Spanish Supreme Court Rules in Favour of Google Search Engine... and a Flexible Reading of Copyright Statutes?

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Abstract: On 3 April 2012, the Spanish Supreme Court issued a major ruling in favour of the Google search engine, including its 'cache copy' service: Sentencia n.172/2012, of 3 April 2012, Supreme Court, Civil Chamber.*

The importance of this ruling lies not so much in the circumstances of the case (the Supreme Court was clearly disgusted by the claimant's 'maximalist' petitum to shut down the whole operation of the search engine), but rather on the court going beyond the text of the Copyright Act into the general principles of the law and case law, and especially on the reading of the three-step test (in Art. 40bis TRLPI) in a positive sense so as to include all these principles.

After accepting that none of the limitations listed in the Spanish Copyright statute (TRLPI) exempted the unauthorized use of fragments of the contents of a personal website through the Google search engine and cache copy service, the Supreme Court concluded against infringement, based on the grounds that the three-step test (in Art. 40bis TRLPI) is to be read not only in a negative manner but also in a positive sense so as to take into account that intellectual property – as any other kind of property – is limited in nature and must endure any *ius usus inocui* (harmless uses by third parties) and must abide to the general principles of the law, such as good faith and prohibition of an abusive exercise of rights (Art. 7 Spanish Civil Code).

The ruling is a major success in favour of a flexible interpretation and application of the copyright statutes, especially in the scenarios raised by new technologies and market agents, and in favour of using the three-step test as a key tool to allow for it.

Keywords: Limitations, Three-step test, Fair use, Ius usus inocui, Abuse of right, Good faith, Safe harbors, Links, Search engines, ISP liability, Temporary copying

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A. The case

1 In 2006, the owner of a web page (<www.megakini.com>) sued Google Spain for the unauthorized reproduction and making available of its contents by means of the Google search engine and the Google Cache service, seeking damages for an amount of 2,000 euros as well as an injunction to prevent Google Spain from further operating its search engine service.

2 The courts had to decide whether either one or both of these unauthorized uses qualified as an infringement:

- the reproduction and display of some fragments of the web page contents ('snippets') under the

links resulting from the operation of the search engine by the users,

- and the reproduction and making available of the whole web page contents under the 'Google Cache service'.

3 There was yet another unauthorized act of exploitation, namely the reproduction of the web pages' html code (and contents) in order for the search engine to operate; both parties agreed that this was exempted under the temporary copies limitation of Article 31.1 TRLPI (*ex* Art. 5.1 InfoSoc Directive),[1] and all the courts (at first instance, on appeal and now the Supreme Court) agreed to that.

4 For the rest, both the lower court, (*Juzgado Mercantil* n.5 de Barcelona, ruling of 30 March 2007) and, on appeal, the Provincial Audience of Barcelona (sec.15, ruling of 17 Sept. 2008) concluded against the claimant on both counts – albeit on different grounds. The Supreme Court also ruled in favour of Google and had the opportunity to confirm and expand on some of these arguments.

I. The first instance ruling

5 The lower court, Commercial Court n.5 of Barcelona, concluded against the claimant, finding that by posting the webpage on the Internet, the claimant had implicitly consented to its use by search engines. Indexation by search engines is a socially tolerated use, and it is implicitly sought by the author when posting a website to achieve the widest availability since indexation by the Google search engine could easily be prevented. The court mentioned that the exercise of copyright must be constrained by the general law principles of good faith and prohibition of an abuse of right, and considered that only small fragments of the webpage were being reproduced in a temporary and provisional form (as exempted under Art. 31.1 TRLPI, *ex* Art. 5.1 EUCD), and to the extent that was necessary for the functioning of the search engine. Together with an 'integrated interpretation' with the conditions in the ISP liability safe harbors for 'proxy caching' (Art. 15 LSSICE,[2] *ex* Art. 13 e-Commerce Directive[3]) and for 'search engine/links' (Art. 17 LSSICE), the Court concluded that the unauthorized reproductions done by Google through the search engine and cache service did not infringe the copyright on the claimant's website. Furthermore, the Court expressly rejected an infringement of the moral right of attribution because Google was not claiming authorship on the webpages listed.

