

# Secondary communication under the EU copyright *acquis* after *Tom Kabinet*

Between exhaustion and securing work's exploitation

by Liliia Oprysk\*

**Abstract:** Since the adoption of the InfoSoc Directive, the CJEU has been dealing with a variety of questions on the interpretation of the broad right of communication to the public. A substantial share of the references for a preliminary ruling concerns secondary communication, which relies on communication initially authorised by the right holder. Despite the seemingly clear language of Article 3(3) of the InfoSoc Directive denying the exhaustion of communication right, the Court has occasionally exempted secondary acts from the authorisation of the right holder, relying on the arguments resembling the exhaustion principle of the right of distribution in respect of the tangible copies of a work. In the recent *Tom Kabinet* judgment, the CJEU denied the direct application of the principle in the case of the resale

of e-books facilitated by the *Tom Kabinet* platform. Whereas the judgment is of significance to the future of the exhaustion principle under the *acquis*, this article focuses on its broader implications on secondary communication. The article argues that the decision is in line with the developments under the jurisprudence but is by no means a final say on the extent of exclusive control over secondary communication in the digital environment. Besides raising the question of appropriate boundaries of the exclusive rights and their role in the digital markets, the judgment invites the legislator to revise the framework and restore the legal certainty in respect of the scope of exclusive control over the work's communication to the public.

**Keywords:** digital exhaustion; CJEU; communication to the public; new public; *Tom Kabinet*; *UsedSoft*

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## A. Introduction

1 The exclusive rights under copyright ought to incentivise the creation and exploitation of works by subjecting to right holder's authorisation acts, which are likely to interfere with a work's exploitation. The ever-widening catalogue of rights has been constructed over decades in response to technological developments.<sup>1</sup> By all means the most

significant development of the last decades has been

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- 1 See Ohly on the history of copyright as expanding exclusive rights, Ansgar Ohly, 'Economic Rights' in Estelle Declaye (ed), *Research Handbook on the Future of EU Copyright* (Edward Elgar Publishing 2009) 238. Also, Synodinou on copyright resisting new technologies and gradually expanding the scope of the rights, Tatiana-Eleni Synodinou, 'Copyright Law: An Ancient History, a Contemporary Challenge' in Andrej Savin and Jan Trzaskowski (eds), *Research Handbook on EU Internet Law* (Edward Elgar Publishing 2014) 81.

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the recognition of a broad right of communicating a work to the public, encompassing a wide variety of acts taking place both in the digital and in the analogue environment. Previously, securing control over new ways of dissemination would often require introducing a new right. Recognition of the broad communication right largely removed the need to constantly update the catalogue of rights. The question is rather whether certain acts ought to be exempted from the exclusive control.

2 This is something the Court of Justice of the European Union (CJEU) has recently been dealing with a lot. The assessment of whether a particular act falls under the right of communication to the public has been subject to a variety of criteria which weigh differently depending on a case. Indeed, hyperlinking to already lawfully available content or transfer of access to lawfully acquired content have different implications for the interests of right holders than an unauthorised upload of a work on the Internet prior to its first disclosure or than an aggregation of hyperlinks providing access to infringing copies of a work. The development leads to a case-by-case assessment, which, in the absence of mechanisms to systematise the approach, comes at the lack of legal certainty.<sup>2</sup>

3 In the light of the broad control over electronic dissemination accorded to the right holders, the question arises whether some limits on the exclusive control are desirable, in particular when it comes to its reach beyond authorising every independent communication of a work.<sup>3</sup> Given the apparent lack of mechanisms for confining the exclusive control over communication to what is necessary, trying out the well-established limits, such as the exhaustion principle in the digital environment, appears rather symptomatic. Whereas the latest judgment on exhaustion in the *Tom Kabinet* case does not come

2 Furthermore, the combination of broad, all-encompassing rights and an exhaustive list of narrowly defined limitations results in an asymmetry implicating the task of balancing the divergent objectives of copyright protection and interferes with the freedom of Member States to devise their own solutions. See Ohly (n 1) 236; Mireille van Eechoud and others, *Harmonizing European Copyright Law: The Challenges of Better Lawmaking* (Kluwer Law International 2009) 94–118; P Bernt Hugenholtz, ‘The Creeping Unification of Copyright in Europe’ in Tatiana-Eleni Synodinou (ed), *Pluralism or Universalism in International Copyright Law* (Kluwer Law International 2019); Morten Rosenmeier, Kacper Szkalej and Sanna Wolk, *EU Copyright Law: Subsistence, Exploitation and Protection of Rights* (Wolters Kluwer 2019) 17–24.

3 Independent communication such as upload of a work and making it accessible to the public, transmission of a work etc., where the parameters of communication are determined by a person carrying out an act of communication.

as a surprise following the opinion of the AG,<sup>4</sup> it is rather disappointing for those advocating for a more holistic approach to the question of permissible boundaries of exclusive control.<sup>5</sup>

4 This article places the decision *Tom Kabinet* in a broader context of the extent of the exclusive rights and the developments under the *acquis*. First, it explores the exhaustion principle as a mechanism of delineating exclusive control in respect of secondary communication of work. Second, it demonstrates how the assumption of no general boundaries of the right of communication to the public pursuant to Article 3(3) of the InfoSoc Directive has been challenged by the developments under the *acquis*. Third, it illustrates how the decision in *Tom Kabinet* fits the development and advances the need for a flexible assessment not accommodated under the secondary law, which necessitates distinguishing between primary and secondary communication of a work.

## B. Exhaustion principle and secondary communication of a work

5 Copyright does not provide a single right to control every aspect of a work’s communication. Instead, it provides a variety of rights with the respective limits, designed to confine the protection to what is necessary to attain its objectives.<sup>6</sup> From the economic perspective, the exclusive control is usually justified over the acts which affect the exploitation

4 Case C-263/18 *Nederlands Uitgeversverbond and Groep Algemene Uitgevers v Tom Kabinet Internet BV and Others* [2019] EU:C:2019:1111 and Opinion of AG Szpunar.

5 In the context of the *Tom Kabinet* reference, see Caterina Sganga, ‘A Plea for Digital Exhaustion in EU Copyright Law’ (2018) 9 JIPITEC 211; Péter Mezei, *Copyright Exhaustion: Law and Policy in the United States and the European Union* (Cambridge University Press 2018) 148–155; Liliia Oprysk, ‘“Digital” Exhaustion and the EU (Digital) Single Market’ in Tatiana-Eleni Synodinou, Philippe Jougoux, Christiana Markou, Thalia Prastitou (eds), *EU Internet Law in the Digital Era* (Springer 2020). Generally on extending exhaustion to digital distribution see Stavroula Karapapa, ‘Reconstructing Copyright Exhaustion in the Online World’ (2014) 4 IPQ 304; Ole-Andreas Rognstad, ‘Legally Flawed but Politically Sound? Digital Exhaustion of Copyright in Europe after UsedSoft’ (2014) 4 Oslo Law Review 1.

6 Ana Ramahlo, *The Competence of the European Union in Copyright Lawmaking: A Normative Perspective of EU Powers for Copyright Harmonization* (Springer International 2016) 72.

opportunities of a work.<sup>7</sup> Reproduction of a work, distribution of copies or work's performance call for authorisation from the right holder, which would allow the latter to ask for remuneration for such exploitation. Once communication of a work has taken place pursuant to the right holder's authorisation, the question arises whether exclusive control ought to stretch beyond such primary communication, e.g. to the acts such as the resale of distributed copies or retransmission of an authorised performance.

