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# Intellectual Property



LAW REVIEW

2021  
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**The effectiveness of blocking injunctions against ISPs in respect of online copyright infringement in Europe**

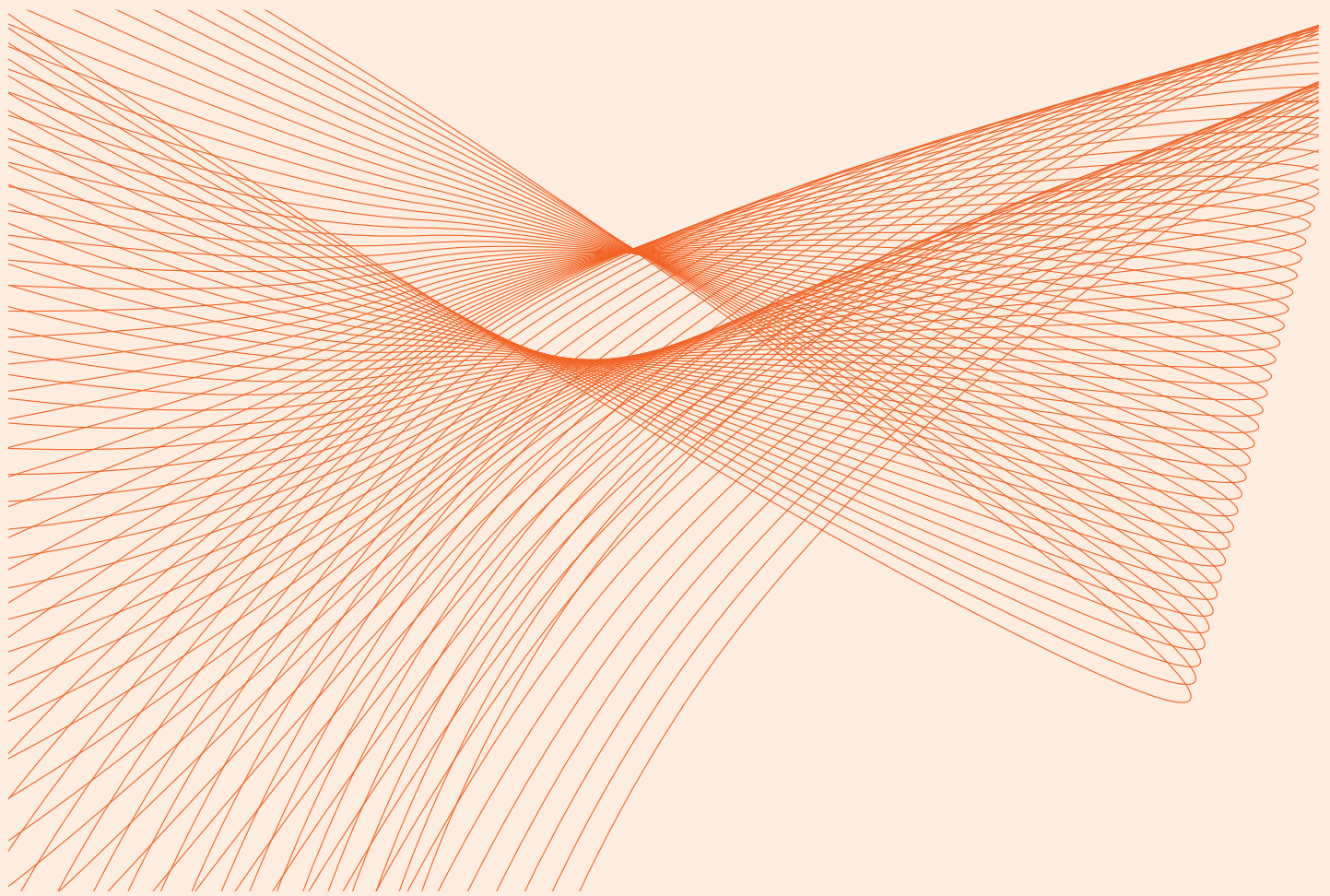
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## Editorial

One more year has reached its end. And it is not just any year, it is one more of these COVID-19 years.

Here at Stockholm University, teaching in the classroom has been possible only since November, and still a number of activities take place on Zoom and the like. That being said, meeting our new master students has been great both on Zoom and irl, and the work carried out by the new student editing committee has been admirable.

The Institute of Intellectual Property and Market Rights at Stockholm University has been very active during this year. The Institute organized several interesting digital seminars, with over six hundred participants from all over the world, such as the "The Year of the Covid Vaccines" and "The Making of Copyright".

And while we were working hard with our seminars, teaching and the production of this journal, a lot was happening in our IP world.

First of all, the implementation of the Copyright in the Digital Market (DSM) Directive. The DSM Directive has been a controversial legislative act, the subject of extensive lobbying by rightsholders and platforms alike, and its adoption came only 2.5 years after it was first proposed by the Commission. During the past year we have followed the race of several EU members states to implement its provisions in national legislation, several months after the set deadline of the 7th of June 2021. In fact, a lot has happened since the time when the directive was negotiated until now, with the COVID-19 pandemic bringing digital consumption of copyright protected works under a new light.

On the patent law front, following the recent developments and the further ratifications of the Protocol on the Provisional Application of the UPC Agreement (or "PAP-Protocol"), the unitary patent system is expected to be up and running by mid-2022. After all these years of waiting and the disappointments that came along with Brexit and the constitutional challenges in Germany, it seems now that the UPC really is on its way.

There are furthermore, several events to look forward to. The Stockholm IP Law Conference is scheduled for the 7th of June 2022 in Stockholm. The ISHTIP conference will take place in Gothenburg (20-22 June 2022) and the yearly ATRIP conference in Copenhagen (20-23 June 2022).

The production of this issue of the journal was marked by changes made at the editorial team.

First of all our new student editors-in-chief, Alexandre Miura and Pia Riemschneider, who have been the great pillars in the production of this issue!

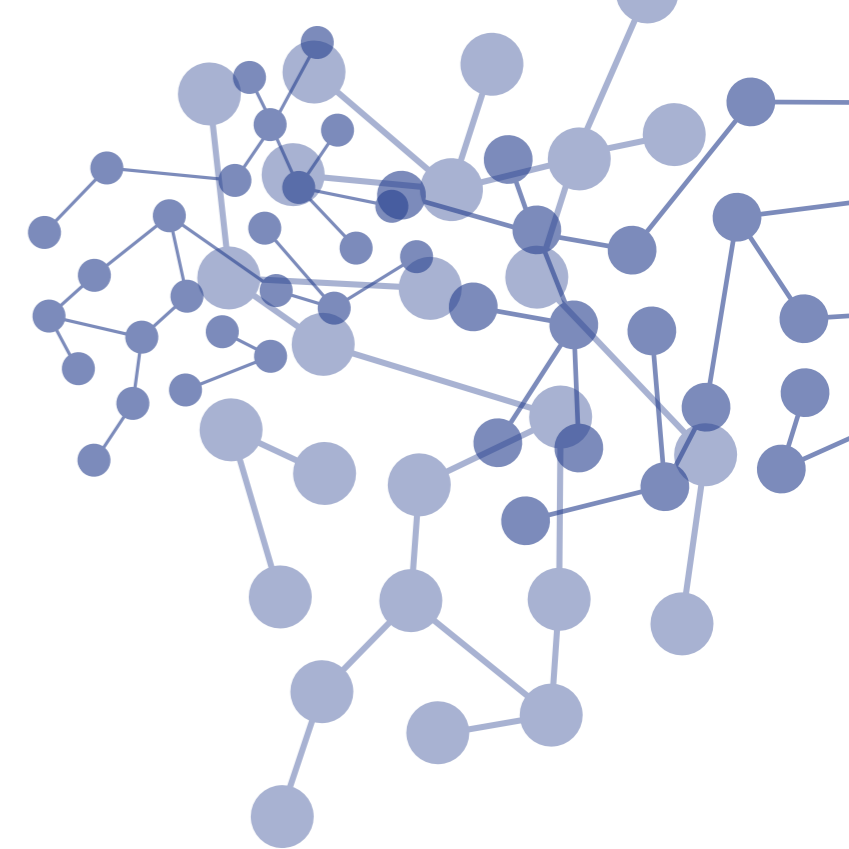
Associate professor Merima Bruncevic (University of Gothenburg) joined during the year as a content editor. Merima's research focuses on the interface between art and law, law and cultural heritage, while among her special interests are legal theory, continental philosophy and philosophical methods applied to law.

The co-founder of the journal, Åsa Hellstadius, has left the editing team but remains part of the board of the journal and thus a person of central importance for the further development of our journal.

Please do take a look at the presentation of our amazing student editors, without whom this journal would not be possible!

Wishing you a nice holiday season, and see you in 2022 with a new issue!

*Frantzeska Papadopoulou, Professor*



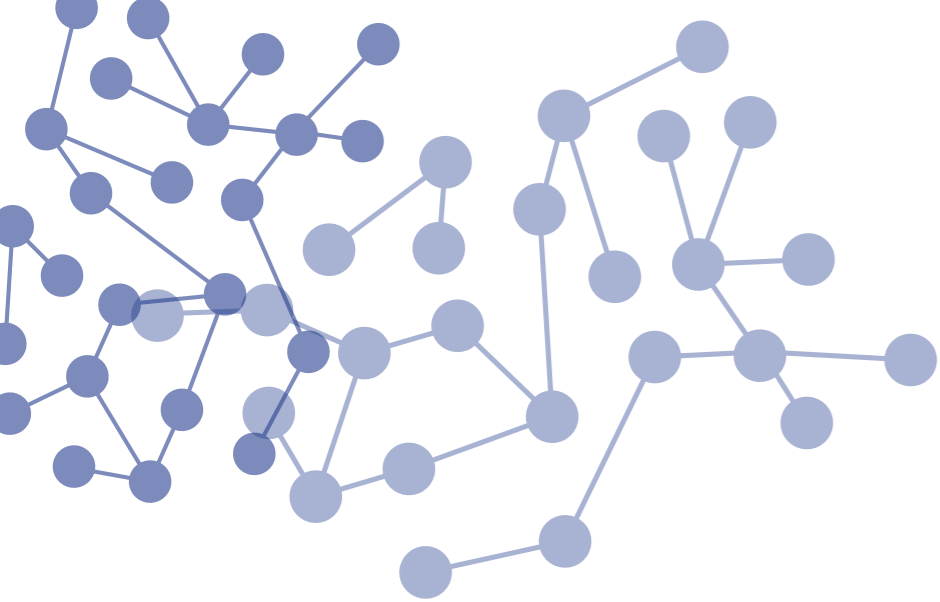
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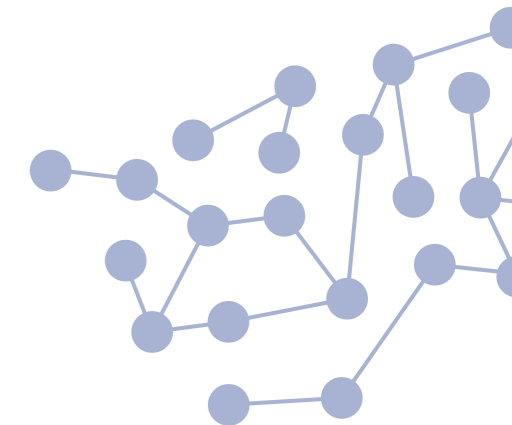
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# The effectiveness of blocking injunctions against ISPs in respect of online copyright infringement in Europe: a comparative analysis from the UK, Greece and the Nordic countries

By Despoina Farmaki

## ABSTRACT

*Blocking injunctions against Internet Service Providers (ISP) are a common and valuable remedy in cases of online copyright infringement. This paper focuses on the effectiveness of blocking injunctions against ISPs in Europe. An understanding of the key legal concepts and procedures is provided. Emphasis is given to the interpretation of the “act of communication to the public”. Doctrinal and comparative research methods have been deployed to examine how the selected jurisdictions respond to blocking injunctions. The paper provides recommendations to increase the effectiveness of blocking injunctions through EU harmonisation, while it also provides alternative measures to tackle online copyright infringement.*

## 1. INTRODUCTION

*“The internet is the largest and most efficient copying machine built by man”.*

Murray sees the development of the internet and the shift from the physical to digital distribution models as two of the “most disruptive events of the twentieth century”.<sup>2</sup> Although the internet promotes communication, electronic commerce, freedom of expression, and the right to information, its diversified content could be illegal at many levels, from criminal activities and fraudulent actions to infringement of intellectual property rights. Despite the benefits that the internet provides to the right holders in terms of a mass audience, allowing authors to distribute their work freely to consumers, it also entails the danger of online intellectual property infringement by uncontrolled copying and piracy.

In the case of online copyright infringement, it is time-consuming and burdensome for the right holder to reach the offender, as well as it is costly to start proceedings for the enforcement of their rights. Thus, it would be more sensible for right holders to shift their attention from individuals to intermediaries. However, in most cases, the intermediary’s liability is not a direct one; the intermediary is not usually the party who directly and with intention

committed the infringement, but rather provided the service by which the infringement was committed. In the online world, it is of the utmost importance to take measures not only to detect current infringement, but also to prevent further infringements.

For many years, copyright owners had at their disposal the Notice and Takedown tool to notify internet intermediaries and ask for the removal of the infringing content. However, there is a real possibility that through the removal, even legitimate content may be removed. Thus, an independent, unbiased and balanced mechanism should be deployed.<sup>3</sup>

For that reason, a new approach gained popularity in the European Union (hereinafter the EU), by which right holders could apply to the courts, seeking an injunction that will compel ISPs to block access to infringing websites.

The aim of the paper is to mainly focus on blocking injunctions which have been granted against ISPs in respect of online copyright infringement in Europe. Through the employment of doctrinal and comparative methods, the paper aims to explore how the different jurisdictions have responded to the “act of communication to the public” and in consequence to the blocking injunctions. At the same time, it will examine whether blocking injunctions alone could effectively tackle online copyright infringement.

Doctrinal research is the process used to identify, analyse and synthesise the content of the law.<sup>4</sup> In general, primary sources, including relevant and available conventions, EU legislation, statutes, and case law will be assessed. In addition, analysis of the domestic laws of the selected jurisdictions is undertaken to provide a comprehensive assessment of the effectiveness of blocking injunctions in the EU. The analysis will focus on the approaches of the UK, Greece, and the Nordic countries, as these jurisdictions demonstrate a typical example of jurisdictions whose national courts grant blocking injunctions for copyright infringement.

The following section will define the key legal concepts and procedures. It will start with an understanding of the blocking injunctions and will introduce the website blocking techniques. After explaining the importance of copyright as an intellectual property right, it will introduce the ISP and will move to their responsibility and liability. The paper will proceed with the determination of the “communication to the public”, as one of the exclusive rights of copyright holders. Exploring the “act of commu-

nication to the public” is very crucial, since blocking injunctions have been granted due to infringement committed through this restricted act. While the paper aims at presenting how the selected jurisdictions respond to blocking injunctions, by examining the domestic laws and cases from the UK, Greece, and the Nordic countries, it will raise some concerns regarding the potential of collateral damage and the reality of circumventing blocking orders. Based on the relevant legislation and case law, recommendations will be provided on how blocking injunctions could be more effective, through EU harmonisation. Meanwhile, it will provide alternative measures on how to tackle online copyright infringement in a more effective way.

## 2. UNDERSTANDING THE BLOCKING INJUNCTIONS AND THE ISPS

### 2.1 Understanding the blocking injunctions: the legal framework

The blocking injunction is one of the most popular remedies among intellectual property right holders to enforce their rights in the digital environment. The aim of obtaining a blocking injunction is to compel an ISP to block access to websites that contain infringing content.<sup>5</sup>

The European legislative basis for a website-blocking injunction is Recital 59 of Directive 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society (hereafter the Information Society Directive) which states that third parties may use the services of intermediaries for infringing activities.<sup>6</sup> It continues ‘therefore...right holders should have the possibility of applying for an injunction against an intermediary’. In addition, Article 8(3) of the Information Society Directive requires Member States to ensure that intellectual property right holders can ‘apply for injunctions against intermediaries whose services are used by a third party to infringe a copyright or related right’.<sup>7</sup>

In a similar way, Recital 23 of the Directive 2004/48 on the enforcement of intellectual property rights (hereafter the Enforcement Directive) states that right holders can apply for injunctions against an intermediary whose services are used by a third party in order to infringe the right holder’s industrial property right.<sup>8</sup> Additionally, Article 3 of the Enforcement Directive provides that ‘Member States should provide for the measures, procedures and remedies...to ensure the enforcement of the intellectual property rights’<sup>9</sup> as well as Article 11 of the Enforcement

Directive provides that ‘Member States shall ensure that the judicial authorities may issue against the infringer an injunction’ with the aim to prohibit the continuation of the infringement.<sup>10</sup>

Following Article 8(3) of the Information Society Directive, the Court of Justice of the European Union (hereinafter the CJEU) confirmed in the landmark case of *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*<sup>11</sup> that the granting of blocking injunctions against ISPs harmonises with the EU law. The court specified that blocking injunctions can be granted in national courts where it is balanced as well as proportionate, having regard to the right holder’s intellectual property rights, the ISP’s right to conduct a business, and the user’s right to access information.<sup>12</sup> According to the judgement, ISPs have to consider the fundamental right of the internet users to freedom of information on the one hand and the adoption of effective measures as to the prevention of unauthorised access to the protected subject-matter on the other hand.<sup>13</sup>

### 2.2 Website-blocking techniques

There is a variety of blocking techniques that the ISPs can adopt in order to block a target website or an online location. In the UK High Court’s *Cartier v. Sky*<sup>14</sup> case, Justice Arnold referred to four blocking techniques, namely the Domain Name System (DNS) blocking, the Internet Protocol (IP) blocking, the Deep Packet Inspection (DPI)-based Uniform Resource Locators (URL) blocking as well as the two-stage systems.

#### 2.2.1 Domain Name System (DNS) blocking

The first blocking technique is known as DNS blocking. To gain a better understanding of the DNS blocking, an explanation should be given to the translation process between the DNS and the Internet Protocol (IP) address. Devices connecting to the internet bear a unique IP address.<sup>15</sup> However, these addresses are hard to remember. In an effort to avoid any difficulties, IP addresses are translated into domain names. For instance, Google’s search page has as its IP address the number ‘64.233.167.99’, which corresponds to the domain name ‘google.com’.<sup>16</sup> As a result, every time a user requests ‘google.com’, that request has to be translated into the corresponding IP address for the devices to connect. This process is done using the DNS.

<sup>1</sup> A. Murray, *Information Technology Law The Law and Society* (3rd edition, Oxford University Press 2016) 275.

<sup>2</sup> *Ibid.*

<sup>3</sup> A. Marsoof, ‘The blocking injunction – a critical review of its implementation in the United Kingdom in the context of the European Union’ (2015) 46(6) *IIC* 632.

<sup>4</sup> D. Watkins and M. Burton, *Research Methods in Law* (2nd edition, Routledge 2018) 13.

<sup>5</sup> A. Roy and A. Marsoof, ‘Blocking injunctions and collateral damage’ (2017) 39(7) *European Intellectual Property Review* 74.

<sup>6</sup> Council Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167/10, Rec. 59.

<sup>7</sup> *Ibid* Article 8(3).

<sup>8</sup> Council Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights [2004] OJ L 157/45, Rec. 23.

<sup>9</sup> *Ibid* Article 3.

<sup>10</sup> *Ibid* Article 11.

<sup>11</sup> Judgement of 27 March 2014, *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH, Wega Filmproduktionsgesellschaft mbH, Verleih GmbH*, C-314/12, ECLI:EU:C:2014:192.

<sup>12</sup> *Ibid* paras 46-47.

<sup>13</sup> *Ibid* paras 55,56,62.

<sup>14</sup> *Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors* [2016], EWCA Civ 658 [25].

<sup>15</sup> Roy and Marsoof [n 5] 74.

<sup>16</sup> *Ibid.*

The DNS blocking uses the translation process in order to block access to websites containing infringing material. ISPs remove or modify their records of the IP address for a specific DNS name, so that when a customer's computer asks the ISPs' DNS server for the IP address that corresponds to the DNS name, the ISPs' system can either return no IP address or redirect the customer to another site, informing users that access has been blocked.<sup>17</sup>

### 2.2.2 The Internet Protocol (IP) blocking

The second blocking technique is known IP blocking. This technique will prevent connections between any particular device and hosts whose IP addresses are blocked. The IP address system operates by means of routers.<sup>18</sup> Thus, an ISP is able to configure its routers to discard any communication destined for the IP address in question or can route them to another IP address defined by them, which in fact is different from the actual IP address of the website.<sup>19</sup> As a result, even if a customer's computer uses the correct IP address for the website in question, this technique blocks any communication to the website.

### 2.2.3 The Uniform Resource Locator (URL) site blocking

The URL is the address of a specific document or a specific file on the World Wide Web.<sup>20</sup> It includes a domain name and the location of the specific file or document. Compared to the DNS or IP address blocking, this method requires more scrutiny of data packets so as to determine the exact address of the file or document.

This technique is implemented by an ISP rerouting traffic to a proxy server that has a list of blocked URLs. When a customer requests a URL, the next step is the comparison between the requested URL with those in the blacklist. In case the requested URL matches one of the listed URLs, the connection is either refused or redirected to another website.<sup>21</sup>

The URL blocking requires packet inspection and may involve either shallow packet inspection (SPI) or deep packet inspection (DPI). DPI analyses all the content of data packets that pass through the network, the headers, and the data protocol structures, while the SPI focuses on analysing the packet header. The distinction between the functioning of the DPI and the SPI is the capability of the DPI to analyse all layers of data packets sent across the internet. Wanger emphatically compares the DPI techno-

logy to an automated system within the postal service that may open each letter, checks the content of the letter and modifies it as necessary, then reseals the letter and sends it on its way.<sup>23</sup>

### 2.2.4 The Hybrid systems

The hybrid blocking involves the combination of the above-mentioned techniques and often implements a two-stage approach. For instance, the IP address blocking could be used as the first stage in order to direct potentially blocked websites to a proxy server which in turn engages in a packet inspection to block access to a specific URL.<sup>24</sup>

This hybrid approach has the potential to be used in order to reduce the impact on the performance of the network and improve the effectiveness of the blocking as it will make circumvention difficult.<sup>25</sup> A hybrid method has been developed by British Telecom, under the name 'Cleanfeed', which deploys a two-stage mechanism: IP address blocking and DPI-based URL blocking in order to filter specific internet traffic.<sup>26</sup>

## 2.3 The responsibility and liability of ISPs as intermediaries

### 2.3.1. Defining the ISP

An ISP is any person or entity that provides an information society service for remuneration through electronic means for the processing and storage of data relying on any platform of electronic communication.<sup>27</sup> In order to gain a better understanding of who qualifies as an ISP, emphasis should be given to the meaning of the 'information society service'. An information society service is 'any service normally provided for remuneration, at a distance, by means of electronic equipment for the processing and storage of data, and at the individual request of a recipient of the service'.<sup>28</sup> Some of the information society services may include online sale of goods, web hosting, internet access services, and internet transit.<sup>29</sup>

Where an ISP provides information society services, it is inevitable that the ISP is open to potential liability arising from the misuse of the service by the recipient. The recipient of the service is a natural or legal person who uses the service to seek information or to make such information accessible.<sup>30</sup> Potential liability could arise as a consequence of the content provided through the platform or the storage of materials on the platform.

### 2.3.2. ISP and its liability

Before examining ISPs' liability, it is important to discuss their responsibility. It is hard for copyright owners to identify and initiate proceedings against the users and the website operators, who may reside in a non-EU jurisdiction. ISPs, however, can easily identify a particular infringing website, and economically it is more efficient to require intermediaries to take action to prevent infringement occurring via their services.<sup>31</sup>

Intermediaries' liability is embodied in Articles 12-15 of Directive 2000/31 (hereafter the E-commerce directive).<sup>32</sup> After reviewing the content of the legislation, one could argue that the immunity does not apply to the provider of the service, but to the activity.<sup>33</sup> Intermediaries liability and the exemptions to the said liability are available provided that the intermediary acts as a mere conduit, caching, or hosting service provider.

#### 2.3.2.1 Mere Conduit

An ISP acts as a mere conduit where it plays a transient or passive role in aiding the transmission of information on behalf of content providers.<sup>34</sup> For instance, BT as a means of accessing internet services, enables UK users to connect to the internet. When providing access to the internet, an ISP can claim certain exceptions from liability under the conditions that the intermediary is not responsible for initiating the transmission, selecting the person receiving the information, and must not interfere or modify the content of the transmission.<sup>35</sup> In case that the intermediary takes any active steps, the available exemptions will cease to apply.

Although intermediaries enjoy immunity when functioning as 'mere conduits', the Belgian court in the *SABAM v Scarlet*<sup>36</sup> case reached a controversial judgement. SABAM aimed at compelling Scarlet to install filtering software with the view to restrict the transmission and sharing of copyrighted music through the ISPs' network.<sup>37</sup> Although Scarlet argued that it only provides internet access to its customers and no other services, such as file-sharing or download, the court ordered the ISP to install filtering software aiming at identifying and blocking access to copyright-protected music. However, the CJEU stated that it is unreasonable to request ISPs to install filtering software for the purposes of copyright protection.<sup>38</sup>



#### 2.3.2.2 Caching

Caching is the transmission of information at the request of a recipient who stores the information for a short period in order to transmit that information efficiently. Adeyemi argues that this practice equals a better internet speed since the efficient use of server spaces and internet cables makes space available for other users.<sup>39</sup>

The immunity of intermediaries is based on the fact that they do not interfere with the information passing through the network by modifying it and that they update the information regarding terms of use on a regular basis.<sup>40</sup> Nevertheless, the storage of information for a longer period of time would amount to stricter requirements for exemption from liability. Article 13 on caching aims to protect intermediaries in respect of materials that do not originate from them but are temporarily stored on their servers.<sup>41</sup>

#### 2.3.2.3 Hosting liability

Article 14 refers to the liability of intermediaries that provide hosting services. In this situation, intermediaries store information provided by the recipient of the service. The storage of information refers to holding, keeping, or storing information on a server.<sup>42</sup> The host provides the server for storing the website so as to be accessed by users. In other words, the recipient generates the content and places it on a server so that it is easily accessible by users.

<sup>17</sup> D. Lindsay, 'Website blocking injunctions to prevent copyright infringements: proportionality and effectiveness' [2017] 40(4) UNSW Law Journal 1507.

<sup>18</sup> Ibid.

<sup>19</sup> Roy and Marsoof [n 5] 74.

<sup>20</sup> Lindsay [n 17] 1507.

<sup>21</sup> Ibid.

<sup>22</sup> B. Wanger, 'Deep packet inspection and internet censorship: International Convergence on an 'Integrated technology of control' [2015] Global Voices Advocacy

Defending Free Speech Online ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2621410](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2621410)) accessed 18 October 2021.

<sup>23</sup> Ibid.

<sup>24</sup> Lindsay [n 17] 1507.

<sup>25</sup> Ofcom, 'Site Blocking to Reduce Online Copyright Infringement: A review of Sections 17 and 18 of the Digital Economy Act' [Ofcom, 27 May 2011] ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/78095/Ofcom\\_Site-Blocking\\_-\\_report\\_with\\_redac-](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/78095/Ofcom_Site-Blocking_-_report_with_redac-tions_vs2.pdf)

[tions\\_vs2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/78095/Ofcom_Site-Blocking_-_report_with_redac-tions_vs2.pdf)) accessed 18 October 2021.

<sup>26</sup> *Twentieth Century Fox and others v. British Telecommunications plc* [2011] EWHC 1981 [Ch] [73].

<sup>27</sup> Council 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 [Directive on electronic commerce] [2000] OJ L 178/1, Article 2(b).

<sup>28</sup> Ibid Article 4.

<sup>29</sup> A. Adeyemi, 'Liability and exemptions of internet service providers (ISPs): assessing the EU electronic commerce legal regime' [2018] 24(1) Computer and Telecommunications Law Review 6.

<sup>30</sup> Council Directive 2000/31/EC [n 27] Article 2(d).

<sup>31</sup> *Cartier International AG & Ors v British Sky Broadcasting* EWHC 3354 (Ch); [2015] 1 All E.R. 949.

<sup>32</sup> Council Directive 2000/31/EC [n 27].

<sup>33</sup> EU Commission, 'First Report on the

Application of Directive 2000/31/EC' [Brussels 21.11.2003, COM(2003) 702 final] section 4.6 ([http://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2003/0702/COM\\_COM\(2003\)0702\\_EN.pdf](http://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2003/0702/COM_COM(2003)0702_EN.pdf)) accessed 18 October 2021.

<sup>34</sup> Council Directive 2000/31/EC [n 27] Article 12.

<sup>35</sup> Ibid.

<sup>36</sup> *SABAM v SA Tiscali (Scarlet)*, District Court of Brussels, No. 04/8975/A, Decision of 29 June 2007.

<sup>37</sup> Ibid.

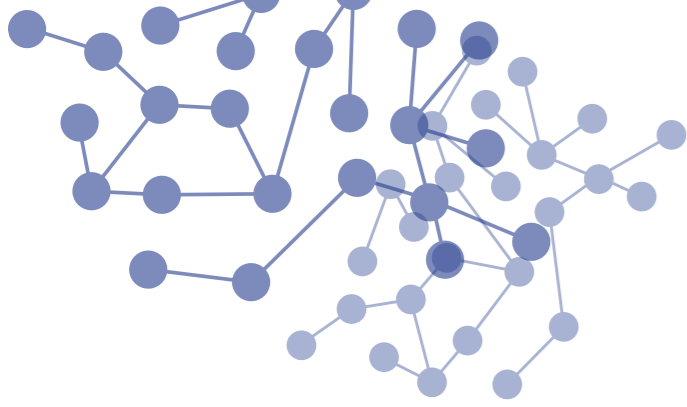
<sup>38</sup> Judgment of 24 November 2011, *Scarlet Extended SA v Société Belge Des Auteurs, Compositeurs Et Éditeurs SCRL (SABAM)*, Case C-70/10, ECLI:EU:C:2011:771.

<sup>39</sup> Adeyemi [n 29] 6.

<sup>40</sup> Ibid.

<sup>41</sup> Council Directive 2000/31/EC [n 27] Article 13.

<sup>42</sup> Adeyemi [n 29] 6.



Article 14 is applicable to a wide range of providers such as online marketplaces, blog services, social media platforms, and operators of interactive sites. For an ISP to claim an exemption under Article 14 of the E-Commerce Directive, the following conditions need to be fulfilled:

1. the service in question must qualify as an information society service,
2. the service consists of the storage of information,
3. it is provided by the recipient of the information,
4. the provider does not have actual knowledge (or is not aware of the illegal nature of the information), or upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.<sup>43</sup>

The content hosted on the servers is not pre-approved by the hosts.<sup>44</sup> They are afforded a reasonable opportunity to remove the infringing material or illegal content after receiving notice to do so.

### 3. DETERMINATION OF THE “COMMUNICATION TO THE PUBLIC”

One of the exclusive rights of copyright holders that has been outlined in Article 3 of the Information Society Directive is the right of “communication to the public of works and right of making available to the public other subject-matter”.<sup>45</sup> The Berne Convention<sup>46</sup> also recognises the rights of “public performance”, “communication to the public” and “public recitation”. The World Intellectual Property Organisation (hereinafter the WIPO) Copyright Treaty in its Article 6 and 8 provides for the right of making a “work available to the public”.<sup>47</sup> The WIPO Performances and Phonograms Treaty provides for a right of making available their subject matter to the public and Article 15 refers to “a right of communicating the relevant work to the public”.<sup>48</sup>

In the digital context the problem of unauthorised “act of communication to the public” arises in cases where third parties subsequently retransmit content that had been initially communicated by the right holders.<sup>49</sup> For example, protected work that was available on a website may be accessible from another website or via an email including a hyperlink.

Although the CJEU held in the *Sociedad General de Autores y Editores de Espana v. Rafael Hoteles*<sup>50</sup> that the EU should give an “autonomous and uniform interpretation” to the notion of “communication to the public” subsequent CJEU judgements have begun to bring some clarity to the determination of the “communication to the public”.

### 3.1. An act of communication

As far as the first element of “an act of communication” is concerned, it depends on whether the user has played an “indispensable role” through a “deliberate intervention”.<sup>51</sup> The CJEU applied this principle to the facts of the *Ziggo* case<sup>52</sup> and undoubtedly concluded that the works were made available to the public by the means of The Pirate Bay website. The court established that an “act of communication” entails “any transmission or retransmission of a work to the public by wire or wireless means, including broadcasting”.<sup>53</sup>

It further continued with the confirmation that “any act by which a user, with full knowledge of the relevant facts, provides its clients with access to protected works is liable to constitute an ‘act of communication’ for the purposes of Article 3(1) of Directive 2001/29”.<sup>54</sup> The next step was to determine who was responsible for this act. The court acknowledged that it was the users who placed the work on the platform, not The Pirate Bay itself.

However, the court concluded that the management of an online sharing platform amounts to a deliberate intervention. In an effort to support this argument, the court observed that in absence of The Pirate Bay, it would be either impossible or more difficult for users to share materials online. In addition, the platform indexed the torrent files in a way that made it easy to locate and download them, and classified the works under different categories.<sup>55</sup> Last but not least, the platform’s operators had an active role such as checking the categories, deleting faulty torrent files and filtering some content.<sup>56</sup> The acts of indexing the torrent files so that they would be easy to locate and download, the categorisation of different works, and the active role that the operator played, undoubtedly constitute intentional interference and thus copyright infringement.

### 3.2 The public

As far as the second element of “the public” is concerned, the judgement on the *Ziggo* case is compatible with the previous judgement on *Stichting Brein v Jack Frederik Wullems*.<sup>57</sup> The CJEU defined the public as a group of people of an indeterminate number that is of a certain, not insignificant size;<sup>58</sup> using specific technical means, different from those previously used;<sup>59</sup> or the work was communicated to a “new public” that was not taken into account by the copyright holders when they authorised the initial communication of their work to the public.<sup>60</sup> In *Sociedad General de Autores y Editores (SGAE) v. Rafael Hoteles SL and Organismos Sillogikis Diacheirisis Dimiourgou Theatrikon kai Optikoakoustikon Ergon v. Divani Acropolis Hotel*,<sup>61</sup> the court held that “a transmission made to a public different from the public at which the original act of communication of the work is directed, that is to a new public”. Thus, the clientele of a hotel, for example, forms a new public.

It is also worth mentioning that there is not a requirement of reaching the audience simultaneously. As Angelopoulos stated, the cumulative effect of making works available to the public in succession has to be taken into consideration.<sup>62</sup> Examining the facts of the case, it was

easy for the court to rule that the considerable number of users who used The Pirate Bay met the second criterion, since The Pirate Bay was targeted at an indeterminate number of potential recipients.<sup>63</sup> Regarding the concept of the “new public” the court held that “such a public is a public that was not taken into account by the copyright holders when they authorised the initial communication”.<sup>64</sup>

When the copyright owner creates a work, he/she wishes for that work to reach as many recipients as possible. However, it is a completely different situation when the work “escapes” from the copyright owner’s attention and reaches a different, wider and new public that was not taken into account at the time of the first communication. The fact that online services provide access to copyright-protected content without the involvement of right holders, has affected right holders’ possibilities to determine whether and under which circumstances their works are used and accordingly their possibilities to get an appropriate remuneration, which has created a ‘value gap’.<sup>65</sup> At an EU level, the Digital Single Market Directive<sup>66</sup> has been enacted to ‘close this exact value gap’.

### 4. HOW DO THE SELECTED JURISDICTIONS RESPOND TO THE BLOCKING INJUNCTIONS?

Blocking injunctions target ISPs in order to deal with online copyright infringement. However, in absence of harmonised standards, national courts implemented the Information Society Directive in a different way based on their national laws. As a result, courts in some Member States grant blocking injunctions with specific technological orders, while courts in other Member States issue an injunction with non-specific technical measures or do not

order ISPs to block infringing websites. The focus of this part will be on the response of the UK, Greece and the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden).

### 4.1 Blocking injunction in the UK

According to the Motion Picture Association’s paper, the UK holds a strong position on the list of European countries that allow the use of website blocking injunctions in cases of online copyright infringement. More specifically, until the year 2018 there were 171 sites blocked in the UK.<sup>67</sup> The legal basis for obtaining a blocking injunction in cases of online copyright infringement is s. 97A of the CDPA 1988.<sup>68</sup>

In the UK there are a number of instances where copyright owners have sought blocking injunctions. The first blocking injunction was granted under s.97A of the CDPA in *Twentieth Century Fox v. BT*.<sup>69</sup> This case was a sequel to a previous dispute between Twentieth Century Fox and Newzbin Ltd, where the latter operated a website under the URL <<http://www.newzbin.com>> resulting in large scale copyright infringement.<sup>70</sup> Although the High Court issued an injunction against Newzbin to cease operations, a third –unknown– party restored the website from an offshore location. It was impossible for the film production company to seek redress via the court process against that third party. Following a different strategy, Twentieth Century Fox filed an action against BT, an ISP operating in the UK, and sought an injunction compelling BT to block access to the website in question. Justice Arnold who delivered the judgement of the High Court issued a blocking injunction and thus mitigated the impact of copyright infringement within the UK.

<sup>43</sup> Council Directive 2000/31/EC (n 27) Article 14. <sup>44</sup> Adeyemi (n 29) 6.

<sup>45</sup> Council Directive 2001/29/EC (n 6) Article 3.

<sup>46</sup> Berne Convention for the Protection of Literary and Artistic Works 1886, Articles 11, 11bis, 11ter and 14.

<sup>47</sup> World Intellectual Property Organisation (WIPO) Copyright Treaty 1996, Articles 6 and 8.

<sup>48</sup> World Intellectual Property Organisation (WIPO) Performances and Phonograms Treaty 1996, Articles 10, 14, 15.

<sup>49</sup> S. Karapapa, ‘The requirement for a “new public” in EU copyright law’ (2017) 42(1) European Law Review 63.

<sup>50</sup> Judgment of 7 December 2006, *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA*, C-306/05, ECLI:EU:C:2006:764, para 31.

<sup>51</sup> C. Angelopoulos, ‘Communication to the public and accessory copyright infringement’ (2017) The Cambridge Law Journal 497.

<sup>52</sup> Judgment of 14 June 2017, *Stichting Brein v Ziggo BV and XS4ALL Internet BV*, C-610/15, ECLI:EU:C:2017:456, para 2.

<sup>53</sup> Ibid para 30.

<sup>54</sup> Ibid para 34.

<sup>55</sup> Ibid para 38.

<sup>56</sup> Ibid para 38.

<sup>57</sup> Judgment of 26 April 2017, *Stichting Brein v Jack Frederik Wullems*, C-527/15, ECLI:EU:C:2017:300.

<sup>58</sup> Judgment of 14 June 2017, *Ziggo* (n 52) para 27; Judgment of 26 April 2017, *Stichting Brein* (n 57) para. 32.

<sup>59</sup> Judgment of 14 June 2017, *Ziggo* (n 52) para. 28; Judgment of 26 April 2017, *Stichting Brein* (n 57) para. 33.

<sup>60</sup> Ibid.

<sup>61</sup> Judgment of 7 December 2006, (SGAE) (n 50) para 40, 42; Judgment of 18 March 2010, *Organismos Sillogikis Diacheirisis*

*Dimiourgou Theatrikon kai Optikoakoustikon Ergon v. Divani Acropolis Hotel*, C-136/09, ECLI:EU:C:2010:151, para 38.

<sup>62</sup> Angelopoulos (n 51) 496.

<sup>63</sup> Judgment of 14 June 2017, *Ziggo* (n 52) para. 42.

<sup>64</sup> Ibid para. 44.

<sup>65</sup> European Commission, Communication ‘Online Platforms and the Digital Single Market. Opportunities and Challenges for Europe’, COM(2016) 288 Final, 8. The ‘value

gap’ refers to the market distortion created by safe harbour provisions for user generated content platforms, leading these platforms to pay less than the market rate for copyright permissions. M. Lambrecht, ‘Free Speech by Design: Algorithmic Protection of Exceptions and Limitations in the Copyright DSM Directive’ (2020) 11 J. Intell. Prop. Info. Tech. & Elec. Com. L. 68, 70.

<sup>66</sup> Council Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, PE/51/2019/REV/1 [2019] OJ L 130/92, Article 17(1).

<sup>67</sup> Motion Picture Association, Intervention March 2018 <https://torrentfreak.com/images/mpa-can.pdf> 7, accessed 18 October 2021.

<sup>68</sup> Copyright Designs and Patents Act 1988, s. 97A.

<sup>69</sup> *Twentieth Century Fox and others v British Telecom Plc* [2011] EWHC 1981 (Ch).

<sup>70</sup> *Twentieth Century Fox and others v Newzbin Ltd* [2010] EWHC 608 (Ch).

Blocking injunctions were also issued in many cases such as *Dramatico v. Sky*<sup>71</sup>, *EMI Records v. Sky*<sup>72</sup>, *Football Association v. Sky*<sup>73</sup>, and *Paramount Entertainment v. Sky*<sup>74</sup>. In all these cases, injunctions were issued in order to prevent copyright infringement. It is also worth mentioning that in all these cases it was Justice Arnold who delivered the judgement and ordered the blocking injunctions.

Justice Arnold identified four stages of the evolution of the High Court of England and Wales's approach to website blocking.<sup>75</sup> Starting with the *Twentieth Century Fox v. BT and Twentieth Century Fox Film Corp v. British Telecommunications Plc* (No.2) Arnold J stated that in these cases the basic principles and jurisdictional matters were established and the cost apportionment was determined.<sup>76</sup> Later, in *Dramatico Entertainment Ltd v. British Sky Broadcasting Ltd* (No.2),<sup>77</sup> the order was extended to IP address blocking, in the event that the IP address is not shared. In *Football Association Premier League Ltd v. British Sky Broadcasting Ltd*,<sup>78</sup> the website operators have been granted the permission to apply to vary or discharge the order. Finally, according to *Cartier v. BskyB*,<sup>79</sup> the affected users can also apply to vary or discharge the order, the blocked website has to provide for more information to users attempting to access it as well as there was the provision of a two-year sunset clause.

Although the website blocking injunction is a well-known mechanism,<sup>80</sup> a new type of blocking injunctions (live blocking injunctions) appeared in the *FAPL v BT*<sup>81</sup> case. More specifically, instead of seeking to block a whole website, the court order was aimed at immediate, responsive blocking of live streaming transmissions delivering content that infringed the Premier League's copyright.<sup>82</sup> In this case, the live blocking order was possible due to the

following technological advances: FAPL used video monitoring technologies that permitted the identification of infringing streams and the ISPs' blocking systems allowed them to block and unblock IP addresses during the course of the Premier League matches.<sup>83</sup> Thus, the UK is a pioneer in live blocking injunctions.

#### 4.2 Blocking injunction in Greece

Article 8(3) of the Information Society Directive has been implemented into the national law in Article 64A of the Greek Copyright Act 1993.<sup>84</sup> Article 64A provides that the right holders are able to grant injunctions against intermediaries, whose services are used by a third party to infringe copyright or related rights. Although Article 64A is of great importance, it did not manage to "produce" sufficient case law. More specifically, this paper will focus on two cases decided by the Greek courts.

In the first case, the collective management organisations "GRAMMO", "ATHINA", "AEPI" and "EPOE" sought to obtain a blocking injunction that would prevent users from accessing the infringing websites <ellinadiko.com> and <music-bazaar.com>.<sup>85</sup> The court ordered the blocking of the websites by the technical means of the IP address blocking. In the second case, the same collective management organisations sought to grant an injunction against the ISPs that would prevent consumers from accessing the same infringing websites. The only difference between those two cases is the fact that, while in the first case the protected materials were available online for downloading, in the second one the websites provided links to other websites. In the second case, the court dismissed the application for a blocking injunction and justified its judgement on the grounds of fundamental free-

doms and conflict with the principle of proportionality.<sup>86</sup> It is worth noting that although the same court decided in both cases, it ruled in a different way; while the requested blocking in the first case was considered to be proportionate and in compliance with constitutional rights, the request in the second case was not accepted.

Greece is one of the member states that has implemented in its national law an out-of-court notice and takedown mechanism. According to Article 66E of the Greek Copyright Act 1993, the 'Commission for the notification of online copyright and related rights infringement' is the newly founded administrative authority, responsible for carrying out the proceedings.<sup>87</sup> The new administrative authority issued its first blocking order in 2018,<sup>88</sup> obliging all internet access providers to block 38 infringing websites, including <piratebay.org>. However, it is worth mentioning that this out-of-court procedure shall not apply to cases of infringement committed by end users by means of downloading works or streaming or peer-to-peer exchange of files, or by means of provision of data storing services through cloud computing.<sup>89</sup>

The Commission does not accept the blocking of all future alternative URLs of the already blocked websites on the grounds of lack of precision. Consequently, most of the blocked websites changed their top-level domain and can be accessed again. As Paramythiotis stated, the blocking orders are able to prevent some traffic, but tech-savvy users are still able to have access to illegal content online.<sup>90</sup>

#### 4.3 Blocking injunction in the Nordic countries

Back in 2010, the Danish Supreme Court concluded that the Danish ISP, namely DMT2, was complicit in its users' copyright infringement through the website The Pirate Bay.<sup>91</sup> The court ordered the ISP, through DNS blocking, to prevent its users from accessing the website.

In Finland, the Helsinki Court of Appeals allowed in 2011 a preliminary injunction ordering the intermediary to "discontinue" making available to the public material that infringed copyrights. More specifically, the court ordered the ISP Elisa Oyj to prevent its users from accessing 33 domain names and three IP addresses used by The Pirate Bay, ordering both the techniques of DNS and IP blocking.<sup>92</sup> With the order of IP blocking, as an additional "layer of protection", the Finnish courts went a step further than the Danish courts.<sup>93</sup>

In 2014 the Icelandic courts compelled the ISPs Vodafone and Hringdu to prevent their users from accessing The Pirate Bay as well as the Icelandic torrent website Deildu.<sup>94</sup> The ISPs agreed to block their users' access to The Pirate Bay and Deildu regardless of which domain name the sites are hosted under. In fact, depending on the extensiveness of the blocking, it could be argued that Iceland has one of the most effective blocking regimes compared to the other Nordic countries.<sup>95</sup>

In 2015 the Oslo District Court decided on compelling Norwegian ISPs to prevent their users from accessing certain domain names relating to The Pirate Bay.<sup>96</sup> Based on s. 56(c) of the Norwegian Copyright Act 2013, the court granted the plaintiffs' motion for an injunction, ordering



Norwegian ISPs to block access to domain names (DNS blocking) that belonged to The Pirate Bay for a period of five years. This case is of great importance, since it is the first example in Norway of a court ordering ISPs to block access to illegal content available online.<sup>97</sup>

In Sweden, the first blocking injunction in a copyright case was granted by the Swedish Patent and Market Court of Appeal in 2017. In the landmark case of *Universal Music AB v B2 Bredband AB*,<sup>98</sup> the court ordered B2 Bredband AB to block access to The Pirate Bay and Swefilmer for a period of three years. Although the court of the first instance, the Stockholm District Court, rejected an application for an injunction against the Swedish ISP B2 to block access to The Pirate Bay and Swefilmer, the Swedish national coordinator for IP crime, Paul Pinter, called for an amendment in the law. He suggested a considerable number of reforms in order to allow seizure and confiscation of intangible assets during the course of an investigation, to introduce a felony in copyright and trade mark law to provide more clear definitions regarding criminal provisions and lastly, to block sites that infringe copyright or trade mark law.<sup>99</sup> After the suggestions of the national coordinator for IP crimes, the Patent and Market Court of Appeal reversed the first instance decision in 2017, ordering the ISP to block access to The Pirate Bay and Swefilmer.

It is worth noting that it was not until four years ago that the Swedish court granted an injunction against an ISP for the first time. While the other Nordic countries had already allowed blocking injunctions, Sweden is the last country that ordered a blocking injunction.

### 5. BLOCKING INJUNCTIONS AND COLLATERAL DAMAGE

What will happen if the target website or a specific location within the website share a single IP address with other legitimate websites? In this situation, the ISPs action to block access to a specific infringing website may result in customers being blocked from accessing the other legitimate websites that share the same IP address. As Ofcom characteristically emphasized, each blocking measure also carries a risk of "over-blocking".<sup>100</sup>

<sup>71</sup> *Dramatico Entertainment Ltd v British Sky Broadcasting Ltd* [2012] EWHC 268 [Ch].

<sup>72</sup> *EMI Records Ltd v British Sky Broadcasting Ltd* [2013] EWHC 379 [Ch].

<sup>73</sup> *Football Association Premier League Ltd v British Sky Broadcasting Ltd* [2013] EWHC 2058 [Ch].

<sup>74</sup> *Paramount Home Entertainment International Ltd v British Sky Broadcasting Ltd* [2013] EWHC 3479 [Ch].

<sup>75</sup> R. Arnold, 'Website-Blocking Injunctions: The Question of Legislative Basis' [2015] 37 European Intellectual Property Review 623.

<sup>76</sup> *Twentieth Century Fox Film Corp v British Telecommunications Plc* (No.2) [2011] EWHC 2714 [Ch].

<sup>77</sup> *Dramatico Entertainment Ltd v British Sky Broadcasting Ltd* (No.2) [2012] EWHC 1152 [Ch].

<sup>78</sup> *Football Association Premier League Ltd v British Sky Broadcasting Ltd* [2013] EWHC 2058 [Ch].

<sup>79</sup> *Cartier International AG & Ors v British Sky Broadcasting* [2014] EWHC 3354 [Ch].

<sup>80</sup> K. Garstka and P. Polaski, 'Notice and search-down injunctions in online copyright

enforcement: should they be embraced or forgotten?' [2019] 41(3) E.I.P.R. 155.

<sup>81</sup> *The Football Association Premier League Ltd v British Telecommunications Plc & Ors* [2017] EWHC 480 [Ch]; [2017] E.C.C. 17.

<sup>82</sup> *ibid* [24].

<sup>83</sup> *The Football Association Premier League Ltd v British Telecommunications Plc & Ors* [2017] EWHC 480 [Ch] [24].

<sup>84</sup> Greek Copyright Act 2121/1993, Article 64A.

<sup>85</sup> Athens Court of First Instance, Case 4658/2012.

<sup>86</sup> Athens Court of First Instance, Case 13478/2014.

<sup>87</sup> Greek Copyright Act 2121/1993, Article 66E.

<sup>88</sup> Commission for the notification of online copyright and related rights infringement, Decision No. 3/2018, <[https://www.opi.gr/images/epitropi/apofaseis/edppi\\_3\\_2018.pdf](https://www.opi.gr/images/epitropi/apofaseis/edppi_3_2018.pdf)> accessed 11 October 2021.

<sup>89</sup> Greek Copyright Act 2121/1993, Article 66E.

<sup>90</sup> Y. Paramythiotis, 'First blocking orders issued in Greece...but how effective are they' [The IPKat, 9 December 2018] <<http://ipkitten.blogspot.com/2018/12/first-blocking-orders-issued-in-greece.html>> accessed 18

October 2021.

<sup>91</sup> *Telenor (formerly DMT2 A/S Sonofon A/S) v IFPI Danmark*, Case 153/2009 [27 May 2010, Supreme Court of Denmark].

<sup>92</sup> *IFPI Finland ry v Elisa Oyj*, Case 11/41552 (Helsinki Court of Appeal, 26 May 2011).

<sup>93</sup> J. Songe-Moller and O. K. Foss, 'File sharing, streaming and The Pirate Bay: Nordic perspectives on website blocking' [2016] 22(2) C.T.L.R. 37.

<sup>94</sup> *STEF and SMAIS v Vodafone and Hringdu* [14 October 2014, Reykjavik District Court].

<sup>95</sup> Songe-Moller and Foss [n 93].

<sup>96</sup> *Warner Bros Entertainment Norge AS v Telenor Norge AS*, Case No. 15-067093TVI-OTIR/05 (Oslo District Court, 1 September 2015).