II. The appeal court ruling

6 On appeal, the court also refused to find infringement for the unauthorized uses done by both the Google search engine and cache services.

7 The Court concluded that the search engine uses (reproduction and making available of fragments of the webpage contents as displayed under the resulting links) were 'so temporary, incidental and minimal' that they lacked any infringing stature.

8 As to the cache service, the court denied that the temporary copies limitation in Article 31.1 TRLPI (*ex* Art. 5.1 EUCD) could exempt it, since this kind of reproduction was neither technically necessary for the functioning of the search engine nor 'temporary' (in fact, the 'cache service' offers access to 'old' web pages, no longer available online). Furthermore, the Court acknowledged that the cache copying done by Google could neither be exempted under the 'proxy caching' safe harbor (Art. 15 LSSICE, *ex* Art. 13 e-Commerce Directive) because it was not done within the provision of 'a transmission service' (Google is not an Internet access provider), nor under the search engine/links safe harbor (Art. 17 LSSICE) because – despite being indeed applicable to the Google search engine – it only exempts liability for infringing content of the linked website, not for the unauthorized acts of exploitation of any copyrighted material done by the ISP itself.

9 Nevertheless, the court refused to qualify the unauthorized uses done by Google (reproduction and making available) under its cache service as infringing, because these were not substantial enough to amount to an infringement. Several reasons were given for that. According to the appeal court, the three-step test (Art. 40bis TRLPI), which must guide the interpretation of all the statutory limitations to the exclusive rights, must be read both in positive and negative terms, since the intellectual property rights cannot be deemed absolute. The court went as far as drawing a parallelism with the 'fair use' doctrine and even examined the circumstances of this case under the four factors in Sec. 107 US Copyright Act.

10 In addition, the court concluded that the *ius usus inocui* (a traditional limitation to real state property which allows for harmless uses of property by third parties) must also be applied to intellectual property to the extent that it is a natural limit to property rights aimed at preventing an absurd and abusive exercise.

11 The Court considered that 'common sense' must prevail to avoid turning an activity, the cache service, into an infringement, since it only involves an 'ephemeral and incidental' reproduction and communication to the public. It is a 'socially tolerated' use

that has been implicitly accepted by any author who posts his work online in order to achieve the widest possible divulgation and access by Internet users, and thus benefits the interests of the claimant/author.

12 However, the Court added that this conclusion did not exempt Google from complying with some minimum requirements when providing this cache service, and expressly referred to the conditions listed for the proxy-caching safe harbor in Article 15 LSSICE (*ex* Art. 13 e-commerce Directive); namely, that the provider does not modify the information, complies with conditions on access to the information and with rules regarding the updating of the information, does not interfere with the use of technology to obtain data on the use of the information, and acts expeditiously to remove or to disable access to the information stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such a removal or disablement.

III. The Supreme Court ruling

13 The claimant further appealed to the Supreme Court. The Supreme Court denied the appeal, confirming and rephrasing the grounds used by the appeal and lower courts and enjoining the claimant to cover Google's fees.

14 Before examining the claim, the Supreme Court had to decide on its admissibility. Claims are only admitted to be examined by the Supreme Court in specific circumstances – among them, that the law applied had been issued within the previous five years. Google opposed its admissibility because (among other reasons) the temporary copy exception in Article 31.1 TRLPI (introduced by Act 23/2006) had not been applied by the appeal court. The Supreme Court concluded that precisely because the application of Article 31.1 TRLPI had been rejected in favour of the three-step test in Article 40bis TRLPI (which founded the appeal ruling), it granted sufficient grounds for admissibility.