- 6 The current EU legal framework does not explicitly draw a line between primary and secondary communication; every communication of a work ought to be authorised by the right holder. In practice, however, the primary or secondary nature of communication can play a role in the exercise of exclusive rights. For instance, the SatCab Directive provides that simultaneous cross-border retransmission without altering the signal's content should take place on the basis of an individual or compulsory license.<sup>8</sup> Under the CJEU jurisprudence, a set of criteria emerged in respect of hyperlinking, which appear to be grouped differently depending on whether a link points to authorised communication of a work, is combined with an unauthorised upload of a copy, or forms a part of aggregated links to infringing copies.<sup>9</sup>

7 On the incentive theory of copyright as the main economic approach to the extent of protection, see Joost Poort, 'Borderlines of Copyright Protection: An Economic Analysis' in P Bernt Hugenholtz (ed), *Copyright Reconstructed: Rethinking Copyright's Economic Rights in a Time of Highly Dynamic Technological and Economic Change*, vol 41 (Kluwer Law International 2018) 293. The incentive theory justifies protection against acts that, as a consequence of market failure, negatively and significantly influence exploitation opportunities and, thus, the incentives to create.

8 Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission [1993] OJ L 248/15, art 8(1).

9 On the various criteria applied by the CJEU in the linking cases see João Pedro Quintais, 'Untangling the Hyperlinking Web: In Search of the Online Right of Communication to the Public' (2018) 21 *The Journal of World Intellectual Property* 385–420. On the emerging distinction under the communication to the public right, see Ansgar Ohly, 'Unmittelbare Und Mittelbare Verletzung Des Rechts Der Öffentlichen Wiedergabe Nach Dem „Córdoba“-Urteil Des EuGH' (2018) 10 *GRUR* 996, 998–1000; Liliia Oprysk, *Reconciling the Material and Immaterial Dissemination Rights in the Light of the Developments under the EU Copyright Acquis* (Tartu University Press 2020) 267–278.

- 7 The most prominent example of distinguishing between primary and secondary communication (dissemination) of a work is to be found under the right of distribution and its inherent limit in the form of the exhaustion principle. The principle exempts secondary and consequent distribution (e.g. resale of copies) from the right holder's control, provided that the initial distribution has been authorised. Hence, it is necessary to differentiate between the distribution of each new copy, which falls under the exclusive right and, therefore, requires authorisation, and the redistribution of already sold copies, which falls outside the right holder's control.

- 8 The exhaustion principle serves a number of objectives, such as resolving the conflict between property rights in a tangible embodiment of a work and copyright holder's rights to a copy or facilitating trade and free movement of goods.<sup>10</sup> Exempting resale of copies from authorisation by means of the exhaustion principle has also been explained by the fact that the right holder had a chance to ask for appropriate reward when selling a copy.<sup>11</sup> The question that arises is whether digital copies could and should be considered equivalent to tangible copies for the purpose of applying the exhaustion principle. Whilst theories relying on exhaustion resolving the property rights conflict or facilitating trade are of minor importance (if at all) in the digital realm, remuneration theory remains equally relevant. In fact, boundaries of the exclusive control over online dissemination are of great importance for access to works and their preservation, as well as to competition and innovation.<sup>12</sup>

10 Further on the theories of exhaustion, see P Bernt Hugenholtz, 'Adapting Copyright the Information Superhighway' in P Bernt Hugenholtz (ed), *The Future of Copyright in a Digital Environment* (Kluwer Law International 1996) 96–97; Ulrich Joos, *Die Erschöpfungslehre im Urheberrecht: eine Untersuchung zu Rechtsinhalt und Aufspaltbarkeit des Urheberrechts mit vergleichenden Hinweisen auf Warenzeichenrecht, Patentrecht und Sortenschutz* (CH Beck 1991) 51–67; Mezei (n 5) 6–14. Also, Lucas holding that the principle is backed by different types of considerations but lacking clear boundaries, André Lucas, 'International Exhaustion' in Lionel Bently, Uma Suthersanen and Paul LC Torremans (eds), *Global Copyright: Three Hundred Years Since the Statute of Anne, from 1709 to Cyberspace* (Edward Elgar Publishing 2010) 306.

11 Walter Blocher and Michael M Walter, 'Computer Program Directive' in Michael M Walter and Silke von Lewinski (eds), *European Copyright Law: A Commentary* (Oxford University Press 2010) 134. Also, Case C-128/11 *UsedSoft GmbH v Oracle International Corp* [2012] EU:C:2012:407, paras 62–63.

12 See Sganga (n 5) 230–232.

- 9 Whereas the exhaustion principle can be expressed in a variety of ways,<sup>13</sup> under the EU *acquis* it is harmonised in its most rigid form. According to Article 4(2) of the InfoSoc Directive, the distribution right is not exhausted except where a first sale or other transfer of ownership is taking place with the right holder's authorisation within the territory of the EEA. Hence, the provision simply exempts subsequent distribution from authorisation without contemplating circumstances of such distribution.<sup>14</sup> The wording of the principle has been influenced by the objectives beyond the mere delineation of the right holder's control over tangible copies.<sup>15</sup> Most importantly, it has been appropriated to solve the conflict between the exclusive rights under the national laws and the free movement of goods as one of the cornerstones of the EU internal market.<sup>16</sup>
- 10 The two-fold nature of the exhaustion principle under the EU copyright *acquis* has implicated its further development. Focusing on the free movement of goods in the internal market as the main rationale, preparatory works for the secondary EU law instruments, in particular the InfoSoc Directive, failed to acknowledge yet address the other function of the principle, i.e. it drawing a general boundary of exclusive control.<sup>17</sup> The CJEU,

13 For instance, under the copyright acts in Scandinavia, the exhaustion principle is worded in the way that a copy which has been handed over with the copyright holders' consent can be freely resold. Lag (1960:729) om upphovsrätt till litterära och konstnärliga verk, SFS 1960:729, 19 §; Lov om opphavsrett til åndsverk Mv. (Åndsverkloven) LOV-2018-06-15-40, § 27. Similar, the Model law on copyright developed prior to the extensive international harmonisation simply allowed resell of copies without authorisation or remuneration to the right holders, see Committee of Experts on Model provisions for legislation in the field of copyright. First Session. Draft model provisions for legislation in the field of copyright. Memorandum prepared by the International Bureau. II Draft provisions. CE/MPC/1/2-II 1989 [1989] 11.

14 Besides, of course, the territoriality of the rights.

15 For instance, it has first been harmonised for neighbouring rights under the Rental and Lending Rights Directive and at the time where the rental took off and it was necessary to delineate sale from rental. See more in Oprysk (n 9) 159–168; 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 L 376/28 (Rental and Lending Rights Directive) art 9 (2).

16 Frank Gotzen, 'Distribution and Exhaustion in the EC' (1990) 12 EIPR 299, 300–302.

17 At the time of the InfoSoc harmonisation, the principle

in turn, has interpreted the Directives harmonising the exhaustion principle inconsistently, alternating between literal and teleological interpretation, as well as between the different rationales of the principle. Whereas in *UsedSoft* the Court recalled the principle's function to delimit the exclusive control of the right holder to what is necessary,<sup>18</sup> in the recent *Tom Kabinet* judgment the Court has focused mostly on examining the legislative intent, largely overlooking the broader function of the principle.