<sup>97</sup> Songe-Moller and Foss [n 93].

<sup>98</sup> Swedish Patent and Market Court of Appeal, *Universal Music AB v B2 Bredband AB* (PMT 11706-15) verdict of 13 February 2017.

<sup>99</sup> N. Malovic, 'Online copyright enforcement in Sweden: the first blocking injunction' [2017] 28(5) Ent. L.R. 171.

<sup>100</sup> Ofcom [n 25].

There is a number of different techniques that ISPs could use to block access to infringing websites. Two of the most common techniques are DNS blocking and IP address blocking. However, it is very important to mention that both techniques are capable of being circumvented.<sup>101</sup> More specifically, the DNS blocking is more easily circumvented in contrast to the IP address blocking. As it was held in the *Cartier v Sky* case, where the court granted for the first time a blocking injunction to protect trade mark rights, circumvention takes place not only on the part of the users but also by the website operators.<sup>102</sup>

The issue of shared IP addresses was considered in the *Cartier v Sky* case. Justice Arnold, who delivered the judgement, considered the impact that a blocking injunction may have on legitimate websites. In this respect, Justice Arnold considered three possible scenarios.<sup>103</sup> In case that the target website does not share an IP address with other websites, an order that requires IP address blocking would not affect lawful users. Whereas, in case that the target website shares an IP address with other websites which are engaged in unlawful activity, IP address blocking would be appropriate. Last but not least, where a particular target website shares an IP address with other lawful websites, the proper measure would be DNS blocking and not IP blocking.

As far as the first scenario is concerned, one could argue that it is not problematic. When a target website does not share the same IP address with other websites, the technical measure of IP address blocking could accurately target a specific infringing website. Nevertheless, the second and the third scenarios are more problematic and thus require closer examination.

In the second scenario, the target website shares the same IP address with other websites, which according to Justice Arnold are engaged in unlawful activity. In this regard, an order for IP blocking would be appropriate. At this point, more emphasis should be given to the word “unlawful” that was used by the court. The court preferred the word “unlawful” rather than “infringing” activities. The choice of the specific word is very wise. An “unlawful” activity could, for instance, entail material linked to child pornography. In these circumstances, IP blocking was considered as an appropriate measure, since according to the judge’s view, there was no collateral damage to any “lawful” activity.

As Roy and Marsoof stated, this means that the reach of a blocking injunction could be much broader than what was anticipated by the two EU instruments, namely the Information Society Directive and the Enforcement Directive.<sup>104</sup>

Although in situations involving unlawful activities, such as child pornography, the landscape is clear for the court to order IP blocking, the problem arises where it is difficult to draw a line between what is lawful and what is not. In these circumstances, it is the applicant that determines and certifies the unlawfulness of the other website and not the court. It is the applicant that has the burden to certify to the court that he/she has sent a notice to the contact address given by the website notifying them about the order and providing them with the opportunity to move to an alternative server or explain why the website is

not operating unlawfully.<sup>105</sup> Unfortunately, one could argue that there could be instances where either the contact information of the website operator is not available or the operators cannot be contacted due to technical problems.

In the third scenario, the target website shares the same IP address with other lawful websites. In this situation, courts have preferred to adopt DNS blocking instead of IP blocking so as to avoid collateral damage. More specifically, in the Danish case of *Telenor v IFPI Danmark* and in the Norwegian case *Nordic Records Norway AS v Telenor ASA* the courts held that it is much more effective to block access to infringing websites by the adoption of a DNS blocking.<sup>106</sup> However, one should not disregard the limitations of using this technique. For instance, DNS blocking could be easily circumvented via relatively simple measures.<sup>107</sup>

Despite the advantages of using DNS blocking, the possibility of causing collateral damage remains. In cases where both legal and illegal content share the same domain name, a DNS blocking would result in blocking access to everything. Bearing in mind all the possible scenarios, the next step would be to examine the third blocking technique of URL blocking.

In situations where both legal and illegal content share the same IP address or the same domain name, it is the court or the ISP that has to deploy another, less controversial method. The reason why this method is more effective is that the URL blocking precisely targets an infringing website or a specific part of a website. For example, assuming that the infringing content resides in a distinct page of the website C. ISPs could adopt IP blocking, but this would block access to all websites (A,B,C) that share the same IP address. Alternatively, ISPs could adopt DNS blocking by targeting parent domains and block access to the <main-domain.com>. Once again, websites that share the same domain name (B and C for example) would be blocked in their entirety. Moving a step further, if the sub-domain of the website C is blocked (<sub-domain-C.main-domain.com>) that would result in the blocking of the legitimate content as well. By deploying the URL blocking, ISPs would have to block the URL <http://sub-domain-C.main domain.com/infringing.html>. Thus, only the specific part of the website C would be blocked, leaving all other websites that are associated with that domain and share the same IP address intact.<sup>108</sup>

Despite the increased accuracy of URL blocking measures, this method still suffers from serious drawbacks. Circumventing an IP or DNS blocking measure would require the operators to move to a different host or change the domain name which will incur additional costs, while circumvention of a URL blocking measure could be achieved by changing the URL.<sup>109</sup>

Circumvention is a “thorn” in the process of finding the infringing material and blocking access to it. In the UK, the High Court acknowledged that there are circumvention methods which can be used by website operators, including changing IP addresses and URLs. These can be combatted by updating the IP addresses or URLs that are blocked.<sup>110</sup> The so called “notice and block” approach has proved to have positive results to tackle circumvention by the website operators. Although the initial blocking is achieved via a court order, in the event that a website ope-

erator changes the IP address or URL, a subsequent notification that provides the new IP address or the new URL would oblige the ISPs to update their system. Thus, the target website remains inaccessible. Marsoof opines that, at least in the way it is practised in the UK, blocking injunctions are capable of effectively tackling circumvention on the part of website operators.<sup>111</sup>

According to Lodder and Polter,<sup>112</sup> the UK has experienced a considerable decrease of 71.2% in traffic to blocked websites, while the rest of the world has experienced an increase of 27.8%. At the same time, the UK has experienced a sharp increase in traffic to non-blocked websites, in particular 146% compared to the rest of the world that saw an increase of 67.6%. Based on these findings, it is suggested that UK users who have been blocked from accessing websites have not circumvented the blocks but have started using other websites.

In any event, bearing in mind the possible unintended consequences of collateral damage as well as the reality of circumventing blocking orders, courts have to choose the appropriate blocking technique very carefully.

## 6. RECOMMENDATIONS

Blocking injunctions against ISPs are one of the most valuable remedies that a copyright owner can rely on for the enforcement of IP rights. However, due to the lack of harmonised standards, national courts implement the Information Society Directive differently based on their national laws. This leads to courts in some Member States ordering technology-specific blocking, while courts in other Member States issue an injunction with non-specific technical measures or even do not order ISPs to block infringing websites.

It is notable that countries such as the UK, Belgium and Greece have been issuing blocking injunctions with specific technical measures. More specifically, the UK court in the *Football Association Premier League Ltd v British Sky Broadcasting Ltd* ordered a hybrid method of blocking which included the combination of IP blocking and URL blocking.<sup>113</sup> In Belgium, the Belgian court in the *SABAM v Scarlet* case, ordered a technical expert to conduct a technical evaluation of the filtering applications.<sup>114</sup> In Greece, the Athens Court of First Instance ordered an IP address blocking in order to block access to infringing websites.<sup>115</sup> On the contrary, the Danish courts granted blocking in-

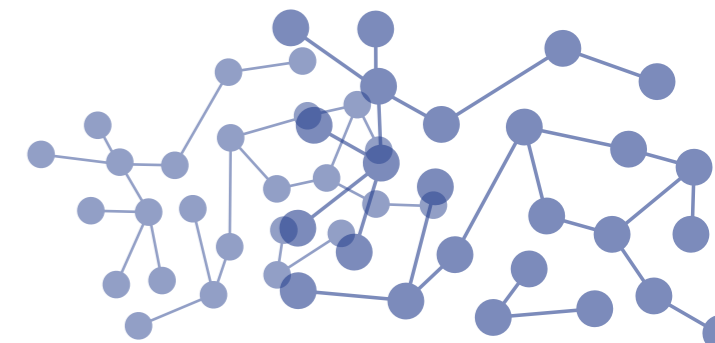
junctions by ordering the ISPs to take all the necessary measures to prevent access by their customers.<sup>116</sup>

This part will recommend how blocking injunctions could be more effective, through EU harmonisation and it will provide alternative measures on how to tackle online copyright infringement in a more effective way.

### 6.1 EU harmonisation on the framework of blocking injunctions

As it was outlined in the previous parts, there is no standard practice on the employment of blocking injunctions within the Member States. This generates a debate on whether blocking injunctions granted from the courts should indicate specific technical measures. In *UPC Telekabel*, the court stated that it is the intermediary’s responsibility to choose and implement the appropriate technical measures to protect right holders.<sup>117</sup> This responsibility is justified because intermediaries have the knowledge and can adopt the resources available to them. However, this task is not considered to be an easy and straightforward one since the deployment of technical measures has to strike the right balance between the protection of copyrights on the one hand and the freedom to conduct a business and the freedom of information on the other hand.

Although it is understandable that it is within the Member States discretion to define transposition measures, in absence of general guidance from the Commission, intermediaries may not be able to foresee a constructive framework that will strike the right balance between the different rights in question. Due to the lack of a harmonised standard from the Commission, national courts would implement the Information Society Directive differently based on their national legislation.



<sup>101</sup> Centre for Democracy and Technology, ‘The Perils of Using the Domain Name System to Address Unlawful Internet Content’ (13 October 2011) <<https://cdt.org/insight/the-perils-of-using-the-domain-name-system-to-address-unlawful-internet-content/>> accessed 18 October 2021.

<sup>102</sup> *Cartier v Sky* [2014] EWHC 3354 (Ch); [2015] 1 All E.R. 949 [27].

<sup>103</sup> *Ibid* [256].

<sup>104</sup> Roy and Marsoof (n 5) 74.

<sup>105</sup> *Ibid*.

<sup>106</sup> *Telenor v IFPI* (n 91); *Nordic Records Norway*

*AS v Telenor ASA*, Case 10-006542ASK-BORG/04 (9 February 2010, Norwegian Court of Appeal ‘Borgarting Lagmannsrett’).

<sup>107</sup> Songe-Moller and Foss (n 93) 37.

<sup>108</sup> Roy and Marsoof (n 5) 74.

<sup>109</sup> *Ibid*.

<sup>110</sup> *Richemont International SA and others v British Sky Broadcasting Ltd and others* [2014] EWHC 3354 (Ch) [27].

<sup>111</sup> Marsoof (n 3) 632.

<sup>112</sup> A. Lodder and P. Polter, ‘ISP blocking and filtering: on the shallow justification in case law regarding effectiveness on measures’

[2017] 8(2) EJLT <<https://ejlt.org/index.php/ejlt/article/view/517>> accessed 18 October 2021.

<sup>113</sup> *Football Association Premier League Ltd v British Sky Broadcasting Ltd* [2013] EWHC 2058 (Ch).

<sup>114</sup> *SABAM v SA Tiscali (Scarlet)* [2007] No. 04/8975/A (District Court of Brussels).

<sup>115</sup> Athens Court of First Instance, Case 4658/2012.

<sup>116</sup> *Telenor v IFPI* (n 91).

<sup>117</sup> Judgement of 27 March 2014, *UPC Telekabel* (n 11).



Courts in different Member States have reached different conclusions on the proportionality of blocking orders. This calls for harmonisation of the utilization of appropriate blocking measures by ISPs. It would be rather helpful if the Commission could establish a framework to improve the practicality of effective blocking. Wang suggests that it would be advantageous if the EU could introduce some successful experience from countries such as the USA.<sup>118</sup>

According to the US Copyright Act, for injunctive relief considerations, there is a formal scheme of four criteria.<sup>119</sup> The court will assess the following: first, whether such an injunction (alone or in combination with other injunctions against the same ISP) would significantly burden the provider or the operation of the provider's system or network. Second, the magnitude of the harm likely to be suffered by the copyright owner if steps are not taken. Third, whether the implementation of such an injunction would be technically feasible and effective and would not interfere with access to non-infringing material at other online locations and fourth, whether there are other less burdensome and comparably effective means of preventing or restraining access to the infringing material.

One question remains: should the courts order specific technical means to prevent users from accessing the target website or should it be at the discretion of the ISPs to decide the appropriate technical measure? It is difficult to argue for or against one side. On the one hand, courts will guarantee the legality of the process, bearing in mind the principle of proportionality when trying to strike a balance between the right of the copyright holders, the right to conduct a business and the right of access to information. However, courts do not have the technical knowledge to decide the proper blocking technique. For instance, the court could not be aware of how many websites share the same IP address, when ordering IP address blocking which entails the risk of over-blocking.<sup>120</sup>

On the other hand, ISPs have the technical knowledge and the resources to choose and implement the most appropriate technical measure. What they lack is the position to balance and guarantee the legitimate interests of the involved parties. Thus, it would be ideal if there is a combination of court protection and technical expertise. Before courts decide and order a specific blocking injunction, there should be communication and collaboration with technical experts. In this situation, every blocking injunction would be the result of technical knowledge and within the judicial proceedings.

In this context, it is crucial to mention the “notice and block” regime adopted by the UK, in view of potential circumvention techniques. In the UK, although the initial blocking of a target website is achieved via the court process, in the event of changing the IP address or URL by the operators of the website, there is a subsequent notification providing the new IP or URL that obliges the ISP to update its system, so that the target website remains inaccessible.<sup>121</sup> It is obvious that through this process, right holders seek a blocking injunction under the auspices of the court and at the same time, in the event of circumvention, they are advised to notify the ISP directly in order to update its system.

Following the example of the UK, the EU Member States should adopt a “notice and block” regime. The copyright owners should initially seek a blocking injunction through the court process, which will safeguard their rights. With the aid of a technical expert, the court would decide and order the most appropriate blocking technique. However, in the event of a potential circumvention, right holders should not be left unprotected or should not be obliged to initiate proceedings from the beginning. A subsequent notification to the ISP regarding the new “landscape” would save time and would be cost effective.

## 6.2 Alternative measures on how to tackle online copyright infringement

To tackle online copyright infringement more effectively, it is believed that blocking injunctions alone are not the best line of action. It would be efficient if there are online legal alternatives and sufficient information to the general audience regarding the rationale of intellectual property.

More specifically, the successful operation of services such as Spotify and Netflix results in a significant decline in online infringement.<sup>122</sup> If users have at their disposal legal alternatives with low cost, they will choose to subscribe and access the legal content instead of searching online for websites that may provide access to the content in question. In addition, according to Ofcom the time between the premiere of a series or movie and the actual time that users can access the content is very important.<sup>123</sup> For instance, in the UK, Sky has exclusive licensing agreements with all the major US studios for the premieres of their movies.<sup>124</sup> After their cinema release, the titles are available via Sky broadcast TV channels and Over the Top (OTT) service Now TV within at least one year.

Moreover, delisting of infringing websites from search engines could be an effective measure, since it makes it more difficult for users to find unlawful sites.<sup>125</sup> While the website operator can move to an alternative IP address, URL or domain name, if it cannot be secured that there will be a listing for the new location on search engines, then it will be harder for users to find the website. At the same time, users can easily locate lawful alternatives, as they will appear higher in the search rankings.

## 7. CONCLUSION

To assess the effectiveness of blocking injunctions, one should examine how national courts respond to them. Although the selected jurisdictions have granted blocking injunctions for online copyright infringement, it is evident by the case law that each country had its own starting point for the implementation of this method. Characteristic examples are the UK and Greece, where blocking injunctions have been granted since 2011 and 2012, respectively. On the contrary, Sweden is among the countries that have recently started to issue blocking injunctions.

Apart from the difference in the timing of implementation, another difference lies in the alternative ways of copyright protection. In Greece, for instance, there is the traditional judicial path on the one hand, and the out-of-court notice and take down legal mechanism, through a newly founded administrative authority on the other. This

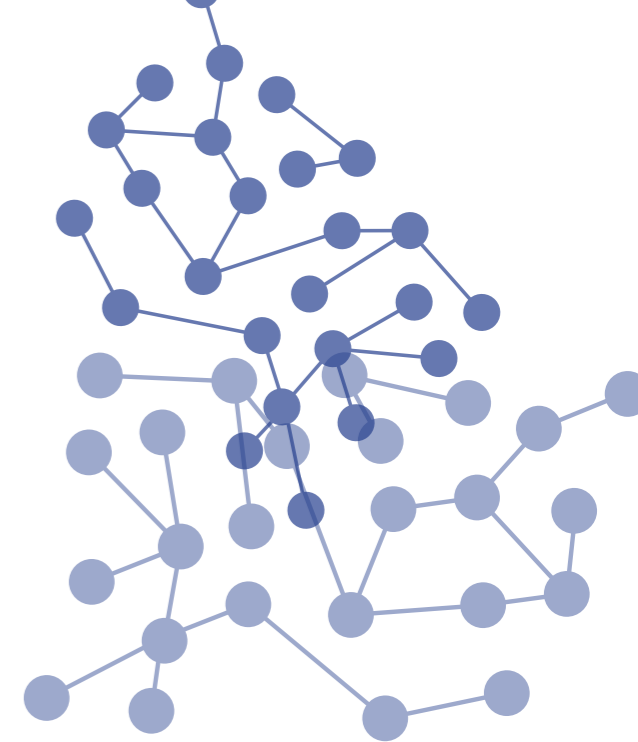
initiative will be very helpful for the right holders, bearing in mind the caseload and slow disposition of cases in the Greek courts.

Without a doubt, website blocking injunctions are a common and valuable method used to prevent unauthorized access to protected works in the online environment. As it is burdensome for copyright owners to identify and initiate proceedings against the users and the website operators, ISPs can easily identify a particular infringing website. From an economic point of view, it is more efficient to require intermediaries to take action to prevent infringement from being committed through their services.

Nevertheless, one should not disregard the concerns that were raised in the previous parts. The fact that Member States in the EU and the UK interpret and deploy blocking injunctions differently, along with the technical issue of who will determine and deploy the blocking injunctions result in ineffective outcomes. In addition, the “shadows” of potential collateral damage and circumvention worsen the situation even more.

Due to the lack of harmonized standards, it is recommended that EU harmonization could enable blocking injunctions to be more effective. It would be rather helpful if the European Commission could establish a framework to improve the practicality of effective blocking. Additionally, it would be ideal if courts and technical experts collaborated before issuing a blocking order. In order to mitigate the circumvention risk, Member States can follow the ‘notice and block’ regime adopted by the UK. Meanwhile, as the paper focused on online copyright infringement, it provided alternative measures on how to tackle online copyright infringement in a more effective way, by the use of online legal alternatives.

In a report prepared for Ofcom, it was characteristically stated that “no single enforcement solution is likely to address online copyright infringement in isolation; a complementary mix of measures including better lawful alternatives, more education about copyright matters, and targeted enforcement is more likely to be successful”.<sup>126</sup>



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<sup>118</sup> F. Wang, 'Site-blocking Orders in the EU: Justification and Feasibility' (2014) 14th Annual Intellectual Property Scholars Conference, Boalt Hall School of Law, University of California, Berkeley, 7-8 August 2014.

<sup>119</sup> Copyright Law of the United States (Title 17) 1976, s. 512 (j)(2)(A-D).

<sup>120</sup> L. Feiler, 'Website Blocking Injunctions under EU and U.S Copyright Law - Slow Death of the Global Internet or Emergence of the Rule of National Copyright Law?' [2012] TTLF Working

Paper No.13 < [https://law.stanford.edu/wp-content/uploads/sites/default/files/publication/203758/doc/slspublic/feiler\\_wp13.pdf](https://law.stanford.edu/wp-content/uploads/sites/default/files/publication/203758/doc/slspublic/feiler_wp13.pdf) accessed 18 October 2021.

<sup>121</sup> Marsoof [n 3] 632.

<sup>122</sup> Copia, 'The carrot or the stick?' [8 October 2015] <<https://copia.is/library/the-carrot-or-the-stick/>> accessed 18 October 2021.

<sup>123</sup> IDATE Consulting, 'Online content study: changes in the distribution, discovery and consumption of lawful and unauthorised online content' MC 359 Final Report

(November 2015) <[https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0031/69196/online-content-study-010316.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0031/69196/online-content-study-010316.pdf)> accessed 18 October 2021.

<sup>124</sup> Ibid.

<sup>125</sup> Ofcom [n 25].

<sup>126</sup> Kanter Media, 'OCI Tracker: High volume infringers analysis report' 3 <[http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/online-copyright/w4/HIGH\\_VOLUME\\_INFRINGERS.pdf](http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/online-copyright/w4/HIGH_VOLUME_INFRINGERS.pdf)> accessed 2 November 2021

# A European solution for Text and Data Mining in the development of creative Artificial Intelligence

## With a specific focus on articles 3 and 4 of the Digital Single Market Directive

By Kristina Christensen

### ABSTRACT

In today's data-driven society, Text and Data Mining (TDM) has become an essential tool in managing Big Data in its different sizes and forms, which is also an inherent part of Artificial Intelligence (AI) research. TDM techniques highly depend on datasets derived from TDM to self-learn and to make autonomous decisions. Through the lens of copyright and related rights, TDM may be used to train AI for the purpose of AI-driven creativity, where AI has already helped in completing paintings, composing music and producing movie trailers. However, since TDM typically involves the acts of copying and/or extracting of works and other subject-matter protectable by copyright and related rights, legal restrictions under the EU acquis might be in place.

In this regard, the importance of TDM has been acknowledged by the EU Legislators, which introduced two mandatory exceptions for TDM contained in articles 3 and 4 of the Directive 2019/790 on copyright and related rights in the Digital Single Market (DSM Directive). The present article analyses the relationship between TDM and AI-driven creativity by, firstly, explaining the notion of TDM and common technical steps within its process. Secondly, it examines the copyright and related rights issues regarding TDM and possible pre-existing exceptions and limitations under the EU acquis that might be applicable. Lastly, this article critically analyses the mandatory TDM provisions under the DSM Directive and concludes that these still contain shortcomings that may significantly restrict the possibility to undertake unlicensed TDM for AI creative purposes within the EU.

### 1. INTRODUCTION

The current and future sustainable economic development and its innovative environment within the European Union

(EU) – often referred to as the Fourth Industrial Revolution – highly depends on the value created by data. Every day new data is produced by the quintillions of bytes, and it is estimated that by 2023 the world will be populated by 29 billion smart connected devices that are capable of collecting and sharing data in real time and making autonomous decisions.<sup>1</sup> Nevertheless, the increasing availability of data is the key driver to the existing growth of AI.<sup>2</sup> Consequently, adapting within this magma of online information has become a challenging but vital task – leading to difficulties in regulating this new environment.<sup>3</sup>

As a matter of fact, the value of data does not lie in the data or text taken separately, but rather in the extraction of value.<sup>4</sup> This requires an analysis of the large volumes of digital text and/or data to enable the discovery of new patterns and relations. While such analysis is nearly impossible to perform manually, TDM techniques allow this to be performed easily.<sup>5</sup> Generally, TDM can be described as automated computational analysis of large amounts of information in digital form, including data, images, text and sound contained in Big Data, to gain new knowledge and uncover patterns, tendencies, and correlations.<sup>6</sup>

Through the lens of copyright and related rights, TDM may be used to train AI for the purpose of AI-driven creativity.<sup>7</sup> Accordingly, AI has already helped to actualize paintings such as 'The Next Rembrandt'; to compose music in the style of 'The Beatles'; and to produce a movie trailer for the film 'Morgan' – just to mention a few.<sup>8</sup> In this regard, through (i) access, (ii) copying and/or extraction, and (iii) mining of the material, TDM generates robust and varied data sets that are further used to feed and train AI for creative purposes. As a result, there is a tension between TDM techniques and IP protection, since works or subject-matter used during TDM process may be protected under Directive 2001/29/EC (InfoSoc Directive)<sup>9</sup>, Directive 2009/24/EC (Software Directive)<sup>10</sup> or Directive 96/9/EC (Database Directive)<sup>11</sup>, where such use requires authorization from the relevant rightsholder.<sup>12</sup>

As a matter of fact, the unlicensed uses of TDM may be covered by the exceptions and limitations under the EU acquis, where the authorization from the rightsholders is generally not required. In this regard, several Member States within the EU (post-UK, France, Estonia and Germany) have already implemented specific TDM excep-

tions into their national laws; each of those having different characteristics. However, as digital technologies permit new types of uses, supplemented by divergent national implementations of the exceptions and limitations, it remains unclear whether these provide sufficient space for enabling TDM.<sup>13</sup> To solve legal uncertainties and to compete with the legal systems that offer a more friendly environment for TDM (such as Japan, UK and US), the EU adopted the Directive 2019/790 (DSM Directive) comprising two mandatory TDM exceptions; article 3 as a specific scientific research exception for non-commercial purposes and article 4 as a general exception or limitation, that may cover commercial data analytics and AI.

The aim of this article is to analyse to what extent a use of protected work or subject-matter for TDM purposes in the field of AI-driven creativity is controlled by the exclusive rights of the relevant rightsholder. The analysis will be done on the basis of EU copyright and related rights, by examining the exclusive right of reproduction and sui generis database right as well as possibly applicable pre-existing exceptions and limitations under the Infosoc, Database and Software Directives. In addition to that, an assessment of whether the newly introduced mandatory TDM exceptions contained in articles 3 and 4 of the DSM Directive are sufficient to risk-freeing unlicensed uses of TDM and thus unlocking new business opportunities for AI innovators within the EU.

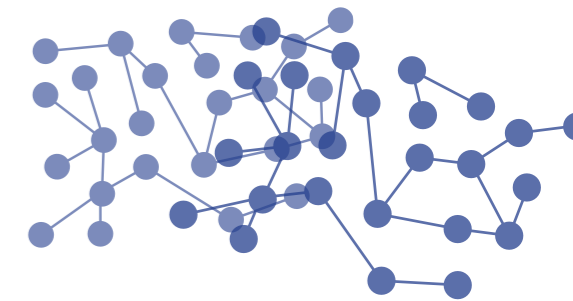
This article is structured as follows: section (ii) examines the technicalities of TDM and the copyright and related rights issues that become relevant when performing this activities; section (iii) examines whether TDM may be covered by pre-existing exceptions and limitations that

are available under the EU acquis and presents an overview of the national TDM exceptions to demonstrate the divergent implementation of these, due to the non-mandatory character of the research exception that constitutes a legal basis for the transposition; section (iv) examines the mandatory TDM exceptions introduced in the DSM Directive, by considering the rationales for such exceptions and the positive and negative impact of these on TDM when it is used for the purpose of AI-driven creativity.

### 2. LEGAL BARRIERS TO TEXT AND DATA MINING IN THE EU

#### 2.1 Definition of Text and Data Mining

Article 2 of the DSM Directive defines TDM as 'any automated analytical technique aimed at analysing text and data in digital form in order to generate information, which includes but is not limited to pattern, trends and correlations', whereas the digital information can constitute 'text, sounds, images or data'.<sup>14</sup> In other words, TDM involves the deployment of automated software tools, that enable everyone with the right level of knowledge to accumulate massive quantities of text and data, such as Big Data, to further uncover new insights and patterns.<sup>15</sup>



<sup>1</sup> Yann Meniere et. al., *Patents and the Fourth Industrial Revolution – The global technology trends enabling the data-driven economy* (2020), European Patent Office, page 7 and 14 [http://documents.epo.org/projects/babylon/eponet.nsf/0/06E4D8F7A2D6C2E-1C125863900517B88/\\$File/patents\\_and\\_the\\_fourth\\_industrial\\_revolution\\_study\\_2020\\_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/06E4D8F7A2D6C2E-1C125863900517B88/$File/patents_and_the_fourth_industrial_revolution_study_2020_en.pdf) accessed 10 October 2021.

<sup>2</sup> European Commission, *White Paper on Artificial Intelligence: a European approach to excellence and trust*, Brussels, 19.2.2020 COM(2020) 65 final, page 1.

<sup>3</sup> Christophe Geiger et. al., *Text and Data Mining in the Proposed Copyright Reform: Making the EU ready for an age of Big Data?* (2019), International Review of Intellectual Property and Competition Law, Volume 49, Issue 7, page 815.

<sup>4</sup> Eleonora Rosati, *An EU text and data mining exception for the few: would it make sense?*, Journal of Intellectual Property Law & Practice, 2019, Volume 13, Issue 6, page 429.

<sup>5</sup> Eleonora Rosati, *The Exception for Text and Data Mining (TDM) in the Proposed Directive on Copyright in the Digital Single Market: Technical Aspects, Briefing requested by the JURI committee, Policy Department for Citizens' Rights and Constitutional Affairs*, European Parliament, page 2.

<sup>6</sup> Recital 8 and Article 2(2) Directive 2019/790 of

the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130, 17.5.2019, p. 92-125.

<sup>7</sup> Eleonora Rosati, *Copyright as an obstacle or an enabler? A European perspective on text and data mining and its role in the development of AI creativity* (2019), Asia Pacific Law Review, Volume 27, Issue 2, page 198-199.

<sup>8</sup> Steve Schlackman, *Who holds the Copyright in AI created art?* (2020), Artpreneur <https://alj.artpreneur.com/the-next-rembrandt-who-holds-the-copyright-in-computer-generated-art/> accessed 10 October 2021; Flow Records, *About Hello World* (2017) <https://www.helloworldalbum.net/#> accessed 10 October 2021; John R. Smith, *IBM Research takes Watson to Hollywood with the first "Cognitive Movie Trailer"* (2016), IBM <https://www.ibm.com/blogs/think/2016/08/cognitive-movie-trailer/> accessed 10 October 2021.

<sup>9</sup> 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, OJ L 167, 22.6.2001, p 10-19 [InfoSoc Directive].

<sup>10</sup> Directive 2009/24/EC of the European

Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (Codified version) OJ L 111, 5.5.2009, p. 16-22 [Software Directive].

<sup>11</sup> Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, OJ L 77, 27.3.1996, p. 20-28 [Database Directive].

<sup>12</sup> Christophe Geiger et. al. (n 3), page 5; WIPO Conversation on Intellectual Property (IP) and Artificial Intelligence (AI), Draft issues paper on intellectual property policy and artificial intelligence – prepared by the WIPO Secretariat, Second Session, WIPO/IP/AI/GE/20/1, 1 May 2021, page 5

<sup>13</sup> Recital 5 and recital 19 DSM Directive; See further European Commission, Proposal for a Directive of the European Parliament and of the Council on copyright in the Digital Single Market, Brussels 14.9.2016, COM(2016) 0593 final, 2016/0280 [COD], page 2.

<sup>14</sup> See further recital 8 DSM Directive.

<sup>15</sup> Ian Hargreaves, *Digital Opportunity – A review of Intellectual Property and Growth* (2011), Department for Business, Innovation and Skills, page 10 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32563/ipreview-finalreport.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32563/ipreview-finalreport.pdf) accessed 11 October 2021.

To examine what legal issues may arise in TDM process, it is important to grasp how it operates. TDM involves a chain of activities that needs to be performed to cost-effectively mine a large amount of text and/or data. In this regard, there are three common – but not necessarily required – steps, which include (i) accessing the input material to be analysed, such as work or data collected individually or organized in a database; (ii) copying substantial quantities of the material and/or extracting the data, which may also include (a) pre-processing of the material by turning it into a machine-readable format, and (b) uploading of the pre-processed content on a platform; and (iii) mining the data and recombining it to discover new knowledge and patterns into the final output.<sup>16</sup>

## 2.2 The reproduction right: authorial works and expressive subject-matter

One of the central principles of copyright is that it only protects authorial works that are sufficiently original, in the sense of being ‘author’s own intellectual creation’. The EU *acquis* does not provide an exhaustive list of original works, but it can be anything from books, music, paintings and photographs to databases and computer programs.<sup>17</sup> In addition to copyright subsisting in original works, the EU legislation expressly requires Member States to protect a closed list of unoriginal expressive subject-matter by related rights, aiming to protect the economic and legal interests of certain persons or entities that have contributed with financial, organizational or creative resources to the production of that subject-matter. For instance, rights that might be at stake when TDM is used for the purpose of AI-driven creativity is article 2(c) of the InfoSoc Directive that protects certain rights of phonogram producers in respect of their published and unpublished phonograms and article 15 of DSM Directive covering the rights of publishers in relation to their press publications.<sup>18</sup>

Once a created work can be considered as original or a subject-matter that expresses enough creativity, the rightsholders are granted the exclusive right of reproduction.<sup>19</sup> This right is defined in article 2 of the InfoSoc Directive – supplemented for original computer programs in article 4(1)(a) of the Software Directive, original databases in article 3(1) of the Database Directive and non-original press publications in article 15 of DSM Directive – and provide rightsholders with the exclusive right to authorize or prohibit ‘direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part’ of their works or subject-matter.<sup>20</sup> Indeed, article 2 of the InfoSoc Directive introduces a broad definition of acts that may be covered by the reproduction right, alongside with the CJEU’s broad interpretation of this concept aiming to ensure legal certainty within the internal market.<sup>21</sup>

## 2.3 The sui generis database right: databases

In addition to copyright protection of databases as original works, the non-original part of a database can also be protected under the *sui generis* database right. Accordingly, the maker of the database that has made qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents of the database is entitled to object to the extraction and/or re-utilization of all or substantial part of the contents of that database, evaluated qualitatively (the scale of investment) and/or quantitatively (the volume of data).<sup>22</sup> The CJEU interpreted the rights of extraction and re-utilization broadly, by understanding the former as temporary or permanent transfer (copying) from one medium to another by any means or in any form, and the latter as any form of making available to the public.<sup>23</sup> In addition, article 7(5) of the Database Directive entitles the maker of the database to prevent repeated and systematic extractions and/or re-utilization of ‘insubstantial’ parts of the

contents of the database, where the unauthorized acts would seriously prejudice the investment of the database maker.<sup>24</sup>

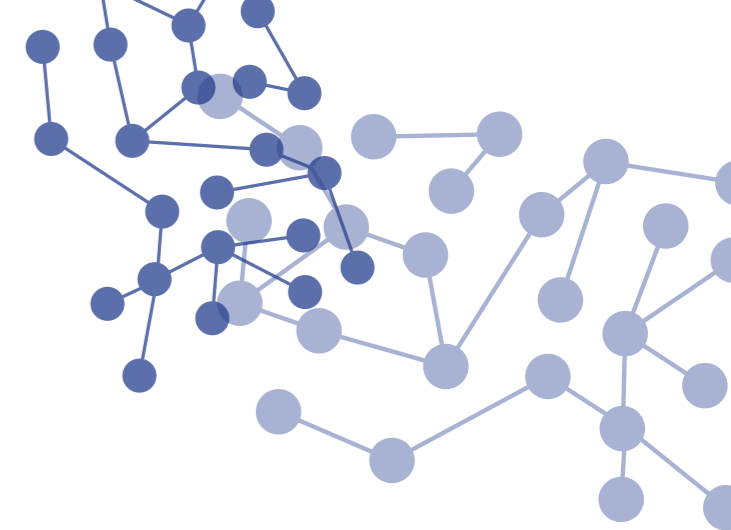
In the context like the one presented above, the EU *acquis* establishes a two-tier system for the protection of expressive subject-matter that involves copyright protection for original works and related rights protection for their non-authorial counterparts.<sup>25</sup> This means that whenever TDM is used to mine Big Data containing protectable works or other subject-matter – also included in a database – for the purpose of AI-driven creativity, both copyright and related rights may become relevant. For instance, if an AI developer wishes to train AI system to create songs, that developer not only have to consider the author’s exclusive right of reproduction of the authorial text, but also the reproduction right of a phonogram producer that first fixes the sounds and the database maker’s exclusive right of extraction that stores these songs in its database.

## 2.4 Text and Data Mining: An apt technique encroaching the exclusive rights?

### 2.4.1 Text and Data Mining as an act of reproduction?

Given the broad scope of the right of reproduction as well as the extraction and re-utilization, the following questions arise: can protected works and subject-matter be used for AI creative purposes within the TDM context without falling within the scope of the exclusive rights? First of all, it must be noted that not all TDM activities involve copying and/or extraction of the material at the outset, which mostly depend on the use of the material, technical tools and the extent of the mining procedure.<sup>26</sup> Nor are all acts of copying subject to prior authorization, e.g., when such acts fall within the scope of the exceptions and limitations under the EU *acquis*.<sup>27</sup>

Additionally, TDM carried out on mere information, facts or data does not amount to copyright or related rights infringement.<sup>28</sup> However, even if the source of data



used for TDM is protected, the threshold for infringement may not be met if TDM reproduces only parts of the work or subject-matter so minimal that it falls below the threshold for protection.<sup>29</sup> This was indeed confirmed by the CJEU in Infopaq I, C-5/08 where it held that words considered in isolation are not *per se* an intellectual creation and cannot be protected as such.<sup>30</sup> Also, as has been underlined by numerous scholars, the act of reading a work by computers is random access memory does not result in copyright infringement.<sup>31</sup> Thus, putting it in the context of TDM, the ‘right to read is the right to mine.’<sup>32</sup>

Conversely, whenever TDM techniques involve copying and/or extraction of the material relevant for AI project, then legal restrictions may be in place.<sup>33</sup> In this regard, the CJEU has in Infopaq I, C-5/08 confirmed that at least ‘11 consecutive words’ contained in a newspaper constitute an approximate threshold for originality that may be applied *mutatis mutandis* in respect of all authorial works, including computer programs and databases.<sup>34</sup> Within this context, since AI relies on processing masses of data sets stemmed from TDM, especially in cases when TDM is carried out on Big Data containing protectable works, the likelihood for copyright infringement exists.<sup>35</sup>

<sup>16</sup> Eleonora Rosati (n 7), page 203–204; See also Jean-Paul Triaille et. al., Study on the legal framework of text and data mining (TDM) [2014], De Wolf & Partners, Funded by European Commission, European Union, page 28.

<sup>17</sup> See article 2 Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886 for the example of works protectable by copyright.

<sup>18</sup> See Article 3 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Done at Rome on October 26, 1966, where phonograms are defined as ‘any exclusively aural fixation of sounds of a performance or of other sounds’; See also article 2 InfoSoc Directive and article 7 Database Directive for the protection of databases with *sui generis* database right; See also article 15 DSM Directive.

<sup>19</sup> European Commission Green Paper of 27 July 1995 on Copyright and Related Rights in the

Information Society COM(95) 382 final – Not published in the Official Journal.

<sup>20</sup> This is also consistent with the wording of the reproduction right itself, following article 9 Berne Convention – ‘in any manner or form’.

<sup>21</sup> Recital 21 InfoSoc Directive; Judgement of 16 July 2009, Infopaq, C-5/08, EU:C:2009:465, para 43; Judgement of 1 December 2011, Painer, C-145/10, EU:C:2011:798, para 96.

<sup>22</sup> Article 7 Database Directive; See also the British decision in the British Horseracing Board Limited & Ors v William Hill Organisation Ltd [2005] RPC 35, [2005] ECDR 28, confirms that without further verification of the content, the existing material in the database is not protected by *sui generis* right; See also Judgement of 9 November 2004, The British Horseracing Board Ltd and Others v. William Hill Organization Ltd, C-203/02, EU:C:2004:695, para 70–71.

<sup>23</sup> Ibid, para 51; Judgement of 18 October 2012, Football Dataco Ltd and Others v. Sportradar

GmbH and Others, C-173/11, EU:C:2012:642, para 20–21; See also Judgement of 5 March 2009, Apis Hristovich EOOD v. Lakorda AD, C-545/07, EU:C:2009:132; Also confirmed by the Advocate General Stix-Hackl in Opinion of Advocate General delivered on 8 June 2004, BHB v. WH, C-203/02, EU:C:2004:695.

<sup>24</sup> BHB v. WH, C-203/02, para 86.

<sup>25</sup> Federico Ferri, The dark side(s) of the EU Directive on copyright and related rights in the Digital Single Market (2020), China EU Law Journal, Department of Legal Studies, University of Bologna, page 11 <https://doi.org/10.1007/s12689-020-00089-5> accessed 13 October 2021.

<sup>26</sup> Eleonora Rosati (n 7), page 200; See also Eleonora Rosati, (n 5), page 5.

<sup>27</sup> Recital 33 InfoSoc Directive; See further CJEU, Judgement of 26 April 2017, Stitching Brein v Jack Frederik Willems, C-527/15, EU:C:2017:300, para 65 and 69, where the CJEU examined the ‘lawful use’ in article 5 (1)

InfoSoc Directive and confirmed that this exception cannot be relied upon by users where the pre-installed add-ons allow access to private servers on which copyright-protected works have been made available to the public without the consent of the rightsholder. See further Judgement of 4 October 2011, Football Association Premier League Ltd and others v. QC Leisure and others v. Media Protection Services Ltd, C-403/08, EU:C:2011:631, para 168; Judgement of 17 January 2012, Infopaq International A/S v. Danske Dagblades Forening, C-302/10, EU:C:2012:16 [Infopaq III], para 42; Judgement of 5 March 2015, Copydan Båndkopi v Nokia Danmark, C-463/12, EU:C:2015:144, para 79.

<sup>28</sup> This is also confirmed by the recital 9 DSM Directive.

<sup>29</sup> However, the CJEU has ruled in Ryanair Ltd v. PR Aviation BV that the absence of copyright, related rights or *sui generis* database right protection does not exclude the possibility of

the rightsholder to impose restrictions through contractual provisions (also covering TDM activities); See judgement of 15 January 2015, Ryanair Ltd v. PR Aviation BV, C-30/14, ECLI:EU:C:2015:10.

<sup>30</sup> Judgement of 16 July 2009, Infopaq International A/S v Danske Dagblades Forening, C-5/08, ECLI:EU:C:2009:465 [Infopaq II], para 45–46; See also reasoning by Christophe Geiger et. al. (n 3), page 818.

<sup>31</sup> See also Peter Murray-Rust, The right to read is the right to mine [2012] <https://blog.okfn.org/2012/06/01/the-right-to-read-is-the-right-to-mine/> accessed 14 October 2021.

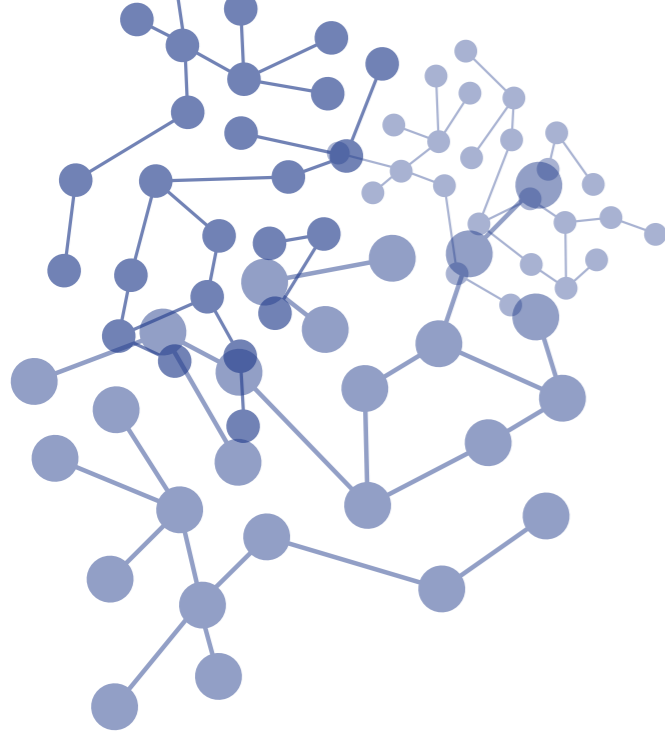
<sup>32</sup> Sean Flynn, Implementing user rights in the field of Artificial Intelligence: A call for international action [2020], European Intellectual Property Review, Issue 7, WCL Research Paper No. 2020-12 page 4.

<sup>33</sup> Eleonora Rosati (n 7), page 206–209.

<sup>34</sup> A similar reasoning was also conducted by the CJEU in FAPL, C-403/08, para 159, where it

held that reproducing approximately four audio or video fragments that constitute authorial works embedded within the films constitute and falls within the exclusive rights of reproduction of the relevant rightsholders; See further Kim Martineau et. al., Towards artificial intelligence that learns to write code [2014], Massachusetts Institute of Technology <https://news.mit.edu/2019/toward-artificial-intelligence-that-learns-to-write-code-0614> accessed 14 October 2021.

<sup>35</sup> See also Judgement of 2 May 2012, SAS Institute Inc. v World Programming Ltd, C-406/10, ECLI:EU:C:2012:259, para 66–67, where the CJEU confirm the test in Infopaq in relation to reproduction of computer programs.



In case where the content copied and/or extracted is contained in a database, then both copyright and *sui generis* database right might come into consideration. With regard to copyright, TDM may infringe the reproduction right of the author of the database, e.g. when pre-processing for the extraction, meaning that the original selection and/or the arrangement of the database is copied in its entirety.<sup>36</sup> However, when a huge amount of data is being analyzed, indexed, aggregated, and merged during TDM process, it can be difficult to prove that the data comes from a specific database and, in particular, that TDM infringes upon the selection or arrangement of that database protected by copyright. Consequently, the possibility of the author of a database to claim and prove infringement can be highly unlikely – yet not impossible.<sup>37</sup>

In so far as related rights are concerned, the CJEU has in *Pelham*, C-476/17 clarified that phonogram producer can prevent a reproduction of even a very short sound sample, for instance approximately 2-seconds rhythm sequence, when it is taken for the purpose of including that sample in another phonogram, unless that sample is modified to the extent that the final result is unrecognizable to the ear.<sup>38</sup> Thus, the key criterion for related rights is not ‘originality’ but rather ‘recognizability’, which means that even small pieces of a larger work are able to attract their own related rights protection.<sup>39</sup> Consequently, since TDM may involve reproduction that results in the creation of a copy of the protected material, without possible selection of certain pieces from that material during TDM process that may fall below the threshold for recognizability or additional modification of the material *per se*, it is certain that TDM will infringe related rights of the relevant rightsholder.

In sum, since TDM is a copy-reliant technology it becomes qualitatively and quantitatively relevant to the realm of copyright and related rights. This means that any digital copies made out of works protectable by copyright or expressive subject-matter protectable by related rights during TDM processes for the purpose of AI-driven creativity – irrespective of how transient or short from an eco-

omic perspective these may be – have the potential to meet the threshold infringement for copyright (originality as being ‘author’s own intellectual creation’) and related rights (‘recognizability’), since the main activity of TDM is to copy the content in its entirety without adding or altering it *per se*, and thus will always require prior authorization of the rightsholders.

#### 2.4.2 Text and Data Mining as an act of extraction and/or re-utilization?

Turning to the *sui generis* database right, TDM might infringe the extraction – and to some degree the re-utilization – of a substantial part of the contents of a database, when processing Big Data for AI-driven creativity.<sup>40</sup> In this regard, it is no coincidence that the notion of TDM often assimilates with the ‘extracting data and/or information’.<sup>41</sup> In fact, TDM techniques identify and collect pre-existing works or subject-matter from different databases in accordance with the relevance to each AI project, where they are eventually stored in one or more servers or other tangible mediums accessible to the programmers.<sup>42</sup> Even if an extraction occurred without reproduction of the original materials, the extraction *per se* would infringe the exclusive right of the database owner. In this regard, the CJEU has in *BHB v. WH*, C-203/02 confirmed that temporary or permanent transfer of data from one medium to a new one and storage thereof is sufficient to be considered as an extraction, meaning that TDM will fall within the scope of this right as this operation constitutes a necessary step in its process.<sup>43</sup>

### 3. PRE-EXISTING LEGAL REGIME APPLICABLE TO TEXT AND DATA MINING

#### 3.1 Exceptions and limitations – A European perspective

Given the broad scope of the exclusive rights, reproductions and extractions made during TDM process for AI creativity would always need to be authorized by the relevant rightsholder. However, such authorization is not required where TDM may be eligible for protection under the mandatory and non-mandatory pre-existing exceptions and limitations contained in the EU *acquis*.<sup>44</sup> Although the nature and scope of the exceptions and limitations are governed by the domestic laws of individual Member States, these are subject to harmonised EU regulations and should be interpreted strictly.<sup>45</sup> Thus, several pre-existing exceptions and limitations have been selected as possible candidates to screen unauthorized use of TDM from copyright and related rights infringement.

##### 3.1.1 Temporary act of reproduction

According to recital 9 of the DSM Directive, the mandatory exception in article 5(1) of the InfoSoc Directive still applies to TDM techniques, insofar these involve the making of temporary reproductions that are ‘transient or incidental’ to an integral part of a technological process that enables a ‘lawful’ use of a work with ‘no independent economic significance’ – these must be cumulatively met in accordance with the restrictive interpretation.<sup>46</sup> As a guideline, the CJEU has in its case law confirmed that ‘transient or

incidental’ requires an act to be limited in its duration to what is necessary for the proper completion of the technological process, meaning that after the completion of the process such copies must be deleted.<sup>47</sup> Additionally, independent economic significance occurs when reproduction generates an additional economic advantage beyond the advantage derived from the lawful use of the protected material or if the reproduction leads to a modification *per se*.<sup>48</sup>

Applying the cumulative conditions to TDM, it may seem that these would not be easily met during its process.<sup>49</sup> Firstly, copies made during TDM are in most cases not ‘transient or incidental’ but rather permanent, due to the fact that initial intention of the reproduction is to keep such copies for a longer period of time in order for these to be pre-processed, uploaded into a medium and mined for the development and the training of creative AI. In fact, TDM techniques, if any, do not involve manually activated or automatically performed deletion process of created copies, which highly depend on the will of the ones performing TDM and the subsequent users of the material in accordance with their needs, such as AI developers.<sup>50</sup>

Secondly, according to recital 33 of the InfoSoc Directive, a use is considered lawful when it is authorized by the rightsholder (explicitly or implicitly) or it is not restricted by law.<sup>51</sup> However, since TDM as such encroaches on the exclusive right of reproduction, which is an act prohibited by law, every copy made during TDM process for the pur-

pose of AI-driven creativity needs to be authorized by the relevant rightsholder. This in fact means that it would be impossible to conduct TDM if authorization or license work by work is required, which would also defeat the purpose of TDM to avoid a time-consuming process.

Lastly, the independent economic significance cannot be overlooked since it is highly relevant to the economic value of the TDM as such. Potentially, the results gained from TDM and the sharing of the final outputs, especially in cases of Big Data and AI creativity, are all steps leading to the financial reward.<sup>52</sup> However, even if an independent economic significance would not be demonstrated, the content could still be modified during the TDM process, for instance when the material is aggregated or altered or also in cases when it is normalized from unstructured data into structured data in order for it to be compatible with the technology to be deployed for TDM.

As a matter of fact, even though being mandatory, exception in article 5(1) of the InfoSoc Directive may be overridden by contracts, meaning that rightsholders can rely on contractual provisions to restrict reliance on it by AI developers.<sup>53</sup> Consequently, it is evident that this sole mandatory exception has a limited scope and lacks legal certainty with regards to TDM activities and the lawfulness thereof. Consequently, copies made during TDM that fail to satisfy one of the conditions stipulated in the article voids the application of the exception, which, in fact, indicates the rightsholder’s strong monopoly over its original work and expressive subject-matter.

<sup>36</sup> Jean-Paul Triaille et. al. (n 16), page 33-34; See also Eleonora Rosati (n 5), page 5-6.

<sup>37</sup> Jean-Paul Triaille et. al. (n 16), page 34, referring to the Benoit Michaux, *Droit des bases de données* (2005), No. 116, Bruxelles, Kluwer, page 119.

<sup>38</sup> Judgement of 29 July 2019, *Pelham GmbH and others v. Ralf Hütter and Others* (Pelham), C-476/17, EU:C:2019:624, para 31 and 39.

<sup>39</sup> Eleonora Rosati (n 7), page 206; Christophe Geiger et. al. (n 3), page 6.

