

GERMANY: Creating New Property Rights on the Basis of General Legal Concepts - Without Limits?

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Abstract: In two cases recently decided by two different senates of the German Federal Supreme Court (Bundesgerichtshof, BGH), the following issue was raised: To what extent can the filming of sports events organized by someone else, on the one hand, and the photographing of someone else's physical property, on the other hand, be legally controlled by the organizer of the sports event and the owner of the property respectively? In its "Hartplatzhelden.de" decision, the first senate of the Federal Supreme Court concluded that the act of filming sports events does not constitute an act of unfair competition as

such, and hence is allowed even without the consent of the organizer of the sports event in question. However, the fifth senate, in its "Prussian gardens and parks" decision, held that photographing someone else's property is subject to the consent of the owner of the grounds, provided the photographs are taken from a spot situated on the owner's property. In spite of their different outcomes, the two cases do not necessarily contradict each other. Rather, read together, they may well lead to an unwanted – and unjustified – extension of exclusive protection, thus creating a new "organizer's" IP right.

Keywords: Filming of amateur soccer games, unfair competition law, slavish imitation, taking unfair advantage of the reputation of services; photographing private property from private grounds, property right to the visual image of movable and immovable property, scope of the domiciliary right

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A.

1 Intellectual property protection has a history of increasing propertization, i.e., of subjecting a growing number of immaterial objects and use acts to the exclusive authorization of the right holder. Although propertization can be justified on the basis of personal rights (protecting the personality interests of creators and innovators) as well as by economic reasons (avoiding underprotection, the so-called tragedy of the commons), it is also commonly understood that legitimate access and use interests of the general public may not be disregarded, and that economic considerations also limit the granting of exclusive IP rights (avoiding overprotection, the so-called tragedy of the anti-commons). The crucial

and hotly debated issue is therefore where to draw the line between what should be the subject of exclusive protection and what should not.

2 If a particular use act of an immaterial object falls outside the limited number of existing IP rights and their defined boundaries, plaintiffs who want to prevent third parties from benefitting from, or building upon, their commercial activity, often feel tempted to invoke, and test the limits of, general notions of law in order to secure for themselves some sort of exclusivity. In this respect, two recent decisions by the German Federal Supreme Court (BGH) illustrate how plaintiffs invoked the rules against unfair competition in one case (unsuccessfully) and the right to physical property in another (successfully). True, both decisions concern areas of national law that

have not been subject to EU harmonization. However, since the conflict they undertook to solve undoubtedly exists in other EU member states as well, and because these two cases are perfect examples of both the mechanism and the driving forces behind the trend toward ever-increasing propertization, these two national cases merit discussion here.

B.