- 11 The latter development is unfortunate, especially given the developments on the secondary communication falling under the scope of the rights other than distribution. As will be demonstrated in the following sections, *Tom Kabinet* presented an excellent opportunity to systematise the approach to secondary communication and to distinguish between the question of the boundary of control over particular forms of communication and the question of permissible conduct of a third party such as Tom Kabinet platform.

## C. The CJEU and the lack of general limits of control over the secondary communication

- 12 The stark distinction between the right of distribution (subject to the exhaustion principle) and the right of communication to the public under the EU copyright *acquis* was laid in the 1990s following the intensive international harmonisation of copyright. At the time of rapid technological development and the emergence of the Internet as a dissemination channel, the copyright holder's control over digital distribution had to be secured. This has led to the harmonisation of a broad communication to the public right, which covered

was copied from the previous Rental and Lending Rights Directive without any further elaboration, as it was considered to be a settled principle stemming from the preceding case law dealing with the cross-border movement of goods. Green Paper on Copyright in Information Society. COM(95) 382 final. 19 July 1995 [1995] 47. Proposal for a European Parliament and Council Directive on the harmonisation of certain aspects of copyright and related rights in the Information Society. COM (97) [1998] OJ C 108/6 45. Opinion on the proposal for a Council Directive on the legal protection of computer programs. Economic and Social Committee 89/C 329/02 [1989] OJ L 329/4.

- 18 To allow control over resale of copies downloaded from the Internet would go beyond what is necessary to safeguard the subject-matter, where the right holder *had a chance to obtain appropriate remuneration through the first sale*. See *UsedSoft* (n 11) paras 62–63.

acts ranging from secondary cable retransmission to any act (primary or secondary) of communication. Unlike the distribution right, the harmonised right knew no general boundary.<sup>19</sup>

- 13 With the InfoSoc Directive similarly drawing a distinction between distribution and communication rights, the question of the appropriate extent of exclusive control could have been settled prematurely. On the one hand, a variety of concerns have been mitigated by further technological development and available means of enforcing extensive control over individual copies of a work.<sup>20</sup> On the other hand, the online environment has enabled a variety of ways to engage with lawfully communicated content, which do not necessarily substantially interfere with its exploitation.<sup>21</sup>
- 14 The CJEU jurisprudence is a perfect illustration of the issues arising from the lack of flexibility resulting from seemingly denying any limit over the right holder's control over the communication of a work. AG Sánchez-Bordona has recently described the body of case law with a quote from Ansel Adams: "There is nothing worse than a sharp image of a fuzzy concept".<sup>22</sup> The jurisprudence of the Court interpreting the right of communication to the public concerns predominantly secondary communication, which relies either on authorised or unauthorised primary communication. The absence of a distinction between the primary and secondary communication, however, upsets the legal certainty, because cases which visibly interfere with a work's exploitation (e.g. unauthorised multiplication and upload of copies) are subject to the same criteria as a mere link to the work lawfully made available online.

- 15 Article 3(3) of the InfoSoc Directive strongly suggests that no limits comparable to the exhaustion principle ought to be placed on the acts falling under the right of communication to the public. Despite the restrictive wording, the Court has at times exercised remarkable flexibility when dealing with the boundaries of the communication to the public right.<sup>23</sup> The exclusivity of the right holder's control has occasionally been downgraded, leading to competition instead of foreclosing any market for subsequent exploiters of a work.<sup>24</sup> The Court has effectively exempted certain secondary acts of communication from the right holder's control without a reference to Article 3(3), using the arguments resembling the ones justifying exhaustion.<sup>25</sup>
- 16 The rigid regulation of the reach of exclusive rights, which fails to appreciate the circumstances of a case at hand, led to a situation where it is a matter of disputing the application of one or another right, rather than reasoning about the appropriate scope of exclusive control. The recent *Tom Kabinet* judgment has timely illustrated the deficiencies of the current legislative framework in providing satisfactory answers to the question of how far the exclusive control ought to stretch and why particular acts ought to be exempted from authorisation. The CJEU decision demonstrates both that extending the exhaustion principle to the digital environment might not be a viable solution and that a taxonomy of acts falling under the communication to the public is ever more pressing.

19 The adoption of the WIPO Copyright Treaty has been crucial to copyright development. In particular, Articles 6 and 8 harmonising the distribution and communication to the public rights. WIPO Copyright Treaty, adopted in Geneva on 20 December 1996.

20 On the role of technological protection measures in securing control over consumption, see Reto M Hilty, 'Kontrolle Der Digitalen Werknutzung Zwischen Vertrag Und Erschöpfung' (2018) 120 GRUR 865, 877.

21 For instance, hyperlinking is important to the functioning of the Internet and to sharing of the information without necessarily harming the interests of the right holders, when no duplication of a work through unauthorised upload occurs.

22 Case C-161/17 *Land Nordrhein-Westfalen v Dirk Renckhoff* [2018] EU:C:2018:634, Opinion of Campos Sánchez-Bordona, para 5.

23 See empirical study by Tito Rendas, 'Copyright, Technology and the CJEU: An Empirical Study' (2018) 49 IIC 153. Also, on the Court being motivated to reach a reasonable result at the expenses of traditional copyright concepts, providing flexibility by considering fair competition and market effect, see Thomas Riis, 'Ophavsrettens Flexibilitet' (2013) 82 NIR 139, 139–140.

24 Guido Westkamp, 'One or Several Super-Rights? The (Subtle) Impact of the Digital Single Market on a Future EU Copyright Architecture' in Kung-Chung Liu and Reto M Hilty (eds), *Remuneration of Copyright Owners*, vol 27 (Springer 2017) 39.

25 Sganga (n 5) 213, 227–228.

## I. Trying out exhaustion online: UsedSoft v Tom Kabinet

- 17 The first and the only instance where the CJEU has clearly fully endorsed the principle of exhaustion in the digital realm is the *UsedSoft* case, where a secondary market of software licenses was at stake.<sup>26</sup> *UsedSoft* sold “used” software licenses to next acquirers, which were then able to download a respective installation file directly from the vendor’s webpage. Although no transfer of copies was taking place in the traditional sense, the effect was that the use of particular software was transferred from one person to another. This, as far as users themselves were concerned, constituted resale of such a license.
- 18 The CJEU jumped right into the interpretation of the exhaustion principle under the Software Directive.<sup>27</sup> The Court concentrated on the core implication of the principle, namely the effect of restricting the reach of exclusive rights over secondary dissemination. As the CJEU noted, limiting the exhaustion principle to tangible copies would provide the right holder with excessive control over intangible copies, which would undoubtedly go beyond what is necessary to achieve the objectives of copyright protection.<sup>28</sup> The question was thus whether the immaterial nature of copies justified conferring broader protection than the one in place for tangible copies, even though the secondary EU law did not provide a clear basis.
- 19 The reference in *Tom Kabinet* presented an opportunity to consider extending the application of the exhaustion principle also to e-books falling under the InfoSoc Directive, potentially opening the floor for extending it to a variety of subject matters regulated by that Directive.<sup>29</sup> The Court denied the extension of the principle to e-books in the situation at stake. However, the decision is hardly a final say on the question; the extension of the principle to digital copies could, for instance, take place through legislative intervention. Even more so, the judgment

does not settle the issue of appropriate boundaries of other exclusive rights, namely the communication to the public right, the scope of which is everything but clear.