<sup>40</sup> See further Marco Caspers et. al. *Baseline report of policies and barriers of TDM in Europe* (2016). In *Reducing barriers and increasing uptake of Text and Data Mining for research environments using a collaborative knowledge and open information approach*, FutureTDM, Horizon 2020, GARRI-3-2014, page 22, arguing that since it refers to any act of making available to the public and since the contents of the database are only used to be ‘read’ by TDM, there may not be any actual disclosure to the researchers themselves, let alone a public.

<sup>41</sup> Jean-Paul Triaille et. al. (n 16), page 38.

<sup>42</sup> Theodoros Chiou, *Copyright lessons on Machine Learning: what impact on algorithmic art?* 10 (2019), JIPITEC, page 402 [https://www.jipitec.eu/issues/jipitec-10-3-2019/5025/chiou\\_pdf.pdf](https://www.jipitec.eu/issues/jipitec-10-3-2019/5025/chiou_pdf.pdf) accessed

15 October 2021.

<sup>43</sup> *BHB v. WH*, C-203/02, para 65-66; Moreover, TDM may adapt or translate the content, e.g. converse to a different format, which may also fall within the scope of extraction right. Even if not discussed, it is important step during TDM; See also Jean-Paul Triaille et. al. (n 16), page 38-39, stating that it may not be ruled out that TDM can also copy and/or extract elements that are so small that these can be considered as insubstantial.

<sup>44</sup> Recital 1 and 3 DSM Directive and recital 31 InfoSoc Directive; See also Theodoros Chiou (n 42), page 405; See also Eleonora Rosati (n 7), page 206; Christophe Geiger et. al. (n 3), page 820.

<sup>45</sup> *Infopaq I*, C-5/08, para 56; This is also supported by the three-step-test under article 9 (2) Berne Convention.

<sup>46</sup> Recital 9 DSM Directive; See further article 5 (1) InfoSoc Directive; See also *Infopaq I*, C-5/08 para 55-58, where the CJEU held that the provision that derogates from the general principle must be interpreted strictly; See also *Infopaq II*, C-302/10, para 26; *FALP*, C-403/08, para 162; Judgement of 5 June 2014, *Public Relations Consultants Association v Newspaper Licensing Agency Ltd and Others* (PRCA), C-360/13, ECLI:EU:C:2014:1195, para 24; See also Article 5 (5) InfoSoc Directive for

the three-step-test to ensure legal certainty.

<sup>47</sup> *Infopaq I*, C-5/08 para, para 33, 64, where the CJEU required human intervention when deleting reproduced copies, where this requirement was further reconsidered and removed in *Infopaq II*, C-302/10, para 32, 36, 39 and further confirmed in *PRCA*, C-360/13, para 15.

<sup>48</sup> *FALP*, C-403/08, para 177; *Infopaq II*, C-302/10, para 51-53.

<sup>49</sup> Christophe Geiger et. al. (n 3), page 9-10.

<sup>50</sup> See further Jean-Paul Triaille et. al. (16), page 46; See also Theodoros Chiou (n 42), page 406 and Mark A. Lemley et. al., *Fair Learning* (2020), Vol. 6, No. 11, page 120-121 <https://ssrn.com/abstract=3528447> accessed 16 October 2021.

<sup>51</sup> *Infopaq II*, C-302/10, para 44, where the CJEU stated that where an act of reproduction is not restricted by law (in this case Danish law or EU law) the authorization from the rightsholder is not required; See also *FALP*, C403/08, para 169-171; See *Stichting Brein v Jack Frederik Wullems*, C-527/15, para 65-68.

<sup>52</sup> Jean-Paul Triaille et. al. (16), page 47; See also Theodoros Chiou (n 42), page 406.

<sup>53</sup> Since InfoSoc Directive does not provide any expressed provisions for contractual override.

### 3.1.2 Scientific research

Another potential candidate to screen TDM from the copyright and related rights infringement is the non-mandatory exception contained in article 5(3)(a) of the InfoSoc Directive, which also constitutes a legal basis used by the Member States for the introduction of specific TDM exceptions into their national laws. Accordingly, this exception applies to reproductions with non-commercial purposes and which have as its sole purpose the illustration for teaching or scientific research, where the source, including the author's name, must be indicated unless it turns out to be impossible. Applying this exception to TDM, several observations can be made.

Firstly, TDM techniques used for the purpose of AI-driven creativity may simultaneously have other purposes than scientific research. Secondly, since TDM is generally associated with quantity, where it may involve copying and/or extraction of thousands, if not millions, of protectable works or subject-matter, the obligation to indicate the source, including author's name, would make it nearly impossible for AI developers that are using TDM techniques to fulfill this requirement and may discourage them from using TDM as a research tool.<sup>54</sup>

Thirdly, the key restriction of the 'non-commercial purpose' seems wholly misaligned to the modern realities of academia, because most of the universities and researchers are striving to obtain funding and budget from private entities in order to carry out most promising projects, not least with regards to AI-driven creativity.<sup>55</sup> As a matter of fact, this requirement may also bring evidential problems, where the results of research unintendedly turn out to be commercially valuable or where commercial TDM may *per se* qualifies as a 'scientific research'.<sup>56</sup>

As a matter of fact, this research exception can arguably cover TDM activities for the purpose of training AI for creative purposes, based on the framework of human teaching so as to fall within the scope of 'illustration for teaching', but once again this would only be done for the non-commercial purpose and still requires AI developers

to make an effort in tracing all authors and sources of each work or subject-matter to be mined. Thus, this exception is difficult to apply in practice and would permit undertaking of unlicensed TDM only in few cases.

A similar research exception is available under article 6(2)(b) of the Database Directive, which applies to the selection and arrangement of a database. Accordingly, all limitations described in relation to the research exception under the InfoSoc Directive would also apply to databases protectable by copyright, which would equally not be sufficient to cover unlicensed TDM. In fact, article 6(2)(b) imposes the obligation to indicate the source of the database but does not provide for a safeguard clause if 'it turns out to be impossible', which makes it even harder for AI developers to comply with. The difference is more a declamation than a substantial matter because it is the general principle of law that it can never oblige anyone to do the impossible (*impossibilia nulla est obligatio*).<sup>57</sup>

A research exception is also provided for the *sui generis* database right in article 9(b) of the Database Directive that only covers acts of reproduction made by a 'lawful user' who, according to the CJEU, is a user having lawful access to the contents of a database, e.g. through licensing agreement, or relying upon exceptions by law or contract.<sup>58</sup> In fact, contrary to the research exception for copyright, article 9(b) of the Database Directive does not include the adjective 'sole' in relation to the purpose; TDM remains within the scope of the exception even if it is conducted partially also for other purposes. Once again, the condition of attribution puts a heavy burden on AI developers as well as requirement of being a lawful user, making this exception difficult to apply in cases of unlicensed uses of TDM for AI creative purposes.

### 3.1.3 Normal use of the structure of a database

A possible candidate for serving as an exception for TDM is the so called 'normal use of a database' contained in article 6 (1) of the Database Directive, which is the only mandatory exception under that Directive and cannot be

waived by contractual provisions.<sup>59</sup> It permits a lawful user to carry out the act of reproduction of a database without prior authorization of the rightsholder, if the act is 'necessary' for accessing the contents of a database and making 'normal use' of them. As mentioned previously, a lawful user is the one who can either invoke a contractual authorization, e.g. through licensing agreement, or a legal or contractual exception.

As regards the condition of 'normal use', recital 34 of the Database Directive can be used as a guideline: 'lawful user must be able to access and use the database for the purpose and in the way set out in the agreement with the rightsholder'. This certainly means that a 'normal use' considers the 'purpose' and the 'way of access and use' specifically set out in the agreement, meaning that the database must only be used for the specific purpose provided by the rightsholder. As a matter of fact, the agreement can limit the purpose and modalities of access, also including TDM, or not explicitly address the uses for the benefit of the rightsholder.<sup>60</sup>

All in all, since the main purpose of TDM is to extract new patterns between previously unrelated pieces of information and to get new insights by mining large number of databases, especially when it is used for the training of creative AI, this would neither be considered as 'necessary' to access the contents and to use it in a normal manner nor would the aim of TDM normally be the purpose in the context of a 'normal use' of a database.<sup>61</sup> Consequently, the exception in article 6(1) of the Database Directive does not give much room for unlicensed TDM and constitutes a remarkable obstacle for AI developers to provide such type of activities.

### 3.1.4 Extraction and/or re-utilization of insubstantial parts

Another exception that may be relevant for TDM is the mandatory exception in article 8(1) of the Database Directive, which, according to article 15, cannot be overridden by contracts. This exception enables a lawful user to extract and/or re-utilize insubstantial parts of a database protected by *sui generis* right, evaluated qualitatively and/or quantitatively, for any purpose whatsoever and without obtaining prior authorization from the rightsholder. This wording allows a broader interpretation compared to the notion of a 'normal use' under article 6(1) of the Database Directive meaning that it can possibly include unintended purposes, such as TDM.<sup>62</sup>

Furthermore, the terms 'insubstantial', 'qualitatively' and 'quantitatively' are not defined in the Database Directive. In this regard, the CJEU has in *BHB v. WH, C-203/02* concluded that when any part does not fall within the definition of a 'substantial part', evaluated quantitatively and qualitatively, it thus falls within the scope of an 'insubstantial part'.<sup>63</sup> In a nutshell, when TDM extracts any part that does not represent the substantial investment of the database maker, the investment is not harmed and there cannot be an infringement.<sup>64</sup>

Besides, even though article 7(5) of the Database Directive provides that repeated and systematic extraction and/or re-utilization of insubstantial part of the contents of the database are not permitted, these are, however, still

lawful when such acts do not 'reconstitute' the whole or substantial parts of the database and, more generally, do not harm the investment of the rightsholder.<sup>65</sup> In fact, since the aim of TDM is not to reconstitute the database, as required by the CJEU, but rather to identify patterns and extract knowledge, this exception provides enough 'pass through' for lawful users of the database with the aim of conducting TDM for the training of creative AI.

Again, as explained in conjunction with article 6(1) of the Database Directive, this exception will only apply to lawful users using TDM on databases, meaning that contractual provisions made by the rightsholders in a licensing agreement may limit or completely prohibit the uses of TDM on protectable databases.

### 3.1.5 Mandatory exception to computer programs

Article 5(3) of the Software Directive may also constitute a potential candidate for serving as an exception for TDM, the so-called 'back box analysis'.<sup>66</sup> This exception allows the person having a right to use a computer program to observe, study or test the functioning of the program in order to determine the ideas and principles which underlie any element of the program – provided that such act does not infringe copyright in the computer program *per se*.<sup>67</sup> In fact, this exception does not make a distinction between commercial and non-commercial acts, which is one of a few mandatory exceptions within the EU *acquis*.<sup>68</sup>

Since the fundamental principle of copyright is to protect the expression and not the ideas or the data contained in that expression, a parallel between the permitted acts under this exception can be drawn with the TDM activities; TDM aims at extracting new ideas from the computer program and thus reproduces it to proceed with the analysis and creation of datasets for further training of AI.<sup>69</sup> Therefore, in these cases the purpose is not to copy the expression of the computer program but rather to extract information from it, meaning that TDM may fall within the scope of this mandatory exception, without infringing upon the copyright in the computer program *per se*.

<sup>54</sup> Maria Bottis et. al., Text and Data Mining in the EU 'Acquis Communautaire' tinkering with TDM & Digital Legality Deposit (2019), No. 2, Erasmus Law Review, page 192 <http://www.erasmuslawreview.nl/tijdschrift/ELR/2019/2/ELR-D-19-00024.pdf> accessed 16 October 2021; See also reasoning conducted by Marco Caspers et. al. (n 40), page 29.

<sup>55</sup> Rossana Ducato et. al., Limitations to Text and Data Mining and Consumer Empowerment – Making the Case for a Right to "Machine Legibility" (2018), CRIDES Working Paper Series, page 19 [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3278901](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3278901) accessed 17 October 2021.

<sup>56</sup> Marco Caspers et. al. (n 40), page 31; See further Jean-Paul Triaille et. al. (n 16), page 63-64.

<sup>57</sup> Michael Walter et. al., European Copyright Law – A commentary (2010), First Edition, Oxford University Press, page 1042; See also Rossana Ducato et. al. (n 55), page 11

<sup>58</sup> *BHB v. WH, C-203/02*, para 58; See Judgement of 3 July 2013, *UsedSoft GmbH v Oracle International Corp.*, (UsedSoft), C-128/11, EU:C:2012:407, para 85.

<sup>59</sup> Article 15 Database Directive.

<sup>60</sup> Jean-Paul Triaille et. al. (n 16), page 72-73; In national proceedings of the *Ryanair* case, the Netherlands court found that the online intermediary comparing prices of flight, including the extraction of information from the *Ryanair* website, did constitute a normal use of that database. See *Ryanair*, C-30/14, para 21.

<sup>61</sup> Jean-Paul Triaille et. al. (n 16), page 75-76; See also reasoning from Christophe Geiger et. al. (n 3), page 824

<sup>62</sup> Jean-Paul Triaille et. al. (n 16), page 77

<sup>63</sup> *BHB v. WH, C-203/02*, para 69 and 73.

<sup>64</sup> Estelle Derclaye, *The legal protection of Databases: A comparative analysis* (2008), Edward Elgar, page 111.

<sup>65</sup> *BHB v. WH, C-203/02*, para 86 and 89-90.

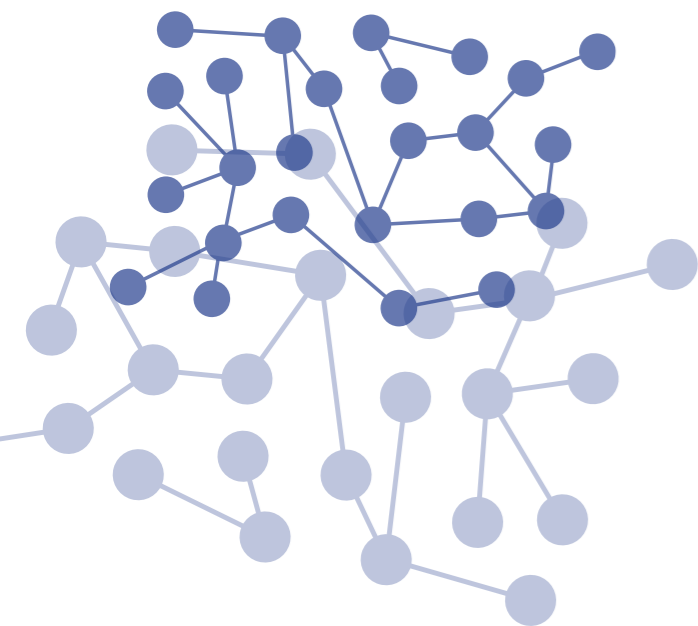
<sup>66</sup> See further Rossana Ducato et. al. (n 55), page 14.

<sup>67</sup> Recital 14 and 15, Article 5(3) Database Directive.

<sup>68</sup> Lucie Guibault, Blogpost: towards a Text & Data Mining exception in EU copyright law? (2015), Kluwer Copyright Blog <http://copyrightblog.kluweriplaw.com/2015/09/07/blogpost-towards-a-text-data-mining-exception-in-eu-copyright-law/> accessed 17 October 2021.

<sup>69</sup> *Ibid*; See also Jean-Paul Triaille et. al. (n 16), page 109; See further Marco Caspers et. al., A right to 'read' for machines: Assessing a black-box analysis exception for data mining (2016), Proceedings of the Association for Information Science and Technology, Computer Science, Volume 53, Issue 1, p. 1-15.





Remarkably, the CJEU has pointed out that the acts permitted by the exception may only be carried out within the framework of the acts permitted by the licensing agreement.<sup>70</sup> This means that even if contractual provisions contrary to the exception in article 5(3) of the Software Directive are null and void according to article 8 (2), it can still be possible for the rightsholders, with sufficiently careful drafting, to define the permitted usage narrowly so as to limit opportunities available for the user to engage in TDM for AI creativity while exercising its licensed rights.

In sum, the pre-existing exceptions and limitations under the EU *acquis* do not offer a steady legal framework for conducting unlicensed TDM. The cumulative conditions of the temporary acts of reproduction and the requirement of being a lawful 'user'/'acquirer' make it difficult for AI developers to comply with, especially when TDM is applied on Big Data. In addition, the unharmonized EU legal framework of the research exceptions, which causes legal fragmentation due to their voluntary implementation in Member States, and the requirement of the 'non-commercial purposes', further constrains the potential to undertake TDM for the purpose of AI creativity. In fact, it is indeed clear that the licensed-based solutions are inadequate to allow TDM to take place, since 'take it or leave it' provisions in the agreement make access conditional upon accepting the rightsholders terms of use, where rightsholders may through sufficiently careful drafting put specific clauses in their licensing that rule out TDM.

### 3.2 Exceptions and limitations – National perspectives in the EU

Specific TDM exceptions have long been considered within the EU, due to the uncertain application of the pre-existing exceptions and limitations to TDM techniques.<sup>71</sup> In fact, since a system resting solely on licensing agreement was insufficient to cover undertaking of TDM for the research purposes and cross-border uses of protected material, several Member States within the EU (namely UK, France, Estonia and Germany) tried to tackle the situation at the national levels by adopting TDM exceptions within the legal framework of the EU *acquis*, i.e.

article 5(3)(a) InfoSoc Directive. However, as will be seen, different national implementations of this exception to specifically cover TDM do result in a patchwork approach and create legal uncertainties for market players conducting unlicensed TDM within the EU.

Already in 2014, the UK was back then the first Member State within the EU to introduce a mandatory exception that recognizes and permits 'text and data analysis' or 'computational analysis' (prima facie covering state-of-the-art technologies, including TDM).<sup>72</sup> Section 29A(1)(a) of the Copyright, Designs and Patents Act (CDPA) explicitly provides that the making of a copy of a protectable work by the person having 'lawful access' to that work is permitted when carrying out a computational analysis for the 'sole purpose of research' for a 'non-commercial purpose'.<sup>73</sup> Even if this exception does not impose restrictions on the beneficiaries of the exception, there are elements that make it more complicated. Firstly, this exception is only limited to the right of reproduction, where copies made during TDM cannot be shared as it would amount to copyright infringement; this is a wholly undesirable outcome for AI developers. Secondly, this exception does not cover reproduction of databases protected by *sui generis* database right, meaning that the database maker may prevent through contractual provisions to undertake TDM acts. However, even though creating a semi-certain environment for researchers conducting computational analysis, an explicit exception is indeed a clear step towards a more favourable environment for TDM.

On 7 October 2016, by Law No. 2016-1231 for a Digital Republic (*Loi pour une République numérique*), France introduced two specific exceptions for TDM for both copyright contained in article L122-5, 10 and for *sui generis* database right contained in article L342-3, 5 of the Intellectual Property Code (Code de la Propriété Intellectuelle) (CPI).<sup>74</sup> These exceptions cover acts of reproduction made from a 'lawful source', e.g. material and databases made available to the public by the rightsholder, which is included in or associated with scientific publications for the purpose of public research, excluding all commercial purposes. Much alike the UK exception, these provide for demarcations that limit its applicability to a fairly large extent.<sup>75</sup> Firstly, the benefits derived from TDM for research purpose goes beyond the mining of merely scientific publication and writing, especially in case of AI-driven creativity.<sup>76</sup> Secondly, regarding the copyright exception for TDM, the requirement of 'public research' is unsatisfactory solution for the TDM activities carried out by private research institutions. Consequently, even though these exceptions focus on the lawfulness of the source *per se*, without requiring 'lawful access', the existence of restrictive aspects makes the French exceptions limited in their utility.

Another TDM exception was introduced in Estonia in 2016, which entered into force on 1 January 2017. According to § 19(3) of the Copyright Act (*Autoriõiguse seadus*), the copyright protectable works may be used without prior authorization from the rightsholder 'for the purposes of text and data mining, provided that such use does not have a commercial purpose'.<sup>77</sup> In fact, even though not providing the requirement of 'lawful access' or similar, § 19 of the Copyright Act requires the mentioning of the

name of the author and, if possible, the name of the work and the source publication. Furthermore, much alike the UK exception, the Estonian exception covers solely the acts of reproduction of works and thus excludes the communication right, which, as stated above, is a wholly undesirable outcome for AI developers. In addition, this exception does not cover reproduction of databases protectable by *sui generis* database right, where contractual provisions restricting TDM activities may be in place.

A much braver measures were taken by the German legislator, which in 2017 introduced a specific TDM exception in article 60d of the Act on Copyright and Related Rights (*Urheberrechtsgesetz*), which entered into force on 1 March 2018, covering acts of reproduction (copyright) and acts of extraction (*sui generis* database right) for the purpose of scientific research without a commercial purpose. In fact, this exception also covers the making available of a 'corpus' (e.g. a collection of normalized, structured and categorized data) 'to a specifically limited circle of persons' (presumably research team or multi-institutional), as well as to 'individual third persons' for quality assurance.<sup>78</sup> Nevertheless, after the completion of TDM project, the created 'corpus' may be sent to institutions designated by law for permanent storage; all other copies must be deleted. It is worth noting that, compared to the UK, the German exception does not impose a prerequisite of 'lawful access' or requirement of being a 'lawful user', nor does it limit the source material that can be used for the purpose of TDM, for instance 'included or associated with scientific publications' as required by the French exception. While the German exception can be considered as giving a much clearer guidance for the TDM, one might wonder whether this approach remains within the limits of the EU law; Member States are free to maintain or introduce stricter rules when implementing the directive into national laws,

not vice versa. However, this discussion is outside the scope of this article and requires further considerations.

## 4. DIGITAL SINGLE MARKET DIRECTIVE – A STEP IN THE RIGHT DIRECTION?

### 4.1 From the initial proposal to the final output

In 2016, the European Commission issued a proposal for the DSM Directive, which was adopted in April 2019 and came into force on 6 June 2019, with the aim of providing greater legal certainty in the digital and cross-border environment. In fact, during the discussion leading to the proposal of the DSM Directive and its final adaption, the European Commission had in mind to assess the overall competitiveness of the EU copyright and related rights system with regards to TDM not just internally but also vis-à-vis third countries, such as US (fair use under 17 U.S.C. § 107)<sup>79</sup> and Japan (reproduction for data analysis under article 47septis Japan Copyright Act)<sup>80</sup>, which constitute EU's main trading partners that have already dealt with TDM issues in their IP regimes.<sup>81</sup> Nearly two years have passed since the adoption of the DSM Directive, which was due to be implemented by June 7, 2021. As of November 21, 2021, only 11 Member States<sup>82</sup> have implemented the Directive, where the delays may partly be explained by the disruption caused by the COVID-19 pandemic.<sup>83</sup>

The journey of the DSM Directive has, however, not been easy. The proposal envisaged article 3 of the DSM Directive as the only mandatory TDM exception covering reproductions and extractions made by research institutions for the purpose of scientific research. The aim behind the limited scope of the exception was to ensure EU's competitiveness and scientific leadership, including competitiveness vis-à-vis third countries, which back then in-

<sup>70</sup> SAS Institute Inc., C-406/10, para 54-55.

<sup>71</sup> European Commission, 'Licenses for Europe' stakeholder dialogue (2021) <https://digital-strategy.ec.europa.eu/en/library/licences-europe-stakeholder-dialogue> accessed 17 October 2021.

<sup>72</sup> See also HM Government, The Government response to the Hargreaves review of Intellectual Property and growth (2011), The Intellectual Property Office, page 1 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32448/11-1199-government-response-to-hargreaves-review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32448/11-1199-government-response-to-hargreaves-review.pdf) accessed 18 October 2021.

<sup>73</sup> Regulation 3 of the Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014, No. 1372, adding Article 29A to the Copyright, Designs and Patents Act 1988. The Regulations came into force on 1 June 2014.

<sup>74</sup> Art. 38 of Law No. 2016-1231 for a Digital Republic added paragraph 10 to Art. L122-5 and paragraph 5 to Art. L342-3 of the Intellectual Property Code (Code de la propriété intellectuelle) (CPI).

<sup>75</sup> Marco Casper et. al. (n 40), page 64.

<sup>76</sup> Marco Caspers, Some observation of the French TDM exception (2016), Future TDM <https://www.futuretmdm.eu/blog/legal-policies/some-observations-of-the-french-tdm-exception/> accessed 19 October 2021.

<sup>77</sup> WIPO IP Portal, Copyright Act (consolidated text of January 1, 2017), § 19. Free use of works for scientific, educational, informational and judicial purposes. For the English version see <https://wipo.lex.wipo.int/en/text/429284> (accessed 21 November 2021).

<sup>78</sup> Article 60d (1) sentence 1 and Copyright Act of 9 September 165 (Federal Law Gazette I, p. 1273), as last amended by Article 1 of the Act of 28 November 218 (Federal Law Gazette I, p. 2014) (UrhG).

<sup>79</sup> Section 107 in the Copyright Laws of the United States and Related Laws Contained in Title 17 of the United States Code; See further Mark A. Lemley et. al., Fair Learning (2020), Vol. 6, No. 11, page 120-121 <https://ssrn.com/abstract=3528447> accessed 18 October 2021, for further analysis of the application of fair use doctrine on AI and machine learning.

<sup>80</sup> The Copyright Act 1970 (Japan), Chapter ii,

Sec.5, Subsec.5, Art.47(7)

<sup>81</sup> European Commission, Commission Staff Working Document – Impact Assessment on the modernization of EU copyright rules, Brussels 14.9.2016, SWD(2016) 301 final, part 2/3, page 27; See further European Commission, Standardisation in the area of innovation and technological development, notably in the field of Text and Data Mining (2014), Report from the Expert Group, Luxembourg, European Union, page 43-44.

<sup>82</sup> National transposition measures communicated by the Member States concerning: Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (Text with EEA relevance.), PE/51/2019/REV/1, OJ L 130, 17.5.2019, p. 92-125.

<sup>83</sup> Eleonora Rosati, Five considerations of the transposition and application of Article 17 of the DSM Directive (2021), IPKat <https://ipkitten.blogspot.com/2021/02/five-considerations-for-transposition.html> accessed 19 October 2021.

creasingly needed to take place on a larger scale through cross-border and cross-discipline collaboration.<sup>84</sup> However, many different views have been expressed during the discussions in the European Parliament about the wording of the TDM exception and its narrow scope of application.<sup>85</sup> In addition, the text was also highly criticized by academics and AI innovators alike, who pointed out the fact that the formulation of the exception excludes start-ups and innovators to carry out TDM for commercial purposes, since the exception only covers not-for-profit and public research institutions, which leads to difficulties of fulfilling these requirements.<sup>86</sup>

Consequently, considering the criticism and modifying the initial text, the DSM Directive was adopted comprising two mandatory TDM exceptions contained in articles 3 and 4; these are not, however, equally robust. Article 3 of the DSM Directive exempts act of reproduction and extraction made by research organizations and cultural heritage institutions to carry out, for the purposes of scientific research, TDM of lawfully accessed works or other subject-matter – including databases and press publications but excluding computer programs protected under the Software Directive, where a license may be required to undertake the restricted acts. In fact, article 3 of the DSM Directive does not exclude public-private partnership, where research organizations and cultural heritage institutions may rely on their private partners for TDM.<sup>87</sup> Nevertheless, one important aspect is that con-

tractual provisions overriding this exception are prohibited.<sup>88</sup>

Article 4 of the DSM Directive allows acts of reproduction and extraction for anyone having a lawful access to works and other subject for the purpose of TDM, also including databases, press publications and computer programs. Accordingly, this article encompasses a much broader class of beneficiaries and permits TDM for all kinds of purposes regardless of any underlying commercial motives.<sup>89</sup> However, article 4 of the DSM Directive contains an opt-out provision, meaning that the rightsholder may expressly reserve in an appropriate manner the right to make reproductions and exactions for TDM purposes, for instance through machine-readable means, by contractual agreement or unilateral declaration.<sup>90</sup> In addition, article 4(2) of the DSM Directive provides that reproductions and extractions made of works and other subject-matter may be retained for as long as is necessary for the purpose of TDM.

After the preliminary overview of the mandatory exceptions, it is possible to critically review TDM regime introduced in the DSM Directive. In this regard, the upcoming sections aim at providing the positive and negative aspects of TDM exceptions and sets forth possible suggestions and recommendations for improvements that the remaining Member States may consider when implementing the directive into their national laws.

## 4.2 Positive impacts on the training and development of creative AI

### 4.2.1 Harmonization of national laws in the digital age

A positive aspect of the DSM Directive is that it transfers a fundamental principle of copyright and related rights into the digital age, by allowing unauthorised uses of TDM under certain circumstances. It also provides a robust public interest to encourage the creation of new knowledge with the help of TDM, which would not be possible due to the excessive transaction costs. Nevertheless, it enables the rightsholders to participate in the economic value of their works or subject-matter by claiming remuneration for the actual use of the protected material, since both articles 3 and 4 of the DSM Directive require lawful access to the material but does not grant it.<sup>91</sup> In fact, the key benefit of the DSM Directive is that it aims at harmonizing the national laws of Member States through mandatory solutions, meaning that each Member State is obliged to introduce them into their national laws.<sup>92</sup> This will certainly reduce the national fragmentation and create much more certainty for the relevant market actors using TDM, leading to the promotion of more integrated and larger research projects across the EU and also vis-a-vis third countries.

### 4.2.2 Covering both commercial purposes and non-commercial purposes

A further justification for the TDM exceptions is that they also cover commercial purposes, as neither article 3 nor article 4 DSM Directive include the ‘non-commercial’ requirement.<sup>93</sup> In fact, article 3 of the DSM Directive includes private-public partnership, meaning that beneficiaries of this exception can rely on their private partners for carrying out TDM, including the use of their own technological tools.<sup>94</sup> Therefore, this may be an option for start-ups as they are ‘time intensive and nearly impossible to handle for small teams’.<sup>95</sup> This was nevertheless the case in the project led by Obvious Art, consisting of a collective of researchers, artists and AI developers, where AI system, with the help of training data created by TDM, authored a portrait representing a member of the functional Belamy family and which was sold during 2018 for USD 432,500.<sup>96</sup> In addition, the scope of article 4 is broad in terms of its application, meaning that not only research purposes are covered but also any other TDM activity provided that these fall within the definition of TDM contained in article 2(2) of the DSM Directive.

### 4.2.3 Unenforceability of contractual provisions contrary to the exceptions

Another important aspect of the DSM Directive with regards to TDM exceptions is article 7(1), which expressly provides that any contractual provisions contrary to the exceptions provided for in inter alia article 3 of the DSM Directive shall be unenforceable. In fact, even though article 4 of the DSM Directive is not explicitly protected against contractual override, the CJEU has in *VG Wort*, C-457/11 stated that the ‘default position where contract or license terms are not expressly allowed to limit the scope of an exception is that the exception will prevail over any rights holder authorization’.<sup>97</sup> Overall, even if the

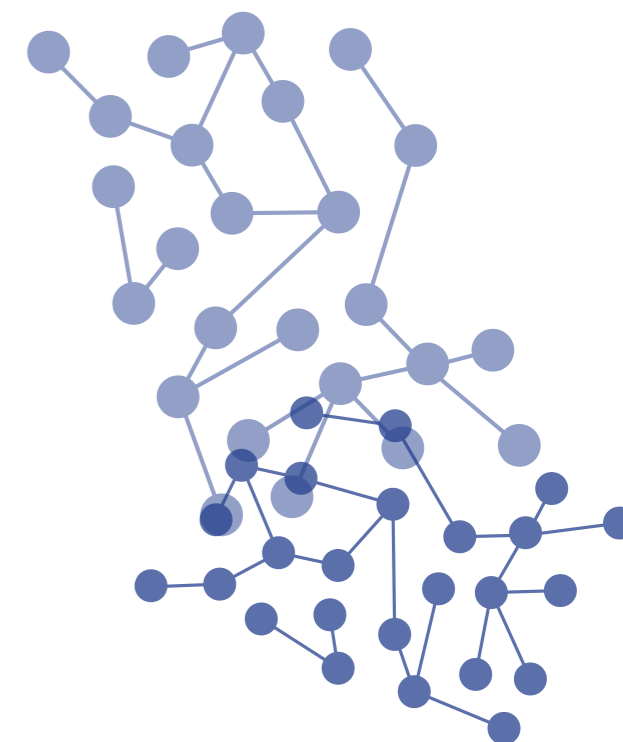
rightsholders may restrict the operation of the contractual override clause by drafting the provisions of it in a way that indirectly may restricts the lawful access which is required under both article 3 and 4 of the DSM Directive, the expressed prohibition to contractual override with regard to TDM is still a welcomed step, especially for AI development.

## 4.3 Negative impacts on the training and development of creative AI

### 4.3.1 Unresolved legal uncertainty

Despite the presented justification grounds for the TDM exceptions, there remain negative impacts that need to be assessed. As a matter of fact, article 4 DSM Directive obliges to implement either a mandatory exception or a limitation for TDM purposes, which means that Member States still have some discretionary power as to the scope of the provision they choose to implement. Consequently, this can lead to fragmentation and unharmonized treatment of TDM activities, leading to uncertainty as to the financial exposure of AI developers seeking to rely on this exception.

Furthermore, article 25 of the DSM Directive, which was not added in the proposal, clarifies that the Member States may adopt or maintain in force broader provisions with regards to TDM, within the limits of the EU *acquis*, irrespective of the mandatory articles 3 and 4 of the DSM Directive. This means that AI operators using TDM that fall outside the scope of the DSM Directive may still rely on the pre-existing legal framework as a fallback argument.<sup>98</sup> As a consequence, this discretionary power of Member States is likely to inhibit the harmonization within the internal market that the DSM Directive aims at achieving and provides uncertainty for AI developers using TDM.



<sup>84</sup> European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Towards a modern, more European copyright framework, Brussels, 9 December 2015, COM(2015) 626 final, page 7; See also European Commission (n 79), Part 2/3, page 104.

<sup>85</sup> Committee on the Internal Market and Consumer Protection, Draft Opinion on the proposal for a directive of the European Parliament and of the Council on copyright in the Digital Single Market [COM(2016)0593 – C8-0383/2016 – 2016/0280(COD)], 20.2.20178, page 3; Committee on Industry, Research and Energy, Opinion on the proposal for a directive of the European Parliament and of the Council on copyright in the Digital Single Market [COM(2016)0593 – C8-0383/2016 – 2016/0280(COD)], 01.8.2017, page 23; Committee on Legal Affairs, Report on the proposal of a directive of the European Parliament and of the Council on copyright in the Digital Single Market [COM(2016)0593 – C8-0383/2016 – 2016/0280(COD)], A8-0245/2018, 29.6.2018.

<sup>86</sup> Open letter to European Commission, Maximizing the benefits of Artificial Intelligence through future-proof rules on Text and Data Mining [2018], Agency Submissions, Brussels, European Union, page 1-2.

<sup>87</sup> See recital 11 DSM Directive; See further Eleonora Rosati (n 7), page 212.

<sup>88</sup> See further article 7(1) DSM Directive.

<sup>89</sup> Bernt Hugenholtz, The new copyright Directive: Text and Data Mining [Articles 3 and 4], Institute for Information Law (IvIR), 24 July 2019 <http://copyrightblog.kluweriplaw.com/2019/07/24/the-new-copyright-directive-text-and-data-mining-articles-3-and-4/> accessed 18 October 2021; See also Benjamin White et. al., Articles 3-4: Text and data mining <https://www.notion.so/Articles-3-4-Text-and-data-mining-9be17090ebc545b88ed9ac7d39e4e25a> accessed 18 October 2021.

<sup>90</sup> Recital 18 DSM Directive; See also Theodoros Chiou (n 42), page 409.

<sup>91</sup> Benjamin Raue, Free Flow of Data? The friction between the Commission's European Data Economy Initiative and the proposed Directive on Copyright in the Digital Single Market [2018], Max Planck Institute for Innovation and Competition, Vol. 49, page 381-382.

<sup>92</sup> See also recital 2 and 10 DSM Directive.

<sup>93</sup> Compared Article 5(1), 5(3)(a) InfoSoc Directive, articles 6 (2) (b) and 9 (b) Database Directive.

<sup>94</sup> Recital 11 DSM Directive; See further recital 18 DSM Directive, referring to both private and public entities.

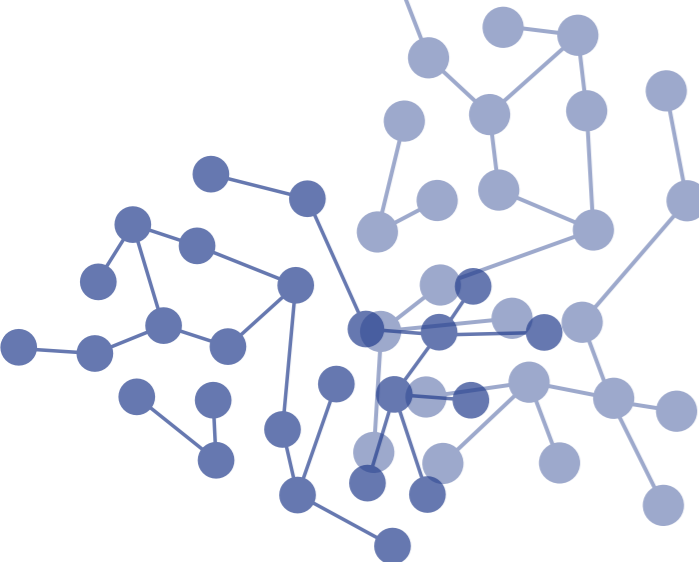
<sup>95</sup> Benoit Van Asbroeck et. al., The EU Copyright

Directive: New exception for text and data mining [2019] <https://mediawrites.law/the-eu-dsm-directive-new-copyright-exception-for-text-and-data-mining/> accessed 19 October 2021.

<sup>96</sup> Obvious, Obvious is a collective of friends, artists and researchers <https://obvious-art.com/page-about-obvious/> accessed 19 October 2021; See also Ciara Nugent, The painter behind these artworks is an AI program. Do they still count as art? [2018] <https://time.com/5357221/obvious-artificial-intelligence-art/> accessed 19 October 2021.

<sup>97</sup> Judgement of 27 June 2013, *Verwertungsgesellschaft Wort and others v. Kyocera and Others*, C-457/11, EU:C:2013:426, para 36-38, which was summarized by Voluntary Memorandum from the UK Department for Business, Innovation and Skills, para 5 <https://publications.parliament.uk/pa/jt201415/jtselect/jtstatin/13/1321.htm> accessed 20 October 2021.

<sup>98</sup> See Recital 5 DSM Directive: The existing exceptions and limitations in Union law should continue to apply, including to TDM, as long as they do not limit the scope of exceptions and limitations under the DSM Directive.



#### 4.3.2 Limited scope: Narrow purpose-specific approach

The formulation of the research exception in article 3 of the DSM Directive raises concerns with regards to its scope of application, especially when applying it to TDM for the purpose of AI-driven creativity. In fact, article 3 is limited to *inter alia* research organisations, but the article *per se* does not give a clear definition of the term. To qualify for the exception, research organizations have to operate either on a not-for-profit basis or by reinvesting all the profits in their scientific research, or pursuant to a public-interest mission.<sup>99</sup> Even if recital 11 of the DSM Directive provides a possibility for *de facto* public-private partnership, it does not apply to research institutions controlled by a commercial entity, e.g. where research organizations provide preferential access to the results of their research to those entities.<sup>100</sup>

Accordingly, this exception fails to recognize the reality of scientific research nowadays, where many research organizations running the most cutting-edge TDM projects are often at least partly supported by private fun-

ding.<sup>100</sup> Also, unaffiliated researchers often conduct TDM projects in the framework of public-private partnership, where these fall within the scope of a research organisation but are decisively influenced by a commercial undertaking.<sup>102</sup> Consequently, the narrow scope of the exception limits the possibility of others conducting ‘scientific research’ to rely on this exception, which can in turn lead to the following; (i) extreme transaction costs for organizations and commercial private actors conducting AI research as well as unaffiliated researchers that are forced to obtain a license for content they mine during TDM<sup>103</sup>; (ii) discourage the undertaking of TDM on a large amount of data and decrease the quality of the research results, which in turn might impede competitiveness of the EU vis-à-vis third countries<sup>104</sup>; and (iii) may also lead to total ignorance of copyright and related rights that will further damage the integrity of these systems.

In addition, even if recital 12 of the DSM Directive describes the term ‘scientific research’ as covering both natural and human sciences, the lack of reference to a wider purpose in article 3 may restrain the effectiveness of the exception and produce practical difficulties. As an example, there might be different interpretations of the classification of science; if computer science is not classified as natural science *stricto sensu* it does fall outside the scope of article 3 of the DSM Directive.<sup>105</sup> Consequently, this may have a negative impact on AI development and put EU at a competitive disadvantage in the competitive global market for world-class AI, where the most talented researchers will take jobs abroad and commercial private actors will relocate their place of establishment because of the better chances to undertake TDM.

Therefore, recital 12 of the DSM Directive could have been formulated in a wider sense, by describing ‘scientific research’ as any form of activity carried out in a methodological and systematic way that aims exploring a certain

subject-matter to discover new data or information or to generate new knowledge to advance the state-of-the-art in a certain field – as it is the case in the general research *per se*. Even though article 3 would still include the purpose of ‘scientific’ research, it would, however, not restrict the scope of application on the scientific area for which the research is undertaken. This may be a solution for the remaining 16 Member States, when transposing the DSM Directive into their national law, to adopt a broad definition of ‘scientific research’ in the context of the mandatory exception covering TDM in article 3 of the DSM Directive.

#### 4.3.3 Limited scope: The ‘opt-out’ mechanism

Another issue is that article 4(3) of the DSM Directive limits the possibility of the concerned beneficiaries to rely on the exception by providing for the ‘opt-out’ mechanism, meaning that it can be easily overridden by any expression of will, whether by contract or unilateral declaration.<sup>106</sup> Consequently, this undermines the general principle that ‘the right to read is the right to mine’, where having lawful access to protected material shall include the right to mine a particular content.<sup>107</sup> In fact, the wording of article 4 may create a Schrödinger’s paradox: for instance, the activity of observing, studying or testing the function of a computer program or the normal use of a database may be restricted by contractual provisions if article 4 DSM Directive is applied, but this is certainly not the case if one considers the voidance of restrictive contractual clauses under the Software and Database Directives.<sup>108</sup> As a result, this may create further uncertainties for AI developers and discourage them from undertaking TDM. Instead, it would certainly be more favourable to consider fair remuneration, when the potential harm could be shown.<sup>109</sup>

Another issue that exists under article 4(2) of the DSM Directive is that reproductions and extractions made during TDM may be retained ‘for as long as is necessary’ for the purpose of the analysis. In fact, the wording of the article indirectly allows merely ‘temporary reproductions’, which is highly similar to the mandatory exception in article 5(1) of the InfoSoc Directive.<sup>110</sup> As previously been discussed, the exception for temporary acts of reproduction is not enough to cover unlicensed used of TDM for AI creative purposes, leading to a risk where no public or private AI developers will make a large invest that is required to mine data in case where copies may only be retained on a temporary basis. Consequently, article 4 of the DSM Directive efficiently creates and actualizes a derivative market for TDM, which the rightsholders may wish to control, license or also totally restrict. Solution for the Member States, when transposing the directive, would be to provide a clear indication with regards to the ‘appropriate manner’ in which the rightsholder may reserve the use for TDM.

#### 4.3.4 Structured ambiguities in the scope of application

Several inconsistencies also arise with regards to the scope of application of both mandatory TDM exceptions in relation to other provisions of the DSM Directive. Firstly, both articles 3 and 4 of the DSM Directive cover press publishers’ right of reproduction introduced in article 15

of the DSM Directive, but the inclusion of it in article 3 of the DSM Directive may appear to be ambiguous. Since the protection under article 15(1) is granted to publishers in relation to the use of their press publications by information society service providers<sup>111</sup> in the online environment, such provision certainly does not give any rights against third parties. Consequently, beneficiaries of article 3 of the DSM Directive are not likely to be qualified as information society service provider *per se*, and the reference to that article becomes inadequate.<sup>112</sup>

Secondly, only article 4 of the DSM Directive refers to the economic rights granted by the Software Directive, while beneficiaries of article 3 of the DSM Directive are excluded from taking part of this privilege, where a license will always be required. However, this exclusion can partly be explained by the fact that article 5(3) of the Software Directive already provides for the ‘black box analysis’ exception, by allowing the lawful users to study, observe or test the functions of the program without prior authorization. Accordingly, since the mandatory exception in Software Directive only covers non-commercial research purposes, the EU legislators clarified in article 4 of the DSM Directive that reproduction of computer programs outside research sphere can also be done for commercial purpose. This justification is, however, not fully valid, due to the ‘opt-out’ provision and retention period under article 4 of the DSM Directive.

#### 4.3.5 Pre-condition of ‘lawful access’

The requirement of ‘lawful access’ appears to be a pre-requisite for enjoyment of exception in both articles 3 and 4 of the DSM Directive, which closely follows the model of the UK exception. In fact, these articles do not provide *per se* a clear definition of this requirement, where the guidance instead can be found in recital 14 of the DSM Directive explaining that lawful access to protected works and other subject-matter occurs *inter alia* when researchers have access through subscriptions to publications, open-access licensing or through other lawful means, including content freely available on the Internet. However, the recital does not indicate whether lawfulness of access is evaluated only objectively or whether other factors may be taken into account, for instance the presumed ‘state of mind of the user’ in relation to the lawfulness of the source of the work and subject-matter.<sup>113</sup>

In fact, compared to the user’s rights, i.e., lawful user, under the Software and Database Directives, the lawful access represents a more strict approach. This makes the exception subject to private ordering, meaning that the enjoyment of both TDM exceptions is dependent on the market decisions of the rightsholders, where these can successfully deny access to works and other subject-matters or only grant access on conditional terms.<sup>114</sup> Consequently, it may be difficult especially for start-ups and small and SMEs to negotiate with owners of big data sets about TDM licenses on reasonable terms, which puts them at risk of being excluded from the scope of TDM and AI and seriously jeopardize their innovation opportunities.<sup>115</sup>

This may, in fact, also lead to a more difficult undertaking of TDM projects, as it will raise related costs and budget considerations will restrict the scope of research.

<sup>99</sup> See Article 2(1)(a)-(b) DSM Directive.

<sup>100</sup> See further recital 11 and 12 DSM Directive.

<sup>101</sup> Rossana Ducato et. al. (n 55), page 19.

<sup>102</sup> Pamela Samuelson, The EU’s Controversial Digital Single Market Directive (2018), Communications of the ACM, Volume 61, Issue 11, page 23; See also Geiger et. al., Text and Data Mining: Articles 3 and 4 of the Directive 2019/790/EU (2019), Center for International Intellectual Property Studies (CEIPI), Research Paper N. 2019-08 <https://ssrn.com/abstract=3470653> accessed 20 October 2021.

<sup>103</sup> Since TDM is generally associated with quantity, especially when it comes to training of AI system, where TDM may involve copying and/or extraction of thousands, if not millions, of protectable works or other subject-matters, this may be difficult to fulfill.

<sup>104</sup> Also including UK, where the TDM exception in section 29A CDA is not limited to certain beneficiaries (in fact, it also includes individual researchers as beneficiaries and anyone having lawful access to the material).

<sup>105</sup> Rossana Ducato et. al., Ensuring Text and Data Mining: Remaining issues with the EU

copyright exceptions and possible ways out (2021), CRIDES Working Paper Series No. 1/2021, page 11.

<sup>106</sup> Recital 18 DSM Directive, stating that the rightsholder may reserve the rights using machine-readable means, including metadata and terms and conditions, and contractual agreements or unilateral declaration. This practical disapplication is also formulated in recital 18 of the DSM Directive, stating that the rightsholders ‘remain able to license the uses of their works or other subject-matter’ in all cases falling outside the mandatory exception in article 3 of the DSM Directive or article 5(1) InfoSoc Directive, and further confirmed by the article 7(1) by not expressly protecting other profit-making entities or organizations against contractual override.

<sup>107</sup> Geiger et. al. (n 3), page 21.

<sup>108</sup> Rossana Ducato et. al. (n 103), page 15; See further article 8(2) Software Directive for contractual restrictions.

<sup>109</sup> See reasoning conducted by Geiger et. al. (n 3), page 22, which the author of this thesis agrees with.

<sup>110</sup> League of European Research Universities,

Europe needs a broad & mandatory TDM exception (2018) <https://www.leru.org/news/europe-needs-a-broad-mandatory-tdm-exception> accessed 22 October 2021.

<sup>111</sup> For the definition of the information society service provider see furth article 1 (b) Directive (EU) 2015/1535 if the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (codification), OJ L 241, 17.9.2015, p. 1-15.

<sup>112</sup> See further Rossana Ducato et. al. (n 103), page 14.

<sup>113</sup> Tatiana Eleni Synodinou, Lawfulness for users in European Copyright Law: Acquis and Perspectives (2019), JUPITEC 20, page 26.

<sup>114</sup> European Copyright Society, General opinion on the EU copyright reform package (2017), page 4 <https://europeancopyrightsocietydotorg.files.wordpress.com/2015/12/ecs-opinion-on-eu-copyright-reform-def.pdf> accessed 23 October 2021.

<sup>115</sup> See also Pamela Samuelson (n 100), page 23.



In addition, this may lead to discrimination that depends on the research organizations market power, meaning that only limited number of organizations will be able to acquire licenses for all the databases that are indeed relevant for the TDM project at stake. This will in turn spread the gap between richer and poorer research institutions and increase the cleave between research in developed and less developed countries.<sup>116</sup> As a matter of fact, given the importance of the initial datasets generated by TDM for the training of creative AI, both in terms of quality and quantity, there might be a risk that the outcome of AI will be of a lower quality if it is trained on small datasets that can be easily accessed by AI developers.

A possible solution would be the promotion of data pools, which are centralized repositories of various data/information, where it can be obtained, maintained or exchanged between different market actors.<sup>117</sup> Accordingly, the creation of a sole set of works or other subject-matter through aggregation, would ease for the potential AI developers wishing to train AI for creative outputs since licensing work by work would not be required. Consequently, enabling rightsholders to license their content for TDM purposes may motivate them to generate high-quality datasets for commercialization and distribution – beneficial for them and the users.

#### 4.3.6 Issues of coexistence with Technical Protection Measures

Even if contractual limitations are not allowed, at least in relation to article 3 of the DSM Directive, both exceptions are subject to technical protection measures (TPM) established in article 6 of the InfoSoc Directive, as referred to in article 7(2) of the DSM Directive, allowing rightsholders to effectively block access for AI operators seeking to conduct TDM. The reference to TPM can clearly be found in article 3(3) of the DSM Directive referring to ‘measures to ensure security and integrity of networks and databases’ and article 4(3) of the DSM Directive referring to ‘reserved in an appropriate manner’ *inter alia* by machine readable means. Indeed, these should not prevent the enjoyment of the mandatory exceptions and limitations under the DSM Directive and shall not exceed what is necessary to pursue the objectives thereof.<sup>118</sup>

However, despite the good intentions of the DSM Direc-

ive, the applicability of the anti-circumvention provisions might encroach on users’ privileged uses, meaning that TPM are at risk of limiting or preventing the access to protected material for purposes that may not be restricted by the exclusive rights or for uses that are allowed per se. In fact, the obligation of the rightsholders to make available content, for users to benefit from the exceptions and limitations according to article 7(2) of the DSM Directive, does not limit liability for circumvention.<sup>119</sup> Consequently, DSM Directive does not in fact grant any effective protection against TPM since it is not yet clear whether there is a possibility to legally circumvent those technical measures that would unlawfully limit TDM. All in all, considering the fact that this mechanism has not proven to be effective for the past 20 years, since the adoption of the InfoSoc Directive, it will most likely not work for TDM now through the DSM Directive.<sup>120</sup>

## 5. CONCLUSION

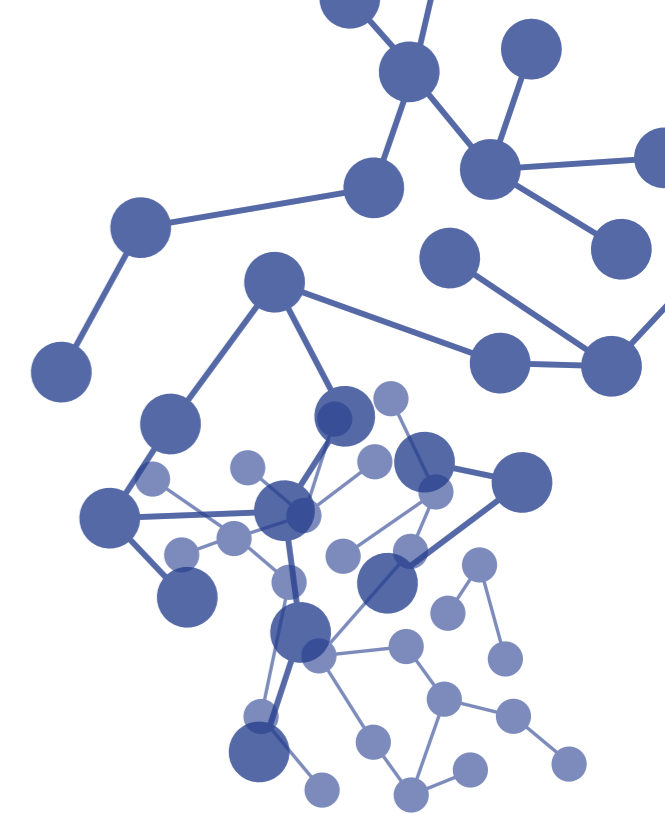
It is certainly true that the DSM Directive meets important policy goals and aims at supporting and promoting the work that is being undertaken in the field of Big Data and AI within the EU, by introducing a mandatory solution for TDM and thus harmonizing national laws between the Member States. However, this article has raised several uncertainties with regards to the possibility of these TDM exceptions to achieve a fair balance between the promotion of technological development, on the one hand, and the interest of the rightsholders, on the other. Accordingly, the wording of the exceptions strongly limits the effectiveness of the reform and its ability to promote competitive advantage within the EU entities engaging in TDM for the purpose of AI-driven creativity.

