the right holder decides or has a certain influence on what the relevant public is. To relate this to the right to privacy, a right holder can consciously direct towards and expose his work to a selected, roughly defined public in the same way that an individual could chose to surrender his information to the public in a way that personal data becomes freely accessible to third parties.

110 CJEU, C-306/05 (SGAE v Rafael Hoteles), paras 37-38.

111 Quintais (n 108) 397-398; see for example CJEU, C-306/05 (SGAE v Rafael Hoteles), para 39; CJEU, Judgment of 08.09.2016, GS Media, Case C-160/15, EU:C:2016:644, paras 47-53.

112 According to the Court in CJEU, C-306/05 (SGAE v Rafael Hoteles), the retransmission of a broadcast signal to individual hotel rooms constitutes a "transmission [that] is made to a public different from the public at which the original act of communication of the work is directed, that is, to a new public." (para 40).

113 CJEU, Judgment of 07.03.2013, ITV Broadcasting, Case C-607/11, EU:C:2013:147, paras 24-26.

114 Bernd Justin Jütte, 'Ein horizontales Konzept der Öffentlichkeit - Facetten aus dem europäischen Urheberrecht' [2018] *UFITA - Archiv für Medienrecht und Medienwissenschaft* 354, 363.

The recipients of this information – protected expression or personal data – are subsequently barred from repurposing or decontextualizing the information.¹¹⁵

2. The novelty of a public

- 43 In relation to hyperlinks, the CJEU has further refined the notion of a ‘new public’. In *Svensson*, the Court ruled that a hyperlink constitutes an act of communication¹¹⁶ but not to a new public if the link leads to a protected work which is available on the internet freely and without restrictions.¹¹⁷ As a result, any right holder who consents to his works being posted online without any access restrictions cannot prevent the linking of that content by other users. This approach was extended by the CJEU to the inclusion of works by framing.¹¹⁸
- 44 An act of communication to a new public does, however, take place when a link is set to a protected work that has been uploaded without the consent of the right holder because the link would expose the work to a public which had not been targeted before. This is of course particularly relevant, as was the case in *GS Media*, when pictures that were supposed to be published exclusively in a magazine are published prematurely on the Internet without the consent of the right holder. In *GS Media* the Dutch publisher of the Playboy magazine sued a webpage that had linked to nude pictures of a celebrity which were to appear at a later time in the Dutch edition of Playboy. The parallels to the right to privacy here are striking. The right holder in the images had an interest in

115 Although copyright law also provides other mechanisms, such as moral rights, that can be advanced against the distortion of information.

116 CJEU, Judgment of 13.02.2014, *Svensson and Others*, Case C-466/12, EU:C:2014:76 paras 17-23, where the Court argues that the notion of an act of communication must be interpreted broadly and that 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“. Critically, suggesting that hyperlinking is not an active act of communication, P Bernt Hugenholtz & Sam C van Velze, ‘Communication to a New Public? Three reasons why EU copyright law can do without a ‘new public’ [2016] *International Review of Intellectual Property and Competition* 797–816, 813.

117 CJEU, C-466/12 (*Svensson and Others*), paras 27-28.

118 CJEU, Order of 21.10.2014, *BestWater*, Case C-348/13, EU:C:2014:2315.

the exclusivity of the images in order to reap the economic benefits and not to preserve the secrecy of private data or reputation in this particular case. This was, for example different in *Funke Medien*,¹¹⁹ when the German government relied on copyright to prevent the further dissemination of confidential information.¹²⁰ What is important, though, is that the C2P-right preserves non-public spaces for a right holder. Exposure of a work in these spaces is subject to the consent of the latter.

II. Consenting to exposure

- 45 A right holder can use the criterion of a new public to delimit the exposure of his work to a specified circle of recipients. Without prior consent for publication, a work available on the Internet cannot be legally shared by others. Moreover, a work that has been published, but only to a limited number of recipients, either in a private environment, viz. to a circle of recipients that do not constitute a public in the first place, or a public that is clearly defined in its scope, cannot be shared with others outside the circle of recipients. The public or private circles defined by the consent of the right holder constitute closed spheres beyond which a further publication requires consent.

1. Identifying public spheres

- 46 In *GS Media* the Court explicitly addresses the problem that the identification of (restricted) public and private spheres would turn out to be a complicated exercise, given the vast amount of information available on the Internet. A normal user would find it difficult to ascertain whether protected works freely available on the Internet had been made available with the consent of the right holder or whether they had been uploaded without consent. The fear of infringement proceedings for unauthorised acts of C2P could, as a result, lead to a chilling effect for sharing of information on the Internet. But the CJEU highlighted the importance of the Internet for the

119 CJEU, Judgment of 29.07.2019 in *Funke Medien NRW*, Case C-469/17, EU:C:2019:623.

120 See also for similar cases in the UK, where courts have relied inconsistently on the public interest defence in *s.171(3) of the 1988 Copyright, Designs and Patents, Act*; *Ashdown v Telegraph Group Ltd* [2001] EWCA Civ 1142; [2002] Ch. 149 (CA (Civ Div) and *Hyde Park Residence Ltd v. Yelland* [2001] Ch. 143 (CA), se. e.g. Jonathan Griffiths, ‘Copyright Law after *Ashdown* – time to deal fairly with the public’ [2002] *Intellectual Property Quarterly* 240.

exercise of the right to freedom of expression¹²¹ and distinguished between hyperlinks set for non-commercial¹²² and commercial purposes.¹²³ Whereas commercial users, when setting hyperlinks, are now expected to verify whether the works they are linking to have been made available with the consent of the right holder, non-commercial users do not incur such an obligation. In other words, commercial users have to check whether the work they are linking to has been made available with the consent of the right holder, which Matthias Leistner criticised as lacking a clear dogmatic basis in the EU copyright rules.¹²⁴ This distinction highlights the economic nature of exclusive rights in copyright, which, as the InfoSoc Directive explicitly states in Recitals 4 and 9, requires a high level of protection.¹²⁵ But the duties of care imposed upon commercial hyperlinkers are not fundamentally different from those required of journalists pursuant to the case-law of the ECtHR.¹²⁶

121 CJEU, C-160/15 (GS Media), para 45.

122 For non-commercial users who link to content which is freely available on the internet it is assumed that they “[do] not know and cannot reasonably know” (CJEU, C-160/15 (GS Media), para 47) that the content to which the link is set has been uploaded without the consent of the right holder. This means that such a user does not act in full knowledge of the consequences of his actions.

123 Commercial users, on the other hand, are expected to be able to identify unauthorised content on the internet and incur an obligation to check whether content has been uploaded with the consent of the right holder. This applies in particular when a link enables the circumvention of technical barriers, the passing of which would require individual authorisation, possible against remuneration, CJEU, C-160/15 (GS Media), paras 49-51. Article 17 deals with uploads to platforms and not mere hyperlinking. Furthermore, Article 17 serves a different purpose and entails an obligation to license, viz. more information should be made available legally, which does not affect the basic right to refuse authorization for publication.

124 Matthias Leistner, ‘Copyright law on the internet in need of reform: hyperlinks, online platforms and aggregators’ [2017] *Journal of Intellectual Property Law & Practice* 136, 138 (with further references).

125 CJEU, C-160/15 (GS Media), para 53.

126 The ECtHR includes in its balancing between the right to freedom of expression (Article 10) and the right to privacy (Article 8) whether the information used by journalists or other public watchdogs, such as NGOs, has been acquired in good faith and is based “on an accurate factual basis and provide ‘reliable and precise’ information in accordance with the ethics of journalism”, *Axel Springer AG v. Germany* (No. 1) App no 39954/08 (ECtHR, 7 February 2012) para 93.

2. Reusing published works outside a specified public

47 A right holder who has made his work freely available on the Internet must accept that, within the public his works have been released in, these works can be linked to without restrictions. This should also allow commercial users who would, upon closer scrutiny, find out the respective work has been published with the consent of the right holder, to link to this content. With similar arguments as those used in *GS Media*, AG Campos Sánchez-Bordona in *Renckhoff* suggested that the non-commercial reproduction of freely available images on the Internet does not constitute an act of communication to a new public. Although the referring court had advanced an argument that the public a right holder has in mind when publishing an image on the Internet would be restricted to those users who directly or via hyperlink would access the website containing the image. Another conclusion, the referring court argued, would lead to the exhaustion of the right under Article 3(1) InfoSoc Directive, which is explicitly prohibited under Article 3(3) of the same directive.¹²⁷ AG Campos Sánchez-Bordona rejected this argument and underlined that the assumption that a work published on the internet could be re-used for non-commercial purposes in the absence of clear indication that the consent for publication was restricted to a certain webpage and in the absence of technical restrictions to access the website on which an image had been originally published.¹²⁸

48 The AG went on to state that a right holder who communicated his work to the public, even via a third party, could be required to apply a certain duty of care when authorising the publication of his works. Such a duty of care would include the installation of technological measures or the express communication of his limited consent for the publication of a work. This, according to AG Campos Sánchez-Bordona, could be expected from right holders in return for the high level of protection provided through Article 3(1) InfoSoc Directive and in the interest of a balance between the interests of right holders and internet users. The CJEU rejected the AG’s assessment, ruling instead that the reproduction of a freely available image on the internet constitutes an act of C2P and, as a result,

For more information on the public watchdog function of NGOs see also *Animal Defenders International v The United Kingdom* App no 48876/08 (ECtHR, 22 April 2013) para 103; *Magyar Helsinki Bizottság v Hungary* App no 18030/11 (ECtHR, 8 November 2016) para 166.

127 AG Campos-Bordona, AG Sanchez, Opinion of 25.04.2018, *Renckhoff*, Case C-161/17, EU:C:2018:279, para 97.

128 *ibid*, para 104.

requires authorisation.¹²⁹ The Court came to this conclusion by highlighting the nature of the right of communication to the public, which is preventive in nature. The preventive nature of the right enables a right holder to control, and if necessary to terminate the dissemination of his work.¹³⁰ However, if a work can be freely copied once it has been published on the internet without restrictions, the right holder would lose the ability to control the further dissemination of that work.¹³¹

- 49 This is different, according to the Court, in the case of hyperlinking. The deletion of a work from a website would also make all hyperlinks to that site obsolete because the deletion at the source would make the work inaccessible also through hyperlinks.¹³² Any other interpretation of the right to communication to the public would effectively result in the exhaustion of the exclusive right and the loss of control over the further dissemination of the work online.¹³³ This approach is also reflected in AG Szpunar’s Opinion in *Spiegel Online*, where he suggested that a newspaper cannot, in the absence of an applicable exception, re-publish a controversial text authored by a (now former) member of the German Parliament, which the latter already published with accompanying annotations on his own website.¹³⁴ The Court, derogated from the AG’s strict interpretation of the quotation exception under Article 5(3)(d) InfoSoc Directive.

129 CJEU, Judgment of 07.08.2018, Renckhoff, Case C-161/17, EU:C:2018:634.

130 Ohly distinguishes between direct and indirect interventions (see Ansgar Ohly, ‘Unmittelbare und mittelbare Verletzung des Rechts der öffentlichen Wiedergabe nach dem „Córdoba“-Urteil des EuGH’ [2018] *Gewerblicher Rechtsschutz und Urheberrecht* 996, 998); only the former constitutes an act of communication to the public as they generate a new audience. Mere indirect interventions require additional qualifying elements in order to constitute an infringement of the exclusive right.

131 CJEU, C-161/17 (Renckhoff), para 30.

132 CJEU, C-161/17 (Renckhoff), para 44.

133 CJEU, C-161/17 (Renckhoff), paras 32-33; see also Jütte (n 114), 366.

134 AG Szpunar, Opinion of 10.01.2019, *Spiegel Online*, Case C-516/17, EU:C:2019:16, para 74; however, the AG suggests, in passing, that his conclusion would have been different had the author of the article deleted the work; the situation would then have to be reconsidered in the light of the right to freedom of expression.

It held that, given all the conditions of the exception are fulfilled, a work may be republished, however only “in its specific form”.¹³⁵

III. Control through Consent

- 50 The C2P-right equips the right holder of a work with control mechanisms that are based on consent or the withdrawal of consent. The consent-based publication of a work online enables other users to access the work, directly or through hyperlinks, which can be set without prior authorisation. Any further dissemination that would restrict the right holder’s control over the work constitutes an act of C2P and can require further authorisation.

- 51 However, control over a work is lost when one of the exceptions of Article 5 applies, which include uses such as parody, educational uses and uses for the purpose of quotation.¹³⁶ These uses are subject to a strict interpretation and relieve the user from the requirement of prior authorisation only for that particular instance of a use.¹³⁷ Linking to works which are used under an exception must then respect the particular modalities and the context of a use in order to remain authorisation-free.

- 52 Any uses of protected work that result in a circulation of the work that reaches beyond the public demarcated by the consent of the right holder is, by law, limited to such uses that do not erode the economic potential of the work. This underlines the economic nature of copyright as harmonised at EU level, and which is also reflected in the reasoning behind the exhaustion doctrine.¹³⁸ It is noteworthy that an application of the exhaustion doctrine, which safeguards the circulation of legally marketed

135 CJEU, Judgment of 29.07.2019, *Spiegel Online*, Case C-516/17, EU:C:2019:625, para 95, in this case, the text published on the website had been accompanied with annotations with which the author indicated that he had distanced himself from the text, the republished version on *Spiegel Online*’s website did not include these annotations.

136 See Article 5(3)(k), (a) and (d) InfoSoc Directive, respectively.

137 See e.g. CJEU, Judgment of 4.10.2011, *FAPL/Murphy*, Joined cases C-403/08 and C-429/08, EU:C:2011:631, para 162 and CJEU, Judgment of 03.09.2014, *Deckmyn*, Case C-201/13, EU:C:2014:2132, para 22.

138 See for example Péter Mezei, *Copyright Exhaustion: Law and Policy in the United States and the European Union* (Cambridge University Press 2018), 140-141; Pascale Chapdelaine, *Copyright User Rights: Contracts and the Erosion of Property* (Oxford University Press 2017), 111.

carriers of works protected by copyright,¹³⁹ is not applicable to digital content.¹⁴⁰ In light of the distinction between economically rivaling uses it is worth mentioning that the strict limitations to non-commercial, or not primarily commercial uses have given rise to a number of preliminary references.¹⁴¹

- 53 The C2P-right is fundamentally economic in nature. This is why economically non-rivalrous, or insignificant but still revealing uses are permitted under copyright law. Restrictions and the authorisation requirement are there to maintain the economic potential and safeguard a reasonable remuneration for right holders, and not to keep information out of the public sphere. Exceptions that reflect the public interest ensure that in some situations consent from the right holder to use a work, and to make it available to another public, is not required. This seems to be limited to cases in which a first publication has already taken place.¹⁴² The exclusive rights in general, and the right to communication to the public in particular, can, as a result, not be considered as a means of censorship, which would enable a right holder to keep information out of the public sphere by exercising exclusive rights.¹⁴³ It can merely be instrumentalised

to protect the specific expression of information within the control of the right holder.

- 54 EU copyright, as a result, only enables control over the (first lawful) access to protected subject matter, but not to protect the expressive context in which lawfully accessible works are set. The relatively high national barriers for moral rights protection will only be able to mitigate this in a very limited way.¹⁴⁴ Leistner criticised that the law does not differentiate between the ways in which content is contextualised.¹⁴⁵ But AG Szpunar has seemingly suggested to strengthen the position of moral rights in copyright law as balancing elements within the systematic structure of copyright law.¹⁴⁶ This means that national courts are also obliged to consider the author's personality rights when applying exclusive rights and L&E. However, only the latter two are harmonized under EU law.¹⁴⁷
- 55 Although copyright pursues different objectives than privacy law, it offers authors a certain degree of control through the exercise of exclusive rights. In a digital context, and by use of ICT this often implies the C2P-right. In its development by the CJEU, the right offers authors the tools to target certain audiences and control the dissemination of their expression – but not the information expressed by the work. However, the specific expression, itself reflective of the author's personality,¹⁴⁸ remains relatively firmly under the control of the author.

139 See Article (2) InfoSoc Directive.

140 The CJEU confirmed this in CJEU, Judgment of 19.12.2019, Tom Kabinet, Case C-263/18, EU:C:2019:1111, see for an exception under the Software Directive in CJEU, Judgment of 03.07.2012, UsedSoft, Case C-128/11, EU:C:2012:407, however under the caveat that the conditions under which the software had originally been marketed are carried over when resold. See for an argument for the application of the doctrine to digital content Mezei (n 138), 139 et seq., similarly Bernd Justin Jütte, Reconstructing European Copyright Law for the Digital Single Market: Between Old Paradigms and Digital Challenges (Nomos 2017), Chapter 3.A.V.

141 Three of the most recently decided cases are Case C-469/17 (Funke Medien NRW), C-476/17 (Pelham and Others); CJEU, C-516/17 (Spiegel Online), on the Pelham reference see Bernd Justin Jütte & Henrike Maier, 'A Human Right to Sample – Will the CJEU Dance to the BGH-Beat' [2017] Journal of Intellectual Property Law & Practice 784, and a summary of all three cases Bernd Justin Jütte, Finding Comfort between a rock and a hard place – Advocate General Szpunar on striking the balance in copyright law, available at: <https://europeanlawblog.eu/2019/02/28/finding-comfort-between-a-rock-and-a-hard-place-advocate-general-szpunar-on-striking-the-balance-in-copyright-law/>, accessed: 01.08.2019

142 See the interpretation of AG Szpunar of Article 5(3)(e) in AG Szpunar, C-516/17 (Spiegel Online), paras 53-58.

143 AG Szpunar, Opinion of 25.10.2018, Funke Medien NRW,

D. Integrating Privacy and Copyright Concepts to delimit the private-public divide

- 56 As much as one might be tempted to – and as some scholars indeed have done – scold the CJEU for overcomplicating the C2P-right, it reveals a particular attitude toward a borderless and limitless online environment and toward the notions of property and, by analogy, privacy.

Case C-469/17, EU:C:2018:870, para 64.

144 Leistner (n 124), 137-39.

145 *ibid*, 139.

146 AG Szpunar, C-516/17 (Spiegel Online), para 77.

147 AG Szpunar, C-516/17 (Spiegel Online), paras 55-57, and implicitly CJEU, C-516/17 (Spiegel Online), para 95.

148 See CJEU, Judgment of 11.12.2011, Painer, Case C-145/10, EU:C:2011:798, para 94.

57 The accessibility and shareability of content and data require a stricter analysis of the effect of consent. It cannot reasonably be assumed that with the release of protected subject matter, works or private data, the right holder cedes any control over its further use. The ‘new public’ criterion developed by the CJEU divides the internet into different and distinct public spheres, the publication in one of them of a given work cannot be equated with global consent for all other spheres. Similarly, the mere accessibility of private data, in some form, does not automatically permit the re-use or re-publication in some other form. Hence, an unrestricted public sphere in which protected information moves freely does not exist.

I. Consent and purpose specification

58 Interestingly for our purposes, European data protection legislation does not distinguish between private or publicly accessible personal information. However, the processing of data must occur “*fairly for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by law.*”¹⁴⁹ In the field of protection of private life, the notions of consent, and of purpose specification (Articles 6(a) and 5(1)(b) GDPR respectively) are essential for giving the data subject control over the dissemination of his personal data. Of particular relevance in determining the private-public divide with regard to the use of publicly available personal information is the consent-requirement for one or more specific purposes.¹⁵⁰ The limits of this specific consent are further circumscribed by the principle of purpose limitation, according to which personal data must only be “*collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes.*”¹⁵¹

59 The notions of consent and purpose specification are particularly relevant for delimiting what is private, given that the ECtHR for the first time held in *Satakunnan* that Article 8 ECHR includes a “*right to a form of informational self-determination*”, which allows individuals, even when seemingly ‘neutral’ data “*are collected, processed and disseminated collectively and in such a form or manner that their Article 8 rights may*

be engaged.”¹⁵² The ECtHR thereby emphasised that when personal data are concerned, it is not only the nature of the data (whether it is ‘public’ or ‘private’ data) which must be considered, but also the form and manner of processing or dissemination of that data.

60 Accordingly, consent for making personal data publicly available, especially when subject to access restrictions, is limited to that specific, explicit and legitimate purpose. Any further processing of that data, in violation of access restrictions and in a manner that could not be foreseen by the data subjects, constitutes a violation of the requirements of consent and purpose specification, and impedes upon the individual’s so-called right to informational self-determination. The principle of purpose specification in European data protection law has a crucial role in further giving a more objective and measurable character to the criterion of the REoP, by relaying it to the initial legitimation and purpose of the data processing. It strengthens the objectivity of the REoP-criterion, which as we have discussed previously, incorporates both an objective notion of what information society deems individuals may be entitled to keep private and a more subjective measure of what individuals themselves believe they should be able to keep private.

II. Freedom of expression as a limit to privacy

61 The dissemination of personal data, and also of publicly available personal data, to the public necessarily implicates the right to freedom of expression, which includes the right to impart information. The GDPR emphasises that the right to the protection of personal data and the right to freedom of expression and information must be reconciled by law.¹⁵³ A balance must therefore be achieved between both fundamental rights. Article 85(2) GDPR requires Member States to adopt exemptions and derogations, which are possible from most provisions of the GDPR, including exemptions and derogations from the data protection principles and data subject rights, such as the requirements of consent and purpose specification.¹⁵⁴ In *Satamedia*, the CJEU considered the scope of application of Article 9 DPD,¹⁵⁵ Article 85

149 Charter of Fundamental Rights of the European Union [2000], OJ C 364/1, art 8(2).

150 European Parliament and Council Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC [2016], OJ L 119/1 (GDPR), art 6(a).

151 GDPR, art 5(1)(b).

152 *Satakunnan Markkinapörssi Oy and Satamedia Oy v Finland* App no 931/13 (ECtHR, 27 June 2017) para 137.

153 GDPR, art 85(1).

154 GDPR, art 85(2).

155 European Parliament and Council Directive 95/46/EC of 24

GDPR's predecessor, to situations of dissemination of personal information for the purpose of freedom of expression. In essence, the CJEU held that the right to protection of personal data and the right to freedom of expression must be reconciled whenever the purpose of a dissemination to the public of personal data is "*the disclosure to the public of information, opinions or ideas, irrespective of the medium which is used to transmit them.*"¹⁵⁶ Unfortunately, the CJEU did not further determine when exactly a dissemination of personal information is considered a "*disclosure to the public*". Further clarification could help to better delimit the boundary between what can legitimately be disclosed in the public sphere and what information should remain private, since this notion determines when exemptions from data protection law protecting freedom of expression apply. Moreover, it is precisely here, where data protection legislation and the notion of '(new) public' of the C2P-right may converge.

- 62 Although the protection of private life in public and the protection of copyright as a property right is motivated by different rationales, the reasons why they are protected are also somewhat similar in the sense that both rights are (at least partially) considered as personality rights,¹⁵⁷ and are protected as an emanation of the individual and reflecting on the individual. When recognising a right to informational self-determination for individuals, also in public life, the element of control over the spread of information is strengthened. Protection of private life has thus become a tool for protecting confidentiality, as well as a tool for "*control over an aspect of the identity one projects to the world*".¹⁵⁸ Harmonising the interpretation of "*disclosure to the public*" of private information and "*communication to the public*"

of copyrighted works would re-enforce consistency in adjudication, by attributing the same meaning to similar terms across the domains in which they are used.¹⁵⁹

- 63 Although there is no secondary legislation in the European Union harmonising the terms and conditions for the implementation of the right to freedom of expression in the EU Member States, the jurisprudence of the ECtHR sets the guidelines for judicial balancing when conflicts between Article 8 ECHR and Article 10 ECHR rights occur. Although the disclosure of personal and private information to the public is approached from a different angle, depending on whether an Article 8 ECHR and Article 10 ECHR perspective is used: from an Article 8 ECHR perspective, the question concerns whether an individual has a REoP in seeing that his personal information is kept private and out of the public eye, and from an Article 10 ECHR perspective, the question concerns whether the public interest in knowing about certain information legitimates the disclosure of personal information, the balancing criteria developed by the ECtHR in its case law in which Article 10 ECHR and Article 8 ECHR conflict have been unified, independent of the Article under which a claim is brought to the Court since 2012.¹⁶⁰ The central question in Article 10 ECHR and Article 8 ECHR conflict of rights case law thus remains under which conditions and circumstances can private information, even private information originating from the public domain, be disclosed to the public, or be further disclosed to a larger or different public than concerned by the original disclosure. A balance must be sought between both rights, and revelations of private information must be proportionate to the public interest in knowing of the disclosed information.

- 64 We have seen that particularly the REoP-criterion is significant for delimiting privacy in public, since the further processing and dissemination of data in a manner and scope beyond what could be reasonably expected could engage privacy protection, even if data is already publicly available. It is therefore a potentially important criterion which could contribute to getting the balance right between

October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data [1995] OJ L 281/ 31 (Data Protection Directive).

156 CJEU, Judgment of 16.12.2008, Satakunnan Markkinapörssi and Satamedia, Case C-73/08, EU:C:2008:727, para 61.

157 For more information on the development of the right to protection of private life as protected under Article 8 ECHR into a personality right, see Bart van der Sloot, 'Privacy as Personality Right: Why the ECtHR's Focus on Ulterior Interests Might Prove Indispensable in the Age of "Big Data"' [2015] Utrecht Journal of International and European Law 25.

158 Philip E Agre & Marc Rotenberg, *Technology and Privacy: The New Landscape* (MIT Press 1998) 7.

159 The Court has already referred to certain concepts, amongst them the right of communication to the public, as autonomous concepts under EU law (implicit in CJEU, C-466/12 (Svensson and Others), para 34) see also for limitations and exceptions CJEU, C-201/13 (Deckmyn), para. 14. See also Raquel Xalabarder, 'The Role of the CJEU in Harmonizing EU Copyright Law' [2016] International Review of Intellectual Property and Competition 635, 635.

160 See Axel Springer AG v Germany App no 39954/08 (ECtHR, 7 February 2012) & Von Hannover (No 2) v Germany App nos 40660/08 & 60641/08 (ECtHR, 7 February 2012).

the right to freedom of expression and the right to protection of private life, particularly when personal or private information originating from the public domain is concerned. What can be reasonably expected is however still a somewhat indeterminate criterion and could be further defined by reference to the notion of ‘disclosure to the public’.

III. Squaring the triangle with privacy

- 65 In analogy to the jurisprudence on the C2P-right, a disclosure to the public for privacy law purposes, even of publicly accessible information would therefore also be subject to the principle of consent of the individual concerned. Based on the definition of what constitutes a “public” under Article 3 of the InfoSoc Directive, a self-disclosure of private information by an individual to a small and insignificant number of people would not be considered a disclosure to the public, which consists of a large and indeterminate number of people. Disclosing private information to a new public, beyond the originally small and insignificant number of people the information was originally disclosed to, or exposing the information further than could be reasonably expected at the moment of disclosure, would require additional consent from the individual whose private information is concerned. Even more, the dissemination of private information using a different medium could also be considered a dissemination to a new public, since different media are considered to have a more harmful impact on private life than others as discussed in the jurisprudence of the ECtHR. For instance, “*audio-visual media often have a much more immediate and powerful effect than the print media*”,¹⁶¹ whereas “*the ease, scope and speed of the dissemination of information on the Internet, and the persistence of the information once disclosed*” carries an even greater potential for harm to private life according to the Court.¹⁶²
- 66 Even when personal data is disclosed to a large and indeterminate group of people, i.e. to the general public as in *Satakunnan*, but access restrictions apply, this data could still be considered private for the purposes of the application of Article 8 ECHR, when subsequent uses occurred in violation of these access restrictions.¹⁶³ This is comparable to a situation

when copyright works are made available behind a paywall and a deep-link behind a technological access restriction would constitute a communication to a new public.

- 67 The ‘public’ could thus be considered a subdivided sphere in which several private places could be reserved for individuals. These observations could be particularly relevant for delimiting which personal information on social media merit privacy protection and require further consent from the individual concerned when reproduced, and which could be considered public. In a practical application this would mean that personal information shared on social media with a (technologically) limited number of friends falls under the protection of private life. This is because the information is shared with a determinate group of people as opposed to the public at large and does not constitute a disclosure to the public. Subsequent disclosure to an indeterminate and large group of people, whichever the technical means employed, requires consent. In the absence of access restrictions, the publication of information can be considered a disclosure to the public. However, the further dissemination of that information by different technological means, for example on television, in newspapers or in archives, requires fresh consent. As has been demonstrated, this consent requirement is analogous to the CJEU’s jurisprudence on the C2P-right. They reflect an individual’s REoP at the time of the original disclosure similar to the expectation of diverse economic exploitability in copyright law.

E. Conclusion

- 68 While it is true that the carving out of a larger space for private life in public may limit the right to freedom of expression and the disclosure to the public of personal information of individuals, it is important to distinguish between personal information shared by individuals in the context of friendship, work-relations, social networking, disclosures which do not reach the public at large, and personal information shared with the public at large by mass-media. The traditional media enjoy great privilege as public watchdogs for democracy when making use of the right to freedom of expression, but in return they are imposed duties

therefore not subject to individual consent by the data subject. See Sections 1-3 of the Act on the Public Disclosure and Confidentiality of Tax Information (no. 1346/1999) which provide for the publicity of tax information, subject to access requests in the framework of Act on the Openness of Government Activities (621/1999) and subject to data protection law restrictions pursuant to the Personal Data Act (523/1999).

161 *Delfi AS v Estonia* App no 64569/09 (ECtHR, 16 June 2015) para 134.

162 *ibid* para 147.

163 Publicity of Finnish tax data is authorised by law and is

of responsible journalism, including the need to ensure that disclosures of personal information are proportionate to the public interest of disclosing this information.

- 69 In order to fortify this stewardship over information, but also to translate the responsible use of information into non-journalistic circles, the development of an autonomous notion of 'disclosure' or 'communication to the public' would enable a more responsible use and re-use of personal data and copyrighted content. It would not lead to so much of a chilling effect on speech, but perhaps more to a chilling effect on over-information, or on careless sharing, in the face of the wide public reach of new ICT.
- 70 On the behavioural side, it would help laypersons lacking a relevant legal understanding usually only possessed by informed academics or lawyers to be able to anticipate the impact of their actions in relation to their own privacy and the privacy and economic rights of others. A harmonisation of privacy and copyright standards under a rule of reason or reasonable expectations could, therefore, work to the benefit of legal certainty and responsible use and sharing of information.

Catching sight of a glimmer of light:

Fair remuneration and the emerging distributive rationale in the reform of EU Copyright Law

by **Giulia Priora***

Abstract: In the haze of highly polarized debates on the recently adopted EU Directive on Copyright in the Digital Single Market (CDSM), its focus on the notion of fair remuneration has passed over rather quietly. Three provisions in the Directive deal specifically with the fair distribution of revenue from online platforms to producers and, in turn, from producers to authors. Taking the cue from these new rules, the article investigates the restrictive interpretation of fair remuneration as fairly distributed income among right holders. The analysis purports to unearth the underlying distributive rationale of the new Directive as well as identify traces of it throughout the evolution of EU copyright law. By this token, the controversial CDSM Directive proves a valid opportunity to

shed new light on the objectives of EU copyright law and assess its modernization in light of a distributive perspective.

Keywords: EU copyright law, digital single market, copyright purpose, distributive rationale, fair remuneration

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A. Introduction

1 The European Union (EU) copyright legal framework is undergoing a pivotal phase of reform, which began in 2016 with the proposed Digital Single Market strategy plan and is now heading towards an enhanced harmonization and modernization of rules within the Union.¹ The Digital Single Market is

not a recent entry into the EU's policy discourse. The European Commission advanced its first observations in 2009; the digital environment being confidently seen as a major opportunity to boost the markets of creative content, and, in turn, the EU economy.² In this vein, the EU legislator started feeling the necessity to modernize the *acquis communautaire* to

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1 See Commission, 'A Digital Agenda for Europe' (2010) (Communication) 245 final/2.

2 Commission, 'European Commission launches reflection on a Digital Single Market for Creative Content Online' (2009) (Press Release) IP/09/1563 ("[A] truly Single Market without borders for Creative Online Content could allow retail revenues of the creative content sector to quadruple if clear and consumer-friendly measures are taken by industry and public authorities."). See also Commission, 'A Digital Single Market Strategy for Europe' (2015) (Communication) 192 final; Commission, 'Over 400% growth for creative content online, predicts Commission study – an opportunity for Europe' (2007) (Press Release) IP/07/95.

remove market obstacles, make protected content more easily available across the Union, fight online piracy, and ensure the protection of copyright holders in this process of market expansion.³

2 In 2016, the Digital Single Market strategy plan led to a package of copyright-related legislative proposals. Among them, the proposed Directive on Copyright in the Digital Single Market (CDSM)⁴ not only represents the most encompassing piece of legislation in the package, but also an attempt to advance the horizontal harmonization of copyright rules in the EU, second only to the InfoSoc Directive of 2001.⁵ Due to its ambitious scope and the delicate task of reconciling conflicting interests, the CDSM Directive was adopted in April 2019⁶ in a haze of heated debates. Generally speaking, this showcases a persistent fragmentation between stakeholders' claims in the copyright scene, but also a renewed informative public debate that has raised awareness of unsettled key issues. More precisely, the Directive has triggered highly polarized reactions. On the one hand, the reform rests on the shoulders of those advocating in favor of a stronger protection of copyright holders as a necessary measure to confront the digital threats. On the other hand, the critical views emphasize its inadequacy to address the tremendous economic imbalances occurring in copyright-based markets.

3 Putting the Directive into context, its controversial nature turns out not to be unique of this most recent legislative intervention. What emerges from the long-standing process of EU copyright harmonization, in fact, is no single and straight-forward rationale,

but rather an interplay of multiple drivers, which reflect both the unsettled question of the function(s) of EU copyright law⁷ and the varying influence of the stakeholders at play.⁸ Among them is the so-called distributive rationale, which refers to the - often overlooked - elements of copyright protection aiming at ensuring and promoting distributive justice in the copyright relationships.⁹ The origin of this rationale can be traced to the national copyright systems of the Member States and, in particular, to the widespread underlying intent to safeguard the

3 See, inter alia, Commission, 'A Digital Agenda for Europe' (n 1); Commission, 'Creative Content in a European Digital Single Market: Challenges for the Future. A Reflection Document of DG INFSO and DG MARKT' (2009) (Report) 14-20; Commission, 'A Single Market for Intellectual Property Rights. Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe' (2011) (Communication) 287 final, 9-10.

4 Commission, 'Proposal for a Directive of the European Parliament and of the Council on Copyright in the Digital Single Market' (2016) (Communication) 593 final.

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

6 Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L130/92 (hereinafter CDSM Directive).

7 The literature shows significant difficulties in determining the core purpose(s) of copyright law in the European context and beyond. See, inter alia, Ansgar Ohly, 'A Fairness-Based Approach to Economic Rights' in Bernt Hugenholtz (ed), *Copyright Reconstructed. Rethinking Copyright's Economic Rights in a Time of Highly Dynamic Technological and Economic Change*, vol 41 (Wolters Kluwer 2018) 109 ("[T]here is one considerable difficulty here: there is no agreement about what the proper function of copyright is."); Stefan Bechtold, 'Deconstructing Copyright' in Bernt Hugenholtz (ed), *Copyright Reconstructed. Rethinking Copyright's Economic Rights in a Time of Highly Dynamic Technological and Economic Change*, vol 41 (Wolters Kluwer 2018) 76-77 ("[C]opyright scholars and courts seem to agree much less on the ultimate goal of copyright protection."); Martin Husovec, 'The Essence of Intellectual Property Rights Under Article 17(2) of the EU Charter' (2019) 20 German Law Journal 840, 842 ("Why do all IP rights exist? As simple as this question seems, it is actually very difficult to answer. Centuries of law-making have created a very fragmented landscape that cannot be explained with a single reason.").

8 See Benjamin Farrand, *Networks of Power in Digital Copyright Law and Policy: Political Salience, Expertise and Legislative Process* (Routledge 2014).

9 The conceptual compatibility between distributive justice and copyright has been vastly explored in the literature, taking into particular account Rawls' theory of justice. See, inter alia, Ananay Aguilar, 'We want Artists to be Fully and Fairly Paid for their Work: Discourses on Fairness in the Neoliberal European Copyright Reform' (2018) 9 Journal of Intellectual Property, Information Technology and Electronic Commerce Law (JIPITEC) 160; Justin Hughes and Robert P Merges, 'Copyright and Distributive Justice' (2017) 92 Notre Dame Law Review 513; Peter Drahos, *A Philosophy of Intellectual Property* (Australian National University Press 2016) 201 ff.; Oren Bracha and Talha Syed, 'Beyond Efficiency: Consequence-Sensitive Theories of Copyright' (2014) Berkeley Technology Law Journal 29(1) 287 ff.; Maciej Barczewski and Dorota Pyc, 'Intellectual Property and Sustainable Development: A Distributive Justice Perspective' in Graeme Dinwoodie (ed), *Methods and Perspectives in Intellectual Property* (Edward Elgar 2013) 208; Robert P Merges, *Justifying Intellectual Property* (Harvard University Press 2011) 102-138; Molly van Houweling, 'Distributive Values in Copyright' (2005) 83 Texas Law Review 1536.

remuneration of the author, be it for a moral reason of justice or a utilitarian viewpoint of incentivizing further creation.¹⁰ Shedding light on the centrality of remuneration in copyright practices and on the legislators' common intent to fairly distribute such revenue among right holders, the distributive rationale translates into national copyright contract law provisions that have not been harmonized to a significant extent.¹¹ In this light, the article purports to unearth whether and, if so, how the CDSM Directive represents a step forward in this direction.

B. The dark cloud: A highly controversial Directive

4 Much of the discussion accompanying the legislative process and adoption of the CDSM Directive has focused on the controversial Articles 15 and 17 (former Articles 11 and 13 in the proposed Directive).¹² The common goal pursued by both

provisions is to establish a “fair marketplace for copyright”¹³ containing the losses faced by right holders during the rise of the digital environment and shifting the burden to the online service providers, who increasingly profit from it. Here lies the main reason why the stakeholders' reactions to the Directive and, in particular, to these two specific provisions are so polarized. On the one side, traditional creative industries, captained by press publishers, fiercely support the Directive and express confidence that it will succeed in “correct[ing] the on-going unfairness in the marketplace by establishing legal certainty and ensuring effective protection of creators and producers rights”.¹⁴ On the opposite side, the so-called web giants – epitomized by the four main Internet-based companies under the acronym of GAFA (Google, Amazon, Facebook and Apple) – foreshadow additional imbalances stemming from the new provisions, thus leading to an ever-widening divide in the media industry

10 Respectively described as so-called “backward-looking” and “forward-looking” approaches to copyright by Alain Strowel, *Droit d'Auteur et Copyright. Divergences et Convergences. Etude de droit comparé* (Bruylant, 1993) 235-238. See also Joost Poort, ‘Borderlines of Copyright Protection: An Economic Analysis’ in Bernt Hugenholtz, *Copyright Reconstructed. Rethinking Copyright's Economic Rights in a Time of Highly Dynamic Technological and Economic Change* (Wolters Kluwer 2018) 284 (“In addition to moral rights, which primarily aim to protect the reputation of the author, and the economic rights, which can be closely linked to the incentives to create and exploit works, copyright contains elements primarily aimed at promoting distributive justice. This is the case, for instance, for provisions designed to improve the position of authors towards publishers or other stakeholders through author's contract rights or through provisions such as the *droit de suite* or resale right.”).

11 See Lionel Bently et al, ‘Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive’ (2017) Study commissioned by the JURI Committee of the European Parliament PE 596.810, 43 (“Typical examples of such regulation include rules requiring remuneration to be specified for each mode of exploitation licensed (or transferred), rules prohibiting the transfer of rights to exploit by way of unforeseen technological means, rules on termination, rules on construction (*contra proferentem*, purpose-limited etc), rules on duties to provide accounts, rules on equitable remuneration and so-called ‘best-seller’ clauses.”). See also Commission, ‘Impact Assessment on the modernization of EU copyright rules’ (2016) (Staff Working Document) 301 final, Annex 14A (hereinafter CDSM Impact Assessment).

12 The opinions voiced in the public and academic debates are countless. See, inter alia, Joao Pedro Quintais et al, ‘Safeguarding User Freedoms in Implementing Article 17

of the Copyright in the Digital Single Market Directive: Recommendations From European Academics’ (2019) <<https://ssrn.com/abstract=3484968>> accessed 28 November 2019; Sophie Stalla-Bourdillon et al, ‘An academic perspective on the copyright reform’ (2017) *Computer Law & Security Review* 33, 3-13; Reto Hilty and Valentina Moscon (eds), ‘Modernisation of the EU Copyright Rules. Position Statement of the Max Planck Institute for Innovation and Competition’ (2017) Max Planck Institute for Innovation and Competition Research Paper No. 17-12, <<https://www.ip.mpg.de/en/publications/details/modernisation-of-the-eu-copyright-rules-position-statement-of-the-max-planck-institute-for-innovation-and-competition.html>> accessed 28 November 2019; Lionel Bently et al, ‘Response to Article 11 of the Proposal for a Directive on Copyright in the Digital Single Market, entitled “Protection of press publications concerning digital uses” on behalf of 37 professors and leading scholars of Intellectual Property, Information Law and Digital Economy’ (2016) <<https://www.civil.law.cam.ac.uk/press/news/2016/12/cambridge-academics-respond-call-views-european-commissions-draft-legislation>> accessed 28 November 2019.

13 CDSM Directive recital 3 (“In order to achieve a well-functioning and fair marketplace for copyright, there should also be rules on rights in publications, on the use of works or other subject matter by online service providers storing and giving access to user-uploaded content [...]”). See also Commission, ‘Promoting a fair, efficient and competitive European copyright-based economy in the Digital Single Market’ (2016) (Communication) 592 final.

14 The Association of Commercial Television in Europe et al, ‘Europe's Creators, Cultural and Creative Industries’ Call to the European Council: Secure the aims of the Proposed Copyright Directive in the DSM’ (2018) <<https://www.ifpi.org/news/IFPI-and-wide-range-of-European-creators-producers-and-performers-urge-no-fudging-of-EU-Value-Gap-fix>> accessed 24 April 2019.

between winners (large players) and losers (small businesses).¹⁵ In such a scenario, the interests of authors and Internet users have been exploited by both sides, either emphasizing the need for fairer compensation for the creative efforts,¹⁶ or warning of substantial threats to the freedoms of expression and communication online.¹⁷

- 5 Along with the stakeholders' standpoints, the academic debate has delivered numerous opinions and thorough analyses, going beyond the specificities of Articles 15 and 17. The vast majority of scholars demonstrate consensus on three main points of weaknesses of the CDSM Directive.¹⁸ First, the

15 Richard Gingras, 'Proposed copyright rules: bad for small publishers, European consumers and online services' (2018) <<https://www.blog.google/around-the-globe/google-europe/proposed-copyright-rules-bad-small-publishers-european-consumers-and-online-services/>> accessed 24 April 2019.

16 International Publishers Association, 'European publishers react to EU's adoption of the Copyright Directive' (2019) <<https://www.internationalpublishers.org/news/845-european-publishers-react-to-eu-s-adoption-of-the-copyright-directive>> accessed 24 April 2019; International and European Federations of Journalists, 'IFJ/EFJ hail adoption of Copyright Directive and urge EU Member States to adopt laws that ensure fair and proportionate remuneration for journalists' (2019) <<https://www.ifj.org/media-centre/news/detail/category/press-releases/article/ifjefj-hail-adoption-of-copyright-directive-and-urge-eu-member-states-to-adopt-laws-that-ensure-fai.html>> accessed 24 April 2019.

17 EDiMA, 'EDiMA reaction: EU Copyright Directive is not fit for digital era' (2019) <<http://edima-eu.org/news/edima-reaction-eu-copyright-directive-is-not-fit-for-digital-era/>> accessed 24 April 2019; Diego Naranjo, 'EDRI calls on MEPs to not rush the vote on Copyright Directive' (2019) <<https://edri.org/>> accessed 24 April 2019.

18 The scientific positions expressed during the legislative iter and following it have been unusually coherent. See Bently et al, 'Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive' (n 11) 17 ('[T]here is nearly universal criticism of the proposal, with particularly critical interventions from academics based not only in Spain, France, Finland and the UK, but also the country where the right originated, Germany.');

Institute for Information Law, 'Academics against Press Publishers' Right' (2018) <<https://www.ivir.nl/academics-against-press-publishers-right/>> accessed 24 April 2019; Christina Angelopoulos et al, 'The Copyright Directive: Misinformation and Independent Enquiry. Statement from European Academics to Members of the European Parliament in advance of the Plenary Vote on the Copyright Directive on 5 July 2018' (2018) <<https://www.create.ac.uk>> accessed 26 April 2019.

persistently cautious and sectorial approach of the EU legislator towards copyright regulation has been deemed problematic. More precisely, it has been highlighted how the package of reform proposals advanced within the Digital Single Market strategy plan lacks systematic efficacy and does not solve – on the contrary, exacerbates – the complexity and inconsistency of the EU copyright legal framework.¹⁹ Second, the Directive has been backed by insufficient evidentiary support, as the data collected by the scientific community point to a detrimental impact on the encouragement and dissemination of creative works in society, which is contrary to the desired goals expressed by the EU legislator.²⁰ Third, copyright scholars warn against the possibility of renewed and strengthened market imbalances stemming from the CDSM Directive, its legislative negotiation process having foreshadowed this by way of an overrepresentation of big publishers and producers, to the detriment of individual authors and artists.²¹

- 6 By and large, despite the several amendments the Directive has eventually incorporated, scholars are far from optimistic and stakeholders are still profoundly divided in their reactions. In light of this, the ability to strike a sustainable balance between the interests advanced by the parties at stake can still be questioned as mere wishful thinking. Yet, while awaiting the outcomes of the national implementations and application of the new legal provisions, it is particularly worth analyzing what the EU legislator means by "fair marketplace of copyright" and how this Directive is expected to play out within the currently harmonized framework of copyright rules in the EU.

19 E.g. Hilty and Moscon, 'Modernisation of the EU Copyright Rules' (n 12) 17, 22, 39, 52, 117; Bernd Justin Jütte, *Reconstructing European Copyright Law for the Digital Single Market. Between Old Paradigms and Digital Challenges* (Nomos/Hart 2017) 51.

20 Stalla-Bourdillon et al, 'An academic perspective on the copyright reform' (n 12) 11-13; Bently et al, 'Response to Article 11 of the Proposal for a Directive on Copyright in the Digital Single Market' (n 12).

21 Pamela Samuelson, 'The EU's controversial Digital Single Market Directive' (2018) <<http://copyrightblog.kluweriplaw.com/2018/07/10/eus-controversial-digital-single-market-directive-part-proposed-internet-content-filtering-mandate-controversial/>> accessed 26 April 2019.