- 20 The Court has effectively avoided answering the question of what the consequences are for exercising the exclusive right to disseminate a work by distributing electronic copies for unlimited use against a one-time fee for the right holder’s exclusive control over the subsequent distribution of such copies. The national court has carefully phrased the questions in the language of the *UsedSoft* decision.<sup>30</sup> The CJEU has, however, rephrased them, shifting the focus of the enquiry and avoiding any closer examination of the consequences of the exercise of the right beyond the literal interpretation of the Directive.
- 21 The CJEU acknowledged the intent of the legislator to strictly distinguish between the distribution of tangible copies and dissemination of intangible copies for the purpose of applying exhaustion.<sup>31</sup> Compared to the *UsedSoft* decision, the Court did not spend much time considering whether distribution of e-books could be considered analogous to the sale of printed copies. It was recalled that the Court considered the sale of software by download from the Internet equivalent to the sale of software on a tangible medium, which then justified treating them in a similar manner in light of the principle of equal treatment.<sup>32</sup> The same could not be said about the sale of printed books and sale of e-books, as the latter do not deteriorate and are perfect substitutes, and their exchange requires no additional cost nor effort. This, the Court held, means that a parallel second-hand market would be likely to affect the interests of copyright holders in obtaining appropriate reward much more than the market for second-hand tangible objects, contrary to the objective of the high level of protection.<sup>33</sup>
- 22 The CJEU appears to have dealt with a variety of issues with remarkable efficacy. First is the relation between appropriate reward and the high level of protection as the objectives of the copyright *acquis*.<sup>34</sup> Second is assessing the likely impact of the

26 *UsedSoft* (n 11).

27 The discussion on the right itself went not much further beyond holding that “online transmission method is the functional equivalent of the supply of a tangible medium. See *UsedSoft* (n 11) para 61. The argument of the EC that such transmission fell under the right of communication to the public under the InfoSoc Directive was dismissed, as the Court stated that transfer of ownership taking place changes it into an act of distribution, see *UsedSoft* (n 11) para 52.

28 *ibid* paras 53-64.

29 Extending the principle to digital copies has been endorsed, among others, by Sganga (n 5) 234–237.

30 For instance, using the notion of “remuneration equivalent to the economic value of the work”. For the questions asked by the referring court, see *Tom Kabinet* (n 4) para 30.

31 *ibid* paras 41-52.

32 *ibid* para 57.

33 *ibid* para 58.

34 On the unclear stand of the high level of protection vis-à-vis other objectives of the *acquis*, see Alexander Peukert,

secondary market of e-books and determining what amounts to impact substantially higher than the one caused by the secondary market of printed books. The third is evaluating the economic equivalency of printed and electronic copies detached from the dissemination rationale of the exclusive rights and the appropriate reward to the authors. The question that arises is, hence, whether the conclusion reached in the *Tom Kabinet* case would equally apply to any case concerning the transfer of access to lawfully acquired content, whether or not enabled or supported by a third party.

- 23 Having dealt with the exhaustion principle, the Court proceeded to examine the communication to the public right. Here, the CJEU switched from the perspective of the right holder distributing electronic copies and the possible interference of the secondary market of such copies to examining the conduct of the Tom Kabinet platform facilitating secondary market. Hence, the question of what consequences dissemination of intangible copies has or ought to have on the extent of exclusive control remained unanswered, as well as the possible justifications for placing the boundaries similar to exhaustion.
- 24 The Court had no problem concluding that providing access to digital copies of a work to the registered users of the platform constituted an act of communication to the public.<sup>35</sup> Nowhere did the CJEU consider the significance of these copies being lawfully sold by the right holder or that access to these “used” copies actually required a payment of a fee. The Court reasoned that the public criterion had likewise been met. As there were no technical measures to ensure that only one copy may be downloaded and that after a transaction a copy is removed from a respective device, such communication reached a substantial number of persons.<sup>36</sup>
- 25 The assessment of the public appears to blend together two essential but separate issues in this case. First is whether (re)distribution of copies on an individual basis against a fee falls under the communication to the public right. Second is whether the lawfulness of such communication depends on the possible piracy implications. The former would call for considering whether a platform facilitating exchange between the individual users in lawful possession of a copy is breaching the communication to the public right. The latter would be a follow-up

question, exploring essentially whether other concerns, such as potential piracy, influence the conclusion in respect of the former question.

- 26 The CJEU’s reference to the new public is no less troublesome in this context. Although not explicitly, the Court acknowledged that the communication by the Tom Kabinet platform is taking place using the same technical means and proceeded to examine the possible new public reached by such communication. Surprisingly, it concluded that Tom Kabinet communicates e-books to the new public not taken into account by the right holder, because this public is not the same as the one that concluded the user license agreements.<sup>37</sup> Notwithstanding the general confusion over the application of the new public criterion, it must be noted that the assessment performed in *Tom Kabinet*, without a doubt, represents the most narrow view of the public taken into account by initial authorisation.<sup>38</sup>
- 27 Confining the intended public to users who concluded a user license agreement overlooks that the right of communication covers providing access to a work, including through making it available, irrespective of whether the public avails itself of such opportunity.<sup>39</sup> Hence, to state that the intended public comprises only of the persons who have acted upon an opportunity to conclude a user license agreement is flawed. The right holder offering e-books freely through its distributors cannot possibly know in advance who of the targeted audience will actually use an opportunity; the offer is confined to anybody willing to pay for access. Whereas subsequent upload of a copy acquired for private use onto a publicly accessible webpage would ultimately reach a public not taken into account, mere passing on of access to a copy to another user is not that straightforward. The important question is whether the first acquirer is allowed to transfer access to a work, which, from the copyright perspective, ought to be detached from mere provisions of an end-user license agreement.

37 *ibid* para 71.

38 This is somehow in line with the Court’s definition of the new public in the *Renckhoff* case, where it established that a new public was reached where a work has been posted on a different website because the original posting only intended to make it available to the users of that particular first webpage. Case C-161/17 *Land Nordrhein-Westfalen v Dirk Renckhoff* [2018] EU:C:2018:634, para 35. For the need to distinguish between a primary act such as upload and secondary act for the new public criterion, see Oprysk (n 9) 242–258; Ohly (n 9) 1003–1004.

39 Case C-610/15 *Stichting Brein v Ziggo BV and XS4All Internet BV* [2017] EU:C:2017:456, para 31.

‘Intellectual Property as an End in Itself?’ (2011) 33 EIPR 67, 67–68; Stef van Gompel, ‘Copyright, Doctrine and Evidence-Based Reform’ (2017) 8 JIPITEC 304, 307.

35 *Tom Kabinet* (n 4) para 65.

36 *ibid* paras 68–69.

28 Henceforth, the Court has performed a rather dissimilar analysis in the cases concerning essentially the same question: can the first acquirer transfer his or her access to an acquired copy of a work? Ultimately, the situations at stake were different, both given the subject matter, circumstances of such transfer, the role of an intermediary, and the possible interference of resale with the right holder's interests. However, the little emphasis on the qualifying *UsedSoft*'s conduct under the right of distribution in *UsedSoft* and the elaborate discussion of the Tom Kabinet platform could unlikely be explained solely by the different Directives the cases concerned.