All this said, even though the DSM Directive follows an approach that better fits the digital environment – compared to the long existing InfoSoc, Database and Software Directives – it does fail to address the new era of the Fourth Industrial Revolution to which AI belongs. This conclusion is justified by the fact that there is *prima facie* clear preference for the protection of copyright and related rights of the relevant rightsholders controlling the content, for instance by the requirement of lawful access and the opt-out mechanism contained in articles 3 and 4 of

the DSM Directive. Ultimately, the DSM Directive did overlook the opportunity for true modernization of the EU *acquis* on copyright and related rights in the digital single market and it seems that, at some point, it missed to strengthen its competitive position with regards to unlicensed TDM for the purpose of AI-driven creativity, both internally and vis-à-vis third countries such as US, Japan and also including UK.

As a matter of fact, at the time of writing this article the current position of unlicensed TDM for the development of AI, including AI-driven creativity, and the future of these technologies within the EU is undetermined. Therefore, the actual transposition of the DSM Directive into national laws by the rest of the 16 Member States may certainly represent an important opportunity for them to design a more advantageous TDM environment, by improving the mandatory exceptions, particularly through interpretation of ‘scientific research’ in article 3 of the DSM Directive, the ‘opt-out’ mechanism in article 4 of the DSM Directive as well as spell out that contractual and technological measures should not deprive the effective application of the mandatory TDM exceptions.

As a result, this may eventually encourage more researchers and businesses to rely on TDM techniques and thus enhance competition within the EU, including vis-à-vis third countries, which is also per se the ultimate goal of the EU. In addition, the proposed changes that can be made during the national transpositions may also enhance the development of the innovative AI projects in the field of algorithmic creativity. Until then, copyright and related rights still remain an obstacle for AI development, including AI-driven creativity, and it is therefore not accidental that some of the nominal AI generated creations in the EU, for instance ‘The Next Rembrandt’ and ‘SKYGGE’, are based on mining of works from the public domain.



<sup>116</sup> European Copyright Society [n 112], page 4; See further Geiger et. al. [n 3], page 22.

<sup>117</sup> IBM, Data pool [2020] <https://www.ibm.com/docs/en/imdm/11.6?topic=gds-data-pool> accessed 24 October 2021.

<sup>118</sup> See further recital 7 and 16 DSM Directive.

<sup>119</sup> Geiger et. al. [n 3], page 23.

<sup>120</sup> Rossana Ducato et. al. [n 103], page 16-17; See also Thomas Margoni et. al. [n 358]. Thomas Margoni et. al., The Text and Data Mining exception in the Proposal for a Directive on copyright in the Digital Single Market: Why it is

not what EU copyright law needs [2018] <https://www.create.ac.uk/blog/2018/04/25/why-tdm-exception-copyright-directive-digital-single-market-not-what-eu-copyright-needs/> accessed 25 October 2021.



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# The protection of fictional characters under EU intellectual property law

By Valentine Labaume

## ABSTRACT

Fictional characters, may encounter different issues over the course of their existence. On the one hand, a third party could employ a fictional character for a different work than the one it was originally a part of. On the other hand, character creators have the possibility to register the name or physical appearance of a character as a trademark to market products in their likeness. Intellectual property, more specifically trademark law for the character's business life, and copyright law, thus becomes a necessity in the two hypotheses outlined above. However, the EU copyright and trademark system needs to be improved.

## 1. INTRODUCTION

Pop culture is everywhere these days, from comics to movies to books. It involves fictional characters. A fictional character covers fictional human characters, such as *Tarzan* or *James Bond*, as well as non-human characters, such as *Woody* in *Toy Story*, or *Mickey Mouse*.<sup>1</sup> A fictional character can originate from several sources including literary works, such as *Rapunzel* from the Grimm Brothers, strip cartoons such as *Tintin* from *Hergé*, artistic works including drawings and paintings such as *Mona Lisa* from *Leonardo Da Vinci*, or cinematographic works such as *Rocky* from the eponymous movie.<sup>2</sup> A fictional character can be either literary or visual.

In EU law, the cumulation of intellectual property rights is expressly acknowledged.<sup>3</sup> In this manner, a fictional character could be protected by copyright as well as by trademark law. Both systems contain different advantages and disadvantages. These both systems show a need for IP protection for these fictional characters. But is the protection granted by copyright and trademark law sufficient enough to protect them?

## 2. COPYRIGHT PROTECTION OF FICTIONAL CHARACTERS

### 2.1 The requirement of an original work for fictional characters

#### 2.1.1 The notion of work

To be copyrightable, the fictional character has to be a

work. The notion of work is neither defined by the Infosoc Directive<sup>4</sup> nor by any other directive. The concept of work found its interpretation in case law. However, this notion remains elusive and still undefined.<sup>5</sup>

In the *Levola Hengelo*<sup>6</sup> case, the question submitted to the Court was: what constitutes a work? However, the Court of Justice of the European Union (CJEU) did not proceed to define a work at this occasion and did not answer the question directly. The Court only stated that the work must “be original in the sense that it is the author's own intellectual creation”.<sup>7</sup> In doing so, the CJEU reminds the importance of the originality criteria. As a consequence, the criterion of originality cannot be dissociated from the concept of “work”, because the criterion is built into the notion of “work”.<sup>8</sup> Even the WIPO, in its guide to the Berne Convention, does not define the concept of work, though it explains that this notion is dependent on the originality criterion: “nowhere defines what is meant by the word. But it is clear from its general tone that these must be intellectual creations.”<sup>9</sup>

In this sense, Advocate General (AG) Wathelet disagreed with the CJEU. According to him, the requirement of a “work” must be fulfilled at first, then, secondly the requirement of “originality”.<sup>10</sup> In his point of view, this chronology has to be observed in order to prevent the risk of confusion or merger of these two concepts.<sup>11</sup> In line with J. McCutcheon, the problem arises with respect to “unconventional works”, due to the fact that the CJEU will focus on the work itself instead of merging it with “originality”, as it is doing for “conventional works”.<sup>12</sup> In other words, the main assessment of a “conventional work” is the criterion of “originality”. Thus, the condition of work is implicitly met, without having to analyze it. However, since an “unconventional work” is harder to identify, the criterion of a “work” is in this case more rigorously examined.

According to the *Levola Hengelo* case, a work is an “autonomous” concept,<sup>13</sup> which refers to a non-statutory definition. It is given to EU Member States, which then have to follow this uniform interpretation. The AG Wathelet, in his opinion, stated that a work is an autonomous concept,<sup>14</sup> and the CJEU agreed on this point.<sup>15</sup> An autonomous concept usually exists when there is a lack of reference to national legislation in directives.<sup>16</sup> The principle of autonomy is expressed in the *Ekro* case.<sup>17</sup> All Member States must then have an identical scope and meaning of the notion of work, meaning they cannot add any other standards in addition to the autonomous conception.<sup>18</sup>

Moreover, a particular situation exists regarding countries with a closed-list system, such as the UK or the Netherlands. To be protected in the UK for instance, a work should be part of the list of categories which are protected by copyright, including: literary, dramatic, musical, and artistic works, sound recordings, films, broadcasts and published editions.<sup>19</sup> The *Levola Hengelo* case was based on Dutch law, therefore referring to a country with a closed-list system. The second question submitted to the Court is important since it was asked whether the illustrative of Article 2(1) of the Berne Convention, including “every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression”<sup>20</sup> limits the scope of copyright protection to creations which can be perceived by sight and/or by hearing.<sup>21</sup> In this case, the CJEU completely ignored this question. Thus, national Courts did not receive any guidance concerning “unconventional work”, which does not enter in any category. The question arose related to the strict observance of these categories. This list of categories has an inclusive nature, which suggests an open-ended list.<sup>22</sup> That is why some “unconventional works” try to place themselves within these categories, to be protected.<sup>23</sup> However, *Levola Hengelo* demonstrates that this list has limits, in the sense that it does not accept all the works within its categories.<sup>24</sup> An issue is therefore raised, since the CJEU did not offer any guidance, meaning that national Courts have to decide on their own, as long as the work meets the criterion of originality. In the *Levola Hengelo* case, AG Wathelet states that a work is limited to one that can be perceived by hearing or/and by sight, nonetheless without affirming that any other work is automatically rejected.<sup>25</sup> This identification by hearing or sight is a common ground for all works of all of the listed categories.

However, in this case, the CJEU criticizes the fact that taste cannot be detected with “precision and objectivity”,<sup>26</sup> reflecting the fact that the criterion of objectivity is important for the CJEU. A work has to be objectively iden-

tifiable, and AG Wathelet and the CJEU both agreed on the “objectivity” requirement. According to AG Wathelet, this objectivity is “imperative to comply with the principle of legal certainty in the interest of the copyright holders”.<sup>27</sup>

To summarize the requirement of “work”, it appears from the *Levola Hengelo* case and AG Wathelet's Opinion, that in order to be considered a work, a creation must be original, objectively identifiable, and also perceivable in such a way as to be heard or seen - if the creation does not meet this last condition, the notion of work will have to be considered on a case-by-case basis.

Now, it is interesting to apply this attempt of a work's definition to fictional characters. Firstly, we must ponder on what the object of the protection would be. A fictional character is a fictional human or non-human character.<sup>28</sup> Therefore, by analogy with a human, the character is composed of three important parts: its physical appearance, its personality, and its name. These three parts need to be original, in order to be copyrightable. Then, the creation has to be objectively identifiable. For graphic characters, such as characters from movies or TV shows, this is not an issue, since the audience can see them and objectively recognize them. However, this criterion could pose an issue with regard to literary characters. A literary character, by definition, is from a novel or literary work. In this case, the public is required to use their imagination in order to perceive the character. In this case, the objectivity of the identification could be discussed, since every person reading or having read the work could imagine the literary character in a different way. To judge whether a character in literary fiction is a work of art, one would have to assess the extent of the character's description. The more accurately the character is described, the more objectively it can be perceived. An issue is also posed concerning the case of characters which evolve through a longstanding story.<sup>29</sup> In this case, the character must be identifiable with sufficient objectivity. This special issue will be analyzed later in this chapter.

<sup>1</sup> WIPO, ‘Character merchandising: report prepared by the international bureau’, December 1994, 4.

<sup>2</sup> *Ibid* 5.

<sup>3</sup> COUNCIL REGULATION (EC) No 6/2002 of 12 December 2001 on Community designs, Recitals 31 and 32.

<sup>4</sup> 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.

<sup>5</sup> Jani McCUTCHEON, ‘Levola Hengelo BV v Smilde Foods BV: The Hard Work of Defining a Copyright Work’ [2019] 82(5) *The Modern Law Review* 936-950.

<sup>6</sup> Judgement of the 13th of November 2018, *Levola Hengelo*, C-310/17, ECLI:EU:C:2018:899.

<sup>7</sup> *Ibid* para 36.

<sup>8</sup> McCUTCHEON (n5)

<sup>9</sup> GUIDE to the BERNE CONVENTION for the

Protection of Literary and Artistic Works (Paris Act, 1971), Published by the World Intellectual Property Organization, 17.

<sup>10</sup> Opinion of Advocate General WATHELET, Case C-310/17, *Levola Hengelo V. Smilde Food*, para 46.

<sup>11</sup> *Ibid*.

<sup>12</sup> McCUTCHEON (n5).

<sup>13</sup> *Levola Hengelo* (n6) para 33.

<sup>14</sup> Opinion of Advocate General Wathelet (n10) paras 37-39.

<sup>15</sup> *Levola Hengelo* (n6) para 33.

<sup>16</sup> Eleonora ROSATI, ‘Copyright and the Court of Justice of the European Union’ (Oxford University Press 2019), 6.

<sup>17</sup> Judgement of the 18 January 1984, *Ekro*, C-327/82, EU:C:1984:11, para 11.

<sup>18</sup> Opinion of Advocate General Wathelet (n10) para 39.

<sup>19</sup> Copyright Designs and Patents Act 1988, Art 1.

<sup>20</sup> Berne Convention for the Protection of Literary and Artistic Works (as amended on

September 28, 1979), art2(1).

<sup>21</sup> Request for a preliminary ruling from the Gerechtshof Arnhem-Leeuwarden (Netherlands) lodged on 29 May 2017 — *Levola Hengelo BV v Smilde Foods BV*.

<sup>22</sup> McCUTCHEON (n5).

<sup>23</sup> *Ibid*.

<sup>24</sup> *Ibid*.

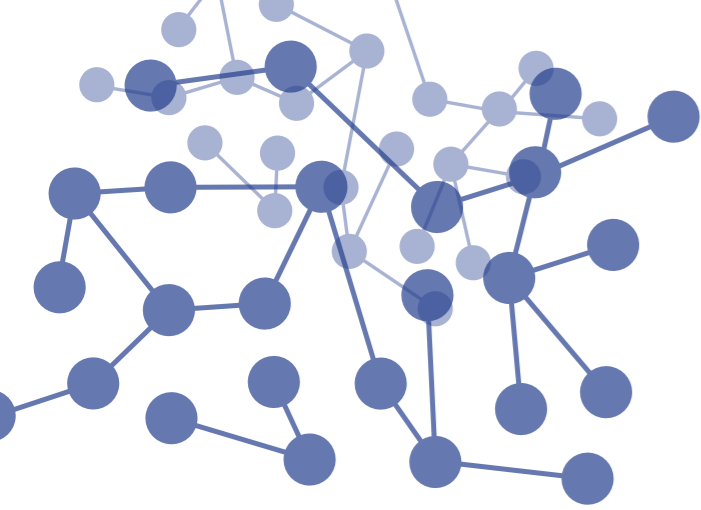
<sup>25</sup> Opinion of Advocate General Wathelet (n10) para 51.

<sup>26</sup> *Levola Hengelo* (n6) para 42.

<sup>27</sup> Opinion of Advocate General Wathelet (n10) para 58.

<sup>28</sup> WIPO (n1) 4.

<sup>29</sup> Eleonora ROSATI, ‘Branderella : Trade Marks and Fictional Characters’ (December 3, 2019). Yann Basire (ed), *Propriété Intellectuelle et Pop Culture* (LexisNexis, coll. IRPI, 2020), Available at SSRN: <https://ssrn.com/abstract=3497596>, 3.



In this way, a graphic character can be considered a work, without considering the “originality” criterion. The fulfilment of the work requirement for a literary character could be discussed.

### 2.1.2 The notion of “Originality”

In the *Levola Hengelo* case, it is stated that there is a need of two cumulative requirements for a creation to be considered as a work, within the meaning of the Infosoc Directive.<sup>30</sup> First, the creation “must be original in the sense that it is the author’s own intellectual creation”<sup>31</sup> and secondly, it must be the “expression of this author’s own intellectual creation”<sup>32</sup>, according to the *Infopaq International*<sup>33</sup> case. This “author’s own intellectual creation” is the result of the “free and creative choice of the author”.<sup>34</sup>

With regard to fictional characters, the originality criterion requires them to be the result of the free and creative choice of the creator.<sup>35</sup> It should be suggested to the creator of a fictional character to describe it precisely. Indeed, the fictional character should not be “stock”. A stock character is considered as “the archetype of a story’s character”.<sup>36</sup> In other words, it is considered as a typical character, without original traits. Thus, main characters are more likely to be protected, since the story is focused around them. However, being a main character is not a guarantee of protection, since the condition of originality must be met. This explains why a fictional character must be described precisely both in terms of physical appearance and personality.

## 2.2 The copyright protection applied to different parts of fictional characters

### 2.2.1 The physical appearance of a fictional character

A fictional character is composed, in part, by its physical appearance. Indeed, this appearance must be described in order to be perceived by the public. Referring to the *Levola Hengelo* case, it is possible to state that a fictional character could be considered as a work when it is identifiable, according to CJEU criteria, and when it appears only in a single work.<sup>37</sup> However, CJEU cases related to fictional characters are quite scarce. Decisions from national courts such as French or Italian Courts could give guidance and clues.

#### 2.2.1.1 French courts

Regarding national law, French Courts have attempted to answer the question of whether the physical appearance can be protected or not. A particular case in 2008 concerned

a comic strip called “*Les Blondes*”.<sup>38</sup> This comic strip tells short stories about blonde girls, representing the stereotype of the slightly silly blonde girl. This blonde girl is a caricature, with a large chest, small articles of clothing, etc. Another comic book, called “*La revanche des blondes*” (which could be translated as “*The revenge of blonde girls*”), was published later on and employed the same stereotype as observed in “*Les Blondes*”. In the case, the judge of the “Tribunal de Grande Instance” (TGI) of Paris declared that the character of the blonde girl in the comic book was original. Indeed, the judge based his decision on specific facial characteristics, a very specific representation of the hairstyle as well as her clothes.<sup>39</sup>

The judge carefully listed all of the attributes of the character’s physical appearance. At first glance, this decision could seem surprising, since the physical appearance of the characters from “*Les Blondes*” is common, only blonde girls with little clothing. To understand the ruling, it is important to understand the judge’s reasoning. To consider the comic strip “*La revanche d’une blonde*” as an infringement, the judge first compared the physical appearance of characters in both comics. Then, he compared “*l’impression d’ensemble produite sur le public*”, the overall impression made on the audience by this comparison. Therefore, the judge explains that the combination of characteristics and the particular treatment of the “*Blondes*” character constitutes originality.<sup>40</sup> Thus, these characteristics make the character identifiable and distinct from all precedent characters produced.<sup>41</sup>

This ruling, despite it not coming from the highest court, could nonetheless give an incentive concerning the protection of the physical appearance of characters. In the same regard, another very recent judgment was handed down in France, concerning fictional characters. The ruling was rendered by a Court of Appeal (CA), which is the second highest judicial authority in France.

In this recent ruling, the CA applied the same reasoning as in the “*Les Blondes*” case. This case concerns the “*Péchés Mignons*” comic strip. The fictional characters of these comic strips are characterized with large eyes and mouths. The judge stated that the combination of all characteristics, including facial shapes and expressions, hairstyles, poses, choice of clothing and accessories of the character, confers a particular physiognomy.<sup>42</sup> This judgement is in line with the reasoning found in previous case law and is in accordance with the CJEU case and criteria of originality. The judge even stated that it is a “*parti-pris esthétique empreint de la personnalité de son auteur*”<sup>43</sup>, which means that the physical appearance of the fictional characters constitutes aesthetic choices that reflect the personality of the author.

To summarize the reasoning in French case law, the physical appearance of a fictional character is copyrightable, due to the fact that the combination of all physical characteristics produces an overall impression on the public.

#### 2.2.1.2 Italian Court

A recent Italian judgment has clarified and given some indications concerning the protection of fictional characters.

In the *Unidis Jolly Film v. Paramount Pictures Corporation*<sup>44</sup> case, a fictional character originating *a priori* from the Italian movie “*Per un pugno di dollari*” makes a brief appearance in the American cartoon “*Rango*”. The makers of the Italian movie therefore pursued the creators of “*Rango*” in court for using the main character of their film, without their authorization. To decide if there was an infringement of the Italian filmmakers’ rights, the judges examined whether the character in the film “*Rango*” is a copyrighted character.

In this case, the main difficulty the judge faced was to determine whether the character appearing in “*Rango*” is a reference to “*the man with no name*” from Sergio Leone’s western trilogy or a direct reference to Clint Eastwood, the actor who played this character. The judge relied on several criteria to answer this question. Firstly, they underlined the fact that the contexts of the two films are radically different. Sergio Leone’s film is very dramatic and pessimistic, and aimed towards adults, whereas “*Rango*” is more directed towards children, all the while containing adult references.<sup>45</sup> Secondly, the judge compared the physical appearance of the two characters in “*the man with no name*” and the Spirit of the West. He deduced from this analysis that the Spirit of the West displayed obvious similarities with “*the man with no name*” in terms of clothing, gestures, tone of voice and physical characteristics reminiscent of the actor Clint Eastwood.<sup>46</sup>

The judge stated that a fictional character, to be immediately perceptible as such by the public or the critics, and therefore potentially be protected by copyright, must necessarily be distinguished from the actor who embodies it.<sup>47</sup> The main point of this judgment is that a fictional character must be recognisable outside of its original context. The judge here reminded that a character needs to be the result of an autonomous and personal artistic creation of its creator and contain such characteristics as to make it immediately recognisable as such, as an expression of the “author’s own intellectual creation”<sup>48</sup>, even outside of the context in which it was initially placed and invented.<sup>49</sup> In other words, a fictional character which is

identifiable by its physical appearance, personality or others characteristic features, must be immediately recognisable and original, independently of the context which it is placed in. It means that when the character is placed in a context other than its original one, the audience must be able to recognise it immediately, for the character to be subject to copyright. It should be recognizable independently of the context, and in the specific case of movies, independently of the actor playing the role.

In this case, the “*the man with no name*” character has not acquired any penetration or permanence in the public, in film criticism or in subsequent works, as to qualify it as a creative work and identifiable as such.<sup>50</sup> Indeed, the judge encountered difficulties to determine whether the character in the “*Rango*” movie is a reference to the “*the man with no name*” or to the actor Clint Eastwood.

To analyze the criterion of originality of the character, the judge then also based his judgement on the “*scarto semantico*”, that could be translated as a “semantic gap”.<sup>51</sup> The judge compares the character with the attributes of characters from pre-existing works. In this case, “*the man with no name*” is compared with already existing works. This analysis reveals multiple and recurrent characteristics present in literature, such as the stereotype of the negative, ambiguous, double-dealing, foreign, outlaw hero, going back to the beginning of Western literature with “the Odyssey”, and in the specific cinematographic sector.<sup>52</sup>

Finally, a fictional character which represents a clear reference to a previous work is authorized, when it soberly evokes the previous work as a brief homage, a tribute to the actor or director. Indeed, it is the same author/director who “admits” his foreignness to the previous author’s work and integrates it as such in his own work for the sole purpose of denouncing his own narrative or bibliographical references.<sup>53</sup> In this case, the representation of Clint Eastwood is considered as a cameo, since it is a clear homage to this actor and lasts less than two minutes.

<sup>30</sup> *Levola Hengelo* (n6) para 35.

<sup>31</sup> Judgment of 4 October 2011, *Football Association Premier League and Others*, C-403/08 and judgement of the 4th of October 2011, *Karen Murphy*, C-429/08, EU:C:2011:631, para 97; see *Levola Hengelo* (n6) para 36.

<sup>32</sup> *Levola Hengelo* (n9) para 37.

<sup>33</sup> Judgement of 16th July 2009, *Infopaq*, C-5/08, ECLI:EU:C:2009:465.

<sup>34</sup> *Football Association Premier League Ltd and Others v QC Leisure and Others and Karen Murphy v Media Protection Services Ltd* (n31) para 98 ; Judgement of the 1st of December 2011, *Painer*, C-145/10, EU:C:2011:798, paras 87-89.

<sup>35</sup> *Football Association Premier League and*

*Others and Karen Murphy* (n31) para 98 ; See also *Painer* (n34).

<sup>36</sup> Jasmine ABDEL-KHALIK, ‘Scènes à Faire as Identity Trait Stereotyping’ [2018] 2(2)The Business, Entrepreneurship & Tax Law Review 241-273.

<sup>37</sup> ROSATI (n29) 3.

<sup>38</sup> Tribunal de grande instance (TGI) de Paris, Chambre civile 3, 21 mai 2008, 08/00609.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Cour d’appel de Paris, Pôle 5, Chambre 2, Arrêt du 24 janvier 2020, Répertoire général n° 18/06949.

<sup>43</sup> Cour d’appel de Paris (n42).

<sup>44</sup> Court of Rome, Industrial Tribunal, *Unidis*

*Jolly Film v. Paramount Pictures Corporation*, decision n.6504/2021 R. G. 27160/2017, published on April 16, 2021.

<sup>45</sup> Ibid 11.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid 16.

<sup>48</sup> *Football Association Premier League and Others* (n31).

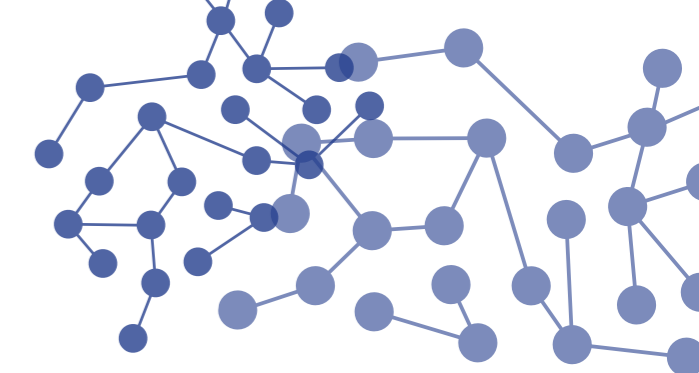
<sup>49</sup> *Unidis Jolly film SRL v. Paramount Pictures Corporation* (n44) 14.

<sup>50</sup> Ibid 15.

<sup>51</sup> Ibid 18.

<sup>52</sup> Ibid 17.

<sup>53</sup> Ibid 19.



To summarize, this case instructs quite largely on the reasoning found behind the protection of fictional characters. According to the Italian judges, a fictional character is original when it is recognizable regardless of the context and of the actor who embodies it. Moreover, the judge compares this fictional character, with all of its attributes, with previous works. However, this fictional character, even though it is not original, could be protected as the citation exception.

This tribunal's reasoning is doubtful, especially concerning the new criterion of penetration of the character in the public. The fact that a character may be recognisable in any context should not be a *sine qua non* condition to it being able to obtain copyright protection. A character may be original, characterising the "author's own intellectual creation", without the public being able to recognise it in any context. Indeed, an original character from a film, which was not a clear success, or from a book, would not be recognisable by everyone in any context. In this case, "the man with no name" is the main character of Sergio Leone's Western trilogy. Thus, if we strictly follow the tribunal's reasoning, this main character would not be entitled to copyright on the grounds that he is not immediately recognisable. But what would have been the Court's verdict if Clint Eastwood had not been known? Would the "Western's Spirit" character from the *Rango* movie have become immediately recognisable? The reasoning of this tribunal would therefore be more in favour of well-known fictional characters such as *Mickey Mouse*, *James Bond* or even *Batman*, who are, undeniably, immediately recognisable in any context. However, fictional characters from lesser-known works or, in the case of films, played by not so very well-known actors, are not favoured by this criterion. A cartoon character is also much more likely to meet this criterion since it is a drawing, which therefore has particular characteristics that a human could not have systematically. For instance, a cartoon character such as *The Pink Panther* could be recognized in any context. There is no problem in differentiating from the actor who plays it, since he is not visible. This is one less difficulty to overcome. This new criterion is a difficulty for film characters. It should be more interesting to keep this new criterion as an additional

one, in order to help characterise a fictional character as eligible for copyright.

### 2.2.2 The protection of the character's personality

A character's personality is a real problem for fictional characters, since it is very abstract. Indeed, this issue has been sparsely studied by authors and academics. It is a relatively new subject, and very little is known about its copyright protection. As with the physical appearance of a character, there are few CJEU rulings that relate to the personality of a character. However, it is worthwhile to study judgments of national courts, such as French courts.

Regarding French case law, another case from 1989 concerned "La bicyclette bleue", inspired by the book "Gone with the Wind". The judges compared the similarities between the two works scene by scene. This is significant, because the court states that it found "des similitudes portant (...) sur les caractères physiques et psychologiques des personnages principaux et de certains personnages secondaires" (which means: "similarities relating to (...) the physical and psychological attributes of the main characters and certain secondary characters").<sup>54</sup> It is important since the judge also compared psychologic characteristics, which constitute the personality of the character. However, the question that arises concerns the importance of the character's personality. Indeed, the personality may either contribute to the originality of the character, or constitute a facet of the originality.<sup>55</sup>

It is interesting to reach back for the French "Péchés Mignons"<sup>56</sup> case law reasoning. In this case, the judge focused on the physical appearance of the character, but above all, on the personality of each character. He indeed stated that each of the characters has a particular expression or personality trait, treated in a humorous and off-beat way.<sup>57</sup> These expressions embody the author's creative choice.<sup>58</sup> The judge lists the character traits of each of the characters, including a woman's seductiveness, a teacher's self-contentment, a young man's self-confidence, a girl's ingenuity, or a young woman's frightened surprise.<sup>59</sup> He couples each personality trait with its identifiable physical appearance. Thus, the psychological traits contribute to the originality of the character. Indeed, the originality of

the character is only attributed with the simultaneous contribution of the physical appearance and the character trait. The question here is therefore whether the personality itself confers the originality to the character or whether it must necessarily be associated with a physical appearance.

It is clear from these various rulings on the personality of the fictional character that the personality is an integral part of the fictional character, and that it is therefore protected. In the "Péchés Mignons" case, it is obvious that the judge based his reasoning on the moral characteristics of the characters to determine the originality of the character.

### 2.2.3 The case of the evolution of the character

Sometimes characters can grow, and become more mature or evolve over time. This can be the case for the heroes of sagas such as *Harry Potter* or television shows such as *The Office*. The personality of a character may change, as well as its relationships with other characters. These elements can evolve drastically, for instance from an angelic to an evil character, or substantially. The character's lifestyle may also change and have an impact on its personality, for instance an event could turn a character's life upside down and change its mentality.

Television format cases are an interesting illustration. There is no legal definition of television format but it results from the media industry.<sup>60</sup> The German Federal Court of Justice, in 1993, rendered a decision concerning the television format.<sup>61</sup> The Court defined this television format as "the totality of all its characteristic features which are capable of acting as a general mould shaping each single episode and thus enable the audience at the same time to recognize such episodes easily as parts of a series".<sup>62</sup> Afterwards, the Format Recognition And Protection Association (FRAPA) explained that "The key component of any successful television format is the unique combination of content, story, characters/hosts, pace, music, lighting and stage/set design (amongst other things)".<sup>63</sup> From these two definitions, it is clear that fictional characters are an integral part of the television format. The television show cannot in fact be dissociated from its characters since, without them, the show would simply not exist. Thus, the whole show is protected, including its script. The script can therefore be spread over several years, allowing the fictional characters to evolve and change, both physically and mentally. Thus, the evolution of a fictional character could be protected.

Moreover, the *Levola Hengelo* case offered guidance and defined a work as something identifiable with precision and objectivity.<sup>64</sup> The characters of television formats can change over time and it may be difficult to find a precise and objective identification. To identify these precise and objective characteristics, there must be an attribute which is proper to a character.<sup>65</sup> In other words, the physical attribute which could be identifiable and protected has to be maintained throughout every step of the character's evolution. For instance, if a character that has big blue eyes, evolves or gets older, it could still be considered as a work since its big blue eyes would not change. In addition, this physical attribute has to be original. It is impor-

tant to keep in mind that the physical attribute needs to stay the same overtime, over the course of any change. The reasoning employed is the same as in the change of physical appearance. The fictional character which changes overtime has to at least keep its identity, its personality trait that characterizes it. In addition, it has to be original.

## 3. COMPARISON BETWEEN EU AND U.S. SYSTEMS

### 3.1 The implementation of tests

The U.S. copyright law system pays particular attention to the protection of fictional characters. Over the years, the United States has set up a protection for these characters through case law. Three different tests have been created for the process of protecting these fictional characters: the "sufficiently delineated test"<sup>66</sup>, the "story being told" test<sup>67</sup>, and as the newest addition the "three-part-test".<sup>68</sup>

The first test to really mark the protection of fictional characters is the "sufficiently delineated test", from the *Nichols v Universal Pictures Corporation* case. In his comment, Judge L. Hand states that "the less developed the characters, the less they can be copyrighted: that is the penalty an author must bear for marking them too indistinctly".<sup>69</sup> In other words, the judge states that a character must be "sufficiently delineated" to be copyrightable. This statement seems to indicate that the author must describe and develop the character sufficiently, in order for it to be protectable by copyright. The court advocates a well-developed character.<sup>70</sup> This copyright protection is therefore not entitled to stock characters. The characters must be distinctive and, in that sense, their description has to be specific. The public must not risk confusing two different characters based on the lack of distinctiveness they bear towards each other. Some well-known characters have already been protected by copyright by virtue of this test. A few of these are *James Bond*<sup>71</sup>, *Mickey Mouse*<sup>72</sup> or even *Tarzan*<sup>73</sup>. However, this test is limited in terms of conditions, and therefore needs to be further developed.

Due to their deficiencies, the U.S. courts came up with a much more restricted test, that possesses conditions that are more difficult to satisfy. This test competes with the "sufficiently delineated test", which bore a lack of standards in the protection of fictional characters.<sup>74</sup> "The story being told" test originated in the *Warner Bros Pictures v. CBS*<sup>75</sup> case, also called the "Sam Spade case". The judge stated that only the main character of "the story being told" should be copyrightable. This test specifies the "sufficiently delineated tests", but is also more restrictive. Indeed, the character cannot be stock and must be delineated. Therefore, this new test sets up a new condition which is that of the "character of the story being told" criterion.

<sup>54</sup> Cour d'appel de Versailles ch.civ.réun. 15 décembre 1993.

<sup>55</sup> 'Cosplay : de l'hommage à l'atteinte aux droits', Stefan Martin at 'Propriété Intellectuelle et Pop culture : saison 3', CENTER FOR INTERNATIONAL INTELLECTUAL PROPERTY STUDIES (CEIPI), 26th of March 2021, through zoom.

<sup>56</sup> Cour d'appel de Paris [n42].

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

<sup>60</sup> Brigitte JOPPICH, 'Alternative Dispute Resolution under WIPO Rules for TV Format Protection Right Issues', GRUR-Prax 2010, 213.

<sup>61</sup> BGH, decision dated June 26, 1993 – I ZR

176/01, GRUR 2003, 876, 877.

<sup>62</sup> Ibid.

<sup>63</sup> OLSWANG LLP and Sukhpreet Dr SINGH, 'The FRAPA report 2011 : protecting format rights', 10.

<sup>64</sup> *Levola Hengelo* [n6] para 40.

<sup>65</sup> Interview of Professor Eleonora ROSATI (Professor), 23rd of April 2021, zoom.

<sup>66</sup> *Nichols v Universal Pictures Corporation*, 45 F.2d 119 [2d Cir 1930].

<sup>67</sup> *Warner Bros Pictures, Inc v Columbia Broadcasting System*, 216 F.2d 945 [1954].

<sup>68</sup> *DC Comics v. Towle*, 802 F.3d 1012 [9th Cir. 2015].

<sup>69</sup> Circuit Judge L. Hand comment about *Nichols v Universal Pictures Corporation*, 45 F.2d 119 [2d Cir 1930].

<sup>70</sup> Lim TZE PING, 'Beyond Copyright: Applying a Radical Idea-Expression Dichotomy to the Ownership of Fictional Characters' [2018] 21 Vand J Ent & Tech L 95, 57.

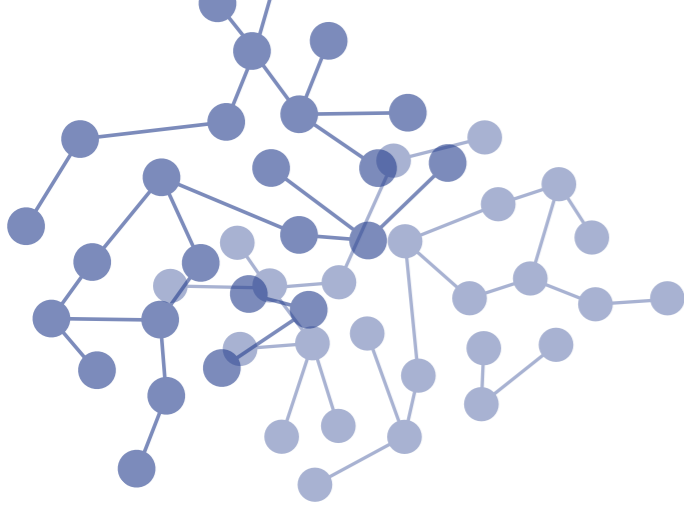
<sup>71</sup> *MGM, Inc. v. Am. Honda Motor Co.*, 900 F. Supp. 1287, 1302 [C.D. Cal. 1995].

<sup>72</sup> *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 757-58 [9th Cir. 1978].

<sup>73</sup> *Burroughs v. MGM, Inc.*, 519 F. Supp. 388, 391 [2d Cir. 1981].

<sup>74</sup> Mark BARTHLOMEW, 'Protecting the performers: setting a new standard for character copyrightability' [2001] 41[2] Santa Clara Law Review 341-378.

<sup>75</sup> *Warner Bros Pictures, Inc v Columbia Broadcasting System* [n67].



Until “the three-part-test” came to life, the “sufficiently delineated test” and “the story being told” test were the only two standards within the scope of the protection of fictional characters. The “story being told” test replaced the older one by being more restrictive. This duality however caused struggles within and between courts on the subject of knowing which test had to be used at each instance. From court decisions, it is noticeable that literary characters have failed the “story being told” test.<sup>76</sup> Therefore, the judges favor the “sufficiently delineated” test for these specific literary characters.

Since 2015, fictional characters have also been protected by “the three-part test”. This test was invented in the context of the *Towle*<sup>77</sup> case. In this case, M. Mark Towle reproduced Batman’s car, named “Batmobile”, by making it into a real car. He sold it as the “Batmobile vehicle”, although DC Comics, which is the holder of all Batman intellectual property rights, had not given any authorization to do so. Mark Towle claimed that there was no protection of copyright for the “Batmobile”. Consequently, he was allowed to reproduce it.

The most important point in this case was to determine whether the “Batmobile” was entitled to its own copyright protection. To this end, the judges elaborated a new test in order to identify whether a fictional character is eligible for copyright protection. This test is composed of three parts, giving it its eponymous name.

Firstly, the character must have “physical as well as conceptual qualities.”<sup>78</sup>

Secondly, the character must be original and “sufficiently distinctive.”<sup>79</sup> Indeed, the originality requirement is not sufficient on its own anymore. In the *Godzilla* case, in order to fulfil this criterion, the court stated that the character must be “sufficiently delineated” and must also be able to demonstrate “consistent, widely identifiable traits.”<sup>80</sup> This sufficient delineation is important in order for the public to recognize this character whenever it appears.<sup>81</sup> The judges find it important for the traits and attributes of the characters to be persistent. Some well-known fictional characters obtained copyright protection by satisfying this requirement, such as *James Bond*<sup>82</sup>, *Batman*<sup>83</sup> or *Godzilla*.<sup>84</sup> This delineation concerns the character’s traits and attributes, not particularly its physical appearance. According to the U.S. Court of Appeals, the physical appearance is less significant than distinctive qualities.<sup>85</sup> In other words, a fictional character has better chances of being protected if it shows distinctive qualities, rather than just having its specific appearance. Physi-

cal traits alone are not sufficient in order to be protected by copyright.

Finally, the character must be “especially distinctive” and “containing some unique elements of expression.”<sup>86</sup> These phrases indicate that the character must have its own attributes and have a uniqueness to it. For instance, it cannot be a stock character such as, for instance, a magician who did not speak.<sup>87</sup> However, the *DC Comics v. Towle* case demonstrates that a car can be protected by U.S. copyright. At first sight, it may seem strange that a car is eligible to obtain this protection. In this case however, the “Batmobile” fulfilled all criteria of “the three-part-test”. It is sufficiently delineated and distinctive, with physical and conceptual qualities. The character is not necessarily a human, with the capacities to speak. However, if the character plays an important role in the work, by fulfilling the criteria, it is copyrightable.

The “three-part-test” has been recently applied throughout the “Moodsters”<sup>88</sup> case. The *Moodsters* in question are five anthropomorphized emotions. Each emotion is represented by a character via a specific color, e.g., red for anger. Originally, the characters were presented in a book, as literary characters, and in a television episode, as graphic characters. Later on, the *Moodsters* also became toys. After the release of Disney’s “Inside Out” film, whose pitch consists of the interaction of five anthropomorphized emotions inside of a girl’s brain, the author Daniels, creator of the *Moodsters*, sued the Walt Disney company for copyright infringement.

As a first step, the judge in this case took into consideration the “three-part-test”. As it was aforementioned, the test’s first criterion is “physical as well conceptual qualities” of the character. It is undeniable that the *Moodsters* each have their own physical appearance, their color, and conceptual qualities, as their emotions. They are not mere literary characters.<sup>89</sup> The fictional character, according to the test’s second criterion, has to “be sufficiently distinctive to be recognizable as the same character whenever it appears.”<sup>90</sup> In other words, the character has to have a consistent appearance and identifiable character traits and attributes. In this case, the *Moodsters* are identifiable through the color they are each represented with. However, using colors to represent emotions is apparently not a sufficient delineation and distinctiveness.<sup>91</sup> Indeed, the use of colors to represent emotions is an idea or a concept and not an identifiable trait or attribute. Colors are not copyrightable by themselves.<sup>92</sup> Ideas are not protected by copyright law under U.S. Code.<sup>93</sup>

This “three-part-test” has become the reference to the protection of fictional characters thus far, and is in line with the “sufficiently delineated” test from 1930. The latest evolved in a more restrictive way. However, this test has some shortcomings, especially concerning literary characters. In the *DC Comics v. Towle* case, the Circuit Judge explicitly stated that this “three-part-test” concerned graphic and visual characters as opposed to “mere literary characters”, meaning it only concerned characters from comic books, television programs or motion pictures.<sup>94</sup> This distinction could be considered as a weakness of this new “three-part-test”.

Today, the “three-part-test” seems to have become a

benchmark for character protection testing in fiction. This test would therefore render the two previous tests obsolete, and they will and should probably not be used in the future.

### 3.2 U.S. Protection of fictional characters shortcomings

The “story being told” test and the “three-part-test” do not efficiently protect literary characters. Respectively, literary characters failed the first test, and have been explicitly excluded from the scope of the other one. It is difficult to comprehend such a decision, especially concerning the main characters of a novel. These characters are part of the story being told. For instance, why was Sam Spade not protected despite him being the main character of “*The Maltese Falcons*”? Why is there such a distinction between graphic and literary characters?

A special condition is required for literary characters which is not required for other graphic works. The work must be divided by explaining each character and each part of the literary work.<sup>95</sup> Otherwise, “the story being told” test applies, and the character will not be protected. This is questionable, since a musical work, for instance, is not broken down into each instrument.<sup>96</sup>

Copyright protects the expression of an idea but not the idea itself. Concerning literary characters, the public has to imagine the character by means of its description. It is considered as an abstraction. This abstraction delineation of the literary characters differs from the physical delineation.<sup>97</sup> In the *Gaiman v. McFarlane* case<sup>98</sup>, the judge stated that “[a] reader of unillustrated fiction completes the work in his mind.”<sup>99</sup> In other words, the reader’s imagination plays a large part in literary characters’ protection. However, one could argue that a literary character has traits and attributes. If the author describes the character in detail, in accordance with the “three-part-test’s” requirements, the literary character should be considered copyrightable.

Another issue caused by literary characters is the subjective aspect given to copyright. Through the imagination of the character, each person reading the story can have a different idea of the literary character described in the novel or short story.<sup>100</sup> This refers to the dichotomy between idea and its expression<sup>101</sup>: only the expression is protected, not the idea. A fictional character is more than an idea, since the author expresses the idea in words, by describing it. Each perception of the same story is different, and it is the same with literary characters. The problem is that this makes copyright subjective and not objective. The literary character must be well described. The reader has to properly remember the character rather than the plot, in order for the character to be protected by copyright. For instance, Sam Spade was not considered a copyrightable character because the plot and the atmosphere of the work he appeared in were more important than its main character.<sup>102</sup>

This subject matter recalls the interrogation of whether a fictional character is a work or not. Divergences in the doctrine concerning the protection of fictional characters still appear: while some professors believe that a character is a part of a work and is not a copyrightable subject on its own,<sup>103</sup> others may think that fictional characters should not be considered as a copyrightable subject because the infringement would be too complex to establish.<sup>104</sup> However, this shows that incoherencies and legal uncertainties prevail in the protection of fictional characters.

Finally, literary characters require specific attention from judges. It is obvious that this type of fictional character differs from other characters such as in movies, TV shows or comic books. U.S. Courts employ the same test for all types of works and characters, although they are different and cannot be protected at the same level. Thus, a great lack of regulation regarding these literary characters needs to be addressed in the future, in order to deal with the inconsistencies.

<sup>76</sup> Lim TZE PING, “Beyond Copyright: Applying a Radical Idea-Expression Dichotomy to the Ownership of Fictional Characters” [2018] 21 Vand J Ent & Tech L 95, 108.

<sup>77</sup> *DC Comics v. Towle* (n68).

<sup>78</sup> *Walt Disney Productions v. Air Pirates* (n72), para 755.

<sup>79</sup> *Halicki Films, LLC v. Sanderson Sales & Mktg.*, 547 F.3d 1213, 1224 (9th Cir. 2008).

<sup>80</sup> *Toho Co., Ltd. v. William Morrow and Co., Inc.*, 33 F. Supp. 2d 1206 (C.D. Cal. 1998).

<sup>81</sup> ROSATI (n29).

<sup>82</sup> *MetroGoldwyn-Mayer, Inc. v. Am. Honda Motor Co.*, 900 F. Supp. 1287, 1295–96 (C.D. Cal. 1995).

<sup>83</sup> *Sapon v. DC Comics*, No. 00 CIV. 8992(WHP), 2002 WL 485730, at \*3–4 (S.D.N.Y. Mar. 29, 2002).

<sup>84</sup> *Toho Co., Ltd. v. William Morrow and Co., Inc.*, (n78).

<sup>85</sup> *Warner Bros. Entm’t, Inc. v. X One X Prods.*,

644 F.3d 584, 599 n.8 (8th Cir. 2011).

<sup>86</sup> Opinion of IKUTA Circuit Judge, *DC Comics v. Towle*, 802 F.3d 1012 (9th Cir. 2015) 15.

<sup>87</sup> *Rice v. Fox Broadcasting Co.* 330 F.3d 1170 (9th Cir. 2003) para 1175.

<sup>88</sup> *Daniels v. The Walt Disney Co.*, No. 18-55635 (9th Cir. 2020).

<sup>89</sup> Opinion of McKEOWN Circuit Judge, *Daniels v. The Walt Disney Co.*, No. 18-55635 (9th Cir. 2020), 7.

<sup>90</sup> *DC Comics v. Towle* (n68).

<sup>91</sup> McKEOWN (n87) 9.

<sup>92</sup> Opinion of CARDAMONE, *Judi Boisson v. Banian, LTD.* 273 F.3d 262 (2d Cir. 2001).

<sup>93</sup> United States Code as enacted in 1947, title 17 – COPYRIGHTS §102(b).

<sup>94</sup> IKUTA (n84) 15.

<sup>95</sup> Jani McCUTCHEON, “Works of Fiction: The Misconception of Literary Characters as Copyright Works” [October 9, 2018]. *Journal of the Copyright Society of the USA* [Forthcoming], Available at SSRN: <https://ssrn.com/>

abstract=3263155 or <http://dx.doi.org/10.2139/ssrn.3263155>, 7.

<sup>96</sup> *Ibid* 7.

<sup>97</sup> *Ibid* 17.

<sup>98</sup> *Gaiman v. McFarlane* 360 F.3d 644, 661 (2004).

<sup>99</sup> *Ibid* para 661.

<sup>100</sup> McCutcheon (n95) 18.

<sup>101</sup> United States Code as enacted in 1947, title 17 – COPYRIGHTS §102(b).

<sup>102</sup> Aaron SCHWABACH, “Fan Fiction and Copyright : Outsider Works and Intellectual Property Protection,” Taylor & Francis Group, 2011, ProQuest Ebook Central, 32.

<sup>103</sup> Leslie KURTZ, “The Independent Legal Lives of Fictional Characters”, 3 WIS. L. REV. 429, 440 (1986).

<sup>104</sup> Francis NEVINS, “Copyright + Character = Catastrophe”, 39(4) J. COPYRIGHT SOC’Y U.S.A. 303, 306 (1992) ; Analysis from McCutcheon (n95).

Setting aside the distinction between graphic and literary characters, another dilemma subsists. How are secondary and minor characters protected? “*The story being told*” test explicitly concerns main characters of the story, and not characters who are vehicles for the story being told.

Indeed, this test particularly focuses on the main characters, heroes of the story, whose stories are being told. This is a “*discrimination against secondary characters, however well-delineated*”<sup>105</sup> Indeed, through this test, the U.S. Courts of Appeals for the second circuit completely put minor and secondary characters aside. Concerning literary characters, secondary and minor characters of this category will probably never be considered, since even main characters are not protected. However, concerning graphic secondary and/or minor characters, it should and could be considered. Depending on the circumstances of the case, the outcome is different. For instance, in the *DC Comics v.* case, the “*Batmobile*” appeared as a minor character, since the role of the car had an importance.

### 3.3 Conclusion of the comparison with USA

Even if the U.S. system of protection of fictional characters by copyright is limited in certain ways, it is undeniable that these characters are much better protected than in Europe. In addition to general copyright protection, the United States have indeed introduced specific criteria for fictional characters. This has therefore allowed for a more specific and effective protection of these characters.

The CJEU approach could gain much from observing and mimicking the U.S. approach. Through the U.S. approach, it can be observed that having a list<sup>106</sup> of subject matters for copyright is compatible with specific protection of fictional characters. They are not incompatible. Moreover, the criterion of fixation is not mandatory in accordance with the CJEU; the characters do not have the obligation to be perceived and to be identifiable. This is positive for literary characters which could be protected more efficiently. Therefore, these characters could have a better protection. Concerning the potential criteria, the

CJEU could learn from the “*three-part-test*” but including literary characters.

The EU does not have a specific protection framework for fictional characters. To be copyrightable, a fictional character must be a work, with a “sufficient” originality. Substantially, these criteria fulfill the requirements of the “*three-part-test*”.<sup>107</sup> The first and the third criteria of the “*three-part-test*” are related to the originality of the character, whereas the second step corresponds to the definition of a work in the sense of the *Levola Hengelo* case.<sup>108</sup> There is therefore not necessarily a need for specific regulation, since the substance of this test corresponds to what the European legislator applies. Moreover, unlike in the U.S., the CJEU is faced with very few cases involving fictional characters. Thus, it may not be worthwhile to introduce a specific regulation for fictional characters.