I. BGH of 28 October 2010, case I 60/09 - Hartplatzhelden.de¹

- 3 At issue in the first case was whether the soccer association of the Region of Wuerttemberg, whose task is to organize amateur soccer matches, could prevent the defendant from operating an Internet platform (www.hartplatzhelden.de) to which registered users could upload short filmed sequences of the amateur matches in question. The platform was financed by advertising revenue and viewing the material uploaded by the general public was free. The claim was based on a theory of unfair competition, but the real motive of the association was undoubtedly the desire to exclusively market the filming of amateur soccer matches (in much the same way as the Federal Soccer Association markets have for some time marketed the filming of professional soccer matches²), which it had failed to do thus far.
- 4 The court of first instance admitted the plaintiff's claim, and the defendant's appeal remained without success.³ The first senate of the Federal Supreme Court (for copyright, trademark, and unfair competition matters) reversed, refuting all claims based on unfair competition law. In particular, the court held that the defendant did not engage in an activity of taking unfair advantage of or causing damage to the reputation of the imitated goods or services within the meaning of § 4 No. 9 b of the German Act against Unfair Competition (which, in its language, is similar to Art. 5 (2) of the EU Trademark Directive), since the defendant was not offering services (making films available via an Internet platform) that imitated the plaintiff's services (organizing soccer matches). Rather, the defendant's services built upon the plaintiff's services (in this respect, it may be noted that the BGH left open the question whether the activity of organizing soccer matches can qualify as a service within the meaning of § 4 No. 9 of the German Act against Unfair Competition at all). In addition, the BGH did not find any taking unfair advantage of, or causing damage to, the reputation of the plaintiff's services, since no transfer of the reputation of the plaintiff's services to the services of the defendant could be found. Moreover, according to the BGH, the defendant's activity did not violate the general clause of unfair competition (§ 3
- (1) of the German Act against Unfair Competition). Although not totally ruling out the possibility of protection for the entrepreneurial results of organizational efforts, the BGH requires for such protection an overriding interest of the plaintiff vis-à-vis the equally protected interest of the defendant, since the latter can avail itself of the protection by the constitutional right of freedom of information and exercise of a commercial activity (Arts. 5 (1) and 12 (1) of the German Constitution). Moreover, in view of the fact that the great majority of amateur games are currently not televised, the interest of the general public also weighs against the interests of the plaintiff. In sum, in view of the fact that the plaintiff's economic activity did not depend on the marketing of the games it organizes, and also in view of the fact that the plaintiff had so far not undertaken efforts of marketing audiovisual recordings of the games, the BGH could not find an overriding interest of the plaintiff that eventually might have given rise to protection by way of the law of unfair competition. According to the court, there is no need to have someone who has offered a service participate in the proceeds of all subsequent exploitations of that service. Similarly, the BGH did not consider the defendant's service as a targeted interference with the plaintiff's service (§ 4 No. 10 of the German Act against Unfair Competition), nor did the BGH conclude to legal protection on the basis of the plaintiff's tort claim regarding interference with its established commercial enterprise ("Eingriff in den eingerichteten und ausgeübten Gewerbebetrieb").⁴
- 5 This makes sense, particularly in view of the fact that German copyright contains a special exclusive right for organizers of performances by performing artists (§ 81 of the German Copyright Act). Moreover, in an earlier decision, the BGH had refused to apply this provision – either directly (soccer players are not performing artists since what they perform is not copyrighted work) or by way of analogy – to organizers of sports events.⁵ Construing such protection on the basis of unfair competition law would therefore have disregarded the legislative decision to limit the exclusive protection to organizers of performances of performing artists, and it would have undermined the rule that absent a special intellectual property right and unless additional unfair elements of a defendant's conduct are found, competition remains free.⁶
- 6 However, it should be noted that the first senate of the BGH also confirmed that a soccer association may well, via its member clubs, reserve for itself the right to exploit the games by way of filming on the basis of the club's domiciliary rights (*Hausrecht*), which have their basis in the right of ownership of the stadium and the respective premises. As a matter of fact, it was on the basis of this right that the BGH, in earlier decisions regarding the audiovisual exploitation of professional soccer games, had construed the le-

gal exclusivity in favor of the German soccer association.⁷ But in the present case, the plaintiffs had not pleaded a violation of any domiciliary rights. This may have been due to the fact that some of the film clips were taken from outside of the premises of the (usually rather small) regional and local clubs, that the clubs were not the owners of the soccer fields they were playing on, or that they – or the real owner – had not objected to the films being taken by spectators. Of course, with regard to the future, it will be important to know whether soccer clubs will make use of their domiciliary rights, and if so, what the scope of the domiciliary right is. In this respect, the second of the two decisions discussed here may shed some light, though it does not deal with the filming of sports events but rather with the photographing of physical objects.

II. BGH of 17 December 2010, V ZR 45/10 - Prussian Gardens and Parks⁸

7 In the second of the two cases discussed here, the issue was whether the state foundation responsible for maintaining Prussian gardens and parks could stop a photo agency from offering, via an Internet platform, photographs of the castles and gardens which the agency had made on its own account or upon commission by third parties. In this case, the plaintiff based its claim on the property right in the land surrounding the castles and of the gardens.

8 Here, the court of first instance admitted the plaintiff's claim, but the defendant's appeal was successful.⁹ However, the fifth senate (for, inter alia, matters concerning land property) also reversed, and thus – contrary to the “Hartplatzhelden.de” decision – decided in favor of the plaintiff. In particular, the court held that although photographing someone else's property does not interfere with the property's physical substance or with the owner's right to use the physical object of that property, it nevertheless interfered with the owner's right to exploit the outer appearance of the object of legal ownership, as long as the building or garden in question was photographed from a spot on the surrounding grounds. This right does not, however, extend to photographs taken from places outside of the owner's grounds (deciding otherwise would indeed undermine the legislative decision according to which even copyrighted works may be photographed without permission if the picture is taken from a public place; see § 59 of the German Copyright Act). But according to the court, the right is not limited to the act of photographing itself, but purportedly also extends to subsequent exploitation acts made by the photographer and even by third parties. Although not openly admitting it, the court thus did in fact conclude from the property right in the grounds and the

domiciliary right that comes with it to an exclusive right to photograph physical objects on the ground in question. In the case at the bar, this result was not even altered by the fact that the foundation had made the grounds accessible to the public. If the case was nevertheless remanded, the reason was merely that the lower courts had not sufficiently ascertained whether the foundation was in fact the owner of the castle and garden grounds.