C. The distributive rationale in the Copyright in the Digital Single Market Directive

- 7 Despite the open controversies related to both the reaction of digital businesses to the markets and the sustainability of the harmonization project in the EU copyright scenario, the CDSM Directive embraces the laudable and ambitious intention to modernize the EU copyright legal framework.²² Since the start of the so-called second generation of Directives,²³ such modernization has been envisioned as a legislative process of adaptation of the existing EU copyright rules, so to accommodate the evolution of digital technology and facilitate the online distribution of creative content.²⁴ As highlighted above, this intention dovetails with the Digital Single Market strategy plan, which aspires to expand markets while protecting the interests of right holders.
- 8 Within this picture, the fairness of the EU copyright system acquires paramount importance and leads to detect a rising importance of the distributive rationale in the process of copyright harmonization. The main goal set in the CDSM Directive is the achievement of a well-functioning and fair marketplace for copyright.²⁵ The notion of well-functioning marketplace is a traditional justificatory component of EU copyright law, as it directly refers to the EU legislator's competence in harmonizing national rules affecting the internal market.²⁶ More

peculiar is the use of the term “fair”, which Recital 3 attempts to clarify: on the one hand, it refers to the *fair balance* between the objectives of a high level of protection of the copyright holder and easier access to content for the user;²⁷ on the other, the Recital hints at the notion of *fair remuneration* of the right holder and, in particular, of the author and the performer.²⁸

- 9 This twofold understanding of a “fair marketplace of copyright” finds consolidation in the substantive provisions of the Directive. The intent to strike a fair balance of rights and interests between copyright holders and users underlies a vast range of articles, which aim to adapt copyright exceptions and limitations to the digital environment.²⁹ From the text and data mining to the teaching exception up to the preservation of cultural heritage, the EU legislator has introduced new permitted uses, which the Member States shall implement in their national legal systems. Despite their mandatory nature, the effectiveness of such provisions is called into question by the critique advanced by the scholarship. In fact, the approach towards the enhancement of the harmonization of copyright exceptions and limitations³⁰ proves to be highly cautious and

22 CDSM Directive, recital 83; Commission, ‘Towards a modern, more European copyright framework’ (2015) (Communication) 626 final.

23 The classification of a so-called first generation of EU copyright Directives, characterized by their narrow scope and vertical harmonization, and a second generation of broader, more horizontal interventions, epitomized by the InfoSoc and Enforcement Directives, has been largely agreed upon in the scholarship. See, inter alia, Irini Stamatoudi and Paul Torremans (eds), *EU Copyright Law. A Commentary* (Edward Elgar 2014) 397.

24 CDSM Directive, recital 83. Worth noting is the fact that the modernization of EU copyright law does not aim to introduce new rules, but rather to adapt the existing provisions to new technological uses. See InfoSoc Directive, recital 5.

25 CDSM Directive, recital 3.

26 See Consolidated version of the Treaty on European Union [2012] OJ C326, art 3(3); Consolidated version of the Treaty on the Functioning of the European Union [2012] OJ C326, arts 26 and 114. Throughout the process of harmonization of national copyright laws, the main legal basis and justification has been the establishment of the EU internal

market. This led the legal doctrine to assert that “[...] [i]t is the internal market – rather than copyright – that has driven the harmonization of EU copyright law to date.” See Thomas Margoni, ‘The Harmonisation of EU Copyright Law: The Originality Standard’ in Mark Perry (ed), *Global Governance of Intellectual Property in the 21st Century* (Springer 2016) 85.

27 CDSM Directive, recital 3 (“[W]ith a view to ensuring wider access to content. It also contains rules to facilitate the use of content in the public domain.”).

28 *ibid* (“[T]here should also be rules on [...] the transparency of authors’ and performers’ contracts, on authors’ and performers’ remuneration, as well as a mechanism for the revocation of rights that authors and performers have transferred on an exclusive basis.”).

29 The provisions under analysis are part of Title II and Title III of the CDSM Directive, respectively entitled ‘Measures to adapt exceptions and limitations to the digital and cross-border environment’ and ‘Measures to improve licensing practices and ensure wider access to content’.

30 CDSM Directive, recital 5 (“[T]he optional nature of exceptions and limitations provided for in Directives 96/9/EC, 2001/29/EC and 2009/24/EC in those fields could negatively impact the functioning of the internal market. This is particularly relevant as regards cross-border uses, which are becoming increasingly important in the digital environment.”).

sectorial,³¹ to lack supporting evidence,³² and be likely to generate legal uncertainty and imbalances between holders of legitimate interests.³³

- 10 The second meaning of the “fair marketplace for copyright”, i.e. the fair remuneration of the right holder, is the core focus of this paper. With the CDSM Directive, in fact, the remuneration gains an unprecedented centrality and qualifies as a prerequisite for both an efficient and fair marketplace of copyrights.³⁴ A consistent terminology is used across the provisions, pivoting on the notions of appropriate and proportionate remuneration³⁵ and

appropriate share of revenues.³⁶ Both terms evoke the copyright holder’s entitlement to receive an amount of revenue from the exploitation of the protected work onto the market.

- 11 Yet, a fundamental divide needs to be highlighted, that is between the concepts of fair (or equitable) remuneration and fair compensation. The two have been mixed and, at times, confused, as they present a pragmatic overlap in *de facto* entitling the copyright holder to receive payments, which shall be appropriate. Starting from the latter, the notion of fair compensation stands for the payment due to the right holder (of not only original copyright entitlements, thus also including assignees, e.g. producers and publishers) and justified by the need to compensate a (presumed) harm, in the form of an economic loss deriving from the uses permitted by law via exceptions and limitations.³⁷ By embracing the big picture of “copyright marketplace” – that is by including right holders as well as users – in the design of this legal institution, the payment involved in the fair compensation patently represents a means to achieve the end of a fair balance of rights and interests, which has been illustrated above.³⁸ In contrast, fair remuneration specifically refers to the intention that fundamentally underlies the exclusivity granted by way of copyright, that is to ensure an appropriate amount of income to the *creator*, so that he or she can enjoy the fruit of the work and be encouraged to create more. In this case, the presumption is no longer of a suffered harm,

31 While the sectorial nature of the provisions is self-evident from their scope and rubrics, a fitting example for the cautious approach is represented by CDSM Directive, art 5: the first paragraph sets the mandatory permitted digital use for the purpose of illustration for teaching, followed by the second paragraph providing Member States with the possibility to limit the applicability of the exception for the purpose of license priority. See also Jütte, *Reconstructing European Copyright Law for the Digital Single Market* (n 19) 332; Thomas Margoni and Martin Kretschmer, ‘The Text and Data Mining exception in the Proposal for a Directive on Copyright in the Digital Single Market: Why it is not what EU copyright law needs’ (2018) <<http://www.create.ac.uk/blog/2018/04/25/why-tdm-exception-copyright-directive-digital-single-market-not-what-eu-copyright-needs/>> accessed 28 November 2019.

32 The sectorial and partially optional nature of copyright exceptions and limitations finds no correlation in the needs of the users to have a more general and straight-forward regulation of permitted uses. See Christophe Geiger and Franciska Schönherr, ‘Frequently Asked Questions (FAQ) of Consumers in relation to Copyright, Summary Report’ (2017) Report commissioned by the European Union Intellectual Property Office; Hilty and Moscon, ‘Modernisation of the EU Copyright Rules’ (n 12) 27, 48–49.

33 For instance, the exclusion of private researchers and individual citizens from the scope of the text and data mining exception as well as from the permitted digital access for teaching purposes. See on this point Pamela Samuelson, ‘The EU’s controversial Digital Single Market Directive’ (n 21); Jütte, *Reconstructing European Copyright Law for the Digital Single Market* (n 19) 354–355; Hilty and Moscon, ‘Modernisation of the EU Copyright Rules’ (n 12) 35.

34 CDSM Impact Assessment (n 11) 173–174 (“Creators should be able to license or transfer their rights in return for payment of appropriate remuneration which is a *prerequisite* for a sustainable and functioning marketplace of content creation, exploitation and consumption.”) (emphasis added).

35 CDSM Directive arts 18 and 20, recitals 61 and 73.

36 *ibid* art 15(5) and recital 59.

37 See InfoSoc Directive, recital 35 (“In certain cases of exceptions or limitations, right holders should receive fair compensation to compensate them adequately for the use made of their protected works or other subject-matter.”). On the questionable and empirically unsubstantiated character of such a presumption, see Branislav Hazucha, ‘Private Copying and Harm to Authors: Compensation vs Remuneration’ (2017) 133 *Law Quarterly Review* 269; Christophe Geiger, ‘Promoting Creativity through Copyright Limitations: Reflections on the Concept of Exclusivity in Copyright Law’ (2010) 12 *Vanderbilt Journal of Entertainment and Technology Law* 3, 529 (“One should speak of ‘remuneration’ instead of ‘compensation’. Hence, there would be remuneration by way of license and remuneration through a copyright limitation.”).

38 This argument is strongly supported by the scholarship suggesting alternative mechanisms to copyright, based on compensation schemes. See, *inter alia*, Joao Pedro Quintais, *Copyright in the Age of Online Access: Alternative Compensation Systems in EU Law* (Wolters Kluwer 2017); Ville Oksanen and Mikko Valimäki, ‘Copyright levies as an alternative compensation method for recording artists and technological development’ (2005) 2 *Review of Economic Research on Copyright Issues* 2, 25–39.

but rather of a weaker contractual position vis-à-vis the “big” players involved in the exploitation of copyrights, which has been deemed the “real value gap” emerging in copyright practices.³⁹

12 Both concepts of compensation and remuneration appear in the CDSM Directive,⁴⁰ yet greater attention is paid to the latter, the EU legislator setting a level playing field for the harmonization of fair remuneration schemes, without doing so for the national provisions on fair compensation.⁴¹ This emphasis becomes evident already from the Recitals, where the method of quantification of the payment is specified only for the national remuneration schemes.⁴² The EU legislator’s effort to establish virtuous national systems of fairly distributed commercial revenues between copyright holders⁴³

39 See Joao Pedro Quintais ‘The New Copyright in the Digital Single Market Directive: A Critical Look’, forthcoming in (2020) 42 *European Intellectual Property Review* (EIPR) 1.

40 CDSM Directive art 16 provides Member States with the possibility to grant publishers a share of the fair compensations, when exclusive rights are transferred or licensed to them.

41 As pinpointed by Hilty and Moscon in the analysis of the Directive Proposal, numerous issues related to the fair compensation to right holders remain unsettled, among which when Member States can allow a statutory remuneration to replace a fair compensation calculated after the actual suffered harm. See Hilty and Moscon, ‘Modernisation of the EU Copyright Rules’ (n 12) 19. See also CDSM Directive, recital 60 (“While this Directive should apply in a non-discriminatory way to all Member States, it should respect the traditions in this area and not oblige Member States that do not currently have such compensation-sharing schemes to introduce them.”).

42 *ibid* recital 73 (“The remuneration of authors and performers should be appropriate and proportionate to the actual or potential economic value of the licensed or transferred rights, taking into account the author’s or performer’s contribution to the overall work or other subject matter and all the other circumstances of the case, such as market practices or the actual exploitation of the work. A lump sum payment can also constitute proportionate remuneration but it should not be the rule.”).

43 See the declarations of the European Commission at the release of the draft proposal of the CDSM Directive on the occasion of the State of the Union on 14 September 2016, articulated by the European Commission President Jean-Claude Juncker: “I want journalists, publishers and authors to be paid fairly for their work, whether it is made in studios or living rooms, whether it is disseminated offline or online, whether it is published via a copying machine or commercially hyperlinked on the web.” See Commission, ‘State of the Union 2016: Commission proposes modern

is the reason why this article focuses solely on the legal institution of remuneration *stricto sensu*, thus referring to the distribution among copyright holders of the revenue stemming from the exploitation of the work onto the market. Aspects related to the income generated from the compensated exceptions lie, therefore, beyond the scope of the analysis.

13 The CDSM Directive not only acknowledges the weaker contractual position of individual authors and performers, mainly caused by an information asymmetry,⁴⁴ but it also sets mandatory provisions, which directly tackle this imbalance. The regulatory intervention encompasses new obligations concerning the transparency of the information provided to individual artists at the moment of the transfer and during the exploitation of their rights, the adequacy of their remunerations and the possibility of revocation of licenses or assignments.⁴⁵ Three provisions are glaring examples of the great importance given to the fair distribution of copyright revenues among right holders, hence to the distributive rationale.

14 Article 18 enshrines a principle of appropriate and proportionate remuneration,⁴⁶ which is meant to

EU copyright rules for European culture to flourish and circulate’ (2016) (Press release) <http://europa.eu/rapid/press-release_IP-16-3010_en.htm> accessed 2 April 2019.

44 The weaker contractual positions of individual authors and performers is recognized at the moment of stipulation of a transfer or license contract as well as afterwards, with a particular emphasis on the crucial role of symmetric information in enabling contractual parties to assess the economic value of what they are exchanging. See CDSM Directive, recitals 72 and 75; CDSM Impact Assessment (n 11) 174-175 (“Transparency is also affected by the increasing complexity of new modes of online distribution, the variety of intermediaries and the difficulties for the individual creator to measure the actual online exploitation [...] Online distribution is expected to become the main form of exploitation in many content sectors. Transparency is, therefore, even more essential in the online environment to enable creators to assess and better exploit these new opportunities. [...] The main underlying cause of this problem is related to a market failure: there is a natural imbalance in bargaining power in the contractual relationships, favoring the counterparty of the creator, partly due to the existing information asymmetry.”).

45 CDSM Directive, arts 18-22, recitals 3, 73-81.

46 It is worth noting that the provision has been added after the proposed Directive of 2016 under the original rubric of “Unwaivable right to remuneration”. See JURI Committee Tabled Amendments as reported by Bently et al, ‘Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive’ (n 11) 80-81.

be an “umbrella provision” inspiring the following articles on transparency obligations, contract adjustment and contract revocation,⁴⁷ as well as the whole EU copyright legal framework.⁴⁸ The provision enjoins Member States to ensure that authors and performers receive adequate remuneration whenever they transfer or license their copyrights to a publisher, producer or intermediary.⁴⁹ Important to note is that the principle applies only to contracts stipulated for the purpose of exploitation of copyrights and, hence, not with end-users.⁵⁰

15 Article 20 provides for a corrective mechanism, in light of which the author or performer can rely on the ability to claim additional payments whenever, after having transferred or licensed their exclusive rights, the remuneration received turns out to be disproportionately low compared to the revenues deriving from the exploitation of the work.⁵¹ This ex-post remuneration adjustment mechanism aims to correct the imbalance between individual artists and exploiters after the moment of contractual stipulation⁵² and should not be confused with the so-called “best seller clause”, which applies only to the works that reach the top of the sales lists.⁵³ In fact, Article 20 encompasses any “significant disproportion between the agreed remuneration and the actual revenues which can happen to any kind of work, even of low/medium success”.⁵⁴

47 This interpretation emerges also from the JURI Draft Compromise Amendments of 19 March 2018, para 39a.

48 An interesting case emerges with regards to orphan works. Article 6(5) of the Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L 299/5 (hereinafter Orphan Works Directive) enjoins Member States to provide fair compensation to authors who come forward and put an end to the orphan work status of their creation, for the unremunerated uses made of the work. The question as to the author, under these circumstances, can also claim fair remuneration under Article 18 of the CDSM Directive remains open.

49 CDSM Directive art 18: “1. Member States shall ensure that where authors and performers license or transfer their exclusive rights for the exploitation of their works or other subject matter, they are entitled to receive appropriate and proportionate remuneration. 2. In the implementation in national law of the principle set out in paragraph 1, Member States shall be free to use different mechanisms and take into account the principle of contractual freedom and a fair balance of rights and interests.” For an in-depth analysis of the provision, see Ananay Aguilar, ‘The New Copyright Directive: Fair Remuneration in Exploitation Contracts of Authors and Performers – Part 1, Articles 18 and 19’ (2019) Kluwer Copyright Blog, <http://copyrightblog.kluweriplaw.com/2019/07/15/the-new-copyright-directive-fair-remuneration-in-exploitation-contracts-of-authors-and-performers-part-1-articles-18-and-19/?doing_wp_cron=1563207253.8664081096649169921875> accessed 28 November 2019; Giulia Priora, ‘The Principle of Appropriate and Proportionate Remuneration in the CDSM Directive: A Reason for Hope?’ forthcoming in (2020) 42 EIPR 1, 1-3.

50 CDSM Directive, recital 72: “[The] need for protection does not arise where the contractual counterpart acts as an end user and does not exploit the work or performance itself, which could, for instance, be the case in some employment contracts.” See also *ibid* recital 82: “Nothing in this Directive should be interpreted as preventing holders of exclusive rights under Union copyright law from authorizing the use of their works or other subject matter for free, including through non-exclusive free licenses for the benefit of any users.”

51 CDSM Directive, art 20: “Member States shall ensure that, in the absence of an applicable collective bargaining agreement providing for a mechanism comparable to that set out in this Article, authors and performers or their representatives are entitled to claim additional, appropriate and fair remuneration from the party with whom they entered into a contract for the exploitation of their rights, or from the successors in title of such party, when the remuneration originally agreed turns out to be disproportionately low compared to all the subsequent relevant revenues derived from the exploitation of the works or performances.”

52 Authors, performers or their representatives can also claim this right against the successors in title contractual counterparties.

53 For an overview of best seller clauses in national copyright systems, see Bently et al, ‘Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive’ (n 11) 43; Annex 14A of CDSM Impact Assessment (n 11). A closer association of this provision to the notion of best seller clause and a critical view on its effectiveness are offered by Ananay Aguilar, ‘The New Copyright Directive: Fair remuneration in exploitation contracts of authors and performers - Part II, Articles 20-23’ (2019) Kluwer Copyright Blog, <<http://copyrightblog.kluweriplaw.com/2019/08/01/the-new-copyright-directive-fair-remuneration-in-exploitation-contracts-of-authors-and-performers-part-ii-articles-20-23/>> accessed 28 November 2019 (“The harmonisation of the bestseller provision at European level is a positive development that acknowledges that success should trigger improved financial conditions for everyone involved in the creative value chain, not simply those with the highest bargaining power. That said, it is a corrective measure that is activated upon success, so its effect on the larger creative ecosystem is limited.”).

54 CDSM Impact Assessment (n 11) 180. The notion of actual revenue is meant in a broad sense and includes all relevant sources of revenues (e.g. sale of merchandising), see CDSM Directive recital 78.

Article 20 finds no application in licensing contracts stipulated by collecting societies⁵⁵ as well as in licenses concerning the right to adaptation (e.g. translation, film dramatization), as Recital 78 specifies that the adjustment mechanism addresses contracts for the exploitation of harmonized rights only.⁵⁶

- 16 Less intuitively, the reliance on the copyright distributive rationale may be traced also in provisions beyond Chapter 3 of Title IV of the Directive. Resulting from an intense stakeholders' dialogue and remarkable pressures from opposing industrial sectors and civil society,⁵⁷ the highly controversial Article 15, famously known as the press publishers' right, includes a reference to the distributive logic. In its fifth paragraph, it obliges Member States to ensure that authors of works incorporated in press publications receive an appropriate share of the revenues deriving from the digital uses of the press content.⁵⁸ This specific provision, introduced during the phase of amendment of the proposed Directive of 2016,⁵⁹ is expected to protect the interests of reporters and photojournalists, which are often subjugated to the corporate players in the sector.⁶⁰ From a critical point of view, it may be highlighted that the source of the press publishers' income is the exploitation of their own new and original neighboring right, rather than the exploitation of the copyrights of journalists and photo reporters. Yet, two observations flesh out the distributive ratio of the provision. First, by nature its results are misleading, as what took the shape of a neighboring right has been largely deemed for

all purposes as a fee.⁶¹ Second, under a teleological approach, the aim of the provision, besides securing a sustainable, free and pluralistic press⁶² and helping publishers recoup their investments,⁶³ is to prevent that the empowerment of press publishers vis-à-vis digital commercial service providers occurs to the detriment of journalists and photographers.⁶⁴

- 17 Although it will be possible to properly assess the effectiveness of the above-mentioned provisions only in light of the national implementations,⁶⁵ these

55 *ibid* art 20(2).

56 *ibid* recital 78.

57 See Quintais 'The New Copyright in the Digital Single Market Directive' (n 39) ("[T]he lobbying by rights holders' representatives – especially publishers, the recording industry and (*music*) collecting societies – appears to have been the most intense and effective, often outweighing empirical research in support of opposite views."); Benjamin Farrand, 'Towards a modern, more European copyright framework, or, how to rebrand the same old approach?' (2019) 41 EIPR 2.

58 CDSM Directive art 15(5); *ibid* recital 59.

59 ITRE Amendment 46 and CULT Amendment 75 as reported by Bently et al, 'Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive' (n 11).

60 Javier Diaz Noci (ed), 'Copyright and News Reporting: Towards New Business Models and Legal Regulation?' (2014) Pompeu Fabra University Department of Communication 13-19.

61 The discussion on early stage drafting of the provision being precisely on the option to shape it as a compulsory license (such as the national regulation in Spain) or rather as an exclusive right to authorize or prohibit (like the German equivalent). See Fabian Zuleeg and Iva Tasheva, 'Rewarding Quality Journalism or Distorting the Digital Single Market? The Case for and against Neighbouring Rights for Press Publishers' (2017) European Policy Center Discussion Paper ("It uses private law to reallocate profits between private players and is designed to enable press publishers to charge online aggregators for displaying short texts that are often freely available elsewhere online").

62 CDSM Directive, recital 54.

63 CDSM Directive recitals 54, 55. See also Quintais, 'The New Copyright in the Digital Single Market Directive' (n 39) ("The re-use of press publications is a core part of the business model of certain information society providers, such as online news aggregators and media monitoring services. Publishers have difficulty in licensing their rights to these providers. As a result, they cannot recoup their investment, namely their organisational and financial contribution to producing press publications. This investment is essential to 'ensure the sustainability of the publishing industry and thereby foster the availability of reliable information'.")

64 Bently et al, 'Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive' (n 11) 22.

65 The legal doctrine voiced some skepticism towards the original version of the proposed Directive regarding the real impact of the provisions protecting the author's remuneration. See European Copyright Society, 'General Opinion on the EU Copyright Reform Package' (2017) <<https://europeancopyrightsociety.org/how-the-ecs-works/ecs-opinions/>> accessed 14 April 2018; Max Planck Institute for Innovation and Competition, 'Position Statement on the Modernisation of European Copyright Rules' (2017) <<https://www.ip.mpg.de/en/projects/details/modernisation-of-european-copyright-rules.html>> accessed 14 April 2018. As highlighted in the section, amendments have been made to the proposed version of the CDSM Directive and the national implementations of the Directive will majorly help to gauge the effect of the adopted provisions. In particular, it will be crucial to determine how national employment contract laws will interfere

provisions, passed over almost in silence, may well represent the silver lining of the CDSM Directive. In fact, supported by strong evidence,⁶⁶ the EU legislator tackles specific and core power imbalances in the copyright marketplace, attempting to correct them in a systematic way by setting a general mandatory principle of fair remuneration and specific mandatory rules offering *ad hoc* mechanisms of prevention and adjustment.

D. Tracing the distributive rationale in the EU copyright legislation

18 In light of the analysis, it becomes relevant to investigate whether traces of the distributive rationale can also be found elsewhere in the EU copyright legal framework. EU copyright law fully embraces the intention to fairly remunerate the creator. It does so by way of various justificatory nuances, among which the intent to ensure authors and performers receive an adequate income, reward the creative effort, solve problems related to piracy, and help to finance new talent for the purpose of

with Article 15(5), and how Member States will ensure the principle of fair remuneration as set in Article 18. The judicial interpretations of “appropriate and proportionate remuneration” as well as of “disproportionately low remuneration” are expected to weigh heavily on the impact of the harmonizing provisions. See, in this regard, CDSM Directive, recital 78; CDSM Impact Assessment (n 11) 174.

66 See *ibid* 173-176, reporting statistics, outcomes of the public consultations and declarations provided by representative groups of authors, artists and creators. The copyright scholarship first detected the problem of imbalanced contractual power, then turned into advocating for a more sensitive EU copyright harmonization towards the different positions of the various “right holders”. See, *inter alia*, Lucie Guibault and Bernt Hugenholtz, ‘Study in the Conditions Applicable to Contracts Relating to Intellectual Property in the EU’ (2002) Study commissioned by the European Commission Internal Market Directorate General ETD/2000/B5-3001/e/69, 154; Sylvie Nérysson, ‘Ownership of Copyright and Investment Protection Rights in Team and Networks: Need for New Rules?’ in Jan Rosén (ed), *Individualism and Collectiveness in Intellectual Property Law* (Edward Elgar 2012) 129-130.; Séverine Dusollier et al, ‘Contractual arrangements applicable to creators: law and practice of selected Member States’ (2014) Study commissioned by the European Parliament Directorate General Internal Policies PE.493.041, 2014; Europe Creative et al, ‘Remuneration of authors and performers for the use of their works and the fixations of their performances’ (2015) Study commissioned by the European Commission Directorate General Communications Networks MARKT/2013/080/D.

cultural diversity.⁶⁷ Nevertheless, the EU legislator has been wary of harmonizing copyright contract law provisions. Traces of the general intention to address authors and performers with specific protection can be found in the InfoSoc Directive, the Term Directive and the Collective Rights Management Directive.

19 The InfoSoc Directive represents not only the first encompassing piece of legislation pursuing a horizontal harmonization of copyright rules in the EU, but also a beacon for the harmonization process itself, as it sets its main objectives and limits, to which the following Directives refer. Of particular relevance are Recitals 10 and 11, which state:

20 If authors or performers are to continue their creative and artistic work, they have to receive an appropriate reward for the use of their work [...] A rigorous, effective system for the protection of copyright and related rights is one of the main ways of ensuring that European cultural creativity and production receive the necessary resources and of safeguarding the independence and dignity of artistic creators and performers.⁶⁸

21 The expressed intent to protect authors and performers, however, does not translate into any binding provision in this Directive. It is with the Term Directives that both categories of creators start gaining not only the attention of the EU legislator, but also mandatory provisions in their favor. In compliance with the minimum standards set by international copyright law, the Term Directive of 2006 and the Amendment thereof of 2011 provide for long harmonized durations of copyright protection to the benefit of authors, their descendants, and

67 See e.g. Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property [2006] OJ L376/28 (hereinafter Rental Directive), recitals 5, 12, 13; InfoSoc Directive, recital 10; Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art [2001] OJ L 272/32 (hereinafter Resale Directive), recital 3; Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights [2006] OJ L 372/12 (hereinafter Term Directive), recital 6; Orphan Works Directive, recital 5; Directive 2014/26/EU of the European Parliament and of the Council of 26 February 2014 on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market [2014] OJ L 84/72 (hereinafter CRM Directive), recitals 28, 31.

68 InfoSoc Directive, recitals 10, 11.

performers.⁶⁹ Slightly different is the case of the most recent Collective Rights Management Directive, where the EU legislator does not explicitly and solely refer to authors and performers, but rather aims to protect all “members of collective management organizations”,⁷⁰ including individual artists, imposing obligations on collecting societies to enhance the transparency and fairness of their management of rights revenue.⁷¹

- 22 The distributive rationale can be clearly detected in the 2011 Amendment to the Term Directive, the Resale Directive and the Rental Directive. Besides extending the duration of their related rights, the Term Directive of 2011 aims to ensure that performers receive a fair remuneration from the transfer of their rights to phonogram producers.⁷² For this purpose, the Directive provides for a mandatory and unwaivable right to a supplementary remuneration, which applies if the performer receives a non-recurring (i.e. lump sum) remuneration in exchange for her rights.⁷³ Interestingly, the EU legislator sets concrete parameters for the calculation of such supplementary remuneration.⁷⁴ While this distributive mechanism is available only to performers, the Resale Directive addresses solely “authors of graphic and plastic works of art” to ensure an adequate share in the economic success of their works.⁷⁵ Also in this case, while introducing a mandatory and unwaivable right of the artist to receive a royalty for any resale of the original

artwork,⁷⁶ the EU legislator sets detailed benchmarks to determine the due amount of royalties.⁷⁷ Lastly, the Rental Directive presents a broader scope, granting an unwaivable right to equitable remuneration to any author and performer of a song or movie, who transferred her rental right to the producer.⁷⁸ No further indication is provided regarding the quantification of the due remuneration, except from Recital 13 stating that it may be paid “on the basis of one or several payments at any time [...] [i]t should take account of the importance of the contribution of the authors and performers concerned to the phonogram or film.”⁷⁹

E. The distributive rationale in the CJEU jurisprudence

- 23 Within the case made by the scholarship for a so-called activism⁸⁰ of the judges sitting at the Court of Justice of the European Union (CJEU), there is also a proactive role in harmonizing copyright contract rules.⁸¹ Within its interpretative effort to better define the notion of “right holder”, indeed, the Court has touched upon the balance of rights between copyright holders and, in particular, the notion of fair remuneration of the author vis-à-vis the producer. In this respect, three CJEU decisions are of crucial relevance. The first case is *Luksan*, which deals with a dispute between the director and the producer

69 Term Directive, art 1; *ibid* recital 6; Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights [2011] OJ L 265/1 (hereinafter Amendment to Term Directive) art 1; *ibid* recital 5.

70 CRM Directive, recitals 45, 55.

71 *ibid* arts 11-13, 18-22.

72 Amendment to Term Directive, recitals 9-14.

73 *ibid* art 1(2) Amendment to Term Directive.

74 *ibid* (“The overall amount to be set aside by a phonogram producer for payment of the annual supplementary remuneration referred to in paragraph 2b shall correspond to 20% of the revenue which the phonogram producer has derived, during the year preceding that for which the said remuneration is paid, from the reproduction, distribution and making available of the phonogram in question, following the 50th year after it was lawfully published or, failing such publication, the 50th year after it was lawfully communicated to the public.”).

75 Resale Directive, recital 3.

76 *ibid* art 1.

77 *ibid* arts 3(2), 4, 5.

78 Rental Directive, art 5.

79 *ibid* recital 13.

80 E.g. Caterina Sganga, *Propertizing European Copyright. History, Challenges and Opportunities* (Edward Elgar 2018) 115 ff.; Vincent Cassiers and Alain Strowel, ‘Intellectual Property Law Made by the Court of Justice of the European Union’ in Christophe Geiger, Craig Allen Nard and Xavier Seuba, *Intellectual Property and the Judiciary* (Edward Elgar 2018) 183–186; Jonathan Griffiths, ‘Taking Power Tools to the Acquis. The Court of Justice, the Charter of Fundamental Rights and European Union Copyright Law’ in Christophe Geiger, Craig Allen Nard and Xavier Seuba, *Intellectual Property and the Judiciary* (Edward Elgar 2018) 174; Bernt Hugenholtz, ‘Is Harmonization a Good Thing? The Case of the Copyright Acquis’ in Ansgar Ohly and Justine Pila (eds), *The Europeanization of Intellectual Property Law: Towards a European Legal Methodology* (Oxford University Press 2013) 62.

81 Bently et al, ‘Strengthening the Position of Press Publishers and Authors and Performers in the Copyright Directive’ (n 11) 44.

of a documentary movie.⁸² The case pivots on the assignment contract, with which the movie director transferred his rights to the producer. Among the main issues, the question arises as to whether the national statutory rights of remuneration can be presumed transferred to the producer by way of the assignment contract.⁸³ Although the statutory rights of remuneration primarily refer to those entitlements to a fair compensation in the cases of exceptions and limitation of copyright (e.g. private use exception), it should not be forgotten that they also include the author's right to equitable remuneration imposed by the Rental Directive. Austrian copyright law sets a general principle of equal share of such remunerations between the director and the producer, if not otherwise agreed by the parties.⁸⁴

24 In inquiring whether this national provision is compliant with EU copyright law, the CJEU draws a clear-cut line of arguments regarding the protection of authors.⁸⁵ It emphasizes that, according to EU copyright law, the original ownership of copyright vests in the movie director,⁸⁶ who shall always be able to rebut a statutory presumption of transfer

of her copyrights by way of contract.⁸⁷ Moreover, recalling the objectives of the Rental and Lending Directive, according to which, first, adequate income of the authors and performers must be ensured, and, second, the producer's investment must be protected,⁸⁸ the CJEU ruled that the movie director must be entitled to statutory rights of remuneration⁸⁹ and cannot waive them to the benefit of the producer.⁹⁰ The Court stuck within the literal boundaries of the preliminary ruling question and interpreted EU copyright law from the perspective of the right to fair compensation of the author or performer.⁹¹ Nonetheless, its reasoning can be read, in conjunction with the unwaivable nature of the remuneration right set in the Rental Directive,⁹² as a broader and categorical rejection of "any system that would transfer the compensation [or equitable remuneration] to publishers without obliging them to ensure that authors benefit from it, even if only indirectly".⁹³

25 The other two relevant CJEU decisions pivot on the interpretation of the Rental Directive and the Resale Directive. In *SENA* the core legal issue concerns the determination of the equitable remuneration to be paid to performers and producers for the broadcasting of music works by radio and TV.⁹⁴ In

82 Case C-277/10 *Martin Luksan v Petrus van der Let* [2012] EU:C:2012:65 (hereinafter *Luksan*).

83 According to §38(1) of the Austrian Copyright Law. See *Luksan*, paras 21, 30.

84 §38(1) of the Austrian Copyright Law. See *Luksan*, para 33.

85 In agreement with the Advocate General's opinion, which emphasizes the protection of the movie director in light of Article 17 of the Charter of Fundamental Rights of the European Union. See Case C-277/10 *Martin Luksan v Petrus van der Let* [2011] EU:C:2011:545, Opinion of AG Trstenjak, para 133 ("[T]he principal director's authorship, which is protected by fundamental rights, risks being undermined by the allocation of the exclusive exploitation rights to the film producer."). Oliver and Stothers deem this a paternalistic approach, according to which 'if the allocation of rights is left to be decided in the contract between the parties, directors will be unable to ensure adequate compensation for their rights.' See Peter Oliver and Christopher Stothers, 'Intellectual Property under the Charter: Are the Court's Scales Properly Calibrated?' (2017) 54 *Common Market Law Review* 517, 544. according to which "if the allocation of rights is left to be decided in the contract between the parties, directors will be unable to ensure adequate compensation for their rights" Peter Oliver and Christopher Stothers, 'Intellectual Property under the Charter: Are the Court's Scales Properly Calibrated?' (2017).

86 *Luksan*, para 53.

87 *ibid* paras 80, 87.

88 *ibid* para 77. The Court highlights that a balance shall be struck between, on the one side, authors and performers, and, on the other side, investors. See *ibid* para 78.

89 *ibid* paras 94-95.

90 *ibid* paras 100-102, 105-108. See also Matthias Leistner, 'Europe's Copyright Law Decade: Recent Case Law of the European Court of Justice and Policy Perspectives' (2014) 51 *Common Market Law Review* 578-579.

91 *Luksan*, paras 89, 99, 103.

92 Worth noting is that on the unwaivable nature of the fair compensation, especially in the case of the private copying exception, the CJEU case law is consolidated. See e.g. Case C-463/12 *Copydan Båndkopi v Nokia Danmark A/S* [2015] EU:C:2015:144; Case C-572/13 *Hewlett-Packard Belgium SPRL v Reprobel SCRL (Reprobel)* [2015] EU:C:2015:750; Joined Cases C457/11 to C460/11 *Verwertungsgesellschaft Wort v Kyocera, Epson Deutschland GmbH, Xerox GmbH, Canon Deutschland GmbH and Fujitsu Technology Solutions GmbH, Hewlett-Packard GmbH v Verwertungsgesellschaft Wort* [2013] EU:C:2013:426; Case C 467/08 *Padawan SL v Sociedad General de Autores y Editores de España* [2010] EU:C:2010:620.

93 *ibid* para 108. See also Sganga, *Propertizing European Copyright* (n 80) 142.

94 Case C-245/00 *Stichting ter Exploitatie van Naburige Rechten*

absence of a specific definition, or any guidance on the method of quantification, of such remuneration in the Rental and Lending Rights Directive, the CJEU posits that the notion of equitable remuneration is an autonomous EU concept of law.⁹⁵ Nevertheless, it leaves the national legislator in charge of laying down the criteria to determine the fairness of the remunerations, voicing a “call upon the Member States to ensure the greatest possible adherence throughout the territory of the Community to the concept of equitable remuneration (...)” for the benefit of performers and producers.⁹⁶ Interestingly, the Court does not refrain from expressing the need to have *both* categories of right holders benefiting from such remunerations, thus reminding that:

*[...] the manner in which that remuneration is shared between performing artists and producers of phonograms is normally to be determined by agreement between them. It is only if their negotiations do not produce agreement as to how to distribute the remuneration that the Member State must intervene to lay down the conditions.*⁹⁷

(*SENA*) v *Nederlandse Omroep Stichting* [2003] EU:C:2003:68 (hereinafter *SENA*).

95 *ibid* paras 23-24. See also Case C-245/00 *Stichting ter Exploitatie van Naburige Rechten v Nederlandse Omroep Stichting* [2002] EU:C:2002:543, Opinion of AG Tizzano (hereinafter *SENA* AG opinion), para 32.

96 *SENA*, paras 34-36, 38. See also *SENA* AG opinion, para 37. Similarly in Case C-271/10 *Vereniging van Educatieve en Wetenschappelijke Auteurs v Belgische Staat* [2011] EU:C:2011:442, the CJEU left Member States to determine the remuneration (*rectius*: compensation) due to authors for public lending. See *ibid* para 36. In *SENA*, para 37, however, the Court throws a hint of guidance to national legislators by stating that “whether the remuneration, which represents the consideration for the use of a commercial phonogram, in particular for broadcasting purposes, is equitable is to be assessed, in particular, in the light of the value of that use in trade.” See on the point Hilty and Moscon, ‘Modernisation of the EU Copyright Rules’ (n 12) 18.

97 *SENA*, para 33. Interestingly, Advocate General Tizzano in his opinion highlights how “[...] the remuneration cannot be considered to be equitable if it is likely to prejudice the outcome sought by the [Rental] Directive, and particularly Article 8(2) thereof. Indeed, since that provision is designed to guarantee rightholders ‘remuneration’ for the use to which it refers, it seems plain to me that, in so far as it is to be ‘equitable’, that remuneration must in any event be effective and substantial, to avoid the risk of depriving performers or producers of the right accorded them. [...] [A]ssessment of the circumstances of the individual case cannot result in the determination of merely token compensation, which, in the final analysis, amounts to a denial of the right to remuneration. [...] Consequently, the remuneration mentioned in Article 8(2) of the Directive

26 In *Fundacion Gala-Salvador Dali*, opposing are the rights of Salvador Dali’s heirs, on the one side, and the rights of the legatees and successors in title of his intellectual property rights, on the other.⁹⁸ The core of the controversy lies in the payment of resale royalties to the sole heirs of the artists, and not to the legatee, i.e. the Foundation that holds and administers Dali’s copyrights. In the absence of specific indications of these two distinct categories in the Resale Right Directive, the Court offers a teleological interpretation.⁹⁹ The emphasis on the intention to protect the artist is set at its peak, and, as a result, the CJEU ultimately asserts that national laws of succession, regardless of whether they entitle either the heirs or the testamentary successors to enjoy the resale right do not clash with the intention of “ensur[ing] a certain level of remuneration for artists”. Indeed, the Court explains, the transfer of such right after the death of the artist is merely ancillary to that objective.¹⁰⁰

27 Looking at the vast CJEU copyright jurisprudence as a whole, the Court seems to tend towards a protective approach towards the appropriate remuneration of creators by way of a purposive and broad interpretation of copyright exclusive rights.¹⁰¹ The

must be such as to make an *effective contribution to securing the profitability of artistic activity and production.*” *SENA* AG opinion, paras 46-47 (emphasis added).

98 Case C-518/08 *Fundacion Gala-Salvador Dali and Visual Entidad de Gestion de Artistas Plasticos v Société des auteurs dans les arts graphiques et plastiques et al* [2010] EU:C:2010:191 (hereinafter *Fundacion Gala-Salvador Dali*).

99 *ibid* paras 25-30.

100 *ibid* paras 28-29, 32-33.

101 E.g. Case C-5/08 *Infopaq International A/S v Danske Dagblades Forening* [2009] ECR-6569 (hereinafter *Infopaq*) para 40 (“[I]t follows from recitals 9 to 11 in the preamble to Directive 2001/29 that its main objective is to introduce a high level of protection, in particular for authors to enable them to receive an appropriate reward for the use of their works [...] in order to be able to pursue their creative and artistic work.”); Case C-200/96, *Metronome Musik GmbH v Music Point Hokamp GmbH* [1998] ECR I-1953 (hereinafter *Metronome*) para 22; Case C-70/10, *Scarlet Extended SA v Société Belge des Auteurs, Compositeurs et Editeurs SCRL* [2011] ECR I-11959 (hereinafter *Scarlet Extended*), para 14; Case C-306/05, *Sociedad General de Autores y Editores de España v Rafael Hoteles SA* [2006] ECR I-11519 (hereinafter *SGAE*) para 36; Case C-516/13, *Dimensione Direct Sales Srt, Michele Labianca v Knoll International SpA*, EU:C:2015:315, para 34; Case C-275/15 *ITV Broadcasting Limited and Others v TVCatchup Limited and Others* [2017] EU:C:2017:144, para 22; Joined Cases C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection*

term “appropriate” acquires a twofold meaning. On the one hand, the Court aims to ensure a revenue to the copyright holder, which is proportionate to the occurred uses of her work and capable of preventing unjust enrichment by the unauthorized user.¹⁰² On the other hand, confirming what illustrated in the foregoing, the notion of fair (or equitable) remuneration stands for the specific protection of authors and performers in having a proper share of the revenues deriving from their works, thus confirming the presence of, among others, a distributive *ratio* underlying the EU copyright legal framework.

F. Conclusion: The distributive and the digital

- 28 The opening of this article has recalled the main driver of the Digital Single Market strategy, which the EU legislator has been pursuing for a decade; that is the intent to promote the expansion of digital markets while protecting right holders. Within the copyright scenario, this goal has translated into a high level of protection for the copyright holder and, most recently, a shift of the burden of costs towards digital businesses, thus generating heated debates.
- 29 An aspect often left in the penumbra is that part of the EU legislator’s picture of a modernized copyright marketplace consists of an enhancement of its fairness, not only between right holders and users, but also and equally importantly, between creators and publishers. The analysis of the CDSM Directive has unveiled a significant role played by this distributive rationale, which tackles the weaker contractual position of authors and performers and tries to fix it. Such rationale has proved to be no new entry in the EU copyright scene, but rather to be scattered across the EU copyright legislation as well
- 30 Unsettled questions remain on the quantification of the fair remuneration, which could have been overcome by a more precise definition of the criteria of measurement, as it has been done by the EU legislator already in the Resale Directive and the 2011 Amendment to the Term Directive. Awaiting the national implementations of the CDSM Directive and focusing on the evolution of EU copyright law as a whole, it emerges that the need to set good examples of modernization by adapting the existing legal framework and making it fit its own expressed purposes seems to be met.

Services Ltd [2011] ECR I-09083 (hereinafter *FAPL*) paras 107-108, 186; Joined Cases C-92/92 and C-326/92, *Phil Collins v Imtrat Handelsgesellschaft mbH and Patricia Im-und Export Verwaltungsgesellschaft mbH and Leif Emanuel Kraul v EMI Electrola GmbH* [1993] ECR I-5145 paras 12, 21; Case C-62/79, *Coditel SA and others v Ciné Vog Films and others* [1980] ECR 881 para 14.

102 This emerges, for instance, in *SGAE* and *FAPL*, where the Court argued that the enhanced financial results of hotels and public houses providing access to protected content was violating the right to equitable remuneration of the copyright holder. See *SGAE*, para 44; *FAPL*, para 108, 205 (“[T]he specific subject-matter of the intellectual property does not guarantee the right holders concerned the opportunity to demand the highest possible remuneration [...] only appropriate remuneration for each use of the protected subject-matter”) (emphasis added).

The Liability system of Art. 17 DSMD and national implementation

Contravening prohibition of general monitoring duties?

by **Gerald Spindler***

Abstract: The article deals with the complex liability system of Art. 17 DSM Directive, the famous “upload filter provision” in copyright law concerning content sharing platforms. The conflict between the prohibition of general monitoring obligations for platform providers derived from European fundamental rights by the CJEU and the obligations of providers are scrutinized. Moreover, possible options for national legislators in order to safeguard fundamental rights of users concerning freedom of speech (and copyright limitations) are discussed.

Keywords: Copyright liability; Service Provider; freedom of speech; copyright limitations; Upload-Filter; general monitoring obligations; European fundamental rights; flagging content; Art. 17 Digital Single Market Directive; user generated content; extended collective licenses

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A. Introduction

1 Scarcely any EU directive has attracted so much public attention as the new DSM-Directive,¹ which introduces obligations for service providers who enable sharing of user-generated content, such as

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1 Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130, p. 92 ss. of 17.5.2019.

YouTube. The fight between rightholders on one side and the internet community on the other, fostered by large companies such as YouTube, even ended up in public manifestations against one article of the DSMD, Art. 17 (previously Art. 13). This article deals with obligations of service providers to control content on their platform, thus forming an exception of the safe harbor privileges for service providers enshrined in Art. 14 E-Commerce Directive.² It is obvious that such a control could hamper rights of freedom of speech as well as access to content – which is the legal ground for the claim filed by Poland against the DSMD and which lies

2 Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, OJ L 178 p. 1 ss. of 17.7.2000.

at the core of the following article. I will initially shortly describe the existing system of copyright liability for intermediaries (B) before turning to the fundamentals of Art. 17 DSMD (C.1) whose structure is crucial for the constitutional analysis (C.3), in particular concerning the prohibition of general monitoring duties. Even if one does not follow the constitutional arguments, they have to be considered when implementing Art. 17 DSMD (D) which unfolded concerning user rights etc. Finally, we will discuss international private law implications (E), as well as the legal situation for those providers who are exempted from Art. 17 DSMD (F).