## 4. EU TRADEMARK PROTECTION OF FICTIONAL CHARACTERS

Another form of protection could enable fictional characters to be covered in another way, combined with copyright protection: trademark protection. A trademark may protect the shape of the character. However, it cannot theoretically protect the personality of the character. In other words, the physical appearance and aspect of the character is protected by trademark, whilst this is not the case for the immaterial attributes of this character. Nonetheless, one could wonder if a character’s personality could be protected through trademark protection. Issues may also arise during the trademark registration process.

### 4.1 The issue of distinctiveness

In order to be registered as a European trademark, the subject matter has to fulfill the requirements of Article 4 of the 2017 EUTMR<sup>109</sup>. The sign should be considered as “*a badge of origin, regardless of the goods and services*”.<sup>110</sup> However, the most important requirement is the distinctiveness of the sign, according to Article 7(1)(b) EUTMR.

A relevant audience has to assess this distinctive character. Their “*degree of attention will be that of the average consumer who is reasonably well informed and reasonably observant and circumspect*”<sup>111</sup>

The distinctive character of a trademark can be inherent or acquired. In the first case, the distinctive character of a mark is inherent as the properties of the mark itself are considered in the absence of use and education of consumers to recognize the mark.<sup>112</sup> Conversely, the acquired distinctive character is based on a lack of inherent distinctiveness. This sign is considered having an acquired distinctive character through use if the consumer is educated to recognize this non-distinctive sign as a trademark denoting a single undertaking.<sup>113</sup>

The European Union Intellectual Property Office’s (EUIPO) case law regarding registration of fictional characters as trademarks is very fluctuating.

The EUIPO renders these decisions on a case-by-case basis. *The Jungle Book*<sup>114</sup> and *Pinocchio*<sup>115</sup> cases can be cited as examples. These two trademarks were refused registration by the EUIPO, on the grounds of lack of distinctiveness. In the case of *The Jungle Book*, the trademark was deemed not to be distinctive for DVDs and books. In this case, the EUIPO stated that the title of an artistic work may not benefit of trademark protection “*when the sign applied for is purely understood as a reference to the author’s work or type of story without any additional element which could impart distinctive character to the sign indicating the business origin*”<sup>116</sup>. Indeed, in this decision, the examiner adopted this decision because the relevant audience knows the story behind this title which was subject to several different adaptations.<sup>117</sup> A good or service bearing this trademark would indicate the story of “*The Jungle Book*”, rather than the commercial origin. A similar reasoning is applied in the *Pinocchio* case. The registration of a *Pinocchio* trademark for figurines was rejected. “*Pinocchio*” was subject to several literary and audiovisual adaptations. Consequently, the name *Pinocchio* has “*entered the common language*” and does not allow for the identification of a commercial origin. In these cases, the distinctiveness is assessed regarding the goods and services designated by the trademark. They could logically guarantee the commercial origin of clothing or other goods, since they do not describe a characteristic of the product.<sup>118</sup>

Sometimes, controversies occur in the EUIPO’s decisions. The *Dr No* decision<sup>119</sup> for instance concerned the title of the movie as well as the name of the character: Dr No. The EUIPO stated in this case that the name refers to the artistic origin rather than its commercial origin.<sup>120</sup> According to the EUIPO, the commercial origin is reflected through “*James Bond*” or the “*007*” sign. These signs refer to the successful series, which portray the commercial origin. The fact that Dr No is on the cover does not refer to the commercial origin. Concerning movies, sound records or books, “*Dr No*” turns out to be only descriptive of the goods in question.<sup>121</sup>

However, the EUIPO held the opposite thesis in other cases. Within the *Winnetou*<sup>122</sup> case, the EUIPO stated that the name “*Winnetou*” was distinctive since the term does not refer to the film.<sup>123</sup> Thus, the commercial origin is gu-

aranteed, which allows for protection of film and related goods. The name of the “*Winnetou*” character is also protected. This shows that a fictional character’s name could be protected if it is sufficiently distinctive. A recent decision on Batman’s logo is also quite controversial and opens a debate on the distinctiveness of the character.

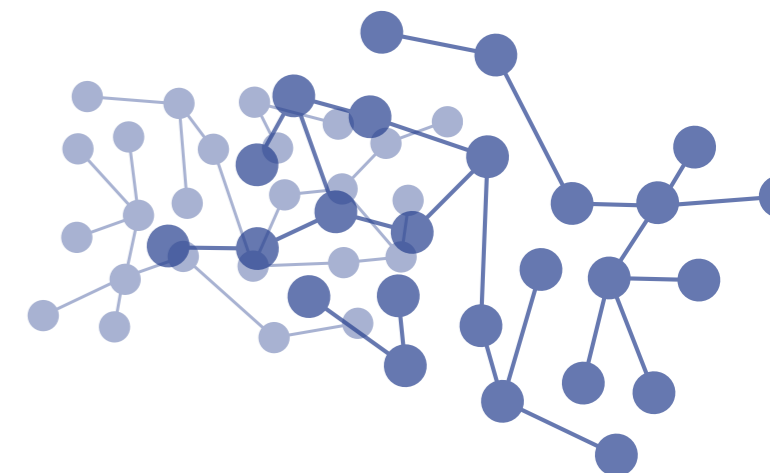
The requirement of distinctiveness regarding fictional characters is very controversial. Quite recently, the ruling on the Batman logo from May 21st, 2020 is evidence of this. In this decision, the judge established that the Batman logo can be registered as a trademark. He states that “*It follows that the contested EUTM will exclusively be associated by the public with the Batman character from the DC comics universe, and not to any other comics or superhero story or franchise*.”<sup>124</sup> In other words, when someone thinks of the Batman logo, they think directly of its commercial origin, namely D.C. Comics, instead of the character itself, due to its multiple adaptations as well as the longevity of the character.

This decision is open to debate. Indeed, the distinctiveness of the Batman logo and its direct reference to its commercial origin can be questioned. This decision confirms the position adopted in the *Winnetou* decision. It suggests a relaxation of the distinctiveness of trademarks referring to well-known characters.<sup>125</sup>

This should not correspond to a relaxation of the jurisprudence but rather a favor administered to the world-famous character known as Batman, so that he in particular can be protected.

According to Professor Yann Basire<sup>126</sup>, it is the responsibility of the competent authorities to check the conditions of a trademark before its registration. The *Batman* decision reflects a certain inconsistency in judicial decisions. However, the competent authorities could have found acquired distinctiveness to the character of Batman, since it is a world-famous character. To obtain this acquired distinctiveness, the consumer would need to recognize this non-distinctive sign as a trademark denoting a single undertaking.<sup>127</sup> In the case of Batman or his “*Batmobile*”, this should not be difficult, since they are well-known.

It will be interesting to look for future decisions of the EUIPO concerning the registration of fictional characters. Will they comply with the Batman ruling, or will the EUIPO become tougher, as it may have been in the past with rulings such as *Winnetou*?



<sup>105</sup> SCHWABACH (n102) 31.

<sup>106</sup> United States Code as enacted in 1947, title 17 – COPYRIGHTS §102(a).

<sup>107</sup> ROSATI (n29).

<sup>108</sup> Ibid.

<sup>109</sup> Regulation [EU] 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (Text with EEA relevance).

<sup>110</sup> EUIPO, “Trade mark guidelines” [EUIPO guidelines, 1 March 2021] <https://guidelines.euipo.europa.eu/1922895/1786763/trade-mark-guidelines/1-2-distinguishing-character> accessed 20 November 2021.

<sup>111</sup> Judgement of the 15th of January 2003, *Mystery*, T-99/01, EU:T:2003:7, para 37.

<sup>112</sup> Ilanah FHIMA and Dev.S GANGJEE, “The confusion test in European Trade Mark Law”

[Oxford University Press 2019], 139.

<sup>113</sup> Ibid 140.

<sup>114</sup> Judgement of the 18th of March 2015, *The Jungle Book*, EUIPO, R 118/2014-1.

<sup>115</sup> Judgement of the 16th of November 2017, *Pinocchio*, EUIPO, cancellation decision no. 016875981.

<sup>116</sup> *The Jungle Book* (n114) para 24.

<sup>117</sup> Ibid para 29.

<sup>118</sup> Vanessa BOUCHARA and Louise LACROIX, « la marque est-elle dans le titre ? Ou la protection des oeuvres audiovisuelles par le droit des marques » [Village Justice, 2 June 2020] available at <https://www.village-justice.com/articles/marque-est-elle-dans-titre-protection-des-oeuvres-audiovisuelles-par-droit-des,35555.html> accessed 21 November 2021.

<sup>119</sup> Judgement of the 30th of June 2009, *Danjaq v.*

OHMI (Dr. No), TUE, T-435/05, ECLI:EU:T:2009:226.

<sup>120</sup> Ibid para 25.

<sup>121</sup> *Danjaq v. OHMI* (Dr. No) (n119) para 27.

<sup>122</sup> Judgement of the 18th of March 2016, *Karl-May-Verlag / OHMI - Constantin Film Produktion (WINNETOU)*, T-501/13, ECLI:EU:T:2016:161.

<sup>123</sup> Ibid para 63.

<sup>124</sup> Cancellation Division, CANCELLATION No 31 962 C, Batman.

<sup>125</sup> BOUCHARA and LACROIX (n118).

<sup>126</sup> Interview of Professor Yann BASIRE (Director General of CEIPI – Université de Strasbourg), 5th of March 2021, zoom.

<sup>127</sup> FHIMA and GANGJEE (n112) 140.

## 4.2 The issue of protecting the personality via trademarks

Trademark protection can only exist in relation to goods and services. However, a fictional character is a character composed of both a physical appearance and a personality. Through trademark protection, the physical appearance is protected. *Quid* of the character's personality? Personality is a moral characteristic. *A priori*, it should not be protected by trademark.

Normally, protecting only a fictional character's appearance, and not its personality, by means of trademark legislation, does not appear to be problematic. However, one could imagine a fictional character as a unitary component. As the personality is a subjective matter, if a third party employed the personality of a determined fictional character to use it in a different way, one could wonder if a trademark law issue is raised. It is truly interesting to assess whether trademark law could also protect the personality of a fictional character. This is not necessary, but it is an interesting subject of study.

Protecting the personality of the fictional character through trademark can take place in more than one way. It can be sufficient to consider the fictional character as a well-known trademark. Thus, it can benefit from protection against dilution, free-riding and tarnishment. These last two hypotheses concern brand image. Through the protection of these images, it would be possible to protect the moral aspects of the character.<sup>128</sup> One could nevertheless wonder whether this would not be going too far and overstepping the essential functions of a trademark?

The EU offers a specific protection against dilution of trademarks which hold a certain level of recognition amongst consumers.<sup>129</sup> Indeed, this level of recognition is considered to be reached when “*the earlier mark is known by a significant part of the public concerned by the products or services covered by that trademark*”.<sup>130</sup> This test is quantitative and not qualitative.<sup>131</sup> In other words, the mark does not require to reach a certain level of prestige, luxury or simply to be particularly good to be well-known.

For assessing the well-known character of a trademark, the CJEU follows the test generated in the *General Motors* case. In this matter, the CJEU established that relevant factors to this test include: “*in particular the market share held by the trademark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it*”.<sup>132</sup> This list is not exhaustive, as EU courts retain a certain freedom to consider other factors besides the test.<sup>133</sup> This test is particularly similar to the one used to determine whether a sign has acquired distinctiveness. Some tribunals have even used the assessment of acquired distinctiveness to prove or disprove the trademark's reputation.<sup>134</sup>

Therefore, a fictional character is considered as well-known when a significant part of the public is concerned by the product or services.

After demonstrating that the fictional character is well-known, it can obtain protection against dilution, free-riding and tarnishment. Once a mark is considered as well-known, the criterion of likelihood of confusion is not required anymore.

Both concepts of tarnishment and free-riding concern the brand's image and refer to the values conveyed by the brand. A value implies moral and intellectual characteristics. Therefore, through the protection of the trademark against free-riding and tarnishment, it would be possible to protect certain moral aspects of the fictional character. It would thus be possible to go beyond the function of trademark protection, which typically only protects the physical and material aspect of the character.

Consequently, if the owner of a protected fictional character has conveyed some value through it, which is a distinctive sign, these values are protected by trademark. Some aspects of a character's personality and morality, which refer to certain values, could be protected.

However, by protecting the values and thus certain intellectual characteristics of the character through trademark; would the essential function of the trademark not be exceeded? By protecting certain moral characteristics of the fictional character through the trademark; would this not run counter to the essential function of a trademark?

The essential function of a trademark is to distinguish the goods and services of one undertaking from others. Trademark protection occurs in the economic life of the trademark or concerning the goods and services specifically registered. However, when a well-known trademark is at hand, it does not matter if the issue concerning the trademark occurs in business life or concerns the goods and services. Indeed, the trademark is protected anyway.

In this sense, one could wonder whether the purpose of this protection by dilution tools is to protect the fictional character or the author.<sup>135</sup> It is important to be aware that the moral rights in copyright remain to the authors. In trademarks however, the owner of the trademark is not necessarily the author. In using these dilution tools, care should be taken because the interest of the owner is not necessarily the same as that of the author of the fictional character.<sup>136</sup> It might be in certain cases like, for instance, the use of a fictional character in a pornographic movie. This would engender a tarnishment of the trademark. To better protect the trademark, the interests of the owner should be the same as that of the author, even though this is not always the case.

However, it is questionable whether it is moral for the trademark to protect intellectual characteristics of a fictional character, even if it has a perfect right to do so.

The protection of the character's personality through the dilution tools of trademark law could, theoretically, work. However, in practice, it is not very useful. Indeed, the interest of protecting only the personality of a character can be questioned, since it is not the primary objective of trademark law. The only positive aspect could be the permanent and renewable protection of personality. But it is rare to perceive only the personality of the character, without taking into account its physical appearance.

## 4.3 Ground for refusal: *ordre public* and morality

As it was previously stated, a fictional character could be protected by trademark. However, in order to obtain this protection, the owner of a fictional character must ensure that the character does not fall into absolute grounds for refusal of protection, as provided by Article 7 of the EUTMR.

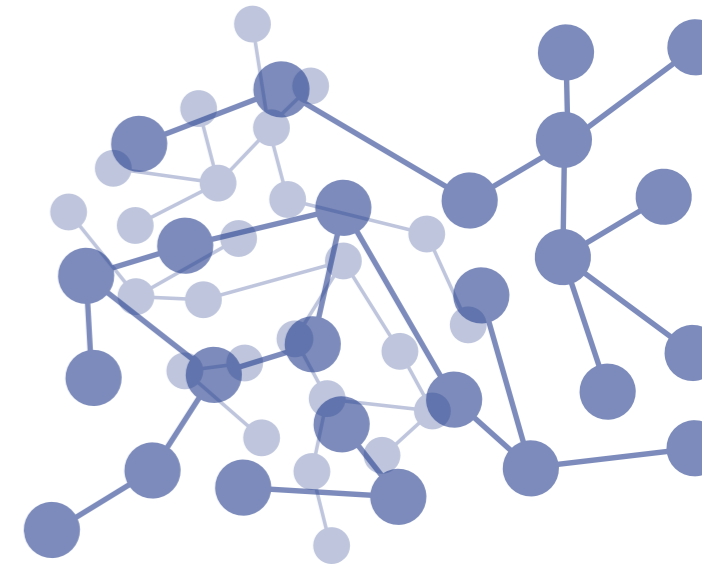
Public policy and morality are two absolute grounds for refusal in trademark, according to the Article 7(1)(f) EUTMR. The European Free Trade Association (EFTA) Court decision in the *Vigeland* case<sup>137</sup> is an illustration of public policy and morality with respect to trademark registration. The main purpose of the *Vigeland* case was to extend the intellectual property life of these artworks, by protecting them in another way, in order for them to not fall into the public domain. Indeed, through trademark protection, these works of art could have been protected for a long time, or even for an unlimited amount of time. Nevertheless, the EFTA Court did not accept this attempt to escape the public domain. Indeed, the Court based its decision on the interplay between copyright protection and public domain. It considered that a trademark “*based entirely on copyright protected work carries a certain risk of monopolization of the sign for a specific purpose*”.<sup>138</sup> Indeed, this registration grants the mark's “*proprietor such exclusivity and permanence of exploitation which not even the author of the work or his estate enjoyed*”.<sup>139</sup> In other words, these artworks have so much cultural value to Norwegian society they must be kept free.<sup>140</sup> There is a fundamental societal interest in the temporal limitations of copyright protection, and the public domain principle in copyright law has societal value of its own.<sup>141</sup>

These two important notions can overlap but they are not synonymous.<sup>142</sup> Public policy is an objective concept, based on objective criteria whereas “*accepted principles of morality*” is based on subjective values.<sup>143</sup> This decision defined a ground for refusal of a trademark registration for reasons of public policy and morality. Ground for refusal of a trademark registration based on public policy occurs only when “*there is a genuine and sufficiently serious threat*

to a fundamental interest of society”.<sup>144</sup> In addition, the EFTA Court stated that famous artwork, which is a part of the universal cultural heritage, “*is a fundamental interest of society at stake, namely the interest of enabling access to these outstanding creations of the mind for everyone*”.<sup>145</sup> On the other hand, the principle of morality is assessed on a case-by-case basis.<sup>146</sup> For instance, in this case, the artwork enjoyed the status of national cultural heritage, referring to an emblem of sovereignty, with certain of the nation's foundations and values.<sup>147</sup> This trademark registration should be considered as a misappropriation or a discretion of the artist's work under the morality principle.<sup>148</sup>

Concerning the fictional character, these absolute grounds of public policy and morality could apply in certain ways. Indeed, based on the misappropriation or discretion of the artist's work, a fictional character considered to be closely similar to another character could be refused.<sup>149</sup> This theory is more likely to be verified when the character is a cultural heritage of the country.<sup>150</sup>

However, this decision, and more generally public policy and morality grounds for refusal, create a debate concerning the overlaps between copyright and trademark protection.



<sup>128</sup> Interview of Professor Yann BASIRE (Director General of CEIPI – Université de Strasbourg), 5th of March 2021, zoom.

<sup>129</sup> Ilanah FHIMA, ‘Trade Mark Dilution In Europe and the United States’ (Oxford University Press 2011), 21.

<sup>130</sup> *General Motors Corporation v. Uplon SA*, judgment of the 14th of September 1999, C-375/97, ECLI:EU:C:1999:408, para 26.

<sup>131</sup> EU IPO (n110).

<sup>132</sup> *General Motors* (n130) para 27.

<sup>133</sup> *Ibid* 34.

<sup>134</sup> See, IPO, *Forever Wedding Rings* 0-098-11, 9 march 2011, para 79.

<sup>135</sup> Interview of Professor Eleonora ROSATI (Professor), 23rd of April 2021, zoom

<sup>136</sup> *Ibid*.

<sup>137</sup> EFTA Court, *Municipality of Oslo*, Case E-5/16.

<sup>138</sup> *Municipality of Oslo* (n137) para 70.

<sup>139</sup> *Ibid*.

<sup>140</sup> Martin SENFTLEBEN: ‘The Copyright/ Trademark Interface – “How the Expansion of Trademark Protection is Stifling Cultural Creativity”’, 19th of March 2021, available at: [https://www.youtube.com/watch?v=UZc\\_mEz-mip4&t=514s](https://www.youtube.com/watch?v=UZc_mEz-mip4&t=514s) accessed 23 November 2021.

<sup>141</sup> *Ibid*.

<sup>142</sup> Eleonora ROSATI, ‘The absolute ground for

refusal or invalidity in Article 7(1)(e)(iii) EUTMR/4(1)(e)(iii) EUTMD: in search of the exclusion's own substantial value’ [2020] 15(2) *Journal of Intellectual Property Law & Practice* 103-122, 28.

<sup>143</sup> *Municipality of Oslo* (n137) paras 85 and 86.

<sup>144</sup> *Ibid* para 59.

<sup>145</sup> *Ibid*.

<sup>146</sup> *Ibid* (n137) para 55.

<sup>147</sup> *Ibid* para 92.

<sup>148</sup> *Ibid*.

<sup>149</sup> ROSATI (n29) 9.

<sup>150</sup> *Ibid*.

#### 4.4 The overlaps between copyright and trademark protection

After previous discussion concerning the protection of fictional characters through copyright and trademarks, it can be deduced that each of these protections has its strengths and weaknesses. While copyright protection may allow the protection of a character in its entirety, whether visual or intellectual, it lasts for a limited period of 70 years after the death of the creator.<sup>151</sup> As for trademark protection, only the name and the visual appearance can be truly protected, and in some cases certain intellectual characteristics. However, protection is only available for predefined goods and services, and in the course of trade. On the other hand, protection can be renewed every ten years, indefinitely. Therefore, it seems logical to consider the possibility of cumulating the two protections in order to obtain a better and longer lasting protection for a fictional character.

In EU law, the cumulation of intellectual property rights is expressly acknowledged.<sup>152</sup> Therefore, copyright and trademark protection could be cumulated. The question arising is the following: would this accumulation not distort the essence of each one of the protections, trademark in particular? Could trademarks be used to divert fictional characters from the public domain and thus extend the intellectual property life of the character?

This question highly divides authors in doctrine. According to Martin Senftleben, copyright is a cyclic innovation system.<sup>153</sup> This implies that the work of the first author serves as a basis for other authors in derivative works. In other words, the author uses the public domain as a source material to create his new work. The essence of copyright law is to protect the work for a limited period of time, before it then falls into the public domain, where it could be used in another way. At the opposite end of the

spectrum, trademark protection was imagined to enable a distinctive sign to escape public domain.<sup>154</sup> The owner of a trademark keeps it as long as he or she uses it in trade.<sup>155</sup> Trademark has become a standard protection strategy for character merchandising.<sup>156</sup> For instance, *Mickey Mouse*<sup>157</sup>, *Asterix*<sup>158</sup> and *Obelix*<sup>159</sup> as well as *Snow-white*<sup>160</sup> are famous fictional characters, but also trademarks. Indeed, copyrighted work must by nature fall into the public domain at some point in time. The concern with trademark protection is that the creator will take the work out of the public domain to extend its life, which subverts the main function of copyright.

However, this position has to be nuanced. There is a big semantic difference between the two types of protection.<sup>161</sup> Indeed, copyright law concerns a work while trademark law protects a sign. In the same way, copyright law concerns the public whereas trademark law concerns the average consumer. The two fields of law are totally dissimilar, and their respective domains are completely different. Professors Yann Basire and Eleonora Rosati both agree that the issue resides in the relevant authorities, which do not show the necessary rigor that should be required in this situation. For instance, the public policy ground might be used in order to preserve the public domain. It might be that an office takes the view that the registration of a fictional character whose copyright has expired should be prohibited in this particular scenario because it would be a way to circumvent the system.<sup>162</sup> Relevant authorities have to make sure that the broader goal of intellectual property protection, such as maintaining the public domain, are safeguarded. It is quite normal for a well-known trademark or franchise to want to be protected for as long as possible, in order to commercialize certain merchandise. In this case, the intellectual property overlaps could be authorized.

#### 5. CONCLUSION

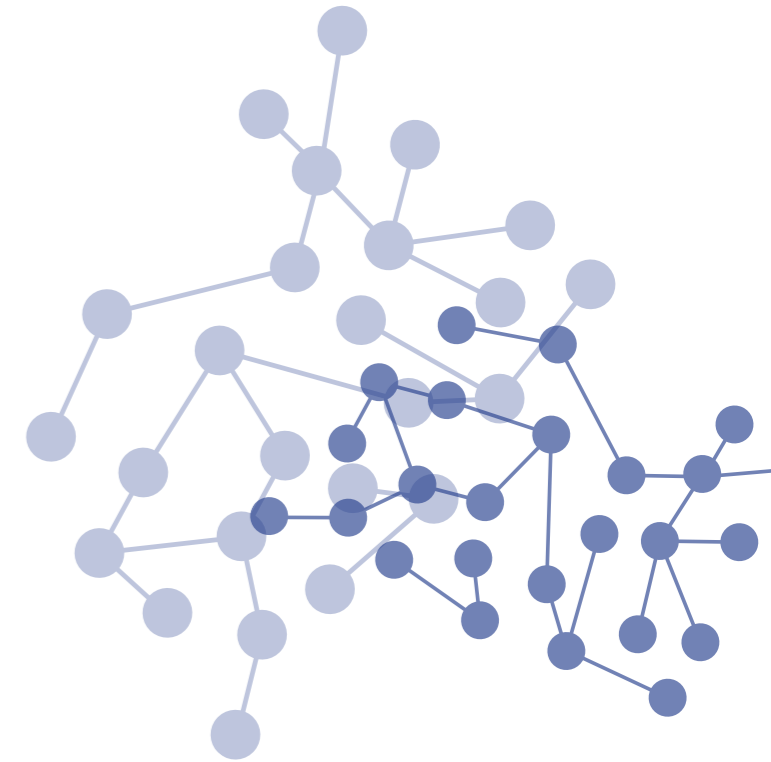
This article highlights some problems concerning the protection of fictional characters and provides some recommendations about improving it. The current EU protection of fictional characters is sufficient, but could be enhanced. A specific protection is not useful in practice but could all the while be considered, in order to recognize and give credit to fictional characters. Fictional characters seem not very important in the EU, less than in the United States at least, as reflected by the lack of EU litigation on the subject.

Regarding copyright protection for fictional characters, whether in the EU or the U.S. system, coverage should differentiate characters by category. Therefore, literary characters in novels should not be subject to the same test as graphic or comic characters, since they exist in a different medium, by definition. In the case of comic characters, physical appearance is objectively and easily identifiable, whereas this is not the case for literary characters. The author of this paper believes that there should be more litigation before the CJEU in order to establish several criteria that would be useful.

The author of this paper also believes that trademark protection is a great protection for fictional characters. She understands that the creator of well-known characters, e.g. *Mickey Mouse* or *James Bond*, would aspire to obtain trademark protection, in order to protect it permanently in economic life. According to her, the registration of a trademark should be authorized because this is not a way to encompass the public domain. She agrees with the position of Professor Yann Basire, stating that these are two different areas, which could perfectly be cumulated. But this registration should be executed in respect to trademark requirements. The author of the paper also suggests to competent authorities to carefully and diligently

analyze each registration, especially in regards to the distinctiveness requirement. A trademark of a fictional character should be “a badge of origin”, without referring to the character itself. This is quite a sensitive topic, given the fact that certain well-known characters are registered, whilst one could doubt their original badge, like *Batman* for instance. The author personally thinks of the character of Batman when she sees Batman, and she does not think of the DC Comics company. In this particular case, the registration of the trademark goes beyond the primary functions of trademark law. It could however be granted for characters such as *Mickey Mouse*, where one thinks directly of Disney.

From now on, it would be interesting to study future cases concerning fictional characters, whether at national or European level, to observe if a new criterion will be generated by relevant courts.



#### Valentine Labaume

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<sup>151</sup> Article 1, Directive 2006/116/EC Of The European Parliament And Of The Council of 12 December 2006 on the term of protection of copyright and certain related rights.

<sup>152</sup> CDR (n6), Recitals 31 and 32.

<sup>153</sup> SENFTLEBEN (n140).

<sup>154</sup> Ibid.

<sup>155</sup> Ibid.

<sup>156</sup> Ibid.

<sup>157</sup> EUTMs 002827426 and 005240668.

<sup>158</sup> EUTMs 000016147 and 002794162.

<sup>159</sup> EUTMs 000016154 and 002793545.

<sup>160</sup> EUTM 011571511.

<sup>161</sup> Interview of Professor Yann BASIRE (Director

General of CEIPI – Université de Strasbourg), 5th of March 2021, zoom.

<sup>162</sup> Interview of Professor Eleonora ROSATI (Professor), 23rd of April 2021, zoom.



# AI, Law and Human Responsibility

By Gregor Noll

## ABSTRACT

What do algorithmic technologies do to the law, how do they alter lawyers' work on legal issues, and how do they affect the allocation of legal responsibility? If it turns out that algorithmic technologies make it harder to identify a responsible subject, can we do something about it? These are the questions that I am trying to answer in this article. After mapping how AI affects the law and the legal profession, I inquire into the factors distinguishing legal normativity from such normativity as is expressed in algorithmic technologies. I conclude that law and the cybernetic basis of AI conflict with each other in a way beyond remedy. AI fundamentally undermines lawyers' ability to attribute responsibility, as humans and algorithmic technology amalgamate in practice. I propose that the lawmaker imposes strict responsibility on certain forms of AI to avoid a loss of accountability during the period where traditional law and cybernetic normativity overlap.

## 1. INTRODUCTION

What do algorithmic technologies do to the law, how do they alter lawyers' work on legal issues, and how do they affect the allocation of legal responsibility? If it turns out that algorithmic technologies make it harder to identify a responsible subject, can we do something about it? These are the questions I shall answer in this article. In the next section, I will characterize three relationships between algorithmic technologies and law: tech law, tech as law and legal tech. At the end of this section, I hope to have made clear, in the most general terms, what algorithmic technologies do to the law. In the next step, I will explain why law and algorithmic technologies cannot be reconciled (section 3). I will present my argument by drawing on concrete examples: the assessment of evidence and of intent, respectively (section 4). Both sections 3 and 4 give us an idea of how algorithmic technologies affect lawyers' work on legal issues and challenge basic tenets of legal responsibility. At this stage, the strategic question emerges what shape to give to the relationship between algorithmic technologies and the law in the future. By proposing a strict form of liability, I shall point to a possible way forward allocating responsibility for negative consequences of algorithmic technologies (section 5). Finally, I will present my conclusions in section 6.

As my questions are about the changes brought to law by algorithmic technologies, they impose a comparison between old and new on us. But what is that 'old' against which these novel technologies are compared to? It is probably some kind of established working method in legal practice, where people read, underline, take notes, think, write and discuss, all prompted by a legal issue. It is based on human language, and it is enacted in the passing world of paper envelopes and archive binders, meetings around worn office tables and conversations with colleagues at the coffee machine. While we might want to streamline and automate our way out of this world of routines, we also want to remain in it – at least in part. But could it be the case that we idealise the human and language-borne elements of this world, as if the time of reading, thinking, writing and discussing were unlimited, our colleagues were extremely wise and easy to deal with at all times, and our desire for truth limitless?

Let me use an example to guard against such idealisations. Let us say that at some point in the future we will analyse a concrete AI application that a Swedish court considers using in its decision-making. Let us also assume that we will soon find strong arguments that this application would remove something human from judicial decision-making and sentencing by that court. However, the ordinary work situation at the court is perhaps so demanding on staff that it is less than human. The number of judges employed to deal with cases before the Court may not have increased to the same extent as the influx of cases. Maybe the judges have too little time for their cases. Politicians may not be willing to inject additional funds to meet the increased workload at the courts in the midst of a recession. Our intended comparison now includes quite a few parameters: on the one hand, a new technology that may in part replace human legal work and, on the other hand, the influx of cases, the size and competence of staff, as well as the impact of politics and the economy on the concrete working situation of a court. Such a comprehensive and nuanced analysis comparing the introduction of a new technology with the real situation before its introduction is beyond the reach of this article, but we can all agree that it is necessary. Technology shifts, such as the transition to AI-based applications, never take place in the abstract, but in a concrete field, a concrete factory floor, or, for that matter, in a concrete office in a court in a medium-sized Swedish city. When I try to draw out big lines for the development in the following, I have to reserve myself for what I cannot do here: namely to analyze how these lines interact with the concrete life situation where the concrete changes through algorithmic technologies happen.

## 2 TECH LAW, TECH AS LAW AND LEGAL TECH

Today's legal rules do not necessarily resonate well with digitalisation and AI. We hear this from those who develop and implement technology: law is often perceived as an impediment, an innovation barrier.<sup>1</sup> On the other hand, AI and digitalisation are perceived by lawyers as an increasingly important normative force that competes with the law as we know it. An example of the latter is Facebook's so-called *Oversight Board*, a group of people who monitor how the platform applies its own rules on what can be posted. Doesn't that seem like a privately owned Supreme Court for the limits of free speech in a significant part of the internet? Also, we are seeing more and more applications that bring AI directly into the lawyer's everyday practice. They change legal work from within and confront us with the question of who should take responsibility for the results of this new way of working.

Let's take a closer look at the relationship between algorithmic technologies and the law, and put words on what characterizes them. It can be divided into three categories: tech law, tech as law and legal tech.

*Tech law* is the term for a growing field where law is applied to digitalisation and AI. As these technological solutions dominate an increasing part of the economy, society and everyday life, they engender new legal issues and conflicts. Think about how much of your private and professional transactions are made through digital platforms. Think about how you continuously consent to app developers' terms and conditions when downloading or updating apps. Or take the legal issues that need to be resolved every time a new app is placed on the market: stretching from liability limitation to intellectual property. More and more practicing lawyers are engaged in tech law on a daily basis. Contract law and copyright law are important regulations in this work, as is public law. The threat to ban TikTok made by the United States (US) in 2020 is a reminder that states may well use powerful legal tools to assert their regulatory power vis-à-vis large technology companies with millions of users. In a nutshell, tech law is an area where law seeks to dominate technology.

In *tech as law*, the opposite is the case: here AI and digitalisation are placed between the human and the law, gaining power and influence from that intermediary position. If a search engine constantly responds with the same top-rated hits to my search, it is no wonder if I start to think that these hits really are the most relevant ones. If a healthcare application repeatedly suggests a certain diagnosis for a certain bodily condition, it is no wonder that a

doctor advised by it begins to build his treatment strategy based on this diagnosis. Or, if a decision supporting application processing claims for income support repeatedly proposes rejection for applicants from a particular population group, it is no wonder that administrators would start to assume that such applicants are generally not eligible. AI and digitalisation shape human behaviour in a way reminiscent of how law shapes human behaviour. As long as we are convinced that these applications do a better job than humans (whose time, attention span and cognitive capabilities appear to be much more limited), we accept the answers technology provides to our questions. Then these answers are normative. They come with a presumption of validity very similar to that of the law: we assume that legal rules shall be followed, unless that presumption has been rebutted. There are examples where law clashes with tech as law. Take the example of discrimination, which is proscribed by international law, EU law and Swedish law, but which some AI applications have actually been shown to promote. A well-known example is COMPAS, a decision support system for probation in the US, which was found to be biased against persons of colour.<sup>2</sup> Another example is the decision support system for school grades in England, which has been shown to disadvantage pupils from poor areas and benefit pupils from private schools.<sup>3</sup>

*Legal tech* is about the automation of tasks that are otherwise carried out by lawyers. Why let a colleague go through contracts or court cases page by page when a legal tech application is so much faster? In particular, if technology permits us to review *all* the agreements entered into by a company, or *all* legal cases that have been adjudicated by a particular court tier? Of course, new technology has implications for the professional role of the lawyer and for legal method *tout court*. A 2016 study by Deloitte, the consulting firm, claimed that jobs for 'traditional lawyers' will diminish as legal tech gains ground in the coming years.<sup>4</sup> Less skilled jobs are those expected to disappear. At the same time, technological solutions that can quickly solve simpler legal tasks will drive down the price of legal services while opening up new markets. Those who previously could not afford to hire The Big Law Firm, or were intimidated by its symbolic attributes, may be able to purchase automated legal services on a simple and consumer-friendly platform that combines a chatbot with a chatting *in vivo* lawyer. As in journalism, there is a real risk that certain legal jobs will be trivialised or simply considered superfluous when such platforms take over tasks traditionally performed by lawyers.

<sup>1</sup> Simon Larsson and Kristoffer Bengtsson, *An explorative study of social dimensions of intelligent automation of the final assembly in the automotive industry: The views of Swedish expert stakeholders* (School of Business, Economics and Law, University of Gothenburg, 2021).

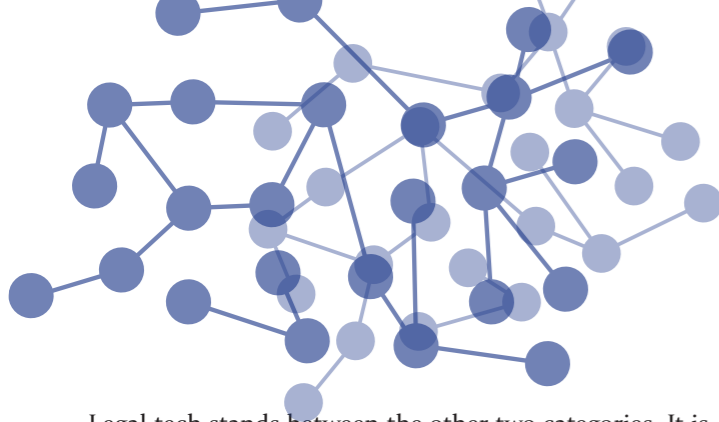
<sup>2</sup> Adrienne Brackey found that African

Americans were more likely than Caucasians to be given higher scores under COMPAS regardless of their recidivism rate. Adrienne Brackey, *Analysis of Racial Bias in Northpointe's COMPAS Algorithm* (2019).

<sup>3</sup> A detailed explanation of the decision support equation can be found here: <<https://www.theguardian.com/education/2020/aug/21/>

>ofqual-exams-algorithm-why-did-it-fail-make-grade-a-levels> Accessed 4 December 2021.

<sup>4</sup> Deloitte, *Developing Legal Talent. Stepping into the Future of the Law Industry* (2016) 16 <<https://www2.deloitte.com/uk/en/pages/audit/articles/developing-legal-talent.html>> Accessed 4 December 2021.



Legal tech stands between the other two categories. It is related to both tech law (consider, for example, the contract on whose basis a legal tech application or its services are purchased) and to tech as law (as decision support in legal matters can produce normative effects in its own right). Legal tech has the potential to reform law from within, as opposed to the legislator or the market, both reforming the law from its outside. The fact that it reforms the law from within means that it changes the very craft of the legal profession. By choosing automation and AI over our traditional craftsmanship, we as lawyers contribute to changing our own profession.

Now one might argue that legal tech brings about change, but that the law in its totality remains the same, much like a river remains the same even though new water is constantly flowing through it. Could it be that we are succumbing to the hype around new technologies, and that the real changes are no greater than those brought about by the iron plow, the steam engine and nuclear power or other technology at the time of its introduction? Could it be the case that the changes brought about by AI are felt, but not critical to the very identity of law?

### 3 IS LAW FACED WITH EPOCHAL CHANGE?

I think the law is facing a veritable epochal shift. Take a simple description of how the law works: we go back a few thousand years, taking three monotheistic religions – Judaism, Christianity and Islam – as examples. In these traditions, God hands over stone tablets with a law to humans, making divine norms available in writing. This process we usually call codification. Humans then study the law – often with the help of scholars – and try to understand what it means for their daily lives. They attempt to live by this understanding, sometimes they succeed, at other times, they fail. New questions arise and humans return to the law to understand it better and live a more law-abiding life. Fast forward less than two thousand years to our secular societies: not much changes. The Parliament hands over a law to humans, humans study the law – often with the help of lawyers – and try to understand what it means for their daily lives. They attempt to live by this understanding, sometimes they succeed, at

other times, they fail. The failures cause humans to go back to the law to study it and its meaning anew (again with the help of lawyers), hoping to do the right thing on the next occasion. What is central to this description is that the law is *written law*. By being written down, it is separated from us as humans: it has its own existence outside ours. The written law must be studied by us as humans. Such study is a prerequisite for compliance. ‘Studying the law’ might mean that we sit with our heads bowed over the text of the law, or that we let a trusted person interpret the law for us. There is a commonality between the laws of monotheistic religions and today’s secular laws: the law is outside of us, outside our body, and it is supposed to enter our thinking, our acting and our daily life. The study of the law is *the* central factor that makes the law enter our lives. As you read this article, you are part of this tradition.

What I have described here is a simple sequence based on three monotheistic religions – Judaism, Christianity, Islam – but which work equally well in today’s secular societies. Replace God with the legislator, who codifies political norms in the form of the law, and you will obtain the following model:

**Legislator -> codification -> human study of the law -> compliance with the law**

What is characteristic of this model is its strict distinction between the law and the human. Let us compare it with a corresponding process involving artificial intelligence, such as a machine learning application in legal tech. Even such an application rests on codification, but that is where resemblances end. Most prominently, human language is relegated to the sidelines. In machine learning, coding is done through code languages that enable suitable combinations of algorithms and learning data. These are chosen by app developers and data experts. Compared to the parliamentary lawmaker (or God in the three monotheistic religions named earlier), they do not possess formal authority. The algorithm is based on mathematics, not human language, and data is binary. Another difference is the meaning of codification is not studied by a human. Instead, it is the encoded application that studies data – data that in some form is assumed to depict reality, such as X-rays of human lungs in medical AI or PDF files with legal cases in legal tech. The application studies an excerpt of reality rather than any form of legislation. When it gives us the results of these studies, it is often not possible to fully reconstruct how it arrived at these results – perhaps because it has processed so much data that it would be impossible for us as humans to reconstruct its

approach step by step within a reasonable time. Then there are machine learning algorithms whose steps cannot be reconstructed by a human, however much time one would spend on it (usually, these steps are referred to as taking place in a ‘black box’).<sup>5</sup> Algorithmic technologies are thus based on a completely different normative model, which can be summarized as follows:

**The question of reality -> a human encodes and uses training data -> the machine learning application learns and processes a larger amount of data taken from reality -> the result is used in reality if humans so decide**

At first, it may seem that humans play a heavy normative role, as they are the ones starting the whole process. It is a human being who asks and encodes the question of reality into an algorithm. But notice how cognitive work, namely the studies, has been removed from humans and delegated to the machine. The traditional legislative model relies heavily on human beings at the study stage: humans who act, witness events, interpret legal norms and pass judgments. What these humans have in common is that they unite experience and reflection in one body. In the algorithmic model, this is complicated by the algorithm ‘experiencing’ and ‘thinking’ as it works its way through the data. Although it is a human who decides whether or not to use the results rendered by the AI application, this human finds it difficult to understand the cognitive work of the machine as well as his or her own. I am not saying that the old model with a human in the middle is good, and that the algorithmic model with the machine in the middle is bad. What I am saying is that they are different, and that we do not yet have a strategy for how they should interact coherently.

On reflection, it is the question ‘what is reality?’ that governs here, not some form of legislator. On the one hand, it is the reality as perceived by those humans who have worked to define the problem that the algorithm is supposed to solve, designed the algorithm, produced the data to train the algorithm with and selected the data that the algorithm will eventually process. On the other hand, it is reality as it emerges in the data that the algorithm is trained on or ultimately processes. The algorithm is assumed to reflect reality in such a way that the results produced by the algorithm can be used as a basis for decisions. If the traditional model with the legislator at the top raises the question ‘what does the legislator want?’, then the new model raises the question ‘what does reality want?’. Anyone who can say ‘how things really are’ with the help of the algorithm – someone who defines the problem, designs and trains the algorithm – will win in the battle for power in society. However, we know that the algorithm is just one among several interpreters of reality and, as an interpreter, it can make mistakes both legally and ethically. As my previous examples of tech as law show, these errors can lead to violations of discrimination prohibitions and other human rights. What seemed to be a shortcut to more objective and rational governance of our societies at first is, on closer inspection, an amalgamation of subjective and irrational elements. In the monotheistic model, I had

to believe in a God. In its secular version, I believe in the ability of parliament to make well elaborated laws. The new algorithmic model also requires me to believe in something, namely the machine’s superior ability to sort out reality for us.

### 4 TWO EXAMPLES: EVIDENCE ASSESSMENT AND INTENT

In section 3 above, I highlighted the risk of discrimination when algorithmic decision support is used. But each coin has two sides: with the help of algorithms, we can also find out how flawed human decision-makers are. My first example leads us straight into a central question when judges ponder a concrete legal case: how do they assess evidence? This issue is important in legal doctrine as well as in the everyday life of legal practice. Lawyers tend to believe that evidence assessment plays a major role for the outcome of legal proceedings. Trained judges and decision-makers ensure that justice is being done by carefully considering everything adduced in the case, sifting proof from it and assessing its importance as objectively as possible. This image is probably also shared by the public.

AI can help us test whether this image is correct. Concretely, we might ask whether it is possible to confidently predict the outcome of an asylum case simply by knowing the nationality of the applicant and the name of the judge, thereby excluding evidentiary assessment? A 2018 study by Chen, Dunn, Sagun and Sirin confirms that this is possible.<sup>6</sup> Using machine learning, the four authors plowed through 21 million documents involving 800,000 asylum cases in the United States. Having access to the name, judge and the nationality of the asylum seeker only, their algorithm was able to accurately predict about 80% of the outcomes. What is surprising – and troubling to us as lawyers – is that such predictability is possible without drawing on the concrete evidence in the case or its evaluation by the judge. A reasonable conclusion is that the assessment of evidence in the individual case does not actually matter at all as much as we think. That, in turn, leads us to question the whole story of how trained judges and decision-makers produce just judgments by carefully considering all evidence invoked in the case, deciding what it proves, and passing judgment on its basis.

Now, one might object that this example is extreme. Asylum law is an area of law with relatively vague rules that leave a certain margin of discretion in its interpretation of material norms. The discretionary margin of the judge increases in size, as the asylum seeker’s oral testimony is often the only evidence on offer. But, then I would point to a 2002 study comparing an algorithmic prediction of outcomes in the US Supreme Court with human experts’ predictions of the same. Although predictive technology was not as developed back in 2002, the algorithm won over the human experts with a 75% accuracy of the machine compared to a 59% accuracy of the expert.<sup>7</sup> This study covered judgments in all areas of law within the jurisdiction of the Supreme Court, not merely the right to asylum. This tells us that algorithms can be trained to predict outcomes in a wide range of cases better than legal experts.

<sup>5</sup> Ronald Yu and Gabriele Spina Ali, ‘What’s inside the black box? AI challenges for lawyers and researchers’ [2019] 19 Legal Information Management 2.

<sup>6</sup> Daniel L. Chen et al., ‘Early Predictability of Asylum Court Decisions’ (2018) Proceedings of the ACM Conference on AI and the Law

ICAIL ’17. <[https://users.nber.org/~dlchen/papers/Early\\_Predictability\\_of\\_Asylum\\_Court\\_Decisions.pdf](https://users.nber.org/~dlchen/papers/Early_Predictability_of_Asylum_Court_Decisions.pdf)> Accessed 4 December 2021.

<sup>7</sup> Theodore W. Ruger, Pauline T. Kim, Andrew D. Martin and Kevin M. Quinn, ‘The Supreme Court Forecasting Project: Legal and Political

Science Approaches to Predicting Supreme Court Decisionmaking’ [2004] 104 *Columbia Law Review* 1150. <<https://doi.org/10.2307/4099370>> Accessed 4 December 2021.

The ability of AI to predict judgments and decisions has created its own market in legal tech. Let me add a few examples of commercial services and applications on the market at the time of writing: *Intraspexion* sends alerts when the system has identified a certain risk that the client will be sued. It bases its warnings on document analysis. *Premonition* predicts a particular lawyer's success prospects by analyzing the number of processes he or she has won, together with the length and the type of process. *Bryter* provided an experienced lawyer in a major international law firm with a decision support tool where he could integrate his own mathematical method of process risk analysis.<sup>8</sup> The last example shows that lawyers may leave their own mark on certain apps, integrating legal competence into an algorithmic platform.

As was the case for the 2018 study by Chen, Dunn, Sagun and Sirin, *Premonition* is also based on the human factor in law. It sells its ability to predict outcomes for the individual lawyer, and to put them into an economical context. Being so open with your own processual track record is something that *practising* lawyers are rather unfamiliar with. AI has the ability to make our successes and failures transparent in a new way. This impacts everyone, from the junior lawyer at a smaller law firm to the respected judge in a top-level court. As the 2018 asylum law study has shown, patterns of performance brought into the open by AI may call into question the legitimacy of the judge's privileged position. As one computer scientist commented in an oral presentation of the 2018 study: 'Why are we spending our tax dollars on something functioning as badly as lawyers?'

It is not only the legal sector that is exposed to a critical review enabled by AI and digitalization. In the financial industry, human investment advisers have been partly overtaken by *quants*: quantitative investment funds whose choices rest on AI-driven analysis. In quantitative history research, mathematicians have sought to identify the cyclical laws of history, equipped with large databases and extensive computer processing power. Traditional historians have felt this competition for interpretative supremacy. Why should lawyers and their business be spared the question why the taxpayer or a client should pay more and get less done (or be worse off) compared to if the algorithm were to do the job? Tech as law rests exactly on this logic: the algorithm starts to dominate traditional law by undermining its legitimacy and by replacing or modifying its rules as it goes along.

Take the app *Premonitions*, an AI app predicting the success rate of a particular lawyer: its appeal rests on *the normative power of the factual*, the respect for a description that we take to mirror reality. The same applies to quantitative investment funds or quantitative history writing. *They seem to be able to tell us what is going on in real life*. If lawyers truly are so predictable, or if the stock prices or history as a whole are, why should we not make direct use of this predictability? Since the beginning of the 17th century, we are living in an era marked by the Enlightenment, the scientific revolution and industrialisation. The logical order of things forms the basis of these three, and whoever manages to articulate the logic behind this order has access to what governs reality. This view gave rise to

cybernetics back in the 1940s: a way of thinking the world in terms of controllability (*kybernetes* is the Greek term for helmsman). Being able to govern the world is exactly what the law is about, and thus the law and cybernetics enter into direct competition with each other. The law is based on the responsible person, both in the form of the sovereign legislator and that of the law-abiding subject. Cybernetics do not give humans a special status and make no distinction between them and other life forms. For law, it is a problem if we can no longer distinguish between a human and a machine in algorithmic technologies, because law assumes that the world is run by people who take responsibility for legal compliance. For cybernetics, it may not matter if it is a human, a machine, or a symbiosis of both that causes a phenomenon. It has not invested in a worldview with a responsible person at its heart. The algorithm in today's AI solutions delivers a response based on defined parameters. By contrast to a human being, it has no intent, and neither does it judge anyone as a human does. It merely produces a logical outcome, based on the data it is processing.

Therefore, the normative power of algorithms cannot be subordinated to the normative power of law, since the former neither assumes nor reproduces the central role of human beings responsible for themselves and for the world around them. The two forces simply cannot be integrated with each other. It is as if attempts were made to integrate market liberalism and command economy with each other, or Shintoism with Catholicism.

Now, we might suggest that cybernetics are but an extension of the secular mindset, freeing itself from old theological notions affording a special status to the human. As an extension of centuries of enlightenment, scientific revolution and industrialization, would it not be logical to afford it a greater normative space, together with the algorithmic technologies growing from it? Assumptions about history as a progress story and the actual spread and dominance of technology add further legitimacy to cybernetics and AI, and it is this factor that can be decisive in a situation where legal norms and algorithmic technology compete with each other.

What do we miss when this progress story grows and seizes influence at the expense of law? We are missing out on being a *responsible human being*. The human as such remains, with all her cognitive deficiencies and prejudice, but with the algorithm as a judge, she does not have to bear the consequences of his contribution to tech as law. Why is that so? Replacing part of the human cognitive process with algorithmic technology will reduce our ability to track human actions and responsibilities for the same, both in terms of the basis on which a judicial decision is made and in terms of criminal liability. With algorithmic technology, the criteria of intent or negligence as a prerequisite for individual responsibility are gradually phased out. Here, I would like to add my second example: in my previous research, I have investigated whether an advanced weapons system with elements of machine learning could be used in such a way that the laws of war and international criminal law remained fully applicable to the user.<sup>9</sup> Operating an algorithmic and largely autonomous weapon of this kind *and* subjecting it to the law is a con-

tradition in terms. The use of the weapon system presupposes that human cognition and machine cognition are integrated to such an extent that we cannot know, for example, whether an attack on civilians – which is illegal under the laws of war – is covered by the intent of the system's human users (as the *actus reus* needs to correspond to a *mens rea* in order for it to be punishable). Without intent, no criminal liability, and without criminal liability, the international law prohibition of attacks on civilians remains toothless.

These problems are not specific to international law and criminal law. They will appear elsewhere, for example in contract law. How are we to ascertain the intentions of the contracting parties, if they have been shaped and formulated in interaction with an advanced algorithmic system? The insidious thing is that the law seems to be taking care of algorithmic weapon systems just like any other weapon system, or that the law is taking care of an automated contract just like any normal contract. In order to understand what the problem is, it is important to understand how technology undermines the conditions of the law – namely the possibility of the law to understand human cognition, prove human intentions and make humans responsible on that basis.