## II. Placing limits on the reach of the communication to the public right

29 Communication to the public right developed into a broad access-like right, covering a wide variety of acts in connection with the presentation of a work, especially in the online context.<sup>40</sup> It encompasses virtually any new way of communicating a work's content to the public, as well as some traditional uses, previously regulated by different instruments, such as retransmissions and rebroadcast. No formal distinction is drawn between primary and secondary communication, although the jurisprudence of the CJEU might be interpreted as *de facto* taking the nature of communication into account.<sup>41</sup>

30 Unlike the right of distribution accompanied by the inherent boundary in the form of the exhaustion principle, the communication to the public right is not subject to exhaustion, pursuant to Article 3(3) of the InfoSoc Directive. The history of the provision is complex, and the meaning is ambiguous. Whereas it is often interpreted as ruling out any general limits on the reach of the right (e.g. exempting secondary communication),<sup>42</sup> it has also been suggested that the provision ought to be interpreted as concerning the mere resale of tangible copies.<sup>43</sup> The CJEU in *Tom Kabinet* similarly appears to have taken a narrow

view of Article 3(3), as it considers that provision to merely clarify whether the supply of copies falls within or outside the rule of exhaustion under Article 4(2).<sup>44</sup>

31 The CJEU refers to Article 3(3) only occasionally, despite the fact that it sometimes restricts exclusive control over subsequent communication. The latest judgment in *Tom Kabinet* presented a wonderful opportunity to explore the implications of Article 3(3) and the preceding case law of the Court on the extent of permissible control over secondary communication. The opportunity has not been used. The main criticism of the decision must be reiterated here: nowhere were the implications of the exercise of the right on the extent of further control over communication explored. For, if Article 3(3) clarifies nothing more than the non-application of exhaustion in the sense of exempting the resale of tangible copies, it does not automatically provide a rationale for conferring on the right holder total control over a work's communication.

32 The jurisprudence of the Court challenges the "borderless" picture of the exclusive communication to the public right by introducing the criteria that might exempt the acts from the exclusive control. Contrary to what is suggested by the literal reading of the Directive, the right of communication to the public is not so "borderless" under the jurisprudence. Setting aside delimiting the right's scope from the fundamental rights perspective,<sup>45</sup> the Court has, on several occasions, allowed uses which otherwise are captured by the broad right of communication to the public. The following sections will summarise the main leitmotifs under the jurisprudence exploring secondary communication: the exercise of the right, obtaining appropriate remuneration, and interference of secondary communication with the exploitation of a work.<sup>46</sup>

40 Jane C Ginsburg, 'Essay: From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law' (2002) 50 U.S. Intellectual Property: Law and Policy 113.

41 For instance, in the *Renckhoff* case, the Court clearly had to find a new public where a new upload of a work took place, following the previous jurisprudence on the new public in the context of hyperlinking. *Renckhoff* (n 38).

42 On Article 3(3) unnecessarily complicating the discussion on digital exhaustion see Ohly (n 1) 237.

43 Hilty (n 20) 867.

44 *Tom Kabinet* (n 4) para 33.

45 The judgments in *Funke Medien*, *Pelham* and *Spiegel Online*, see analysis by Christophe Geiger and Elena Izyumenko, 'The Constitutionalization of Intellectual Property Law in the EU and the *Funke Medien*, *Pelham* and *Spiegel Online* Decisions of the CJEU: Progress, but Still Some Way to Go!' (2020) 51 IIC 282.

46 For a more elaborate analysis of these tendencies, see Oprysk (n 9) 267–279, 301–313.



## 1. Exercise of the right through authorising initial communication

- 33 The specific subject matter of Intellectual Property (IP) is to enable exploitation of a work commercially, by marketing copies or making a work available, including through granting licenses.<sup>47</sup> Whereas the authorisation of public disclosure of a work is reserved to the right holders and no limits on the reach of the right of communication to the public are placed under the EU Directives, the CJEU has on few occasions exempted particular secondary communication from the reach of the exclusive right. Importantly, the Court has done so while emphasising the fact that the initial communication was authorised. For instance, in the *FAPL* case, where exclusive control over the importation of decoding devices was denied, the Court stressed the fact that the primary broadcast in question was authorised by the right holders.<sup>48</sup> On the other hand, in the *Coditel I* case, where control over cross-border retransmission was upheld, the entity retransmitting a signal did not have authorisation in the Member State where the broadcast originated.<sup>49</sup>
- 34 Traditionally, the fact of exercising the right is important for the application of the right of distribution, as it influences the ability to exercise further control over distributed copies. However, the Court seems to accord the authorisation no less attention in cases concerning the right of communication to the public. The CJEU has repeatedly emphasised the preventive nature of the rights and the right holder's consent to a particular communication.<sup>50</sup> In the *Renckhoff* case, for instance, the Court held from the outset that, subject to exceptions and limitations, any use of a work (communication to the public in that specific case) without the prior consent of the right holder infringes copyright.<sup>51</sup>
- 35 The fact of authorisation is closely connected to the notion of consent, i.e. to the fact that the right holder approved particular communication of a work, its circumstances, and particular parameters. Significance of consent and what can be implied from it is particularly prominent in cases where the Court

assesses the new public criterion. For instance, in the landmark *Svensson* case, the Court devoted very little attention to the fact of authorisation. Rather, the CJEU relied on the fact that the right holder contemplated access by the users in question when authorising the initial communication.<sup>52</sup> Hence, it could be inferred from the initial communication that its authorisation intended to make a work available to all the potential users. Likewise, the Court relied on the fact of consent to the initial communication where the secondary communication targeted the same circle of persons in the *AKM* case.<sup>53</sup>

- 36 These cases suggest that the right holders might have to accept some limits on the exercise of the right once communication is authorised. The limits are, of course, not absolute, but depend on a variety of considerations, the most important of which seems to be the reach of a new public as a new target audience. The new public appears as essentially an economic consideration, examining whether a new (and potentially paying) public is reached, which has not been contemplated by the initial authorisation. Furthermore, the jurisprudence suggests that any change in the way of exploitation renders the secondary act of communication infringing, even if the public covered by such secondary act has been taken into account by the right holder.<sup>54</sup> Hence, it appears that the logic behind the new public criterion is very much related to the idea that every use of a work shall be remunerated. Therefore, if a third party communicates a work through an act of secondary communication to the public which has not been contemplated by the initial communication, whether or not against any fee, it inevitably interferes with the exercise of the exclusive right to exploit and obtain remuneration for each use of a work.
- 37 Examining the new public criterion in the cases which do not concern secondary communication (i.e. not relying on the initial authorised communication) is, however, troublesome, as it leads to counterintuitive conclusions. Independent communication, such as upload of a work online for public access, ought to require the authorisation of the right holder in order to provide the latter with the means to control the availability of a work as well as the parameters of communication. Applying the new public criterion

47 See Case C-403/08 *Football Association Premier League Ltd and Others v QC Leisure and Others* and C-429/08 *Karen Murphy v Media Protection Services Ltd* [2011] EU:C:2011:631, para 107.

48 *ibid* para 120.

49 *ibid* para 119.