B. The Previous Liability System for Intermediaries

- 2 Originally, service providers – which also include operators of social networks or user-generated content platforms like YouTube – were covered without further question by the liability privilege of Art. 14 E-Commerce Directive; meaning that they could only be held liable after acquiring knowledge of any illegal content, or only if, “as regards claims for damages, (he) is not aware of facts or circumstances from which the illegal activity or information is apparent” (Art. 14 (1) sentence 1 (a) ECD) – which the courts applied to YouTube accordingly, freeing it from liability.³ However, in the *L’Oréal* decision, the CJEU made it clear that this privilege applies only to passive, neutral service providers, not to those who actively support users (e.g., through providing assistance and optimising the presentation of offers).⁴
- 3 From the beginning, injunctive reliefs on the grounds of liability for interference (“*Störerhaftung*”) have remained unaffected by the liability privilege – obligations which have in detail been formed by the jurisprudence in numerous decisions, but cannot be described here in detail. At its core, a host provider is liable as an interferer (“*Störer*”) after notification by the injured party regarding the future (!) omission of infringing rights if he violates reasonable inspection and control obligations (e.g. does not prevent that new content of the same kind is loaded onto the server).⁵ It should be noted, however, that even from a copyright perspective (up to now), the service provider itself does not commit any infringement in the sense that he is the offender or the infringer of an exploitation right of a copyright holder; at most he was a negligent side-perpetrator and therefore (apart from the liability for interference) could benefit from the liability privilege according to Art. 14 E-Commerce Directive.
- 4 However, this assessment changed with the development in CJEU case law on the right of making available to the public, Art. 3 a) InfoSoc Directive.⁶ With the decisions in *GS Media*, *Filmspeler* und *Pirate Bay*⁷ the CJEU already took the act of recovery far into the field of aid and its own actions.⁸ Specifically, it concerned hyperlinking (*GS Media*), a platform with piracy recommendations without hosting content (*Pirate Bay*), or hardware products with pre-set software that led to piracy platforms.
- 5 Whether the CJEU in the pending *YouTube*-proceeding⁹ would decide in the same manner is not agreed upon, since in this case – unlike *Filmspeler* and *Pirate Bay* – a targeted promotion of infringing acts of property rights by third parties cannot be concluded.¹⁰ Art. 17 (1) DSMD however, can be seen

EuZW 639, 640 ff.

6 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167/10 ff.

7 CJEU Case C-160/15 *GS Media BV v Sanoma Media Netherlands* EU:C:2016:644, GRUR 2016, 1152 with comments by Ohly; CJEU Case C-527/15 *Filmspeler* EU:C:2017:300, GRUR 2017, 610 with comments by Neubauer/Soppe; CJEU Case C-610/15 *The Pirate Bay* EU:C:2017:456, GRUR 2017, 790; Matthias Leistner, “Die ‘The Pirate Bay’-Entscheidung des EuGH: ein Gerichtshof als Ersatzgesetzgeber” [2017] GRUR 755.

8 Rightly critical Leistner, (n 7) 755; Matthias Leistner, “Reformbedarf im materiellen Urheberrecht: Online-Plattformen und Aggregatoren” [2016] ZUM 580, 583; Matthias Leistner, “Anmerkung zu EuGH, Urteil vom 8. September 2016 – EUGH C-160/15” [2016] ZUM 980; CJEU Case C-160/15 *GS Media BV v Sanoma Media Netherlands* EU:C:2016:644, GRUR 2016, 1152, 1155 with comments by Ohly who speaks of a “substitute legislator”.

9 See the pending proceedings: Case C-682/18 *YouTube* and Case C-683/18 *Elsevier*; to the order for reference: Federal Court of Justice resolution of 13 September 2018 – I ZR 140/15, CR 2019, 100 ff.

10 Also the submitting Federal Court of Justice does not see an individual illegal action by platforms such as YouTube because of lack of knowledge and automation as given; Federal Court of Justice CR 2019, 100 para 30 ff. with

3 Higher Regional Court Hamburg MMR 2016, 269; Higher Regional Court Munich CR 2016, 750.

4 CJEU Case C-324/09 *L’Oréal* EU:C:2011:474, para 116.

5 Further details in Spindler in Spindler/Schmitz (eds), *Telemediengesetz*, (2nd edn, CH Beck 2018), § 7 TMG paras 41 ff. with further proofs; see also Nico Gielen and Marten Tiessen, “Die neue Plattformhaftung nach der Richtlinie über das Urheberrecht im digitalen Binnenmarkt” [2019]

as a consequence of these decisions, provided that a general awareness of the platform provider is sufficient and a lack of neutrality¹¹ assumed.¹²

C. Compatibility of Art. 17 DSMD with the Primary European Law

I. System of Art. 17 DSMD

- 6 In order to verify the consistency of Art. 17 DSMD with the primary European Law¹³, first of all the system of Art. 17 DSMD with regard to the obligations of the provider (as defined by Art. 2 (6) DSMD [“online content-sharing service provider”])¹⁴ has to be explored in detail.

comments by Ohly; different opinion Malte Stieper, “Die Richtlinie über das Urheberrecht im digitalen Binnenmarkt” [2019] ZUM 211, 216 ff.

- 11 The CJEU had specifically emphasized this requirement with regard to Art. 14 of the E-Commerce Directive, CJEU Case C-324/09 *L’Oréal EU*:C:2011:474, CR 2011, 597 paras 113 ff.; CJEU Case C-236/08 *Google France SARL v Louis Vuitton Malletier SA*, CR 2010, 318 paras 114 ff.; in detail with further references Spindler (n 5) § 10 para 16, § 7 paras 8 ff., vor § 7 para 15; also Stephan Ott, “Das Neutralitätsgebot als Voraussetzung der Haftungsprivilegierung des Host-Providers” [2012] K&R 387 ff.; Matthias Leistner, “Grundlagen und Perspektiven der Haftung für Urheberrechtsverletzungen im Internet” [2012] ZUM 722, 724 f.
- 12 Insofar too extensive Franz Hofmann, GRUR [2019] 1219, 1222 who believes that the liability now regulated in Art. 17 of the DSMD together with the “Stoererhaftung” (Breach of Duty of Care) already previously resulted in the responsibility of the platforms; Franz Hofmann, “Die Plattformverantwortlichkeit nach dem neuen europäischen Urheberrecht – »Much Ado About Nothing«?” [2019] ZUM 617, 623; similar Caroline Volkmann, “Art. 17 Urh-RL und die Upload-Filter: verschärfte Störerhaftung oder das Ende der Freiheit im Internet?” [2019] CR 376, 377 para 8.
- 13 Secondary European law must be ignored in this case, since the DSMD can displace other directives or regulations as lex posterior.
- 14 For simplification purposes, the term “service provider for sharing online content” is replaced in the following by the term “service provider”.

1. Definition of Service Providers for Sharing Online Content

a) Variety of Content in Organized Form

- 7 The service provider under Art. 2 (6) DSMD should be distinguished by the fact that at least “one of the main purposes is to store and give the public access to a large amount of copyright-protected works or other protected subject matter uploaded by its users, which it organises and promotes for profit-making purposes”. Obviously it does not depend on the number of users themselves, but on the “large amount” of copyrighted works.¹⁵
- 8 Furthermore, the *content must be organised*; however this aspect is not specified precisely by the DSMD. It is probably sufficient if a search function for the search for certain content is maintained, as well as the creation of certain categories under which content can be found.¹⁶ Finally, the content must be “promoted” by the provider. Contrary to its ambiguous formulation, this provision should not be understood in a way that the provider promotes the concrete content (of the *user generated content*), rather that the provider offers an accompanying advertisement himself like YouTube does.¹⁷ Even news services that allow users to write comments (so-called “forum”) could be included in this definition, since wording is also protected by the copyright and per se under certain categories these are shared with many users and are often interconnected with advertisement.
- 9 Though services such as *Rapidshare*, which do not have search capabilities (hence, not organising content), or which do not place advertisements specifically within the content, are not covered by the DSMD, this is peculiar in terms of the number of copyright infringements to be found. However, Recital 62 DSMD considers this by explicitly mentioning at the end that “the exemption procedure under this Directive should not apply to service providers whose main purpose is to participate in or agree to facilitate copyright infringement.”

15 However, Recital 63 also refers to the public in order to specify Art. 2 (6) of the Directive.

16 Agreeing Nils Peters and Jan Henrik Schmidt, “Das Ringen um Upload-Filter geht in die 2. Runde“ [2019] GRUR Int. 1006, 1006.

17 Agreeing Hofmann (n 12) 617, 628.

b) Negative Demarcation

- 10 Given the potentially large reach of the previous definition, Art. 2 no. 6 subsection 2 DSMD does make an effort to carve out certain services. In this context, the general criterion to be used can be Recital 62, which makes clear that no services should be affected:

“that have a main purpose other than that of enabling users to upload and share a large amount of copyright-protected content with the purpose of obtaining profit from that activity”.

- 11 Accordingly, all non-commercial offers should be excluded – with a view to Wikipedia in particular – non-profit online encyclopedias but also scientific repositories. Similarly, platforms for open source software are excluded, including even commercial platforms such as “Online Marketplaces”. In view of the latter exception, it is decisive that any content other than *user-generated content* is essentially distributed for remuneration; because even here platforms for *user-generated content* are easily conceivable. The problems of demarcation further become apparent when the providers of electronic communications services according to the Directive 2018/1972¹⁸ are excluded (OTT-Services), which means that *WhatsApp* groups, as number-bound interpersonal communications services, are no longer covered by the DSMD¹⁹, even if they can fulfill the same functions when they are large enough as, for example, an account on Facebook in terms of sharing content.
- 12 What should not be underestimated regarding a teleological interpretation is the general line in Recital 62, which emphasizes that the scope of application:

“...should target only online services that play an important role on the online content market by competing with other online content services, such as online audio and video streaming services, for the same audiences”.

- 13 This could exclude from the scope many services that also use copyrighted content, such as dating and flirting portals with photographs and texts of their users.²⁰

18 Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code (Recast), OJ L 321/36 ff.

19 Regarding the attribute as an OTT-Service: *Spindler* (n 5) § 1 para 26 ff.; Andreas Grünwald and Christoph Nüßling, “Kommunikation über die Top Regulierung für Skype, WhatsApp oder Gmail?” [2016] MMR 91, 92 f.

20 Accurately *Henrich*, <https://www.medienpolitik>.

c) Cloud-Services

- 14 Last but not least, “cloud services that allow users to upload content for their own use, are not online content-sharing service providers’ within the meaning of (the) Directive.” As reasonable as it may sound at first glance to exclude *GoogleDrive*, *MicrosoftOneDrive*, *iCloud*, etc. from the scope of application, a closer consideration reveals that there are considerable doubts. Since almost all cloud services allow the sharing of content, even the simultaneous editing of content. Services like *MicrosoftOneDrive* are actually designed to share content. How an effective demarcation shall be achieved here is difficult to assess; let alone a contract, stipulating that users are not allowed to share copyrighted content with others, is not sufficient. However, it is likely that cloud services are not captured by the framework of Art. 17 (1), since they rarely offer content to a large public (large numbers of people), so that an act of exploitation is missing per se.²¹

2. Independent Infringement of Exploitation Rights by Service Providers, Art. 17 (1) DSMD

- 15 The starting point of Art. 17 DSMD is the stipulation that the service provider within the meaning of Art. 2 (6) DSMD infringes the right of communication to the public according to Art. 3 (a) InfoSoc Directive, even if it concerns the content of third parties who uploaded them to the service provider platform (user-generated content). Thus, the activity of the service provider is not – as previously qualified in national law – a complicity or accessory act, but has to be seen as an independent violation of the rights of the copyright holder (own perpetrator).²² With good

[net/2019/04/plattformen-werden-verantwortung-uebernehmen/](https://www.net/2019/04/plattformen-werden-verantwortung-uebernehmen/), last accessed 17 April 2019; same opinion *Peters/Schmidt* (n 16) 1006, 1008.

21 Different opinion *Peters/Schmidt* (n 16) 1006, 1007, but without explaining where the necessary public should lie.

22 See also *Hofmann* (n 12) 1219; *Hofmann* (n 12) 617, 620 f.; *Arthur Wandtke and Ronny Hauck*, “Art. 17 DSM-Richtlinie – Ein neues Haftungssystem im Urheberrecht“ [2019] ZUM 627, 629; *Timm Pravemann*, “Art. 17 der Richtlinie zum Urheberrecht im digitalen Binnenmarkt – Eine Analyse der neuen europäischen Haftungsregelung für Diensteanbieter für das Teilen von Online-Inhalten“ [2019] GRUR 783, 784; *Volkman* (n 12) 376, 378 para 11; *Gielen/Tiessen* (n 5) 639, 642, however, with the hardly defensible assumption that then no further “Stoererhaftung” would apply – but this still exists due to the liability based on omission.

reason, doubt can be cast on the question of whether Art. 17 DSMD is a consistent implementation of the aforementioned CJEU case law (*GS Media, Filmpeleer, etc.*)²³ because of the non-specific intent to actually infringe the law - which in the end will be decided by the CJEU in the pending *YouTube* case.

- 16 According to the second subparagraph of Art. 17 (1) DSMD an online content service provider is required to obtain permission from the copyright holders referred to in Art. 3 (1) and (2) InfoSoc Directive, i.e. authors, performers, phonogram and film producers, as well as broadcasters. An extension of this consent requirement to other rights (ancillary rights) protected under national law, is not required by the Directive and does not seem necessary in view of the complexity of the provision. This is particularly important for platforms like Instagram which usually contain only amateur photos that are not protected by copyright.

3. Compulsory Program of the Service Provider

- 17 Art. 17 DSMD essentially stipulates two obligations of service providers within the meaning of the definition of Art. 2 (6) DSMD:
- primarily the obligation to obtain licences, Art. 17 (1), (4) (a) DSMD;
 - if this fails, the secondary obligation is to prevent the sharing of third-party content that violates copyrights, without further clarification of the measures required for this purpose, Art. 17 (4) (b) DSMD .
- 18 In addition, Art. 17 (4) (c) DSMD requires that copyright-infringing content of third parties that has been loaded onto the platform and has been notified to the provider is to be deleted by the provider, respectively blocked from access by third parties, and in the future to be restricted from again uploading it to the platform (notice-and-stay-down).²⁴

23 Doubted by Leistner (n 8) 580, 586; agreed by Franz Hofmann, "Kontrolle oder nachlaufender Rechtsschutz – wohin bewegt sich das Urheberrecht? Rechtsdurchsetzung in der EU zwischen Kompensation und Bestrafung" [2018] GRUR 21, 28; Hofmann (n 12) 1218; Hofmann (n 12) 617, 620, 623 f.; Tobias Holzmüller, "Anmerkungen zur urheberrechtlichen Verantwortlichkeit strukturierter Content-Plattformen" [2017] ZUM 301, 302; Malte Stieper, "Ausschließlichkeitsrecht oder Vergütungsanspruch: Vergütungsmodelle bei Aufmerksamkeitsplattformen" [2017] ZUM 132, 137 f.

24 In detail Gerald Spindler, "Die neue Urheberrechtsrichtlinie

a) Obligation to Review Regarding Necessary Licences (Art. 17 (1), (4) (a) DSMD)

- 19 In other words, as a first step, the service provider needs to verify if content on its platform requires a license; in this case, he must then obtain the necessary licenses. The obligation of the service provider to obtain licenses - as he is generally considered as a possible infringer of the right of public access - leads initially to a general proactive investigation of the providers regarding their platforms, since otherwise - subject to Art. 17 (4) DSMD - they are responsible for copyright infringements.
- 20 Within this framework two sub-obligations have to be distinguished: the obligation to check any content for the possible necessity of licences (resp. copyright illegality); and the obligation to take care of this (!) determined content by obtaining the rights (license obtaining duty). For the obligation to check the content, it is decisive whether the service provider has to do this on his own initiative (pro actively) or only on the basis of information provided by the rightholder. Recital 66 seems to indicate that the service provider only has to act upon information received by rightholders. However, Recital 66 obviously refers to Art. 17 (4) (b) DSMD, which explicitly states that rightholders should provide the relevant information. Regarding the obligation to determine in the first place whether content subject to licensing is existent, Art. 17 (4) (b) DSMD does not appear to be relevant, since Art. 17 (4) DSMD provides for a staged liability: only if and when all efforts have been made to obtain licences - which necessarily implies that it was previously checked whether content subject to licence is actually existent - Art. 17 (4) (b) DSMD intervenes. In other words, Art. 17 (4) (b) DSMD is just one part of all obligations of the service provider and depends of compliance with obligations of Art. 17 (1), (4a) DSMD. Later we have to return again to this important distinction and system.
- 21 In order to obtain the licenses or permissions (Art. 17 (4) (a) DSMD) the service provider has to undertake serious efforts, be it with collecting societies or individual rightholders, in terms of getting in contact and a serious willingness to negotiate. On the other hand, it also does not matter whether the rightholder wishes to grant the rights for reasonable remuneration. There is no obligation to contract on the part of the copyright holder²⁵ nor on the part of

der EU, insbesondere <Upload Filter> - Bittersweet?" [2019] CR 277, 288; Hofmann (n 12) 617, 621 f.; also Gielen/Tiessen (n 5) 639, 646.

25 At the end of recital 61 of the DSMD it is specifically

the service provider²⁶ – notwithstanding antitrust considerations. Whether the Member State can foresee a contracting obligation by implementing Art. 17 seems rather doubtful in light of the DSMD.²⁷

- 22 However, the service provider does not have to carry out excessive research in order to identify a rightholder – for example in the case of orphan works – since here the principle of proportionality according to Art. 17 (5) DSMD also applies. Specific problems are posed by holders of copyrighted works that are not active in a professional manner, from amateur photographers to amateur videos, up to amateur authors. Corresponding licence offers will be missing in these cases; also, often enough it will be difficult for the service provider to determine the rights holder. Therefore, here too the service provider should not be targeted by overstretched obligations. Beyond collective licencing according to Art. 12 DSMD,²⁸ it should be sufficient that non-professional authors are offered a “monetization” by participating in the advertising revenue.²⁹ Service providers cannot rely any more solely on a presumed (or tacit) consent of the rightholder – as it has formerly been used as a justification by the Federal Court of Justice for the image search of Google;³⁰ this concept is not valid anymore, since the decision of the CJEU in Renckhoff-decision.³¹

mentioned that rightholders are not obliged to grant licenses.

- 26 In this regard, recital 64 of the DSMD only refers to the fact that service providers “should obtain” permission from rightholders, for instance by concluding a license agreement; as here Hofmann (n 12) 617, 620; hence contra legem Wandtke/Hauck (n 22) 627, 630, who speak of an obligation to conclude due to the efforts according to Art. 17 (4) a) DSMD.
- 27 As here Hofmann (n 12) 1223.
- 28 Thomas Dreier, “Die Schlacht ist geschlagen – ein Überblick” [2019] GRUR 771, 777 f. essentially focuses on this, but also recognizes the limits of this approach.
- 29 Accurately Hofmann (n 12)1226; even going beyond Grisse, “After the storm – examining the final version of Article 17 of the new Directive (EU) 2019/790”, [2019] JIPLP 887, 893.
- 30 Federal Court of Justice GRUR 2010, 628; critical on that matter Gerald Spindler, “Bildersuchmaschinen, Schranken und konkludente Einwilligung im Urheberrecht Besprechung der BGH-Entscheidung “Vorschaubilder” [2010] GRUR 785.
- 31 CJEU 2018 Case C-161/17 *Renckhoff (Cordoba)*, EU:C:2018:634, GRUR 2018, 911.

- 23 The service provider is obliged to provide evidence of his readiness to negotiate and his search for rightholders, which requires appropriate documentation. In the best case, the licenses should be able to be queried automatically; however, the DSMD does not envisage any specific procedures here.³²
- 24 In this context, the principle of proportionality according to Art. 17 (5) DSMD is evoked in order to relativize Art. 17 (1) DSMD, respectively the obligations of the service provider in the sense of moderate due diligence, so that a comprehensive rights clearance ex ante is not required, since service providers, unlike traditional right users (press, media), do not have complete control of content.³³ As much as this may apply with regard to the acquisition of rights (i.e., the effort to obtain licences), this turns a blind eye to the fact that the requirements for obtaining any rights means first of all to check the content regarding any copyright infringement. Without controlling the complete content it cannot be clarified if or in which amount licenses must be obtained. A simple random check is not intended by the DSMD.
- 25 This argument also applies to a restriction of the obligation under Art. 17 (1) DSMD to an inspection only on the basis of prior notification by rightholders.³⁴ This is in clear contradiction to the system of Art. 17 (1), (4) (a) and (b) DSMD.³⁵

b) Duties and Responsibility Limitation by Art. 17 (4) (b) DSMD

- 26 In a second step, this liability is limited by Art. 17 (4) DSMD; the duties in para. 4 (a) – (c) have to be separated from those in Art. 17 (1) DSMD. The service provider has to show evidence that he has undertaken best efforts to obtain a license. Only if these efforts have failed, the service provider can turn to Art. 17 (4) b) DSM-Directive – which can certainly also be read as a kind of liability privilege. Since after (!) all unsuccessful efforts to obtain a licence, the service provider must monitor and verify that there is no content on its platform that infringes upon the rights of rightholders – but only
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- 32 However, Art. 17 (10) merely provides for subsequent development of further guidelines on the application of Art. 17, in particular (4), by the Commission and the various stakeholders.
- 33 See Hofmann (n 12) 1224.
- 34 Still of this opinion Volkmann (n 12) 376, 378 para 24 ff.
- 35 See below D.III.1.

if the rightholders have provided the necessary information (Art. 17 (4) (b) DSMD). Without Art. 17 (4) (b) DSMD, the provider would principally be liable if he had not obtained a license for all relevant content. However, Art. 17 (4) (b) DSMD limits this liability as the efforts to be undertaken regard only the information provided by the rightholder. Recital 66 para 5 DSMD shows that the rightholders must actively provide this information.³⁶ That means vice versa: If the service provider does not have any information by the rightholder, he is not obliged to make any efforts according to Art. 17 (4) (b) DSMD.

- 27 In this case, the actual comprehensive obligation to investigate according to Art. 17 (1) DSMD is relativized for subsequent liability. Accordingly, Art. 17 (4) (b) DSMD can be qualified as an extension of the notice-and-stay-down obligation or the notice-and-take-down procedures according to Art. 14 ECD, more or less as an advance-protection.³⁷ Art. 17 (4) (b) DSMD would hereby correspond to a kind of early notification of all relevant content³⁸ – in contrast Art. 14 ECD demands notifying the provider of specific, incriminated content, so that the provider is able to then identify it on its platform.
- 28 Accordingly, it is inaccurate to locate the “upload filters” in Art. 17 (4) (b) DSMD that would exist independently (!) of rightholders’ information. Since the obligation in Art. 17 (4) (b) DSMD depends on this information by the rightholders and does not refer in general to all content on the platform, Art. 17 (4) (b) DSMD cannot be qualified as an obligation to check all content (and resulting in an “upload filter”). However, it should be clearly noted that this restriction in Art. 17 (4) (b) DSMD does not (!) apply at all to the previous obligation of Art. 17 (1), (4) a) DSMD to obtain licences; this obligation is clearly independent of any previous information by rightholders.
- 29 The Directive does not cite automatic procedures, but rather merely states in Art. 17 (4) (b) DSMD, that the service provider has to make all efforts “in accordance to high customary standards with all professional care”, in order to not make available the relevant user generated content. Conversely, the explicit requirement contained in Art. 17 (9) DSMD that the complaints of users should be examined by humans allows one to conclude that in all other cases an automated upload-filter is permitted, in particular regarding the possible measures according to Art. 17 (4) (b) DSMD.

How the high customary standards are to be determined and who participates in which process, are not further specified by the DSMD.

- 30 Further, the DSMD does not explain in which form the information is to be provided; certainly a machine readable information would make the most sense, but the service provider cannot demand such. The service provider does not have to examine the correctness of information provided by rightholders, so that any alleged copyright could be sufficient; counterclaims by affected persons (users) are not provided by the DSMD.³⁹

c) Notice-and-Stay-Down

- 31 In addition, Art. 17 (4) (c) DSMD provides the notice-and-take-down procedure, already known from the E-Commerce Directive, but explicitly adding the obligation to prevent a re-upload of the copyright infringing content in accordance with the standards of Art. 17 (4) (b) DSMD, thus again following the “high industry standards” (*stay-down*). However, the obligation is only triggered after “receiving a sufficiently substantiated notice from the rightholders”, thus apparently not in the case of information provided by a third party (in contrast to Art. 14 ECD)⁴⁰ but also not in the case of general information. The obligations are triggered regardless of whether the service provider has fulfilled his obligations under Art. 17 (4) (a) and (b), Recital 66 subpara. 6 DSMD.
- 32 From a German point of view, the obligation to keep the content “down” resembles much of the so-called “core theory” (“Kerntheorie”),⁴¹ which requires that

39 So far, such cases of abusive “notices” and information have been rarely discussed, in contrary to unjustified protection warnings, see more recently: Federal Court of Justice, GRUR 2016, 630 paras 15 ff.; for further details see Spindler in Gsell/et al. (eds) Beck’scher Online Großkommentar (CH Beck 2019), § 823 paras 220 ff. with further references.

40 See on this matter, Commission Recommendation of 1.3.2018 on measures to effectively tackle illegal content online (C(2018) 1177 final), chap. I no 4 (f), chap. II no 5-8, that identifies any natural person or entity as a notice provider.

41 On the subject “core theory”, see for instance Federal Court of Justice GRUR 2014, 706 with further proofs; Federal Court of Justice GRUR 2013, 370 paras 29 ff.; Federal Court of Justice GRUR 2011, 1038 para 39; Specht in Dreier/Schulze (eds), Urhebergesetz (6th edn, CH Beck 2018) § 97 paras 59, 67; on the application of core theory to image reporting, see recently Regional Court Frankfurt oM, ZUM 2019, 71, 72; Federal Court of Justice ZUM-RD 2009, 499 para 7 with

36 Agreeing *Peters/Schmidt* (n 16) 1006, 1009.

37 *Pravemann* (n 22) 783, 786 rightly speaks of “Notice-and-prevent”-procedures; see *Wandtke/Hauck* (n 22) 627, 634.

38 See also *Hofmann* (n 12)1225.

similar content should be blocked as well by the “stay-down” ban.⁴² The same approach was taken more or less already for Art. 14 ECD, however it was restricted to automatic controls.⁴³ The decision of the European Court of Justice on personal rights in the *Glawischnig-Piesczek* case now points towards a similar direction.⁴⁴ Since the service provider is obliged to prevent the upload of “synonymous” or similar content, the obligation of the notice-and-stay-down procedure is similar to the preventive procedure in Art. 17 (4) (b) DSMD, only with the difference that for Art. 17 (4) (c) DSMD, a specific message referring to an already stored content is necessary.

d) Principle of Proportionality

- 33 With regard to the efforts required by Art. 17 (4) (a) (c) DSMD, however, the principle of proportionality embedded in Art. 17 (5) DSMD also applies. Accordingly, with the:
- 34 “(Determination) whether the service provider has complied with its obligations under paragraph 4, and in light of the principle of proportionality, the following elements, among others, shall be taken into account:
- a) the type, the audience and the size of the service and the type of works or other subject matter uploaded by the users of the service; and
 - b) the availability of suitable and effective means and their cost for service providers.”
- 35 According to the perception of some authors,⁴⁵ small or young entrepreneurs should not be subject to the same standards as large companies; they should perhaps even be freed of the obligations of Art. 17
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- further references.
- 42 See for instance Daniel Holznagel, “Schadensersatzhaftung gefahrgeneigter Hostprovider wegen nicht verhinderter “gleichartiger“ Inhalte” [2017] CR 463 ff.
- 43 See Spindler (n 5) § 7 paras 51 f. with further references; Holznagel/Höfingler in Hoeren/Sieber (eds), *Multimediarrecht* (44 edn, CH Beck 2017,) part 18.1 paras 56 ff.; Paal, § 7 TMG Rn. 65 in Gersdorf/Paal (eds), *BeckOK Informations- und Medienrecht*, (23 edn, CH Beck 2019).
- 44 CJEU Case C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821; see on this matter *Spindler*, NJW 2019, 3274.
- 45 See e.g. Gielen/Tiessen (n 5) 639, 643 f.; similar Hofmann (n 12)1227.
- (4) (b) DSMD – unless other criteria counterbalance this, such as the type of works uploaded. However, this can hardly be reconciled with Art. 17 (6) DSMD, which provides for an exception for start-ups,⁴⁶ which was heavily controversial between Member States during the policy-making process and in the end codifies exemptions for small or younger entrepreneurs. Art. 17 (6) DSMD can not be put aside simply by applying the proportionality principle concerning small firms.
- 36 However, the relationship between Art. 17 (4) and (5) DSMD is not entirely clear either. Since in civil law (and therefore also in copyright law [beyond criminal copyright law]), objective standards of behavior are relevant,⁴⁷ it is open which role Art. 17 (5) DSMD shall play. There can be no question of determining an “individual accusation”, as this would foil the due diligence requirements. On the other hand, Art. 17 (5) DSMD does not explicitly state that these criteria should be taken into account when determining the standards, but rather “only” with regard to the question whether the service provider met the requirements, hence, more individually. Either the high customary standards, in favor of a case-by-case evaluation, are devalued or there is a kind of two-stage consideration, which – as already mentioned – does not correspond to the usual civil law dogmatics. Recital 66 subpara. 4 DSMD even states that “it cannot be ruled out that in some cases the availability of unauthorized content can only be avoided, if the rights holders have notified the provider”, in other words, no appropriate technologies are available that meet the criteria.
- 37 Finally, unlike the Art. 17 (4) DSMD, it is unclear who bears the burden of proof concerning the relevant factors: A general statement is not possible, since Art. 17 (5) DSMD can be both *exacerbating* (e.g. imposing higher obligations to service providers due to specific content or amount of content), as well as *relieving* (e.g. lowering obligations according to small amount of content or lacking financial resources). Depending on this, the corresponding burden of proof should be assigned to the concerned party.
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- 46 Regarding this see below D.III.2.
- 47 See for instance Lorenz, § 276 paras 5, 20 f. in Bamberger/ et al. (eds), *Beck’scher Online Kommentar* (52nd edn, CH Beck 2019)) with further references; Schaub § 276, paras 72 ff. in Gsell/et al., *Beck’scher Online Großkommentar*, (CH Beck 2019); see also Spindler in Spindler/Schuster (eds), *Recht der elektronischen Medien* (4th edn, CH Beck 2019), § 97 para 19; Specht (n 41) § 97 para 58.

4. Limitations in Favor of Users

- 38 With regard to the limitations in favor of the users, Art. 17 (7) DSMD stipulates that users should, at any time be able to invoke in their favor the copyright limitations of citation, critic and review (Art. 17 (7) (a) DSMD), as well as use for the purpose of caricatures, parodies and pastiches (lit. b). The rights of users should be guaranteed by a complaint procedure, as laid down by Art. 17 (9) DSMD. Within the framework of the complaint procedure it is of importance that Art. 17 (9) DSMD envisages that:
- 39 “Complaints submitted under the mechanism provided for in the first subparagraph shall be processed without undue delay, and decisions to disable access to or remove uploaded content shall be subject to human review.”
- 40 Thereby, the DSMD attempts to balance between (automated) copyright protection on the one hand and a guarantee of limitations and freedom of expression on the other hand, especially with regard to the EU Charter of Fundamental Rights (Recital 70 DSMD). Thus, the measures are not intended to prevent copyright-free works or those subject to restrictions from being available.
- 41 Unfortunately, other limitations, such as the science and education limitation according to Art. 5 (3) (a) InfoSoc Directive are not mentioned so that they are not covered - which is difficult to understand, since Art. 17 DSMD refers only to copyrighted works so that all the limitations of Art. 5 of the InfoSoc Directive have to be applied (so far as they had been implemented by Member States) - and not only those mentioned in Art. 17 (7), even if these are the most relevant. If these limitations are applicable, the content is no longer subject to copyright infringement so that all obligations of Art. 17 DSMD would not apply either. However, the user cannot refer to them and enforce them, since Art. 17 (7), 9 DSMD lists only the mentioned limitations.

5. Ban of General Monitoring Obligations and its Relationship to the E-Commerce-RL

- 42 Art. 17 (8) DSMD then again explains that:

“The application of this Art. shall not lead to any general monitoring obligation.”

Furthermore, Art. 17 (3) DSMD determines the relationship to the liability privilege in Art. 14 ECD:

“When an online content-sharing service provider performs an act of communication to the public or an act of making

available to the public under the conditions laid down in this Directive, the limitation of liability established in Art. 14(1) of Directive 2000/31/EC shall not apply to the situations covered by this Art.

The first subparagraph of this paragraph shall not affect the possible application of Art. 14 (1) of Directive 2000/31/EC to those service providers for purposes falling outside the scope of this Directive.”

Whether this exclusion of the general monitoring obligations is sufficient under European Law, so that the constitutionally justified requirements of the European Court of Justice can be met, will be verified later.⁴⁸

6. Influence of the Stakeholder-Dialogue and Guidelines of the Commission to Art. 17 DSMD

- 43 Lastly, Art. 17 (10) DSMD stipulates the Commission to establish a dialogue with stakeholders – rightholders, service provider representatives, but also users’ organisations – in order to enable the Commission to develop guidelines for the design of the procedure under Art. 17 (4) DSMD for its further interpretation. In doing so *expressis verbis* the fundamental rights of the affected shall be taken into account.

II. Affected Fundamental Rights

- 44 From the described structure of Art. 17 DSMD, the affected fundamental rights within their multilateral relationship (user – service provider - rightholders - third-party users [content-retrieving users]) become clear:⁴⁹
- 45 First, the service providers are directly affected in their fundamental rights regarding the freedom to choose an occupation, respectively the freedom to conduct a business (Arts 15, 16), Art. 17 ECFR,⁵⁰ because the obligations imposed on them result in corresponding costs and burden their business models. It is not without reason that the EU legislator has introduced corresponding derogations for Start Ups, Art. 17 (6) DSMD, as well as a general proportional measurement in Art. 17 (5) DSMD, which also refers to the specific operation and scope of a platform.

48 See below C.III.

49 Similiar Hofmann (n 12) 617, 625 f.

50 Charter of Fundamental Rights of the European Union (2000/C 364/01), OJ C 364, p. 1 ss. of 18.12.2000

- 46 Furthermore, of course, the rights of users who upload content to the platforms are affected in their fundamental right to freedom of expression, Art. 11 ECFR. Furthermore, these users may also be affected in their data protection rights, Art. 8 ECFR, since the blocking of content may require the identification of the respective user.
- 47 However, even third users who do not upload content themselves but view or use content of other users are affected regarding their freedom of information (Art. 11 ECFR) because the content of others is not freely available. As the CJEU has already stated in the SABAM/Netlog decision⁵¹ and later (relating to access providers) in the decision UPC Telekabel,⁵² the rights of third parties are as well affected by such measures.
- 48 On the “opposite side”, fundamental rights of the rightholders from Art. 17 ECFR concerning the protection of property rights are affected, but also Art. 7 ECFR as a personality right as far as the actual authors are concerned (and not only right distributors).

III. The Ban of General Monitoring Obligations and Art. 17 DSMD

1. General Monitoring Obligations and the EU Charter of Fundamental Rights

a) Derivation from EU Fundamental Rights

- 49 Relevant and derived from the aforementioned fundamental rights is in particular the Netlog decision of the CJEU.⁵³ The case concerned a lawsuit of a Belgian collecting society against a service provider (social network) requiring it to proactively investigate all data transfers or activities for the purposes of copyright infringement.
- 50 In the Netlog decision the CJEU explicitly referred to the rights of freedom of expression and information, guaranteed in the EU Charter of Fundamental Rights in order to declare a general monitoring procedure, as demanded by the Belgian collecting company SABAM towards Netlog – a service provider – inadmissible. For the requested filter system, the CJEU initially stated:

“36 In that regard, it is common ground that implementation of that filtering system would require:

first, that the hosting service provider identify, within all of the files stored on its servers by all its service users, the files which are likely to contain works in respect of which holders of intellectual-property rights claim to hold rights;

next, that it determine which of those files are being stored and made available to the public unlawfully; and

lastly, that it prevent files that it considers to be unlawful from being made available.

37 Preventive monitoring of this kind would thus require active observation of files stored by users with the hosting service provider and would involve almost all of the information thus stored and all of the service users of that provider (see, by analogy, Scarlet Extended, paragraph 39).

38 In the light of the foregoing, it must be held that the injunction imposed on the hosting service provider requiring it to install the contested filtering system would oblige it to actively monitor almost all the data relating to all of its service users in order to prevent any future infringement of intellectual-property rights. It follows that that injunction would require the hosting service provider to carry out general monitoring, something which is prohibited by Art. 15(1) of Directive 2000/31 (see, by analogy, Scarlet Extended, paragraph 40).”

- 51 These statements are of particular interest to the present question, since they show the proximity of the duties examined at that time to those of Art. 17 DSMD.
- 52 With regards to the fundamental rights concerned, the CJEU maintains – in continuation of the principles already outlined in the Promusicae decision – that the protection of intellectual property rights under Art. 17 (2) ECFR is not limitation-free and unconditionally guaranteed, i.e., a consideration regarding fundamental rights of other affected parties has to be made.⁵⁴ Accordingly the CJEU stresses in the Netlog decision:

“44 Accordingly, in circumstances such as those in the main proceedings, national authorities and courts must, in particular, strike a fair balance between the protection of the intellectual property right enjoyed by copyright holders and that of the freedom to conduct a business enjoyed by operators such as hosting service providers pursuant to Art. 16 of the Charter (see Scarlet Extended, paragraph 46).”

51 CJEU Case C-360/10 SABAM vs. Netlog, EU:C:2012:85.

52 CJEU Case C-314/12 UPC Telekabel, EU:C:2014:192.

53 CJEU Case C-360/10 SABAM vs. Netlog, EU:C:2012:85.

54 CJEU Case C-360/10 SABAM v Netlog, EU:C:2012:85, paras 41 f.; CJEU Case C-275/06 Promusicae, EU:C:2008:54, paras 62 – 68, esp. para 68; reaffirmed recently in CJEU Case C-516/17 Spiegel Online, EU:C:2019:625, paras 56 ff.

- 53 For the fundamental rights of service providers, the CJEU considers such an obligation to monitor general research, or to verify the content to be in violation of fundamental rights:

“46 Accordingly, such an injunction would result in a serious infringement of the freedom of the hosting service provider to conduct its business since it would require that hosting service provider to install a complicated, costly, permanent computer system at its own expense, which would also be contrary to the conditions laid down in Art. 3(1) of Directive 2004/48, which requires that measures to ensure the respect of intellectual-property rights should not be unnecessarily complicated or costly (see, by analogy, *Scarlet Extended*, paragraph 48).

47 In those circumstances, it must be held that the injunction to install the contested filtering system is to be regarded as not respecting the requirement that a fair balance be struck between, on the one hand, the protection of the intellectual-property right enjoyed by copyright holders, and, on the other hand, that of the freedom to conduct business enjoyed by operators such as hosting service providers (see, by analogy, *Scarlet Extended*, paragraph 49).”

- 54 But the CJEU does not only see the fundamental rights of the provider as disproportionately impaired, but also those of the users:

“48 Moreover, the effects of that injunction would not be limited to the hosting service provider, as the contested filtering system may also infringe the fundamental rights of that hosting service provider’s service users, namely their right to protection of their personal data and their freedom to receive or impart information, which are rights safeguarded by Art.s 8 and 11 of the Charter respectively.

49 Indeed, the injunction requiring installation of the contested filtering system would involve the identification, systematic analysis and processing of information connected with the profiles created on the social network by its users. The information connected with those profiles is protected personal data because, in principle, it allows those users to be identified (see, by analogy, *Scarlet Extended*, paragraph 51).

50 Moreover, that injunction could potentially undermine freedom of information, since that system might not distinguish adequately between unlawful content and lawful content, with the result that its introduction could lead to the blocking of lawful communications. Indeed, it is not contested that the reply to the question whether a transmission is lawful also depends on the application of statutory exceptions to copyright which vary from one Member State to another. In addition, in some Member States certain works fall within the public domain or may be posted online free of charge by the authors concerned (see, by analogy, *Scarlet Extended*, paragraph 52).⁵⁵

- 55 This interpretation of the ban of general monitoring obligations largely corresponds to the distinction between general and specific monitoring obligations already derived in Member States such as Germany.⁵⁶ Crucial here is less the quantity of inspections, but rather whether it takes place for a specific cause or regardless of any reason.⁵⁷ The ban of general monitoring obligations refers to inspections that are not triggered by a specific notification of the rightholder and which concern the complete content of the offer (of the platform). On the other hand, obligations that are imposed on the provider by a court or by authorities are not covered by the ban⁵⁸ and, by reason of a specific case, require, e.g., to eliminate a specific infringement. Thus, specific monitoring obligations subsequent to an order to prevent a similar breach of the law (“stay-down”) are not covered by the ban on non-prompted monitoring obligations⁵⁹ - which the CJEU

56 Higher Regional Court Hamburg MMR 2006, 744, 747; Altenhein, § 7 TMG para 6 in Joecks/Miebach (eds), *Münchener Kommentar zum StGB* (3 edn, CH Beck 2019); Hoffmann/Volkman § 7 TMG paras 33 ff. in Spindler/Schuster (eds), *Recht der elektronischen Medien* (4th edn, CH Beck 2019); *Holznapel/Höfing* (n 43), part 18.1 paras 54 ff.; Matthias Leistner, “Grundlagen und Perspektiven der Haftung für Urheberrechtsverletzungen im Internet” [2012] ZUM 722, 724 with reference to the jurisdiction since Federal Court of Justice MMR 2007, 634, 637 with comments by Köster/Jürgens.

57 Settled case-law Federal Court of Justice MMR 2004, 668, 671 f. with comments by Hoeren; Federal Court of Justice MMR 2007, 507, 511 with comments by Spindler; Federal Court of Justice GRUR 2008, 702, 705; Federal Court of Justice, GRUR 2011, 152 para 48 I, on this matter: Gerald Spindler, *Präzisierungen der Störerhaftung im Internet* Besprechung des BGH-Urteils “Kinderhochstühle im Internet” [2011] GRUR 101; Federal Court of Justice GRUR 2011, 1038; Federal Court of Justice GRUR 2013, 370 with comments by Hühner; Federal Court of Justice, GRUR 2013, 1229 para 35; Federal Court of Justice GRUR 2015, 485 para 51; Federal Court of Justice GRUR 2015, 1129 para 37; Federal Court of Justice GRUR 2016, 855.

58 Recital (47) of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (EC-Directive), OJ L 178/1/6; Government bill to § 8 (2) no 1 TDG, printed materials from the German Federal Parliament 14/6098, p. 23; Jandt, § 7 TMG para 44 in Roßnagel (ed), *Beck’scher Kommentar zum Recht der Telemediendienste*, (1st edn, CH Beck 2013); Paal (n 43) § 7 TMG para 52.

59 Federal Court of Justice MMR 2004, 668, 671 f. with comments by Hoeren; Federal Court of Justice GRUR 2011, 1038; Federal Court of Justice GRUR 2013, 370 with comments by Hühner; Federal Court of Justice, GRUR 2013, 1229 para 44; on the

55 CJEU Case C-360/10 *SABAM v Netlog*, EU:C:2012:85.

in the decision *Glawischnig-Piesczek* has recently confirmed.⁶⁰ However, Art. 15 (2) ECD allows (only!) national authorities to oblige providers to provide information about alleged unlawful activities or information.⁶¹ However, this exception does not apply to private law claims.

- 56 In the field of trademark law, the CJEU held the same view in the decision *L'Oréal versus eBay*⁶² regarding court orders against the service provider eBay concerning similar infringements:

“139 First, it follows from Art. 15 (1) of Directive 2000/31, in conjunction with Art. 2 (3) of Directive 2004/48, that the measures required of the online service provider concerned cannot consist in an active monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider’s website. Furthermore, a general monitoring obligation would be incompatible with Art. 3 of Directive 2004/48, which states that the measures referred to by the directive must be fair and proportionate and must not be excessively costly.

140 Second, as is also clear from Art. 3 of Directive 2004/48, the court issuing the injunction must ensure that the measures laid down do not create barriers to legitimate trade. That implies that, in a case such as that before the referring court, which concerns possible infringements of trade marks in the context of a service provided by the operator of an online marketplace, the injunction obtained against that operator cannot have as its object or effect a general and permanent prohibition on the selling, on that marketplace, of goods bearing those trade marks.”

- 57 Even if the CJEU does not explicitly enter into a fundamental rights assessment here,⁶³ these reasons do again show, that the service provider does not have to check the complete content initiatively for any possible violation.

scope of specific audit requirements Daniel Holznel, *Notice and Take-Down-Verfahren als Teil der Providerhaftung* (1st edn, Mohr Siebeck 2013) 109 ff.; Fabian v. Samson-Himmelstjerna, *Haftung von Internetauktionshäusern* (1st edn, CH Beck 2008) paras 356 ff.

60 CJEU Case C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821; see on this matter Gerald Spindler, “Weltweite Löschungspflichten bei Persönlichkeitsrechtsverletzungen im Internet“ [2019] NJW 3274.

61 See also Recital (26) ECD.

62 CJEU Case C-324/09 *L'Oréal*, EU:C:2011:474.

63 To some extent in CJEU Case C-324/09 *L'Oréal*, EU:C:2011:474 para 143 with reference to the *Promusicae*-Decision of the CJEU.

Accordingly, orders against service providers that oblige them to identify the participants on the platforms are permissible (despite the required data protection), as well as to prevent similar infringements.⁶⁴

- 58 In addition, constitutional courts such as the European Court of Human Rights expressly referred to “chilling effects”⁶⁵ on the freedom of expression of the users due to a general control of the communication behavior, as well as due to “overblocking” of legally compliant contents.⁶⁶ With regard to the DSMD, the obligation to filter content and the shift of action to the user which have to claim their rights individually against the service provider is likely to lead to an inactivity of users, even if they are justified, and, on the other hand, to a blocking of content in case of doubt by service providers in order to avoid sanctions, thus resulting in “chilling effects” against freedom of expression.⁶⁷

b) Application to Art. 17 DSMD

- 59 It is questionable whether the constellation underlying the *Netlog* decision is comparable to Art. 17 DSMD – and as such would fall victim to the verdict of European illegality concerning fundamental rights. As already stated, this would not be the case for Art. 17 (4) (b) DSMD, since inspections by the service provider relates only to information provided by the rightholder; a general monitoring

64 CJEU Case C-324/09 *L'Oréal*, EU:C:2011:474 paras 142 ff.

65 Regarding “chilling effects” resp. references to the term in connection with freedom of expression, see for instance Federal Constitutional Court, NJW 2006, 207, 209; *Thoma v Luxembourg* App. no. 38432/97 (ECtHR 29 March 2001) para 58; *Standard Verlags GmbH v Austria* App. no. 13071/03 (ECtHR 2 November 2006) para 49; CJEU, joined Cases C-293/12 and C-594/12 *Digital Rights Ireland*, EU:C:2014:238, para 37; on the express use of the term “chilling effects” in connection with the *Netzwerkdurchsetzungsgesetz* (NetzDG) by the German Federal Government, see also the government bill on the NetzDG, p. 24; critical in this respect Nikolaus Guggenberger, “Das Netzwerkdurchsetzungsgesetz – schön gedacht, schlecht gemacht” [2017] ZRP 98, 100.

66 See also the detailed case-law overview on the concept of “chilling effects” at <https://www.telemedicus.info/article/2765-Chilling-Effects-UEbersicht-ueber-die-Rechtsprechung.html> with further extensive references.