15 Once admitted, the Supreme Court examined all the claims raised by both parties in full detail.

16 According to the Supreme Court, the reference to the *fair use* doctrine made by the appeal court was not a decisive factor of that ruling; rather, it is the doctrine of *ius usus inocui* (the right to make a harmless use of someone else's property) which was decisive in the appeal ruling (Fund. 5 ruling #1). The court explained that the claimant intends to exercise his right in strict observance of the statutory language only – 'as if anything that is not written does not exist' – and concluded that general principles of the law must be applied to overcome the deficiencies in statutory language, especially in case of incoherence (antinomies) or in circumstances which are not specifically regulated by statutes, as happens in this case (Fund. 5 ruling #2). The Supreme Court took the opportunity to state that the more written statutes there are, the more relevant the principles of law become, and expressly questioned whether 'a statute should be so detailed – even when dealing with a closed list of exceptions – as to envision what is obvious and elementary' (Fund. 5 ruling #3).

17 The Supreme Court held that although the temporary copying limitation (Art. 31.1 TRLPI, *ex* Art. 5.1 EUCD) – interpreted according to the three-step test (Art. 5.5 EUCD) – would not allow for the cache copy service offered by Google, the same result would not be true regarding the reproduction of fragments of the linked websites because of its insignificance and informatory purposes (Fund. 5 ruling #5). The court also reminded us that the requirement that the temporary acts of reproduction do not have an economic significance (*ex* Art. 5.1 EUCD) must apply to the acts of reproduction *per se* (that is, reproduction of fragments and cache copying), not to any other activities that Google may entertain on its website, namely, advertising (Fund. 5 ruling #7).

18 Furthermore, the Supreme Court explained that the three-step test (Art. 40bis TRLPI) is not only to be used as a 'negative' interpretation criterion but also in 'positive' terms, incorporating the specificities of the general principles of the law into the copyright statute: namely, the doctrine of the *ius usus inocui*, the principle of good faith (Art. 7.1 Civil Code), the prohibition of abuse of right (Art. 7.2 Civil Code), as well as the Constitutional construction of property as a limited (non-absolute) right. Specifically, the court examined the terms 'normal' exploitation and 'legitimate' interests in the three-step test within the specific circumstances of this case and concluded that the claim was ultimately aimed at causing harm to Google, and even acquiring some fame, rather than at the protection of any copyright interests (Fund. 5 rulings #5-6). In short, although the limitations and exceptions must be narrowly interpreted, neither the temporary copying exception (Art. 31.1 TRLPI) nor the three-step test (Art. 40bis TRLPI) excludes the application of the *ius usus inocui* doctrine and the general principles of abuse of right and good faith (Fund. 5 ruling #6).

19 Furthermore, the Supreme Court made clear that it intended neither to introduce a new statutory limitation nor to validate all of Google's activities. Rather, the ruling was based on the grounds that the protection of copyright and its limitations do not allow for abusive claims (against any legitimate interests or the normal exploitation of works); that the closed regime of statutory limitations should

not lead to 'absurd scenarios'; and that copyright law must be exercised to protect copyright interests rather than to foster 'arbitrary claims' aimed solely at harming the defendant (Fund. 5 ruling #8).

20 The Supreme Court expressly stated that the ruling extends only to the specific circumstances of this case (it has no effect on 'other circumstances or previous judicial rulings'). Furthermore, it stressed the fact that the claim was not restricted to the unauthorized use of the claimant's website (i.e. to delete the cache copy or the fragments of his website appearing in the search results), but rather attempted to stop the whole operation of the search engine because Google is making profit with advertising (Fund. 5 ruling #6).[4] According to the Supreme Court, it is precisely this 'maximalist' claim which explained both previous rulings on first instance and on appeal (Fund. 4) and, obviously, its own.

B. Comments

21 The rulings in this case offer multiple grounds for comments; we will focus on three: on the scope of ISP liability safe harbors, the scope of the temporary copy exception and the role of the three-step test. Each must be evaluated within the specific circumstances of this case, which were not always clearly distinguished in the rulings: on the one hand, the search engine service provided by Google (comprising the prior indexing and reproduction for the functioning of the search engine, and the subsequent display of the results by means of reproducing an extract and by linking to the original website) and, on the other, its complementary cache copy service.