50 *Renckhoff* (n 38) para 44. Also, Case C-527/15 *Stichting Brein v Jack Frederik Wullems* [2016] EU:C:2017:300, para 25.

51 *Renckhoff* (n 38) para 16.

52 Case C-466/12 *Nils Svensson and Others v Retriever Sverige AB* [2014] EU:C:2014:76, paras 26–27.

53 Case C-138/16 *Staatlich genehmigte Gesellschaft der Autoren, Komponisten und Musikverleger registrierte Genossenschaft mbH (AKM) v Zürs.net Betriebs GmbH* [2017] EU:C:2017:218, paras 28–29.

54 Case C-607/11 *ITV Broadcasting Ltd and Others v TVCatchUp Ltd* [2013] EU:C:2013:147, paras 38–39.

in cases concerning a separate communication has led the Court to conclude that posting a work online enabling free access contemplates solely the users of that particular webpage, even in the absence of any technological measures to confine the access to the visitors of that webpage.<sup>55</sup> This, in turn, has led the Court to conclude in *Tom Kabinet* that, by distributing e-books the right holder only intended to communicate a work to the users who concluded a user license agreement, and that any other user accessing a particular copy constitutes a new public. This is a rather narrow understanding of the intended public and a broad understanding of the new public, which suggests that the right holder retains perpetual control over any communication taking place on the basis of individual licensing.

## 2. Appropriate remuneration obtained through authorisation

- 38 Another prominent consideration under the Court's jurisprudence is obtaining remuneration through authorising communication, as the specific subject matter of IP is enabling its commercial exploitation.<sup>56</sup> As the Court suggested in the *Coditel I* case, the essential function of copyright in enabling a work's exploitation depends on the type of work in question.<sup>57</sup> The development of technology and the online environment has to a certain extent removed the differences between the exploitation of various types of works, but they nevertheless persist and often determine the business model designed to obtain remuneration for the use of a work.
- 39 Similarly to the cases on the right of distribution and also in accordance with Recital 10 of the InfoSoc Directive, the Court has held in the context of the right of communication to the public that, although the aim of exclusive rights is to enable obtaining remuneration, the Directive does not guarantee the highest possible remuneration, but only an appropriate one.<sup>58</sup> Furthermore, the remuneration must be reasonable in relation to the service provided, i.e. to the estimated public and the parameters of communication.<sup>59</sup> The right holder is

free to negotiate the remuneration corresponding to the potential audience at the time of negotiating authorisation.<sup>60</sup>

- 40 This does not mean, however, that the remuneration obtained through the authorisation of primary communication is automatically appropriate and that any secondary communication relying on initial communication could be exempted from the right holder's exclusive control. For instance, if secondary communication relying on the initially authorised one is deemed to constitute a new use of a work, it may require separate authorisation even though it is directed to the same circle of persons. New use would mean a new way of exploiting a work; hence, the interests of the right holder in taking advantage of new opportunities would have to be safeguarded.<sup>61</sup> On the other hand, requesting additional remuneration for secondary communication not amounting to a new use nor targeting any new audience could be denied. For instance, the Court found that paying a premium based on territoriality went beyond what was necessary to safeguard the subject matter.<sup>62</sup> Similarly, in the *AKM* case, the request for additional remuneration for cable retransmission of broadcast to the same audience was denied on the basis that the right holder authorised broadcasting in that particular territory.<sup>63</sup>
- 41 The relevance of already obtained remuneration has not directly been examined in the *Tom Kabinet* case, where the referring Court has in fact specifically enquired about the consequence of the right holder distributing copies of e-books at a price by means of which the copyright holder receives remuneration equivalent to the economic value of the work belonging to him.<sup>64</sup> Safeguarding the right holder's control over resale of e-books seems to have been motivated exactly by securing the right holder's interest in obtaining an appropriate reward.<sup>65</sup> However, the Court could have elaborated further on the ability of the right holder to ask for appropriate remuneration at the time of sale of e-books and the justifications for sanctioning claims for additional remuneration. The Court has been rather brief in

55 *Renckhoff* (n 38) paras 34–35.

56 *FAPL* (n 47) para 107.

57 For films it would be every showing of a work, also with the view of broadcasting of a film. See Case C-62/79 *SA Compagnie générale pour la diffusion de la télévision, Coditel, and others v Ciné Vog Films and others* [1980] EU:C:1980:84, para 14.

58 *APL* (n 47) paras 107–108.

59 *ibid* paras 109–110.

60 *ibid* para 112.

61 On new use as requiring authorisation, see *TVCatchup* (n 54) paras 23–24.

62 *FAPL* (n 47) paras 115–116.

63 *AKM* (n 53) paras 28–29.

64 *Tom Kabinet* (n 4) para 30.

65 *ibid* para 58.

reaching a conclusion that, compared to the resale of tangible copies, transfer of electronic copies is likely to affect the right holder's interests much more.

### 3. Interference of secondary communication with the exploitation of a work

- 42 Whereas the CJEU has at times placed great weight on the fact of authorisation and remuneration obtained by the right holder, the potential interference of secondary communication with a work's exploitation has not explicitly been a part of the assessment. Nevertheless, many considerations which are taken into account by the Court essentially boil down to the presence of substantial interference. Reaching a new public or communicating a work through different technical means could be considered as interfering with the right holder's exploitation opportunities and the ability to obtain remuneration from a particular audience or through a particular dissemination channel.<sup>66</sup>
- 43 Secondary communication is likely to interfere with the exploitation of a work if it directly exploits a new market, such as rental of lawfully distributed copies. Such secondary dissemination would deprive the right holder of remuneration that could have been obtained from each copy if it were rented instead of being offered for sale, and possibly also undermine demand for copies distributed by the right holder on the primary market.<sup>67</sup> This would be equally relevant in the case of retransmission of broadcast on the Internet. In *TVCatchup*, for instance, even if retransmission reached no new audience beyond the same intended public in possession of a license, it interfered with exploitation by the unauthorised new use of a work.<sup>68</sup>
- 44 On the other hand, where the Court exempted the particular secondary communication from the exclusive control, there appeared to be no substantial interference with the work's exploitation. For instance, in the *Svensson* case, the CJEU concluded that providing links to a work made available on the Internet did not require an authorisation, if the links did not interfere with the intended public, i.e. where they did not circumvent access restrictions

(if any).<sup>69</sup> Similarly, in the *AKM* case, the Court allowed the Austrian law to exempt small cable installations from requiring authorisation under the communication to the public right, given that the authorisation of the initial broadcast covered the national territory and, hence, no new public was reached by the installation.<sup>70</sup>

- 45 In the *Tom Kabinet* case, the Court has also touched upon the interference with exploitation, even if indirectly. Namely, in the all-encompassing paragraph 58 of the judgment, the CJEU held that a secondary market of digital copies would likely affect the right holder's interests much more than a secondary market of printed books. The fact that the Court considered the actual effect of a secondary act on the work's exploitation is certainly welcomed. However, the analysis once again fell short of an in-depth assessment of factual interference, especially in the context of examining the conduct of *Tom Kabinet* under the communication to the public right. In particular, the referred questions could have been examined in the context of the *FAPL* judgment, where the Court denied control over cross-border trade of decoding devices necessary to access a broadcast on the grounds that it went beyond what is necessary to ensure the appropriate remuneration of the right holder.<sup>71</sup>

### D. Tom Kabinet and secondary communication: the need for intervention

- 46 The judgment in *Tom Kabinet* has further blurred the boundaries of the communication to the public and distribution rights. The issue at stake has been narrowed down by the Court to a mere question of whether the exhaustion principle applies. Whereas the CJEU commenced the assessment with the literal and contextual interpretation, pointing towards the conclusion that the right of distribution applies only to tangible copies,<sup>72</sup> the teleological interpretation only briefly explored the actual question at stake, namely the boundaries of exclusive control over authorised communication.<sup>73</sup>

66 On constructing the limits of the rights through the notion of consuming control as illustrated by the new public criterion, see Westkamp (n 24) 46.