67 Similar Katharina Kaesling, “Die EU-Urheberrechtnovelle – der Untergang des Internets?” [2019] JZ 586, 589; Gielen/Tiessen (n 5) 639, 645, who is speaking of “overblocking” in this case; Maximilian Becker, “Von der Freiheit, rechtswidrig handeln zu können“ [2019] ZUM 636, 641.

or inspection of fundamental significance is not implied as this obligation depends explicitly upon information given by rightholders, hence, not regardless of such information and not proactively so that the principles of the Netlog decision would not intervene.⁶⁸

- 60 However, to consider only Art. 17 (4) (b) DSMD would - as indicated - fall too short:⁶⁹ Primarily, Art. 17 (1), (4) (a) DSMD forces the service provider to inspect all content in order to determine whether any content on his platform violates copyrights of rightholders - since as stated above, Art. 17 (1) DSMD extends the right of public availability onto the service provider, and therefore, makes him an immediate culprit. The service provider must therefore - as formulated in Art. 17 (4) (a) - “make every effort” to obtain licences. Only if he has failed to do so (Art. 17 (4) (a): “and”) Art. 17 (4) (b) DSMD intervenes. However, this compellingly requires that the service provider ensures himself regarding the existing contents and their legal situation;⁷⁰ otherwise the obligation in Art. 17 (1) (4) (a) DSMD to obtain licenses makes no sense. Which licenses should he obtain if the service provider does not know which content requires a license? Hence, as a first step the service provider has to check and to reassure himself which content has to be licensed. Hence, he has to proactively control the content - without regard to any information given by rightholders, and not restricted to such an information. Thus, the principles stated by the CJEU in the Netlog decision are clearly violated as Art. 17 (1), (4) a) DSMD introduces a proactive obligation to inspect without restrictions, such as in art. 17 (4) b) DSMD concerning information provided by rightholders.
- 61 This also applies to interpretation efforts by some authors that, given the complex rights collection and impossibility to control all content, are based on the principle of proportionality and only require the service provider to “moderate due diligence”.⁷¹ This may apply with regard to obtaining licenses itself, but does not change the fact that in the first instance all content has to be inspected to see if it violates any rights at all, and if so which. Since the obligation under Art. 17 (1), (4) (a) DSMD - and not under Art. 17 (4) (b) DSMD - resembles the general inspection claimed for in the Netlog case, such an obligation violates the ban on the general

monitoring obligation.⁷² In other words, Art. 17 (1), (4) (a) DSMD infringes the appropriate consideration of the affected fundamental rights, of the providers, as well as of the affected users, towards those of the rightholders.

- 62 In this context, as a precautionary measure, the term “upload filter” is inappropriate insofar as not just the controlling during the uploading of user-generated content is at stake, but the general monitoring of content on the platform - due to the obligation to obtain licenses.
- 63 It should also be considered that according to the system of Art. 17 (4) and (9) DSMD - the appeal procedure - content is first disabled or blocked and is only released after a complaint by the user. This creates, however, the above-mentioned “chilling effects” for freedom of expression, especially when content refers to current events⁷³ to which the complaint procedure would not be adequate due to loss of time. This is most evident when livestreams are blocked for which a complaint procedure results in the loss of the live character as they will be unlocked only after the streamed event.⁷⁴ Again, it would be more than unclear what “moderate due diligence” would mean, as the service provider would have to quasi constantly or at least randomly check the livestream in order to constantly monitor the legality of the streaming.
- 64 Finally, there is reason to fear that, even under Art. 17 (4) (b) DSMD, when restricting monitoring of the content supplied by rightholders, these lists of content will be so comprehensive that in fact a general monitoring of all content does occur.⁷⁵
- 65 Some authors plead for a restrictive interpretation of Art. 17 (4) DSMD in order to prevent the EU fundamental rights being violated due to the general monitoring duty.⁷⁶ Accordingly, the service providers should be supposed to act only upon pursuant information and notification and should obtain licences subsequently (!). This should be

68 Also Gielen/Tiessen (n 5) 639, 644; Peters/Schmidt (n 16) 1006, 1015.

69 Nevertheless for this view Peters/Schmidt (n 16) 1006, 1015.

70 To some extent Wandtke/Hauck, (n 22) 627, 635 f.

71 See Hofmann (n 12) 1224.

72 Similar doubts in Gielen/Tiessen (n 5) 639, 644; see also Martin Senftleben, “Filterverpflichtungen nach der Reform des europäischen Urheberrechts - Das Ende der freien Netzkultur?” [2019] ZUM 369, 372.

73 Senftleben (n 72) 369 372 f.

74 This was rightly pointed out by Henrik Weiden, “EU-Urheberrechtsnovelle auf der Zielgeraden?” [2019] GRUR 370, 372 and Gielen/Tiessen (n 5) 639, 645 hin.

75 Senftleben (n 72) 369, 372, who concludes that this is a violation of EU fundamental rights.

76 Affirmative Volkmann (n 12) 376, 378 paras 21 ff.

justified by Recital 66 (5) DSMD, as well as by Art. 17 (4) (b) DSMD.⁷⁷ However, this position fails to recognize the two-tier system of Art. 17 (1), (4) (a) and (4) (b) DSMD; the fact that the liability privilege of Art. 17 (4) (b) DSMD depends on the fact that the service provider has beforehand or in advance (!) made an effort to obtain licences etc. cannot be denied. Accordingly, Recital 66 (5) DSMD also does not refer to Art. 17 (1), (4) (a) DSMD, but to Art. 17 (4) (b) und c) DSMD,⁷⁸ which is clearly identifiable on the basis of the wording.

2. Counter-tendencies in the Case-Law of the CJEU and the Significance for Art. 17 DSMD

66 However, it must be borne in mind that the case law of the CJEU also shows opposing tendencies. As the CJEU in the UPC Telekabel decision⁷⁹ has basically recognized that access providers may be obliged to block websites; such blocking injunctions concern fundamental rights of users, providers and rightholders. Similarly, the CJEU delineated recently in the Glawischnig-Piesczek v. Facebook decision⁸⁰ general monitoring obligations from specific ones.

a) Disabling Obligations of the Access Provider

67 In the UPC Telekabel decision, the CJEU again stresses the statement, already made in Netlog and before that in the Promusicae decision, that a careful balance must be struck between the fundamental rights of rightholders on the one hand and that of users and providers on the other:

“46 The Court has already ruled that, where several fundamental rights are at issue, the Member States must, when transposing a directive, ensure that they rely on an interpretation of the directive which allows a fair balance to be struck between the applicable fundamental rights protected by the European Union legal order. Then, when implementing the measures transposing that directive, the authorities and courts of the Member States must not only interpret their national law in a manner consistent with that directive but also ensure that they do not rely on an interpretation of it which would be in conflict with those

77 Expressly Volkmann (n 12) 376, 378 paras 24 ff., same direction Pravemann (n 22) 783, 787; Grisse (n 29) 897.

78 Correctly Pravemann (n 22) 783, 787, insofar contradictory.

79 CJEU Case C-314/12 *UPC Telekabel*, EU:C:2014:192.

80 CJEU Case C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821.

fundamental rights or with the other general principles of EU law, such as the principle of proportionality (see, to that effect, Case C-275/06 Promusicae [2008] ECR I-271, paragraph 68).”

68 With regard to the right of entrepreneurial freedom, however, the CJEU considers that there is no restriction on the right in selection of agents for the providers and the subsequent discharge of liability:

“52 First, an injunction such as that at issue in the main proceedings leaves its addressee to determine the specific measures to be taken in order to achieve the result sought, with the result that he can choose to put in place measures which are best adapted to the resources and abilities available to him and which are compatible with the other obligations and challenges which he will encounter in the exercise of his activity.

53 Secondly, such an injunction allows its addressee to avoid liability by proving that he has taken all reasonable measures. That possibility of exoneration clearly has the effect that the addressee of the injunction will not be required to make unbearable sacrifices, which seems justified in particular in the light of the fact that he is not the author of the infringement of the fundamental right of intellectual property which has led to the adoption of the injunction.”

In view of the above-mentioned obligations according to Art. 17 (1) DSMD, this is certainly of importance as the liability-relieving effect is seemingly used by the CJEU in order to rule out a violation of fundamental rights.

69 However, the CJEU also emphasizes the protection of users' (basic) rights with regard to their freedom of information:

“56 In this respect, the measures adopted by the internet service provider must be strictly targeted, in the sense that they must serve to bring an end to a third party's infringement of copyright or of a related right but without thereby affecting internet users who are using the provider's services in order to lawfully access information. Failing that, the provider's interference in the freedom of information of those users would be unjustified in the light of the objective pursued.

57 It must be possible for national courts to check that that is the case. In the case of an injunction such as that at issue in the main proceedings, the Court notes that, if the internet service provider adopts measures which enable it to achieve the required prohibition, the national courts will not be able to carry out such a review at the stage of the enforcement proceedings if there is no challenge in that regard. Accordingly, in order to prevent the fundamental rights recognised by EU law from precluding the adoption of an injunction such as that at issue in the main proceedings, the national procedural rules must provide a possibility for internet users to assert their rights before the court once the implementing measures taken by the internet service provider are known.”

- 70 Again, for Art. 17 DSMD, it is important that users can assert their rights to a sufficient extent and with procedural certainty, let it be freedom of information or freedom of expression (and here e.g. freedom of citation etc., Art. 17 (7) et seq. DSMD).⁸¹
- 71 The obligation of access providers to block websites therefore affects the freedom of information under Art. 11 (1) sent. 2 ECFR,⁸² since disabling access to content constitutes a hindrance of informing the internet user. The freedom of information protects the simple use of information as well as the active procurement of the same,⁸³ in particular if access to information is definitively denied.⁸⁴ It cannot be excluded that - due to the usually not 100% error-free working filter systems - besides the blocking of impermissible content also permissible content might be disabled, hence resulting in a significant impairment regarding the freedom of information of users (so-called overblocking).⁸⁵ Exactly at this point parallels to uploading content filters of service provider servers are obvious.

81 More details below C.I.4.

82 See also the order for reference of the Federal Court of Justice GRUR 2016, 268; Anja Wilkat, *Bewertungsportale im Internet* (1st edn, Nomos 2013), 78 f.

83 Federal Constitutional Court NJW 1970, 235, 237; Helmuth Schulze-Fielitz, Art. 5 Abs. 1, 2 GG para 83 in *Dreier Grundgesetz Kommentar: GG* (3rd edn, CH Beck 2013); Christian Starck, Art. 5 Abs. 1, 2 GG para 40 in v. Mangoldt/Klein/Starck (eds), *Grundgesetz Kommentar* (7th edn, CH Beck 2018).

84 Federal Constitutional Court NJW 1970, 238, 240.

85 However, individual “false positive hits” should not lead to the inadmissibility of the measure, similar Matthias Leistner, “Grundlagen und Perspektiven der Haftung für Urheberrechtsverletzungen im Internet“ [2012] ZUM 722, 732 f.; a too high number of “false positives” can also be prevented by manually checking the filter results, see Higher Federal Court Hamburg MMR 2016, 269 para 429 with comments by Frey; regarding overblocking CJEU Case C-314/12 *UPC Telekabel*, EU:C:2014:192, GRUR 2014, 468 para 56 with comments by Marly; CJEU Case C-484/14 *McFadden*, EU:C:2016:689, GRUR 2016 1146 para 93 f.; Federal Court of Justice GRUR 2016, 268; Georg Nolte and Jörg Wimmers, “Wer stört? Gedanken zur Haftung von Intermediären im Internet - von praktischer Konkordanz, richtigen Anreizen und offenen Fragen“ [2014] GRUR 16, 22; Gerald Spindler, “Zivilrechtliche Sperrverfügungen gegen Access Provider nach dem EuGH-Urteil “UPC Telekabel“ [2014] GRUR 826, 829, 834; Gerald Spindler, “Sperrverfügungen gegen Access-Provider - Klarheit aus Karlsruhe?“ [2016] GRUR 451, 455, 457; Matthias Leistner and Karina Grisse, “Sperrverfügungen gegen Access-Provider im Rahmen der Störerhaftung (Teil 2)“ [2015] GRUR 105, 108 with further references.

b) Examination of Synonymous Content as Specific Monitoring Obligations

- 72 Even more clearly than in the decision of UPC Telekabel, the CJEU in the recent decision of *Glawischnig-Piesczek versus Facebook Ireland*⁸⁶ dealt with the delimitation of (prohibited) general monitoring obligations versus (permitted) specific monitoring obligations, as listed in recital 47 of the E-Commerce Directive, with regard to identical content (here: defamations etc.). In this context, the CJEU believes that a duty of the service provider to delete or block synonymous content would not lead to a general, especially not **active** monitoring obligation:

“37 In those circumstances, in order to ensure that the service provider at issue prevents any further impairment of the interests involved, it is legitimate for the court having jurisdiction to be able to require that service provider to block access to the information stored, the content of which is identical to the content previously declared to be illegal, or to remove that information, irrespective of who requested the storage of that information. In particular, in view of the identical content of the information concerned, the injunction granted for that purpose cannot be regarded as imposing on the service provider an obligation to monitor generally the information which it stores, or a general obligation actively to seek facts or circumstances indicating illegal activity, as provided for in Art. 15(1) of Directive 2000/31.”

- 73 However, the CJEU also recognizes that such an obligation on the part of the service provider may be accompanied by a substantive control of the “synonymous” content, which may in some circumstances lead to a general monitoring obligation when every single content uploaded by users has to be reviewed, in particular whether the relevant (new) content is largely similar or identical to the incriminated content. Therefore, the CJEU tries to limit these obligations:

“45 In light of the foregoing, it is important that the equivalent information referred to in paragraph 41 above contains specific elements which are properly identified in the injunction, such as the name of the person concerned by the infringement determined previously, the circumstances in which that infringement was determined and equivalent content to that which was declared to be illegal. Differences in the wording of that equivalent content, compared with the content which was declared to be illegal, must not, in any event, be such as to require the service provider concerned to carry out an independent assessment of that content.

46 In those circumstances, an obligation such as the one described in paragraphs 41 and 45 above, on the one hand - in so far as it also extends to information with equivalent

86 CJEU Case C-18/18 *Glawischnig-Piesczek*, EU:C:2019:821; see also Spindler (n 44) 3274.

content — appears to be sufficiently effective for ensuring that the person targeted by the defamatory statements is protected. On the other hand, that protection is not provided by means of an excessive obligation being imposed on the service provider, in so far as the monitoring of and search for information which it requires are limited to information containing the elements specified in the injunction, and its defamatory content of an equivalent nature does not require the service provider to carry out an independent assessment, since the latter has recourse to automated search tools and technologies.”

- 74 Accordingly, for the assumption of a specific monitoring obligation (which is permissible) it is sufficient that the provider can use automated techniques and that “specific details” are stated that allow a simple (probably automated) verification of similarity. In other words, the CJEU considers the use of automated technologies to be sufficient based upon “specific details” so that an active, general monitoring obligation by the provider is not yet assumed.
- 75 It is worth noting in this context that the CJEU does not carry out a fundamental rights assessment in contrast to the previous judgments, but instead sticks to abstract considerations with regard to the ban of general monitoring obligations in Art. 15 ECD. Nor is there any mention of opposing rights of the concerned users.

c) Application to Art. 17 DSMD

- 76 Applying the arguments of the described decisions of the CJEU to Art. 17 DSMD shows that Art. 17 (4) (b) DSMD should withstand the test of the Glawischnig-Piesczek decision, since, on one hand, the rightholders have to deliver the necessary information to providers (“specific details”); on the other hand, the usage of automated tools is open for providers.
- 77 However, this does not affect the obligation under Art. 17 (1) (4) (a) DSMD (the obligation to check content in order to obtain licenses) since the provider must first of all check the legality of the content itself and explicitly cannot rely on specific details provided by others that allow the usage of automated tools.

3. Result

- 78 To sum up, even though in recent restrictive rulings the CJEU restricted the ban on general monitoring duties, the Art. 17 (1) (4) (a) DSMD is prone to

violating fundamental constitutional rights of the ECFR as it introduces active investigation obligations of the provider, which are not compatible with the principles developed by the CJEU in SABAM / Netlog as well as in the L’Oréal decision.

- 79 Therefore, it can only be questionable whether a European constitution-compliant interpretation can suffice to establish the necessary balance of fundamental rights or to reconcile the duty of content control with the prohibition of general monitoring obligations. Thus, it is alleged that the effects of Art. 17 (8) DSMD or the prohibition of general monitoring obligations on Art. 17 (4) (a) DSMD must be taken into account when interpreting Art. 17 (1), (4) a) DSMD. The necessary “efforts” should therefore be interpreted accordingly.⁸⁷ Apart from the fact that it remains completely unclear how this should be managed; specifically how the required effort (according to which criteria?) should be construed, such an approach would ignore the clear wording and system of Art. 17 DSMD. The general content control contained in Art. 17 (1) DSMD is not limited by a reduction e.g., to evidently unlawful content (e.g., following the approach of Art. 14 ECD), since Art. 17 (1) DSMD does not contain such a restriction.

IV. Data Protection and Fundamental Rights

- 80 Furthermore, the intended obligations of the service provider in Art. 17 (1), (4) (a), (b) DSMD could also constitute an interference with the data protection principles under Art. 7 ECFR. Art. 17 no. 9 subsection 2 DSMD emphasizes:

“This Directive shall in no way affect legitimate uses, such as uses under exceptions or limitations provided for in Union law, and shall not lead to any identification of individual users nor to the processing of personal data, except in accordance with Directive 2002/58/EC and Regulation (EU) 2016/679.”

- 81 However, in order to prevent the uploading of unlawful content, the identity, specifically personal data (account holder etc.) could be checked. Up to now it is unclear if identity or other personal data can actually be separated from the content - which is a technical and factual question. Regarding blocking orders against access providers the CJEU assumed

87 Gert Würtenberger and Stephan Freischem, “Stellungnahme des GRUR Fachausschusses für Urheber- und Verlagsrecht (...)“ (GRUR-Statement) <http://www.grur.org/uploads/tx_gstatement/2019-09-05-GRUR-Stellungnahme_zur_DSM-_und_zur_Online_SatCab-RL_endg.pdf> accessed 26 November 2019, 57 ff.; similar Volkmann (n 12) 376, 382 paras 52 ff.

such an interference with data protection rights,⁸⁸ because the filtering or blocking measures of the access provider affected the IP addresses of the users, which may result in an impairment of the users' right of informational self-determination.⁸⁹ However, as mentioned above, the CJEU considered in the L'Oréal decision identification by service providers as permissible in order to prevent infringements. Therefore, it is decisive how the inspections under Art. 17 (4) (b) DSMD are designed, in particular whether content can be decoupled from the identity of users; in this case (and complete anonymization), there would be no interference with Art. 7 ECFR.

V. Alternatively: Possible Compensation for the Protection of Fundamental Rights

82 If the CJEU would not follow the arguments brought forward here, at least there would have to be safeguards in order to guarantee the fundamental rights of those concerned:⁹⁰

- Service providers - with regard to their entrepreneurial freedom - may not be required to constantly maintain manual inspections. As the CJEU has expressly stated in the cited decisions concerning acceptable controls, only an automated review is reasonable; otherwise, the business models of the service providers would be unfeasible. Only in the case of platforms clearly focused on unlawful infringements - in accordance with the case law of the German High Federal Court of Justice - in exceptional cases can a manual review be required.⁹¹ A corresponding implementation for the protection of fundamental rights is therefore necessary.

- With regard to the protection of users' interests, in particular their freedom of expression and access to information, the users must be provided with procedural mechanisms in order to flag relevant contents so that automated tools cannot be applied ("flagging"). As stated above, on several occasions the CJEU has emphasized the importance of such rights for users to safeguard their fundamental rights.⁹² This content, from the start, must be sorted out of an automated control and should be subject to a manual, human assessment. As far as can be seen, an automated control considering the balance of freedom of expression and information with other rights, for instance by recognizing parody, is currently not available. Again, this is an EU constitutionally required implementation.

- Moreover, in order to safeguard the freedom of opinion and access to information of the users, a subjective right to enforce the limitations vis-à-vis the service provider and the rightsholder must be provided for in view of the limitations for users in Art. 17 (7) DSMD. Currently, such claims exist only with regard to limitations to technical protection measures (so called Digital Rights Management System, Art. 6 (4) InfoSoc Directive). Although Art. 17 (7) DSMD does not mention such a right explicitly, it could be derived by the main target of Art. 17 (7) DSMD⁹³ and also by constitutional requirements, regardless of contractual rights and obligations.⁹⁴

- Furthermore, there should be protection of service providers and users against the abuse of rights by so-called "copyright trolls".⁹⁵ Otherwise, it cannot be excluded - in particular with regard to the US experience in the context of improper access notices (Digital Millennium Copyright Act) - that a reporting of alleged rights to service providers can be (mis-)used in order to delete or block certain content, e.g. in political campaigns.

88 Regarding Art. 8, 11 EU-CFR CJEU, Case C-70/10 *SABAM/Scarlet*, EU:C:2011:771 para; on this matter Gerald Spindler, "Anmerkung zu EuGH C-70/10" [2012] JZ 311 ff.; Markus Schröder, "Kommentar zu EuGH, Scarlet Extended" [2012] K&R 38; Stefan Maaßen, "Pflicht zur präventiven Filterung des gesamten Datenverkehrs zur Bekämpfung von Urheberrechtsverletzungen nicht mit europäischem Recht vereinbar - "Scarlet Extended" [2011] GRUR-Prax 535; Leistner (n 11) 722, 729.

89 Federal Court of Justice GRUR 2016, 268; agreeing Spindler (n 85) 451, 456.

90 For a more precise elaboration and scope for the Member States see below D.IV.5.

91 Federal Court of Justice ZUM 2013, 288 para 39.

92 See above C.III.2 for the UPC-Telekabel-Decision.

93 See below D.IV.2.

94 See above C.III.2 for the UPC-Telekabel-Decision.

95 See David Pachali, "Copyright Trills and presumptively fair uses" (iRights info, 09 July 2013 <<https://irights.info/webschau/der-urheberrechts-troll-und-mittel-gegen-ihn/15727>> accessed 15 November 2019); Brad A. Greenberg, "Copyright Trolls and Presumptively Fair Uses" (2014) University of Colorado Law Review Vol. 85, 53 ff.

D. Implementation of Art. 17 DSMD in National Law

I. Fully Harmonizing Character

83 Due to the fact that the purpose of the directive is to achieve a uniform level in the single market, Art. 17 DSMD is conceived as a fully harmonizing provision.⁹⁶ Consequently, neither Art. 17 DSMD contains any explicit opening clause for the Member States, nor are there any indications in the recitals to Art. 17 DSMD (Recitals 61 - 71) that the Member States would be permitted to tighten up the provisions or define certain aspects in a more distinguished way. In accordance with these provisions, the first known implementation draft at national level - the Dutch draft law - only provides for a more or less literal implementation.⁹⁷

84 Therefore, neither Art. 17 (1), (4) (a) nor (4) (b) DSMD can be “waived” by the Member States or specified on a larger scale – likewise, the Member States are not allowed not go beyond the provisions. However, Art. 17 (1), (4) a), b) DSMD do not prescribe specifically how or in which procedure the required efforts are to be determined at the national level. Whether there is still leeway for the Member States is discussed further below.

85 Furthermore, with regard to the provisions of Art. 17 (7) et seq. DSMD, the more recent case law of the CJEU must be considered. Considering the decisions in the Funke Medien Gruppe and Spiegel Online cases, the CJEU has clearly stated that the limitations provided for in the InfoSoc Directive are exhaustive and cannot be extended by national law⁹⁸ unless they themselves contain a leeway for the Member States to fill in vague legal terms.⁹⁹ Thus, the CJEU opens up a (moderate) scope for the Member States to specify the undefined legal concepts, which, however, must strictly adhere to the requirements of Union law, in particular the objectives of the DSMD.

86 The CJEU states in the Funke Medien Gruppe case that the necessary coherence must be maintained and:

“62 In that context, to allow, notwithstanding the express intention of the EU legislature, set out in paragraph 56 above, each Member State to derogate from an author’s exclusive rights, referred to in Articles 2 to 4 of Directive 2001/29, beyond the exceptions and limitations exhaustively set out in Article 5 of that directive, would endanger the effectiveness of the harmonisation of copyright and related rights effected by that directive, as well as the objective of legal certainty pursued by it (judgment of 13 February 2014, Svensson and Others, C466/12, EU:C:2014:76, paragraphs 34 and 35). It is expressly clear from recital 31 of the directive that the differences that existed in the exceptions and limitations to certain restricted acts had direct negative effects on the functioning of the internal market of copyright and related rights, since the list of the exceptions and limitations set out in Article 5 of Directive 2001/29 is aimed at ensuring such proper functioning of the internal market.”

87 Especially since Art. 17 (7) ff. DSMD does not contain any opening clause for Member States, Member States cannot go beyond the limitations provided for in Art. 17 (7, 9) DSMD.

88 However, the CJEU also stated in the cases of Spiegel Online and Funke Medien Gruppe¹⁰⁰, that:

“... the Member States are not in every case free to determine, in an un-harmonised manner, the parameters governing those exceptions or limitations”.¹⁰¹ In this context “the Member States are also required (...) to comply with the general principles of EU law, which include the principle of proportionality, from which it follows that measures which the Member States may adopt must be appropriate for attaining their objective and must not go beyond what is necessary to achieve it”¹⁰²

“... the discretion enjoyed by the Member States in implementing the exceptions and limitations provided for in Art. 5(2) and (3) of Directive 2001/29 cannot be used so as to compromise the objectives of that directive that consist, as is clear from recitals 1 and 9 thereof, in establishing a high level of protection for authors and in ensuring the proper functioning of the internal market”¹⁰³

96 Peters/Schmidt (n 16) 1006, 1011; Kaesling (n 67) 586, 590.

97 See below D.V.

98 CJEU Case C-469/17 *Funke Medien Gruppe* EU:C:2019:623 para 62; CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 paras 42 ff.

99 See CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 paras 25 ff.

100 Almost identical in wording CJEU Case C-469/17 *Funke Medien Gruppe* EU:C:2019:623 paras 43 ff.

101 CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 para 31 with reference to CJEU Case C-245/00 *SENA* EU:C:2003:68 para 34, CJEU Case C-145/10 *Painer* EU:C:2011:798 para 104, CJEU Case C-201/13 *Deckmyn and Vrijheidsfonds* EU:C:2014:2132 para 16.

102 CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 para 34.

103 CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 para 35.

“... the three-step test practiced under Art. 5 (5) InfoSoc-Directive has to be complied with”¹⁰⁴

“... the principles enshrined in the Charter apply to the Member States when implementing EU law. It is therefore for the Member States, in transposing the exceptions and limitations referred to Art. 5 (2) and (3) of Directive 2001/29, to ensure that they rely on an interpretation of the directive which allows a fair balance to be struck between the various fundamental rights protected by the European Union legal order”.¹⁰⁵

- 89 In conclusion, there is always the risk that the CJEU will narrow the scope for the implementation opened up by vague legal terms.¹⁰⁶ Therefore, and especially with regards to the EU-Commission’s competence to issue guidelines under Art. 17 (10) DSMD, it is recommended to work with provisions that provide for deviation in an individual case.¹⁰⁷

II. Implementation of the Definitions of Art. 2 (6) DSMD

- 90 With regard to the various definitions for the service providers affected under Art. 2 (6) DSMD, the national legislator can quantitatively fill in and specify the “large” number of content - but with the risk that in individual cases the CJEU will consider the number chosen to be unrepresentative. Furthermore, the purpose of the definition, namely the role of service providers, particularly the element according to which the platform acts as a substitute for traditional forms of distribution, should be included in the implementation of the definition, as well as, conversely the exception for platforms which promote piracy.
- 91 Other specifications, e.g., of the feature “organised”, are not advisable; in contrast, implementing provisions that work with principle examples would be preferable, e.g. the ability to find content with search tools, as they allow for deviations in specific cases whilst providing more legal certainty.
- 92 The negative definition should accordingly be codified literally by the national legislator, since in individual cases demarcation questions may arise which can hardly be determined in an abstract manner separately from the concrete facts.

104 CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 para 37.

105 CJEU Case C-516/17 *Spiegel Online* EU:C:2019:625 para 38.

106 Similar *Würtenberger/Freischem* (n 87) 50 ff.

107 *Würtenberger/Freischem* (n 87) 51 ff.

III. Restriction and Structuring of the Obligations of the Service provider

1. Obligations to Obtain Licenses According to Art. 17 (1), (4) (a) DSMD

- 93 As a consequence of the extension of the right to make available to the public Art. 17 (1) subpara. 2 DSMD provides in subparagraph 1 that:

“An online content-sharing service provider shall therefore obtain an authorisation from the rightholders referred to in Art. 3(1) and (2) of Directive 2001/29/EC, for instance by concluding a licensing agreement, in order to communicate to the public or make available to the public works or other subject matter.”

In addition, in the event that the license is not granted, Art. 17 (4) (a) DSMD requires with regard to exemption from liability:

“that they [service providers] have:

a) made best efforts to obtain an authorisation;”

- 94 As already mentioned, this results in the service provider’s obligations to review the content on its platform if licenses are required and to “make every effort” to obtain the permission. Art. 17 (1), (4) (a) DSMD do not provide for any opening clauses so that these requirements have to be implemented into national law. Concerning the principle of proportionality in Art. 17 (5) DSMD some authors argue that Member States have the power to “spell out” the implications of the flexibility of the DSMD – which should mean the exclusion of smaller or young entrepreneurs from the obligation to upload filters.¹⁰⁸ As already mentioned, however, such a general exclusion would contradict the explicit exception in Art. 17 (6) DSMD, which was politically highly controversial during the policy-making process.
- 95 Whether Art. 17 DSMD allows Member States to modify or substantiate the required high industrial standards is unclear. As Art. 17 (4) (a) (b) DSMD does not rely on a specific duty of supervision defined by the Member State rather than generally on the necessary efforts according to standards outside the law (industrial standards), these efforts cannot be restricted for instance to the search for “digital fingerprints” of copyrighted works (and leaving other content uninspected).
- 96 Furthermore, a duty for rightholders to register their rights in a state-monitored platform would

108 *Gielen/Tiessen* (n 5) 639, 643.

not be compatible with Art. 17 (1) DSMD since it does not stipulate how the service provider obtains information regarding necessary licenses; channeling to a platform for rightholders, where the service provider would solely need to access (one-stop-shop) would be desirable, but would come close to copyright registration which is not intended by TRIPS, WIPO, etc.¹⁰⁹

97 A national implementation which would restrict the efforts to a query of licenses from collecting societies is also confronted with the problem that even collecting societies do not always have the complete repertoire that would be necessary to license all kinds of content on the platform.¹¹⁰ Moreover, even though the application of Art. 12 DSMD (collective licensing) can partially remedy this situation, it does not relieve the service provider from checking all license offers. Similar problems exist with respect to the exploitation rights of non-professional authors such as amateur photographers or video producers, or text authors - but Art. 12 DSMD can help here as well. This solution fails, however, when pan-European licenses are required, which also do not exist in all cases - it is not even possible to regulate this aspect through Art. 12 DSMD (“on their territory”).¹¹¹ To define the obligations of the service provider therefore on a national level in such a way that a query by a collecting society alone would in the end be sufficient, is not properly implementing Art. 17 (1) (4) (a) DSMD.

98 It is therefore conceivable, but also recommendable, that the Member State outlines the requested efforts by using a sample catalogue (catch-up clause), which, however, should by no means be exhaustive. This can be codified by an “in particular” clause listing individual services by volume, revenue, number of users, content, etc., for which a catalogue of graduated efforts can then apply. For example, a presumption can be established for the fulfillment of the requested effort that queries to collecting societies can be sufficient for the necessary efforts;¹¹² even more so when these offer collective licenses according to Art. 12 DSMD yet leaving it to the specific case if more efforts are necessary. The same could apply with regard to very small content or personal content which are difficult to determine in terms of authorship, as well as the legal situation

(consent? intervening limitations?). Here it could be sufficient to oblige the service provider to conduct a single search. Such a presumption rule although should not be exhaustive.

99 However, it would not be sufficient to offer rightholders a “monetisation”¹¹³ – without any effort of service providers to obtain rights from them. This would amount to a reversal of the mechanism intended in Art. 17 (1) (4) (a) DSMD as rightholders would then have to seek licensing themselves.

100 A further specification of the efforts could be made by an implementing regulation on a national level, e.g., the number of searches for licenses or rights depending on the size of the platform. This could also be done by creating a governmental platform where rightholders can register their rights in a machine-readable form, which can then be retrieved (automatically) by the service provider. As long as such a specification of efforts would not end up in an exhaustive catalogue rather than in a presumption rule (leaving leeway for specific cases) Art. 17 DSMD does not withstand such a solution. Nor would such a presumption lead to the reversal of the burden of proof at the expense of the providers (“unless”) provided for in Art. 17 (4) DSMD. This reversal of the burden of proof relates to compliance with the standards to be demonstrated by the provider in individual cases; the here advocated presumption of conformity refers in contrast to the ascertainment of the standards themselves, which is not the same.

101 Finally, a clarification by the implementing legislator that it is permissible for the service provider to make the content available for the duration of license negotiations and the obtaining of “permits” seems to make sense.¹¹⁴ This results not least from the fact that the service provider still makes every effort to obtain licenses (Art. 17 (4) (a) DSMD) and therefore is not liable until these efforts are unsuccessful.

102 All in all, therefore, the possibilities of finally substantiating the efforts under Art. 17 (1) (4) (a) DSMD are limited and fraught with the risk of European illegality.

¹⁰⁹ Art. 9 (1) TRIPS-agreement in conjunction with Art. 9 Berne Convention.

¹¹⁰ See Henrike Weiden, “Aktuelle Berichte – April 2019“ [2019] GRUR 370, 371.

¹¹¹ See for the problems concerning licensing Senftleben (n 72) 369, 371.

¹¹² See also Gielen/Tiessen (n 5) 639, 643.

¹¹³ See Hofmann (n 12)1225; Würtenberger/Freischem (n 87) pp. 50 ff.

¹¹⁴ This is rightly pointed out by Dreier (n 28) 776.

2. Limitation and design of upload filters according to Art. 17 (4) (b) DSMD

a) Exclusion of Upload Filters?

103 As explained above, Art. 17 (4) (b) DSMD is also fully harmonizing. Which procedures the service provider should apply is not further specified by Art. 17 (4) (b) DSMD; conversely, the freedom of the service provider to choose adequate tools within the limits of Art. 17 (4) (b) DSMD is not restricted. In any case, the procedures must meet “high industry standards”. Art. 17 (4) (b) DSMD thus refers to a non-legislative flexible standard which cannot be excluded or replaced by the national legislator.¹¹⁵ This is valid as well for automated tools (upload filters); as mentioned already, Art. 17 (9) subpara. 1 DSMD expressly mentions human handling of complaints, which makes clear that in other cases the procedures in Art. 17 (4) (b) DSMD can be automated - and consequently cannot be excluded by the implementing Member State.¹¹⁶

104 Some authors derive from the principle of proportionality in Art. 17 (5) DSMD that smaller or financially weak online platforms are exempt from the obligation to provide upload filters, since otherwise they would face insurmountable difficulties and new barriers to market entry would be erected which would also be in contradiction with the DSMD’s focus on innovation in the digital internal market. Therefore, Member States should have the power to “clarify” that such companies are only subject to the notice-and-take-down or stay-down obligation.¹¹⁷ However, as already argued, this view is diametrically opposed by the exception afforded to start-ups in Art. 17 (6) DSMD, which was the subject of numerous discussions in the trilogue procedure. The originally envisaged exceptions for small and medium-sized enterprises were thus much more extensive than in the final version of Art. 17 (6) DSMD.¹¹⁸ Only for the companies of Art.

17 (6) DSMD obligations of the service providers are reduced to Art. 17 (4) c) DSMD (notice-and-stay-down). This fundamental decision cannot be undermined via the “back door” of proportionality.¹¹⁹ A corresponding Member State exemption which would go beyond Art. 17 (6) DSMD and would be decoupled from the individual case (which otherwise has to be determined by courts in the context of the proportionality test), cannot be reconciled with Art. 17 (6) DSMD.

105 Finally, when some authors argue that the service provider in general (!) only has to act on the basis of a notification or information provided¹²⁰ this is only true with regard to the system of Art. 17 (4) (b) DSMD but not with regard to Art. 17 (1), (4) (a) DSMD); it does not change the fact it is necessary to install a filter for the information about these rights.¹²¹

b) Implementation

106 As explained above, Art. 17 (4) b) DSMD refers to high industry standards. However, the DSMD does not specify how these standards are to be defined, so that there is leeway for the Member States to define the procedures by which these standards are to be determined within the framework of the high standards customary in the sector. Within the framework of the implementation of Art. 17 (4) (b) DSMD, for example, committees and procedures could be set up here which may be comparable to national technical standardization - while at the same time ensuring that the state does not have any influence on the selection procedures or filters relevant for opinion-forming. At the same time, however, it must also be taken into account that these standards are “customary in the industry”, so that they must differentiate according to the type of service provider (e.g. video platforms such as YouTube and social networks such as Facebook).

107 How such standards are to be designed in concrete terms must be determined in cooperation with computer scientists and cannot be clarified within the framework of a legal opinion. The most

¹¹⁵ E.g. Kaesling (n 67) 586, 590; Senftleben (n 72) 369, 371; Hofmann (n 12) 1221.

¹¹⁶ Similarly Kaesling (n 67) 586, 590; Gielen/Tiessen (n 5) 639, 644; Volkmann (n 12) 376, 380 para 32.

¹¹⁷ Gielen/Tiessen (n 5) 639, 643 ff.; similar Hofmann (n 12) 1227.

¹¹⁸ See Axel Voss, Committee on Legal Affairs, Report on the proposal for a directive of the European Parliament and of the Council on copyright in the Digital Single Market (COM(2016)0593 – C8-0383/2016 – 2016/0280(COD)), 29.6.2018, A-8-0245/2018, accessible at: http://www.europarl.europa.eu/doceo/document/A-8-2018-0245_EN.pdf

¹¹⁹ For a different opinion see Gielen/Tiessen (n 5) 639, 644, who state without any further justification that the exceptions in the DSMD “cannot be interpreted as a negative statement that all other online platforms must be covered by the obligation to filter. What the authors did not point out is why the considerable discussions regarding the start-up exemptions actually came up.

¹²⁰ See Volkmann (n 12) 376, 379 para. 29, who, however, only refers to a flat-rate filter obligation.

¹²¹ Similar Volkmann (n 12) 376, 379 para. 32 ff.

conceivable effective measure here would be the “flagging” of content by users, so that this content is automatically sorted out and subjected to human examination.

- 108** It would also be conceivable to regard certain users who have not committed any infringements in the past as “trusted uploaders” who would be excluded from a filter beforehand. According to Art. 17 (5) DSMD it would also be necessary to consider the extent or scope of a copyrighted work used in a content in relation to the entire content, which could be an indication of a quotation, even if - as will be explained further - the DSMD does not know any *de minimis* limit.
- 109** Finally, it would still be possible to exclude ambiguous content from an upload filter beforehand and to transfer them to a human check; such an exception could be supported by Art. 17 (5) DSMD within the context of proportionality which also takes the nature of the contents into account. This would include, for example, the CJEU’s orientation described above towards automated procedures for content with similar meaning. However, this would still leave open the question of when there are inconclusive infringements.
- 110** However, all these proposals are ultimately subject to the premise that a) the standards are customary in the industry and b) the standards are high. Accordingly, it is difficult to assess whether the Member State can determine that only those standards that have been established in the state-regulated procedure represent the due diligence that is customary in the industry. It is also unclear whether the Member State can finally regulate the standards in accordance with the above-mentioned proposals. Finally, the legal implication of complying with these standards remains unclear: does compliance with a standard mean complete exemption from liability or only a *prima-facie* proof that the necessary efforts have been met? As art. 17 (4) b) DSMD refers to those standards specifying the necessary efforts, Art. 17 (4) should indeed be read as a liability privilege – and not only some sort of evidence rule.
- 111** However, the implementing legislator could establish a presumption of conformity with the diligence required by Art. 17 (4) (b) DSMD if the standards adopted by state-regulated procedures are complied with. A violation of the burden of proof rule in Art. 17 (4) b) DSMD would not be associated with this, since only the evidentiary effect of the standard established by state-regulated procedures would be determined; the service provider would still have to explain and prove how it complied with this standard. If necessary, this procedure can also be combined with certifications which then initiate

the presumption of conformity.

- 112** If technically no filter is known in the industry, it remains the case that the service provider cannot be obligated to do something that is technically impossible.¹²² For example, the filter technology ContentID¹²³ is known from YouTube.¹²⁴ For social networks other criteria may then apply, e.g. the filters used by Facebook - which, however, are also subject to corresponding criticism.¹²⁵ Whether there are comparable technologies for other works, in particular movies, is doubtful at present.¹²⁶ This is especially the case regarding parodies etc., as shown by the well-known example of the RTL movie “Not Heidis Girl” whose parody character was not recognized by the filter used by Google.¹²⁷ Since Art. 17 (4) (b) DSMD refers to the standards customary in the industry, the obligations must be omitted if they simply do not exist in an industry.

122 Gielen/Tiessen (n 5) 639, 644 f.; Gerhard Pfennig, “Forderungen der deutschen Urheber und ausübenden Künstler zum Reformprozess des Urheberrechts der EU” [2018] ZUM 252, 255; Stieper (n 10) 211, 216.

123 How Content ID works see “Help Center: How Content ID works” <<https://support.google.com/youtube/answer/2797370?hl=de>> accessed 28 November 2019; Helmut Henrich, “Plattformen werden Verantwortung übernehmen” (*medienpolitik.net*, 16 April 2019) <<https://www.medienpolitik.net/2019/04/plattformen-werden-verantwortung-uebernehmen/>> accessed 17 April 2019.

124 See for the different filter technologies e.g. Kaesling (n 67) 588; Graziana Kastl, “Filter – Fluch oder Segen?” [2016] GRUR 671, 671 ff. with further proof.

125 See for corresponding deleting clauses, Gerald Spindler, “Löschung und Sperrung von Inhalten aufgrund von Teilnahmebedingungen sozialer Netzwerke” [2019] CR 238 ff. with further references.

126 A further development of Microsoft’s PhotoDNA, for example, an Upload filter, which is already said to be able to detect and block so-called revenge pornography and child pornographic material by using machine learning, would be conceivable here; however, technical details of the filter are not known yet; see Stefan Krempel, “Upload-Filter: Facebook und Instagram löschen Rache pornos automatisch” (*heise online*, 16 March 2019) <<https://www.heise.de/newsticker/meldung/Upload-Filter-Facebook-und-Instagram-loeschen-Rache-pornos-automatisch-4338270.html>> accessed 28 November 2019.

127 See Ingo Dachwitz and Alexandra Fanta, “Not Heidis Girls: Wie Youtube eine Kampagne gegen Sexismus ausbremste” (*Netzpolitik.org*, 6 March 2018) <<https://netzpolitik.org/2018/not-heidis-girl-wie-youtube-eine-kampagne-gegen-sexismus-ausbremste/>> accessed 28 November 2019.

113 Another general conflict between Member States' specifications and the DSMD could result out of Art. 17 (10) DSMD, which gives the EU Commission competence to define guidance for Art. 17 (4) DSMD according to a complex procedure with the participation of stakeholders. Recital 71 formulates the intended stakeholder dialogue in a similar way. Member States are mentioned only with regard to cooperation with the Commission. National stakeholder dialogues or standardization procedures are not mentioned in Art. 17 (10) DSMD. The guidelines to be issued by the Commission refer in their entirety to the procedures under Art. 17 (4) DSMD, and thus also to (4) b) and the high industry standards mentioned therein.

114 However, Art. 17 (10) DSMD is not completely clear, since Art. 17 (10) DSMD expressly speaks of "in particular regarding the cooperation referred to in paragraph 4", which probably means the information to be provided by the rightholders. On the other hand, Art. 17 (10) DSMD shows that the procedures under Art. 17 (4) (b) DSMD must also be meant, since otherwise the obligation of service providers or service providers to provide user organizations with access to appropriate information "on the functioning of their practices with regard to paragraph 4" makes hardly any sense.

115 As a result, the EU Commission has quasi "sovereignty" over the specification of the procedures under Art. 17 (4) b) DSMD - so that a Member State standardization procedure for Art. 17 (4) DSMD must respect the guidelines under Art. 17 (10) DSMD. However, under Art. 17 (10) DSMD, the Commission's guidelines do not have any legally binding effect towards courts or authorities; unlike authorizations for implementing Directives or Regulations, they are not legal acts with binding effect. Thus, the CJEU has determined in the context of antitrust proceedings that:

*"209 The Court has already held, in a judgment concerning internal measures adopted by the administration, that although those measures may not be regarded as rules of law which the administration is always bound to observe, they nevertheless form rules of practice from which the administration may not depart in an individual case without giving reasons that are compatible with the principle of equal treatment. Such measures therefore constitute a general act and the officials and other staff concerned may invoke their illegality in support of an action against the individual measures taken on the basis of the measures (see Case C-171/00 P Liberis v Commission [2002] ECR I-451, paragraph 35)."*¹²⁸

116 Rather, there is a certain degree of self-commitment

¹²⁸ CJEU Joined Cases C189/02 P, C202/02 P, C205/02 P bis C208/02 P and C213/02 P *Dansk Rørindustri*, EU:C2005:408, para 209.

of the Commission;¹²⁹ (national) courts and authorities of the Member States must take into account the recommendations or guidelines, but may deviate from them.¹³⁰ It is therefore possible for the Member State to design the procedures for the high standards customary in the sector, but with the restriction that these must comply with the Commission's guidelines pursuant to Art. 17 (10) DSMD.

117 Beyond legal implementation Member States can support the development of upload filters at the political level by state funding or supporting committees and platforms (while at the same time maintaining distance from the state influence) which attempt to code automated processes by means of open source coding - and make them available to the general public for further development, in particular for small and medium enterprises.¹³¹

c) Information to be provided by rightholders

118 As explained above, the service provider is obliged under Art. 17 (4) b) DSMD (in contrast to Art. 17 (1), (4) a) DSMD) to monitor the content generated and uploaded by users only on the basis of the information on content provided by the rightholder. However, the DSMD does not specify how this information has to be provided. Thus, Member States may opt for certain specifications, e.g. with regard to machine readability of the information in order to facilitate the processing of the information. Such a specification, however, depends on whether the DSMD should be regarded exclusive in the sense that it is left to the rightholders to decide how they specifically provide information to the service providers and Member States cannot specify the ways and means of how to provide such information.

119 Such "negative" harmonization (with no leeway for Member States) would be supported by the fact that in

¹²⁹ CJEU Joined Cases C189/02 P, C202/02 P, C205/02 P bis C208/02 P and C213/02 P *Dansk Rørindustri*, EU:C2005:408 para 211.

¹³⁰ For an elaborated discussion on this topic, see Jürgen Schwarze, "Soft Law im Recht der Europäischen Union" [2011] EuR 3, 8 ff. with further references.