9 In legal literature, the reasoning of this decision was unanimously rejected. As a matter of fact, hardly ever has a judgment of the German Federal Supreme Court been so heavily criticized.¹⁰ True, in a similar situation, an earlier decision of the BGH from the 1970s had accepted the plaintiff's claim.¹¹ In a later decision, however, the first senate of the BGH had clarified that the physical property of an object did not include an exclusive right of the owner to authorize the making and subsequent exploitation of photographs taken from this particular object.¹² Moreover, although it is true that copyright in the expression of an object has to be distinguished from physical ownership of the copyrighted object itself,¹³ in the decision just mentioned the first senate of the BGH had concluded that the copyright limitation to freely photograph copyrighted works which are permanently located at public places and streets (§ 59 of the German Copyright Act) cannot be undermined by any property right in the object photographed.¹⁴ It is indeed difficult to see how the present holding of the fifth senate can be brought in line with these earlier holdings of the first senate of the BGH. This is all the more true since the foundation had admitted the public to the castle and garden grounds, which – in copyright literature – is considered sufficient to trigger the copyright exception and hence give rise to the corresponding freedom to photograph someone else's physical property. Most important, however, in its “Prussian gardens and parks” decision the BGH gives the domiciliary right of the owner of physical premises an unprecedented and unduly broad scope. The domiciliary right is the right of the owner to control physical access to his or her premises. This includes the conditions under which access is granted. Therefore, the owner may undoubtedly link the authorization to access his or her premises to a prohibition to take photographs (it is, of course, another matter whether a public entity is obliged to grant unconditional access to the general public). But the domiciliary right does not extend beyond the physical confines of the premises to which it attaches. In other words, contrary to the opinion of the BGH, once photographs taken in violation of a domiciliary right are brought outside of the protected premises, their further use is not illegal. The owner may be able to prevent the photographer from exploiting the photographs taken in violation of the domiciliary rights on the grounds of breach of contract. But there is no doctrine comparable to the “fruits of the poisoned tree” that would

prevent third parties from marketing photographs that have been made by a photographer in violation of someone else's domiciliary right. This appears to also be the opinion of the BGH in its decisions regarding the rights of the organizers of sports events, which up until now have not been considered as true exclusive rights. Ultimately, when movable objects are photographed, the decision of the BGH seems to lead to the absurd result that the owner of the movable object cannot object to photographs being taken, but the owner of the premises on which the movable object is located could.

C.

- 10 The "Prussian gardens and parks" decision of the fifth senate of the German Federal Supreme Court may be very badly reasoned, if not blatantly wrong altogether. However, it cannot simply be disregarded. This gives rise to the question of whether it is in conflict with the decision handed down by the first senate of the BGH in the "Hartplatzhelden.de" case. After all, whereas the Wuerttemberg soccer association did not succeed with its claim for exclusivity in marketing films of the matches organized under its auspices, the foundation's claim for controlling the exploitation of photographs and films being taken from its castles and gardens (provided the foundation is its true owner) was accepted.
- 11 Here, it may first be noted that although "Hartplatzhelden.de" was already decided on 28 October 2010, the full reasoning was only published by the court in spring 2011. Hence, it may well be – or even is highly probable – that in deciding "Prussian gardens and parks" on 17 December 2010, the fifth senate wasn't fully aware of the first senate's reasoning. However, even if the outcome of the two cases is different, the two decisions do not necessarily contradict each other. In "Hartplatzhelden.de," the first senate of the BGH refuted the plaintiff's claims based on unfair competition but, in doing so, expressly referred to the protection available to the organizers of sports events on the basis of the domiciliary rights of the owners of the sports stadiums. Although the first senate may well have worked on the implicit assumption that the scope of the domiciliary right is limited and that, therefore, it does not grant to the owner of the premises an exclusive right with regard to the filming of sports events, the decision of the fifth senate now defines the scope of the domiciliary right, transforming it into a true exclusive right with regard to the exploitation of photographs and films of the sports events organized. In other words, in spite of the fact that the organizers of sports events lost their case before the first senate of the BGH, their rights seem to have been greatly reinforced by the decision of the fifth senate. Contrary to the first senate, the fifth senate, however, reached its much broader conclusion by – only sketchily – referring to existing norms. It did not embark upon an analysis of the economic need for such a far-reaching exclusive protection, nor did it analyze the effect of such protection on competition in the relevant market.
- 12 But perhaps the decision handed down by the fifth senate can be read in a more narrow way, after all. Perhaps it refers only to objects that form part of the property of the premises (under German law, buildings as well as fixtures thereto form part of the grounds on which they are erected or from which they cannot be separated without being destroyed, and hence are covered by the legal property title to the grounds). Understood in this way, the decision would not be relevant to the making of photographs of movable objects (according to the fifth senate the general rule that ownership of movable objects does not include the exclusive right to control the making of photographs shall remain untouched). However, in practice, even such a limited scope of the decision leads to the rather absurd result that the exclusivity granted with regard to the filming of the grounds and buildings (which as such merely serve as a backdrop to the images taken) would then serve as the basis of monopolizing the filming of the sports events organized on the premises protected. Finally, it should be added that personality rights of the sports players also play a role.
- 13 All this demonstrates that an increase in propertization such as the one effectuated by the German "Prussian gardens and parks" decision is much better placed in the hands of the legislature (ideally the EU legislature), which could give such an exclusive right more precise contours. That is, if one is of the opinion that propertization should indeed be extended with regard to the marketing of sports events at all.