I. The scope of the safe harbors

22 On the scope of the ISP safe harbors, both the first instance and appeal rulings provided for some interesting reading.

23 The lower court did an 'integrated interpretation' of the temporary copies exception (Art. 31.1 TRLPI, *ex* Art. 2.1 EUCD) and the ISP safe harbors for 'proxy caching' (Art. 15 LSSICE, *ex* Art. 13 e-commerce Directive) and search engines/links (Art. 17 LSSICE)[5] and concluded that the unauthorized reproductions done by Google through its search engine, as well as the cache service, did not infringe the claimant's copyright on his website.

24 The appeal court reached the same conclusion albeit on different grounds. On the one hand, it found that Article 17 LSSICE was indeed applicable to the Google search engine, but only to exempt liability for any infringing content in the original linked website, thus rendering it useless in this case. On the other, it found that the use of fragments of websites listed as a result of the search engine operation and the cache service were exempted, not as temporary copying (Art. 31.1 TRLPI) but rather because these acts lack the minimal significance to be deemed infringing as long as they remained within the scope of the three-step test (*ex* Art. 40bis TRLPI).[6]

25 In other words, the safe harbor for search engines and links does not amount to a limitation to copyright. Of course, the restrictive scope of this safe harbor[7] would not be a problem if the provision of links was not found to be in itself a direct copyright infringement (as the court ultimately did). However, when combined with the recent tendency of some national case law[8] to conclude that the mere copying of fragments of the linked website to be used as the pointer of the link qualifies as an act of reproduction, then the functioning of search engines, and of the Internet altogether, will inevitably qualify as infringing. At this point,[9] either we find other solutions,[10] such as the implied consent (or license) that some courts have already accepted,[11] or we revise the scope of exclusivity granted by copyright laws so as to allow for some insignificant uses to be done online without the authors' consent.[12]

II. The scope of the temporary copy exception

26 The Supreme Court had no need to deal with the scope of the ISP safe harbors; rather it focused on the scope of the temporary copy exception in Article 31.1 TRLPI (*ex* Art. 2.1 EUCD). Despite clearing both acts of reproduction from infringement 'within the circumstances of this case', the Supreme Court made clear that only the copying of fragments of the located website by means of the search engine could indeed be exempted under Article 31.1 TRLPI (because the reproductions were 'temporary and informatory'), not the cache copying.[13] Hence, the lawfulness of cache copying (such as done by Google cache service) under Spanish law is still open. It remains to be seen whether this reasoning may (or may not) be followed by upcoming rulings, in similar or different circumstances.

III. *Ius usus inocui* and the three-step test

27 Last but not least, the Supreme Court ruling[14] is especially interesting for concluding that copyright – as any other property right – is neither an absolute right (i.e. the owner must endure any *ius usus inocui* by third parties) nor immune to the general principles of the law (i.e. good faith, prohibition of abuse of right), and that the three-step test must be read not

only as a 'restrictive' instrument for the interpretation and application of the limitations but rather as a flexible clause to allow for these doctrines and principles of law to be taken into account when interpreting and applying the copyright law.

28 One may, then, wonder whether any fair use clause is needed at all in Europe to afford for a balanced application of the statutory provisions to future unknown uses and means of exploitation. After all, the general principles of the law – such as the abuse of right and good faith – and the property doctrine of the *ius usus inocui* (which the Supreme Court compared to what could be seen as a fair use that the property owner must tolerate) may also have a role to play for copyright purposes, as they have always had in legal history. And perhaps the three-step test, as pointed out by the Spanish Supreme Court, may be the door to allow for it.

29 It is difficult to predict the impact that this ruling may have in successive case law, but it is certainly an important milestone in adding flexibility in the application of the copyright statutes within technologically changing contexts.[15]

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* Available at <http://pdfs.wke.es/8/6/1/5/pd0000078615.pdf> (in Spanish).