¹³¹ See the statement of the German government from 15 April 2019: Draft Directive of the European Parliament and of the Council on copyright and related rights in the Digital Single Market and amending Directives 96/6/EC and 2001/29/EC – Statements [2019] 2016/0280(COD), 7986/19 ADD 1 REV 2.

contrast to the DSMD other directives or regulations - such as Art. 20 (1) GDPR¹³² - expressly stipulate machine readability, for example with regard to data portability. The stakeholder dialogue in Art. 17 (10) DSMD also indicates that the national legislator has no discretion here. However, the national legislator could again work with presumption effects in favor of the service providers for certain procedures, e.g. platforms on which rightholders can register their content, but which are not conclusive and which take into account the EU Commission's guideline competence under Art. 17 (10) DSMD.

120 In this context, due to the danger of “copyright trolls” or unlawful rights information and thus potential blockades of (unwelcome) content, consideration should also be given to procedural requirements for the necessary identification of rightholders and the unambiguous, verifiable indication of rights, e.g. by so-called “trusted flaggers”, which must also apply to corresponding requests for deletion.¹³³ However, such a specification must also consider the guidance competence of the Commission according to Art. 17 (10) DSMD.¹³⁴

121 Not affected by Art. 17 (10) DSMD, however, is the introduction of rights of the involved users, including the introduction of a stricter liability for “copyright trolls” due to abusive notification of alleged rights. The national legislator has a great degree of flexibility here.¹³⁵ National case-law recognizes liability for unjustified warnings of industrial property rights, but these are linked to the right of the business established and practiced. On the other hand, the requirement of so-called “trusted flags” for trustworthy communications from rightholders within the framework of Art. 17 (4) b) DSMD would again be confronted with the

objection of infringement of Art. 17 (10) DSMD, which leaves it to the Commission to determine the form of such procedures; nevertheless, presumption rules with respect to Art. 17 (10) DSMD are possible.

3. Collective Licenses

122 Ultimately, the procedure of “extended collective licences” (also referred to as ECL), which is based on the Scandinavian model in accordance with Art. 12 DSMD, should be used, according to which rights (or rightholders) not represented by the collecting societies may also be licensed by them. This would allow service providers to obtain the necessary permissions while avoiding extensive searches to obtain rights.¹³⁶ However, this solution should not be overestimated, especially in terms of avoiding upload filters.¹³⁷ Licensing under Art. 12 DSMD depends on the rightholders not opting out of collective licensing, Art. 12 (3) (c) DSMD.¹³⁸ In particular, larger rightholders will make use of the opt-out possibility and exclude their rights from exploitation by collecting societies, as experience in the music and film markets¹³⁹ has already shown. In addition, licensing under Art. 12 (1) DSMD only concerns use in the territory of the respective Member State. If Art. 12 DSMD is not implemented in all Member States and reciprocity agreements between collecting societies are not concluded, then there will not be much effects of ECLs in order to avoid problems of licensing under the DSMD.¹⁴⁰

123 An implementation that would introduce mandatory collective licenses¹⁴¹ would contradict the CJEU's decision in the Soulier case¹⁴² in which the CJEU clearly emphasized the author's individual right to consent and prior information - and would not be covered by Art. 12 DSMD.

¹³² Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation); OJ L 119, p. 1–88 ss. of 4.5.2016; Art. 20 GDPR prescribes transmission for data portability “in a structured, commonly used and machine-readable Format”.

¹³³ Statement by the Federal Government at the vote in the Council of Ministers of 15 April 2019, Statements [2019] 2016/0280(COD), 7986/19 ADD 1 REV 2, point 8.

¹³⁴ Left open in Hofmann (n 12) 1228 who, however, is arguing that regulations under Art. 17 (10) of the DSMD have precedence.

¹³⁵ Württenberger/Freischem (n 87) p. 60.

¹³⁶ Agreeing Dreier (n 28) 771, 777 f.; Kaesling (n 67) 586, 589 f.; Gielen/Tiessen (n 5) 639, 643.

¹³⁷ Similar Martin Husovec and João Quintais, “How to Licence Art. 17?” (SSRN, 14 October 2019, p. 19) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3463011> accessed 28 November 2019.

¹³⁸ Skeptical Hofmann (n 12) 1224.

¹³⁹ See especially Christine Wirtz, “Perspektiven des Urheberrechts im Informationszeitalter” [2019] ZUM 203, 206.

¹⁴⁰ This is rightly pointed out by Dreier (n 28) 771, 777 f.

¹⁴¹ Discussed by Husovec/Quintais (n 139) p. 22.

¹⁴² CJEU Case C-301/15 Soulier EU:C:2016:878.

IV. Regulatory limitations in favor of users

1. No additional statutory limitations in Member States

124 As mentioned above, the CJEU has recently ruled in several cases that the statutory limitations of the InfoSoc Directive, and thus also the DSMD, are exhaustive for Member States; they cannot go beyond that. Only within the framework of vague legal notions and in compliance with the above-mentioned criteria of the CJEU, the Member State can enjoy leeway for implementation.

125 For Art. 17 DSMD, this means that Member States cannot introduce a general statutory limitation for user-generated content, since neither Art. 17 (4) – (10) DSMD nor Art. 5 (2), (3) InfoSoc Directive provide for such a limitation for the right of communication to the public¹⁴³ (even if we consider the limitation of Art. 5 (2) b) InfoSoc Directive as the right to reproduction for private purposes to be relevant here, since this does not include the right of communication to the public). This applies all the more to service providers.

126 An attempt has been made on several occasions to justify a limitation to user-generated content by means of an extensive interpretation of the citation limitation and the limitation to pastiche, in particular in the light of freedom of expression pursuant to Art. 11 ECHR.¹⁴⁴ Others speak of “statutory licences” with an obligation to pay, which produce exactly the same effects as limitations, but are apparently supposed to be licenses.¹⁴⁵

127 However, in the light of the more recent decisions of the CJEU, in which the Court sets narrow limits for the Member States on the design of statutory limitations and denies new limitations on the national level, such an extension hardly seems possible. Particularly with regard to the right of quotation, remixes as arrangements do not fulfil the requirement of the pure use of a work to support one’s own ideas or the work.¹⁴⁶ A way to create some freedom for user-generated content would refer to the limitation for

pastiches (that has to be implemented in Member States), since pastiches are defined as “...a work of visual art, literature, theatre, or music that imitates the style or character of the work of one or more other artists”.¹⁴⁷ However, the national legislator will not be able to go beyond these concepts transposing the DSMD. It will therefore be left to the courts to define the limits and possibilities for user-generated content within the pastiche limitation.¹⁴⁸ The same applies to the attempt to establish “statutory licences”. As explained above, despite the different term these correspond to limitations and cannot hide the fact that compulsory licenses are subject to the same conditions. A different use of language alone will not change that.

128 Neither do Art. 17 DSMD nor the InfoSoc Directive contain any *de minimis* limit.¹⁴⁹ Accordingly, also for small-scale uses or uses without any economic value there is no separate limitation in favor of them.¹⁵⁰

129 However, a starting point for a different interpretation, in particular that the catalogue of limitations in Art. 17 (7) (2) DSMD is not exhaustive, would be the general (in fact self-evident) statement in Art. 17 (7) (1) DSMD that the cooperation between the service providers and the rights holders must not have the effect that content uploaded by users does not infringe copyrights or is “covered by an exception or limitation”. This would, however, also cover all the limitations under Art. 5 (2), (3) InfoSoc Directive - beyond those mentioned in the second subparagraph of Art. 17 (7) DSMD, since even if the limitations under Art. 5 (2), (3) InfoSoc Directive were to intervene, there would be no copyright infringement. In this way, the application of limitations in favor of science and research and education could also be justified within the framework of Art. 17 (7) DSMD, since these also cover the right of communication to the public within the framework of Art. 5 (3) a) InfoSoc Directive. However, the legislator must then also introduce a right for users to appeal against these limitations - which in turn conflicts with the exhaustive enumeration in Art. 17 (7), (9) DSMD.

¹⁴³ Following the stated opinion Hofmann (n 12)1221.

¹⁴⁴ See especially Senftleben (n 72) 369, 373.

¹⁴⁵ E.g. Husovec/Quintais (n 139) 23 f.

¹⁴⁶ Senftleben (n 72) 369, 373 comes to the same conclusion and calls for a new limitation for user-generated content beyond the right of quotation – which, however, according to the CJEU jurisprudence, will hardly be possible anymore.

¹⁴⁷ See “Pastiche” (*Wikipedia*, 19 November 2019) <<https://en.wikipedia.org/wiki/Pastiche>> accessed 29 November 2019.

¹⁴⁸ Similar Würtenberger/Freischem (n 87) 67.

¹⁴⁹ CJEU Case C-476/17 *Phonogram producer* EU:C:2019:624; For the DSMD Hofmann (n 12)1221; see already Spindler (n 24) 277, 290; for a different opinion contra legem see Torsten J. Gerpott, “Artikel 17 der neuen Eu-Urheberrechtsrichtlinie- Fluch oder Segen?” [2019] MMR 420, 424.

¹⁵⁰ See Würtenberger/Freischem (n 87) 67 f.

2. Right to enforce limitations against providers

130 Conversely, the national legislator is now obliged to introduce a subjective right for users to enforce the limitations based on the wording of Art. 17 (7) DSMD. This is clearly shown by the wording of Art. 17 (7) (2) DSMD:

“Member States shall ensure that users in each Member State are able to rely on any of the following existing exceptions or limitations when uploading and making available content generated by users on online content-sharing services:

(a) quotation, criticism, review;

(b) use for the purpose of caricature, parody or pastiche.”

131 If all users should be able to rely upon the exceptions, they must be granted a subjective right to enforce the exceptions, which in this form does not yet exist in some jurisdictions such as Germany, except within the framework of Art. 6 (4) InfoSoc Directive (here, however, against the rightholders!). This legal protection is even more clearly stated in Art. 17 (9) (2) DSMD:

“Where rightholders request to have access to their specific works or other subject matter disabled or to have those works or other subject matter removed, they shall duly justify the reasons for their requests. Complaints submitted under the mechanism provided for in the first subparagraph shall be processed without undue delay, and decisions to disable access to or remove uploaded content shall be subject to human review. Member States shall also ensure that out-of-court redress mechanisms are available for the settlement of disputes. Such mechanisms shall enable disputes to be settled impartially and shall not deprive the user of the legal protection afforded by national law, without prejudice to the rights of users to have recourse to efficient judicial remedies. In particular, Member States shall ensure that users have access to a court or another relevant judicial authority to assert the use of an exception or limitation to copyright and related rights.”

Specifically, this explicit requirement that users should be able to enforce their rights before a court implies the introduction of binding subjective rights for users; otherwise users will not be able to file claims at courts.¹⁵¹

132 So far, German courts have assumed an independent contractual claim in case of social networks, partly based on a contract “sui generis”,¹⁵² especially in

¹⁵¹ Following the stated opinion Hofmann (n 12)1227.

¹⁵² Higher Regional Court Munich MMR 2018, 753, 754 para 18, but without any further explanatory statement, only with reference to an alleged free of charge and ultimately leaving

cases where content is deleted by a social network operator (usually Facebook) on the basis of the respective general terms and conditions. However, a reference to this case law alone would not suffice to implement Art. 17 (2) sentence 2 DSMD, since, on the one hand, it cannot always be assumed that a contract exists between the user and the service provider¹⁵³ and, on the other hand, this contract is not codified, which means that it would not satisfy the CJEU’s requirements for the correct implementation of a Directive.¹⁵⁴ In a case against the Netherlands, the European Court of Justice has clearly stated that:

“21 As regards the argument advanced by the Netherlands Government that, if the Netherlands legislation were interpreted in such a way as to ensure conformity with the Directive - a principle endorsed by the Hoge Raad der Nederlanden (Netherlands) - it would be possible in any event to remedy any disparity between the provisions of Netherlands legislation and those of the Directive, suffice it to note that, as the Advocate General explained in point 36 of his Opinion, even where the settled case-law of a Member State interprets the provisions of national law in a manner deemed to satisfy the requirements of a directive, that cannot achieve the clarity and precision needed to meet the requirement of legal certainty. That, moreover, is particularly true in the field of consumer protection.”¹⁵⁵

133 It can therefore only be questionable whether a claim to enforce limitations corresponding to Art. 6 (4) InfoSoc Directive against the service provider (not against the rightholders!) or, in general, a statutory, mandatory claim to upload content should be introduced. However, there are some reservations against such a broad subjective right which would go far beyond securing a procedural position: On the one hand, this would interfere with the privately autonomous design of the service providers (even though some network operators with a large market share such as Facebook, are subject to the indirect

open in the result; Higher Regional Court Munich MMR 2018, 760 para 20; Higher Regional Court Munich decision of 30 November 2018 – 24 W 1771/18, not published yet, p. 6; likewise, Higher Regional Court Stuttgart NJW-RR 2019, 35 para 20.

¹⁵³ Agreeing Hofmann (n 12) 1227; disagreeing Grisse (n 29) 899 who relies solemnly upon contract claims.

¹⁵⁴ Different opinion in Volkman (n 12) 376, 382 paras 50 ff., who apparently wishes to allow contractual claims and the indirect third-party effect of fundamental rights to suffice – but this does not satisfy the requirements for transposition of the Directive.

¹⁵⁵ CJEU Case C-144/99 *Commission vs Netherlands* EU:C:2001:257.

binding of fundamental rights¹⁵⁶,¹⁵⁷ On the other hand, it could prejudice any regulations in specific (national) media laws, like specific access rules for users to gatekeepers within the Internet structure like social networks.

3. Protection of limitations by mandatory technology: Flagging

134 In addition to the subjective right to enforce limitations, limitations may be protected by the introduction of content “flagging” by users, which leads to the exclusion of corresponding content from automatic filtering pursuant to Art. 17 (4) (b) DSMD. The introduction of such a procedure which would be mandatory for service providers would also ensure that users could rely on the limitations to which they are entitled.¹⁵⁸

135 As explained above, however, the introduction of a mandatory “flagging” procedure in the Member States may conflict with the power of the EU Commission to define guidelines for the interpretation of Art. 17 (4) DSMD. Art. 17 (10) DSMD also refers expressly to the fundamental rights of users, and thus also to the limitations of Art. 17 (7) DSMD so that the Commission can also give concrete form to the limitations of the procedure under Art. 17 (4) (b) DSMD in the form of interpretation guidelines.

136 On the other hand, Art. 17 (7) (2) DSMD expressly requires measures for the implementation by the Member States (“shall ensure”) that users can enforce their rights. As explained above, this is made clear foremost by the explicit demand

for enforcement at state courts in Art. 17 (9) (2) DSMD. Without codified procedures to protect the limitations and the fundamental rights enshrined in them, however, these cannot be enforced effectively. It could also address the problem of blocking livestreams.¹⁵⁹ Moreover, as already mentioned, the Commission’s guidelines do not have binding effect vis-à-vis courts or authorities under Art. 17 (10) DSMD; they are not, like authorizations for Commission implementing Directives or the Commission implementing Regulations, legal acts with binding effect.¹⁶⁰ Rather, courts and authorities of the Member States must take into account the recommendations or guidelines, but may deviate from them. In contrast, Art. 17 (7) (2) DSMD requires a legally secured right for users to enforce their limitations; the mere inclusion of this right in guidelines would not sufficiently secure it and make it enforceable in any case. Therefore, despite the Commission’s authority to provide guidelines, the Member States must have the competence - and even the (constitutionally based) duty - to ensure the enforcement of the limitation, also and especially with the help of the described “flagging” procedures.

137 Vice versa, the liability for copyright infringement remains with users who mistakenly or even abusively mark their contents as covered by the limitations (“wrongful flagging”). As long as they did not err about legal provisions which can lead to the absence of fault,¹⁶¹ the liability already applies in case of negligence.¹⁶² Furthermore, in order to avoid abuses, such a user may be excluded from the complaint mechanism in the event of repeated and intended abuse.¹⁶³ However, it should also be desirable and part of the implementation to inform users about existing licenses for the platforms, and vice versa that an upload is not covered by a license.¹⁶⁴

¹⁵⁶ In that sense, the Federal Constitutional Court NVwZ 2019, 959 paras 1-25; in detail Benjamin Raue, “Meinungsfreiheit in sozialen Netzwerken” [2018] JZ 961; for a review of the different decisions of the Higher Regional Courts see Michael Beurskens, “Hate-Speech“ zwischen Lösungsrecht und Veröffentlichungspflicht” [2019] NJW 3418 ff.

¹⁵⁷ Spindler (n 127); Daniel Holznagel, “Put-back-Ansprüche gegen soziale Netzwerke: Quo Vadis” [2019] CR 518; Daniel Holznagel, “Overblocking durch User Generated Content (UGC) – Plattformen: Ansprüche der Nutzer auf Wiederherstellung oder Schadensersatz?” [2018] CR 369; Jörn Lüdemann, “Grundrechtliche Vorgaben für die Löschung von Beiträgen in sozialen Netzwerken” [2019] MMR 279; similar Hofmann (n 12) 1227.

¹⁵⁸ Statement of the German government from 15 April 2019: Draft Directive of the European Parliament and of the Council on copyright and related rights in the Digital Single Market and amending Directives 96/6/EC and 2001/29/EC – Statements [2019] 2016/0280(COD), 7986/19 ADD 1 REV 2; see also Dreier (n 28) 771, 778.

¹⁵⁹ Correctly Hofmann (n 12) 1228.

¹⁶⁰ See above n (131).

¹⁶¹ For the requirements, see Wolff, § 97 para 56 in Wandtke/Bullinger (eds), Praxiskommentar Urheberrecht (5th edn, CH Beck 2019), Spindler (n 47) § 97 paras 30 ff., Specht (n 41) § 97 para 78.

¹⁶² See also Hofmann, (n 12) 1228. For this reason, there is no need for a separate liability provision; other opinion Würtenberger/Freischem (n 87) 68.

¹⁶³ Similar Würtenberger/Freischem (n 87) 68.

¹⁶⁴ Correctly Hofmann, (n 12) 1227.

4. Design of procedural rights?

138 Art. 17 (9) DSMD provides some cornerstones for the design of the complaints procedure for users, for example that they must be “effective” and “expeditious” or that complaints must be dealt with immediately by a human being, and that extrajudicial redress procedures must be available which enable impartial occupancy without blocking access to state courts. Moreover, the Member States are free to design the procedures, which gives rise to a number of options. The procedural safeguarding of the rights of users are necessary in order to guarantee their fundamental right to a fair hearing, particularly in view of the aforementioned ruling of the CJEU in the UPC Telekabel case.¹⁶⁵

139 However, Member States must respect the complaints procedure laid down in Art. 17 (9) DSMD, which can only be triggered by a user’s complaint. In this context, the procedure developed by the German High Federal Court of Justice in the “Mallorca-Blogger” decision for violations of personality rights could be used: The provider forwards the complaint of a person affected (proprietor of the personality right) to the blogger (as infringer); if the blogger does not react within a reasonable period of time, the content is blocked. In the case of a reply from the blogger, the complainant is again invited to comment; if he fails to do so within a reasonable time, the content remains online.¹⁶⁶

140 Therefore, a transfer of these principles to the complaint’s procedure pursuant to Art. 17 (9) DSMD could be considered. After a complaint by a user, the rights owner would then be asked to comment; in the absence of a reaction within an extremely short period of time (e.g. 1-2 days), the content would then be put online again by assuming that the limitation is outweighed, or in the absence of legitimate interest in the proceedings by the rights owner. This would also be supported by Art. 17 (9) subparagraph 1 DSMD, which requires the right owner to justify the demand for blocking.

141 With regard to proceedings before state courts, the national legislator should provide for the quickest possible procedure in conformity with interim legal protection with short deadlines; the main proceedings could then be reserved for more complex questions of weighing limitations against existing copyrights.

165 See above n (52).

166 Federal Court of Justice GRUR 2012, 311 para 27.

5. Class action

142 The limitations in favor of users could also be strengthened by a right to file class actions or actions initiated by user/consumer associations.¹⁶⁷ However, Art. 17 (7), (9) DSMD is formulated as an individual right and is geared to a certain content of a user which could hardly be enforced in the context of a class action. Thus, a class action could only be aiming at a specific guideline or practice of the service providers, e.g. against specific upload filters used by a service provider which do not meet the conditions of Art. 17 (7), (9) DSMD.

V. The design and limitation of the legal consequences (damages)?

143 Finally, another option would refer to a limitation or exclusion of damages regarding users. However, this would contradict Art. 13 (1) Enforcement Directive¹⁶⁸ which provides for a full (“actual prejudice suffered”) claim for damages for the infringed rightholder. The Member States therefore have no room for maneuver here.

E. International private law

144 According to Art. 8 (1) Rome II Regulation¹⁶⁹ the *lex loci protectionis* principle applies to international copyright law.¹⁷⁰ However, the principle does not yet answer the question whether a national legal system is appointed according to *place of action* and *place where the harmful event occurred*. Concerning a copy or replication (regarding copyrights) it depends on where the copy was produced because that process is the actual commercial exploitation.¹⁷¹

Accordingly, for downloads it is widely accepted that the legal system of the country in which the copy

167 According to the proposal of *Specht*, not yet published.

168 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157/45 ff.

169 Regulation (EC) No 864/2007 of the European Parliament and of the Council 11 July 2007 on the law applicable to non-contractual obligations (Rome II), OJ L 199/40.

170 Regarding the term *Bach*, IPR Art. 8 ROM-II-VO para 1 in Spindler/Schuster (n 47); v. Welser, Vorb. §§ 120 ff. UrhG para 15 in Wandtke/Bullinger (n 164).

171 Federal Court of Justice GRUR 1965, 323, 325.

is made is the one to decide on possible claims, but also on the limits of the commercial exploitation.¹⁷²

- 145 For the right of communication to the public (or making available to the public), hence, for uploads the legal situation is more difficult: the actual utilization consists in the fact that access is possible for everyone so that on the one hand the act of communication to the public could be related to the place where the work is put on the internet,¹⁷³ or on the other hand to the place of retrieval (modified Bogsch theory)¹⁷⁴ – which due to the globality of the internet would then result in the application of every jurisdiction from which the content on the internet can be retrieved. Actually, the prevailing opinion tends to favour the last option – even though a decision by the Federal Court of Justice is yet to be passed.¹⁷⁵

172 Dreier, Vorb. §§ 120 ff. para 33 in Dreier/Schulze (eds), Urheberrechtsgesetz UrhG (6th edn, CH Beck 2018); Katzenberger/Metzger, Vor §§ 120 ff. Rn. 133, 143 in Schricker/Loewenheim (eds), Urheberrecht (5th edn, CH Beck 2017); Nordemann-Schiffel, Vor §§ 120 ff. Rn. 67 in Fromm/Nordemann (eds), Urheberrecht, (12th edn, Kohlhammer 2019); Gerald Spindler, “Morpheus, Napster & Co. - Die kollisionsrechtliche Behandlung von Urheberrechtsverletzungen im Internet“ in: Leible (ed), *Die Bedrohung des internationalen Privatrechts im Zeitalter der neuen Medien* (Richard Boorberg Verlag 2003), 155, 163 ff.; for the assessment when a reproduction is produced within the country see: Federal Court of Justice GRUR 1965, 323, 325; Federal Court of Justice, ZUM 2004, 371.

173 Jochen Dieselhorst, “Anwendbares Recht bei Internationalen Online-Diensten“ [1998] ZUM 293, 299 f.; Frank Koch, “Internationale Gerichtszuständigkeit und Internet“ [1999] CR 121, 123; Haimo Schack, “Zum auf grenzüberschreitende Sendevorgänge anwendbaren Urheberrecht“ [2003] IPRax 141, 142; Rolf Sack, “Das internationale Wettbewerbs- und Immaterialgüterrecht nach der EGBGB-Novelle“ [2000] WRP, 269, 277; Gerald Spindler, “Die kollisionsrechtliche Behandlung von Urheberrechtsverletzungen im Internet“ [2003] IPRax 412, 417.

174 See already Paul Katzenberger, “Urheberrechtsfragen der elektronischen Textkommunikation“ [1983] GRUR Int. 895, 916 f.; the Bogsch theory was developed by Arpad Bogsch, former Director General of WIPO, in connection with the right to broadcasting for satellite television, see on this matter Anette Kur, “Haftung für Rechtsverletzungen Dritter: Reformbedarf im europäischen IPR?“ [2011] WRP 971, 977; critical: Schwarz/Reber, § 21 paras 100 ff. with further references in Loewenheim (ed), *Handbuch des Urheberrechts* (2nd edn, CH Beck 2010).

175 See v. Welsler, Vor §§ 120 ff. UrhG para 19 in Wandtke/Bullinger (n 164); Katzenberger/Metzger (n 175) vor §§ 120 ff. UrhG para 142 f.; Hoeren (n 43) part 7.8 para 23; Hoeren, part 14 paras 5 f. in: Kilian/Heussen (eds), *Computerrechts-*

- 146 Since, according to Art. 17 (1) DSMD, the service providers themselves violate the right of communication to the public, every jurisdiction is applicable in which the content uploaded by users can be retrieved. This in turn creates a European “patchwork” in the event of divergent implementation in the Member States: If, for example, Germany introduces a “flagging” procedure but France does not, this procedure would not apply to French users who want to upload content to a German platform, since the flagging procedure would not intervene in France. Service providers may therefore start to use suitable geoblocking techniques. These geo-localizations are mostly known from the field of gambling on the internet and allow precise localizations up to a few kilometers, in combination with other methods, such as mobile phone tracking, even up to a few meters.¹⁷⁶ However, these measures can be circumvented by using anonymization services, virtual private networks (VPNs) or proxy servers, which are set up at the desired location, unless further positioning services (such as mobile phone tracking) are linked to them.¹⁷⁷ However, since

Handbuch (34 edn, CH Beck 2018); see jurisdiction on this matter: Regional Court Hamburg, BeckRS 2008, 23065, that applied § 19a UrhG in a case in which a company based in the USA had made thumbnails of copyrighted images publicly available on the Internet; like this already Gerald Spindler, “Die kollisionsrechtliche Behandlung von Urheberrechtsverletzungen im Internet“ [2003] IPRax 412, 418 ff. with further references.

- 176 On this matter, Thomas Hoeren, “Geolokalisation und Glückspielrecht“ [2008] ZfWG 311, 312 f.; Critical to the technical feasibility of sufficiently precise geolocation in the context of gambling law Higher Administrative Court Lüneburg NVwZ 2009, 1241, 1243; equally Administrative Court Berlin BeckRS 2012, 48575; other opinion Administrative Court Düsseldorf BeckRS 2011, 53037, which considers the available methods to be sufficient under gambling law; equally Higher Administrative Court Münster BeckRS 2010, 51049; for further references on jurisdiction see Michael Winkelmüller und Hans Wolfram Kessler, “Territorialisierung von Internet-Angeboten – Technische Möglichkeiten, völker-, wirtschaftsverwaltungs- und ordnungsrechtliche Aspekte“ [2009] GewArch 181, 182; critical to geoblocking: Ansgar Ohly, “Geoblocking zwischen Wirtschafts-, Kultur-, Verbraucher- und Europapolitik“ [2015] ZUM 942; see also for other areas of application and services Thomas Hoeren, “Zoning und Geolocation – Technische Ansätze zu einer Reterritorialisierung des Internet“ [2007] MMR 3, 3 f.

- 177 Detailed on this matter, Aileen Prill, *Webradio-Streamripping: Eine neue Form der Musikpiraterie?* (1st edn, Peter Lang 2013) 37 ff. with further proof to the technology; see also Hoeren, (n 179) 311, 311 f.; Hoeren, (n 179) 3, 6; for anonymisation services see Marco Rau and Martin Behrens, “Catch me if you can ... Anonymisierungsdienste und die

geolocalization requires the processing of personal data by identifying the origin of IP addresses and requests, at least pseudonymization is inevitable. The federal and the state commissioners for data protection consider the use of only the first 4 bytes for geolocalization to be sufficient for IP addresses according to the Internet protocol IPv6.¹⁷⁸

147 In this context, the so-called Geoblocking Regulation¹⁷⁹ does not prevent the application of these methods: according to Art. 1 (5) Geoblocking Regulation, it does not apply to copyright law; therefore, actions and tools used by service providers to exclude users from other countries are permitted.

148 The new Portability Regulation¹⁸⁰ does not change this either, since it only applies to consumers by regulating a legal fiction for them in Art. 4. As a result, the rights of use for certain online content are limited to the Member State of residence, regardless of where the user actually resides.¹⁸¹ However, it

does not interfere with the obligations of service providers under Art. 17 DSMD.

Haftung für mittelbare Rechtsverletzungen“ [2009] K&R 766 ff.

178 See resolution of the 82nd Conference of Data Protection Supervisors of the Federal Government and the Federal States on 28-29 September 2011 in Munich, p 2, accessible at: <http://www.bfdi.bund.de/SharedDocs/Publikationen/Entscheidungssammlung/DSBundLaender/82DSK_IPv6.pdf;jsessionid=0E81AF686CF133FA9272C5BFF4342070.1_cid354?__blob=publicationFile> (accessed 28 October 2019); differentiating depending on the localisation purpose Ulrich Kühn, “Geolokalisierung mit anonymisierten IP-Adressen“ [2009] DuD 747, 751.

179 Regulation (EU) 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers’ nationality, place of residence or place of establishment within the internal market and amending Regulations (EC) No 2006/2004 and (EU) 2017/2394 and Directive 2009/22/EC, OJ L 60 I/1 ff.

180 Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 on cross-border portability of online content services in the internal market, OJ L 168/1.

181 Nordemann-Schiffel (n 175) Art. 4 PortVO, para 1; v. Welser (n 164) Vor §§ 120 ff. UrhG para 19; for detailed on the new Portability Regulation see Johann Heyde, “Die Portabilitätsverordnung – Auswirkungen auf die Lizenzverträge“ [2017] ZUM 712.

F. Copyright law obligations of platforms outside the scope of the DSMD

149 If a platform or service provider does not fall within the definition of Art. 2 (6) DSMD, Art. 17 DSMD shall (of course) not apply¹⁸² with the consequence that Art. 14 ECD remains applicable, as well as the case-law of the CJEU outlined briefly above. If the CJEU¹⁸³ qualifies platforms that place advertisements in connection with user-generated content and carry out further structuring as perpetrators (infringers) themselves with regard to the right of making available to the public (Art. 3 InfoSoc Directive), these platforms which fall outside the scope of Art. 2 (6) DSMD would nevertheless be subject to comparable obligations. Should the CJEU extend the infringement to platforms and thus assume a liability by a breach of duty to care in the YouTube/Uploaded proceedings, the existing German Stoererhaftung, which accepts obligations only after knowledge, would in fact be void.¹⁸⁴

150 From a dogmatic point of view, it remains unclear whether Art. 17 DSMD is then to be regarded as the exclusive regulation for Art. 3 InfoSoc Directive,¹⁸⁵ so that an extended application of Art. 3 InfoSoc Directive would also be excluded if the scope of Art. 17 DSMD is not opened up. In other words, it is conceivable that the CJEU reaches the conclusion that Art. 3 InfoSoc Directive applies also to platforms with a non-commercial purpose etc. – which are now excluded from Art. 17 DSMD by means of definition of Art. 2 Nr. 6 DSMD. However, if Art. 17 DSMD is exclusive the CJEU case law on the right to make available to the public (with its extensions) would

not be applicable any more. The DSMD does not contain any clear provisions on this subject. Rather, recital 64 DSMD states that Art. 17 DSMD should not

182 This does not apply to start-ups under Art. 17 (6) DSMD, as they are still subject to the regime of Art. 17 of the DSMD, but with the obligations reduced in Art. 17 (6) in conjunction with Art. 4 (c) of the DSMD. In this context, it is not clear to what extent the provisions in recital 66, according to which the national remedies should continue to apply - hence also the German “Stoererhaftung“.

183 See above n 7 f.

184 Stieper (n 10) 211, 216 f.; High Federal Court of Justice GRUR 2018, 1132, 1139, 1141 with comments by Ohly.

185 For the various interpretation attempts of the relationship between Art. 17 DSMD and Art. 3 InfoSoc Directive see Husovec/Quintais (n 139) who regard Art. 17 itself as a right sui generis.

prejudice the application of Art. 3 InfoSoc Directive. Thus recital 64 sentence 3 of DSMD reads as follows:

- 151** “This does not affect the concept of communication to the public or of making available to the public elsewhere under Union law, nor does it affect the possible application of Art. 3(1) and (2) of Directive 2001/29/EC to other service providers using copyright-protected content.”
- 152** However, the explicit regulation of liability privileges and the exception, e.g. for startups (Art. 17 (6) DSMD), indicate that for other platforms outside the DSMD (e.g. non-commercial platforms, cloud services, etc.) no stricter liability (due to an extensive interpretation of Art. 3 of the InfoSoc Directive) can intervene, as otherwise the regulations or privileges would run nowhere. Even if Art. 3 InfoSoc Directive should be applied extensively by the CJEU (regardless of the DSMD), users should still benefit from an analogous application of the procedural guarantees to safeguard fundamental rights.

G. Conclusion

- 153** The analysis showed the complex triangle between users, service providers, and rightholders enshrined in Art. 17 – which is just a part of the general problem of balancing the rights in this multilateral relationship. It seems impossible to safeguard all rights at the same time so that the fundamental constitutional problem consists in striking a fair balance between those rights. Whereas Art. 17 (4) b) DSMD respects that there is no proactive obligation of providers to monitor their platforms, thus establishing a more or less adequate balance of rights, if at the same time flagging procedures etc. are available for users, the same is unfortunately not true for the obligations to check the platform in general with regard to content that has to be licensed (Art. 17 (1) DSMD). Moreover, national legislators should carefully implement subjective rights and procedures for users in order to safeguard their constitutional rights.

New types of marks available after the European Union Trade Mark Reform

An Analysis in the light of the U.S. Trade Mark Law

by **Inês Ribeiro da Cunha and Jurgita Randakevičiūtė-Alpman***

Abstract: This article analyzes one of the novelties brought about by the European Union trade mark reform; i.e. the removal of the graphic representation requirement opening opportunities to register new types of marks at the European Union Intellectual Property Office. In this article, the legal requirements for the registration of the non-traditional trade marks under the legal frameworks of the European Union and the United States of America are discussed and the new provisions of the European Union trade mark law on the representation of trade marks are assessed.

Keywords: non traditional trademarks; EU trademark regulation ; trademark representation; US trademark.

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A. Introduction

1 The amending Regulation (EU) No 2015/2424 of the European Parliament and the Council, which came into force on 23 March 2016¹ and is now codified as

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1 Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade

2017/1001² (the ‘EUTMR’), brought about a number of amendments to the European Union (the ‘EU’) trade mark law. One of the changes, which came into force on 1 October 2017, is the elimination of the graphic representation requirement establishing that a trade mark can be represented on the Register of European Union trade marks (the ‘Register’) in any possible manner as long as the authorities, e.g., the European Union Intellectual Property Office (the

mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) [2015] OJ L 341/21 (since 30 September 2017 no longer in force).

2 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] OJ L154/1.

‘EUIPO’)³, and the public are able to identify what exactly is protected⁴. Due to this modification, a wider variety of signs is now available for registration as EU trade marks.

- 2 The graphic representation requirement used to be regarded as a “serious restriction”⁵ to register the less common, so-called “non-traditional” or “non-conventional”⁶ types of trade marks, especially, the non-visual ones. This prerequisite, together with the case law of the Court of Justice of the European Union (the ‘CJEU’), established that although a mark itself does not have to be capable of being perceived visually, it should be able to be represented graphically in images, lines, and/or characters⁷. Therefore, taking into consideration the growing use of new branding strategies that utilize non-traditional marks⁸, in particular, those directed

3 Former Office for Harmonisation in the Internal Market (OHIM). In this article, the abbreviation ‘EUIPO’ will be used.

4 EUTMR, art 4.

5 Tobias Cohen Jeroham, Constant van Nispen and Tony Huydecoper, *European Trademark Law* (Kluwer Law International 2010) 74-75.

6 The terms “non-traditional” and/or “non-conventional” cover marks, other than word or figurative, that are not visually perceptible, but “have a potential for distinguishing goods and services”, or visible signs, that “differ from the traditional notion of signs constituting trade marks by one or more of their features” (World Intellectual Property Organization, Standing Committee on the Law of Trademarks, Industrial Designs and Geographic Indications, Sixteenth Session, ‘New Types of Marks’, November 13-17, 2006, Geneva <https://www.wipo.int/edocs/mdocs/sct/en/sct_16/sct_16_2.pdf> accessed 23 May 2019) or it can be regarded as ‘any designation that serves to indicate source, origin, sponsorship or affiliation that is not a word mark, graphic symbol, or combination of colours’ (Llewellyn J Gibbons, ‘Non-conventional Trademarks Under United States Law: An Unbounded New Frontier of Branding’ in Mark Perry (ed), *Global Governance of Intellectual Property in the 21st Century* (Springer International Publishing 2016)). The term “non-traditional” is used throughout this article.

7 Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55.

8 E.g.: “The Singapore Girl” by Singapore Airlines or crunchiness of “Rice Crispies” by Kellogg’s (Martin Lindstrom, ‘Broad sensory branding’ [2005] 14 (2) *Journal of Product & Brand Management* 84, 85-86). Also see: Klaus-Peter Wiedmann and others, ‘Creating Multi-Sensory Experiences in Luxury Marketing’ [2013] 6 *Marketing Review* St. Gallen 61; John Groves, ‘A short History of Sound Branding’ in Kai Bronner and Rainer Hirt (eds), *Audio Branding. Brands Sound and Communication* (Nomos 2009) 61, 61; Jai Beom Kim, Yoori Koo and Don Ryun Chang,

to various non-visual senses (sound, scent, taste or touch) of human beings, this amendment of EU law is generally accepted⁹, even though it provides room for questions.

- 3 The main objective of this article is to discuss the post-reform EU trade mark legal framework regarding the protection of non-traditional trade marks taking into consideration the new criteria for their registration set by the EUTMR and the Implementing Regulation (EU) 2018/626¹⁰ (the ‘EUTMIR’). In this context, it is particularly important to analyze what specific aspects should be taken into consideration when applying for the registration of non-traditional trade marks, in order to fulfil the requirement indicating that a trade mark should be represented on the Register “in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor”¹¹. In this regard, it seems relevant to look into the trade mark registration requirements in certain jurisdictions, such as the United States of America (the ‘U.S.’), where there is no compulsory graphic representation requirement.

- 4 This objective will be achieved by: (i) discussing the pre-reform EU law with regard to the registration of non-traditional trade marks; (ii) analyzing the requirements for the registration of non-traditional trade marks in the U.S.; (iii) presenting the new provisions of the EUTMR and EUTMIR relevant for the registration of non-traditional EU trade marks; (iv) assessing the post-reform approach of EU trade mark law with respect to the registration of non-traditional trade marks. All this will be achieved by analyzing both the pre-reform and new EU law, as well as the U.S. law with regard to the registration of non-traditional marks and exploring the relevant

‘Integrated Brand Experience Through Sensory Branding and IMC’ [2009] 20 (3) *dmi* 7; Melissa E Roth, ‘Something Old, Something New, Something Borrowed, Something Blue: A New Tradition in Nontraditional Trademark Registrations’ [2005] 1 *Cardozo Law Review* 457, 458-459.

9 E.g.: “<...> there seems to be general agreement that trademark law should be open for such developments, whatever the mode of representation [of a trade mark] may be” (Annette Kur, ‘The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?’ [2015] vol. 19 *Marquette Intellectual Property Review* 19, 26).

10 Commission Implementing Regulation (EU) 2018/626 of 5 March 2018 laying down detailed rules for implementing certain provisions of Council Regulation (EC) No 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Implementing Regulation (EU) 2017/1431 [2018] OJ L 104/37.

11 EUTMR, art 3 (1).

EU and U.S. case law, the legal doctrine and the *travaux préparatoires* regarding EU trade mark reform concerning the registration of non-traditional trade marks.

B. The Pre-reform EU Law regarding Non-Traditional Trade Marks

5 The question with regard to the registration of non-traditional marks has already been discussed by the World Intellectual Property Organization's Standing Committee in 2006¹² as well as analyzed by the scholars and practitioners of various jurisdictions¹³. The Singapore Treaty on the Law of Trademarks as of 2006 was the first legal act, which explicitly observed the possibility to register non-traditional trade marks under the laws of the signatory states, at the same time not obliging them to recognize this type of marks¹⁴. Thus, the national and supranational jurisdictions, including the EU, were provided with the freedom to decide what types of trade marks should be protected.

6 Before the EU trade mark reform in 2015, the Council Regulation (EC) No 207/2009 (the 'CTMR') provided that "[a] Community trade mark may consist of any signs capable of being represented graphically"¹⁵. In theory, the latter provision of the CTMR allowed any signs, including those that are not in itself capable of being perceived visually, to be registered under EU trade mark law, as long as they were capable of graphic representation and distinguished the goods or services of one undertaking from the goods or services of another. In addition, according to the CJEU case law, such a graphic representation (particularly by means of images, lines or characters) had to be in a form that is clear, precise, self-contained, easily accessible, intelligible, durable, and objective¹⁶. Thus, although the requirement of the graphic representation did not mean that signs, which are not perceptible visually, were excluded from protection¹⁷, in practice, predominantly the visual signs were those capable of fulfilling the latter prerequisites¹⁸ and, therefore, were the most likely to be registered¹⁹.

7 This situation did not completely discourage applicants from trying to obtain registrations for non-traditional trade marks, however; only certain marks, such as, colors²⁰,

12 World Intellectual Property Organization, Standing Committee on the Law of Trademarks, Industrial Designs and Geographic Indications, Sixteenth Session, 'New Types of Marks', November 13-17, 2006, Geneva <https://www.wipo.int/edocs/mdocs/sct/en/sct_16/sct_16_2.pdf> accessed 23 May 2019.

13 E.g.: John A Tessensohn, 'Non-traditional trade marks thriving in Japan' [2016] 11 (6) *Journal of Intellectual Property Law & Practice* 413; Roberto Carapeto, 'A Reflection About the Introduction of Non-Traditional Trade marks' [2016] 34 *Waseda Bulletin of Comparative Law* 25; Kexin Li, 'Where Is The Right Balance? Exploring The Current Regulations On Nontraditional Three Dimensional Trademark Registration In The United States, The European Union, Japan and China' [2012] 30 *Wisconsin International Law Journal* 428; Qian Zhan, 'The international registration of non-traditional trademarks: compliance with the TRIPS Agreement and the Paris Convention' [2017] 16 (1) *World Trade Review* 111.

14 Singapore Treaty on the Law of Trademarks, 27 March 2006, art 2(1) <<https://wipolex.wipo.int/en/text/290013>> accessed 23 May 2019; Resolution by the Diplomatic Conference Supplementary to the Singapore Treaty on the Law of Trademarks, para 3, 27 March 2006 <<https://wipolex.wipo.int/en/text/290013>> accessed 23 May 2019. Also see: Sheldon W Halpern, Craig Allen Nard and Kenneth L Port, *Fundamentals of US Intellectual Property Law. Copyright, Patent and Trade mark* (5th Edition, Wolters Kluwer 2015) 273.

15 Council Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark [2009] OJ L078/1, art 4. Since 30 September 2017, repealed by EUTMR.

16 Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55.

17 *ibid*, para 45.

18 Tobias Cohen Jeroham, Constant van Nispen and Tony Huydecoper, *European Trademark Law* (Kluwer Law International 2010) 75.

19 With regard to non-visual signs, see e.g.: Case C-283/01 *Shield Mark* [2003] ECR I-14313, para 60; Case T-305/04 *Eden v OHIM* [2005] ECR II-04705, para 33, 40-43; Decision R 120/2001-2 of 04/08/2003 of the Second Board of Appeal, para 12.

20 E.g.: a mark described in the EUIPO's database as consisting "of the colour green Pantone 348C as applied to the exterior surface of the premises used for the sale of the goods and services", filing No. 000001991 <<https://euipo.europa.eu/eSearch/#details/trademarks/000001991>> accessed 23 May 2019; a mark described in the EUIPO's database as consisting of "Lilac/violet, single colour as shown in the representation. The values (specific coordinates in the colour space) for the present mark are: "L* = 53.58 ±0.8; a* = 15.78±0.5; b* = -31.04±0.5". The mark can be located in "Pantone's Process Book" between the shades with number "E 176-4" and "E 176-3", filing No. 000031336 <<https://euipo.europa.eu/eSearch/#details/trademarks/000031336>> accessed 23 May 2019; a mark in the EUIPO's database as

- 8 shapes²¹ and musical tunes²², since they were able to be represented graphically, were registered at the EUIPO. According to the pre-reform EU trade mark law and its interpretation, it was not possible to register mere sounds²³ (onomatopoeias, e.g., a roar of a lion or a sound of a motorbike), scents (smells)²⁴ and tastes (flavors)²⁵, because they were not regarded

consisting of “Magenta (RAL 4010 telemagenta)”, filing No. 000212787 <<https://euiipo.europa.eu/eSearch/#details/trademarks/000212787>> accessed 23 May 2019, etc.

- 21 E.g.: a mark described in the EUIPO’s database as consisting “of a container, whose shape forms a parallelepiped, on the front or frontal parallelogram of which is the word ARROZ (which is not claimed) and under it the name DELTA in vertical capital letters in fancy type in which the ends and corners present curved appendices, some of which are circular (E, L and T) and some of which are opposite and symmetrical to each other (E, L, T and A). This side bearing the name has on its upper part a thick angular line with the vertex or acute angle touching the centre of the upper edge of the rectangle, and beneath the name another angular line which is a mirror image of the upper one, and therefore with the acute angle inverted. On the lateral parallelograms the abovementioned lines are continued horizontally and parallel to one another.”, filing No. 000025957 <<https://euiipo.europa.eu/eSearch/#details/trademarks/000025957>> accessed 23 May 2019; a mark described in the EUIPO’s database as consisting of a “[c]one, very elongated, slightly curved, of glass, its top part of polished metal, surmounted by a ball.”, filing No. 001647874 <<https://euiipo.europa.eu/eSearch/#details/trademarks/000025957>> accessed 23 May 2019, etc.
- 22 E.g.: a mark described in the EUIPO’s database as consisting “of a sound mark called PRELUDE”, filing No. 000907527 <<https://euiipo.europa.eu/eSearch/#details/trademarks/000907527>> accessed 23 May 2019; a mark described in the EUIPO’s database as consisting of the “Signature tune of Nokia Corporation”, filing No. 001040955 <<https://euiipo.europa.eu/eSearch/#details/trademarks/001040955>> accessed 23 May 2019; a mark described in the EUIPO’s database as consisting “of a musical theme, shown on a score sheet, which can be played on its own or with orchestration”, filing No. 001312008 <<https://euiipo.europa.eu/eSearch/#details/trademarks/001312008>> accessed 23 May 2019, etc.
- 23 Case C-283/01 *Shield Mark* [2003] ECR I-14313, para 60.
- 24 Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 73; Case T-305/04 *Eden v OHIM* [2005] ECR II-04705, para 33, 40-43.
- 25 Decision R 120/2001-2 of 04/08/2003 of the Second Board of Appeal, para 12 (in this case the examiner waived the objection based on the art. 7(1)(a) in conjunction with the art. 4 of the Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark [1994] OJ L 11/1 before the judgment in the case C-273/00 *Sieckmann*

as capable of being represented graphically in a form that suited the requirements established by the CJEU case law²⁶.