## 5 WHAT TO DO?

The problem at the core of this article is actually quite hard to perceive in the course of our daily lives. The law just keeps marching on, dealing with an increasing number of tech law questions, and, step by step, being reformed from within by legal tech. To the extent that legal tech is all about streamlining document search, case management and due diligence, everything seems to be in order. But gradually, legal tech is being used by practicing lawyers for a sort of analytical task where human and mechanical cognition, human intent and the inscrutable pathways of the algorithm amalgamate into each other. And we are increasingly confronted with legal tech claims regarding algorithmic decision support systems. This seems to be the price of progress.

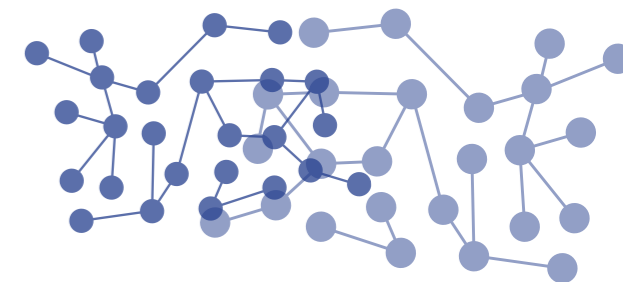
What is the alternative to its incremental acceptance? Is it possible simply to ban algorithmic applications that risk blurring the dividing line between human and mechanical cognition and intentionality? I do not think so. Such applications already exist in a variety of sectors such as trade, medicine, economics, finance, the arts and the media. Because they exist, they generate tech law issues, which in turn risk undermining fundamental assumptions of the

law on the central position of humans. Similarly, it would be difficult to put an end to the rapidly expanding market of advanced legal tech systems. The temptation to streamline and automate is huge, for the business sector as much as for the public sector.

What might it look like when a lawyer pays the price of progress in a concrete work situation? Let me briefly sketch up a fictitious situation where Simon, a lawyer working for a business named *LeanIn!*, meets Ayla, his boss. The scene takes place in a meeting room at the head office in Gothenburg.

*'Words are superfluous.'* Ayla turned her back on him, exhaled audibly, walked a few steps towards the door, paused, turned around. Simon just sat there and did not move his eyes from the point where she had been standing a few moments ago. *'As we have recommended it to the customer, we have to show that we trust it ourselves, in our own work'*, Ayla continued. *'Just give them a number indicating how many documents the app sifted through, an abstract of the three type-cast judgments that are trending in it, and then sign off on it. Lengthy justifications send the wrong signal! Let the material speak for itself!'* She left the room. Evidently, the conversation had slipped out of Simon's hands.

*His name and his signature were in the documents that the app had sifted through. In a previous life at the Administrative Court in Gothenburg, he had written judgments, and signed them, too. That was the reason why he was recruited to work here. LeanIn! helped their customers to significantly reduce payroll costs through client-adapted AI solutions. His new employer sold two things: the feeling of not buying the first best system coming along in a market full of lingo, but really the best. And, second, the feeling of being able to significantly reduce wage costs while maintaining full productivity. The promise of 'sustained productivity' was exactly what the conflict with Ayla was all about. Was it really the same if three human beings agreed on a sentence, or if the application compiled and analyzed lots of judgments and determined what kind of judgments had the best chance of not being overturned in a court of appeal?*



<sup>8</sup> Bryter 2021. *Lego for Lawyers* (undated press release), <<https://bryter.com/press-releases/lego-for-lawyers/>> Accessed 4 December 2021.

<sup>9</sup> Gregor Noll, 'Weaponising neurotechnology: International humanitarian law and the loss of

language' [2014] *London Review of International Law*, 2(2): 201-231. <<https://doi.org/10.1093/lri/lru009>> Accessed 4 December 2021; and Gregor Noll, 'War and Algorithm: The End of Law?' in Max Liljefors, Gregor Noll

and Daniel Steuer (eds.), *War and algorithm* (Rowman & Littlefield International 2019) <[https://rowman.com/WebDocs/War\\_and\\_Algorithm\\_Open\\_Access\\_Liljefors\\_Noll\\_Steuer.pdf](https://rowman.com/WebDocs/War_and_Algorithm_Open_Access_Liljefors_Noll_Steuer.pdf)> Accessed 4 December 2021.

Again, Martin's name and signature were required, but just no more. *LeanIn!* had made a pilot for the Migration Court in Gothenburg, and, according to the contract, it was required that the first run of the application be certified by a lawyer as equivalent to legal work performed by a human being. Simon was this certifying lawyer, and he would attest that the client could well replace a number of persons – in fact, persons who had the same degree as Simon himself, and who were distant colleagues in some sense. Per Ayla's directive, he would not write a longer justification for the customer, detailing why the application worked as well as a number of lawyers would. Was it really OK to sign straight off? After all, it was Simon's signature that opened the way for the pilot to be tested at the Migration Court, and perhaps put into service for good. At each funeral, a few words are said about the deceased – why not here?

Is Simon acting as a real lawyer if he certifies with a mere sentence and his signature that the outcome of the application was sufficiently similar to the outcome that a human judge would generate? Does this statement not require motivation, so that others understand how he thinks? Should he assume responsibility for this, tell Ayla that he simply cannot put his signature under the certificate as the lawyer he is, and prepare to look for another job? Or is this a much larger question, beyond Simon and Ayla's horizon? Can it be answered at all at the individual level, or does it require a say for *everyone* affected by the technology – now and in the future?

What to do? Responsibility is a political question of great consequence, and so are the answers we give to it. During the 19th Century, the law was confronted with a not too dissimilar challenge: industrialisation brought an ever greater division of labour and increased efficiency. It also made work processes in manufacturing, distribution and consumption much more complex, to the point where it was hard to understand how a chemical plant or a steelworks functioned in all its capillaries. Risks to workers, consumers, the environment and the outside world grew in tandem to growing complexity and division of labour. It became more difficult for the courts to identify those responsible for the most dangerous activities as long as the concepts of human intent or negligence were central to the process. In Germany, the lawmaker intervened and

prescribed strict responsibility for certain dangerous industries. This placed responsibility with the person who runs the business in which an accident occurred. Human intent or negligence needed not be demonstrated in those cases. Rail, electricity networks, aviation or nuclear power are classic examples of dangerous activities where strict responsibility has been applied in one form or another.

Now, one might object that strict responsibility is a deterrent to innovation. If applied to AI, it would remove at least some of the efficiency gains that algorithmic technologies engender. However, I would be prepared to pay this price in order to retain the human as a subject of responsibility. Strict responsibility would be assumed for algorithmic systems that use strong forms of machine learning – a form of learning taking place in a black box.

It was precisely the human ability to understand and reconstruct what AI does that formed the core of Simon and Ayla's conflict. Simon is a lawyer; he is asked to certify that the AI system achieves the same results as human lawyers would. At the same time, Ayla argued that he must not justify his certification in lengthy explanations, as such a justification can open up for criticism and, paradoxically, make the AI platform appear less credible. The absence of justification means that the court who buys the services of the *LeanIn!* platform cannot know why Simon certifies that human and machine render equivalent legal results, while the machine does the work faster and more efficiently. Simon has not shown that he actually achieved the same results as the application. Then we understand that Ayla and *LeanIn!* at large simply ask us to believe in the ability of its platform to produce legally correct results. As we are asked to believe that, it makes sense that *LeanIn!* bears the legal and economic consequences when this belief proves to be unfounded (for example, if it turns out that using the AI system leads to discriminatory consequences in sentencing). Therefore, placing strict responsibility on *LeanIn!* and other sellers of black box-applications would be a reasonable governance move.<sup>10</sup>

Imagine for a moment that Sweden had legislated on strict liability along these lines. What would have changed in the conversation between Simon and Ayla? Simon's wish to write a lengthy justification for his certification would have been met with open arms. Ayla, his boss, would have felt the weight of responsibility on her shoulders; she would not dare to deploy the system at the court

without basing it on a thorough and detailed analysis of the effects of the system, including any risks of discriminatory outcomes. Simon's analysis would have had to be understandable for non-lawyers. The pilot had become more complicated and expensive, and the application might be less effective, but potential damage had been prevented.

Would strict liability legislation weaken Sweden in a technological competition with countries such as the US and China? What if it came with offset measures: substantial government funds would be invested into AI research so that better algorithms are developed. This might secure a sort of pole position for a future market for algorithms that perform very well (such as strong machine learning algorithms may do), but whose outcomes are sufficiently transparent to humans to exclude discriminatory effects.

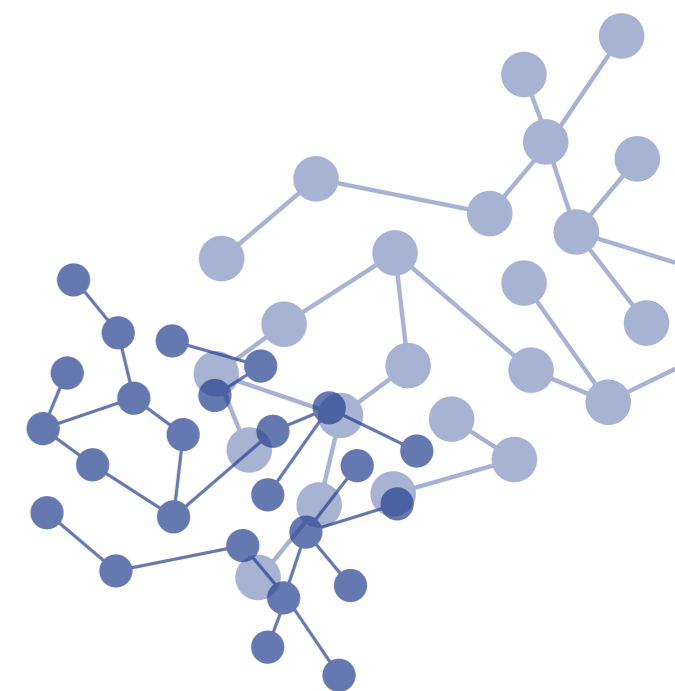
What is more, machine learning research has run into a fundamental problem: an experiment made by a research team with a particular method often does not produce the same results when repeated by another research team using the very same method. This disparity in results has provoked a lively debate in computer science; reproducibility is, after all, a fundamental criterion for a research experiment or a practical application based on science. In recent years, researchers have begun developing guidelines to increase the degree of reproducibility, as in medical research using AI.<sup>11</sup> Computer scientists want to increase transparency, as they see the risk of losing their scientific credentials. In fact, imposing strict responsibility on AI applications would provide another reason to intensify work on these guidelines. Strict responsibility gives Ayla a reason to have the risks of the application for the Migration Court investigated, as much as it gives programmers a reason to make applications more transparent and rationally reconstructable to humans. We are far from a suitable change of the law, however. In 2021, the European Commission has proposed legislation for AI systems that shies away from the imposition of strict responsibility.<sup>12</sup> In the same year, UNESCO has proposed a set of non-binding guidelines, which emphasizes the observance of human rights, but also stops short of calling for the imposition of strict responsibility.<sup>13</sup>

## 6 CONCLUSIONS

What does AI do to law, to the legal profession and to human responsibility? Those were the questions this article sought answers to. At this point, it is evident that the introduction of tech law, legal tech and tech as law, all enabled by massive technological advances in AI and digitalization, challenge law on a fundamental level. Today, the operation of law rests to quite some extent on the lawyers' ability to isolate and analyze human cognition in a chain of events. AI fundamentally undermines this ability, because humans and algorithmic technology amalgamate in practice, and cannot be isolated from each other for the purposes of responsibility attribution. As during earlier epochal shifts driven by technology and science, law is slow in finding a response, while markets are moving fast, setting norms as they go along. Neither is

there a quick fix that would permit the law to offset the challenge, as it rests on a fundament of ideas that are incompatible with cybernetic thinking underlying algorithmic technologies.

To buy time and to create space for democracy as well as for the legal profession, I proposed the introduction of strict liability for certain forms of algorithmic technologies. Is that not a contradiction in terms, as I have just submitted that there is a fundamental conflict between law and AI? Not necessarily. Epochal change tends to come with long transitional phases, where societies gradually adapt to a new order. Traditional law, based on a monotheistic heritage, has overlapped with cybernetic normativity since the 1940s; this overlap will remain with us for quite some time. Strict responsibility is the lawyer's way of pointing out the existence of a serious conflict between law and the cybernetic basis of algorithms. This form of liability would be gravel in the gearbox that drives history. Whether this means that the gearbox only hacks for a short time to then resume work, if it needs major repair, or if it breaks completely, is a concrete question. As we come into our own as humans, the answers will be evident to us.



<sup>10</sup> Drawing on a human rights framework, Karen Yeung argues that states that have committed to human rights must ensure that those who derive benefits from automated data processing and different forms of artificial intelligence are held responsible for their risks and consequences. Karen Yeung, *A Study of the Implications of Advanced Digital Technologies (Including AI Systems) for the Concept of Responsibility Within a Human Rights Framework* [SSRN 2018] <<https://ssrn.com/abstract=3286027>> Accessed 4 December 2021.

<sup>11</sup> Xiaoxuan Liu et al., 'Reporting guidelines for clinical trial reports for interventions involving artificial intelligence: the CONSORT-AI extension' [2020] 26 *Nat Med* 1364 <<https://doi.org/10.1038/s41591-020-1034-x>> Accessed 4 December 2021.

<sup>12</sup> European Commission, Proposal for an Artificial Intelligence Act, COM 2021/206 final, 21 April 2021.

<sup>13</sup> The relevant statement is formulated in a more hedged way: 'The ethical responsibility and liability for the decisions and actions based in any way on an AI system should always ultimately be attributable to AI actors corresponding to their role in the life cycle of the AI system'. UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021) Doc. No. 41 C/73 Annex, p 11, para 42.



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# Authorship matters! Authorship in the EU with a focus on film<sup>1</sup>

By Martina Lattacher

## ABSTRACT

The term *author*, although at the center of copyright, is not defined in EU law. This lack of an EU wide definition leads to problems in the internal market and unequal treatment of authors due to differing laws on the topic of authorship in EU Member States.

The author of this article argues that there should be a definition for authorship in EU law to achieve a well-functioning Single Market and to create fair conditions for creatives in the EU. Two definitions are proposed, one relating to authors in general, and another one more specific for the area of film.

## 1. INTRODUCTION

In copyright, the focus is on the authors as they are usually the ones who are initially granted economic and moral rights.<sup>2</sup> The term 'author' is neither defined in international law, such as the Berne Convention<sup>3</sup>, nor in EU law. At first sight, this might not be considered a problem because it seems clear that an author is 'the one who creates a work'.

But such a definition inevitably leads to the question of the exact meaning of the term 'create' – in the literal and legal sense. First, looking at the literal sense, the following definitions can be found in the Cambridge Dictionary: 'to cause something to exist or to make something new or imaginative'.<sup>4</sup> The first definition just means that there is a causal connection between the creator and his work. The second meaning adds a qualitative dimension, the aspect of creativity.

Viewing these definitions from a legal perspective, Daniela Simone sees them reflected in case law by two dimensions of authorship: 'a factual causative dimension (an author is an originator) and a normative one (what copyright should protect)'.<sup>5</sup> These two definitions complement each other. The Court of Justice of the European Union (CJEU) has not yet defined the notion of authorship but it has published some decisions that resulted in a de-facto harmonization of the subject matter of copyright, thereby providing guidance on who can be an author. While many people can contribute to a work – and therefore be an originator in a broad sense – only few can be considered authors. Decisions of the CJEU have made it clear that contributions to a work need to fulfill certain criteria in order to entitle someone to authorship status.

## 2. THE COPYRIGHT LEGAL FRAMEWORK – INTERNATIONAL AND EU LAW ON AUTHORSHIP

### 2.1 International law

In 1886, the Berne Convention, the oldest international treaty on copyright, was adopted.<sup>6</sup> The Convention is based on the principle of national treatment and a minimum level of protection to be given in all signatory countries of the agreement. The Berne Convention is important to the legislative framework of the EU as all EU Member States are parties to the Convention. Under the Berne Convention copyright protection must be given to 'every production in the literary, scientific and artistic domain, whatever the mode or form of its expression' (Article 2(1) BC). In Article 2, the Berne Convention explicitly states cinematographic works as protectable by copyright law.

The Berne Convention does not contain any definition of the term author, it simply states that an author is whoever claims to be the author by putting their name on the work (Article 15.1 Berne Convention). According to the newest WIPO Guide to the Copyright and Related Rights Treaties<sup>7</sup> though, the words 'author' and 'work' are used in a context which makes it clear that only intellectual creations can be protected by copyright. The Guide also explains that a work must fulfill the requirement of originality in the sense that it must be an '*individual creation reflecting the personality of the author*'<sup>8</sup> and that this is the only condition for a work to be protected.

The WIPO Guide elaborates on the term 'author' with reference to Article 2 para 6 of the Berne Convention that only natural persons 'whose intellectual creative activity brings such works into existence'<sup>9</sup> can be considered authors.

Later conventions, such as the TRIPS Agreement<sup>10</sup> and the WIPO Copyright Treaty (WCT)<sup>11</sup> refer to the Berne Convention. Main aims of the TRIPS Agreement were the modernization of copyright rules and the introduction of effective enforcement measures for intellectual property rights. The WCT introduced three – then new – exclusive rights, namely the right of distribution, right of rental for cinematographic works and the right of communication to the public, the latter covering for the first time on-demand consumption and other internet applications.<sup>12</sup> The topic of authorship has not received any more clarification.

### 2.2 EU law - the lack of a definition of authorship and the resulting problems

Copyright plays an important role in the establishment and the functioning of the Single Market with freedom of goods, services, capital and persons at the core of the European Union. In its Single Market Strategy in 2015, the European Commission declared the removal of regulatory and non-regulatory barriers in the Single Market a priority.<sup>13</sup> The European Commission acknowledges that the harmonization of copyright law is crucial for the proper functioning of the internal market as copyright-intensive sectors, including the audiovisual industry, are important from an economic and cultural point of view.<sup>14</sup> According to a report from the European Patent Office and the European Union Intellectual Property Office, copyright-intensive industries generated 6.9% of total economic activity (GDP) in the EU, with a value of € 1 trillion and provided 5.5% of all jobs in the EU during the years 2014 to 2016.<sup>15</sup>

The lack of an EU-wide conceptual definition of the term 'author' leads to problems when it comes to the functioning of the internal market. Directive 2001/29/EC (InfoSoc Directive)<sup>16</sup>, which was adopted to implement the WIPO Copyright Treaty and further harmonize the copyright laws on EU level, refers in Recital 1 to the establishment of the internal market. It states that the harmonization of the national copyright laws contributes to the proper functioning of the internal market. However, a study for the European Parliament concerning the implementation of the InfoSoc Directive came to the conclusion that the Directive did not achieve a number of its declared goals, among those also the creation of a fully

integrated internal market.<sup>17</sup> The study pointed out that the InfoSoc Directive contributed significantly to the coherence of EU copyright law, but also identified gaps which represented a problem for the internal market. One of these gaps was the absence of common definitions for basic concepts of copyright, such as a definition for authorship, leading to legal uncertainty, fragmentation and a lack of effectiveness of the EU copyright legislation.<sup>18</sup>

Another study in 2013 on the application of the InfoSoc Directive also commented on the topic of authorship in copyrighted works and pointed out that there are divided opinions concerning Article 5.2 of the Berne Convention which establishes the so-called *lex loci protectionis*.<sup>19</sup> The rule states that for the enjoyment and exercise of rights, the applicable law is the law of the country for which protection is sought. But it is disputed that this provision is also applicable to the determination of authorship. Applying the *lex loci protectionis* to determine authorship would mean that different people could claim copyright protection, depending on where protection is sought. In some cases, this would mean that a person is an author in the country of origin of a work but might not be given authorship status in another country due to the applicable national law. The renowned intellectual property professors Jane Ginsburg and Sam Ricketson<sup>20</sup> point out that this leads to legal uncertainty for initial authors and consumers as well as '[...] it could mean, for example, with respect to joint works, that different persons would be adjudged authors of the same work in different countries, depending on each country's standard for demonstrating authorship'.<sup>21</sup>

<sup>1</sup> This article is based on the Master thesis of the author of this article in the LL.M Program in European Intellectual Property Law at Stockholm University. The article is limited to economic rights and does not cover moral rights.

<sup>2</sup> This does not apply to cases where a work-for-hire doctrine is applicable which gives the employer ownership in the work produced under an employment contract, for example in Ireland [Section 23(1)(a) of the Copyright and Related Rights Act].

<sup>3</sup> Berne Convention for the Protection of Literary and Artistic Works Paris Act of July 24, 1971, as amended on September 28, 1979.

<sup>4</sup> Cambridge English Dictionary online CREATE | meaning in the Cambridge English Dictionary, last accessed 29 November 2021.

<sup>5</sup> Daniela Simone, *Copyright and Collective Authorship* (Cambridge University Press 2019) 37. Daniela Simone is a Senior Lecturer at Macquarie University in Sydney, Australia, and a Honorary Lecturer at University College London, UK.

<sup>6</sup> Berne Convention for the Protection of Literary and Artistic Works Paris Act of July 24, 1971, as amended on September 28, 1979.

<sup>7</sup> World Intellectual Property Organization, WIPO Guide to the Copyright and Related Rights Treaties Administered by WIPO and

Glossary of Copyright and Related Rights Terms, WIPO Publication No. 891(E), 2003, BC-2.3.

<sup>8</sup> Ibid, BC-2.8.

<sup>9</sup> Ibid, BC-2.60.

<sup>10</sup> TRIPS Agreement is Annex 1C to the World Trade Organization (WTO) Agreement.

<sup>11</sup> WIPO Copyright Treaty, 20 December 1996, S. Treaty Doc. No. 105-17 (1997); 2186 U.N.T.S. 121; 36 I.L.M. 65 (1997).

<sup>12</sup> Francisco Javier Cabrera Blázquez, Maja Cappello, Gilles Fontaine, Julio Talavera Milla, Sophie Valais, *Copyright licensing rules in the EU* (IRIS Plus, European Audiovisual Observatory 2020).

<sup>13</sup> Communication from the Commission to the European Parliament, the Council, the European and Social Committee and the Committee of the Regions 'Upgrading the Single Market: more opportunities for people and business', COM (2015) 550 final 28 October 2015.

<sup>14</sup> Ibid; Study of the European Parliamentary Research Service, 'Review of the EU copyright framework. The implementation, application and effects of the "InfoSoc" Directive (2001/29/EC) and of its related instruments' (2015) 9.

<sup>15</sup> European Patent Office, European Union Intellectual Property Office, 'IPR-intensive industries and economic performance in the

European Union. Industry-Level Analysis Report' [Executive Summary, 2019] 9.

<sup>16</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L 167/10.

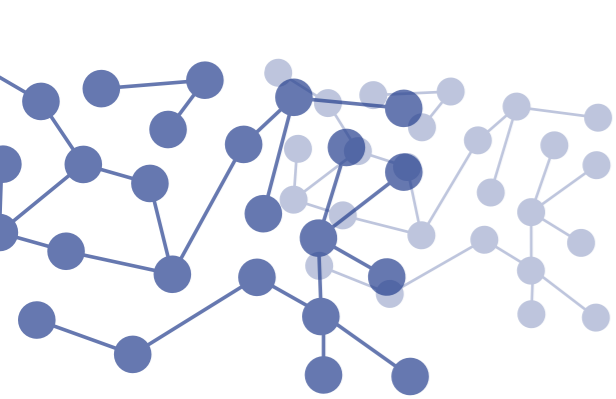
<sup>17</sup> Study of the European Parliamentary Research Service, 'Review of the EU copyright framework. The implementation, application and effects of the "InfoSoc" Directive (2001/29/EC) and of its related instruments' (2015) 13.

<sup>18</sup> Ibid 13.

<sup>19</sup> Jean-Paul Triaille (ed), *Study on the Application of Directive 2001/29/EC on Copyright and Related Rights in the Information Society* [the 'InfoSoc Directive'] (De Wolf & Partners 2013).

<sup>20</sup> Jane Ginsburg is faculty director of Columbia's Kernochan Center for Law, Media, and the Arts and has published a large number of books and articles in the area of intellectual property law. Sam Ricketson is an Emeritus Professor in the Melbourne Law School who has written books and articles in all areas of intellectual property (IP) law.

<sup>21</sup> Jane Ginsburg, Sam Ricketson, *International Copyright and neighboring rights* (Oxford University Press 2006 vol 1) 376.



The same problem arises from the EU Rome II Regulation<sup>22</sup>, which also does not indicate whether determination of authorship and first ownership has to be based on the law of the country for which protection is claimed or if the *lex loci originis* is applicable.<sup>23</sup> In the latter case, the author is determined based on the law of the country of origin of the work. The above-mentioned study therefore concluded that the different rules concerning authorship affect legal certainty when it comes to rights clearance and in the case of infringement.<sup>24</sup>

### 2.3 Why a common definition is becoming more important – the DSM Directive (EU) 2019/790

Admittedly, legal disputes concerning authorship are limited because contractual arrangements are usually made concerning the production and subsequent exploitation of a work. But the limited number of disputes is also a sign of the imbalanced bargaining powers between authors on the one hand, and publishers and producers on the other hand.<sup>25</sup> As the transfer and licensing of rights from authors to publishers and producers are usually subject to individual negotiations, the weaker position of authors often leads to contracts that are disadvantageous for them and deprive them of receiving appropriate remuneration. Authors might refrain from demanding higher remuneration because of their dependence on exploiters. With the development of new means of exploitation, especially the internet, this problem has become even more significant. A copyright protected work may generate income over a very long period of time and this is often not reflected in the remuneration for authors. Very often authors get a lump sum payment for their rights and are

precluded from any further revenues from the exploitation. This is the consequence of a rather complex and unharmonized system of authorship allocation, ownership of rights and transfer of rights.<sup>26</sup> The European Commission has taken note of these problems and introduced some provisions in the DSM Directive to protect authors.

Articles 18-22 of the DSM Directive aim to ensure a high level of protection by introducing a principle of 'appropriate and proportionate' remuneration for authors (Article 18(1)), a contract adjusting mechanism (Article 20) and a right of revocation in the case of a lack of exploitation (Article 22). In a comment concerning the implementation of Articles 18-22 the European Copyright Society (ECS) pointed out that studies show how imbalanced the income situation for different creatives is. On the one hand there are 'winners-take-all star authors and performers' and on the other hand there are a great number of creators who cannot live off their work, with an income below the minimum level. Therefore, it highly welcomed the initiative of the EC to establish rules to counterbalance the obvious imbalance of powers.<sup>27</sup>

These provisions specifically refer to the term 'authors'. If someone is not acknowledged as an author by national law, they cannot base any claims on the regulations contained in the Directive. A uniform definition for authorship in the EU is therefore crucial to assure equal treatment and protection of creatives in all Member States.

## 3. PARAMETERS FOR A DEFINITION OF AUTHORSHIP

### 3.1 National laws

What can national copyright laws contribute to finding a definition for the notion of 'author'? Well, not much. The German Author's Right Act, for example, states: 'The author is the creator of the work'.<sup>28</sup> The French Intellectual Property Code (IPC) sets out that authorship shall belong to 'the natural person or persons who carry out the intellectual creation of such work'<sup>29</sup>, the Irish Copyright and Related Rights Act also defines the author as the person who creates a work.<sup>30</sup> Similar wordings are found in a number of copyright laws in EU Member States.<sup>31</sup>

Regarding the normative dimension, the different

copyright traditions - the civil law countries focusing on the authors and the common law countries approaching copyright from an entrepreneurial perspective - result in different assessments as to what should be protected by copyright. The countries with common law traditions follow (or followed at least before the harmonization by the CJEU) a 'sweat of the brow' doctrine, granting protection whenever significant labor, skills and effort have been put into a work by the creator. For countries of the civil law tradition, the decisive element for copyright protection is the presence of a creative element.<sup>32</sup> From a European perspective, this means that copyright rewards different contributors as authors in the various EU Member States. These diverging standards have now been approached by decisions of the CJEU giving guidance on what can be protected by copyright by clarifying the definition of 'work' as an original subject matter.

### 3.2 Coming to the rescue – the CJEU

Up to now the CJEU has not provided a definition of authorship in its case law but as the terms 'author' and 'work' are inextricably connected, looking at CJEU case law that clarifies the definition 'work' in connection with copyrightable works contributes to finding a definition for authorship.

In *Levola Hengelo*,<sup>33</sup> the CJEU explained that the concept of 'work' encompasses two requirements: there needs to be an original subject matter and it needs to be expressed in an identifiable manner.<sup>34</sup>

The key case concerning the concept of originality is *Infopaq*<sup>35</sup> where the CJEU explained that copyright applies 'in relation to a subject-matter which is original in the sense that it is its author's own intellectual creation'.<sup>36</sup> This standard of originality had already been introduced in several directives, for example Directive 2009/24/EC (Software Directive) (Art 1(3))<sup>37</sup> or Directive 96/9/EC (Database Directive)<sup>38</sup> (Art 3(1)). Directive 2011/77/EU (Term Directive)<sup>39</sup> referred to 'the author's own intellectual creation' in connection with copyright protection for photographs (Art 6) as well. In *Infopaq* the CJEU stated that words as such are not protected by copyright as they are not an intellectual creation of the author. It went on to explain that '[I]t is only through the choice, (sequence and combi-

nation of those words that the author may express his creativity in an original manner and achieves a result which is an intellectual creation'.<sup>40</sup>

This originality criterion was further developed in subsequent decisions of the CJEU. In *Painer*<sup>41</sup>, the Court of Justice emphasized that even a portrait picture can meet the standard of originality and be protected by copyright as a work, if creative choices have been made by its author, the photographer. The Court stated that photographers can for example choose the lighting, the background, the pose of the subject and various other things, thereby putting their 'personal stamp' on the picture. In *Football Dataco*<sup>42</sup>, the CJEU held that more than 'significant labour and skill of its author' is necessary to reach the required level of originality for copyright protection, thereby clearly rejecting the approach predominant in common law countries.

Merit, quality, aesthetic character and purpose do not play a role when deciding if a subject matter is protected by copyright. This approach follows from the directives that introduced the originality criterion and which stated that no aesthetic or qualitative criteria and no other criteria such as merit or purpose are to be considered for the assessment of originality.<sup>43</sup> The success or failure of a work, or whether it is of high or low quality, does not influence the possibility of protection by copyright and this should not be judged in court. But it is also clear that judges necessarily have to apply some qualitative criteria when deciding whether the choices taken by the creator are too trivial to be considered creative choices, thus not fulfilling the originality criterion.<sup>44</sup> The assessment of originality does not happen in a vacuum, those deciding are influenced by their own view of what should be protected by copyright. This is also emphasized by Advocate General Mengozzi in his opinion in *Football Dataco and Others*:

Clearly, it is not possible to define, once and for all and in general terms, what constitutes an 'intellectual creation'. That depends on an assessment [...]. In any event, if ever that assessment is required, it is for the national courts to undertake it on the basis of the circumstances of each individual case.<sup>45</sup>

<sup>22</sup> Regulation [EC] No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) [2007] OJ L 199/40.

<sup>23</sup> Annette Kur, Ulf Maunsbach, 'Choice of Law and Intellectual Property Rights' (2019) 6(1) Oslo Law Review 43.

<sup>24</sup> Jean-Paul Triaille (ed), *Study on the Application of Directive 2001/29/EC on Copyright and Related Rights in the Information Society* (the 'InfoSoc Directive') [De Wolf & Partners 2013] 150.

<sup>25</sup> See e.g. Recital 72 of Directive [EU] 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related

rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC [2019] OJ L 130/17.

<sup>26</sup> Raquel Xalabarder, *AV Remuneration Study. International Legal Study on Implementing an unwaivable right of audiovisual authors to obtain equitable remuneration for the exploitation of their works* [CISAC Confédération internationale des sociétés d'auteurs et compositeurs, 2018] 3.

<sup>27</sup> The European Copyright Society, 'Comment of the European Copyright Society Addressing Selected Aspects of the Implementation of Articles 18 to 22 of the Directive [EU] 2019/790 on Copyright in the Digital Single Market'

[2020] 11 Journal of Intellectual Property, Information Technology and E-Commerce Law 133.

<sup>28</sup> Urheberrechtsgesetz vom 9. September 1965 [BGBl. I S. 1273], das zuletzt durch Artikel 4 des Gesetzes vom 26. November 2020 [BGBl. I S. 2568] geändert worden ist.

<sup>29</sup> Loi n° 92-597 du 1er juillet 1992 relative au code de la propriété intellectuelle JORF n°0153 du 3 juillet 1992 Articles L 113-7 and L 113-8.

<sup>30</sup> Copyright and Related Rights Act 2000.

<sup>31</sup> Further examples can be found in 'Copyright Law in the EU. Salient Features of copyright law across the EU Member States' available at

<<https://www.europarl.europa.eu/thinktank/en/search.html?word=salient-features>, last accessed 31 October 2021.

<sup>32</sup> Opinion of Advocate General Paolo Mengozzi in *Football Dataco and Others*, C-604/10, EU:C:2011:848 para 36.

<sup>33</sup> Judgment of 13 November 2018, *Levola Hengelo*, C-310/17, EU:C:2018:899 paras 35 to 40.

<sup>34</sup> This part of the judgment refers to the *Levola Hengelo* Case. Judgment of 13 November 2018, *Levola Hengelo*, C-310/17, EU:C:2018:899 para 40.

<sup>35</sup> Judgment of 16 July 2009, *Infopaq*, C-5/08, EU:C:2009:465.

<sup>36</sup> Ibid para 37.

<sup>37</sup> Directive 2009/24/EC of the European Parliament and of the Council of April 23 2009 on the legal protection of computer programs [Codified version] [2009] OJ L 111/16.

<sup>38</sup> Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases [1996] OJ L 77/20.

<sup>39</sup> Directive 2011/77/EU of the European Parliament and of the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights [2011] OJ L 265/1.

<sup>40</sup> Judgment of 16 July 2009, *Infopaq*, C-5/08, EU:C:2009:465 para 45.

EU:C:2009:465 para 45.

<sup>41</sup> Judgment of 1 December 2011, *Painer*, C-145/10, EU:C:2011:798 para 87.

<sup>42</sup> Judgment of 1 March 2012, *Football Dataco*, C-604/10, EU:C:2012:115 para 42.

<sup>43</sup> Compare for example Software Directive, the Database Directive and the Term Directive.

<sup>44</sup> Stef van Gompel and Erlend Lavik, 'Quality, merit, aesthetics and purpose: An inquiry into EU copyright law's eschewal of other criteria than originality' [2013] 236 *Revue Internationale du Droit d'Auteur* 100.

<sup>45</sup> Opinion of Advocate General Paolo Mengozzi in *Football Dataco and Others*, C-604/10, EU:C:2011:8 para 38.

The criterion of originality, although intended to harmonize the copyright laws of EU Member States, will still experience different interpretations by courts, as it is a concept that is 'dynamic, that is, bound by time, place, and local use'.<sup>46</sup> Court decisions on originality might also be influenced by policy considerations related to unjust enrichment and unfair competition.<sup>47</sup>

There are examples that illustrate clearly what is not enough to be copyrightable, such as substituting pronouns, like 'she' and 'her' for 'he' and 'his' in a preexisting work of authorship, or an act of editing that merely consists of spelling and grammatical corrections.<sup>48</sup> But it is a lot more complicated to determine when the necessary level of originality is actually reached.

The second criterion regarding the notion of 'work' is that of 'expression' and has been emphasized by the CJEU in *Painer* and other decisions.<sup>49</sup> In *Painer*, the CJEU stated that the author must 'express his creative abilities in the production of the work by making free and creative choices'. The term 'express' can be seen as a reflection of the idea-expression dichotomy as stated in Article 2 of the WIPO Copyright Treaty and Article 9(2) of the TRIPS Agreement. This means that only expressions of ideas but not ideas themselves are protected by copyright. This principle serves to counterbalance the rights of authors in their work and the public interest in order to allow unrestricted access and exchange of ideas. In EU law, this principle is also explicitly stated in the Software Directive and the CJEU has emphasized it in some decisions. For example, in the SAS case, where it stated that 'to accept that the functionality of a computer program can be protected by copyright would amount to making it possible to monopolise ideas'.<sup>50</sup> In paragraph 33 of the judgment, the CJEU points out that ideas, procedures, methods of operation or mathematical concepts as such cannot be protected by copyright.

Another example in case law concerning the criterion of identifiable expression, is the aforementioned *Levola Hengelo* case which was on the possibility of protecting the taste of cheese by copyright. The CJEU denied copyright protection based on the argument that taste lacks

identifiability. In paragraph 42, the Court of Justice points out that contrary to taste 'a literary, pictorial, cinematographic or musical work, [...] is a precise and objective form of expression'. As Jani MacCutcheon puts it in an article on this judgment: 'claiming property in the nebulous "herby, cheesy" taste of Levola's product is analogous to appropriating the broad idea of writing a novel about aliens invading from Mars'.<sup>51</sup>

#### 4. ADDING COMPLEXITY – THE PROBLEM OF AUTHORSHIP IN WORKS WITH MULTIPLE CREATORS

Copyright aims to protect the interests of the authors as creators of a work. This personality-centered approach is reflected in the criterion of originality which makes protection by copyright dependent on authors and their original, creative choices. Such an assessment of originality and personal stamp becomes very difficult in the case of collaborative works. The topic of works created by more than one person has not been given much attention in international and European law. The Berne Convention mentions joint works but does not offer a definition of the concept, and neither do other international and European sources.

##### 4.1 Categories of works created by more than one person

One point to address in connection with works created by more than one person is the categorization of such works. The Term Directive differentiates between collective works and joint works without defining the two categories but the categorization influences the length of copyright protection. While the term of protection for collective works is 70 years after they have been lawfully made available to the public,<sup>52</sup> in case of works of joint authorship this term is calculated from the death of the last surviving author.<sup>53</sup> This means that in the case of a joint work, the term of protection depends on the lifetime of the authors. As the concept of author as well as the categorization of works created by more than one person are defined by

national law, this affects the efficacy of harmonized EU provisions. Assuming that this would also apply to the area of film, the following situation would arise: as in Ireland only the principal director and the producer count as authors of a film, they would be the only ones that have to be taken into consideration when determining the term of protection. Looking at France on the other hand, the list of authors can include five or more people whose lifetime determines the length of protection. This would not only lead to potentially big differences in the length of the protection but also would make it a lot more complicated to calculate the protection where a large number of contributors are considered co-authors. Regarding film, the EU legislators therefore decided to avoid this problem by explicitly enumerating the people who need to be taken into consideration for determining the term of protection. Article 2(2) of the Term Directive states that cinematographic or audiovisual works are protected for 70 years after the death of the last of the following: the principal director, the author of the screenplay, the author of the dialogue and the composer of music specifically created for use in the cinematographic or audiovisual work. This provision provides a clear solution, so it is not necessary for every Member State to classify cinematographic works under the same category of works. Not all countries categorize works by more than one author as either 'joint works' or 'collective works' and if they do, the definition of the categories are not entirely identical. This can already be seen from the three countries examined in this article, which is an indicator that an even greater variety of regulations exists on the pan-European level.

**Germany:** § 8(1) of the German Author's Right Act (Deutsches Urheberrechtsgesetz) states that joint authorship ('Miturheberschaft') arises when works were created by more than one person and the contributions cannot be exploited separately.<sup>54</sup> According to the explanations accompanying the proposal for the German law, what counts is the separate exploitability and not the divisibility of the contributions. Even if it is possible to identify the contribution of a single author, the work might still be a joint work, if the contribution is interdependent and cannot be commercialized separately.<sup>55</sup> Under these rules, musical works, scripts and other literary works do not constitute joint authorship.<sup>56</sup> The exploitation of joint works is only possible by uniform decision of all the joint authors.<sup>57</sup>

The other category of works created by more than one person mentioned in the German Author's Right Act are collective works ('verbundene Werke' - § 9 of the German Author's Right Act). They are characterized by the fact that autonomous works are combined for joint exploitation. All authors involved can claim the consent of the others to the publication, exploitation or alteration of the work if their consent can reasonably be expected in good faith.

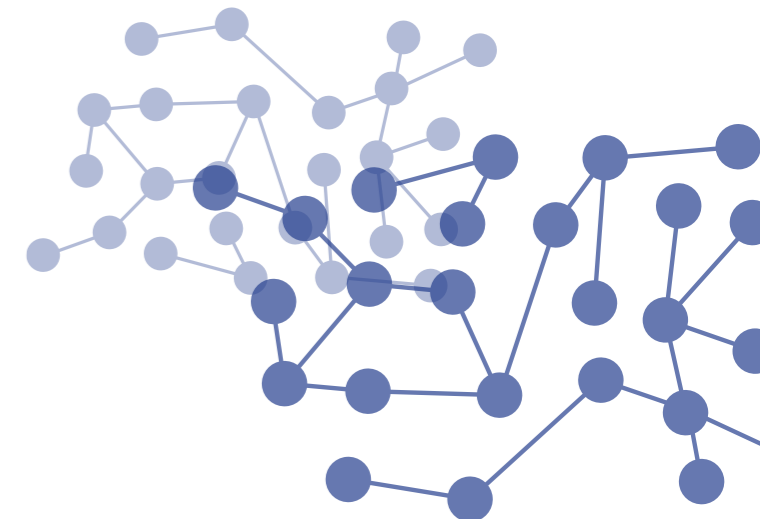
**France:** Article L113-2 distinguishes between three kinds of works if more than one person has participated in their creation: works of collaboration ('joint works'), composite works and collective works. The legal consequences concerning the exploitation are different for each category. The first category, works of collaboration, is simply defined as works that have been created by more

than one person. Works of collaboration constitute joint ownership of the authors, they all have to agree to the transfer/licensing of the rights (L113-3). The second category, composite works, are described as creations where preexisting works have been included without participation of the author of the original work. Ownership of a composite work belongs to the author who has produced it but the underlying rights remain untouched (L113-4). The last category are collective works which are defined by two characteristics: firstly, they are works that have been initiated by a natural or legal person who edits, publishes and discloses it under his direction and name. Secondly, the contributions of the individual authors have been made particularly for a certain work and are merged into this work, making it impossible to attribute a separate right to the work created. Collective works are the property of the natural or legal person under whose name they have been disclosed (unless proven otherwise), this person holds the author's rights (L113-5).

**Ireland:** The Irish Copyright and Related Rights Act only contains provisions for joint works. They are defined as works that are the result of collaboration between two or more authors and where the contributions are not distinct (Article 22(1)). Article 23(1) states that the first owner of the copyright is the author, therefore joint authors are joint owners of copyright. The Irish Law contains no special provisions concerning exercise of rights in joint works, they are subject to the general rules that economic rights can be transferred by assignment, testament or by law and the joint authors are free to divide the rights between them within the margins of contractual freedom.

##### 4.2 The personal stamp in collaborative works

When looking for a definition of the concept of author, the above mentioned CJEU decisions have to be taken into consideration: for copyright to arise, works need to bear the personal stamp of the author, and copyright only covers original contributions. In line with these decisions, the author is a key element of the originality criterion.



<sup>46</sup> Mireille van Eechoud, P. Bernt Hugenholtz, Stef van Gompel, Lucie Guibault, Natali Helberger, *Harmonizing European Copyright Law: The Challenges of Better Lawmaking* (Information Law Series 19, Amsterdam Law School Research Paper No. 2012-07, Kluwer Law International 2012) 42.

<sup>47</sup> Stef van Gompel, 'Creativity, Autonomy and Personal Touch' in Mireille van Eechoud (ed), *The Work of Authorship* (Amsterdam University Press 2014).

<sup>48</sup> This is an example taken from the United States Copyright Office, *Compendium of U.S. Copyright Offices Practices* (14 January 2021), 3rd edn, available at <https://copyright.gov/comp3/docs/compendium.pdf>, last accessed 31 October 2021.

<sup>49</sup> Judgment of 1 December 2011, *Painer*, C-145/10, EU:C:2011:798 para 89; compare also: Judgment of 16 July 2009, *Infopaq*, C-5/08, EU:C:2009:465 para 45; Judgment of 22 December 2010, *Bezpečnostní softwarová asociace - Svaz softwarové ochrany v Ministerstvo kultury*, C-393/09, EU:C:2010:816 para 50.

<sup>50</sup> Judgment of 2 May 2012, *SAS Institute v. World Programming*, C-406/10, EU:C:2012:259 para 40.

<sup>51</sup> Jani MacCutcheon, 'Levola Hengelo BV v Smilde Foods BV: The Hard Work of Defining a Copyright Work' (2019) 82(5) *Modern Law Review* 936.

<sup>52</sup> Term Directive Art 1(4).

<sup>53</sup> *Ibid* Art 1(2).

<sup>54</sup> Urheberrechtsgesetz vom 9. September 1965 (BGBl. I S. 1273), das zuletzt durch Artikel 4 des Gesetzes vom 26. November 2020 (BGBl. I S. 2568) geändert worden ist.

<sup>55</sup> Drucksache IV/270 Deutscher Bundestag 4. Wahlperiode, 'Entwurf eines Gesetzes über Urheberrecht und verwandte Schutzrechte (Urheberrechtsgesetz) mit Begründung' (1962). Available for download here: [https://www.urheberrecht.org/law/normen/urhg/1965-09-09/materialien/ds\\_IV\\_270\\_A\\_01\\_00.php](https://www.urheberrecht.org/law/normen/urhg/1965-09-09/materialien/ds_IV_270_A_01_00.php), last accessed 29 October 2021.

<sup>56</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 170.

<sup>57</sup> Deutsches Urheberrechtsgesetz § 8(2).



As pointed out above, the assessment of originality is difficult and needs to be executed on a case-to-case basis. Identifying the personal stamp in works created by more than one person is even more challenging. In line with the CJEU decisions, the threshold which needs to be reached for copyright to arise is quite low. This means that the personal stamp is often not easily recognized in a work and cannot be equated to 'an easily detectible "signature" or personal "style" of a creator'.<sup>58</sup> In the case of collaborative works, one can distinguish two different kinds of works: firstly, there are works with an identifiable creative leader whose personal imprint is reflected in the work. Such a person can with great certainty be considered an author.<sup>59</sup> In the case of a film these are, in most cases, the directors, which is the reason the EU Member States could agree on them being an author.

The author of this article considers this approach unsatisfying as it would ignore other creative contributors, even if they have made creative choices. Concerning audiovisual productions it is not only the directors who influence the overall appearance of a film and make creative decisions. Although the principal film directors often exert some degree of control, there is no reason to believe that other contributors do not reach the quite low originality criterion as set out by the CJEU decisions. Considering the 'ultimate arbiter'<sup>60</sup>, the person who has control over the creative process and who can ultimately accept or reject input or changes to the work, as the sole author is to be rejected. It would mean that authorship would be concentrated in the hands of a few who have the most power, ignoring all the individuals who have made original contributions to the work. Such an approach would unduly prejudice a lot of creators and discourage cooperation.

The second category are works where such a creative leader cannot be identified and which get their individualistic character through the collaboration of individuals. The stamp of the individual author may not be easily recognized in such cases and each claim for authorship needs to be evaluated individually, based on the CJEU decisions on originality. But the question remains, on how to determine whose contribution reaches the threshold to be considered co-authors. In connection with the UK joint authorship test included in the UK Copyright and Designs and Patents Act of 1988 (CDPA)<sup>61</sup>, UK case law has established the criterion of 'significant contribution' for joint authorship to arise. Referring to that test, Daniela Simone argues that a contribution should be considered significant if it is 'meaningful/valuable in the particular

context'.<sup>62</sup> Some positions in filmmaking may be described as making a film 'appealing to the audience' or helping to 'convey the atmosphere' or 'creating the feel of a film' and therefore be considered valuable in the context of the film. Although such a criterion is meant to further refine the notion of joint authorship, it seems vague and subjective, involving a case-to-case assessment which will be influenced by the personal tastes and experiences of judges in case of a dispute and the possible outcome on that matter is unpredictable. Hence, the practical applicability and benefit of looking for those who have contributed something meaningful to the film to determine whether they are co-authors is limited.

## 5. A SPECIAL CASE - AUTHORSHIP IN FILMS

A film is a complex work made up of interdependent artistic, financial and organizational contributions that are very often spread out over a long period of time and can occur anytime from the preparation, for example when writing a script, to the very last moment of production, for example at the editing stage. Some works might already exist before the production process has even started, such as novels on which a film may be based. Film is also special because different subject matters, often protected by different rights, are merged into one work.

### 5.1 The emergence of two different copyright systems for films

If we were to identify the most important invention with regard to film, then it is surely the 'Cinématographe' which was patented by the Lumière brothers in 1895. Initially, the new works shown with this invention, called photo-plays, cinematograph works or cinematograph films, just served as an attraction and were not considered art. At the beginning, the question of authorship did not seem of major importance as the writer and producer were usually one and the same person. With the big success of the 'Cinématographe' throughout Europe it became more and more important to adopt laws to regulate these new works.<sup>63</sup> Even though France was very dominant in the film industry before World War I and had already put emphasis on protecting authors and producers of films, French courts initially refused copyright protection for films as they were only seen as use of a mechanical device.<sup>64</sup>

At the beginning of the 20th century the division between copyright and authors' right countries started which can in part be explained by the fact that films started to be recognized as a form of art and as an expression of the author's personality in some countries.<sup>65</sup> In the 1950s the 'auteur-theory' emerged in some authors' right countries, influenced among others by French director, scriptwriter and film critic François Truffaut. This theory idealized the directors, called 'auteurs'. It considered them the central figure of the filmmaking process, defining them as the ones who make a film a piece of art worthy of copyright protection. Focusing on a single person, film contributed to the perception of films as a piece of art rather than purely technical works.<sup>66</sup>

This brought a particular focus on creative authorship,

moral rights and the protection of the author in authors' right countries. As opposed to this view of the importance of the author and his intellectual creation which was predominant in continental Europe, the UK and other common law countries took another approach and focused on the protection of the producer, the natural or legal person investing in the production (copyright system). These differences can still be seen today: In countries following the copyright system, like Ireland, the main subject-matter for film protection is the recording (first fixation) of a film, whereas in authors' right jurisdictions, the subject-matter is the original work of expression, and the recording is protected by a related right in the first fixation of the film.

### 5.2 International law – the Berne Convention

The Berne Convention distinguishes between the cinematographic work as an original work and pre-existing works, such as a novel, which have been included in the film or have been specifically adapted for the film (Article 14bis BC). The Convention was revised several times between 1896 and 1971. The concept of authorship in relation to film was particularly discussed at the 1967 Stockholm revision conference for the Berne Convention because of the different national systems that had to be brought into alignment to facilitate international circulation of films. A new Article 14bis(1) was introduced which states that '[t]he owner of copyright in a cinematographic work shall enjoy the same rights as the author of an original work.' This gives the signatories the freedom to determine who should be defined as author and in whom they vest the copyright.

While there is no definition of 'author' in the Convention, it is widely accepted that it is a natural person.<sup>67</sup> In contrast to that, Pascal Kamina argues that the compromise introduced by Article 14bis(1) can be interpreted in such a way that also a producer, irrespective of whether it is a natural or legal person, employer or commissioner, could receive authorship status in the area of films.<sup>68</sup> The Convention does not interfere regarding the definition of 'author' on a national level, giving the countries the free-

dom of also designating legal persons as authors. The Irish Copyright Act for example determines that in the case of a film, the producer, who might also be a legal person, and the director are joint authors.<sup>69</sup>

### 5.3 EU law

At the EU level, before the adoption of the Rental and Lending Rights Directive (Directive 2006/115/EC), some EU countries, such as the UK and Ireland considered the producer to be the only author. In the other Member States the main director had already been accorded authorship status. The proposal of the European Commission for the Directive did not include any harmonization of the concept of 'author', the idea to bindingly designate the principal director as an author was suggested by the European Parliament's Committee on Culture. The suggestion was heavily disputed in the Council of the EU but was finally accepted.<sup>70</sup>

The EU Directives are mainly influenced by the continental approach and differentiate between the authors of a film and the producer of the first fixation of the film who is protected by a related right (neighboring right).<sup>71</sup> Film production companies usually bear the overall responsibility and the financial risk and need to have an appropriate financial incentive to do so. Therefore, the appropriate balance between protecting the individual creators and those bearing the financial risk, in this case the film producer, needs to be found. EU law takes these two positions into consideration by providing 'double protection' for films – for the audiovisual work as such, and for the first fixation of a film by means of a neighboring right. It is important to point out that the right in the first fixation does not require any originality. Accordingly, the scope of protection is limited to direct copying. This means that the copyright concerning the first fixation is not infringed even if a film is re-shot scene-by-scene or performed as a play.<sup>72</sup> This requirement of a 'double protection'<sup>73</sup> on a European level is reflected in the EU Directives in the field of film copyright, for example in the Rental and Lending Rights and the Term Directives that distinguish between authors' rights and related rights of the producer.