1 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society (hereinafter, EUCD).

2 Spanish Law 34/2002 of 11 July 2002, on Information Society Services and Electronic Commerce (hereinafter LSSICE, the Spanish abbreviation).

3 Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('e- commerce Directive').

4 The Supreme Court noted that on appeal the original claims for infringement of the author's moral right of withdrawal and for compensation of moral damages had been dropped.

5 The safe harbor for search engines and links in Spanish law (Art. 17 LSSICE) allows information society service providers to be exempted from liability under the same circumstances and conditions as provided for the hosting safe harbor (Art. 16 LSSICE, *ex* Art. 14 e-commerce Directive).

6 In short, the appeal court ended up *de facto* applying the proxy caching safe harbor (Art. 15 LSSICE, *ex* Art. 13 e-commerce Directive) to exempt the cache copy service subject to the same conditions set for the proxy caching service. To that extent, this decision reaches the same conclusion as its US counterpart [see Field v. Google Inc., 412 F.Supp.2d 1106 (D.Nev. 2006)] albeit by different means, since the US court found that Google Cache service could be directly exempted under the 'system caching' safe harbor in sec. 512(b) USCA. See Miquel Peguera, 'When the Cached Link is the Weakest Link: Search Engine Caches under the Digital Millennium Copyright Act,' Journal of the Copyright Society of the U.S.A., Vol. 56, Winter 2009, available at http://ssrn.com/abstract=1135274.

7 The language of Art. 17 LSSICE indeed only covers indirect liability (for infringements at origin) and subjects the exemption of liability for links and location tools to the same conditions as under the hosting safe harbor.

8 See, for instance, Copiepresse SCRL v. Google Inc., Tribunal de Première Instance de Bruxelles, 13 February 2007; confirmed by Cour d'Appel de Bruxelles (9eme Ch.), 5 May 2011.

9 It makes no sense that the ISPs may be exempted from liability for any infringement at origin committed in the linked located websites, yet they may still be liable for direct copyright infringement for providing the link for locating the website.

10 Whether it would be advisable to reformulate the wording of the safe harbor in Art. 17 LSSICE or simply to avoid qualifying the uses involved in linking and search engine activities as unauthorized acts of exploitation (hence, infringing) remains a matter of preference and, probably, opportunity.

11 See, for instance, Vorschaubilder, BGH I ZR 69/08, 29 April 2010.

12 For instance, the scope of Art. 2 EUCD could be restricted by allowing minimal and non-substantial copies, or the scope of Art. 5.1 EUCD could be interpreted more widely, aligning the requirement of 'no separate economic significance' with the scope of the 'lawful use', in the sense that 'if a specific use of a work is lawful, technical reproduction necessary to enable such use would be deemed as not having independent economic significance' – as proposed by the IVIR (2007) Study on the Implementation and Effect in Member States' Laws of Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society. Institute for Information Law, University of Amsterdam, p.7. Available at <http://www.ivir.nl>.

13 As far as cache copying, a similar conclusion was reached by the Belgian Court of Appeals in Copiepresse: the cache copying done by Google was not an integral and essential part of a technological process to enable a transmission by an intermediary and cannot qualify as transitory (see Copiepresse SCRL v. Google Inc., Tribunal de Première Instance de Bruxelles, 13 February 2007; confirmed by Cour d'Appel de Bruxelles (9eme Ch.), 5 May 2011, rulings #25-26).

14 Notice that both the appeal and first instance rulings fully coincide on this matter with the Supreme Court's.

15 In that sense, this ruling is very good news for the recent doctrinal attempts to bring some flexibility in the way copyright laws are being interpreted and applied, such as the Declaration on a Balanced Interpretation of the "Three-Step-Test" in Copyright Law, coordinated by Geiger, Hilty, Griffiths and Suthersanen (Munich, 2008), and the report Fair Use in Europe. In Search of Flexibilities, by Hugenholtz and Senftleben (Amsterdam, 2011).