- 9 Taking into consideration the situation discussed above, it is important to analyze, what the abolishment of the graphic representation requirement together with the existing case law of the General Court of the European Union (the ‘GCEU’) and the CJEU means for the practical implementation of the new provisions of the EUTMR and EUTMIR. In this context, the position and the experience of the U.S., where the drawing requirement for the registration of different types of signs is more flexible, may be a useful example for the assessment of the elimination of the graphic representation requirement in EU trade mark law.

C. The Non-Traditional Trade Marks under U.S. Law

- 10 U.S. law does not establish the graphic representation as a requirement for the federal registration²⁷ of all types of trade marks as it used to be under EU law before the recent reform. The Trademark Trial and Appeal Board (the ‘TTAB’) of the United States Patent and Trademark Office (the ‘USPTO’) already indicated in 1978 that when considering the available types of trade marks, flexibility, which is essential in order to keep up with the ever-changing reality brought about by the development of technology, requires the mark to not be confined to a graphic form²⁸. The acceptance of non-traditional marks for registration particularly moved forward in 1995 after the Supreme Court of the United States (the ‘Supreme Court’) ruled that “the source-distinguishing ability of a mark – not its ontological

was taken, however, if that objection would not be waived, the Board of Appeal would apply the *Sieckmann* case).

- 26 Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55.
- 27 Under U.S. law, registration is not required for trade mark protection. According to the Trademark Act of 1946, 15 U.S.C. § 1125 (2019), it is possible to sue for the infringement of an unregistered mark. However, trade mark registration under U.S. law provides for certain benefits. For more information on the federal trade mark registration in the U.S., see e.g.: Lydia Pallas Loren and Joseph Scott Miller, *Intellectual Property Law: Cases and Materials* (Semaphore Press 2018) 519-525.
- 28 *In re General Electric Broadcasting Company Inc.* 199 U.S.P.Q. (BNA) 560 (TTBA 1978).

status”²⁹ permits a sign to serve as a trade mark³⁰. In addition, the Supreme Court indicated that the language of the Trademark Act of 1946 (the ‘Trademark Act’)³¹ defines the “universe [of things that can qualify as a trade mark] <...> in the broadest of terms”³². Thus, single colors may sometimes meet the basic requirements for a trade mark and there is no rule preventing that³³. The words “symbol”, “device” and “any combination thereof” defining a trade mark in the Trademark Act³⁴ are the key terms for allowing for the protection of color, sound, shape and other types of signs where they serve as trade marks³⁵. The registration procedure for non-visual marks was accommodated by the USPTO establishing the classification “a mark drawing code 6”, which is used for sounds, scents and other non-visual marks³⁶.

29 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 164 (1995).

30 *ibid.*

31 Trademark Act of 1946, 15 U.S.C. § 1051 (2019): “The term “trademark” includes any word, name, symbol, or device, or any combination thereof— (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

32 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995).

33 *ibid.*, 161 and 166 (1995).

34 Trademark Act of 1946, 15 U.S.C. § 1051 (2019).

35 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 172-173 (1995). However, in the legal doctrine, not everyone agrees with this interpretation (see e.g.: Glynn S Lunney, Jr., ‘Non-Traditional Trademarks. The Error Costs of Making an Exception the Rule’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018), 225).

36 Trademark Manual of Examining Procedure, Chapter 800, § 807.09 ‘Drawing’ of Sound, Scent, or Non-Visual Mark (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1103.html>> accessed 12 April 2019; e.g.: (i) U.S. Reg. No. 5905067, registration date 5 November 2019 (sound mark consisting “of Instrumental work performed by two pianos in the key of B-major that is comprised of a five-note melody of D#5, E5, F#5, B4, and ending on the B4 and B5 octaves and accompanied by two B (tonic) chords” for “[i]nsurance underwriting and administration services for all types of insurance; providing underwriting and administration services for pension funds; residential and commercial mortgage

11 The existence of the above-specified drawing code demonstrates that, under U.S. law, formal requirements allow for the protection of non-traditional signs, including the non-visual ones. In addition, few other formal requirements have to be fulfilled in order to obtain a registration. Firstly, a drawing, which shows the mark and serves for providing a “notice of the nature of the mark sought to be registered”³⁷, needs to be presented. This condition applies to visual, e.g., word, numerical, three-dimensional, motion and hologram signs, whereas for the registration of sound, scent and other non-visual marks it is not compulsory³⁸. Secondly, applications for any mark in non-standard characters³⁹ must be accompanied by

lending services; real estate brokerage and management services; mutual fund brokerage and investment services, namely, investment banking and funds investment; financial retirement planning services; employee benefits services, namely, processing, administering, and managing employee benefit plans concerning insurance and finance; insurance services, namely, underwriting, issuing and administration of life insurance; issuance and administration of annuities; insurance brokerage services; investment services, namely, asset acquisition, consultation, development and management services; investment of funds for others; annuity services, namely, account and investment administration and the investment and distribution of annuity funds; financial services, namely, investment fund transfer and transaction services; financial services, namely, providing an investment option available for variable annuity and variable life insurance products; financial and investment services, namely, asset and investment acquisition, consultation, advisory and development; insurance and financial information and consultancy services”; (ii) U.S. Reg. No. 5467089, registration date 15 May 2018 (scent mark consisting “of a sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of a salted, wheat-based dough” for “[t]oy modeling compounds”); (iii) U.S. Reg. No. 5877077, registration date 8 October 2019 (sound mark consisting “of a man yelling “EEEEEEYOOOOO” in falsetto with “E” drawn out followed by a “U” sound” for “[m]usical sound recordings; musical video recordings”). United States Patent and Trademark Office. Trademark Electronic Search System (TESS) (Word and/or Design Mark Search (Structured) <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 23 November 2019 (search criteria: ‘Search Term’ “6”[MD] as ‘Mark Drawing Code’).

37 Trademark Manual of Examining Procedure, Chapter 800, § 807 ‘Drawing’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1103.html>> accessed 12 April 2019.

38 *ibid.*

39 A mark not in standard characters is if: (i) the applicant

a written description⁴⁰ indicating all the significant features of a mark⁴¹. Thirdly, “one specimen for

is claiming a particular font style, size, or color of words, letters, or numbers; (ii) the mark contains a design element; (iii) the mark includes non-Latin characters; (iv) the mark includes non-Roman or non-Arabic numerals; (v) the mark includes uncommon punctuation or diacritical marks; (vi) the mark is three-dimensional, or a configuration of the goods or packaging; (vii) the drawing includes broken lines to show position or placement or to indicate a portion of the product or packaging that is not part of the mark; (viii) the mark includes color; (ix) the mark includes motion; (x) the mark is a sound, scent, or other non-visual mark; (xi) the mark appears in standard characters, but an element of the mark is unclear or ambiguous; (xii) the mark consists of characters from the standard character set, but the characters are displayed in a manner that affects the meaning or significantly contributes to the overall commercial impression of the mark, such as using standard characters that create emoticons (Trademark Manual of Examining Procedure, Chapter 800, § 808.01 ‘Guidelines for Requiring Description’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e2086.html>> accessed 27 November 2019).

40 Trademark Manual of Examining Procedure, Chapter 800, § 808.01 ‘Guidelines for Requiring Description’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e2086.html>> accessed 27 November 2019. In an application for a mark in standard characters, a description may be included and, on the request of the trade mark examining attorney, must be included (Patents, Trademarks and Copyrights, 37 C.F.R. § 2.37 (2019))

41 *ibid*, § 808.02 ‘Description Must Be Accurate and Concise’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e2155.html>> accessed 26 November 2019. In principle, under U.S. trade mark law, “[a] drawing depicts the mark sought to be registered” (Patents, Trademarks and Copyrights, 37 C.F.R. § 2.52 (2019)), however, a description is also compulsory for any mark not in standard characters and, at times, under the request of an examining attorney, it must be submitted even if a mark appears in standard characters (Trademark Manual of Examining Procedure, Chapter 800, § 808.01 ‘Guidelines for Requiring Description’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e2078.html>> accessed 26 November 2019). In comparison to EU trade mark law and EUIPO Guidelines indicating that a description is an optional requirement in the cases where it is allowed and cannot replace the representation of the mark or extend its scope of protection (i.e. the representation defines the subject-matter of the trade mark applied for), the U.S. trade mark law and Trademark Manual of Examining Procedure establish not only more detailed requirements with regard to the description of the U.S. trade marks, but also gives an important role to the it when depicting/defining sound, scent and other non-visual marks. On the description requirement under EU trade

each class, showing use of the mark in commerce on or in connection with the goods, or in the sale or advertising of the services” must be submitted⁴². These formal requirements may vary according to the type of sign that is sought to be registered.

- 12 Apart from these formal requirements, each mark must comply with the substantive prerequisites: it (i) has to have a distinctive character⁴³; (ii) has to be in use⁴⁴; and (iii) must overcome the bars to protection established by the Trademark Act, the most significant of which in the context of non-traditional marks is the functionality⁴⁵. While providing evidence on the use of a mark is usually not a difficult task, the establishment of the distinctive character and dealing with functionality issues can be more complicated. Certain types of non-traditional marks (e.g., unique sound marks) may be deemed to be inherently distinctive⁴⁶, whereas color, scent

mark law, see: EUTMR and Guidelines for Examination of European Union Trade Marks, Part B ‘Examination’. Section 2. ‘Formalities’ 1 October 2017 <<https://euipo.europa.eu/ohimportal/en/trade-mark-guidelines-pdf>> accessed 26 November 2019.

42 Trademark Manual of Examining Procedure, Chapter 900, § 904 ‘Specimens’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e489.html>> accessed 23 November 2019; also see: Trademark Manual of Examining Procedure, Chapter 900, § 904.03 ‘Material Appropriate as Specimens for Trademarks’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e636.html>> accessed 23 November 2019; Trademark Manual of Examining Procedure, Chapter 1300, § 1301.04 ‘Specimens of Use for Service Marks’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-1300d1e266.html>> accessed 23 November 2019; Trademark Manual of Examining Procedure, Chapter 900 §, 904.01(a) ‘More than One Item Specified in a Class’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e530.html>> accessed 23 November 2019; Patents, Trademarks and Copyrights, 37 C.F.R. § 2.56-§ 2.59 (2019).

43 Trademark Act of 1946, 15 U.S.C. § 1052 and § 1127 (2019).

44 *ibid*. Also a bona fide intention to use any word, name, symbol, or device, or any combination thereof in commerce can be sufficient to fulfil the use requirement.

45 Trademark Act of 1946, 15 U.S.C. § 1052 (e) (2019).

46 E.g.: (i) U.S. Reg. No. 5575905, registration date 2 October 2018 (sound mark consisting “of the spoken words THE RIGHT WAY, NOT THE EASY WAY, with an emphasis on the words RIGHT and EASY” for “[a]ir duct cleaning services; Drain and sewer cleaning and rootering services; Installation and repair of heating, ventilating and air conditioning equipment; Installation and replacement

and commonplace sound marks can almost never possess this feature⁴⁷ and must be accompanied by

service for water heaters; Installation of solar energy systems and alternative energy products for residential and commercial use; Installation, maintenance and repair of water filtration, softening, reverse osmosis, chemical feed pump, specialty cartridge and housing, water, and drain and sewer systems; Plumbing services; Repair or maintenance of gas water heaters; Installation and repair of air conditioning apparatus"); (ii) U.S. Reg. No. 5905067, registration date 5 November 2019 (sound mark consisting "of Instrumental work performed by two pianos in the key of B-major that is comprised of a five-note melody of D#5, E5, F#5, B4, and ending on the B4 and B5 octaves and accompanied by two B (tonic) chords" for "[i]nsurance underwriting and administration services for all types of insurance; providing underwriting and administration services for pension funds; residential and commercial mortgage lending services; real estate brokerage and management services; mutual fund brokerage and investment services, namely, investment banking and funds investment; financial retirement planning services; employee benefits services, namely, processing, administering, and managing employee benefit plans concerning insurance and finance; insurance services, namely, underwriting, issuing and administration of life insurance; issuance and administration of annuities; insurance brokerage services; investment services, namely, asset acquisition, consultation, development and management services; investment of funds for others; annuity services, namely, account and investment administration and the investment and distribution of annuity funds; financial services, namely, investment fund transfer and transaction services; financial services, namely, providing an investment option available for variable annuity and variable life insurance products; financial and investment services, namely, asset and investment acquisition, consultation, advisory and development; insurance and financial information and consultancy services"; (iii) U.S. Reg. No. 5842808, registration date 27 August 2019 (sound mark consisting "of a sound mark comprising the word "Oralé" sung to a melody consisting of the following musical notes: G# A# B" for "[a]utomobile dealership services"). United States Patent and Trademark Office. Trademark Electronic Search System (TESS) (Word and/or Design Mark Search (Structured) <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 23 November 2019 (search criteria: 'Search Term' "6"[MD] as 'Mark Drawing Code').

47 Sheldon W Halpern, Craig Allen Nard and Kenneth L Port, *Fundamentals of US Intellectual Property Law. Copyright, Patent and Trade mark* (5th Edition, Wolters Kluwer 2015) 69; Jerome Gilson and Anne Gilson LaLonde, 'Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks' [2005] 95 (4) The Trademark Reporter 773, 776. There has been one exception with regard to one smell mark (a lemon fragrance 'for toner for digital laser printers, photocopiers, microfiche printers

evidence demonstrating that, due to their use in the market place, these marks clearly indicate to consumers the source of the product or service⁴⁸, i.e. have acquired secondary meaning. Secondary meaning is established, when "in the minds of the public, the primary significance of a product feature <...> is to identify the source of the product, rather than the product itself"⁴⁹. Additionally, quite often the applicants need to prove the non-functionality of a mark⁵⁰. This means that the product's feature which one wishes to register as a trade mark must not be essential to the use or purpose of the good or service and affect the cost or quality of it⁵¹. If, based on at least one of these two criteria, a product feature is not functional from the utilitarian perspective, it can be aesthetically functional on the condition, that an exclusive use of that feature would place competitors at a significant non-reputation-related disadvantage⁵². These substantive requirements apply to all types of non-traditional marks, but to a certain extent, it may vary depending on their type.

I. Color Marks

- 13 In 1995, the Supreme Court confirmed that a single color could serve as a trade mark, establishing a rather broad scope of registrable signs⁵³. Formal requirements for the applications of such marks before the USPTO are in accordance with this case law. The to-be-registered sign should be depicted in a

and telecopiers' <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 25 November 2019) Serial No. 75120036 (abandoned) (see: Thomas P Arden, *Protection of Nontraditional Marks* (International Trademark Association, 2000) 55.)

- 48 Douglas A Rettew, 'Offbeat Page in Branding Playbook' [2012] The National Law Journal <<https://www.finnegan.com/en/insights/offbeat-page-in-branding-playbook.html>> accessed 12 April 2019; Trademark Act of 1946, 15 U.S.C. § 1052 (f) (2019).
- 49 Inwood Laboratories v. Ives Laboratories, 456 U.S. 844, 851, n. 1 (1982) citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118 (1938).
- 50 15 U.S.C. § 1952 (f) (2019).
- 51 Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 165 (1995). Also see: Lydia Pallas Loren and Joseph S Miller, *Intellectual Property Law: Cases and Materials* (Semaphore Press 2018) 547.
- 52 Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 169 (1995).
- 53 Qualitex Co. v. Jacobson Products Co., 514 U.S. 159 (1995).

color drawing, which consists of a substantially exact representation of a mark as used or intended to be used on the goods⁵⁴. The latter must be accompanied by a description consisting of: (i) a color claim naming the color for which the protection is being sought; and (ii) a separate statement describing where the color appears in the mark⁵⁵. Finally, the applicant must submit a specimen of the mark demonstrating the use of the color in commerce on/in connection with the relevant goods and/or services⁵⁶.

- 14 A single color is capable of registration as a trade mark, if its secondary meaning in the marketplace and non-functionality can be demonstrated⁵⁷. The former prerequisite can be evaluated by analyzing the consumers' attitude with respect to a certain mark⁵⁸. If, over time, consumers begin treating a particular color on a product or its packaging as identifying and distinguishing a particular brand, this color has acquired a secondary meaning⁵⁹. In

addition to the latter direct evidence, circumstantial proof also plays an important role in the discussed situations. This proof consists of data concerning the advertisement of the mark and its expenditures, length and exclusivity of use, as well as success and volume of sales⁶⁰.

- 15 While addressing the functionality, it is analyzed whether the registration of such a mark would undermine competition by allowing the applicant to control a "useful product feature"⁶¹, e.g., color, with the help of the trade mark law⁶². Colors can be regarded as functional, when, e.g., they are an industry standard used for safety reasons, also if it is more economical to manufacture or use them⁶³. When a color does not possess utilitarian functionality, it nevertheless can be aesthetically functional⁶⁴, if "the exclusive use of the feature [e.g. color] would put competitors at a significant non-reputation-related disadvantage"⁶⁵. In one case, the black color for outboard motors, due to its compatibility to boat colors and ability to decrease apparent motor size, was regarded as essential for engine manufacturers to compete and thus held as functional⁶⁶.

54 Trademark Manual of Examining Procedure, Chapter 800, § 807.07(a) 'Requirements for Color Drawings' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1488.html>> accessed 27 November 2019. Also see: Chapter 1200, § 1202.05(d)(i) 'Drawings of Color Marks in Trademark Applications' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-1200d1e2169.html>> accessed 27 November 2019

55 Trademark Manual of Examining Procedure, Chapter 800, § 807 'Drawing' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1103.html>> accessed 27 November 2019

56 Trademark Manual of Examining Procedure, Chapter 900, § 904.02(c)(ii) 'Specimens for Marks Comprising Color' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e608.html>> accessed 27 November 2019.

57 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-165 (1995). However, according to the legal scholarly literature, the threshold to prove acquired distinctiveness, in order to register certain signs as trade marks in the U.S., can be very low (e.g.: Irene Calboli, 'Hands Off "My" Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation' in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 294 citing Jake Linford, *A Linguistic Justification for Protecting "Generic" Trademarks*, 17 *YALE J.L. & TECH.* 110 (2015); *Christian Faith Fellowship Church v. Adidas AG*, 841 F.3d 986 (Fed. Cir. 2016)).

58 Barton Beebe and others, *Trademarks, Unfair Competition and Business Torts* (2nd Edition, Wolters Kluwer 2016) 66

59 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163 (1995).

60 Thomas J McCarthy *Trademarks and Unfair Competition* (Volume 2, Thomson West 2007) § 15:30; Barton Beebe and others, *Trademarks, Unfair Competition and Business Torts* (2nd Edition, Wolters Kluwer 2016) 66.

61 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 169 (1995).

62 *ibid.*

63 Trademark Manual of Examining Procedure, Chapter 1200, §1202.05(b) 'Functional Color Marks Not Registrable' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-1200d1e2081.html>> accessed 19 January 2020.

64 Gary R Lea, 'Special marks: after 20 years, not so special after all?' [2015] 20(2) *Communications Law*, 40, 42 citing Michael Mirales, 'Aesthetic Functionality', 21 *Texas Intellectual Property Law Journal* 155 (2013).

65 *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 165 (1995).

66 *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532-1533, 32 U.S.P.Q.2d 1120 (Fed. Cir. 1994). Other examples: (i) in the case *Christian Louboutin v. Yves Saint Laurent America*, the U.S. District Court ruled that the red outsoles serve non-trademark functions other than as a source identifier (e.g., "to attract, to reference, to stand out, to blend in, to beautify, to endow with sex appeal"), thus, such a trade mark is aesthetically functional and is a threat to legitimate competition in the designer shoe market (*Christian Louboutin v. Yves Saint Laurent America*, 778

II. Scent and Taste Marks

16 In 1990, the TTAB held that the scent of Plumeria blossoms could serve as a trade mark for sewing thread and embroidery yarn⁶⁷. With regard to the formal requirements, instead of a drawing, the applicant is required to submit a detailed description of a mark⁶⁸. Since there is not much guidance regarding the description requirement, the fulfilment of this prerequisite depends on each individual case. Similar requirements also apply to the registration of taste marks. Applicants for both types of marks are also required to submit a specimen containing the scent or flavor, which matches the description⁶⁹. This means that, generally, a specimen will consist of the actual goods themselves; thus, in order for the USPTO to correctly direct a specimen to the examining attorney, during the submission it should be indicated that it is a specimen for a scent or flavour mark application⁷⁰.

17 With regard to the distinctiveness requirement, in 1990 it was also held that the scent of Plumeria blossoms could be registered for sewing thread and embroidery yarn not for its inherent distinctiveness, but because it had acquired a secondary meaning. The latter position was based on the arguments that: (i) the applicant was the only one marketing threads and yarns with a scent; (ii) the scent was a feature added by the applicant and not inherent or

natural to the goods; (iii) the applicant advertised and promoted the scented feature; and (iv) it was demonstrated that purchasers had recognized the applicant as the source of the scented goods⁷¹.

18 However, in a later case, a lemon fragrance, due to its inherent distinctiveness, was approved as a trade mark for laser printers and photocopiers⁷². Nevertheless, inherent distinctiveness of a smell is not common and demonstrating it can be a very challenging task for the applicants⁷³. For instance, on the Principal Register there are only four valid registrations of scent marks⁷⁴. They have been approved after the evidence on their acquired

F. Supp. 2d 445, 453 (S.D.N.Y. 2011)). Later, the Second Circuit of the Court of Appeals in the same case ruled that red outsoles could be protected as a trade mark without analyzing the functionality aspect (Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc., 696 F.3d 206 (2nd Cir. 2012)); (ii) the USPTO TTAB held that the color black for floral packaging is aesthetically functional, because of a competitive need for others in the industry to use black in connection with floral arrangements to communicate a desired sentiment or occasion, such as elegance, bereavement or Halloween, (*In re Florists' Transworld Delivery Inc.*, 106 USPQ2d 1784, 1791 (TTAB 2013)).

67 *In re Clarke*, 17 U.S.P.Q.2d (BNA) 1238 (TTAB 1990).

68 Trademark Manual of Examining Procedure, Chapter 800, § 807.09 "Drawing" of Sound, Scent, or Non-Visual Mark' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1656.html>> accessed 27 November 2019.

69 Trademark Manual of Examining Procedure, Chapter 900, § 904.03(m) 'Specimens for Scent and Flavor Marks' (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e994.html>> accessed 27 November 2019.

70 *ibid.*

71 *In re Clarke*, 17 U.S.P.Q.2d (BNA) 1238, 1238-1240 (TTAB 1990).

72 A lemon fragrance "for toner for digital laser printers, photocopiers, microfiche printers and telecopiers" <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 25 November 2019 (search criteria: 'Search Term' '75120036' as 'Serial or Registration Number') Serial No. 75120036 (abandoned); Thomas P Arden, *Protection of Nontraditional Marks* (International Trademark Association, 2000) 55.

73 Carolina Castaldi, 'The Economic Management of Non-Traditional Trademarks. Why, How Much, What and Who' in Irene Calboli and Martin Senftleben (eds) *The Protection of Non-Traditional Trademarks: Critical Perspectives* (OUP 2019) 267 citing Amanda E. Compton, *Acquiring a Flavor for Trademarks: There's No Common Taste in the World*, 8 Nw. J. Tech. & Intell. Prop. 340 (2009).

74 (i) U.S. Reg. No. 2463044, registration date 26 June 2001 (cherry scent for "synthetic lubricants for high performance racing and recreational vehicles"); (ii) U.S. Reg. No. 4057947, registration date 22 November 2011 (high impact fragrance primarily consisting of musk, vanilla, rose, and lavender "for hair conditioners, namely, curl creams, hydrating styling creams, intense moisturizing masques, and styling and finishing oils"); (iii) U.S. Reg. No. 4754435, registration date 16 June 2015 (the scent of bubble gum for "shoes, sandals, flip flops, and accessories, namely, flip flop bags"); (iv) U.S. Reg. No. 5467089, registration date 15 May 2018 (a scent of a sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of a salted, wheat-based dough for "toy modeling compounds"). United States Patent and Trademark Office. Trademark Electronic Search System (TESS) (Word and/or Design Mark Search (Structured) <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 12 April 2019 (search criteria: (i) 'Search Term' "6"[MD] as 'Mark Drawing Code' AND 'Search Term' 'fragrance' as 'Description of Mark'; or (ii) 'Search Term' "6"[MD] as 'Mark Drawing Code' AND 'Search Term' 'scent' as 'Description of Mark'; or (iii) 'Search Term' "6"[MD] as 'Mark Drawing Code' AND 'Search Term' 'scent' as 'Description of Mark').

distinctiveness has been provided⁷⁵. Thus, it seems that the standards for the distinctiveness of scent marks are rather high.

- 19 When refusing the registration of fragrances as trade marks, another argument is that they are functional and, due to the “competitive need for free access to pleasant scents and fragrances”⁷⁶, the protection for such trade marks should not be granted. However, according to the TTAB, a registration of a mark should not be denied simply because the scent may be pleasing⁷⁷. Although there is not much guidance on the functionality aspects of smell marks, it seems that U.S. law requires an extensive amount of evidence thereof⁷⁸ making it a challenging procedure⁷⁹.

75 (i) U.S. Reg. No. 2463044, registration date 26 June 2001 (cherry scent for “synthetic lubricants for high performance racing and recreational vehicles”), see: Response to Office Action, 15 November 1996 <<http://tsdr.uspto.gov/documentviewer?caseId=sn74720993&docId=IPC20061018144052#docIndex=14&page=1>> accessed 12 April 2019; (ii) U.S. Reg. No. 4057947, registration date 22 November 2011 (high impact fragrance primarily consisting of musk, vanilla, rose, and lavender “for hair conditioners, namely, curl creams, hydrating styling creams, intense moisturizing masques, and styling and finishing oils”), see: Response to Office Action, 16 March 2010 <<http://tsdr.uspto.gov/documentviewer?caseId=sn77755814&docId=ROA20100317174627#docIndex=20&page=1>> accessed 12 April 2019; (iii) U.S. Reg. No. 4754435, registration date 16 June 2015 (the scent of bubble gum for “shoes, sandals, flip flops, and accessories, namely, flip flop bags”), see: Response to Office Action, dated 12 January 2015 <<http://tsdr.uspto.gov/documentviewer?caseId=sn86265443&docId=ROA20150112173029#docIndex=8&page=1>> accessed 12 April 2019; (iv) U.S. Reg. No. 5467089, registration date 15 May 2018 (a scent of a sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of a salted, wheat-based dough for “toy modeling compounds”), see: Response to Office Action, 27 November 2017 <<http://tsdr.uspto.gov/documentviewer?caseId=sn87335817&docId=ROA20171128174227#docIndex=11&page=1>> accessed 12 April 2019.

76 *In re Clarke*, 17 U.S.P.Q.2d (BNA) 1238, 1238 (TTAB 1990).

77 *University Book Store v. University of Wisconsin Bd. Of Reagents*, 33 U.S.P.Q.2d (BNA) 1385, 1405 (TTAB 1994)

78 Trademark Manual of Examining Procedure, Chapter 1200, §1202.13 ‘Scent, Fragrance, or Flavor’ (October 2018), <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-1200d1e2882.html>> accessed 12 April 2019.

79 Carolina Castaldi, ‘The Economic Management of Non-Traditional Trademarks. Why, How Much, What and Who’ in Irene Calboli and Martin Senftleben (eds) *The Protection of Non-Traditional Trademarks: Critical Perspectives* (OUP 2019)

All this may help to explain the low number of smell marks on the Principal Register of the USPTO.

- 20 The issue of distinctiveness and functionality of flavor marks is treated similarly to the smell ones: the applicant must submit substantial proof of secondary meaning and needs to overcome the non-functionality hurdle⁸⁰. For instance, when deciding on the registration of a taste mark, the TTAB held that an orange flavor is such an essential characteristic of pharmaceuticals that, even though this flavor is “unique”⁸¹, the consumers will not perceive it as a trade mark without being educated to do so, thus, substantial evidence of acquired distinctiveness should be shown⁸². Additionally, this flavor was regarded to be functional and, therefore, incapable of serving as a trade mark for an antidepressant pharmaceutical product because “the medicinal ingredients in Pharmaceuticals generally have a disagreeable taste that may be masked so that patients will be more likely to take the medicine”⁸³. In such a situation, the orange taste performs a utilitarian function and its monopolization would hinder competition in the pharmaceutical market.

III. Sound Marks

- 21 The first sound mark consisting of musical notes G, E, C played on chimes was registered in 1950 for broadcasting services⁸⁴. According to the Trademark

267 citing Amanda E. Compton, *Acquiring a Flavor for Trademarks: There’s No Common Taste in the World*, 8 Nw. J. Tech. & Intell. Prop. 340 (2009).

- 80 According to the USPTO Trademark Electronic Search System (TESS) (Word and/or Design Mark Search (Structured)), there are no ‘live’ registrations of taste (flavor) trademarks <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 25 April 2019 (search criteria: (i) ‘Search Term’ “6”[MD] as ‘Mark Drawing Code’ AND ‘Search Term’ ‘taste’ as ‘Description of Mark’; and (ii) ‘Search Term’ “6”[MD] as ‘Mark Drawing Code’ AND ‘Search Term’ ‘flavor’ as ‘Description of Mark’).

81 *In re NV Organon*, 79 U.S.P.Q.2d (BNA) 1639, 1650 (TTAB 2006)

82 *ibid.*

83 *In re NV Organon*, 79 U.S.P.Q.2d (BNA) 1639, 1648-1649 (TTAB 2006).

84 Serial No. 71541873, U.S. Reg. No. 0523616 (expired) <<https://www.uspto.gov/trademarks-application-process/search-trademark-database>> accessed 12 April 2019. Also see: Roberto Carapeto, ‘A Reflection About the Introduction of Non-Traditional Trade marks’ [2016] 34 *Waseda Bulletin*

Manual of Examining Procedure, when registering such trade marks, applicants are not required to submit a drawing⁸⁵. Instead, as in the case of all the non-visual marks, a detailed description of a sound, including any words or lyrics, supplemented and clarified by an audio reproduction of that sound mark⁸⁶, must be presented⁸⁷. If a mark comprises music or words set to music, an application should include the musical score sheet to supplement or clarify the description of the mark⁸⁸. Finally, a specimen containing an audio or video and showing how a mark is used in connection with the goods/services must be submitted⁸⁹.

- 22 According to the TTAB, sound marks are dependent on aural perception, which “may be as fleeting as the sound itself”⁹⁰. It distinguishes two types of sound marks: (i) unique, different or distinctive sounds capable of being registered without any proof of a secondary meaning; and (ii) commonplace sounds registrable after acquiring the secondary meaning⁹¹. In order to fall into the first group, a sound must be “so inherently different or distinctive that it attaches to the subliminal mind of the listener, to be awakened when heard, and to be associated with

the source or event with which it is struck”⁹². This does not mean that the commonplace sounds cannot function as trade marks; however, differently than the arbitrary marks, the non-distinctive ones must be supported by strong evidence demonstrating that present and prospective purchasers “recognize and associate the sound with services offered and/or rendered exclusively with a single, albeit anonymous, source”⁹³.

- 23 Regardless of the above-described situation, obtaining a sound mark can still be a lengthy and complicated process, especially, when it comes to onomatopoeias, i.e. animal, human or other noises occurring in the nature⁹⁴, which can be regarded as falling under the category of these commonplace sounds. An example of a successfully registered onomatopoeia under U.S. law is the MGM lion’s roar⁹⁵. However, while dealing with the application for a trade mark consisting of the sound of a Harley-Davidson motorcycle engine, the TTAB stated that it should be considered at trial, whether the “applicant’s asserted mark should be refused registration as a functional by-product of, or descriptive of, motorcycle engines, that the <...> opposers, and some of the others, claim a right to use”⁹⁶.

Thus, if this application had not been withdrawn⁹⁷, the functionality test could have been applied and might have been an obstacle for obtaining the registration.

of Comparative Law 25, 26-27; Michael B Sapherstein, ‘The Trademark Registrability of the Harley-Davidson Roar: A Multimedia Analysis’ [1998] Boston College Intellectual Property & Technology Forum <<http://bcipitf.org/wp-content/uploads/2011/07/48-THE-TRADEMARK-REGISTRABILITY-OF-THE-HARLEY.pdf>> accessed 12 April 2019.

85 Trademark Manual of Examining Procedure, Chapter 800, § 807.09 “Drawing” of Sound, Scent, or Non-Visual Mark’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1656.html>> accessed 27 November 2019.

86 *ibid.* An audio file in electronic format, when submitting an online application for a registration of a trade mark, or any other medium (compact discs (“CDs”), digital video discs (“DVDs”), videotapes, or audiotapes) in case of paper filling.

87 Trademark Manual of Examining Procedure, Chapter 800, § 807.09 “Drawing” of Sound, Scent, or Non-Visual Mark’ (October 2018) <<https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1656.html>> accessed 27 November 2019.

88 *ibid.*

89 *ibid.*

90 *In re* General Electric Broadcasting Company, Inc., 199 U.S.P.Q. (BNA) 560, 563 (TTBA 1978).

91 *ibid.*

92 *ibid.*

93 *ibid.*

94 Ralf Sieckmann, ‘Sound Trade and Service Marks’ in Kai Bronner, Rainer Hirt (eds), *Audio Branding. Brands, Sounds and Communication* (Nomos 2009) 193.

95 Serial No. 73553567, U.S. Reg. No. 1395550 (the sound of a lion’s roar used in connection with applicant’s movie production) <<http://tmsearch.uspto.gov/bin/gate.exe?f=te ss&state=4803:loq824.1.1>> accessed 27 November 2019

96 *Kawasaki Motors Corp., U.S.A. v. H-D Michigan, Inc. et al.* 43 U.S.P.Q.2d. (BNA) 1521, 1521 (TTAB 1997)

97 Daniel R Bumpus, ‘BING, BANG, BOOM: An Analysis of *In re Vertex Goup LLC* and the Struggle for Inherent Distinctiveness in Sound Marks Made During a Product’s Normal Course of Operation’ [2011] 21(2) The Federal Circuit Bar Journal 245, 257 citing John O’Dell, Harley-Davidson Quits Trying to Hog Sound, L.A. Times (June 21, 2000), <https://articles.latimes.com/2000/jun/21/business/fi-43145>.

IV. Motion and Hologram Marks

- 24 In case a to-be-registered sign contains a repetitive motion of short duration⁹⁸ or a hologram⁹⁹, the applicant must submit a drawing, which may depict: (i) a single point in the movement; or (ii) up to five freeze frames showing various points in the movement, whichever best represents the commercial impression of the mark¹⁰⁰. Every application must contain “a detailed written description of the mark”¹⁰¹. Finally, a specimen showing the entire motion and illustrating the commercial impression of a mark must be presented in the form of a video, a series of still photos, or screen shots¹⁰². It is essential for the latter specimen to show the motion mark in association with the goods or services and not simply in a video¹⁰³.
- 25 Since the movement marks are regarded as being the closest to the traditional visual ones, their evaluation with regard to the substantive requirements, i.e. distinctiveness and non-functionality, is similar¹⁰⁴. However, it might be challenging to prove that the

motion mark actually serves as a source identifier¹⁰⁵. Therefore, a large part of motion marks is registered for electronic goods or software, where the mark is conveyed to the consumer via a display screen¹⁰⁶.

- 26 Taking into consideration all the aforementioned aspects of non-traditional trade mark registration, it is clear that under U.S. trade mark law, the drawing requirement does not apply to all the types of marks. This way, the formal prerequisites under U.S. law for registering non-traditional marks, especially non-visual ones, are more flexible and provide more opportunities for obtaining protection for a wider variety of signs than the pre-reform EU legal system. However, despite the more lenient formal requirements established by U.S. trade mark law, the non-traditional marks must overcome the threshold of the substantive requirements¹⁰⁷ that, depending on the type of a mark to be registered, may vary.

D. The Removal of the Graphic Representation Requirement in EU Law

98 Trademark Manual of Examining Procedure, Chapter 800, § 807.11 ‘Marks With Motion’ (October 2018) <<https://tmap.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1699.html>> accessed 27 November 2019. E.g.: a three-dimensional spray of water issue from the rear of jet propelled watercraft (Serial No. 74321288; U.S. Reg. No. 1946170 <<http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4810:wwwgpe.1.1>> accessed 27 November 2019).

99 Gary R Lea, ‘Special marks: after 20 years, not so special after all?’ [2015] 20(2) Communications Law 40, 43. E.g.: a holographic logo used in connection with baseball trading cards (Serial No. 76275803; U.S. Reg. No. 2710652 <<http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4810:wwwgpe.1.1>> accessed 27 November 2019)

100 Trademark Manual of Examining Procedure, Chapter 800, § 807.11 ‘Marks With Motion’ (October 2018) <<https://tmap.uspto.gov/RDMS/TMEP/current#/current/TMEP-800d1e1699.html>> accessed 12 April 2019.

101 *ibid.*

102 Trademark Manual of Examining Procedure, Chapter 900, § 904.03 (I) ‘Specimens for Motion Marks’ (October 2018) <<https://tmap.uspto.gov/RDMS/TMEP/current#/current/TMEP-900d1e966.html>> accessed 27 November 2019.

103 *ibid.*

104 Jerome Gilson and Anne Gilson LaLonde, ‘Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks’ [2005] 95 (4) The Trademark Reporter 773, 806.

- 27 Since 1 October 2017, the EUTMR together with the EUTMIR, and the European Union Trade Mark Delegated Regulation¹⁰⁸ are the main documents governing the EU trade mark protection-related aspects. With regard to the registration of non-traditional marks, the most important provision is Art. 4 EUTMR establishing that, in order to be registered, a trade mark, apart from being able to distinguish the goods or services of one undertaking

105 Susan J Keri, Jonathan Burkinshaw and Elisabeth A Langworthy, ‘Moving with the Times: Motion Marks in Canada and the United States’ [2011] <<http://www.inta.org/INTABulletin/Pages/MovingwiththeTimesMotionMarks.aspx>> accessed 12 April 2019

106 Julie D Shirk and Monica Riva Talley, ‘I second that e-motion: protecting motion marks’ [2015] <<https://www.sterneessler.com/news-insights/publications/i-second-e-motion-protecting-motion-marks>> accessed 12 April 2019.

107 Especially, distinctiveness and non-functionality.

108 Commission Delegated Regulation (EU) 2017/1430 of 18 May 2017 supplementing Council Regulation (EC) No 207/2009 on the European Union trade mark and repealing Commission Regulations (EC) No 2868/95 and (EC) No 216/96 [2017] OJ L 205/1. Since 13 May 2018, repealed by Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union trade mark, and repealing Delegated Regulation (EU) 2017/1430 [2018] OJ L 104/1.

from those of other undertakings¹⁰⁹, should be represented on the Register “in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”¹¹⁰ Additionally, Recital 10 of the EUTMR indicates that “a sign should be permitted to be represented in any appropriate form using generally available technology, and thus not necessarily by graphic means, as long as the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.”¹¹¹ The latter provision, together with the aforementioned Art. 4 provides the formal criteria necessary to fulfil when registering both traditional and non-traditional trade marks.

28 Pursuant to Art. 31 (3) EUTMR, an application for an EU trade mark shall comply with the formal requirements laid down in the EUTMR and in the EUTMIR¹¹². The more practical aspects of the aforementioned requirements are established by the EUTMIR, which provides guidance on the implementation of the provisions of the EUTMR. In particular, the Art. 3 EUTMIR develops the representation requirements of the EU trade marks in light of the Art. 4 (b) EUTMR modifying the previous Rule 3 of the Commission Regulation (EC) No 2868/95 (the ‘CTMIR’)¹¹³, which was suitable

¹⁰⁹ EUTMR, art 4 (a).

¹¹⁰ *ibid*, art 4 (b).

¹¹¹ *ibid*, recital 10.

¹¹² EUTMR, art 31 (3).

¹¹³ Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark, rule 3 (since 30 September 2017 no longer in force): “(1) If the applicant does not wish to claim any special graphic feature or colour, the mark shall be reproduced in normal script, as for example, by typing the letters, numerals and signs in the application. The use of small letters and capital letters shall be permitted and shall be followed accordingly in publications of the mark and in the registration by the Office.

(2) In cases other than those referred to in paragraph 1 and save where the application is filed by electronic means, the mark shall be reproduced on a sheet of paper separate from the sheet on which the text of the application appears. The sheet on which the mark is reproduced shall not exceed DIN A4 size (29,7 cm high, 21 cm wide) and the space used for the reproduction (type-area) shall not be larger than 26,2 cm × 17 cm. A margin of at least 2,5 cm shall be left on the left-hand side. Where it is not obvious, the correct position of the mark shall be indicated by adding the word ‘top’ to each reproduction. The reproduction of the mark shall be of such quality as to enable it to be reduced or enlarged to a

only for trade marks capable of being represented graphically.

29 The catalogue of the marks established by the EUTMIR is similar to the one in the Rule 3 of the Regulations under the Singapore Treaty on the Law of Trademarks¹¹⁴. Art. 3 (1) EUTMIR reflects Recital 10 and Art. 4 (b) EUTMR demonstrating flexibility with regard to non-traditional trade marks¹¹⁵, but with a willingness to uphold the legal certainty for the parties involved. The latter aspect is reflected by the emphasis given in Art. 3 (1) EUTMIR on the necessity that the representation of a trade mark must conform with the seven prerequisites established in the *Sieckmann* judgement¹¹⁶.

size not more than 8 cm wide by 16 cm high for publication in the Community Trade Mark Bulletin.

(3) In cases to which paragraph 2 applies, the application shall contain an indication to that effect. The application may contain a description of the mark.

(4) Where registration of a three-dimensional mark is applied for, the application shall contain an indication to that effect. The representation shall consist of a photographic reproduction or a graphic representation of the mark. The representation may contain up to six different perspectives of the mark.

(5) Where registration in colour is applied for, the representation of the mark under paragraph 2 shall consist of the colour reproduction of the mark. The colours making up the mark shall also be indicated in words and a reference to a recognized colour code may be added.

(6) Where registration of a sound mark is applied for, the representation of the trade mark shall consist of a graphical representation of the sound, in particular a musical notation; where the application is filed through electronic means, it may be accompanied by an electronic file containing the sound. The President of the Office shall determine the formats and maximum size of the electronic file.”

¹¹⁴ Regulations under the Singapore Treaty on the Law of Trademarks (as in force on November 1, 2011), rule 3 <<https://wipo.lex.wipo.int/en/text/290013>> accessed 12 April 2019.

¹¹⁵ EUTMR, art 3 (1): “trade mark shall be represented in any appropriate form using generally available technology, as long as it can be reproduced on the register”.

¹¹⁶ Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55: “<...> a trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.”

- 30 Art. 3 (2) EUTMIR establishes that the “representation of the trade mark shall define the subject matter of the registration”¹¹⁷ and, if there is an option to add a description to the type of mark, it shall accord with the representation and cannot extend its scope of protection¹¹⁸. With regard to the latter provision, when the draft EUTMIR was first published¹¹⁹, the International Trademark Association (INTA) proposed to delete the reference to the type of mark concerned as the EUTMR does not contain any provision on a typology of marks, but focuses on the need to provide for flexibility in accordance with Recital 10 of the EUTMR¹²⁰. With regard to the aforementioned suggestion on leaving this provision “open”, it is possible to state that the added “type requirement” may bring more certainty for users and the public, and also make searches of trade marks easier this way, fulfilling the criteria set in the EUTMR, particularly, in Art. 4 (b) EUTMR¹²¹.
- 31 Art. 3 (3) EUTMIR contains a non-exhaustive list of types of trade marks: (a) word, (b) figurative, (c) shape, (d) position, (e) pattern, (f) color, (g) sound, (h) motion, (i) multimedia, and (j) hologram marks¹²². The new EU trade mark regime does not provide any reason to expect any major changes in practice when registering visual marks consisting of words or figures and shapes at the EUIPO¹²³. Other visual marks, such as, pattern marks, were previously considered as “figurative marks” for formality purposes¹²⁴, whereas, position marks were

regarded as “other marks”¹²⁵, and the registration of both of these types of marks was available in the pre-reform period. Apart from the fact that all these visual marks are now described in a non-exhaustive list in the EUTMIR, during the reform, no major amendments were introduced to their registration. It seems that the graphic representation in the registration proceedings is still regarded as the best way of representing these marks, so that the competent authorities and the public would be able to identify what exactly is protected, whereas, the peculiarities of registering other non-traditional marks, particularly, non-visual ones, may require further discussion.

I. Shape marks

- 32 The EUTMIR defines shape marks as “consisting of, or extending to a three-dimensional shape, including containers, packaging, the product itself or their appearance”¹²⁶. The term “extending to” can be interpreted in the sense that the shape marks cover not only the shapes *per se* but also words or figurative elements that are part of the shape¹²⁷. It could be more difficult to obtain protection for shapes than for word or figurative marks with regard to the distinctiveness requirement, since they may not be perceived by the relevant public in the same way as other visual marks, such as word or figurative ones¹²⁸. The extension of protection provided for

117 EUTMIR, art 3 (2) and art 3 (3).

118 *ibid.*

119 International Trademark Association (Belgium). Feedback on the Draft Implementing Regulation, Transparency register No. 10141574843-32 [2016] <https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2016-5749866/feedback/F787_en?p_id=6923> accessed 12 April 2019.

120 *ibid.*

121 EUTMR, art 4 (b): “<...> in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”

122 *ibid.*, art 3 (3).

123 However, due to certain legal changes, the shape marks will nevertheless be discussed.

124 Guidelines for Examination in the Office for Harmonization in the Internal Market (Trade Marks and Designs) on Community Trade Marks, Part B ‘Examination’, Section 2 ‘Formalities’ 1 February 2016, 19-21 <[7_en.pdf> accessed 24 May 2019.](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/decisions_president/ex15-</p>
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125 *ibid.*, 28-30.

126 EUTMIR, art 3 (3) (c).

127 Guidelines for Examination of European Union Trade Marks, Part B ‘Examination’, Section 4 ‘Absolute Grounds of Refusal’, Chapter 2 ‘EUTM Definition’ (Article 7(1)(a) EUTMR) 1 October 2017, 5 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-B/04-part_b_examination_section_4_absolute_grounds_for_refusal/part_B_examination_section_4_chapter_2/part_B_examination_section_4_chapter_2_EUTM%20definition_en.pdf> accessed 25 November 2019.