67 Case C-158/86 *Warner Brothers Inc. and Metronome Video ApS v Erik Viuff Christiansen* [1988] EU:C:1988:242.

68 *TVCatchup* (n 54) paras 23-24.

69 *Svensson* (n 52) paras 25-32.

70 *AKM* (n 53) paras 26-29.

71 *FAPL* (n 47) paras 116-117.

72 *Tom Kabinet* (n 4) paras 34-45.

73 See also Kaiser on the real question of how far the exclusive rights should extend, Ansgar Kaiser, 'Exhaustion, Distribution and Communication to the Public – The CJEU's

- 47 It appeared clear to the CJEU that the sale of e-books could fall under the scope of the distribution right.<sup>74</sup> Hence, the Court examined the legislative intent and the differences between the tangible and electronic distribution of copies and arrived at the conclusion that the distribution in question did not fall under the distribution right but under the communication to the public right. The Court's reluctance to extend the application of the exhaustion principle under the InfoSoc Directive to e-books resold through the Tom Kabinet platform is understandable in the light of the principle's overreaching nature. At the same time, the decision paves the way for the legislator to step in and solve the arising incoherency under the *acquis*, which could potentially jeopardise harmonisation efforts in other areas, such as consumer protection.<sup>75</sup>
- 48 The judgment further emphasises a need for a comprehensive approach to the scope of control over subsequent dissemination, which would take into account the actual (or potential) interference of secondary communication with the work's exploitation. In *Tom Kabinet*, the Court concluded that the interference of the secondary market facilitated by the platform was greater than it would be in the case of printed copies. This suggests that the outcome of the assessment might be different, should the resale of electronic copies be organised in a way which does not differ substantially from a conventional secondary market of printed copies.<sup>76</sup> The question of qualifying the resale of digital copies of a work under Article 4(2) of the InfoSoc Directive might not have been settled for good.
- 49 Although rather mechanical, the CJEU's assessment of Tom Kabinet's conduct is fairly in line with the overall development, as briefly outlined in Part C of this paper. The crux of the Court's argumentation appears to lie in the impact of the resale of electronic copies on the right holder's (economic) interests.
- 50 As the exhaustion principle does not apply to copies which were sold without the right holder's authorisation, it is essential to emphasise the initial lawful putting of copies into circulation in the case of the Tom Kabinet platform.<sup>77</sup> Furthermore, the reference to the impact of the resale of digital copies on the right holder's economic interests with reference to obtaining an appropriate reward remains sterile without also assessing the significance of remuneration obtained through the initial sale of those copies.<sup>78</sup>
- 51 The CJEU jurisprudence indicates that, given that the right holder has exercised their right, whether or not with a view of obtaining remuneration, any insignificant interference ought not to necessarily be subject to further exclusive control.<sup>79</sup> The threshold of acceptable interference is by no means established, which is to the detriment of the legal certainty and potential secondary uses of a work which do not unreasonably prejudice the interests of the right holders. What has been confirmed once more in *Tom Kabinet* is that the economic considerations play an increasingly important role in the assessment. This shifts the discussion from qualifying an act under a particular right, which essentially determines the scope of control, to assessing the economic significance of secondary communication and its potential impact on the right holder's interests in exploiting a work.
- 52 However, taking into account the potential interference of secondary communication calls for differentiating between primary and secondary communication. For instance, the cases where communication is taking place on the conditions outside the right holder's control (unauthorised upload) must be distinguished from the cases where communication follows an authorisation and does not deprive the right holder of a new market.<sup>80</sup>

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Decision C-263/18 – *Tom Kabinet* on E-Books and Beyond' (2020) 69 GRUR International, 489, 495.

74 *Tom Kabinet* (n 4) para 37.

75 On the inconsistencies under the *acquis*, see Sganga (n 5) 228–230.; the need for legislator's intervention *ibid* 232–234. The incoherent framework could disrupt the efforts in the field of consumer contract law. Digital Content Directive adopted in 2019 provides that, where restrictions that prevent or limit use in accordance with these reasonable expectations stem from intellectual property rights, a consumer is entitled to the remedies for lack of conformity from a trader. Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services [2019] OJ L 136/1, art 10.

76 See also part C.I. of this paper.

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77 Not only in the context of the distribution right, but also the communication to the public right, see part C.II.1. of this paper.

78 *Tom Kabinet* (n 4) paras 58, with reference to para 48.

79 See previous part C.II.3.

80 For instance, unauthorised upload of a copy of a work must be distinguished from a mere link to authorised

In *Tom Kabinet*, the Court did not distinguish the circumstances of the case from the cases concerning secondary communication relying on initially infringing communication, i.e. contributory infringement cases.

- 53 So far, intermediaries have been subject to scrutiny mainly in the cases of clearly infringing uses either by them or by their users.<sup>81</sup> However, with platforms such as Tom Kabinet, intermediaries enter the field of facilitating less obviously infringing acts. This necessitates the distinction between the acts to which the lawful acquirers of content are entitled, and the acts potentially facilitated by intermediaries. The failure to clearly distinguish between them is well illustrated in *Tom Kabinet*. Whereas the national court asks about the consequences of the right holder exercising the right, which then potentially sanctions the resale of electronic copies by the acquirers as private persons, the CJEU instead goes on to examine the conduct of the platform itself when assessing the communication to the public right.
- 54 These are, however, two separate questions. The first is whether the right holder is entitled to prevent an acquirer of a lawful copy from transferring access to it. The second is whether the conduct of a particular platform facilitating such user acts is of such nature as to infringe the exclusive rights. Besides a potential hint in paragraph 58 of the judgment, no clear answer to the first question has been given. One could only speculate that the transfer of access to a copy between private persons, in theory, could still be admissible under the copyright *acquis*, whereas the model of Tom Kabinet facilitating such transfer is not. This is important because, unlike in a world of tangible copies, a transfer of access to a work in the digital environment in most cases would require an intermediary – either for facilitating finding a party to a transaction or actually providing technical means to do so, be it for transfer of the copies between the devices or transfer of access between the user accounts within a single centralised system.<sup>82</sup>

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copy. Furthermore, a link to authorised copy, making it accessible in circumvention of any restrictions placed on its availability, must be distinguished from a link which does not in any way interfere with the intended public.

- 81 Namely, the following cases: *Wullems* (n 50); *Ziggo* (n 4); *Case C-160/15 GS Media BV v Sanoma Media Netherlands BV and Others* [2016] EU:C:2016:644.
- 82 On the organisational and technical challenges for facilitating a secondary market for electronic copies, see Liliia Oprysk, Raimundas Matulevicius, and Aleksei Kelli, 'The Development of a Secondary Market for E-Books: The Case of Amazon' (2017) 8 JIPITEC 128, 134–137.