<sup>58</sup> Stef van Gompel, 'Creativity, Autonomy and Personal Touch' in Mireille van Eechoud (ed), *The Work of Authorship* (Amsterdam University Press 2014).

<sup>59</sup> Ibid.

<sup>60</sup> This term was used by Hacon J in the UK case *Kogan v Martin* [2020] FSR 3, [2019] EWCA Civ 1645.

<sup>61</sup> Section 10(1) CDPA. The other elements are: collaboration, authorship, a contribution which is not distinct.

<sup>62</sup> Daniela Simone, *Copyright and Collective Authorship* (Cambridge University Press 2019) 38.

<sup>63</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press

2016) 7-8.

<sup>64</sup> Ibid 12-13.

<sup>65</sup> Ibid 18.

<sup>66</sup> Daniela Simone, *Copyright and Collective Authorship* (Cambridge University Press 2019) 167.

<sup>67</sup> See for example World Intellectual Property Organization, *WIPO Guide to the Copyright and Related Rights Treaties Administered by WIPO and Glossary of Copyright and Related Rights Terms*, WIPO Publication No. 891(E), 2003, BC-2.60.

<sup>68</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 142.

<sup>69</sup> Section 21(b) of the Copyright and Related

Rights Act 2000.

<sup>70</sup> Report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the question of authorship of cinematographic or audiovisual works in the Community, COM(2002) 691 final 6 December 2002.

<sup>71</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 65.

<sup>72</sup> Daniela Simone, *Copyright and Collective Authorship* (Cambridge University Press 2019) 177.

<sup>73</sup> Ibid 67.



A number of directives talk about authorship in films:

**The Satellite and Cable Directive** obliges all Member States to acknowledge at least the principal director as author of a cinematographic work but they are free to add other co-authors (Article 1(5)).

**The InfoSoc Directive** does not give a definition of 'author' in connection with films, it uses the term 'authors' and the general term 'rightsholders'. This is because the Directive also covers related rights, such as the right of film producers in the first fixation of a film, and the rights of broadcasters and phonogram producers.

**The Rental and Lending Rights Directive** in Chapter 1 Article 2 (2) sets forth that the principal director needs to be regarded as an author, but the Member States are again free to include other authors. Recital 13 points out that 'the question of authorship in the whole or in part of a work is a question of fact which the national courts may have to decide.' This means that Member States are in principle free to include even non-artistic contributors like the film producer, be it a natural or a legal person.<sup>74</sup>

**The Term Directive** also states that the principal director of a cinematographic work is the author or one of the authors (Article 2(1)). Interesting in connection with authorship is Article 2(2) of the Directive which specifies the term of protection of a cinematographic or audiovisual work and states that it 'shall expire 70 years after the death of the last of the following persons to survive, whether or not these persons are designated as co-authors: the principal director, the author of the screenplay, the author of the dialogue and the composer of music specifically created for use in the cinematographic or audiovisual work'.

The calculation of the term of protection of copyright is usually connected with the lifetime of the author (his lifetime plus a number of years thereafter). The provision in the Term Directive therefore seems to indicate that in addition to the principal director, who has already been acknowledged by EU law as an author, also the author of the screenplay and the dialogue, as well as the composer of film music (if specifically created for the film) are considered to be co-authors by the EU-legislator. But it is left to the discretion of the Member States if they officially recognize them as such. Despite this freedom to only consider the director of a film as author in their national laws the term of protection is bindingly connected to the lifetime of all the creatives enumerated in this provision.

#### 5.4 Authorship in films in national laws of EU Member States

Following the implementation of the various above-mentioned directives, all Member States now consider the principal director as an author, but national laws have different approaches when it comes to determining additional authors of a film. A layer of complexity is added by the fact that film usually includes various artistic contributions that may be covered as literary, artistic, dramatic or musical works or may be *sui generis* elements that are in some countries separately protectable by copyright, while this is not the case in others. Germany, France and Ireland are used to illustrate how national laws diverge on who they consider a joint author of a film. Germany and

France have been included because of their importance in the audiovisual field. In 2019, 240 national films were produced in France, and 237 in Germany, representing 24.77% of the overall EU film production. Ireland is an example of a country following the copyright tradition and is therefore used to illustrate the difference to the countries with an authors' right approach.

**Germany:** Films are typically considered joint works in the sense of § 8 German Author's Right Act.<sup>75</sup> The law does not explicitly indicate who the authors of a film are, the rule is that everyone who has made a creative contribution can be a joint author of a film. According to the official justification concerning the German Author's Right Act, in addition to the principal director, cinematographers are usually considered joint authors if their name and function are featured in the usual way in the starting or end-credits of a film.<sup>76</sup> The justification explicitly also refers to film editors (cutters) as possible joint authors and explains that, in exceptional cases, also actors can be joint authors.<sup>77</sup> As the German Author's Right Act refers to the separate exploitability, script and other literary works as well as film music do not give rise to co-authorship. Costumes and set-designs are protected not as part of the film but as pre-existing works of art.

**France:** Concerning film, Article L113-7 states that authorship is vested in all persons who have 'carried out the intellectual creation' of the film, films are considered joint works.<sup>78</sup> The French Law explicitly states a number of people who are presumed to be joint authors of a film unless proven otherwise: the author of the scenario, the author of the adaptation, the author of the dialogue, the author of the musical composition made for the film and the principal director. This does not represent an exhaustive list but facilitates acknowledgment of authorship for the parties mentioned as it establishes a reversal of evidence. But anyone who provides an authorial input can be a joint author. If the film is based on an underlying work, its author is also considered an author with regard to the film.<sup>79</sup> Even though the French law enumerates several people as presumptive authors of an audiovisual work, this presumption can be rebutted when they merely follow precise instructions without making their own creative choices.

**Ireland:** The Irish law limits authorship status in films to the principal director, as predetermined by EU legislation, and the producer.<sup>80</sup> Article 22(2) stipulates that films are works of joint authorship unless the producer and the principal director are one person. Irish copyright protects the first fixation of the film and not the 'cinematographic work' as the creative product of the filmmaking process. This means that producers, who finance and oversee the whole production process, are acknowledged as authors even though they do not give authorial input. This approach finds support in Section 18(1) of the Irish Copyright and Related Rights Act 2000 which states that copyright only protects literary, dramatic or musical works if they have been recorded in writing or some other way.

The legal provision in Irish law which only recognizes the principal director and the producer as authors of a film creates a stable legal situation. At the same time, it is problematic in the light of the above-mentioned CJEU

cases as creatives might be excluded from authorship status even though they have made creative choices as set out by the CJEU.

For the purpose of giving a more complete picture of the existing varieties of rules in Member States it is worth pointing out that there are also countries which provide an exhaustive list of authors in the case of film, such as Spain, Italy and Portugal. These lists include the director, the authors of underlying works of literature (like script, scenario, dialogue, adaptation) and the authors of film music.<sup>81</sup>

## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Proposal for an EU-definition of authorship

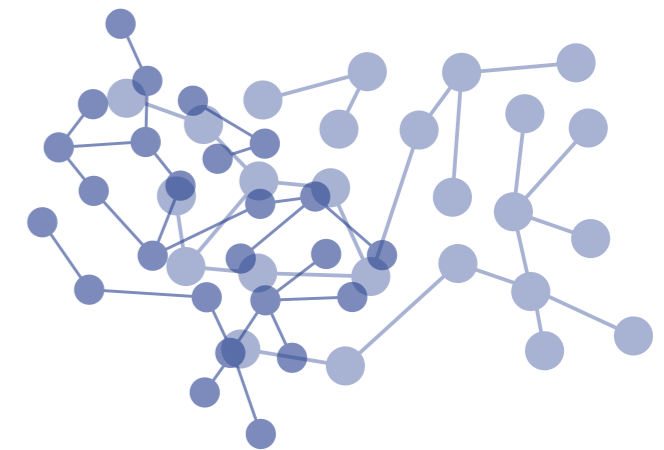
In an article on authorship in comparative law, Jane Ginsburg concluded that '[...] in copyright law, an author is (or should be) a human creator who, notwithstanding the constraints of her task, succeeds in exercising minimal personal autonomy in her fashioning of the work'.<sup>82</sup> This is also the road taken by the CJEU in its decisions concerning copyright and the originality criterion. The conclusion from these decisions is that only someone who has made at least a minimum of creative choices can be an author. The problem still remains on how to assess which contributions are considered authorial and therefore create entitlement to authorship. The personal stamp of individual contributors is often not obvious in highly collaborative works and there are no generally applicable parameters defined by CJEU case law, despite the harmonization of the concept of originality. Leaving such a determination to a case-to-case assessment leads to diverging decisions, probably not only between different Member States but also between different judges in the same country.

As the decisions on the merit of the cases referred to the CJEU are taken by the Member States, looking at these decisions might help to clarify these terms by establishing a kind of catalogue of works that have been considered original enough to be copyright protected. From this, conclusions can be drawn as to when the standard of originality is reached to trigger copyright protection. Although it would be preferable to have a definition that leaves no room for interpretation, the conclusions drawn from the decisions of the CJEU as well as the examination

of scholarly literature make it clear that there is no straight-forward test to establish when the creative choices taken suffice to constitute authorship.

Before proposing a definition for the term author, it seems appropriate to address another aspect of the above definition which receives more and more attention from legal scholars: Does an author have to be a human? As Artificial Intelligence (AI) is becoming increasingly widespread and popular, there are new challenges and new questions in the legal field that need to be addressed. One of the fundamental questions in the area of copyright is whether AI can be an author and/or an owner of copyright. The more elaborate AI gets, the more difficult it will be to clearly distinguish between works that can be ascribed to humans and where AI is only used as a tool on the one hand, and computer-generated works where human authorship is absent on the other hand.

Arguments have been brought forward by scholars for and against AI authorship. Carys Craig and Ian Kerr call the idea of AI authorship 'oxymoronic' and argue that AI should not be given authorship status, irrespective of the level of sophistication of machines.<sup>83</sup> Their argument is that 'human communication is the very point of authorship [...]. We do not think we are being at all romantic<sup>84</sup> when we say: authorship is properly the preserve of the human.' Other authors support the idea that machines can be matched to natural persons, such as Nick Bostrom who states: 'Machines capable of independent initiative and of making their own plans [...] are perhaps more appropriately viewed as persons than machines.'<sup>85</sup>



<sup>74</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 141–189.

<sup>75</sup> Jürgen Oechsler, *Skript zum Urheberrecht* (Uni Mainz 2020) 26.

<sup>76</sup> Drucksache IV/270 Deutscher Bundestag 4. Wahlperiode, *Entwurf eines Gesetzes über Urheberrecht und verwandte Schutzrechte (Urheberrechtsgesetz) mit Begründung* (1962). Available for download here: [https://www.urheberrecht.org/law/normen/urhg/1965-09-09/materialien/ds\\_IV\\_270\\_A\\_01\\_00.php](https://www.urheberrecht.org/law/normen/urhg/1965-09-09/materialien/ds_IV_270_A_01_00.php), last accessed 29 October 2021.

<sup>77</sup> Ibid 98.

<sup>78</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 171.

<sup>79</sup> Loi n° 92-597 du 1er juillet 1992 relative au code de la propriété intellectuelle JORF n°0153 du 3 juillet 1992 Article L113-7.

<sup>80</sup> Section 21(b) of the Copyright and Related Rights Act 2000.

<sup>81</sup> Report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the question of authorship of cinematographic or audiovisual works in the Community, COM(2002) 691 final

6 December 2002 8.

<sup>82</sup> Ibid.

<sup>83</sup> Carys Craig, Ian Kerr, 'The Death of the AI Author' (2019) Osgoode Legal Studies Research Paper available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3374951](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3374951), last accessed 31 October 2021.

<sup>84</sup> Here they refer to the notion of the 'romantic author'.

<sup>85</sup> Nick Bostrom, 'Superintelligence: Paths, Dangers, Strategies' (Oxford University Press 2014).

The European Commission published a Proposal for a Regulation for harmonized rules on Artificial Intelligence in April 2021<sup>86</sup> which addresses the risks of AI, suggesting a legal framework that respects EU values and fundamental rights and encourages trust in AI.<sup>87</sup> The discussions concerning authorship and copyright ownership are just beginning and at this point it is impossible to predict what EU legislation will look like.

For the time being, a possible definition for authorship in copyright law could be based on the aforementioned definition by Jane Ginsburg and CJEU decisions and could read as follows:

*'An author is a human who takes a minimum of creative choices in the making of a work.'*

## 6.2 A definition for authorship in films

A film is the result of artistic, financial, and organizational contributions. There is no doubt that both, producers and creative contributors, need incentives and rewards for their work. For producers, this incentive is their right in the first fixation of a film, authorship should be reserved to those who take creative decisions in the making of audiovisual productions. As the level of freedom accorded to contributors in the course of filmmaking, and collaborative works in general, varies from project to project, the suggested option is to formulate a proposal for a definition of authorship in film in the form of a rebuttable presumption, thereby establishing a priori authorship status for some contributors involved in the filmmaking.

The proposal draws inspiration from the EU Term Directive. As stated above, Art 2(2) of the Directive connects the term of protection for audiovisual works to the following people: the principal director, the author of the screenplay, the author of the dialogue and the composer of music specifically created for use in the cinematographic or audiovisual work. This provision can be used as a basis

to establish a presumption in EU law concerning authorship in films.

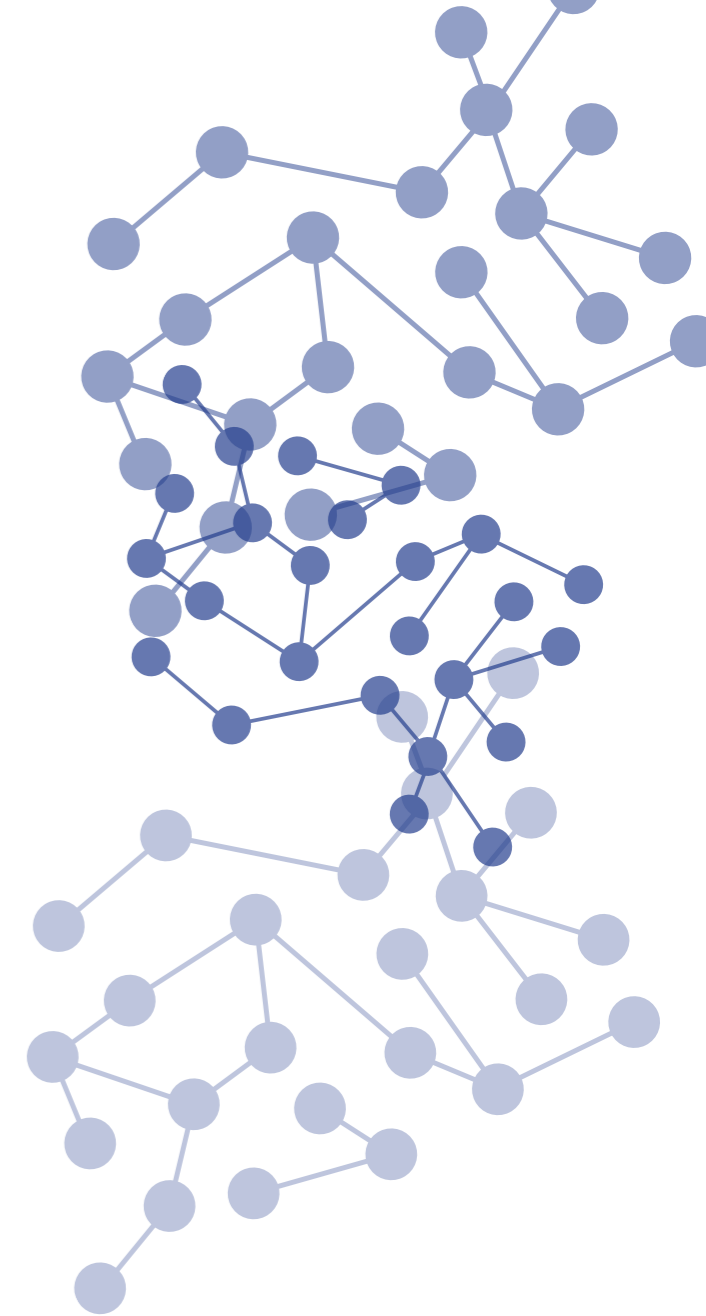
In the light of the above-mentioned CJEU decisions, it is proposed that such a presumption should be extended to other creative contributors who typically make creative choices. Looking at the national laws examined in this article, the examples of France and Germany illustrate that in both countries the cinematographer and the film editor can be joint authors of a film, provided that they had at least some creative freedom in the making of the film. In the case of Germany, the justification for the German Author's Act specifically stated these two as possible co-authors. Although the French courts seem rather reluctant to grant authorship status to other contributors than those explicitly stated under the statutory presumption,<sup>88</sup> French law provides an open list and could include the cinematographer and the editor of a film, again, under the presumption they did not just execute strict orders in the course of their work. The author of this article suggests that a list of presumptive joint authors should be drawn up based on the general job descriptions of the people contributing to a film and the categories of film awards in collaboration with the film industry. It would be important to look at the factual work of those working in a film production and draw conclusions from several practical examples. The number of co-authors can be limited by covering certain creative contributions by separate rights. It is assumed that such a list would at least include the cinematographer and the editor because their work typically is considered to entail creative decision making and their contributions cannot be exploited separately, so there is no other way for them to be granted authorship status and copyright protection in their work than via the film itself. It is suggested to protect costumes, production design, hair and make-up as separate works that do not lead to authorship in the film itself.

The following definition for authorship in films is suggested:

*'An author is a human who makes a minimum of creative choices in the production of a work. The following people shall be presumed joint authors of a cinematographic or audiovisual work unless proven otherwise: the principal director, the author of the screenplay, the author of the dialogue, the composer of music specifically created for use in the cinematographic or audiovisual work, the cinematographer and the film editor. Member States remain free to designate other co-authors.'*

The EU Member States would have to agree on the list of presumed authors, which could encompass more people based on general job-descriptions and in accordance with film industry practice. Such a concerted list of presumed co-authors should be binding for all Member States. This definition would be flexible enough to accommodate different models of film production with varying degrees of creative freedom as it is phrased as a rebuttable presumption. In addition, Member States would be free to add co-authors if they have made authorial input. Although such an approach does not mean that every EU Member State recognizes the same people as co-authors of a film, it would lead to a certain level of harmonization among Member States and put at least some creatives in a better position by acknowledging them a priori as authors of a film in all EU countries. This would contribute to a better functioning of the single Market and fairer conditions for market participants.

The European Union is dedicated to offering a high level of protection for authors and to creating a well-functioning and fair marketplace for copyright. A harmonised definition of authorship is essential to make sure that copyright fulfills its purpose of incentivizing creation.



<sup>86</sup> Proposal for a Regulation of the European Parliament and of the Council COM(2021) 206 final of April 21 2021 laying down harmonised rules on artificial intelligence (artificial intelligence Act) and amending certain Union legislative acts.

<sup>87</sup> Compare Recitals 4 and 5 of the Proposal.

<sup>88</sup> Pascal Kamina, *Film Copyright in the European Union* (Cambridge University Press 2016) 173.



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# Reshaping the framework

## A study on the functional exclusions for shape marks under the CTMR and EUTMR

By Nicky Willemsen

### ABSTRACT

This article examines the trade mark protection for non-traditional marks (hereafter: NTMs), with a particular focus on three-dimensional trade marks. Non-traditional trade marks are increasingly being registered at the European Union Intellectual Property Office (hereafter: EUIPO), due to the amendment of Article 4 of the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (hereafter: EUTMR). With this amendment, the criterion of the graphical representation has been abolished, resulting in the Article has become more aligned to practice.<sup>1</sup>

However, this amendment does not take away the fact that there are still specific requirements that should be met in order to register these relatively new forms of trade marks. Apart from issues relating to the distinctiveness of such signs, another obstacle is formed by the absolute grounds for refusal laid down in Article 7(1)(e) EUTMR. The 2017 reform also included an amendment of this specific Article that, after the reform, prevents trade mark protection for signs which consist exclusively of:

- (i) the shape, or another characteristic, which results from the nature of the goods themselves;
- (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
- (iii) the shape, or another characteristic, which gives substantial value to the goods.<sup>2</sup>

Given these amendments, this article will also discuss the possible impact of the wording of the EUTMR on the eligibility of NTMs for trade mark registration. In order to establish a possible shift, a comparison will be made between the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (hereafter: CTMR) and the EUTMR.

### 1. NTMS CONSISTING OF THE SHAPE OF THE GOODS

The most commonly used trade marks are words and figurative signs, yet these signs are not the only signs that are eligible for trade mark protection through registration. The scope of trade mark protection has broadened over the years, with the result that trade mark registration is in principle open to any type of sign, including three-dimensional shapes, colours, sounds. Empirical research demonstrates that trade mark applications are commonly filed for shapes. Out of the 11,041 applications already filed for NTMs between 1996 and 2016 at EUIPO, 9042 applications (81.89%) concerned three-dimensional shapes.<sup>3</sup> Such marks thus make up the largest part of the NTM group.

Considering this development from another angle, behavioural economics show that NTMs have a perceptible impact on modern consumers, in comparison to traditional word or figurative marks.<sup>4</sup> NTMs create the possibility to attract consumers' attention in a unique and language-neutral way and therefore could be more effective in terms of consumer engagement, compared with traditional trade marks.<sup>5</sup> Such marks can therefore be considered as a new and important factor in marketing strategies and trade mark law, since traditional two-dimensional trade marks are losing their capacity to attract consumers.<sup>6</sup> Also, when keeping the trade mark functions in mind, advertising campaigns could implicitly educate consumers to make a connection between a NTM, such as a design feature, and the origin of the goods.<sup>7</sup> Thus, trade mark practice could cautiously show a movement where the traditional distinction between a sign and a product is becoming more unclear.

However, this trend is also being criticised. Traditionally, a trade mark is a sign which is attached to a product, while the product in itself cannot constitute a protectable sign under trade mark law.<sup>8</sup> Given that trade mark protection could in principle last indefinitely, granting protection to three-dimensional products could impede the continuous evolution of new products on the market place.<sup>9</sup> Products should be protected as inventions under patent law, as industrial designs or original works under copyright, in order to prevent this so-called cumulation of IP rights. This rationale is reflected in Article 7(1)(e) of the EUTMR and is also emerging in case law developments from the Court of Justice of the European Union (hereafter:

CJEU) over the last 15 years. Furthermore, when specifically addressing trade mark protection for signs that consist of shapes, shapes are usually not considered inherently distinctive. This prevents many of these signs from being registered as a trade mark. In order to receive protection in such cases, the applicant must prove distinctiveness acquired through use.<sup>10</sup> This is a major obstacle that should be taken into consideration by brand owners when applying for trade mark protection for signs consisting of shapes.

Irrespective of the distinctiveness threshold and the absolute grounds for refusal, the formal requirements laid down in Article 4 of the CTMR also complicated the registration of NTMs until the latest amendments. The registration process forced applicants to register two-dimensional signs in order to get trade mark protection for three-dimensional shapes. Consequently, the representation of the sign for which registration was sought was not always in line with the sign that was actually used in trade. In order to have a register that aligns with the NTMs used in trade, the changes were considered necessary.

With the amendments, Article 4(b) of the EUTMR codifies the so-called *Sieckmann* criteria that require representations to be 'clear, precise, self-contained, easily accessible, intelligible, durable and objective'.<sup>11</sup> At the same time, it is no longer required to represent the sign in a graphical way, as appears from the 10th recital of the EUTMR: 'a sign should be permitted to be represented in any appropriate form using generally available technology, and thus not necessarily by graphical means'. The sign needs to be represented in the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection granted to its proprietor. This new way of representation in the register made it easier for trade brand owners to meet these formal requirements when filing NTMs. Consequently, the practical challenge for filing NTMs has been taken away by these amendments. However, there are still obstacles to registration for shape

marks in particular, which will be discussed in this article. These issues are related to policy arguments and public interest, embodied in Article 7(1)(e) EUTMR.<sup>12</sup>

### 2. THE MEANING OF THE WORD 'SHAPE' ACCORDING TO LOUBOUTIN

Before taking a closer look at the developments with regard to the new wording of Article 7(1)(e) EUTMR, it is important to determine the meaning of the term 'shape'. The EUTMR itself does not explain the meaning of this term, and the definition has thus been a matter for case law.

The *Louboutin* case is one of the cases in which the CJEU indicated how the term 'shape' should be interpreted.<sup>13</sup> The case concerned the Benelux trade mark registration for the colour red (Pantone 18-1663TP) applied to the sole of Louboutin shoes. The contour of the shoe as such is not part of the trade mark, but is intended to show the position of the mark. The mark is represented as seen below in Figure 1. The CJEU gave guidance on the term 'shape' and assessed whether the Louboutin mark could be considered a shape mark.

Figure 1



<sup>1</sup> "An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of: (a) distinguishing the goods or services of one undertaking from those of other undertakings; and (b) being represented on the Register of European Union trade marks ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor." (my emphasis).

<sup>2</sup> Article 7(1)(e)(i)-(iii) EUTMR (my emphasis).

<sup>3</sup> Mitchell Adams and Amanda Scordamaglia, 'Non-Traditional Trademarks An Empirical Study', in Irene Calboli and Martin Senftleben

(eds), *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 46.

<sup>4</sup> Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers do Actually eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 13 ERA Forum, 424.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid 425.

<sup>7</sup> Irene Calboli, 'Chocolate, Fashion, Toys and Cabs: The Misunderstood Distinctiveness of Non-Traditional Trademarks' (2018) 49 IIC, 2.

<sup>8</sup> Ibid.

<sup>9</sup> Irene Calboli and Martin Senftleben, 'Introduction', in Irene Calboli and Martin Senftleben (eds), *The Protection of*

*Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 2.

<sup>10</sup> Ibid 3.

<sup>11</sup> Judgment of 12 December 2002, *Sieckmann*, C-273/00, ECLI:EU:C:2002:748, para 55.

<sup>12</sup> Dev S. Ganjee, 'Paying the Price for Admission', in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 62.

<sup>13</sup> Judgment of 12 June 2018, *Christian Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423, para 9.

The Dutch company Van Haren had put a shoe on the market with a red sole that was similar to the signature red sole of Christian Louboutin shoes. Christian Louboutin initiated infringement proceedings against Van Haren. During these proceedings, the validity of Louboutin's trade mark registration for the red colour applied to the sole was challenged. The District Court of The Hague had to assess whether the mark was to be perceived as being two-dimensional or three-dimensional and also had to give guidance on the interpretation of the term 'shape'.

The District Court of The Hague started by noting that the red colour was inextricably linked to the sole of the Louboutin shoe. For this reason, the court was of the opinion that the mark could not be seen as merely two-dimensional. The fact that the trade mark description expressed that 'the contour of the shoe does not form part of the mark', does not undermine the assessment of the The Hague court.<sup>14</sup> It considered that the 'description, the shape of the shoe, as illustrated in the graphical representation of the mark at issue, is not intended to reduce the sign to a two-dimensional mark, but is intended rather to show the position of that mark'.<sup>15</sup> In addition, the District Court of The Hague cited a market survey, in which it was concluded that consumers were able to distinguish Louboutin shoes from shoes made by other undertakings. Therefore, the mark was recognised as a trade mark in relation to those goods. Moreover, shoe colour is an important factor in a consumers' decision to purchase the goods and thus the red sole adds substantial value to these shoes. In this respect, the District Court of The Hague observed that Louboutin initially used the red colouring on the soles for aesthetic reasons and 'later started regarding it as an identifier of origin and using it as a trade mark'.<sup>16</sup>

For this reason, the The Hague Court posed the question whether the sign was subjected to the absolute ground for refusal of Article 3(1)(e)(iii) of Directive 2008/95<sup>17</sup>: signs which consist exclusively of the shape which gives substantial value to the goods. Specifically, the court asked whether the concept of 'shape', within the meaning of that provision, is limited only to the properties of a product, such as its contours, measurements and volume, or whether that concept also covers properties that are not three-dimensional, such as colours.<sup>18</sup>

In the CJEU judgment, the Court started by explaining that the Directive does not provide a definition for 'shape'. For this reason the definition should be derived from everyday language, while also taking into account the context in which it occurs and the purposes of the rules of which it is part. In trade mark law, 'shape' is 'usually understood as a set of lines or contours that outline the product concerned'<sup>19</sup> – therefore it does not follow that a colour which is applied to a specific part of a product constitutes a 'shape'. The Court continued by stating that 'the shape of the product or the part of the products plays a role in creating an outline for the colour'.<sup>20</sup> However, the shape cannot be part of the trade mark registration if the sign *only* seeks to protect the application of a colour and does not include the shape of the product.<sup>21</sup>

In the present case, the trade mark description revealed

that the trade mark was not related to a specific shape and the shape was intended to show only the precise positioning of the red colour. Furthermore, the sign could not be regarded as consisting exclusively of a shape within the meaning of Article 3(1)(e)(iii) of Directive 2008/95, since 'the main element is a specific colour designated by an internationally recognized identification code'.<sup>22</sup> Since the sign did not meet the criteria for qualifying as a shape, the indent was found to be non-applicable in this case. Nonetheless, the CJEU provided us with a definition of the term 'shape', which it could later build on in the *Textilis* case.

### 3. THE MEANING OF THE WORD 'SHAPE' FURTHER CLARIFIED BY TEXTILIS

The *Textilis* case, which came before the CJEU a year after the *Louboutin* case, concerned a pattern mark.<sup>23</sup> Joseph Frank designed a pattern called MANHATTAN for the Swedish company Svenskt Tenn, which was protected by copyright. In addition, Svenskt Tenn filed an application for a EUTM for the pattern in 2012, which was registered as represented in Figure 2.

When the company *Textilis* started to sell goods for interior decoration incorporating patterns similar to the figurative mark MANHATTAN, Svenskt Tenn initiated infringement proceedings before the Stockholm District Court, claiming that *Textilis* infringed their trade mark registration and their copyright on the pattern. *Textilis* counterclaimed the accusations of lack of distinctive character of the mark by stating that the mark consisted of a shape adding substantial value to the goods (the latter within the meaning of Article 7(1)(e)(iii) of the EUTMR). The Stockholm District Court ruled in favour of Svenskt Tenn,<sup>24</sup> but *Textilis* appealed this decision.

In appeal, *Textilis* held that the pattern of the fabric could not be protected under trade mark law, since it was already protected under copyright. Protection of the pattern under the trade mark law would come into conflict with the time-limited protection provided by copyright.<sup>25</sup>

The Swedish Court of Appeal examined the applicability of Article 7(1)(e)(iii) EUTMR for signs consisting of two-dimensional goods, such as a pattern on a fabric. The

Figure 2



Court of Appeal questioned the impact of the amended wording 'or another characteristic' on the applicable ground for refusal. Specifically, the question was whether a two-dimensional mark representing two-dimensional goods could be considered as consisting exclusively of the shape which gives substantial value to the goods, where the design of the goods was in such manner that the sign covered the whole or substantial parts of the goods, or could be used as a logo.<sup>26</sup>

Contrary to the opinion of the Swedish Court of Appeal, the CJEU did not consider the EUTMR applicable, due to the fact that the trade mark was registered before the EUTMR entered into force. Therefore, the case was assessed on the basis of the CTMR and the CJEU did not address the amendments.<sup>27</sup>

When explaining the meaning of the term 'shape', the CJEU referred to *Louboutin* and held that the meaning could be deduced from everyday language, taking into account the context in which the sign occurred and the purpose of the rules of which it was part. Moreover, the court stated that the concept of 'shape' within trade mark law was understood as 'a set of lines or contours that outline the product concerned'.<sup>28</sup> The sign in the current case consisted of a two-dimensional decorative motif affixed to goods such as fabric. The court therefore decided that the sign contained lines and contours.<sup>29</sup>

The CJEU concluded that the sign did not consist 'exclusively of the shape' within the meaning of Article 7(1)(e)(iii) CTMR, even though the sign represented shapes formed by the external outline of drawings representing, in a stylized manner, parts of geographical maps.<sup>30</sup> Apart from the shapes, the sign also contained decorative elements situated inside and outside the outlines. In addition, the sign also highlighted the word MANHATTAN, in particular. Lastly, it was briefly mentioned that the copyright protection of the pattern had no bearing on the assessment of the trade mark.<sup>31</sup> For these reasons, the CJEU concluded that the sign in this case did not fall within the meaning of Article 7(1)(e)(iii) CTMR.<sup>32</sup>

Following from these two cases, the CJEU gave guidance on the interpretation of the concept 'shape' within trade mark law. Unfortunately, the CJEU did not have the opportunity to give its view on the amendments of the absolute grounds for refusal.

### 4. ABSOLUTE GROUNDS FOR REFUSAL FOR REGISTRATION OF A SHAPE OR ANOTHER CHARACTERISTIC OF GOODS

This chapter will briefly discuss the implications of the new wording of Article 7(1)(e) EUTMR. The amendments have led to the following wording of this article:

- (i) The following shall not be registered:
- (...)
- (e) signs which consist exclusively of:
  - (i) the shape, or another characteristic, which results from the nature of the goods themselves;
  - (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
  - (iii) the shape, or another characteristic, which gives substantial value to the goods.<sup>33</sup>

The amendments of Article 7(1)(e) EUTMR are seen as limiting the expansion of Article 4 EUTMR. Article 4 EUTMR would make the trade mark register more suitable for NTMs and Article 7(1)(e) EUTMR would create a possible extra hurdle for shape marks being eligible for trade mark protection. Traditionally, this provision was written specifically for shape marks, but it is assumed that the application of Article 7(1)(e) EUTMR would not be limited to signs consisting of shapes only. Before the amendments, it was held in legal doctrine that the scope of the absolute grounds of refusal was considered to be too narrow, since it applied only to shapes. Other NTMs consisting of other signs such as colours, smells or sounds were not included under the old provision.<sup>34</sup> The EUIPO Guidelines<sup>35</sup>, as well as a Max Planck Institute (MPI) study, indicated that it would be possible that other signs would also fall under the provision. Examples that were mentioned included the sound of a motorbike which could fall under the first indent, when the sound is the result of the technicalities of the motorbike. Another example given by the EUIPO Guidelines is an olfactory mark for the smell of a perfume.<sup>36</sup>

<sup>14</sup> Ibid para 14.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid para 16.

<sup>17</sup> Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks.

<sup>18</sup> Judgment of 12 June 2018, *Christian Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423 para 18.

<sup>19</sup> Ibid para 21.

<sup>20</sup> Ibid para 24.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid para 26.

<sup>23</sup> Judgment of 14 March 2019, *Textilis Ltd v. Svenskt Tenn AB*, C-21/18, ECLI:EU:C:2019:199.

<sup>24</sup> Ibid paras 13–14, 17.

<sup>25</sup> Ibid para 19.

<sup>26</sup> Ibid paras 21, 24–25.

<sup>27</sup> Ibid para 30.

<sup>28</sup> Ibid para 36.

<sup>29</sup> Ibid paras 35–36 and 38.

<sup>30</sup> Ibid paras 40–42.

<sup>31</sup> Ibid paras 40–41 and 45.

<sup>32</sup> Ibid paras 43 and 47.

<sup>33</sup> Article 7(1)(e)(i)–(iii) EUTMR (my emphasis).

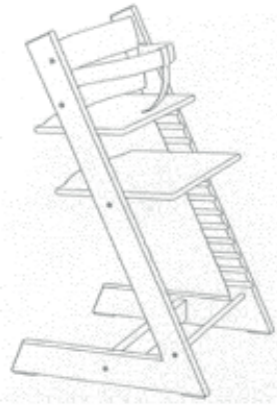
<sup>34</sup> Roland Knaak, Annette Kur and Alexander von

Mühlendahl, 'Study on the Overall Functioning of the European Trade Mark System' [2012] MPI Research Paper No. 14–17, 72.

<sup>35</sup> Guidelines for examination of European Union Trademarks, European Union Intellectual Property Office (EUIPO), part B, Examination, section 4, absolute grounds for refusal, chapter 6, shapes or other characteristics resulting from the nature of the goods, with an essentially technical function or substantial value, Article 7(1)(e) EUTMR, para 2.

<sup>36</sup> Ibid.

Figure 3



Before the amendments, Article 7(1)(e) CTMR covered signs that consisted of packaging and product shapes. National Courts referred a number of cases to the CJEU regarding the scope of the provision. These CJEU decisions have raised doubts with regard to the method used by the CJEU to establish whether the sign would fall under the absolute grounds of refusal. The *Lego Juris* case is an example in which the colour of the red Lego brick was not considered to be an essential feature. This resulted in the court finding the shape of the studs was only conclusive for finding functionality.<sup>37</sup> If the CJEU had identified the dominant elements in another way, the assessment of the absolute grounds for refusal of Article 7(1)(e) CTMR would have led to a different outcome.

In addition to these questions regarding the assessment of the CJEU in relation to the absolute grounds, the amendments also led to questions on the interpretation of the new provision. Advocate-General Szpunar shed light on the possible interpretation of ‘or another characteristic’ in his First Opinion connected to the *Louboutin* case. In his view, the phrase ‘another characteristic’ should be understood as ‘a part or an element of the goods in question.’<sup>38</sup> This should be clarified further, for example

it is not clear what should be understood by ‘an element of the goods’. Also, it remains uncertain whether words affixed to a product’s shape should be considered as being part of the goods. It is likely that this question would be answered in the negative. If this was not the case, the scope of the functional exclusion would be too broad otherwise. A more adequate description would be that the notion of ‘another characteristic’ would relate to a feature which does not have an independent nature/character in regard to the product itself.<sup>39</sup>

Apart from ‘another characteristic’, there is also lack of clarity with respect to the words ‘or’ and ‘exclusively’. When discussing the meaning from a literal perspective, ‘or’ would imply that both the shape and another feature of the sign could fall within the functional exclusions. The question remains whether the exclusion would apply when there are more than two features combined within one sign.<sup>40</sup> The wording ‘exclusively’ could provide some clarification in this respect. As it appears from the *Lego Juris* case, in order to identify the dominant characteristics and decide whether they are functional or not, a sign should be assessed in its entirety.<sup>41</sup>

Nonetheless, it is not certain that the new wording will create a completely new legal framework with regard to the protection of NTMs. It is discussed that these amendments, which resulted in Article 7(1)(e) EUTMR, will not have far-reaching consequences. Under the previous regulations, characteristics of goods that were inherently connected to these goods prevented such signs from trade mark protection. The new wording cannot be interpreted in a broad way; otherwise, the definition of the word ‘shape’ would also be subject to this change. If interpreted broadly, this would mean that a shape is considered as a characteristic of a good (‘the shape or another characteristic’). As a result, the new grounds of exclusion would not be limited to shape marks only, but extend to other marks as well, such as colour marks, sound marks, figurative marks and word marks.<sup>42</sup> This could undermine the rationale of these functional exclusions, namely: the need to keep free technical solutions or functional characteristics which a user is likely to seek in the products of competitors.

## 5. THE CJEU’S INTERPRETATION OF THE ABSOLUTE GROUNDS FOR REFUSAL BEFORE THE AMENDMENT OF THE REGULATION

In this section, a selection of case law will be discussed which concerns the interpretation of the absolute grounds for refusal before the amendments entered into force. Prior to the amendments, the absolute grounds under the CTMR and previous regulations were phrased as follows:

### Article 7

- (i) The following shall not be registered (...)
- (e) signs which consist exclusively of:
  - (i) the shape, which results from the nature of the goods themselves;
  - (ii) the shape of goods which is necessary to obtain a technical result;
  - (iii) the shape which gives substantial value to the goods;<sup>43</sup>

The first indent will be discussed in the first subsection. The second and third indents of the provision are discussed in the subsequent paragraphs.

### 5.1 Shapes that are ‘the result of the nature of the goods themselves’

This paragraph discusses the relevant case law regarding the shapes that result from the nature of the goods, in relation to the absolute grounds of refusal. One of the pivotal cases regarding the interpretation of the ‘nature of the goods’ exclusion, is the *Hauck v. Stokke* case. The importance of this case also lies in the fact that the first indent has not been found applicable in many other cases.

#### 5.1.1. Judgment by the CJEU of 18 September 2014 *Hauck v. Stokke*

The object of dispute in the *Hauck v. Stokke* case<sup>44</sup> was the award-winning ‘Tripp Trapp’ chair, designed by Mr. Opsvik. In 1998, the chair was registered as a three-dimensional trade mark by Stokke for ‘chairs, especially high chairs for children’, as represented below in Figure 3. The opposing party, Hauck, produced and marketed similar chairs under the names ‘Alpha’ and ‘Beta’.

Before the proceedings in the Netherlands commenced, it was established in proceedings in Germany that the ‘Tripp Trapp’ chair is protected by copyright. In the Dutch proceedings, copyright and trade mark infringement was claimed by Stokke. The court upheld both the copyright and the trade mark infringement. The court of appeal confirmed this judgment and held that the shape was determined by the nature of the product and gave the product substantial value. Hauck brought an appeal in cassation before the Dutch Supreme Court, which formulated several questions regarding the interpretation of Article 3(1)(e) of Directive 89/104. The first question was whether the provision only applies to a sign which consists exclusively of the shape which is indispensable to the function of the product, or if the provision also applies to a sign which consists exclusively of a shape with one or more characteristics which are essential to the function of

the product and which consumers may be looking for in the products of competitors.<sup>45</sup>

The CJEU addressed the assessment to establish whether the sign would fall under the first indent, namely that the assessment should be done on a case-by-case basis in which the overall impression should be taken into account.<sup>46</sup> It should be noted that the provision does not apply if a sign also contains a non-functional or decorative element that plays an important role.

Apart from this assessment, the CJEU focussed in its decision on the argument of public interest. This entails that the first indent should be interpreted in accordance with the aim of the other indents, which is to prevent monopolisation of and permanent protection for functional shapes.<sup>47</sup> Subsequently, the Court stated that the interpretation of the first indent cannot be limited to signs which exclusively consist of shapes that are indispensable to the function of the goods, since the manufacturer would not have any possibility to make a personal contribution to the shape.<sup>48</sup> If this were the case, this would lead to a narrow interpretation of the provision, which would then only apply to ‘natural’ products (which have no substitute) and ‘regulated’ products (the shapes of which are prescribed by legal standards). Furthermore, this would be problematic, since such shapes cannot be subjected to trade mark protection because they lack an inherent distinctive character.<sup>49</sup>

The Court therefore proposed another interpretation, namely that the provision should be interpreted to mean that shapes that include *essential characteristics* which are inherent to the generic function or functions of the goods should be denied registration. Monopolisation of these characteristics would have a limiting effect on the creativity of competitors. They would be restricted in their choice to give their goods a certain shape that is expected for such goods and that consumers are looking for in products.<sup>50</sup>

### 5.2. Discussion regarding the first indent

The absolute ground of refusal that concerns the shape, which results from the nature of the goods themselves, is seen as the purest exclusion from trade mark protection.<sup>51</sup> According to the EUIPO Guidelines, this provision covers ‘natural products’ that do not have a substitute, such as the shape of a banana. As the CJEU described in *Hauck v. Stokke*, the provision also covers regulated products of which the shape is the result of legal standards.<sup>52</sup> In this respect, the EUIPO Guidelines referred to the example of a rugby ball.<sup>53</sup> Apart from these two categories, there is a third category covering products where the shape is inherent to their generic function(s). Protecting these shapes under trade mark law would result in a *de facto* monopoly. For the majority of such products, certain elements can be identified as resulting from the nature of the goods, such as that a table would need to consist of a flat surface and legs. However, goods such as tables can be designed in many different ways, resulting in the provision not applying when there are alternatives available on the market.<sup>54</sup>

<sup>37</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 73.

<sup>38</sup> First opinion of AG Szpunar of 22 June 2017, *Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423, para 23.

<sup>39</sup> Lavinia Brancusi, ‘Trade Marks’ Functionality in EU law: Expected Trends after the *Louboutin* Case’ (2019) 41 EIPR, 101.

<sup>40</sup> *Ibid.*

<sup>41</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, EU:C:2010:516, para 70.

<sup>42</sup> Lotte Anemaet, ‘The Public Domain Is Under Pressure - Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness’ (2016) 47 ICC, 327.

<sup>43</sup> Article 7(1)(e)(i)-(iii) EUTMR.

<sup>44</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233. This section of the article will discuss the parts of the judgment that concerned the first indent, section 5.5.2 will focus on the application of the third indent.

<sup>45</sup> *Ibid* para 15.

<sup>46</sup> *Ibid* paras 18–22 and cited case law.

<sup>47</sup> This rationale is established in judgment of 18 June 2002, *Philips v. Remington*, C-299/99, EU:C:2002:377.

<sup>48</sup> *Ibid* para 23.

<sup>49</sup> *Ibid* para 24.

<sup>50</sup> *Ibid* paras 25–27.

<sup>51</sup> Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case

Law’ (2014) MPI Research Paper No. 14–17, 14.

<sup>52</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233.

<sup>53</sup> Guidelines for examination of European Union Trademarks, European Union Intellectual Property Office (EUIPO), part B, Examination, section 4, absolute grounds for refusal, chapter 6, shapes or other characteristics resulting from the nature of the goods, with an essentially technical function or substantial value, Article 7(1)(e) EUTMR, para 2.

<sup>54</sup> Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 14.

In the *Hauck v. Stokke* case, the Court followed Avocate General ( hereafter: AG) Szpunar's line of argumentation and emphasised that the essential characteristics that contribute to the generic function of the product, fall under the exclusion of the absolute grounds for refusal of the first indent. Herewith, the chair could not be monopolised under trade mark law.<sup>55</sup> This interpretation affirms that the common purpose of the three indents of the provision would be undermined if the indents were not aligned and did not share the same common purpose.<sup>56</sup> The Court also stated that the first indent is applicable when one or more essential characteristics are inherent to the generic function or functions of the product.<sup>57</sup> The Court did not clarify in which way the *generic function or functions* should be interpreted. To a certain extent, all shapes have a generic function. The exclusion could even cover technical shapes, since such shapes may also have characteristics which could be generic. The *Hauck v. Stokke* judgment could therefore be seen as widening the scope of the exclusion of the first indent. Furthermore, it is argued that shapes which also add substantial value to the goods (and therefore normally could be subjected to the third indent of the provision) can be considered to fall under the first indent, which makes it a very broad exclusion, combining all three exclusions under one indent.<sup>58</sup>

After this decision, there is still an ongoing debate on how the first indent relates to the other two indents of the provision. It is discussed that the first and the second indent seem to overlap to some extent, with the first indent having a broader concept of functionality than the second indent.<sup>59</sup> Apart from the implications of this decision, the applicability of this indent will in practice often depend on the trade mark description. When a shape mark has a narrow description of the goods and services, it is more likely that the essential characteristics can be seen as resulting from the nature of the goods.<sup>60</sup>

### 5.3. Shapes 'necessary to obtain a technical result'

This section discusses the relevant case law with regard to shapes that are necessary to obtain a technical result, such as *Philips v. Remington*, *Lego Juris v. OHIM*, *Société des Produits Nestlé SA v. Cadbury UK Ltd* and last year's decision in the case of *Gömböc*.

#### 5.3.1. Judgment by the CJEU of 18 June 2002 *Philips v. Remington*

The *Philips v. Remington* case is considered as the first landmark case in relation to the absolute grounds for refusal concerning the registration of a sign that consists of a shape of goods that is necessary to obtain a technical result. The dispute between Philips and competitor Remington focused on the 1985 trade mark application filed by Philips for the graphical representation of a three-headed rotary electric shaver. The shaver comprised three circular heads with rotating blades in the shape of an equilateral triangle, as depicted in Figure 4. Remington started to sell a similar shaped shaver in the same territory as Philips in 1995. Philips initiated infringement proceedings against Remington.

Figure 4



The High Court of Justice of England and Wales referred several questions to the CJEU, such as whether the availability of other shapes that are capable of achieving the same technical result can overcome the limitation of Article 3(1)(e)(ii) Directive 89/104. If this is not the case, the referring court questioned whether a shape is excluded from trade mark protection if the essential features *only* attribute to the technical result. Thirdly, if the two scenarios presented in the previous questions were not applicable, which test would be the most suitable to determine whether the limitation applied.<sup>62</sup>

In its decision, the CJEU expressed that the rationale of the provision should be interpreted 'in the light of the public interest underlying each of them'<sup>63</sup> and held that the function of a trade mark was *not* to extend trade mark rights to grant a monopoly on a technical solution or functional characteristics of a product which users are likely to seek in the products of the competitors.<sup>64</sup> In particular, protection should not be extended to signs that exclusively consist of the shape of the product, whose essential characteristics perform a technical function, with the result that competitors would be limited in choosing a technical solution that they want to incorporate in such a function in their product.<sup>65</sup> Therefore, the provision prevents an extension of the protection of trade mark rights, beyond signs that indicate the origin of the goods. It is not the objective of trade mark law to grant an individual a monopoly on technical solutions.<sup>66</sup> The Court also noted that the availability of other shapes that can achieve the same technical result did not preclude the applicability of this provision. It does not appear from the wording or the aim of the provision that the availability of other shapes could overcome this ground for refusal.<sup>67</sup>

#### 5.3.2. Judgment by the CJEU of 14 September 2010 *Lego Juris v. OHIM*

After a silent period of eight years, the CJEU had the opportunity to clarify its earlier *Philips* judgment. The dispute concerned the trade mark application for the Lego brick, as depicted in Figure 5. According to OHIM, the sign was not eligible for registration since it was devoid of distinctive character, did not acquire distinctiveness through use and consisted exclusively of the shape of goods which is necessary to obtain a technical result. After examination

Figure 5



of the evidence presented by the applicant, the sign was found to be distinctive and the registration of the shape was not precluded by the functionality of the good. This resulted in registration of the sign as a trade mark. However, Mega Brands claimed invalidity on the basis of Article 7(1)(e)(ii) of Regulation No 40/94.<sup>68</sup>

The rationale of the provision as expressed in *Philips* was recalled by the CJEU, namely that this provision prevents undertakings to obtain an exclusive right on technical solutions or functional characteristics of a product for an unlimited period of time. The opportunity for other undertakings to use a technical solution which is incorporated in the shape of a product would be taken away by granting trade mark protection for a sign that incorporates the shape of a patented product. Technical solutions are only protected for a limited period of time within the patent system and become a part of the public domain after the expiry of the patent. The Court continued that the legislator took into account that all shapes are functional to some extent, which resulted in the ground for refusal to be limited to shapes which consist *exclusively* of functional characteristics or technical solutions. The CJEU held that minor arbitrary elements of a shape cannot prevent the applicability of Article 7(1)(e)(ii) of Regulation No 40/94.