128 See: case C-218/01 *Henkel* [2004] ECR I-01725, para 52 (Perwoll bottle); joined cases C-456/01 P and 457/01 P *Henkel v OHIM* [2004] ECR I-05089, para 38 (washing tablets); case C-136/02 P *Mag Instruments v. OHIM* [2004] I-09165, para 30 (three-dimensional torch shapes). For more guidance on the examination of the distinctiveness of shape marks, see: Guidelines for Examination of European Union Trade Marks, Part B ‘Examination’, Section 4 ‘Absolute Grounds of Refusal’, Chapter 3 ‘Non-distinctive trade marks’ (Article 7(1)(b) EUTMR) 1 October 2017, 18 <<https://>

visual elements as part of the appearance of the product¹²⁹ may render the shape mark more easily distinctive.

- 33 Additionally, during the reform, Art. 7 (1) (e) EUTMR was modified by inserting “or another characteristic”¹³⁰ to accommodate the removal of the graphic representation requirement¹³¹. Such prohibition should extend in an analogous way to any characteristic of a product falling under this provision, in order to prevent situations where the said characteristics would serve to confer or extend an intellectual property right, e.g. design or patent, for an indefinite period of time¹³².

euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-B/04-part_b_examination_section_4_absolute_grounds_for_refusal/part_B_examination_section_4_chapter_3/part_B_examination_section_4_chapter_3_Non-Distinctive_tm_en.pdf> accessed 25 November 2019.

- 129 EUTMIR, art 3 (3) (c).
- 130 *ibid*, art 7 (1) (e): “1. The following shall not be registered (...) (e) signs which consist exclusively of: (...) (i) the shape, or another characteristic, which results from the nature of the goods themselves; (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result; (iii) the shape, or another characteristic, which gives substantial value to the goods”.
- 131 Taras Kubalda, ‘EU Trademark Law Reform Series: Implications for Nontraditional Marks’ [2016] <https://www.inta.org/INTABulletin/Pages/EU_TM_Reform_7103.aspx> accessed 7 May 2019 citing Webinar ‘The EU Trademark Reform: What will it Change for Trademark Owners and Practitioners?’ (speakers: Dimitris Botis, Deputy Director for Legal Affairs, International Cooperation & Legal Affairs Department, Office for Harmonization in the Internal Market (currently, European Union Intellectual Property Office (EUIPO)); Tomas Eichenberg, Policy Officer - Legal Advisor (EU Policy and International), Directorate General for GROWTH, European Commission; Stephen Rowan, Director Trade Marks and Designs Division, UK Intellectual Property Office; moderator: Michael Hawkins, Noerr Alicante IP, S.L. (Spain), Chair of INTA Legislation & Regulation—Europe and Central Asia Subcommittee). More information on the webinar: <<http://www.inta.org/E-Learning/Pages/2015-The-EU-Trademark-Reform-Webcast.aspx>> accessed 7 May 2019.
- 132 Guidelines for Examination of European Union Trade Marks, Part B ‘Examination’, Section 4 ‘Absolute Grounds for Refusal’, Chapter 6 ‘Shapes or Other Characteristics with an Essentially Technical Function, Substantial Value or Resulting from the Nature of the Goods’ 1 October 2017, 3 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/

II. Color Marks

- 34 Art. 3 (3) (f) EUTMIR states that where a trade mark consists exclusively of a single color, it shall be represented by submitting a reproduction of the color without contours and shall be accompanied by a reference to a generally recognized color code¹³³. If the mark consists exclusively of a combination of colors without contours, it shall be represented by submitting a reproduction of the color combination in a uniform and predetermined manner and the indication of those colors shall be accompanied by a reference to the corresponding generally recognized color codes, giving the option to add a description¹³⁴.

- 35 With regard to the color combinations without contour, the EUTMIR seems to comply with the *Heidelberger Bauchemie* judgement, which established that the representation of a combination of two or more colors needs to be “systematically arranged by associating the colors concerned in a predetermined and uniform way”¹³⁵. In this light, an application for a combination of colors arranged in any conceivable form would not comply with the specificity requirement, which was analyzed by the CJEU in the *Dyson* judgement¹³⁶. This understanding was recently expressed in the *Red Bull* joined cases¹³⁷ regarding the combination of colors “blue and silver”, in which the GCEU again referred to the *Heidelberger Bauchemie* judgement with regard to the capability of colors

trade_marks_practice_manual/WP_2_2017/Part-B/04-part_b_examination_section_4_absolute_grounds_for_refusal/part_B_examination_section_4_chapter_6/part_B_examination_section_4_chapter_6_Shapes_other_characteristics_en.pdf > accessed 25 November 2019.

- 133 EUTMIR, art 3 (3) (f) (i). This complies with *Libertel* judgement, where representation requirements of a trade mark consisting of color *per se* without a contour were analyzed (Case C-104/01 *Libertel* [2003] ECR I-3793, paras 37-38).
- 134 *ibid*, art 3 (3) (f) (ii).
- 135 Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-6129, para 33 (colors blue and yellow).
- 136 Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 101; also see: case C-321/03 *Dyson* [2007] I-00687, paras 37-38.
- 137 Joined cases T-101/15 and T-102/15 *Red Bull v EUIPO - Optimum Mark () and argent)* (GC, 30 November 2017), which are at the present moment under appeal to the CJEU, (case C-124/18 P *Red Bull v EUIPO*, Appeal to the CJEU from the Judgment of the GC of 30 November 2017 in cases T-101/15 and T-102/15).

and combinations of colors of being a sign¹³⁸. The GCEU confirmed the decision of EUIPO's Board of Appeal by finding that the mere indication of the ratio of the two colors (blue and silver) would allow for the arrangement of those colors in numerous different combinations and, therefore, it would not constitute a systematic arrangement in a predetermined and uniform way, but would produce "a very different overall impression and preventing consumers from repeating with certainty a purchase experience"¹³⁹. The case is currently under appeal before the CJEU and although it is not likely that any practical differences in the registration of EU trade marks consisting of color combinations at the EUIPO will occur, it is expected that the CJEU may provide further clarification to the criteria set in the *Heidelberger Bauchemie* judgement with regard to the manner in which color combinations should be represented.

- 36 In the recent *Oy Hartwall* judgement¹⁴⁰, the CJEU assessed the classification of a sign as a color mark or as a figurative mark in light of the principle of clarity and precision. It stated that the indication of the type of mark "serves to clarify the subject matter and scope of protection sought under trade mark law, in that it enables it to be specified whether the contours are part of the subject matter of the application for registration"¹⁴¹. The CJEU also analyzed the effect the classification as a color or figurative mark might have on the assessment of distinctive character¹⁴². It held that the criteria for the assessment of the distinctive character of color marks is the same as for those of other types of marks, adding that the difficulties that may arise from certain types of marks due to their nature, do not justify laying down stricter criteria "supplementing or derogating from application of the criterion of distinctive character as interpreted by the Court with regard to other categories of marks"¹⁴³. In light

of this, the CJEU readdressed the criteria set by the *Libertel* judgement¹⁴⁴ stating that the perception of the relevant public is not necessarily the same in the case of a sign consisting of a color mark as it would be in the case of a word or figurative mark, because a color *per se* is not normally inherently capable of distinguishing the goods and services from one undertaking from those of another, but, nevertheless, it may acquire following the use that is made of it in the market¹⁴⁵.

III. Sound, Motion and Multimedia Marks

- 37 According to the Art. 3 (3) (g) EUTMIR, a trade mark consisting exclusively of a sound or of combination of sounds, "shall be represented by submitting an audio file reproducing the sound or by an accurate representation of the sound in musical notation"¹⁴⁶. Thus, the "graphical representation of the sound, in particular a musical notation"¹⁴⁷, according to the EUTMIR, could be replaced by an audio file. This means that the applicants for sound marks will no longer need to submit both the graphic representation of the mark and a sound file representing the sound itself in a MP3 format¹⁴⁸, as it used to be before the EU trade mark reform, because either one of them will be sufficient.
- 38 An accurate musical notation, in principle, should be understood under the criteria set in Art. 4 (b) EUTMR as including "all the elements necessary for interpreting the melody, that is to say, pitch, tempo, lyrics (if any), etc."¹⁴⁹. This seems to be in line with the *Shield Mark* judgement, in which before the EU trade mark reform, the CJEU established that the requirement of the graphic representation of a sound

138 Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-6129, para 23: "<...> colours are normally a simple property of things <...>. Even in the particular field of trade, colours and combinations of colours are generally used for their attractive or decorative powers, and do not convey any meaning. However, it is possible that colours or combination of colours may be capable, when used in relation to a product or service, of being a sign."

139 Joined cases T-101/15 and T-102/15 *Red Bull v EUIPO - Optimum Mark () and argent)* (GC, 30 November 2017), para 89.

140 Case C-578/17 *Hartwall* (CJEU, 27 March 2019).

141 *ibid*, para 25.

142 *ibid*, para 26.

143 *ibid*, para 28.

144 Case C-104/01 *Libertel* [2003] ECR I-3793, paras 66-67.

145 Case C-578/17 *Hartwall* (CJEU, 27 March 2019), paras 29-30.

146 EUTMIR, art 3 (3) (g).

147 EUTMIR, rule 3.

148 Ralf Sieckmann, 'Sound Trade and Service Marks' in Kai Bronner, Rainer Hirt (eds), *Audio Branding. Brands, Sounds and Communication* (Nomos 2009) 193.

149 Guidelines for Examination of European Union Trade Marks, Part B 'Examination', Section 2 'Formalities', Chapter 9 'Mark type' 1 October 2017, 29 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-B/02-part_b_examination_section_2_formalities/part_b_examination_section_2_formalities_en.pdf> accessed 25 November 2019.

mark is satisfied, “where the sign is represented by a stave divided into measures and showing, in particular, a clef, musical notes and rests whose form indicates the relative value and, where necessary, accidentals”¹⁵⁰.

- 39 Motion marks are defined by the Art. 3 (3) (h) EUTMIR as trade marks “consisting of, or extending to, a movement or a change in the position of the elements of the mark”¹⁵¹. This provision brings novelties to the already existing practice for registering motion marks by allowing, alternatively to a series of still sequential images, to submit a video file showing the movement or change of position as the representation of such a mark, and also making the description merely optional¹⁵².
- 40 Lastly, Art. 3 (3) (i) EUTMIR introduces multimedia marks by defining them as “consisting of, or extending to, the combination of image and sound”¹⁵³. In this light, it is a new category in the sense that it combines sound and motion marks and has to be filed by submitting an audio-visual file containing the combination of both¹⁵⁴. Before the EU trade mark reform, it was not possible to register trade marks combining sound and motion, which makes multimedia marks the novelty of the trade mark catalogue provided in Art. 3 EUTMIR.

IV. Hologram Marks

- 41 According to Art. 3 (3) (j) EUTMIR, a hologram trade mark is considered as such by having holographic characteristics, which should be represented by “submitting a video file or photographic representation containing the views which are necessary to sufficiently identify the holographic effect in its entirety”¹⁵⁵. Before the reform, holographic signs were regarded as “particularly difficult to graphically represent as a paper representation does not allow the image to “change”

150 Case C-283/01 *Shield Mark* [2003] ECR I-14313, para 64.

151 EUTMIR, art. 3 (3) (h).

152 EUTMIR, art 3 (3) (h): “<...> the [motion] mark shall be represented by submitting a video file or by a series of sequential still images showing the movement or change of position. Where still images are used, they may be numbered or accompanied by a description explaining the sequence”.

153 EUTMIR, art 3 (3) (i).

154 *ibid.*

155 *ibid.*, art 3 (3) (j).

as it would naturally on holographic paper”¹⁵⁶ and could have been registered, when a clear mark description with all different views of the mark were submitted to the EUIPO¹⁵⁷. Taking into consideration the pre-reform situation, it is possible to conclude that by the introduction of “a video file” option, the new legal provisions provide for more opportunities to register holograms as trade marks at the EUIPO.

V. Olfactory and Taste Marks

- 42 Differently from the visual signs being processed in the cortex responsible for thoughts and actions, smells and tastes are linked to the limbic system, which is in charge of memories and emotions¹⁵⁸. The latter senses can make a brand more impressionable to consumers and influence their purchasing habits¹⁵⁹. Hence, it is important to discuss how smells (scents) and flavors can be registered under the current EU trade mark law regime.
- 43 The Advocate General in his Opinion in the *Sieckmann* case stated that any message capable of perception by any senses of consumers could function as a trade mark¹⁶⁰. However, because flavors and scents are directly connected with the goods and services they referred to, they could not be perceived in an independent manner in the way that visual marks can¹⁶¹. In addition, although

156 Guidelines for examination in the Office for the Harmonisation in the Internal Market (Trade marks and Designs) on Community Trade marks. Part B ‘Examination’. Section 2. ‘Formalities’, 1 February 2014, 23 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/decisions_president/ex13-05_en.pdf> accessed 8 May 2019.

157 *ibid.*

158 Rich McEarchran, ‘Multisensory branding: Immersing all five senses’ (*Virgin.com Blog*, 2016) <<https://www.virgin.com/entrepreneur/multisensory-branding-immersing-all-five-senses>> accessed 7 April 2019. Also see: Case C-273/00 *Sieckmann* [2002] ECR I-11770, Opinion of AG Colomer, para 29.

159 Martin Lindstrom, ‘Broad sensory branding’ [2005] 14 (2) *Journal of Product & Brand Management* 84, 85.

160 Case C-273/00 *Sieckmann* [2002] ECR I-11770, Opinion of AG Colomer, para 22.

161 *ibid.*, see: footnote 25 of the Opinion of AG Colomer citing Spyros Maniatis, ‘Scents as Trade Marks: Propertisation of Scents and Olfactory Poverty’ in L Bently and L Flynn (eds), *Law and the Senses: Sensational Jurisprudence* (Pluto Press 1996) 217, 222-223.

the ability of humans to perceive colors is just as limited as the ability to perceive scents, visual marks are still regarded as easier to comprehend, because they relate to the concept of shape and form, whereas taste and olfactory signs not only have a narrower range of perception¹⁶², but also lack precise rules for determining their content¹⁶³. Another argument as to why it may not be possible to register the latter type of marks, was that these types of marks are not capable of being represented graphically and proposed alternatives also did not suit this requirement¹⁶⁴; a sample of a scent is not durable in time and may alter its content through the passing of it¹⁶⁵, whereas a chemical formula represents the substance itself and, in the same way as a description, it is not clear and precise¹⁶⁶. As a result, although the perception of, e.g. smell, can perform an identification function, at that time it could not fulfil the graphic representation requirement¹⁶⁷. This Opinion was followed in the *Sieckmann* judgement establishing seven criteria¹⁶⁸, which made the registration of the discussed signs at the existing stage of technology impossible and are now compiled in the current EU trade mark law¹⁶⁹.

- 44 Despite the fact that there is no mention to olfactory, taste, or tactile trade marks in the EUTMIR, Art. 3 (4) states that when a mark is not covered by any of the types listed, the “representation shall comply with the standards set out in paragraph 1 [of Art. 3 EUTMIR] and may be accompanied by a description”¹⁷⁰. This clarifies that theoretically

162 Case C-273/00 *Sieckmann* [2002] ECR I-11770, Opinion of AG Colomer, paras 27-28.

163 *ibid*, para 25.

164 *ibid*, para 39.

165 *ibid*, para 42. For further analysis of the opinion, see: Alexander von Mühlendahl and others, *Trade mark law in Europe* (3rd Edition, OUP 2016) 64-68.

166 Case C-273/00 *Sieckmann* [2002] ECR I-11770, Opinion of AG Colomer, para 40-42.

167 *ibid*, para 46.

168 “<...> a trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.” (Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55).

169 EUTMR, Recital 10; EUTMIR, art 3 (1).

170 EUTMIR, art 3 (4) (g).

there is no *numerus clausus* list of the types of marks available for registration under the post-reform EU trade mark law. Nevertheless, Art. 3 (9) EUTMIR states that “the filing of a sample or a specimen shall not constitute a proper representation of the trade mark”¹⁷¹, which, under the current available technology, would be a way of representing scents and tastes in the Register of EU trade marks. Currently, this makes the registration of these trade marks unattainable.

- 45 In this light, it seems that the aforementioned situation is unlikely to change in the near future for smell, taste, or other non-visual marks in the sense that neither a description nor a sample could comply with the criteria of clarity and precision set in the law. However, an issue may arise if the proprietor of a smell or taste mark validly registered in a Member State of the Paris Convention¹⁷², would claim the registration of its trade mark as “it is” under the Art. 6^{quinquies} of this international legal act¹⁷³. If the latter provision would be regarded as applicable at all, one argument against the registration would be to consider the criteria of the *Sieckmann* judgement set in the EUTMR¹⁷⁴ and EUTMIR¹⁷⁵, as forming part of the public order; namely to protect the transparency of the Register of EU trade marks¹⁷⁶ and to comply with the requirement of legal certainty¹⁷⁷. Another possibility would be that, if said signs would be regarded as being capable to be represented on the latter Register, they might not be considered distinctive enough and, thus, such application would be rejected¹⁷⁸.

- 46 With regards to everything that has been discussed above, it is possible to conclude that although the removal of the graphic representation requirement and the clearer conditions to register certain trade

171 *ibid*, art 3 (9).

172 Paris Convention for the Protection of Industrial Property (as amended on September 28, 1979) <<https://wipo.int/en/text/288514>> accessed 22 May 2019.

173 Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 98.

174 EUTMR, recital 10.

175 EUTMIR, art 3 (2).

176 Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 98.

177 Case C-273/00 *Sieckmann* [2002] ECR I-11770, Opinion of AG Colomer, para 36.

178 Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 99.

marks cannot be disputed, it is necessary to admit that, in practice, the post-reform EU trade mark system reflects the so-called “what you see is what you get” (WYSIWYG)¹⁷⁹ approach. The fact that the representation of the mark defines the subject matter of protection of the trade mark, which also needs to comply with the *Sieckmann* criteria, seems to leave little room at the current stage of technological development to represent on the Register certain non-visual non-traditional trade marks, such as smell or taste.

E. The Implications for Non-Traditional Trade Marks in the EU

47 The U.S. and the post-reform EU trade mark legal provisions regarding the types of signs available for protection are rather similar. The fact that both legal regimes provide for a rather vast variety of trade marks is clear from § 1127 of the Trademark Act¹⁸⁰ and its interpretation¹⁸¹, as well as from the Art. 3 (4) EUTMIR, which offers a non-exhaustive list of the types of marks available for registration¹⁸². This demonstrates the willingness of these two legal systems to accept the widest variety of trade marks as possible. Taking into consideration the technological progress providing new methods for representation of marks¹⁸³ and marketing techniques¹⁸⁴, this should not be regarded as unexpected.

48 However, despite the increased openness of EU trade mark law¹⁸⁵, from a practical point of view,

179 EU Trade Mark Reform. Summary of Changes Applying from 1 October 2017 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/eutm_regulation/Summary_LR2_en.pdf> accessed 8 May 2019.

180 Trademark Act of 1946, 15 U.S.C. § 1127 (2019).

181 E.g.: Qualitex Co. v. Jacobson Products Co. 514 U.S. 159 (1995); Kenneth L Port, *Trademark Law and Policy* (Carolina Academic Press 2018) 51.

182 EUTMIR, art 3 (4).

183 E.g.: Dev S Gangjee, ‘Paying the Price for Admission’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 61-62.

184 E.g.: Deven Desai, ‘Should Trademark Law Protect Non-Traditional Trademarks? A Look at How Marketing Practices Try to Catch Essences’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 126-129.

185 Annette Kur, ‘The EU Trademark Reform Package – (Too)

certain limitations with regard to the registration of trade marks not indicated in the Art. 3 (3) (a)-(j) EUTMIR, that are mainly non-visual (e.g., olfactory, taste and tactile), remain. This is conditioned by the fact that, notwithstanding the abolishment of the graphic representation requirement, which was regarded as “crucial to the sound operation of the system”¹⁸⁶, trade marks must still be capable of being represented on the Register in a sufficiently clear and precise manner¹⁸⁷; namely, by using generally available technology¹⁸⁸ and meeting the seven criteria established by the CJEU¹⁸⁹, which are now incorporated into the EUTMIR¹⁹⁰. Additionally, according to Art. 3 (2) EUTMIR, a description, which, at the moment, is a technologically feasible alternative for representation of non-visual marks, can be used solely for explanatory reasons, but not for representing a mark¹⁹¹. Therefore, if a sign consists only of non-visual matter, under the amended EU legal provisions, a description cannot constitute a sufficient representation of any trade mark.

49 Taking into consideration the currently available technological possibilities to represent trade marks, it is clear that the new requirements established by EU trade mark law allows for registration of signs that: (i) are visual (word, figurative, shape, pattern, position, color, hologram or motion

Bold a Step Ahead or Back to Status Quo?’ [2015] vol. 19 Marquette Intellectual Property Review 19, 26.

186 Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 96. “<...> the function of that requirement was, in particular, ‘to define the mark itself in order to determine the precise subject of the protection afforded by the registered mark to its proprietor.’” (Annette Kur and Martin Senftleben, *European Trade Mark Law* (OUP 2017) 97 citing (Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 48).

187 Annette Kur, ‘The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?’ [2015] vol. 19 Marquette Intellectual Property Review 19, 26.

188 EUTMR, recital 10; EUTMIR, art 3 (1).

189 “<...> a trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective” (Case C-273/00 *Sieckmann* [2002] ECR I-11770, para 55).

190 EUTMIR, art 3 (1).

191 *ibid*, art 3 (2). Also EUTMIR, art 3 (4): “Where the trade mark is not covered by any of the types listed in paragraph 3, its representation shall comply with the standards set out in paragraph 1 and may be accompanied by a description”

marks); (ii) constitute a sound; or (iii) consists of the combination of visual and sound elements (multimedia marks), whereas the registration of smell, taste or tactile marks, under the new EU regulatory framework, due to the technical difficulties to represent them on the Register, so far, remains impossible. This means that after the reform, in practice, there is still a narrower list of types of signs available for trade mark registration in the EU than in the U.S.

- 50 However, the above-discussed requirements for the representation of marks in the Register¹⁹² limiting the possibility to obtain protection for smell, sound and tactile signs are meant to perform an important task, i.e. “to enable the competent authorities and the public to determine with clarity and precision the subject-matter of the protection afforded to its proprietor”¹⁹³. Thus, this is not merely a technical requirement, but it also allows one to achieve the objective of clarity and precision of trade mark registrations¹⁹⁴. Fulfilling this requirement of representation is crucial to EU trade mark law, because it ensures that the scope and nature of each mark is clearly defined in the Register and comprehensible, so that its holder, consumers and competitors can readily ascertain the scope of the protection, and the authorities would be able to properly examine, publish, and eventually protect the mark from unlawful use by others¹⁹⁵. Therefore, regardless of the needs that may arise from sensory branding strategies¹⁹⁶, in order to ensure legal certainty and secure the interests of the stakeholders, it should not come as a surprise that the EU trade mark law was not amended in a way to include a description as an appropriate form of representation, and, consequently, making smells, tastes or tactile signs available for trade mark registration.

192 (i) To be capable of being represented on the Register by using generally available technology and (ii) to conform seven criteria established by the CJEU and currently incorporated into art 3 (1) of the EUTMIR.

193 EUTMIR, art 3 (1).

194 Annette Kur, ‘The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?’ [2015] vol. 19 *Marquette Intellectual Property Review* 19, 26.

195 Melissa E Roth, ‘Something Old, Something New, Something Borrowed, Something Blue: A New Tradition in Nontraditional Trademark Registrations’ [2005] 1 *Cardozo Law Review* 457, 467.

196 E.g.: Bertil Hultén, ‘Branding by the five senses: A sensory branding framework’ [2017] 6 (3) 1-12 *Autumn/Fall Journal of Brand Strategy* 1.

- 51 Such a cautious approach is also closely connected to the duration of trade mark protection. After meeting formal and substantive requirements for registration¹⁹⁷, an applicant obtains an intellectual property right, which is relatively inexpensive and, taking into consideration the possibility to renew it every ten years, can even become perpetual¹⁹⁸. It is argued that such unlimitedly renewable term of exclusive rights together with significantly more flexible application of requirements for obtaining trade mark protection¹⁹⁹ for product shapes, patterns, colors, videos etc., poses the risk of creating negative effects on the market competition²⁰⁰, literary or cultural creativity²⁰¹, innovation in product design, and quality²⁰². Bearing in mind these concerns, at the moment mostly raised by visually perceptible non-traditional marks, the reluctance of the EU legislator to take a step further by making the standards of representation even more flexible (e.g. introducing a description as a possible means of representation of a mark on the Register), and, as a result, not providing for actual possibilities to register certain non-visual signs²⁰³ as trade marks, can be regarded as appropriate.

197 EUTMIR, art 4.

198 EUTMR, art 52 and 53; Trademark Act of 1946, 15 U.S.C. § 1058 (a) (2019).

199 Irene Calboli and Martin Senftleben, ‘Introduction’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 1.

200 Glynn S Lunney, Jr., ‘Non-Traditional Trademarks. The Error Costs of Making an Exception the Rule’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 231; Irene Calboli, ‘Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 305.

201 Martin Senftleben, ‘A Clash of Culture and Commerce. Non-Traditional Marks and the Impediment of Cyclic Cultural Innovation’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 312, 332.

202 Irene Calboli, ‘Hands Off “My” Colors, Patterns, and Shapes! How Non-Traditional Trademarks Promote Standardization and May Negatively Impact Creativity and Innovation’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks. Critical Perspectives* (OUP 2018) 306-307.

203 Smells, tastes and tactile signs.

52 As it was indicated before, the current level of technological development is not sufficient for scents, flavors and tactile signs to be represented on the Register in conformity with Art. 3 (1) EUTMIR²⁰⁴. Additionally, allowing to file a description, which also does not suit all the aforementioned requirements, could potentially grant an unclear scope of exclusive rights to one undertaking throughout the EU territory leading to certain issues. Firstly, problems could already emerge during the early stage of registration, when an applicant is performing a trade mark search. Third parties by relying only on a description of an earlier non-visual mark might face the risk of filing an application for an identical or similar trade mark, which will later be opposed and rejected²⁰⁵. In the stage of registration of a mark, an assessment based only on the description filed, might not allow the relevant authorities to be able to properly define the scope of protection of the marks at dispute, compare them, and resolve the conflicts properly. Secondly, further issues with respect to the unclear scope of the trade mark protection may arise in infringement proceedings²⁰⁶. In such situations, not only the interested parties, but also dispute resolution bodies, are likely to encounter difficulties while dealing with infringement cases involving olfactory, taste and tactile marks.

53 One may argue that the post-reform EU legal framework, in comparison to U.S. trade mark law, might not provide businesses with the opportunity to employ their full marketing capacity and, this way, realize their economic potential. However, in this context, it is questionable whether the non-visually perceptible non-traditional trade marks are so significant that it would encourage reconsidering the aforementioned EU legal requirements for trade mark representation. By allowing to file a description for non-visual trade marks, US law in comparison to EU law, demonstrates a more flexible approach with regard to the registration of these types of marks. However, according to the publicly available statistics provided by the USPTO, out of 6,707,708 applications filed with or registrations issued by the USPTO between 1 January 1870 and 6 January 2012, only 477 applications concern sound, smell and other non-visual trade marks²⁰⁷. This and other

studies²⁰⁸ demonstrating a small share of non-visual trade marks out of all the applications at the USPTO, allow one to assume that these types of marks still have a rather low significance for businesses.

54 According to the publicly available statistics of the EUIPO, the total number of EU trade mark applications filed between 1 January 2017 and 31 December 2017 was 146,457²⁰⁹, 24 of which were non-visual trade marks²¹⁰, comprising approximately 0,02 percent of all the aforementioned trade mark applications in that period of time²¹¹. Meanwhile in the U.S., the number of applications for non-visual

208 E.g.: Carolina Castaldi, 'The Economic Management of Non-Traditional Trademarks. Why, How Much, What and Who' in Irene Calboli and Martin Senftleben (eds) *The Protection of Non-Traditional Trademarks: Critical Perspectives* (OUP 2019) 257.

209 EUIPO Statistics of European Union Trade Marks, 1996-01 to 2019-10 Evolution <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/the_office/statistics-of-european-union-trade-marks_en.pdf> accessed 25 November 2019 (only the period of 1 January 2017-31 December 2017 was taken into account).

210 24 applications for 'sound' trade marks were filed at the EUIPO from 1 January 2017 until 31 December 2017 (EUIPO Statistics of European Union Trade Marks, 1996-01 to 2019-10 Evolution, <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/the_office/statistics-of-european-union-trade-marks_en.pdf> accessed 25 November 2019). According to the EUIPO trade mark guidelines, the 'other' marks are those that are not covered by the art 3(3) EUTMIR and may include not only non-visual, i.e. smell (olfactory) marks, taste marks and tactile marks, but also tracer marks, which are visual (Guidelines for Examination of European Union Trade Marks, Part B 'Examination', Section 2 'Formalities', Chapter 9 'Mark type' 1 October 2017, 32-33 <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP_2_2017/Part-B/02-part_b_examination_section_2_formalities/part_b_examination_section_2_formalities_en.pdf> accessed 25 November 2019). However, according to the information of the TMview database, none of the applications for 'other' trade marks filed at the EUIPO from 1 January 2017 until 31 December 2017 included non-visual trade marks <<https://www.tmdn.org/tmview/welcome>> accessed 26 November 2019.

211 EUIPO Statistics of European Union Trade Marks, 1996-01 to 2019-10 Evolution <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/the_office/statistics-of-european-union-trade-marks_en.pdf> accessed 25 November 2019.

204 EUTMIR, art 3 (1).

205 For more details see: EUTMR, art 8 (1).

206 *ibid*, art 9. The protection provided by EU trade mark law can be particularly broad, when the allegedly infringed trade mark "has a reputation" in the EU (EUTMR, art 9 (2) (c)).

207 Stuart J H Graham and others, 'The USPTO Trademark Case Files Dataset: Descriptions, Lessons, and Insights' [2013] *Journal of Economics & Management Strategy* 31, 44-46.

trade marks during the same period of time²¹² was only 48 out of the total of 451,242, comprising 0,011 percent of the total number of trade mark applications filed at the USPTO²¹³. Thus, despite the more flexible formal requirements under U.S. law for trade mark registration and the possibility to obtain protection for a broader variety of non-traditional marks that are non-visual, these types of trade marks in the EU constitute a higher proportion from all the applications filed during the same period of time. Thus, the number of such marks does not only depend on the requirements for registration - in particular the representation - but also on other factors, such as their economic significance to the trade mark owners.

- 55 With regard to all the issues discussed above, the EU trade mark reform has certainly brought about changes to the registration of certain types of visual non-traditional trade marks. The permission to submit a sound file instead of a musical notation²¹⁴ or a video file, alternatively to a series of still sequential images, showing the movement, suits the nature of sound and motion signs accordingly, and also fulfils

212 1 January 2017-31 December 2017.

213 Trademark Case File Dataset, 2018 <<https://www.uspto.gov/learning-and-resources/electronic-data-products/trademark-case-files-dataset-0>> accessed 4 August 2019. 48 applications for non-visual trade marks constitute approximately 0,0106 = 0,011 percent of the number of trade mark applications filed at the USPTO (451,242) between 1 January 2017 until 31 December 2017. According to information from the USPTO, serial numbers without a filing date were excluded from the 2018 update of the Trademark Case File Dataset. However, according to the prior version, i.e. Trademark Case File Dataset as of 2017, there were 59 observations of trade marks having the drawing code “6000” used for non-visual trade marks. Nevertheless, as the Trademark Status & Document Retrieval (TSDR) reveals, 10 of those trade marks that have the drawing code “6000” (serial No. 76611478; serial No. 77053384; serial No. 77803694; serial No. 78171354; serial No. 78769423; serial No. 86142261; serial No. 86142303; serial No. 86213691; serial No. 86306920; serial No. 87180991), whose filing date is not indicated in the Trademark Case File Dataset as of 2017, were not filed between 1 January 2017 until 31 December 2017 (Trademark Status & Document Retrieval (TSDR) <<http://tsdr.uspto.gov/>> accessed 4 August 2019), whereas one of them (serial No. 87313375), during the prosecution, was changed from mark drawing code “6000” to code “2000” (“AN ILLUSTRATION DRAWING WITHOUT ANY WORDS(S)/ LETTER(S)”) (Trademark Status & Document Retrieval (TSDR). Document “TRAM Snapshot of App at Pub for Oppostn” <<http://tsdr.uspto.gov/>> accessed 4 August 2019).

214 EUTMIR, art 3 (3) (g).

the objective of clarity and precision²¹⁵ and, this way, provides for wider opportunities to obtain trade mark protection for sounds and movements as such. Additionally, the possibility to submit an audio-visual file containing the combination of image and sound allows registering multimedia trade marks. However, with regard to the non-traditional marks that are non-visual, due to the current requirements for the representation of trade marks on the Register and currently available technological possibilities thereof, the post-reform EU trade mark law will not significantly affect their registration, and obtaining protection for them will remain impossible. Nevertheless, taking into consideration ongoing technological developments²¹⁶ that may allow the representation of more types of trade marks in accordance to the new provisions in the future, it remains possible that under the current EU legal framework we might witness their registration. **

215 Annette Kur, ‘The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?’ [2015] vol. 19 *Marquette Intellectual Property Review* 19, 26.

216 E.g.: Adam K Raymond, ‘THE INTERNET OF SMELLS: Startups Race To Cash In On The Latest Fad’ (2014) <<http://www.businessinsider.com/internet-smells-ophone-startups-2014-3?IR=T>> accessed 12 April 2019; Kota Shiba and others, ‘Data-driven nanomechanical sensing: specific information extraction from a complex system’ (2017) *Scientific Report* <<https://www.nature.com/articles/s41598-017-03875-7>> accessed 7 April 2019; Adrian Bridgwater, ‘Internet of Smells, olfaction via nanomechanical sensors’ (2016) <<https://internetofbusiness.com/internet-smells-olfaction-via-nanomechanical-sensors/>> accessed 7 April 2019.

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F. Conclusion

- 56 The abolishment of the graphic representation requirement should be regarded as a significant development in EU trade mark law, rendering this legal system more adaptable to further technological development and new marketing strategies. Nevertheless, as the analysis of the formal requirements for the representation of registrable signs shows, even after the EU trade mark reform there will still be a narrower circle of types of trade marks available under EU law in comparison to U.S. law. Due to the fact that the EUTMIR in the light of the EUTMR criteria does not accept a description or a specimen as an appropriate representation, certain non-visual non-traditional signs - taking into consideration the currently available technologies for their representation on the Register - remain unavailable for registration at the EUIPO. The latter situation under EU trade mark law should be regarded as being in line with the objective of clarity and precision, which ensures that the scope and nature of the mark is clearly defined on the Register and comprehensible, so that its holder and third parties are able to determine the scope of the protection, and the authorities are able to properly examine, publish, and eventually protect the mark from unfair use by competitors. However, rapid technological development may provide for more possibilities to create a representation of non-traditional trade marks, which would suit the requirements established by EU law, making the registration of the latter types of signs possible without any need to amend the current provisions of the EU trade mark law.

Copyright lessons on Machine Learning: what impact on algorithmic art?

by Theodoros Chiou*

Abstract: Nowadays, Artificial Intelligence (AI) is described as “the new electricity”. Current algorithmic innovation allowed the development of software which enables machines to learn and to achieve autonomous decision making, with limited or no human involvement, in a vast number of applications, such as speech recognition, machine translation and algorithmic creation of works (computer generated art), on the basis of a process widely known as Machine Learning (ML). Within the ML context, machines are repeatedly trained by means of specifically designed learning algorithms that use a corpus of examples in the form of data sets as training material. Very often and, especially in the context of algorithmic creativity, the training material is mainly composed by copyrighted works, such as texts, images, paintings, musical compositions, and others.

Machine Learning workflow typically involves the realization of (multiple) reproductions of any protected work used as training material. The present paper aims to assess the extent to which the use of copy-

righted works for Machine Learning purposes in the field of algorithmic creativity is controlled by the monopolistic power of the copyright rightholder on that work. The answer to this question will be researched in the context of EU copyright law, by examining the content of reproduction right and exceptions possibly applicable in a typical ML workflow in the field of algorithmic art, before making an overall assessment of the current EU regulatory framework for artistic ML projects, as it is shaped after the DSM Directive 2019/790.

Keywords: artificial intelligence; machine learning; text and data mining; algorithmic art; copyright; copyrighted works; Infosoc Directive; DSM Directive; Big Data; reproduction right; adaptation right; copyright exceptions

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A. Introduction

1 The objective of Making machines intelligent. Artificial Intelligence (AI) may be seen from different standpoints and receive accordingly different interpretations. From a rather technical point of view¹, Artificial intelligence is the field of

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1 For a different approach, see among others Stuart Russell & Peter Norvig, *Artificial Intelligence: A Modern Approach* (3rd ed., Pearson 2010) 1: “the study of agents that exist in an environment and perceive and act”.

computer science² which focuses on the production of intelligent computational systems, i.e. machines that run software (computers), with or without hardware extension (such as robots), that *mimic* human intelligence and are capable of deploying human cognitive functions, such as problem solving, decision making, object recognition, learning and *creation of works*³, among others. Nowadays, Artificial Intelligence (AI) is described as “the new electricity”, as AI systems that emulate intelligent behavior in terms of computational processes, are (or are about to be) put into daily service of human activity. As of today, AI applications⁴ range from autonomous cars to automated language translation, prediction, speech recognition, computer vision, and production of artistic creations; the latter is main subject of the present paper.

- 2 **A technique to make machines intelligent: Machine learning.** Machine learning (ML) is a sub-field of AI that blends mathematics, statistics and computer science⁵. In a nutshell, ML is a self-learning computational process that constitutes a fundamental apparatus for the development AI systems, because it enables machines make ‘autonomous’ intelligent decisions. The basic idea behind ML is to allow machines learn from thousands of examples of a given phenomenon and build ‘mental’ models out of these examples that will be used by the machine in order to produce output when confronted with new input. More precisely, ML relies on the creation and implementation of *training or learning algorithms* that “program” machines to learn through the processing and analysis of structured *corpora of (big) training data sets* (so-called *training data*). In addition, these algorithms permit learning from

experience and future data input⁶, since, via their training, they improve in performance over time⁷, *without being specifically programmed*⁸. Obviously, as a technique of automated data analysis, ML implies the deployment of Text and Data Mining methods –TDM⁹. The abundance of available training data (online or elsewhere) in today’s big data-driven era¹⁰ along with the available computational power and the algorithmic innovation in the ML field explain, among others, the current rise of AI¹¹.

- 3 **(Digital) Works as (Big) training data: Works as data.** In the field of AI-driven creativity or algorithmic creativity, ML algorithms allow machines to “learn” how to autonomously produce *novel creative and artistic output* known as *algorithmic art*¹², such as translated texts, musical compositions,

2 For some authors, AI is a science by itself. See among others, Aikaterini Georgouli, *Artificial Intelligence, An introductory approach* (Hellenic Academic Electronic Textbooks 2015), available at: <www.kallipos.gr>, accessed 3 December 2019, p. 13.

3 For the connection between intelligence and creativity see among others Daniel Schönberger, ‘Deep Copyright: Up - And Downstream Questions Related to Artificial Intelligence (AI) and Machine Learning (ML)’ (2018) SSRN <https://ssrn.com/abstract=3098315> accessed 3 December 2019, pp. 3-4 and references mentioned therein.

4 For a broader discussion on AI applications see among others Harry Surden, “Artificial Intelligence and Law: An Overview” (2019) SSRN: <https://ssrn.com/abstract=3411869> accessed 3 December 2019, p. 88.

5 Amanda Levendowski, ‘How Copyright Law Can Fix Artificial Intelligence’s Implicit Bias Problem’ (2018) Wash. L. Rev. 579, 590.

6 Some argue that ML will cause “the end of code”. See Jason Tanz, ‘Soon We Won’t Program Computers. We’ll Train Them Like Dog’ (*Wired.com*, 17/5/2016) <https://www.wired.com/2016/05/the-end-of-code/> accessed 3 December 2019. For a critical approach, see Andrew Vogan, ‘Let’s Explore Wired’s Article about ‘The End of Code’, (*Art+Logic*, 17/5/2016) <https://artandlogic.com/2016/05/software-developers-response-wireds-end-coding-article/> accessed 3 December 2019.

7 Surden (n 4) p. 88.

8 In fact, researchers acknowledged that it is easier to program a computer to learn to be intelligent rather than programming a computer to be intelligent, see Schönberger (n 3) p. 11.

9 See below, para. 18.

10 See Eleonora Rosati, ‘Copyright as an Obstacle or Enabler? A European Perspective on Text and Data Mining and its Role in the Development of AI Creativity’ (2019) SSRN <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3452376> accessed 3 December 2019 p. 1 ff. and references cited therein.

11 On that topic, see among others Christophe Geiger & Giancarlo Frosio & Oleksandr Bulayenko, ‘Crafting a Text and Data Mining Exception for Machine Learning and Big Data in the Digital Single Market’ in Xavier Seuba & Christophe Geiger & Julien Pénin (eds.), *INTELLECTUAL PROPERTY AND DIGITAL TRADE IN THE AGE OF ARTIFICIAL INTELLIGENCE AND BIG DATA*, (2018) CEIPI/ICTSD publication series on “Global Perspectives and Challenges for the Intellectual Property System”, Issue No. 5, Geneva/ Strasbourg, pp. 97-111 and, in particular, p. 97 and 109 and references cited.

12 See: <https://en.wikipedia.org/wiki/Algorithmic_art> accessed 3 December 2019. This kind of art production is known as computer art or generative art. For the latter see <https://en.wikipedia.org/wiki/Generative_art> accessed 3 December 2019.

paintings¹³, or even poems¹⁴ and novels¹⁵. In these cases, AI systems are trained on data sets that consist of the type of works relevant to each project, that are (at least at the moment¹⁶) created by humans, such as texts, photographs, musical compositions and the like. These “*training works*” correspond to the data set used as training material. However, it is very likely¹⁷ that many of these *training works are protected by copyright law*¹⁸. For example, for the “creation” of the “SKYGGE” pop album “Hello World”¹⁹, the first pop album composed by AI, several copyrighted musical works have been used as training data (“inspirations”) for the AI to generate novel output: “Ballads, Pop of the 60s, Brit Pop of the 2010s, Bossa

novas of the 60s, Caribbean songs, Soul Music from the 80s, Musicals of the 60s, French Pop from the 80s, Purcell”²⁰, most of which are copyrighted material. Similarly, for the creation of the novel “1 The Road”, the machine has been trained “with three different text corpora, each with about 20 million words one with poetry, one with science fiction, and one with “bleak” writing”²¹. Besides, copyrighted human works are used as training data in other AI applications, such as Natural Language Processing (NLP)²².

4 Copyright law concerns over Machine Learning workflow. ML process, in analogy with the TDM methods, raises copyright law issues to the extent that the *use of works for ML purposes requires typically copying and/or adaptation of these works*²³. Consequently, apart from output interrogations, regarding the proprietary status of the ‘intelligent’ artistic/creative output produced by the machine²⁴ (including the question of whether authors’ rights over their works also extend to outputs produced by AI, after being trained on these works²⁵), another

13 See for instance the Edmond de Belamy portrait (2018), a painting printed on canvas and created by algorithm. For more information see: https://en.wikipedia.org/wiki/Edmond_de_Belamy accessed 3 December 2019. The painting in question was the first artwork created using Artificial Intelligence to be featured in a Christie’s auction. See <https://www.christies.com/features/A-collaboration-between-two-artists-one-human-one-a-machine-9332-1.aspx> accessed 3 December 2019.

14 See the interesting website <http://botpoet.com/> accessed 3 December 2019, which implements a Turing test for poetry and the user is called to guess whether the poem is written by a human or by a computer.

15 See for instance the novel “1 The Road” (Jean Boîte Editions 2018), with “Writer of writer” Ross Goodwin. More information at: https://en.wikipedia.org/wiki/1_the_Road accessed 3 December 2019 and <https://jean-boite.fr/products/1-the-road-by-an-artificial-neural> accessed 3 December 2019.

16 Things might turn more (or, under certain conditions, less) complicated in case that training works are the output of AI-driven creative process.

17 Levendowski (n 5) p. 582.

18 Schönberger (n 3) p. 1; Geiger *et al.*, *Crafting* (n 11) p. 109: “These artificial intelligence learning processes must use inputs possibly protected by IPRs to create wholly transformative outputs.” Of course, there are also training material which either do not qualify for copyright protection (e.g. due to lack of originality or because they are simple facts or pure data) or their protection has ended (e.g. public domain works). In this paper we will not examine further the issue of copyrightability of training works and we will focus on copyright issues arising from the use of copyrighted works as training data in the course of ML workflow.

19 The “Hello World” album started as a research project, namely the Flow-Machines project, conducted at Sony Computer Science Laboratories and University Paris 6, and funded by the ERC. See <https://www.helloworldalbum.net/>.

20 See the album pitch at: <https://www.facebook.com/pg/flowSKYGGE/about/> accessed 3 December 2019. *Adde* the description for song “Daddy’s Car”, a song composed in the style of Beatles by Sony CSL Research Lab: “The researchers have developed FlowMachines, a system that learns music styles from a huge database of songs”. Cf. Rosati 2019 (n 10) p. 3: “How could it be possible for AI to create a song in the style of The Beatles if it did not also have access to The Beatles repertoire?”.

21 See https://en.wikipedia.org/wiki/1_the_Road.

22 For instance, researchers had used 11,038 novels for training a neural network to model a system that can create natural language sentences, see Schönberger (n 3) p. 12.

23 Schönberger (n 3) p. 13: “ML hence often faces a fundamental problem since it may have as a condition precedent that one or even several copies are made of any work used as training data”; Rosati 2019 (n 10) p. 3: “[C]opyright law poses potential restrictions to the training of AI for the purpose of creative endeavours, even if the copies made of pre-existing content are only used internally and are instrument to the creation of something else.”

24 This question is outside the scope of this paper. On this topic see, among the abundant literature, Rosati 2019 (n 10) p. 2, footnote 5 and references cited therein.

25 For this question, see among others Giovanni Sartor & Francesca Lagioia & Giuseppe Contissa, ‘The use of copyrighted works by AI systems: Art works in the data mill’ (2018) SSRN https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3264742 accessed 3 December 2019.

thorny process issue²⁶ related with *copyright law concerns* arises: May protected works be used for machine training purposes within ML context without copyright restraints? Or does the use of protected works for ML purposes require prior authorization from rightholders of reproduction rights over the training works?²⁷ The question is fundamental, if one considers the impact it may have in the development of the whole AI field, *including algorithmic art*, which the present paper focuses.

- 5 The question will be investigated in the context of EU copyright law, by assessing the manipulation of training works within ML workflow in terms of reproduction right (2) and by examining the applicability of mandatory exceptions thereto (3), before making an overall assessment of the current EU regulatory framework for artistic ML projects, as it is shaped after the Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (DSM Directive) (4).