- 1 GRUR 2011, 436. – All decisions by the German Federal Supreme Court (BGH) are available online at the court's website at <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/list.py?Gericht=bgh&Art=en&Datum=Aktuell&Sort=12288>.
- 2 For confirmation of the legal exclusivity with regard to professional matches, see the references in note 7.
- 3 See Landgericht (LG) Stuttgart of 8 May 2008, case 41 O 3/08 KfH, MMR 2008, 551 and Oberlandesgericht (OLG) Stuttgart of 19 March 2009, case 2 U 47/08, MMR 2009, 395.
- 4 See already the earlier decision of the BGH of 29 April 1970, case I ZR 30/68, GRUR 1971, 46 – *Bubi Scholz*.
- 5 BGH of 14 March 1990, case KVR 4/88, GRUR 1990, 702 – *Sportübertragungen*; see also OLG Hamburg of 11 October 2006, case 5 U 112/06, GRUR-RR 2007, 181 – *Slowakischer Fußball*.
- 6 For a generally approving comment, see *Armah*, GRUR-Prax 2011, 175; *Feiler*, K&R 2011, 342; *Körber/Ess*, WRP 2011, 697.
- 7 See BGH of 14 March 1990, case KVR 4/88, BGHZ 110, 371 – *Sportübertragungen*; of 11 December 1997, case KVR 7/96, BGHZ

- 137, 297 – *Europapokalheimspiele*; and of 8 November 2005, case KZR 37/03, BGHZ 165, 62 – *Hörfunkrechte*.
- 8 GRUR 2011, 323 with note by *Lehmert*; ZUM 2011, 327 with note by *Stieper*, JZ 2011, 371 with note by *Schack*. – The same day, the Federal Supreme Court also decided two parallel decisions by the same plaintiff, one against a film publisher who distributed a DVD on the city of Potsdam (case V ZR 46/10, ZUM 2011, 333; for the decision of the court of appeals, see OLG Brandenburg CR 2010, 393) and the other against the operator of an Internet platform from which photographs of the castles and gardens could be downloaded against payment of a fee (case V ZR 44/10, ZUM 2011, 325; for the decision of the court of appeals, see OLG Brandenburg ZUM 2010, 356, and for the first instance, LG Potsdam ZUM-RD 2009, 223).
 - 9 See LG Potsdam of 21 November 2008, case 1 O 161/08, ZUM 2009, 430 with note by *Ernst*, and OLG Brandenburg of 18 February 2010, case 5 U 13/09, GRUR 2010, 927.
 - 10 *Schack*, JZ 2011, 375; *Stieper*, ZUM 2011, 331; *Lehmert*, GRUR 2011, 327; *Schabenberger*, GRUR-Prax 2011, 139, and already earlier *Bullinger/Bretzel/Schmalfuß* (eds.), *Urheberrechte in Museen und Archiven*, 2010, pp.85 et seq.; *Maaßen*, GRUR 2010, 880; *Ernst*, ZUM 2009, 434; *Seiler*, K&R 2010, 234. – See, however, *Prenzel*, *Bildzitate*, pp.205 et seq., referred to by the BGH.
 - 11 BGH of 20 September 1974, case I ZR 99/73, GRUR 1975, 500 – *Schloß Tegel*. – In an even earlier decision, the BGH had held that reproducing an object not from the original but from a reproduction did not infringe the property right of the owner of the object reproduced; see BGH of 13 October 1965, case Ib ZR 111/63, BGHZ 44, 288 = GRUR 1966, 503 – *Apfel-Madonna*.
 - 12 BGH of 9 March 1989, case I ZR 54/87, GRUR 1990, 390 – *Friesehaus* (for immovable property); see also later LG Hamburg of 30 April 1993, case 324 O 77/93, AfP 1994, 161 (movable property).
 - 13 See, e.g., BGH of 23 February 1995, case I ZR 68/93, BGHZ 129, 66, 70 = GRUR 1995, 673 – *Mauer-Bilder*.
 - 14 BGH of 9 March 1989, case I ZR 54/87, GRUR 1990, 390 – *Friesehaus*; of 5 June 2003, case I ZR 192/00, GRUR 2003, 1035 – *Hundertwasserhaus*.