Thus, registration cannot be refused when a shape incorporates a major non-functional element.<sup>69</sup>

Moreover, the mere fact that the shape in question is the only shape which reaches this specific technical result does not prevent the applicability of Article 7(1)(e)(ii) of Regulation No 40/94. Registration of a sign such as the one in question would still have an effect on 'the availability to other economic operators of the technical solution which it incorporates'.<sup>70</sup> If the proprietor obtains a trade mark registration for this functional shape, it could prevent the use of a number of alternative technical shapes in the course of trade. This could lead to the situation wherein a proprietor chooses to register several *purely functional* shapes at the same time. If this were allowed, this might completely prevent other undertakings from manufacturing and marketing certain goods which have a particular technical function.<sup>71</sup> The CJEU held that if a shape cannot be protected because it is necessary to obtain a technical result, the undertaking to which the shapes belong can resort to unfair competition law. The Court also opened for the opportunity to protect a shape under the rules concerning slavish imitation,<sup>72</sup> but did not address this in detail in these proceedings.<sup>73</sup>

The second part of the judgment was concentrated around the criteria for identifying the essential characteristics. The Court explained that the 'essential characteristics' are the most important elements of the sign and there is no hierarchy between the various types of elements of which a sign may consist of. The identification of these 'essential characteristics' is made on a case-by-case basis. Subsequently, the competent authority can base its assessment on the overall impression produced by the sign, or examine each of the components separately. This examination can consist of a visual analysis, or of a detailed examination in which the relevant assessment criteria are taken into consideration, 'such as surveys or expert opinions, or data relating to intellectual property rights conferred previously in respect of the goods concerned'. However, the perception of the average consumer is not a decisive element in determining whether the shape's essential characteristics are technical.

<sup>55</sup> Judgment of 18 September 2014 *Hauck v. Stokke* C-205/13, EU:C:2014:2233, paras 25–26; Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:C:2014:322.

<sup>56</sup> Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:EU:C:2014:322, para 52.

<sup>57</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 27.

<sup>58</sup> Antoon Quaedvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' [2016] 17 ERA Forum, 115.

<sup>59</sup> Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for

Product Shapes in the Light of CJEU Case Law' [2014] MPI Research Paper No. 14–17, 16. <sup>60</sup> *Ibid.*, 17.

<sup>61</sup> Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377.

<sup>62</sup> *Ibid.* para 16.

<sup>63</sup> *Ibid.* para 77.

<sup>64</sup> *Ibid.*, paras 77–78, see also judgment of 4 May 1999, *Windsurfing Chiemsee*, C-108/97 ECLI:EU:C:1999:230, paras 25–27.

<sup>65</sup> Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 79.

<sup>66</sup> *Ibid.* para 82.

<sup>67</sup> *Ibid.* paras 81–84.

<sup>68</sup> Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.

<sup>69</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, paras 46–52.

<sup>70</sup> *Ibid.* para 55.

<sup>71</sup> *Ibid.* paras 55–57.

<sup>72</sup> Slavish imitation is a legal doctrine under Dutch law that finds its basis in tort law. The doctrine creates the possibility to act against needlessly confusing items, when the product has its own position in the market.

<sup>73</sup> *Ibid.* para 61.

Lastly, the Court took a closer look at the applicability of the functionality criteria. The Court referred to the Philips judgment, in which it was concluded that alternative shapes are not relevant for determining the application of Article 7(1)(e)(ii) of Regulation No 40/94. If the presumed functional characteristics of the shape were also protected by a patent before seeking protection by a trade mark, patent documentation could indicate that the shape performs a technical function.

The Court relied heavily on the Philips judgement when answering the preliminary questions in the *Lego Juris* case and herewith presented consistency in the interpretation of the provision. However, the judgement did not provide a clear interpretation on the ‘essential characteristics’ and in which ways these characteristics influence the functionality of the shape.

### 5.3.3. Judgment by the CJEU of 16 September 2015 *Société des Produits Nestlé v. Cadbury UK*

Another landmark case concerned the shape of Nestlé’s Kit Kat chocolate bar. The product, whose history goes back to 1935, was subjected to trade mark protection in 2010 in the United Kingdom. At the time, the sign consisted of the three-dimensional shape depicted in Figure 6. However, the actual shape of the product sold has the words ‘Kit Kat’ embossed on each finger and thus deviated from the sign for which trade mark protection was sought. The United Kingdom Intellectual Property Office (‘UKIPO’) accepted the application based on acquired distinctiveness through use. In 2011, Cadbury filed for opposition, claiming that registration should be refused due to lack of distinctive character, the shape being the result of the nature of the good and the shape being necessary to obtain a technical result. The examiner of the UKIPO found that the sign was devoid of inherent distinctiveness and did not acquire distinctiveness through use.<sup>74</sup>

In addition, the examiner concluded that the shape consisted out of three features:

- A basic rectangular slab shape, which falls within Article 3(1)(e)(i) of Directive 2008/95;
- The presence, position and depth of the grooves running along the length of the bar, which fall within Article 3(1)(e)(ii) of Directive 2008/95;
- The number of grooves, which, together with the width of the bar, determine the number of ‘fingers’, which falls within Article 3(1)(e)(i) of Directive 2008/95.

Figure 6



Nestlé appealed this decision of the UKIPO, stating that the trade mark had acquired distinctiveness and that it did not exclusively consist of the shape resulting from the nature of the goods themselves, or the shape which is necessary to obtain a technical result. Cadbury cross-appealed, challenging the inherent distinctive character of the sign in respect of cakes and pastries, though agreeing with Nestlé in respect of the functional shape arguments.<sup>75</sup>

Under these circumstances, the High Court of Justice of England & Wales referred several questions to the CJEU, *inter alia* regarding the combined application of the three indents of Article 3(1)(e) of Directive 2008/95. Another question concerned the wording of the second indent, in particular if the words ‘technical result’ refer to the way in which the goods are manufactured or to the way in which the goods function.

The CJEU started with addressing the second question: whether the essential features which fall under two different indents would preclude the applicability of Article 3(1)(e) of Directive 2008/09. The Court emphasised once again the relevance of the public interest and the importance of preventing a trade mark from extending indefinitely the life of other IP rights that are subjected to a time period.<sup>77</sup>

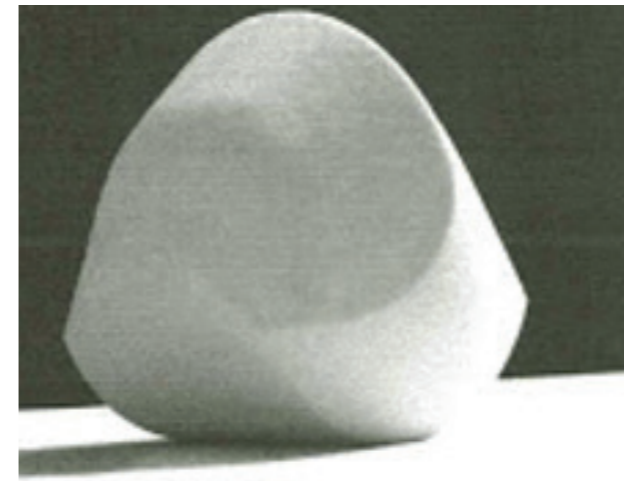
After these remarks, the Court answered the first question by stating that the three grounds for refusal of Article 3(1)(e) of Directive 2008/95 operate independently. It is therefore relevant that one of the three indents applies *in full*. When one ground applies in part, registration of the sign cannot be denied.<sup>78</sup> The Court emphasised that one of the grounds of refusal should be applicable, as anything else would go against the aforementioned public interest underlying these grounds of refusal.

With respect to the second indent, the Court held that it does not appear from a literal interpretation of the wording of the provision that the manufacturing process is decisive when determining the technical function of the shape. The words ‘technical result’ of the second indent refer to the way in which the goods function and the technical result is the outcome of a manufacturing method. It also follows from the aim of the provision, namely to prevent a monopoly on a *technical solution*, that the manufacturing process falls outside its scope. Also, from a consumer perspective, it is not important how the goods are manufactured, but it is decisive how the goods function.<sup>79</sup> Moreover, the manufacturing method is not decisive when assessing the essential characteristics of the shape. The Court therefore concluded that the second indent only refers to the way that the goods function and does not apply to the manner in which the goods are manufactured.<sup>80</sup>

**5.3.4. Judgment by the CJEU of 23 April 2020, *Gömböc***  
A more recent case ruled by the CJEU is the *Gömböc* case<sup>81</sup>, which concerned a Hungarian trade mark application for a three-dimensional shape, represented below in Figure 7. The application was subjected to the absolute grounds for refusal in the second and third indent Article 3(1) of Directive 2008/95.

The Hungarian Trade Mark Office, when assessing the eligibility of the sign in relation to goods in class 28, held

Figure 7



that the sign exclusively consisted of a shape to obtain a technical result. The Office also assessed the sign in relation to goods in the classes 14 and 21 and held that the sign exclusively consisted of a shape that gave substantial value to the goods. When assessing the applicability of the absolute grounds for refusal, the Office relied in particular on ‘the knowledge of the characteristics and the function of the shape of that product that the average consumer was able to obtain from the applicant in the main proceedings’ website and from the considerable publicity the product had enjoyed in the press.<sup>82</sup>

*Gömböc Kft.* appealed the decision of the Hungarian Trade Mark Office, and after two unsuccessful appeals, the applicant appealed to the Supreme Court of Hungary, which in its turn stayed the proceedings and referred three preliminary questions to the CJEU.

The first question was related to the identification of the essential characteristics of a sign, in particular if the graphical representation<sup>83</sup> is the sole determinant of whether the shape is necessary to obtain the technical result or if the perception of the relevant consumer should also be taken into consideration.

When answering the question, the CJEU referred back to *Philips* and *Lego Juris* for the two-step test with regard to the essential characteristics: first, it should be established which the essential characteristics are, second, if these

perform a technical function.<sup>84</sup> The Court held that this determination by the competent authority should be based upon objective and reliable information and that: ‘that authority may look for such features, *inter alia*, in any description of the product submitted at the time of filing of the application for registration of the mark, in data relating to intellectual property rights conferred previously in respect of that product, by looking at surveys or expert opinions on the functions of the product, or in any relevant documentation, such as scientific publications, catalogues and websites, which describes the technical features of the product.’<sup>85</sup> With regard to the consumers’ perception, the Court held that the relevant public would not necessarily have the required expertise to identify the technical features of the product in question. Therefore, information regarding the technicalities of the product should originate from objective and reliable sources and cannot include the perception of the relevant public.<sup>86</sup>

### 5.4. Discussion regarding the second indent

This section will give an insight into the rationale of the second indent, by combining the aforementioned case law with legal doctrine. The rationale of the provision will be addressed, the wording of the provision will be explained and the different approaches within case law will be discussed.

#### 5.4.1. The rationale of the second indent

The judges in *Philips* established that the rationale of the second indent is to prevent a monopoly on technical solutions or functional characteristics of a product that a consumer is likely to seek in the products of competitors.<sup>87</sup> This rationale is intended to safeguard the freedom of choice of competitors by preventing the situation where the technical subject matter is preserved for one undertaking alone, even if there are other shapes available that can reach the same technical result.

This rationale was also explained in more detail in *Lego Juris* where the CJEU put more emphasis on the fact that, unlike other intellectual property rights, trade mark rights can last infinitely.<sup>88</sup> It is discussed that this is an incorrect position from the Court. The rationale of the provision is not about the indefinite protection of the trade mark, but preventing the technical monopoly that is created by obtaining trade mark rights for a technical invention.<sup>89</sup> However, it is also discussed that the indefinite

<sup>74</sup> Judgment of 16 September 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:C:2015:395, para 18.

<sup>75</sup> *Ibid* paras 21–22.

<sup>76</sup> *Ibid* para 26.

<sup>77</sup> *Ibid* paras 44–45.

<sup>78</sup> *Ibid* paras 46–47.

<sup>79</sup> *Ibid* para 55.

<sup>80</sup> *Ibid* paras 54–57.

<sup>81</sup> Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296.

<sup>82</sup> *Ibid* para 12.

<sup>83</sup> The applicable law with regard to this dispute was the old Directive, hence the graphical representation requirement was still applicable.

<sup>84</sup> Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, para 28.

<sup>85</sup> *Ibid* para 34.

<sup>86</sup> *Ibid* paras 35–37.

<sup>87</sup> Judgment in *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 78.

<sup>88</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 45.

<sup>89</sup> Antoon Quaadvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ (2016) 17 ERA Forum, 108.

protection under trade mark law is subjected to the use requirement: if there is no genuine use of the mark, the sign cannot be protected for an unlimited period of time.<sup>90</sup>

#### 5.4.2. The relevance of expired patent rights

Considering trade mark law as part of the system of IP rights, the existence of previous patent rights can be seen as an indication that indefinite trade mark protection should be prevented. If the invention embodied in the good has previously been subjected to patent protection, this could be the case. Granting trade mark protection would then interfere with the patent system, which has the objective to grant market exclusivity for a limited period of time. In *Lego Juris*, the CJEU held that previous patent rights could provide an indication on the functionality of the shape.<sup>91</sup> However, it is too rigid to conclude that if a shape has been protected by a patent, it should automatically be excluded from trade mark protection.<sup>92</sup> For example, if it appears from patent documentation that a shape was *not directly* an expression of the patented function, an earlier patent right should not lead to immediate exclusion.<sup>93</sup> It should be taken into consideration that the shape has been chosen with regard to the function of the good. Thus, existing patent rights might indicate the functionality of a shape, but should not be decisive in the assessment of whether or not the shape can be the subject of a trade mark.

#### 5.4.3. From functional characteristics to all essential characteristics

*Philips v Remington* did not provide a clear rule for identifying the ‘functional characteristics’.<sup>94</sup> Many industrial designs contain several essential characteristics that can constitute a technical result, therefore more specific guidance would be desirable. The *Lego Juris* case brought some clarification with regard to this question. It was established that ‘all essential functional characteristics of the shape of a product are attributable solely to the technical result’.<sup>95</sup> The shape should consist *exclusively* of

functional characteristics which are necessary to obtain a technical result. The essential characteristics should be assessed on a case-by-case basis, where the overall impression combined with other components should be taken into consideration. When assessing the overall impression, it follows from *Gömböc* that this assessment should be based upon reliable and objective information. The opinion of the relevant public should not be taken into consideration, as they do not have the expertise required to identify the essential characteristics.<sup>96</sup>

In spite of this analysis, the CJEU did not address the question of whether there should be a difference in the case of decorative elements and word marks that can be attached to a three-dimensional sign. Usually a three-dimensional sign with an attached word mark is approved for registration,<sup>97</sup> even if the word mark appears in a small size and does not influence the shape as such. In this case, competitors will have access to other shapes that are not identical to or do not bear the same non-functional elements as the registered shape.<sup>98</sup>

#### 5.4.4. Other shapes with minor variations

As described above in the *Philips* case, the availability of other shapes that can obtain the same technical result does not prevent the applicability of the provision. The next question was if minor variations of other shapes could overcome the technical exclusion, which was answered in the negative by the CJEU.<sup>99</sup> Otherwise, competitors would have to be very careful when putting a (copy of a) technical shape on the market.<sup>100</sup> This could have a chilling effect on competition in the market. Also, following from *Lego Juris*, the trade mark proprietor could prevent the use by competitors of identical and similar trade marks. This is the case in particular when the applicant registers various purely functional shapes and prevents others from manufacturing and marketing certain goods having a particular technical function.<sup>101</sup> However, if the applicant wants to register various purely functional shapes, this essentially means that these shapes cannot be

purely functional, since they must differ from each other.<sup>102</sup> Further, if an applicant tries to monopolise one shape which obtains a technical result in all its variations, this does not mean that other undertakings cannot manufacture and market certain goods which incorporate a particular technical function.<sup>103</sup>

This necessity requirement could also be approached from another perspective. The requirement ‘should not be interpreted as resting on the proposition that alternative shapes cannot be found’, simply because the wording of the provision does not address the non-availability of other shapes.<sup>104</sup> In addition, the CJEU did not address whether (and, if so, why) these monopolies of Philips and Lego should come to an end.<sup>105</sup> Instead of addressing these questions, it took a rather interesting position in *Lego Juris* by exploring the option of slavish imitation under competition law. This line of reasoning on the part of the Court received criticism, because this would ‘jeopardize the principles governing the interface between intellectual property and free competition’, since under competition law, measures can be taken to prevent consumers to be misled about the commercial origin of a product.<sup>106</sup> However, it could not be the intention of the CJEU to undermine the transparency and consistency of trade mark law when an applicant can obtain protection for a shape through the competition law system.<sup>107</sup>

#### 5.4.5. Non-relevance of the manufacturing process for a technical result

Neither *Philips* nor *Lego Juris* discussed that a shape can result from the application of certain techniques or manufacturing processes. This was, however, discussed in the *Kit Kat* case, where the CJEU stated that it does not appear from the wording of the provision and the aim of the provision that the manufacturing method is covered by the second indent of the Article. Referring back to *Philips*, the CJEU repeated that the manufacturing process is not important when assessing the essential characteristics of the shape. The CJEU therefore concluded that the manufacturing method is not within the scope of the indent.<sup>108</sup>

Contrary to the CJEU, AG Wathelet reached a different conclusion. He stated that it is possible that the technical result can be obtained only through a specific manufacturing process. In the *Kit Kat* case, this would be the grooves necessary to obtain the technical result of the consumer breaking the wafer fingers apart. The AG also referred back to the *Philips* judgment, specifically ‘that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or *at least* their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product’.<sup>109</sup> The AG noted that the words ‘or at least’ imply that the provision covers two different situations. The first situation involves the product incorporating the technical function. The second situation, according to the AG, is the situation wherein the producer wants to adopt a technical solution in order to incorporate that function into their product. The AG was therefore of the opinion that the manufacturing process falls under the exclusion of the second indent of the provision.

Figure 8



### 5.5. Shapes that ‘give substantial value to the goods’

This section discusses the relevant case law regarding shapes that give substantial value to the goods, which is the functional exclusion of the third indent of the provision. In this section, the *Bang & Olufsen v. OHIM* case of the General Court (GC), the *Hauck v. Stokke* case and the *Gömböc* case of the CJEU will be discussed.

#### 5.5.1. Judgment of the GC of 6 October 2011 in *Bang & Olufsen v. OHIM*

The *Bang & Olufsen* loudspeaker that is depicted in Figure 8 was subject to both the exclusion under the third indent and lack of distinctive character.

The GC firstly confirmed the anti-monopoly rationale that was established in *Philips*.<sup>110</sup> According to the GC, there is not difference in the rationale of the second and the third indent of the provision, since the objective of both indents is to prevent granting of a monopoly on a shape for an unlimited period of time and to subject shapes to exclusive rights that last only for a limited period of time.<sup>111</sup>

The GC continued with assessment of the applicability of the third indent. One of the factors for this assessment was the perception of the relevant public, as follows from *Lego Juris*. This can be taken into account by the relevant authorities when assessing the essential characteristics of a sign. In the case of the *Bang & Olufsen* speaker, the design of the good is an important element upon which consumers base their choice, even if the consumers also take other characteristics of the shape into consideration. The GC made the following remarks about the design: ‘[it] is an essential element of its branding and increases the appeal of the product at issue, so to say, its value’.<sup>112</sup> Moreover, the GC acknowledged that ‘the aesthetic characteristics of that shape are emphasized first and that the shape is perceived as a kind of pure, slender, timeless sculpture for music reproduction, which makes it an important selling point’.<sup>113</sup> Following these statements, the GC concluded that the shape gave substantial value to the goods, apart from the technical qualities which also add value to the goods at issue.

<sup>90</sup> Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 2.

<sup>91</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 46.

<sup>92</sup> Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 19.

<sup>93</sup> *Ibid* 19.

<sup>94</sup> J.H. Spoor in NJ 2003, 481, para 5.

<sup>95</sup> *Ibid*.

<sup>96</sup> Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, paras 35–37.

<sup>97</sup> An example is the shape of the Golden Bunny with an attached word mark made by the

chocolatier Lindt.

<sup>98</sup> Annette Kur, ‘Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality’ (2011) *Technology and Competition*, 18–19.

<sup>99</sup> Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 83.

<sup>100</sup> Antoon Quaadvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ (2016) 17 *ERA Forum*, 106.

<sup>101</sup> Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 57.

<sup>102</sup> Antoon Quaadvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ (2016) 17 *ERA Forum*, 111.

<sup>103</sup> *Ibid*.

<sup>104</sup> Annette Kur, ‘Too Pretty to Protect? Trade

Mark Law and the Enigma of Aesthetic Functionality’ (2011) *Technology and Competition*, 19.

<sup>105</sup> *Ibid* 20.

<sup>106</sup> *Ibid* footnote 80.

<sup>107</sup> *Ibid* footnote 49.

<sup>108</sup> Judgment of 16 September 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:C:2015:395, paras 54–57.

<sup>109</sup> Opinion of AG Wathelet of 11 June 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:2015:395, paras 75–76.

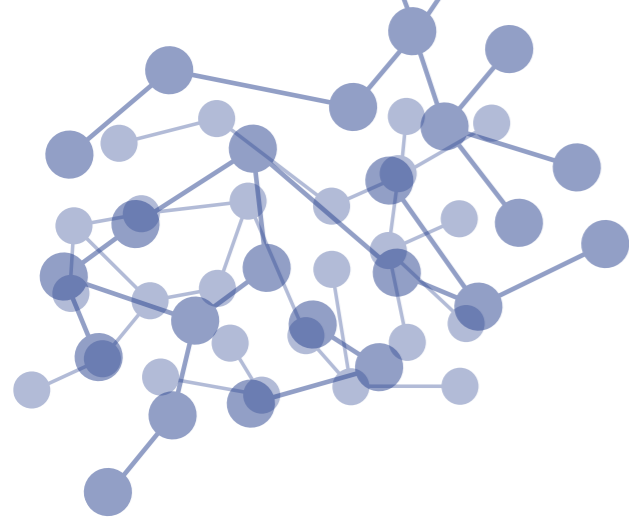
<sup>110</sup> Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 63 and cited case law.

<sup>111</sup> *Ibid* para 65.

<sup>112</sup> *Ibid* para 74.

<sup>113</sup> *Ibid* paras 72–75.





### 5.5.2. Judgment by the CJEU of 18 September 2014

#### *Hauck v. Stokke*

Another important judgment is delivered by the CJEU in the *Hauck v. Stokke* case, wherein the third indent was presumed to be applicable<sup>114</sup> – in addition to the first indent already discussed in section 5.1.1. above. With regard to the third indent, the question was whether the indent could apply if a sign consists of the shape of a product with several characteristics, each giving substantial value to the product. In connection with this, it was asked if it was necessary to take the target public's perception of the shape into account during assessment. The judgment also discussed the combined application of the indents.

The CJEU observed that the shape of the Tripp Trapp chair gave substantial value to the product, as well as other characteristics, such as safety, comfort and reliability. According to the Court, the applicability of the third indent is not precluded when a sign also performs other essential functions. It is probable that the value of a shape is the result of both its practical function and its aesthetic qualities. The applicability of the third indent can therefore not be limited to *only* artistic or ornamental value; otherwise shapes that comprise both functional and ornamental qualities could circumvent the aim of the provision and could be registered as shape marks.<sup>115</sup>

The second part of the question dealt with the perception of the public. The Court referred to the *Lego Juris* case and held that the perception of the average consumer is not a decisive element when determining the applicability of the third indent of the relevant provision. It is considered as a relevant criterion, much like other factors, such as the artistic value of the shape, a dissimilarity to other shapes that are common in the relevant market, a substantial price difference of the product in relation to other products and a promotion strategy which focuses on the aesthetic characteristics of the product concerned.<sup>116</sup> In conclusion, the CJEU followed the opinion of the AG and held that the third indent applies when a shape of a product entails several essential characteristics, each of which may give that product substantial value.

The target public's perception is only one of the factors that should be taken into account for the identification of these characteristics.<sup>117</sup>

With regard to the combined application, the CJEU stated that it appears from the wording of the provision that the indents act independently of each other – and, more importantly, that registration of a sign can be denied if one of the three indents applies fully to that sign. The CJEU therefore concluded that the first and third indent cannot be applied in combination.<sup>118</sup>

### 5.5.3. Judgment by the CJEU of 23 April 2020, *Gömböc*

As described in section 4.3.4, the *Gömböc* case<sup>119</sup> addressed both the second and the third indent of Article 3(1)(e) of Directive 2008/95. With regard to the third indent, the referring court wondered whether the consumer perspective or the knowledge of the relevant public could be taken into account when assessing the applicability of the third indent.

The CJEU held that, also in this case, the refusal should be based upon an objective analysis that the shape could (possibly) have an impact on the attractiveness of the product.<sup>120</sup> However, the presumed perception of the sign by the average consumer could still be a useful assessment criterion in identifying the essential characteristics, as determined in the *Hauck v. Stokke* case.<sup>121</sup>

In relation to the third indent, the third question discussed by the CJEU related to the cumulation of various IP rights. Since the *Gömböc* shape was already protected by a design right, it was questioned whether the shape should be excluded from trade mark protection on this basis.

The Court held in this respect that the fact that a shape is already protected under a design right does not prevent the shape from also being protected by a trade mark right. As stated in *Hauck v. Stokke*, there is no hierarchy between the various IP rights.<sup>122</sup> The Court came to the conclusion that the ground of refusal in the third indent 'must not be applied systematically to a sign which consists exclusively of the shape of the product where that sign enjoys protection under the law relating to designs or where the sign consists exclusively of the shape of a decorative item'.<sup>123</sup>

## 5.6 Discussion regarding the third indent

The exclusion of the third indent has as its objective to draw a line between copyright and design rights on the one hand and trade mark rights on the other hand.<sup>124</sup> The implications of the cases that have concerned the third indent will be discussed in this section.

### 5.6.1. The assessment of 'giving substantial value to the goods'

In the *Bang & Olufsen* judgment, the General Court relied upon the previous judgments *Philips* and *Lego Juris* when it established the rationale of the third indent, i.e., that the rationale of the third indent was also to 'prevent an exclusive and permanent trade mark right from extending the life of other rights which are limited in time'.<sup>125</sup> Even though this rationale is driven by competition law interests, it is questionable whether a European trade mark registration for the *Bang & Olufsen* speaker would limit

competition, since the loudspeaker has a very specific design which leaves competitors the freedom to create loudspeaker shapes, as long as they are not confusingly similar to the one of *Bang & Olufsen*.<sup>126</sup> The GC intended to treat the technical necessity under the second indent and the aesthetic functionality under the third indent in the same objective fashion. However, the third indent cannot be assessed in the same way. The factors determining consumer behaviour in buying a product involve subjective evaluations.<sup>127</sup> When assessing the second indent, the perception of the public can only be considered with regard to determining the essential characteristics as follows from *Lego Juris*.

In *Bang & Olufsen*, the GC established that the third indent was applicable, since the design of the loudspeaker appealed to the public. In this respect it stated that 'the shape is perceived as a kind of pure, slender, timeless sculpture for music reproduction which makes an important selling point'.<sup>128</sup> Interestingly, according to the GC, this appeal followed from an intensive marketing campaign, which emphasised the shape of the speaker as an important selling point. The perception of the public is usually a criterion that should be taken into account when assessing whether the sign had acquired distinctiveness through use. When the GC emphasised the marketing efforts and the public's perception in its assessment of the applicability of the third indent, it actually undermined the permanent character of the absolute grounds for refusal under this indent. Advertising activities are subject to changing consumer perspectives. The brand could be perceived differently in the future. Therefore, marketing efforts should not be considered when assessing the absolute grounds under the third indent, since it does not appear in the wording of the provision – doing so would lead to flawed results.<sup>129</sup>

Another noteworthy comment from the GC is that the technical qualities of the loudspeaker could also contribute to giving value to the goods under the third indent,<sup>130</sup> as in the *Hauck v. Stokke* judgment. This extended the scope of the provision to ordinary shapes and outstanding designs, at the expense of transparency and legal certainty.<sup>131</sup>

### 5.6.2. The relation to design rights

It follows from the reasoning in the *Hauck v. Stokke* case that the objectives of all three indents of the provision are the same, namely to prevent a monopoly on shapes for an unlimited period of time.<sup>132</sup> However, it is debatable whether the underlying rationale of the second and the third indent can be the same. The second ground for refusal is designed to prevent prolonging patent rights. The nature of design rights is different, and the third indent should therefore be treated differently. Design rights are available for novel designs with an individual character and the threshold for these standards is considered to be low. If trade mark registration for these shapes is denied, this would mean that only banal and non-novel shapes will be registrable under trade mark law. Furthermore, since substantive examination is lacking in the registration process of designs, it could be the case that design rights actually should not be granted at all. Therefore, it would be too simplistic to say that the shape cannot be granted a time-limited monopoly,<sup>133</sup> which is also confirmed in the *Gömböc* case. The sole fact that a shape has been protected under a design right prior to trade mark registration does not exclude the shape from trade mark protection.<sup>134</sup> In addition, outstanding designs, such as the award-winning Tripp Trapp chair, regularly attract copyright protection and are thus protected for a longer period of time.<sup>135</sup>

<sup>114</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 27.

<sup>115</sup> *Ibid* paras 29–32.

<sup>116</sup> *Ibid* paras 33 and 35.

<sup>117</sup> *Ibid* para 36.

<sup>118</sup> *Ibid* paras 39–41.

<sup>119</sup> Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296.

<sup>120</sup> *Ibid* paras 39–41.

<sup>121</sup> *Ibid* para 44.

<sup>122</sup> *Ibid* paras 50–55.

<sup>123</sup> *Ibid* para 62.

<sup>124</sup> Annette Kur, 'Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality' (2011) *Technology and Competition*, 22.

<sup>125</sup> Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, paras 65–66.

<sup>126</sup> Janne Glaesel and Louise Stuhr, 'The 3D

Shape Dilemma: Refusal to Register the Three-dimensional Shape of a Loudspeaker' (2012) 7 *JIP&P*, 764.

<sup>127</sup> Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law' (2014) *MPI Research Paper No. 14–17*, 17–18.

<sup>128</sup> Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 75.

<sup>129</sup> Annette Kur, 'Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality' (2011) *Technology and Competition*, 17.

<sup>130</sup> Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 77.

<sup>131</sup> Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in the Light of CJEU Case

Law' (2014) *MPI Research Paper No. 14–17*, 6.

<sup>132</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 19.

<sup>133</sup> Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law' (2014) *MPI Research Paper No. 14–17*, 23.

<sup>134</sup> Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, para 62.

<sup>135</sup> Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law' (2014) *MPI Research Paper No. 14–17*, 24.

### 5.6.3. The (ir)relevance of the third indent

Apart from the problem described above, the CJEU also dealt with the question of when a shape is aesthetically appealing and also has other advantages, such as in regards to safety and liability. The question posed to the Court was whether these other advantages would prevent the application of the exclusion of the third indent. This should not be the case, as shapes could then easily circumvent this ground of refusal by adding other characteristics, meaning the objective of the provision would not be fully realised.<sup>136</sup> The Court ruled out the possibility that the indents could be applied in combination. In addition, the Court took a different view on what should be considered as giving substantial value to the goods.

The CJEU considered that the substantial value clause was still applicable to the shape if the product also performed essential functions apart from its aesthetic functions. As seen in *Bang & Olufsen v. OHIM*, an aesthetically pleasing loudspeaker could also perform other functions. It follows that 'functional characteristics as such could give a substantial value to the goods'.<sup>137</sup> The CJEU did not use the concept functions, but held onto the concept of the characteristics of a shape. By looking at the functions instead of the characteristics of the shape of the goods, the CJEU did not interpret the third indent in a broad fashion.<sup>138</sup>

AG Szpunar considered that the three indents should be applied separately, not in combination. However, he did not exclude the combined application of the grounds of refusal within the third indent.<sup>139</sup> This would mean that when the third indent allows an internal combination of the grounds of refusal, the external combination of the indents will not be applicable anymore.<sup>140</sup> The CJEU recognised in the *Hauck v. Stokke* judgment that the internal combination of the grounds was necessary, because the

ground of refusal would otherwise not apply in full. This line of argumentation was justified by the anti-monopoly rationale which applied to all the indents.<sup>141</sup>

Apart from the case-specific criticism, there are general concerns about the interpretation of the substantial value clause of the third indent. For example, the reason for a prohibition on trade mark protection for shapes that could be subject to the third indent is not clear. It is possible that shapes that are aesthetically appealing are also an indicator of commercial origin, since goods can be bought for the brand and not for the appeal of the goods alone.<sup>142</sup> These subjective evaluations contribute to legal uncertainty, which could hinder creative companies in the sense that it would have a negative impact on creativity. The opposite effect is also arguable: the aesthetic value clause contributes to creativity, since shapes that are aesthetically pleasing cannot be protected under trade mark law and remain in the public domain.<sup>143</sup>

As described above, there are contradicting opinions about the effectiveness of the aesthetic value clause, especially as it is not clear how aesthetic value should be assessed due to the *Hauck v. Stokke* and *Bang & Olufsen* cases.<sup>144</sup> On the basis of these judgments and the uncertainty about the effectiveness of the indent, the Max Planck Institute has proposed the abolishment of the substantial value clause in the third indent.<sup>145</sup>

## 6. THE DISTINCTIVENESS OF SIGNS THAT CONSIST OF SHAPES

Apart from the absolute grounds for refusal of Article 7(1)(e) EUTMR, another hurdle for obtaining trade mark protection for signs consisting of shapes is formed by the requirement of inherent distinctiveness or acquired distinctiveness. This distinctiveness threshold is high. It is

widely assumed that a shape cannot serve as an indicator of origin and therefore it is difficult for these signs to overcome the lack of distinctive character in Article 7(1)(b) EUTMR. Three-dimensional signs that an applicant would like to register as a trade mark are assessed on the same basis as the traditional trade marks, namely with regard to the relevant goods and with the consumer perspective in mind. The consumer perspective is the complicating factor in this respect, since consumers traditionally do not see shapes as an indication of origin. However, none of the CJEU cases involve empirical data that would confirm these assumptions.<sup>146</sup> Courts stick to these assumptions and prevent the incorporation of a differing view. The consequence is that shape marks are to be considered as lacking distinctive character, which makes getting trade mark protection for such signs more complicated. As discussed before in this article, consumers are nowadays more sensitive to shape marks and non-traditional trademarks with the consequence that these signs are more likely seen as an indicator of origin.

In the case law discussed above, it is described that a sign that consist of the shape of a product can be protected under trade mark law only when a shape departs greatly from the norm<sup>147</sup>, which is a very restrictive interpretation. It is important to keep in mind that there is a fine line between a sign being distinctive and it falling under the third indent of Article 7(1)(e) EUTMR. When a sign that consists of a three-dimensional shape departs too much from the norm in the sector, it is possible that the shape adds substantial value to the product and therefore is subject to the functional exclusions.<sup>148</sup>

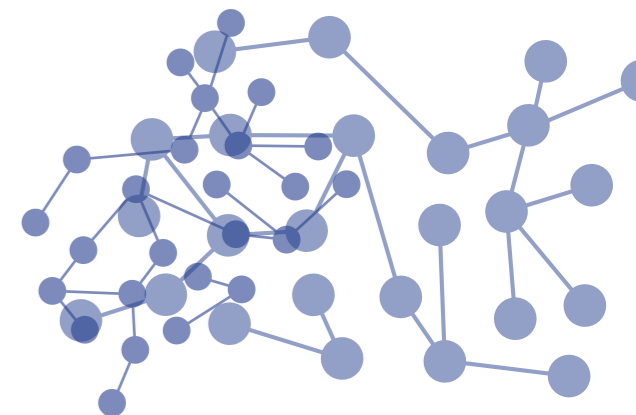
This problem also exists when a sign is not inherently distinctive. In order to overcome lack of distinctiveness, a sign could acquire distinctiveness through use of Article 7(3) EUTMR. For traditional trade marks, this could be a challenge. For a NTM, such as a sign that consists of the shape of the product, acquiring distinctiveness through use and overcoming Article 7(1)(b) EUTMR is considered to be difficult. As shown before, such signs can also be subjected to the functional exclusions of Article 7(1)(e) of the Regulation. These absolute grounds for refusal cannot be overcome by acquired distinctiveness, since it lies in their rationale to serve the public interest. A sign which falls within these grounds and lacks distinctive character cannot acquire distinctiveness through use. When a shape is the result of the nature of the goods (and falls within the first indent), this sign can never be distinctive, since there is only one shape that the product can have.<sup>149</sup> With regard to the second indent, the CJEU held in *Philips* that the exclusion cannot be overcome by the availability of other shapes.<sup>150</sup> The third indent, where shapes that give substantial value to the product are excluded, poses serious problems in combination with the high level of distinctiveness that is required for shape marks. When a shape is considered to be distinctive (since it departs significantly from the norm in the sector), the shape might be seen as contributing value to the goods, within the meaning of the third indent and therefore might be excluded from protection under the trade mark system.<sup>151</sup>

## 7. CONCLUSION

In this article, the absolute grounds for refusal of a trade mark registration under Article 7(1)(e) EUTMR and previous regulations have been examined, with particular emphasis on NTMs and shape marks. In the discussed case law, the CJEU has elaborated on the notion of 'shape' and set the framework for signs that could possibly identify as shapes within the meaning of the absolute grounds for refusal. From the *Louboutin* case follows that the word 'shape' must be interpreted as a 'set of lines or contours that outline the product concerned'. The *Textilis* case built upon this notion and with this judgment the CJEU also answered the question whether a two-dimensional mark that represents two-dimensional goods can be considered to be a shape. In this respect the Court referred back to *Louboutin* and held that the meaning of the concept of 'shape' must be deduced from everyday language.

The new formulation of the EUTMR caused discussion within academia on the interpretation of the new wording of Article 7(1)(e) EUTMR. The CJEU did not give guidance on the interpretation in the recent cases *Gömböc*, *Louboutin* and *Textiles*, since the old framework was still applying to these cases. However, the First Opinion of AG Szpunar in the *Louboutin* case gave some guidance. He held that it should be interpreted as 'a part or an element of the goods in question'. His interpretation covered many aspects, but it is still unclear whether or not a word mark attached to the product could qualify as an element of the goods.

It has been discussed that the concept of 'another characteristic' encompasses only features which do not have an independent nature with regard to the product itself. The interpretation of other terms of Article 7(1)(e) EUTMR is also unclear. By using the term 'or' (in relation to another characteristic) could suggest that the shape is also considered to be a characteristic of the product. Further, it is not clear how to assess a sign that consists of a shape and two characteristics, since the provision only speaks about 'another characteristic'. It is likely that the amendments will not have far-reaching consequences. If the shape of a product would be identifiable as being a characteristic, this would open up the possibility to including NTMs under the scope of the functional exclusions. Undoubtedly, such consequences will be discussed extensively in the future, in a similar manner as the interpretation of the provision that was in place before the amendments.



<sup>136</sup> Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 32.

<sup>137</sup> Antoon Quaedyvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' (2016) 17 ERA Forum, 114.

<sup>138</sup> *Ibid.*

<sup>139</sup> Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:EU:C:2014:2233, para 102.

<sup>140</sup> Antoon Quaedyvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' (2016) 17 ERA Forum, 114.

<sup>141</sup> *Ibid.*

<sup>142</sup> Annette Kur, 'Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality' (2011) Technology and Competition, 18.

<sup>143</sup> Irene Calboli, 'Hands Off "My" Colors, Patterns, and Shapes!', in Irene Calboli and Martin Senftleben (eds), *The Protection of*

*Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 305.

<sup>144</sup> Janne Glaesel and Louise Stuhr, 'The 3D Shape Dilemma: Refusal to Register the Three-dimensional Shape of a Loudspeaker' (2012) 7 JIPL&P, 767.

<sup>145</sup> Roland Knaak, Annette Kur and Alexander von Mühlendahl, 'Study on the Overall Functioning of the European Trade Mark System' (2012) MPI Research Paper No. 14–17, 73.

<sup>146</sup> Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers Do Actually Eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 13 ERA Forum, 429.

<sup>147</sup> Judgment of 12 December 2002, *Procter & Gamble v. OHIM*, T-63/01, EU:T:2002:317, paras 43–45.

<sup>148</sup> Anders Michael Poulsen, 'Challenges with 3D

Marks' (2014) 15 World Trademark Review, 59.

<sup>149</sup> See in this respect Judgment of 16 February 2000, *Procter & Gamble v. OHIM*, T-122/99, EU:T:2000:39.

<sup>150</sup> Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, EU:C:2002:377, paras 81–84.

<sup>151</sup> Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers Do Actually Eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 13 ERA Forum, 432.

Before these amendments, the situation was considered to be clear to a certain extent. With regard to the first indent, the CJEU had established in *Hauck v. Stokke* that this exception could only apply when a shape was inherent to the generic function. However, the Court did not give guidelines on the interpretation of the term. Furthermore, it was the CJEU's interpretation that technical shapes could also be generic, with the result that the first and the second indent could overlap. The concept of technicality of the second indent is considered to be wider, since generic technical shapes can also be subject to the first indent.

The outcomes of the case law regarding the second indent are not clear-cut either. The *Philips* case made clear the anti-monopoly rationale of the provision: to safeguard the freedom of choice of competitors to include the same functional characteristics. Only when a shape consists of the essential characteristics which contribute to a technical result, the sign consisting of the shape can be refused trade mark protection. In the *Lego Juris* case, the CJEU defined essential characteristics as the most important elements of the sign, which needed to be identified on a case-by-case basis. Whether or not these elements are considered to be technical might be based upon previous patent rights, but previous patent documentation is not decisive in this respect. When the shape incorporates technical elements, but there is also a major non-technical element involved, the shape cannot be denied trade mark protection. From the *Kit Kat* case follows that the manufacturing process of the shape is not important when assessing the essential characteristics of the shape, contrary to the opinion of AG Wathelet, who stated that the manufacturing method should fall under the second indent. More recently, the *Gömböc* case gave guidance on the role of the relevant public when identifying essential characteristics.

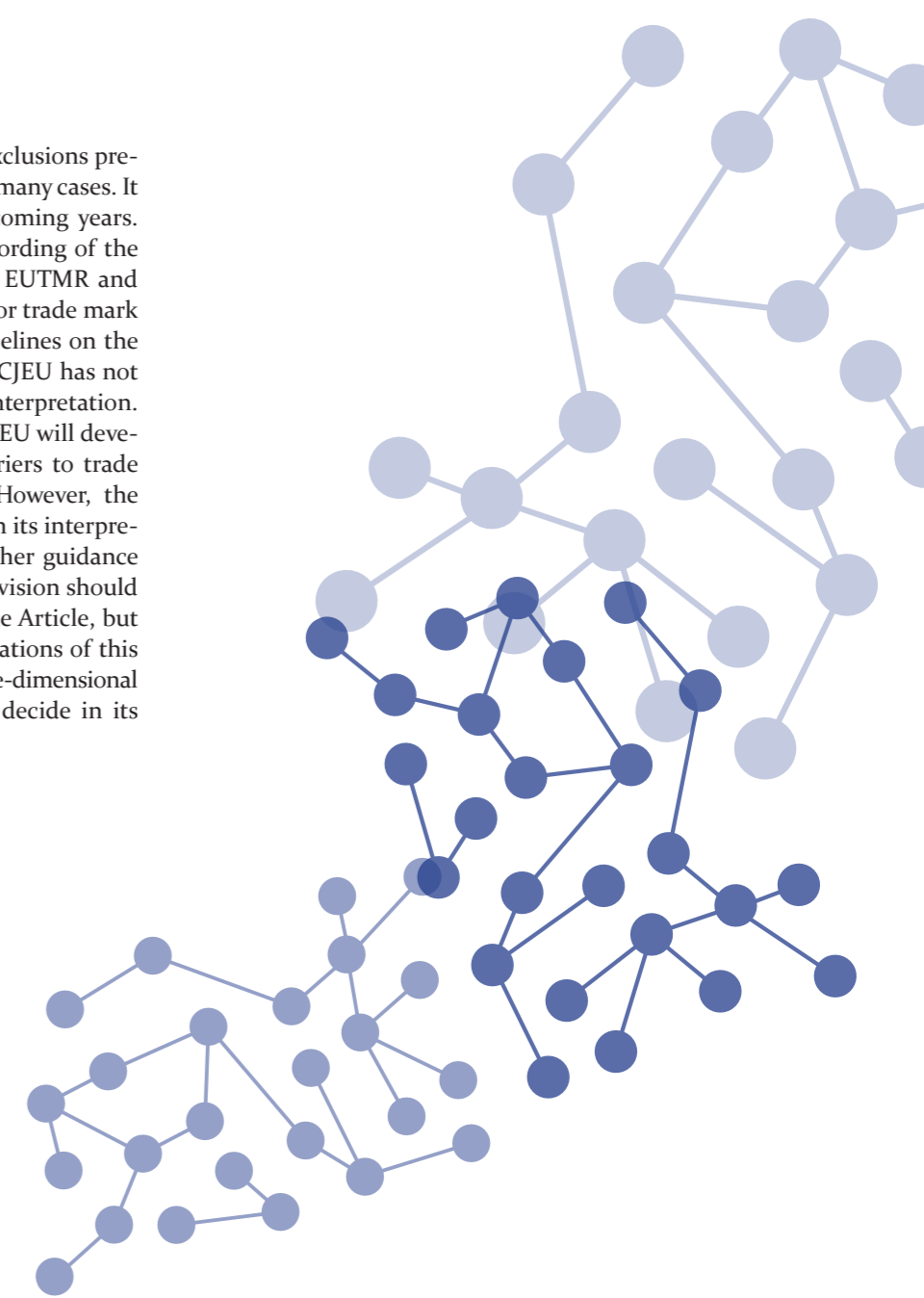
In respect of the third indent, in the *Bang & Olufsen* case, the GC held that consumer choice and the branding of a product in marketing campaigns can increase the attractiveness of the product and contribute value thereto. The outcome of marketing campaigns can differ over time, making it an interesting parameter to take into account in determining the attractiveness of a shape. Further, the GC stated that technical qualities of the shape could also contribute to the value of the goods. The GC was of the opinion that the third indent still applies when the shape

is not only adding value but also has essential characteristics that are considered to be technical. It therefore allowed an internal combination of the grounds within the third indent. Apart from these remarks, it is not clear why there should be a ban on trade mark protection for shapes that are attractive. The assessment of whether or not the shape is adding value is a subjective assessment. Within literature, it is proposed that this indent should be assessed differently than the two other indents. It has also been discussed that this indent should be abolished.

In addition to the hurdles resulting from the absolute grounds for refusal, the distinctiveness requirement also creates difficulties. The case law concerning Article 7(1)(b) EUTMR establishes that the assessment of distinctive character of NTMs is to be performed in the same way as for traditional trade marks. However, the way this assessment is described by the CJEU is problematic. The assessment of distinctiveness is based upon the goods for which the sign is to be registered. In addition, the consumer perception is another criterion that is used for assessing distinctive character. As follows from relevant case law, it is more difficult to establish distinctive character in relation to shape marks. In order to be distinctive, the shape should depart greatly from the norms within the sector to be seen as an indicator of origin. The relevance of this criterion is questionable nowadays. As described before, consumer perception is changing, and consumers are more likely to acknowledge a sign consisting of a shape as an indicator of origin. One aspect remains problematic: when a shape departs significantly from the norm, such as the *Bang & Olufsen* loudspeaker, the shape could fall within the exclusion of Article 7(1)(e)(iii) EUTMR. As stated in the *Philips* judgment: when a shape is lacking distinctive character and falls within the functional exclusions, the shape cannot acquire a distinctive character within the meaning of Article 7(3) EUTMR. Thus, the shape will be permanently denied trade mark protection, based on a rather arbitrary assessment. Distinctiveness of shape marks remains problematic within the current framework. Even though consumers are more likely to perceive a shape mark as an indicator of source, by which it functions as an indication of origin, the CJEU has not adopted this contemporary view for assessing such marks.

With the latest trade mark amendments, the legal framework has become more suitable for representation of unconventional trade marks in the register. However, the

distinctiveness barrier and the functional exclusions prevent trade mark protection for such signs in many cases. It is undecided how this will evolve in the coming years. There are still doubts regarding the new wording of the functional exclusions under Article 7(1)(e) EUTMR and its effects on the eligibility of shape marks for trade mark protection. There are no clear EUIPO Guidelines on the interpretation of the new wording and the CJEU has not yet taken the opportunity to decide on the interpretation. It is difficult to say in which direction the CJEU will develop the interpretation of the absolute barriers to trade mark protection with respect to NTMs. However, the Court will probably not take a drastic turn in its interpretation of this provision. Until there is further guidance from the CJEU, the new wording of this provision should not be considered to narrow the scope of the Article, but merely to make it more precise. The implications of this reshaped framework on the eligibility of three-dimensional shapes as trade marks is for the CJEU to decide in its coming decisions.

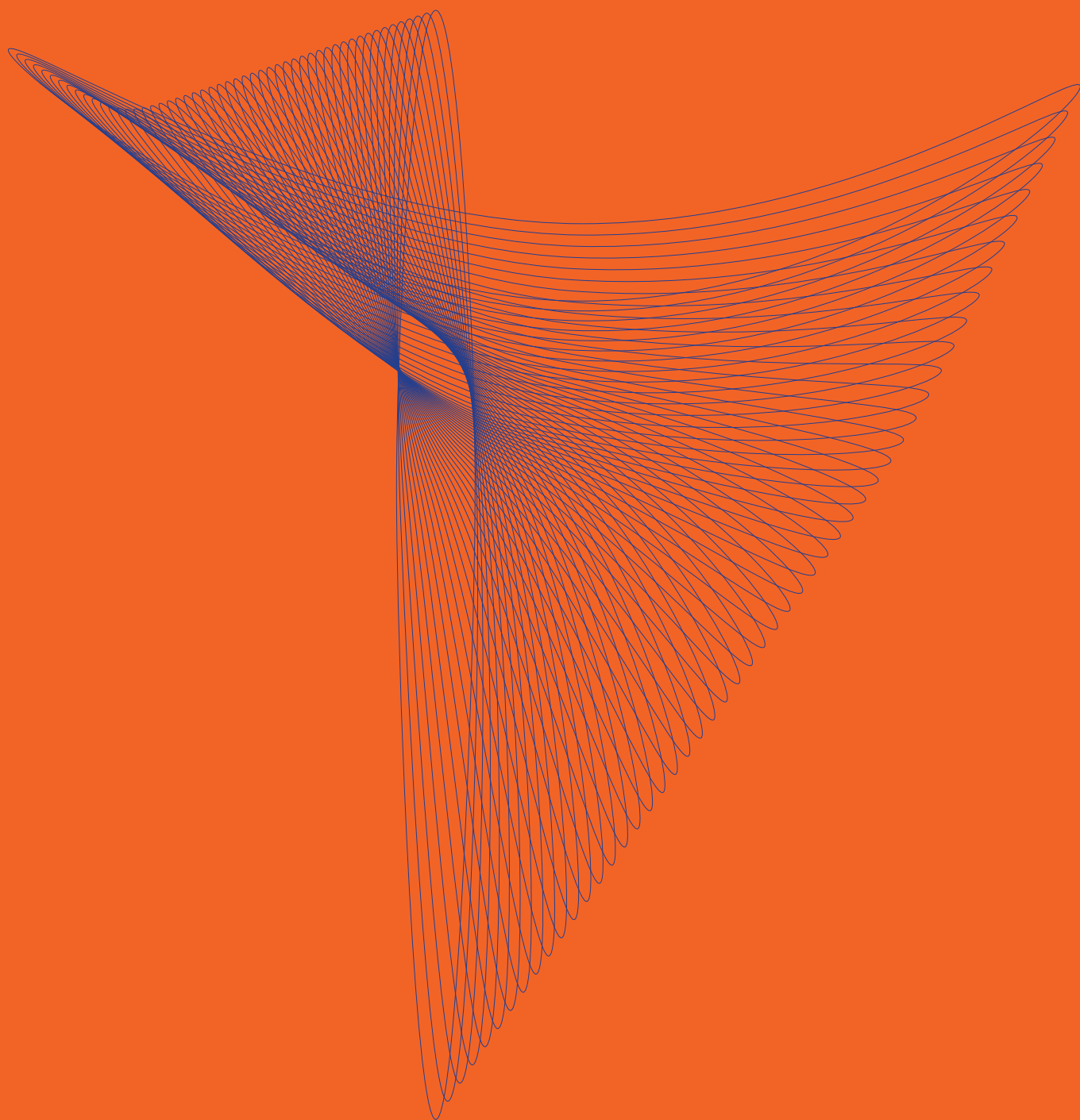


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