B. Assessing ML workflow in terms of the EU reproduction right

I. The reproduction right under EU copyright law: a reminder

- 6 The EU *acquis* on copyright law establishes a comprehensive exclusive right of reproduction. More precisely, according to art. 2 of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society (hereinafter: “Infosoc Directive”), the right of reproduction is defined as the “exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part.”²⁸ This article introduces a broad definition of acts covered by the reproduction right²⁹. In addition to that, the

26 Cf. Sartor *et alii* (n 25) p. 8, distinguishing between process issues and outcome issues related with the use of pre-existing works within the ML process (“the data mill”).

27 Cf. for a similar research question, Schönberger (n 3) p. 13. The question is relevant equally for both copyright and related rights field. For simplicity reasons, we limit our analysis to copyright law interrogations.

28 This definition is much more sophisticated than Article 9(1) of the Berne Convention, which also refers to an exclusive reproduction right in any manner or form.

29 This is justified, according to the European legislator and

ECJ case law has adopted a broad interpretation of the concept of reproduction³⁰. This means that in the digital environment, to which the AI sphere belongs, any digital copy of a work, temporary or permanent, direct or indirect, has the potential to infringe copyright, irrespective of how transient, short or irrelevant from an economic perspective it may be³¹, provided that it reproduces the creative expression of the initial work, even in part³².

- 7 Besides, the adaptation right, i.e. the right to create (original) derivative works from existing ones, has mainly remained untouched by the Infosoc Directive³³ and, thus, it basically remains unharmonized at EU level³⁴. However, given the broad definition of art. 2 Infosoc, some transformative uses of works may be, in fact, also qualified as reproductions³⁵ and, thus, be covered by the reproduction right, to the extent that the alterations undertaken give rise to further (mere) reproductions of previous works (without creative additions or modifications) and not creative adaptation. In any event, all copies of works that may be considered as “genuine” adaptations under national law are (or imply) acts of reproduction covered by EU *acquis*³⁶.

Court of Justice, by the need to ensure legal certainty within the internal market Cf. recital 21 Infosoc Directive; ECJ Case C5/08 *Infopaq International A/S v Danske Dagblades Forening* [16 July 2009] (“Infopaq I”), para. 41.

30 See Infopaq I, para. 43.

31 Thomas Margoni, ‘Artificial Intelligence, Machine Learning and EU Copyright Law: Who Owns AI?’, (2018) *CREATe Working Paper 2018/12*; SSRN <<https://ssrn.com/abstract=3299523>> or <<http://dx.doi.org/10.2139/ssrn.3299523>> accessed 3 December 2019, section IV.

32 Infopaq I, para. 39.

33 Margoni (n 31) section III.3.b.

34 Indeed, according to the decision of the ECJ Case C-419/13 *Allposters International BV v. Stichting Pictoright* [22 January 2015], para. 26, there is no equivalent right of adaptation right in the InfoSoc Directive.

35 See Silke von Lewinski & Michel Walter, ‘Information Society Directive’, in Michel Walter & Silke von Lewinski (eds.), *European Copyright Law: A Commentary* (Oxford University Press 2010) 967 and 968.

36 Jérôme de Meeûs d’Argenteuil & Jean-Paul Triaille & Amélie de Francquen, Study on the legal framework of text and data mining (TDM) (2014) <<https://op.europa.eu/en/publication-detail/-/publication/074ddf78-01e9-4a1d-9895-65290705e2a5/language-en>> accessed 3 December 2019, p. 32.

II. The existence of copyright-significant reproductions within the ML workflow

8 Given the contours of the reproduction right in the EU *acquis* according to art. 2 (1) Infosoc Directive and the meaning of “copy” under EU copyright law, ML workflow³⁷ usually entails several copyright-significant reproductions³⁸. More precisely, (digital) copying of works (multiple, sometimes) may take place in the beginning of the AI project and at the first stage of a ML workflow³⁹, namely the stage that refers to the identification and collection of appropriate preexisting works from one or various sources, according to their relevance for the AI project, in order to create a *corpus* of training examples for the machine (*corpus compilation stage*)⁴⁰. Indeed, the detection and preselection of works as training examples implies (digital) copying or digitalization of these works, to the extent that these works will be not simply accessed but also extracted, aggregated and then stored as ‘data’ in one or more locations (e.g. digital copies of photographs, scans of paintings⁴¹, texts relevant to the AI project saved in a server or other tangible medium(s) accessible to the programmers of the project).

9 In the same vein, the works included in the

37 The technicalities presented in this paper reflect a simplistic synthesis of stages that may occur in ML activities. They may differ according to the ML technique used.

38 See, re: TDM, Geiger *et al.*, *Crafting* (n 11) p. 98: “TDM usually involves some copying, which even in case of limited excerpts might infringe the right of reproduction”. Cf. Rosati 2019 (n 10) p. 10: “In any case, it is necessary to stress at the outset that not all TDM practices require necessarily the extraction and/or copying of content. This may be because, for instance, the TDM technique employed does not require undertaking such activities at the outset.”

39 Of course, it is also possible that ML workflow is based on preexisting collections of works that may be used as training examples. In this case, the corpus of training data itself may be protected as database, by *sui generis* right and/or copyright. In the present paper we will not further analyze this parameter.

40 Cf. from a NLP approach, Margoni (n 31) section II.

41 For instance, in the Next Rembrandt Project (<www.thenextrembrandt.com> accessed 3 December 2019), the machine has been trained to produce Rembrandt-style painting on 346 Rembrandt’s paintings, that have been previously 3D scanned in high resolution, see Ralf T. Kreutzer & Marie Sirrenberg, *Understanding Artificial Intelligence. Fundamentals, Use Cases and Methods for a Corporate AI Journey* (Springer 2020) 219.

corpus may be subject to copying during the so-called *preprocessing stage*⁴². This is a common preparatory stage for the main training process of the machine⁴³. During this stage, the aggregated training works will be transformed into a *machine readable and understandable version* (e.g. conversion of a PDF document in plain text format⁴⁴) which fits operational needs of the project⁴⁵. This process implies adaptive use of the works, given that it encompasses the creation of modified copies of the training works (which, however, would probably not qualify as adaptations in the legal sense of the term, due to the lack of originality⁴⁶). These copies will typically be assembled in a database (collection or library), known as the *training dataset of the project*, which will eventually be stored in a remote location, implying again reproduction of the training works⁴⁷. Besides, during this stage, the training works may (also) be subject to manual verification and annotation (labeling). This manual programmers’ task⁴⁸ aims to enrich the dataset with

42 Cf. Reto Hilty & Heiko Richter, *Position Statement of the Max Planck Institute for Innovation and Competition on the Proposed Modernisation of European Copyright Rules Part B Exceptions and Limitations (Art. 3 – Text and Data Mining)*, (2017) Max Planck Institute for Innovation & Competition Research Paper No. 17-02 <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2900110> accessed 3 December 2019, para. 14, p. 4.

43 Cf. Christophe Geiger & Giancarlo Frosio & Oleksandr Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market – Legal Aspects* (March 2, 2018) Centre for International Intellectual Property Studies (CEIPI) Research Paper No. 2018-02 ; SSRN: <<https://ssrn.com/abstract=3160586>> or <<http://dx.doi.org/10.2139/ssrn.3160586>> accessed 3 December 2019, p. 5 (referring to TDM): “copying substantial quantities of materials which encompasses: a. preprocessing materials by turning them into a machine readable format and analyzed directly from their source [...]”.

44 See e.g. Margoni (n 31) section II.

45 For an example of preprocessed musical compositions, see Gaëtan Hadjeres & François Pachet, ‘Deep Bach: A steerable model for Bach chorales generation’ (3 December 2016) <<https://arxiv.org/pdf/1612.01010v1.pdf>> accessed 3 December 2019, pp. 4-5.

46 Cf. Geiger *et al.*, *Crafting* (n 11) p. 98: “[...] pre-processing to standardize materials into machine-readable formats might trigger infringement of the right of reproduction.”

47 Cf. Geiger *et al.*, *Crafting* (n 11) p. 98.

48 See e.g. Surden (n 4) p. 91, footnote 20: “In many cases, machine learning algorithms are trained through carefully validated training sets of data in which the data has been carefully screened and categorized by people.” ;

labels relevant to targeted patterns, styles etc. and constitutes a feature of the so-called supervised (machine) learning⁴⁹. In this scenario, a similar (and eventual more genuine) adaptive use of the works would take place, deriving from the alterations made by the programmers on the training works (i.e. manual additions of labels and annotations within a text, a painting etc.). Following this intervention, the training dataset will now consist of labeled/annotated copies of training works.

- 10 The main training stage of the ML workflow, namely the computational and statistical analytical processing / “mining” of the dataset, equally involves copying of the training works. In general, during this stage the machine “reads the works” (a process also called “machine or robot reading”) and implements the ML algorithm in order to recognize and extract from the (labeled or unlabeled) training dataset empirical observations, *such as patterns, styles or other micro-elements*⁵⁰. As far as it concerns the

ibid. p. 93: machine learning often (but not exclusively) involves learning from a set of verified examples of some phenomenon.”

- 49 For a concise presentation on that topic, see <https://en.wikipedia.org/wiki/Supervised_learning> accessed 3 December 2019; Surden (n 4) p. 93. However, it should be noted that ML may be implemented in the framework of AI-generated art projects with limited or no human guidance, i.e. without verified or labeled data (this method refers to the so-called unsupervised learning and *deep learning*, based on multi-layered artificial neural networks). See on that topic among others, Levendowski (n 5) p. 13: “Alternately, researchers can set an AI system loose on training data with limited human guidance and leave it to the system to determine which features comprise the concept of a cat, a technique called “unsupervised learning.”; Andres Guadamuz, ‘Do Androids Dream of Electric Copyright? Comparative Analysis of Originality in Artificial Intelligence Generated Works’ (2017) SSRN <<https://ssrn.com/abstract=2981304>> accessed 3 December 2019, p. 3: “Deep Dream transforms a pre-existing image using machine learning mathematical methods that resemble biological neural networks, in other words, the machine mimics human thinking and makes a decision as to how to transform the input based on pre-determined algorithm. What is novel about Deep Dream, and other similar applications of neural networks, is that the program decides what to amplify in the image modification, so the result is unpredictable, but also it is a direct result of a decision made by the algorithm.”
- 50 In this case, the training data will correspond to the experience needed for the machine to be turned into knowledge. See Shai Shalev-Shwartz & Shai Ben-David, *Understanding Machine Learning: From Theory to Algorithms* (Cambridge University Press 2014) <<http://www.cs.huji.ac.il/~shais/UnderstandingMachineLearning>> accessed 3 December 2019, p. 19.

algorithmic art field in particular, the algorithmic pattern analysis is oriented in allowing the machine to detect (“learn”) *technical and esthetic elements* or other creative aspects⁵¹ (in other words, *ideas*⁵²) embodied in these training works⁵³ and/or predict patterns or features attached to a certain label within the training works⁵⁴. Independently of the ML technique and type of algorithm used, the copying of training works is generally indispensable and unavoidable within this information-acquisition stage⁵⁵, given that these data files need to be copied

- 51 Cf. Guadamuz (n 4) p. 1, referring to the “Next Rembrandt Project”, a Project that led to the creation of a Rembrandt-styled painting, created using deep learning algorithms and facial recognition techniques (<www.thenextrembrandt.com>): “The machine used something called “machine learning” to analyse technical and aesthetic elements in Rembrandt’s works, including lighting, colouration, brushstrokes, and geometric patterns. The result is a painting where algorithms have produced a portrait based on the styles and motifs found in Rembrandt’s art.”; Schönberger (n 3) p. 12-13: “According to the study, the training data allowed the researcher to “explicitly model holistic properties of sentences such as style, topic and high-level syntactic features”.
- 52 Indeed, from a copyright law view, technical and esthetic patterns usually fall under the sphere of ideas, according to the traditional idea/expression dichotomy. See e.g. Daniel Gervais, ‘The Machine As Author’, (2019) *Iowa Law Review*, Vol. 105; SSRN <<https://ssrn.com/abstract=3359524>> accessed 3 December 2019, p. 24: “TDM is looking, if anything, for ideas embedded in copyright works.”
- 53 In that case, the machine, through repeated training and practice becomes able to label the patterns, features and characteristics within the dataset by itself. These training algorithms are known as discriminative algorithms. Cf. Surden (n 4) p. 91: “After analyzing several such examples, the algorithm may detect a pattern and infer a general “rule”. [...] In general, machine learning algorithms are able to automatically build such heuristics by inferring information through pattern detection in data.”
- 54 In this case, training algorithms are known as Generative Algorithms or Generative Adversarial Networks. See among others Ian Goodfellow & Jean Pouget-Abadie & Mehdi Mirza & Bing Xu & David Warde-Farley & Sherjil Ozair & Aaron Courville & Yoshua Bengio, ‘Generative Adversarial Nets’, (2014) QC H3C 3J7 Département d’informatique et de recherche opérationnelle, Université de Montreal <<https://papers.nips.cc/paper/5423-generative-adversarial-nets.pdf>> accessed 3 December 2019.
- 55 See Schönberger (n 3) p. 16: “Copying the works is indispensable to the training process”; Triaille *et al.* (n 36) p. 29: “technically speaking, it is often considered that data analysis involves, at some stage (particularly in steps 2 and 4 mentioned above), the copying of all or part of the data

in the memory of the machine and/or by computers of a network that is eventually used for the analytical processing of the works (e.g. in case of an analysis implemented through the use of an ML cloud server). However, copying in this case would possibly be temporary and incidental, as these copies do not need to be retained once they are run through the AI system⁵⁶.

- 11 Finally, the ML process may lead to the creation of a robust set of rules that has been abstracted and inferred from the analytical processing of the works (*internal “mental” model*⁵⁷). This is a knowledge-acquisition stage for the machine (*creative knowledge discovery*⁵⁸). The model will be used by the machine in order to make automated (intelligent) decisions (machine output) regarding new and unknown future input⁵⁹, and in particular, in order to proceed with creative “choices” that will lead to the creation of machine-generated art⁶⁰. This set of abstract rules may be eventually saved in a permanent file

under investigation.”

- 56 See Schönberger (n 3) p. 16: “[T]he copies do not need to be retained once they are run through the neural network”.
- 57 Surden (n 4) p. 92: “the rule sets that form the internal model are inferred by examining and detecting patterns within data”.
- 58 See Eleonora Rosati, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Technical Aspects* (Briefing requested by the JURI Commission of the European Parliament, Policy Department for Citizens’ Rights and Constitutional Affairs PE 604.942, 2018) <<https://publications.europa.eu/en/publication-detail/-/publication/fdb4ecaa-20f1-11e8-ac73-01aa75ed71a1/language-en/format-PDF/source-search>> accessed 3 December 2019, p. 6.
- 59 Cf. Levendowski (n 5) p. 590: “Most AI systems are trained using vast amounts of data and, over time, hone the ability to suss out patterns that can help humans identify anomalies or make predictions. Well-designed AI systems can automatically tweak their analyses of patterns in response to new data, which is why these systems are particularly useful for tasks that rely on principles that are difficult to explain.”
- 60 It should be noted that in case of deep learning systems the machine input may involve autonomous creative decisions which may be unpredictable, as machines will be able to mix and combine multiple sources and end up to novel output through its “algorithmic brain paths”. Within this context, any human contribution to the output is secondary. This fact raises the fundamental question of the proprietary status of this creative output, which is extensively discussed by legal scholars (see above footnote 24), but falls outside the scope of this paper.

as the ML training output⁶¹. This stage would imply adaptive uses or partial reproduction of training works, as long as these works or (some of their protected elements) could be identifiable in their initial or in an altered form within the file of the training output⁶²

- 12 According to the above presentation, ML workflow may involve several copies of training works that could be summarized under two categories: simple reproductions; and copies and adaptive uses of the training works, which, however, might qualify as simple reproductions, as they will not necessarily allow the free and creative choices of the programmer who controls the ML workflow⁶³. All the above copies would in principle qualify as acts of reproductions according to art. 2 (1) Infosoc Directive, even if they are not the main objective of the project⁶⁴ and, as a consequence, might trigger copyright infringement⁶⁵, unless they are rendered lawful (by means of an exception or by contract⁶⁶).

61 Cf. Margoni (n 31) section II.

62 Cf. Triaille *et al.* (n 36) p. 49 (referring to TDM output): “Normally, the output does not contain any of the original works that were mined, the works have been analysed and only some information were kept.”; Geiger *et al.*, *Crafting* (n 11) p. 99: “[...] the TDM output should not infringe any exclusive rights, as it merely reports on the results of the TDM quantitative analysis, typically not including parts or extracts of the mined materials.” A different question arises as to whether the creative output of the machine (e.g. the algorithmic creation) might be qualified as a work deriving from one or multiple works

63 See, from a NLP perspective, Margoni (n 31) section III.3.c.

64 Cf. Rosati 2019 (n 10) p. 3.

65 Christophe Geiger & Giancarlo Frosio & Oleksandr Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018), p. 8; Geiger *et al.*, *Crafting* (n 11) p. 98: “[...] any reproductions resulting in the creation of a copy of a protected work along the chain of TDM activities might trigger copyright infringement.” Cf. Triaille *et al.* (n 36) regarding data analysis, p. 31.

66 Alternatively, one could consider that the use of (lawfully accessed) works for ML purposes is simply a normal use of works which falls outside the copyright monopoly by default. However, this is not the approach adopted by the EU legislator. See on that approach, Hilty & Richter (n 42) para. 13, p. 4. Cf. also Theodoros Chiou, ‘Copyright law and algorithmic creativity: Monopolizing inspiration?’ (2019) paper presented at REDA CONFERENCE 2019, University of Cyprus/European University of Cyprus, Nicosia, 21-22 November 2019.

C. Applicability of exceptions and limitations

- 13 Given the exclusive character of the reproduction right, the above described acts of reproduction that may take place throughout the ML workflow would be lawfully undertaken in the EU territory only after the grant of a (contractual) authorization by rightholders, since they would fall, *a priori*, under the scope of art. 2(1) Infosoc Directive. Naturally, prior authorization would not be necessary only if a (mandatory) exception and limitation of the reproduction right contained in the EU *acquis* could be applicable and cover the acts in question. Although there is no explicit exception and limitation covering the reproductions of copyrighted works for ML purposes, there are, however, at least two existing *mandatory*⁶⁷ exceptions, whose application could possibly be relevant. These are:
- the exception for temporary acts of reproductions (art. 5(1) Infosoc Directive)
 - and the exception(s) for Text and Data Mining (TDM) (art. 3 and 4 of the DSM Directive).

I. Exceptions for temporary acts of reproduction

- 14 The exception of temporary acts of reproduction has not been conceived for ML but, basically, for web browsing and caching⁶⁸, i.e. the technological advances of the late 90's. However, given its limited⁶⁹ but horizontal scope and technological neutrality, it may also be invoked in the ML context⁷⁰, insofar its requirements are cumulatively met⁷¹ in accordance with its restrictive interpretation⁷². Temporary acts of reproduction, according to art. 5(1) Infosoc

Directive⁷³, are transient (*ephemeral*) or incidental to an integral and essential part of a technological process and should not present independent economic significance. In addition, this process should enable lawful use of works (i.e. authorized by the rightholder or not restricted by law)⁷⁴. Moreover, according to the ECJ⁷⁵, a reproduction act is transient only if its duration is limited to what is necessary for the proper completion of the technological process in question, it being understood that the process *must be automated so that it deletes that act automatically, without human intervention*⁷⁶. Notwithstanding the fact that all the above-mentioned reproductions within the ML workflow are carried out in the context of the implementation of an integral and essential part of a technological process, namely ML, not all of these reproductions would be eligible for this exception.

- 15 To begin with, beyond some acts of reproductions of training works that are temporary and incidental, such as the copies of works that are likely to be made during the phase of analytical processing of works, there are other several acts of reproduction that are not covered by this exception *ab initio*. In

67 Non-mandatory exceptions could also be applicable, such as private copying (art. 5(2)(b) of the Infosoc Directive), however they remain unharmonized at the EU level.

68 See recital 33 Infosoc Directive.

69 Ch. Geiger, G. Frosio & O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 11.

70 Cf. Recital 9 DSM Directive: "acts of reproduction provided for in Article 5(1) of Directive 2001/29/EC, which should continue to apply to text and data mining techniques".

71 See Infopaq I, para. 55; Order of the Court, in Case C302/10, *Infopaq International A/S v Danske Dagblades Forening* [17 January 2012] ("Infopaq II"), para. 26; Schönberger (n 3) p. 16.

72 See Infopaq I, para. 56.

73 See Article 5(1) Infosoc Directive: 1. Temporary acts of reproduction referred to in Article 2, which are transient or incidental [to] an integral and essential part of a technological process and whose sole purpose is to enable: (a) a transmission in a network between third parties by an intermediary, or (b) a lawful use of a work or other subject-matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right provided for in Article 2.

74 See also recital 33 Infosoc Directive: The exclusive right of reproduction should be subject to an exception to allow certain acts of temporary reproduction, which are transient or incidental reproductions, forming an integral and essential part of a technological process and carried out for the sole purpose of enabling either efficient transmission in a network between third parties by an intermediary, or a lawful use of a work or other subject-matter to be made. The acts of reproduction concerned should have no separate economic value on their own. To the extent that they meet these conditions, this exception should include acts which enable browsing as well as acts of caching to take place, including those which enable transmission systems to function efficiently, provided that the intermediary does not modify the information and does not interfere with the lawful use of technology, widely recognized and used by industry, to obtain data on the use of the information. A use should be considered lawful where it is authorized by the rightholder or not restricted by law.

75 Infopaq I, para. 64.

76 See also Margoni (n 31) section IV.2.: "[...] and are automatically destroyed at the end of the process."

fact, several acts of reproductions made within the ML workflow would probably *not be transient*⁷⁷. This would be essentially the case of the reproductions of works that are likely to take place during the *corpus* compilation phase or the reproductions made during the preprocessing/annotation stage of the training material or the abstraction of the internal model. In fact, the deletion of copies in these stages is dependent on the will of the responsible for ML workflow and the AI project⁷⁸. Besides, it is not at all certain that they will wish to dispose these reproductions, which means that there is a risk that the copies will remain in existence for a longer period, according to their needs (e.g. for further development of the AI project or even for trade of these copies)⁷⁹. For the same reasons, these copies *would not be incidental* with regard to the main purpose of use of the work; i.e. The implementation of the learning algorithm and the training of the machine, to the extent that these copies are not temporary⁸⁰.

- 16 Besides, the independent economic significance of acts of reproductions undertaken within the ML workflow cannot be excluded. For instance, corpus compilation might have separable and independent economic significance (if traded in the form of a database), which is distinct to the economic significance of the ML process and output⁸¹. In

77 Cf. Triaille *et al.* (n 36) p. 46 (referring to data mining): “[...] is further unlikely that a temporary copy used to mine data is transient, the work mostly being available for a certain period of time to be transformed, loaded and/or analyzed.”

More favorable in exception coverage, Schönberger (n 3) p. 16, stating that “the copies do not need to be retained once they are run through the neural network.”

78 Cf. Ch. Geiger, G. Frosio & O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 11 re: the application of the temporary reproduction exception to TDM process.

79 Cf. Infopaq I, para. 69-70.

80 Cf. Infopaq II, para. 22, referring to the Infopaq I ruling, on the absence of transient or incidental character of copies made within a data capture process.

81 Cf. Margoni (n 31) section IV.2.: “The requirement of absence of independent economic significance is probably harder to assess. Independent economic significance is present if the author of the reproduction is likely to make a profit out of the economic exploitation of the temporary copy. This profit has to be distinct from the efficiency gains that the technological process allows.”; Triaille *et al.* (n 36) p. 47 (referring to data mining): “It seems that every

fact, the use of works as training material and, in particular, their inclusion in datasets intended for ML projects is already the object of licensing agreements⁸².

- 17 As a consequence, the exception of temporary acts of reproduction does not offer a stable framework for indistinctively manipulating training works within the ML workflow without prior authorization from the rightholders⁸³, since several acts of reproduction that are likely to take place within the ML workflow will not be covered by this exception⁸⁴. Alternatively, the responsible for ML activity shall be in the position to support the fulfillment of the strict and

acts involved in the data mining process can have a great economic value. Potentially, we can imagine that the first extraction can have an independent/separate economic significance, but it depends on what the “miner”/“copy-maker” does with the result of the first extraction (e.g. if he sells or licenses the results of the extraction). It is thus a question of fact.”

82 See for instance the licensing terms of AIVA, a service that allows algorithmic creation of musical compositions, <<https://www.aiva.ai/legal/1>> accessed 3 December 2019: “Licensee is not permitted to use the Audio and/or MIDI Composition as part of a training dataset for any Machine Learning, Deep Learning or statistical algorithm. If the Licensee wishes to use the Audio and/or MIDI Composition as part of a training dataset, this use case would be ruled by a separate Licensing Agreement, to be negotiated and signed between the parties.” Cf. Hilty and Richter (n 42) para. 26, p. 7: “the provision of normalized data solely for the purpose of TDM is a business model”.

83 Margoni (n 31) section IV.2. Cf. Triaille *et al.* (n 36) p. 50: “It means that this exception will not provide much relief (or really rarely) for data analysis activities.” From a TDM perspective, Ch. Geiger, G. Frosio & O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 11: “The mandatory exception for temporary acts of reproduction might apply to limited TDM techniques. Recital 10 of the DSM Draft Directive itself clarifies that this exception still applies but its application would be limited to TDM techniques which involve only the making of temporary reproductions transient or incidental to an integral and essential part of a technological process which enables a lawful use with no independent economic significance. Doubts have been repeatedly casted on whether all these requirements are fulfilled by reproductions done for TDM purposes especially whether these reproductions are transient and have no economic relevance.”

84 Cf. Hilty and Richter (n 42) para. 5, p. 2: “In fact, TDM usually requires a not merely temporary reproduction, for which Article 5(1)(a) InfoSoc Directive would not apply.”

cumulative requirements of the said exception⁸⁵ which derogates the general principle established by Infosoc Directive, namely the requirement that the rightholder authorizes any reproduction of a protected work⁸⁶. This becomes a complicated and precarious task, given that the exception in question did not anticipate the features of ML workflow⁸⁷.

II. TDM exceptions within the DSM Directive

18 ML workflow, as seen above, implies computational and statistical analysis of works used as training material. In fact, the analytical processing of training works is a form of data mining, to the extent that it consists in the automated processing of digital materials, which may include texts, data, sounds, images or other elements, or a combination of these, in order to uncover new knowledge or insights⁸⁸. As a consequence, a relationship of intersection might be seen between ML and TDM⁸⁹, to the extent that TDM is an essential⁹⁰ tool used within the ML

workflow, in order to navigate through the training material and produce the necessary derivative data that will train the ML algorithm⁹¹. Accordingly, the legal regime applying to TDM will also cover TDM activities undertaken within ML context⁹². Thus, the assessment of the applicability of mandatory TDM exceptions introduced by DSM Directive on articles 3 and 4 on the ML workflow seems pertinent.

1. TDM exception introduced by Article 3 DSM Directive

19 Article 3⁹³ of the DSM Directive introduces a new mandatory exception on the reproduction right

<http://eare.eu/assets/uploads/2018/03/OpenLetter-to-European-Commission-on-AI-and-TDM_9April2018.pdf> accessed 3 December 2019: “foundational role that Text and Data Mining plays in AI”; “a building block for both machine and deep learning”; Geiger *et al.*, *Crafting* (n 11) p. 97: “Text and data mining (TDM) thus serves as an essential tool to navigate the endless sea of online information [...]”. Adde Bernt Hugenholtz, ‘The New Copyright Directive: Text and Data Mining (Articles 3 and 4)’, (Kluwer Copyright Blog, 24 July 2019) <<http://copyrightblog.kluweriplaw.com/2019/07/24/the-new-copyright-directive-text-and-data-mining-articles-3-and-4/>> accessed 3 December 2019.

85 Cf. Geiger *et al.*, *Crafting* (n 11) p. 100, referring to the application of this exception for TDM purposes, mentioning that “application of temporary reproduction exception remains limited to residual cases for the large number of specific requirement that must be fulfilled, apparently in a cumulative manner according to the CJEU.”

86 Infopaq II, para. 27.

87 Schönberger (n 3) p. 16: “It is quite obvious that the legislator did not have ML in mind when drafting the said provision. Hence some legal uncertainty remains and the related jurisprudence of the CJEU is not without ambiguity.” Cf. however rec. 9 of the DSM Directive, which explicitly refers to the application of this exception in the context of TDM.

88 Definition of TDM in Triaille *et al.* (n 36) p. 17.

89 Cf. Schönberger (n 3) p. 17-18: “[A] relationship might be seen between ML and text and data mining (TDM) although ML is much further down the line than TDM, which ultimately aims at the expressive elements of a work creating output derived from such elements”.

90 For the importance of TDM within ML context see e.g. C. Holder, M. Iglesias, J.-P. Triaille, J.-M. Van Gysegem (eds.), *Legal and regulatory implications of Artificial Intelligence. The case of autonomous vehicles, m-health and data mining*, (Publication Office, Luxembourg 2019) < <https://op.europa.eu/en/publication-detail/-/publication/f962b17b-5c04-11e9-9c52-01aa75ed71a1/language-en/format-PDF>> accessed 3 December 2019, p. 27: “TDM is an essential component of many AI projects”; Open letter to the Commission, ‘Maximising the benefits of Artificial Intelligence through future-proof rules on Text and Data Mining’ (9 April 2018)

91 Geiger *et al.*, *Crafting* (n 11) p. 109: “TDM has been a fundamental technique to make machine learning possible by copying or crawling massive datasets and empowering artificial intelligence autonomous decision –making and creativity.” Cf. Rosati 2019 (n 10) p. 2: “Although classical TDM and machine learning have different utility, it should not be overlooked that both use the same key algorithms to discover patterns in data.”

92 Cf. Holder *et al.* (n 90) p. 27: “the legal regime applying to TDM can have an impact on the future development of AI [...]. The development of AI leads to a growing relevance of TDM regime and of its possible weaknesses”.

93 Article 3. Text and data mining for the purposes of scientific research.

1. Member States shall provide for an exception to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC, Article 2 of Directive 2001/29/EC, and Article 15(1) of this Directive for reproductions and extractions made by research organizations and cultural heritage institutions in order to carry out, for the purposes of scientific research, text and data mining of works or other subject matter to which they have lawful access.

2. Copies of works or other subject matter made in compliance with paragraph 1 shall be stored with an appropriate level of security and may be retained for the purposes of scientific research, including for the verification of research results.

of rightholders for TDM purposes. In particular, according to art. 3(1) of the DSM Directive, reproductions and extractions of works made in order to carry out text and data mining of these works made could be undertaken without prior authorization from the rightholder by non-profit research organizations and cultural heritage institutions⁹⁴ for the purposes of scientific research, under the condition that they have lawful access to the works in question and that the copies of works may be stored in a secure environment and no longer than necessary for the purposes of scientific research, including for the verification of research results (art. 3(2) DSM Directive).

- 20 The wording of the exception is broad in the sense that it covers any reproduction or extraction of work made for TDM purposes, including non-temporary reproductions and it is important that it cannot be overridden by contract. Thus, in the ML context, it would cover reproductions that are necessary both for the (lawful) access to works, their retention and their mining and for a duration that is necessary for the purposes undertaken, which, however, shall be exclusively purposes of scientific research. Moreover, the above exception covers the TDM activities undertaken within the ML context carried out by a specific category of beneficiaries⁹⁵, i.e. research

3. Rightholders shall be allowed to apply measures to ensure the security and integrity of the networks and databases where the works or other subject matter are hosted. Such measures shall not go beyond what is necessary to achieve that objective.

4. Member States shall encourage rightholders, research organizations and cultural heritage institutions to define commonly agreed best practices concerning the application of the obligation and of the measures referred to in paragraphs 2 and 3 respectively.

94 On that point, see Ch. Geiger, G. Frosio & O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 26: “much discussion regarding this proposal does concern whether the TDM exception’s beneficiaries should not be limited to research organizations. To qualify for the exception, research organisations must operate on a not-for-profit basis or by reinvesting all the profits in their scientific research, or pursuant to a public interest mission.”

95 Critical on this narrow approach, already re: the DSM Directive Proposal, Ch. Geiger, G. Frosio & O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 32: “The TDM exception should not be limited to research organisations but extended to all those enjoying lawful access to underlying mined materials – as the right to read should be the right to mine- especially in order

organizations and cultural heritage institutions. The TDM exception of Art. 3 could accommodate copies of training works that are connected to their analytical processing made within ML workflow, insofar as they are undertaken by the small circle of beneficiaries of that exception and that their analytical processing aims at purposes of scientific research. Due to this narrow approach regarding the beneficiaries and purposes of TDM activity, the exception could be invoked regarding very specific ML projects and certainly not by startups and other businesses of the private sector (even if they engage in analytical processing of works within ML context for scientific purposes).

2. TDM exception introduced by article 4 DSM Directive

- 21 Article 4⁹⁶ of the DSM Directive TDM introduces a more inclusive exception than the one of Article

not to cripple research from start-ups and independent researches.”; European Copyright Society, General Opinion on the EU Copyright Reform Package, (24 January 2017), available at: <<https://europeancopyrightsocietydotorg.files.wordpress.com/2015/12/ecs-opinion-on-eu-copyright-reform-def.pdf>>, part 2, p. 5: “we therefore regret the fact that the Directive proposes to limit the benefits of the exception to “research organisations” as narrowly defined in the Directive. In our view, data mining should be permitted for non-commercial research purposes, for research conducted in a commercial context, for purposes of journalism and for any other purpose.”; Rosati (n 10) p. 9: “Its scope, however, should not be unduly narrow and such as to stifle innovation coming from different sectors, whether research organizations or businesses. In this sense, the EU legislature should carefully consider who the beneficiaries of the resulting exception should be, as well as the uses allowed of works or other subject-matter for TDM purposes.”

96 Article 4. Exception or limitation for text and data mining. 1. Member States shall provide for an exception or limitation to the rights provided for in Article 5(a) and Article 7(1) of Directive 96/9/EC, Article 2 of Directive 2001/29/EC, Article 4(1)(a) and (b) of Directive 2009/24/EC and Article 15(1) of this Directive for reproductions and extractions of lawfully accessible works and other subject matter for the purposes of text and data mining.

2. Reproductions and extractions made pursuant to paragraph 1 may be retained for as long as is necessary for the purposes of text and data mining.

3. The exception or limitation provided for in paragraph 1 shall apply on condition that the use of works and other subject matter referred to in that paragraph has not been expressly reserved by their rightholders in an appropriate manner, such as machine readable means in the case of content made publicly available online.

3. In particular, all reproductions and extractions of works and other subject matter made for the purposes of text and data mining are exempted from the rightholder's monopoly, insofar as the works are lawfully accessible and the reproductions and extractions are retained for as long as is necessary for the purposes of text and data mining.

22 This exception could be invoked, *a priori*, within the framework of any ML project, in order to cover all reproductions and extractions connected with the analytical processing of protected training works, as it does not contain a *ratione personae* or purpose limitation. Nonetheless, according to art. 4 (3) of the DSM Directive⁹⁷, the application of this exception may be *opted-out* in an appropriate manner by the rightholders. This opt-out may be exercised either by use of technical measures, such as machine-readable means and metadata⁹⁸, or contractual agreements⁹⁹ (such as terms and conditions of a website or a service¹⁰⁰), or even unilateral declarations such as disclaimers¹⁰¹, by which the rightholder would reserve the right to make reproductions and extractions for data analysis purposes under their exclusive control.

23 Notwithstanding its general character, this TDM exception still fails to offer a stable ground for using (reproducing) protected works for ML purposes. In fact, the lawful analytical processing would require prior legal assessment regarding the exercise of the opt-out mechanism provided in art. 4(3) of the DSM Directive. This raises significant obstacles in undertaking ML activities in the EU territory, even for works that are lawfully available online. True, the main source of training data for ML projects is the Web itself and the information generally available

therein¹⁰² and this could also apply in the field of algorithmic art to some extent. However, the access to freely and lawfully available works online does not necessarily mean lawful access for TDM purposes¹⁰³, since the rightholder would be in position to reserve his rights on data analysis of their works by use of appropriate means, as described above.

24 In sum, according to the current TDM exception regime, rightholders generally *remain able to license* and, consequently, to forbid, the uses and reproductions of their works for data analysis purposes, including analytical processing in the ML context¹⁰⁴, except for reproductions and extractions made by research organizations and cultural heritage institutions for the purposes of scientific research, according to art. 3 DSM Directive. Therefore, possibly most ML projects could not simply rely on the above TDM exceptions for freely using training works within the ML workflow they implement. Due to the opt-out mechanism introduced by art. 4(3) DSM, the use and reproductions of training works for their analytical processing within the ML context implies confirmation as to whether it could be undertaken without prior authorization from the rightholder. This, however, unavoidably involves time consumption, costs and, in some cases, uncertainty while it jeopardizes the application of the exception in practice¹⁰⁵.

102 See Holder *et. al.* (n 90) p. 29.

103 See Rosati (n 10) p. 4: "freedom of access does not necessarily entail that the content (text and data) is also free of legal restrictions."; *ibid.*, p. 5: "Lawful access to content – whether because such content is *freely accessible* or access has been obtained through a *licence* – does not necessarily entitle one to undertake TDM in respect of such content (text or data)." See also Rec. 18 DSM Directive.

104 Cf. Hilty & Richter (n 42) para. 7, p. 3, referring to the draft proposal of DSM Directive: "The proposed limitation would allow for the conclusion *e contrario* that TDM is a separable type of use."

105 See on that point, Rosati 2019 (n 10) p. 21. Cf. Daniel Gervais, 'Exploring the Interfaces between Big Data and Intellectual Property Law', (2019) JIPITEC 10 (1) <<https://www.jipitec.eu/issues/jipitec-10-1-2019/4875/#ftn.N10113>> accessed 3 December 2019, para. 46: "first, it is not always clear to a human user whether a source is legal or not; the situation may be even less clear for a machine. Second, and relatedly, if the source is foreign, a determination of its legality may require an analysis of the law of the country of origin, as copyright infringement is determined based on the *lex loci delicti*—and this presupposes a determination of its origin (and foreignness) to begin with. Perhaps a requirement targeting sources that the user *knows or would have been grossly negligent in not knowing* were illegal might be more appropriate."

4. This Article shall not affect the application of Article 3 of this Directive.

97 Article 4(3). The exception or limitation provided for in paragraph 1 shall apply on condition that the use of works and other subject matter referred to in that paragraph has not been expressly reserved by their rightholders in an appropriate manner, such as machine-readable means in the case of content made publicly available online.

98 E.g. by adding robot.txt type metadata to their content online, see Hugenholtz (n 90).

99 Cf. *a contrario* art. 7 para. 1 DSM Directive.

100 Holder *et. al.* (n 90) p. 28: "[...] on a website, the terms and conditions could still validly prohibit TDM being made of the contents of the website."

101 Rec. 18 DSM Directive.

D. Conclusions

- 25 In light of the preceding analysis, some conclusions may be formulated.

Firstly, in the era of the 4th industrial revolution and Web 4.0, works will not be perceived merely as digital content but rather as (big) data that are used as “training material” in order to “teach” machines how to make ‘intelligent decisions’, including the production of algorithmic creations. In addition, *works are also turned into (meta)-data*¹⁰⁶, especially through their analytical processing, which allows the recognition and extraction of patterns, styles and other features to be read and understood by machines.

- 26 Secondly, Machine Learning is a so-called copy-reliant technology¹⁰⁷. As such, given the broad definition of reproduction right in art. 2 of the Infosoc Directive and the broad interpretation made by the ECJ, it is in principle subject to the realm of copyright in the EU.

- 27 As to the possible copyright exceptions, the coverage of the entire ML workflow and all acts of reproductions undertaken therein by sole or combined application of the mandatory exceptions that are relevant within the ML workflow (exception for temporary reproductions and TDM exceptions) is not straightforward and, in any event, should be examined on a case by case basis, given the variety of techniques and methods employed¹⁰⁸. In addition, the formulation and limited scope¹⁰⁹

of the above-mentioned mandatory exceptions and their restrictive interpretation by the ECJ give rightholders the possibility to still *veto* the use of their works in many ML projects, including, the use of works as machine reading material¹¹⁰, within the ML workflow. As a consequence, the current EU copyright law framework seems more favorable for rightholders’ interests (especially since TDM and its employment for ML purposes, among others, is an activity subject to copyright restraints) and does not offer a stable and enabling legal framework for engaging in several ML activities that rely on copyrighted training works¹¹¹, including algorithmic art. This situation leads to legal uncertainty as to which acts of reproduction may be undertaken without prior authorization of rightholders¹¹². Accordingly, the lawful use of preexisting works as training material would require prior assessment of their legal status of protection and eventual prior clearance of rights (most probably on a work by work basis)¹¹³.

- 28 A no-risk approach towards use of works for ML purposes in the EU would be satisfied by the use of copyrighted training works on the grounds of a license agreement¹¹⁴ or the use of non-copyrighted works as training material. Under these conditions, the utility of the use of open content as training

106 Matthew Sag, ‘The New Legal Landscape for Text Mining and Machine Learning’ (2019) *Journal of the Copyright Society of the USA*, Vol 66; SSRN <<https://ssrn.com/abstract=3331606>> or <<http://dx.doi.org/10.2139/ssrn.3331606>> accessed 3 December 2019, p. 59 ff.

107 For that concept see Matthew Sag, ‘Copyright and Copy-Reliant Technology’ (2009) *Northwestern University Law Review* Vol. 103; The DePaul University College of Law, Technology, Law & Culture Research Series, Paper No. 09-001; SSRN: <<https://ssrn.com/abstract=1257086>> accessed 3 December 2019; Schönberger (n 3) p. 14.

108 It should also be noted that the applicability of existing exceptions does not thwart moral rights questions (such as the paternity or integrity right) that may arise by the use of works within the ML process and especially their transformative manipulation.

109 See among others, Geiger *et al.*, *Crafting* (n 11) p. 110: “It’s narrow scope, however, will limit these substantive positive externalities to a comparatively small number of research institutions, while the DSM at large will still lag behind other jurisdictions, allowing a larger cluster of market players to engage legally in TDM activities.”

110 It is argued by commentators that machine reading should be exempted from copyright law realm. See for instance James Grimmelman, ‘Copyright for Literate Robots’ (2016) 101(2) *Iowa Law Review*, 657: “[...] copyright law has concluded that it is for humans only: reading performed by computers doesn’t count as infringement.”

111 *Cf.* Sag 2019 (n 106) p. 38: “there are very few places where the law is as clear and/or as favorable as in the United States”.

112 *Cf.* Hilty and Richter (n 42) para. 2, p. 1: “A clear legal framework avoids the complicated rights clearance between the parties involved and reduces investment risks.”

113 Of course, on a practical note, proving the use of a work as training material is not always easy for rightholders, since the creative output may be sufficiently differentiated from all training works. *Cf.* Triaille *et al.* (n 36) p. 87.

114 Indeed, there seems to be an emergent derivative market of use of works for TDM purposes, which might extend to ML. However, the use of works for ML purposes as an object of licensing contracts should be further investigated to the extent that it could be qualified as a new (unknown) form of exploitation, which might raise additional implications in some jurisdictions. *Cf.* for a similar question regarding cloud computing from a Greek Law perspective, Th. Chiou, *Music Licensing in the Cloud: The Greek Experience*, (2014) *GRUR Int.*, 3/2014, p. 228 ff.

material is important¹¹⁵, as these works would often be fit for ML purposes, without the need to invoke the applicability of exceptions¹¹⁶. It might not be accidental that some emblematic AI projects in the EU are based on works of the public domain¹¹⁷.

- 29 In sum, it seems that the new DSM Directive follows an approach that fits better to the digital era than to the new era of the 4th industrial revolution which features the penetration of AI systems in the field of creativity¹¹⁸. This means that the DSM Directive is a missed opportunity for *true* modernization of the European Copyright Law in the digital single market¹¹⁹, to the extent that it does not take into

account and, *a fortiori*, does not enhance the development of innovative machine art projects¹²⁰. Nor does it improve the Union's competitive position, compared to other jurisdictions, as a prominent area in development of ML techniques, especially in the field of computer art¹²¹. Most importantly, the approach adopted in regulating the reproductions of protected works within the ML context might turn into an "own goal" in the age of algorithmic creations, if the new paradigm of creativity process is subject to copyright constraints¹²².

115 Triaille *et al.* (n 36) p. 25: "it goes beyond the scope of this Study to analyze the overall impact which the Open Access movement will have on TDM but it seems undeniable that it will facilitate TDM."

116 Cf. Rec. 9 DSM Directive: "Text and data mining can also be carried out in relation to mere facts or data that are not protected by copyright, and in such instances no authorisation is required under copyright law."; Ch. Geiger, G. Frosio, O. Bulayenko, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market - Legal Aspects* (March 2, 2018) (n 65) p. 7: "works and other subject matter not protected by copyright or sui generis rights can be freely mined."; Cf. Sag 2019 (n 106) p. 49: "For example, Wikipedia includes a cornucopia of over 5 million Creative Commons licensed works in a fully machine readable format. This has made Wikipedia a key source of training data for nearly every modern AI system dealing with facts."

117 See for instance the Next Rembrandt Project, where the machine has been trained to produce Rembrandt-style painting by using as training data 346 known paintings by Rembrandt (d. 1669), that are on the public domain. See <https://www.nextrembrandt.com/>.

118 It should be noted that the terms "machine learning" and "artificial intelligence" are absent from the official texts, including the COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT on the modernisation of EU copyright rules Accompanying the document Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market and Proposal for a Regulation of the European Parliament and of the Council laying down rules on the exercise of copyright and related rights applicable to certain online transmissions of broadcasting organisations and retransmissions of television and radio programmes, Brussels, 14.9.2016 SWD(2016) 301 final PART 1/3 {COM(2016) 593} {COM(2016) 594} {SWD(2016) 302}.

119 Although "[...] the objective of this Directive [is] the modernisation of certain aspects of the Union copyright framework [in order] to take account of technological developments and new channels of distribution of protected content in the internal market [...]", according to Recital 83

of the DSM Directive.

120 Although "relevant legislation needs to be future-proof so as not to restrict technological development", according to Recital 3 of the DSM Directive.

121 See Geiger *et al.*, *Crafting* (n 11) p. 110: "This might result in a critical weakness for the DSM while racing to reach a dominant position in the market for artificial intelligence technology. Being unable to make full use of the immense riches made available by big data streams in digital networks for artificial intelligence, machine learning, and neural network applications will put Europe in a disadvantaged position from which it might be hard to recover in the future."; Hugenholtz, (n 90); Rosati 2019 (n 10) p. 23, making reference also to the stage of national transposition of art. 4 DSM Directive.

122 Cf. Rosati 2019 (n 10) p. 21: "In practice, this might have a negative impact on the (unlicensed) development of AI creativity."

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