- 55 In a sense, the issue with the operation of the Tom Kabinet platform is much broader than the mere classifying of the conduct under one of the exclusive rights. Neither was the CJEU asked the questions designed to obtain a clear picture of what is permissible, nor did the Court attempt to provide one. It is regrettable though that the Court has not given further thought to the notion of the right holder obtaining remuneration corresponding to the economic value of a copy emphasised in *UsedSoft*, which the referring court has been relying on. If not providing a comprehensive answer to the admissibility of the Tom Kabinet business model, the judgment could have at least systematised the approach to the extent of exclusive control over authorised communication, whether falling under the distribution or communication to the public right.
- 56 It is obvious that the exclusive rights under copyright come into conflict with the individual consumption of works to a greater extent when the latter is disseminated in electronic form.<sup>83</sup> Copyright law-making is unlikely to be able to withstand adapting the framework, and solutions similar to exhaustion might be necessary to resolve the conflict of interests. For instance, the adoption of the Digital Content Directive aimed at traders of the digital content, whether or not actual copyright holders, presents one example.<sup>84</sup> The Directive appears to attempt bypassing the need to streamline copyright law by compelling the traders of digital content to conclude appropriate licensing agreements with the right holders to offer digital content on terms corresponding to reasonable consumer expectations.<sup>85</sup>
- 57 If anything, the judgment in *Tom Kabinet* further complicates the legal landscape of online content distribution by holding that the public to which communication of a work through the sale of copies was intended comprises solely of users who concluded user licensing agreements.<sup>86</sup> Plausible as it sounds in the everyday language, the widely criticised new public criterion has (at least so far) concerned the interference with economic

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83 See, for instance, *Hilty* (n 20) 874.

84 Directive (EU) 2019/770 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the supply of digital content and digital services [2019] OJ L 136/1, art 10.

85 For a comment, see Liliia Oprysk and Karin Sein, 'Limitations in the End-user Licensing Agreements: Is There a Lack of Conformity under the New Digital Content Directive?' (2020) 51 IIC 594.

86 *Tom Kabinet* (n 4) para 71.

exploitation of a work by interfering with the intended public confined to a particular territory or circle of persons.<sup>87</sup> In the realm of “individual” but standardised end-user licensing agreements, such reasoning appears to suggest that a license is not transferable, mandating the licensor to unilaterally enforce the conditions.<sup>88</sup> Simply put, the idea that the intended public comprises solely of users that accepted a standardised license agreement is flawed when an offer to conclude a license agreement is directed to any member of public (possibly territorially or otherwise restricted) willing to pay for access.

- 58 In sum, the judgment raises more questions than it answers. Having taken a narrow view of Article 3(3), the CJEU is likely to be asked to deal with the question of the relationship between the article and the construed on the go boundaries of the communication to the public right.<sup>89</sup> Furthermore, the full implication of taking such a narrow view on the intended public and such a wide view of the new public to which communication is addressed remains to be seen. In turn, the need to systematise the approach to primary and secondary communication becomes more urgent, as well as the need to elaborate on the notion of the interference with the work’s exploitation and its role in allowing certain uses of a work which do not unreasonably influence the right holder’s interests.

## E. Conclusion

- 59 The boundaries of exclusive rights under copyright have been subject to a lively academic and political debate in the last decades. With the online environment constantly driving innovation in terms of business models and commodification of copyright-protected works, the fundamental questions of under- as well as over-protection arise. These considerations have led to the early

87 For the criticism of the new public criterion, see P Bernt Hugenholtz and Sam van Velze, ‘Communication to a New Public? Three Reasons Why EU Copyright Law Can Do without a “New Public”’ (2016) 47 IIC 797. For the economic character of new public criterion, see Oprysk (n 9) 314–316.

88 On the position of a consumer acquiring digital content subject to individual licenses, see Lucie Guibault, ‘Individual Licensing Models and Consumer Protection’ in Kung-Chung Liu and Reto M Hilty (eds), *Remuneration of Copyright Owners: Regulatory Challenges of New Business Models* (Springer 2017) 208–213.

89 For the view that Article 3(3) of the InfoSoc should be revised in the light of development and the need to confine protection to what is necessary, see Oprysk (n 9) 325–328.

EU harmonisation of a broad access-like right of communication to the public, seemingly covering any known or yet to come ways of disseminating a work not involving tangible copies. The corresponding mechanisms of keeping the extent of protection in check did not follow.

- 60 The CJEU has constantly been dealing with requests for interpretation of the broad right of communication to the public, in particular in respect of secondary communication relying on the initially authorised one. Whereas Article 3(3) of the InfoSoc Directive suggests no boundaries of exclusive control over authorised communication, the Court has at times exempted certain secondary acts from authorisation, relying on a variety of economic considerations. This has led to the disparities between the provisions of secondary law and the interpretations provided by the Court.
- 61 The judgment in *Tom Kabinet* is a continuation of the case law exploring the potential of the exhaustion principle developed in the analogue era to provide a boundary of exclusive control online, where the broadly construed rights conflict with the individual consumption of a work, disposal of acquired copy, and a third party’s ability to provide additional services. The CJEU’s decision to refrain from the blank extension of the exhaustion principle to electronic copies is comprehensible, given the yes-or-no nature of the principle, which appears outdated in the digital realm. However, the judgment must not obscure the overreaching question, which is the appropriate limits on the exclusive control over authorised communication.
- 62 The article has placed the decision in *Tom Kabinet* in the broader context of the secondary communication under the copyright *acquis*. It has illustrated that the decision is in line with the developments under the jurisprudence. The Court has continuously emphasised the right holder’s prerogative in exploiting a work, determining the parameters of authorised communication, and obtaining an appropriate reward through authorisation. Furthermore, the (potential) interference of secondary communication with a work’s exploitation has inexplicitly become a part of the assessment, as the Court on few occasions exempted secondary acts from authorisation despite the seemingly clear language of Article 3(3) of the InfoSoc Directive.
- 63 The developments indicate that a broad access-like right of communication capturing the variety of acts in (in)direct connection to a work’s dissemination necessitates appropriate mechanisms to confine protection to what is necessary. Secondary communication relying on an authorised one, which was at the heart of the *Tom Kabinet* case, in particular, presents a case for reconsidering the assumptions

under the secondary EU law. Whereas a yes-or-no approach of the exhaustion principle might be too rigid for a careful balancing of the interests, the need for developing similar mechanisms is by no means excluded.

- 64 The decision in *Tom Kabinet* emphasises the need to systematise the approach to examine the acts which potentially fall under the communication to the public right, in particular, depending on whether primary or secondary acts of communication are concerned. As has been elaborated, a case-by-case approach which takes into account the initial authorisation of communication, remuneration obtained by the right holder, and the (potential) interference with a work's exploitation would be appropriate. Whereas the *Tom Kabinet* judgment points towards the direction of a casuistic approach, it also raises new questions. Further narrowing down the understanding of the intended public and expanding the notion of the new public conceal the issues at stake. The extent to which the right holder could exercise exclusive control over authorised communication will have to be revised if the copyright framework is to contemplate the appropriate boundaries of protection. The decision invites the legislator to step in and review the current framework in order to adapt it to the digital age and provide legal certainty for the market participants.